District I 1625 N. French Drive, Hobbs, NM 88240 District II 811 S. First St., Artesia, NM 88210 <u>District III</u> 1000 Rio Brazos Road, Aztec, NM 87410 District IV 1220 S. St Francis Dr. Santa Fe. NM 87505

State of New Mexico Energy, Minerals and Natural Resources Department

Form C-107-B Revised August 1, 2011

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OIL CONSERVATION DIVISION

1220 S. St Francis Drive Santa Fe, New Mexico 87505

Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

	USA INC	COMMINGLING	OTAFK2F	OWNERSHIP)	
	EENWAY PLAZA SUIT	E 110. HOUSTON TX	77046		
APPLICATION TYPE:	D. C.	2110,11000101111			
☐ Pool Commingling ☐ Lease Commin	gling Pool and Lease Co	ommingling Off-Lease	Storage and Measu	rement (Only if not Surfac	e Commingled)
LEASE TYPE:	State 🛛 Fede	eral	Ü	35 .00 ·	70
Is this an Amendment to existing Or			the appropriate C	Order NoPLC-557_	
Have the Bureau of Land Manageme	ent (BLM) and State Lan	d office (SLO) been no	tified in writing	of the proposed comm	ingling
		OL COMMINGLIN ts with the following i			
(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes
SEE ATTACHED					
		7		1	
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				1	
(2) Are any wells producing at top allo					
(3) Has all interest owners been notified			Yes □No.		
(4) Measurement type: Metering					
(5) Will commingling decrease the val	ue of production? Larges	⊠No If "yes", descri	ibe why commingl	ing should be approved	
				 .	
		SE COMMINGLIN		<u>.</u>	
	Please attach shee	ts with the following i	nformation		
(1) Pool Name and Code.	6 10 D V D	•			
(2) Is all production from same source(3) Has all interest owners been notified			□Vas □N	la.	
(4) Measurement type: Metering		posed comminging :	□Yes □N	U	
	(C) POOT	1151000001111			
		I LEASE COMMIN ts with the following it			
(1) Complete Sections A and E.	i lease attach shee	is with the following is	inoi mauon		
	(D) OFF-LEASE ST			 · ·	
(1) Is all production from same source		ets with the following	information		
(2) Include proof of notice to all intere		40			
		•			<u></u>
(E)	ADDITIONAL INFO			ypes)	<u> </u>
(1) A .1 .2 .1		ts with the following i	<u>nformation</u>		
 A schematic diagram of facility, in A plat with lease boundaries showi 		tions Include lesse sumb	are if Eadarn as Co	ata lande ami involved	
(3) Lease Names, Lease and Well Nun		nons. include lease numb	ers it reneral of 20	are ranus are involved.	
		<u> </u>			
I hereby certify that the information above	e is true and complete to the	e best of my knowledge ar	nd belief.	1	,
SIGNATURE: White	т	TITLE:_REGULATORY	ENGINEER	DATE:_4	1/2021
					1
TYPE OR PRINT NAMESANDRA	MOSALLAM	IELEPHO	ONE NO.:713-36	0010-5100	
E-MAIL ADDRESS:SANDRA_MU	SALLAM@OXY.COM				

Signature

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	- Geologi	ABOVE THIS TABLE FOR OCCU CO OIL CONSERV Ical & Engineering rancis Drive, Sant	ATION DIVISION g Bureau –	
THIS	ADMINIST HECKLIST IS MANDATORY FOR A	RATIVE APPLICATI		DIVISION DUI 56 AND
IIIS C			E DIVISION LEVEL IN SANTA FE	
Applicant: OXY US.				Number: <u>16696</u>
Well Name: <u>CYPRE</u> Pool: CEDAR CANYO	SS 34 FEDERAL #10H & MULT N:BONE SPRING	FIPLE	API: 30-	ode: 11520
	ATE AND COMPLETE IN	INDICATED BELO	DW .	HE TYPE OF APPLICATION
•	– Spacing Uni <u>t</u> – Simul	ltaneous Dedicatio	-	D
[1] Comi [[11] Injec	ne only for [1] or [11] mingling – Storage – N DHC □CTB ■F tion – Disposal – Press WFX □PMX □S	PLC □PC □C ure Increase – Enh	anced Oil Recover	MENDMENT TO PLC-557 Y FOR OCD ONLY
A. Offset B. Royalt C. Applic D. Notific E. Surfac G. For all	REQUIRED TO: Check operators or lease ho y, overriding royalty of cation requires published ation and/or concurred owner of the above, proof of tice required	olders owners, revenue ov ned notice ent approval by SL ent approval by BL	vners .O .M	Notice Complete Application Content Complete
administrative understand th	I: I hereby certify that approval is accurate at no action will be to re submitted to the Di	and complete to taken on this applica	he best of my know	vledge. I also
No	te: Statement must be compi	eted by an individual with	n managerial and/or super	rvisory capacity.
SANDRA MUSALLAM			Date 4/1/2	021
Print or Type Name			713-366-5106	
	Shuse		Phone Number SANDRA_MUSALI	AM@OXY.COM

e-mail Address

APPLICATION FOR POOL AND LEASE COMMINGLE, OFF-LEASE MEASUREMENT, SALES AND STORAGE: CYPRESS 34 FEDERAL 1, CYPRESS 33 FEDERAL 1, AND GOODNIGHT 27 FEDERAL 4 BATTERIES

OXY USA INC requests to amend previously approved NMOCD commingle application, PLC-557. Coriolis meters measuring oil production at each battery, prior to being commingled at Goodnight 27 Federal 4 Battery oil storage tanks, will be removed. Oil production will be allocated to each well directly from the shared LACT meter at Goodnight 27 Federal 4 Battery, based on well tests. In addition, Goodnight 35 Federal #2H (30-015-39219) is being removed from the commingle permit.

Process flow for gas and water at Cypress 33 Federal 1 Battery, Cypress 34 Federal 1 Battery and Goodnight 27 Federal 4 Battery will remain unchanged from the previously approved commingle permit.

GOODNIGHT 27 FEDERAL 4 BATTERY

Federal Lease NMNM105557 (12.5% Royalty Rate)

POOL: LAGUNA SALADO: BONE SPRING, SOUTH (96857)

Well Name	First Oil Production	Location	API	BOPD	OIL GRAVITY
Goodnight 27 Federal #1H	07/26/2007	N-27-23S-29E	30-015-22157	7	45.7
Goodnight 27 Federal #2H	10/24/2008	L-27-23S-29E	30-015-36137	12	45.7
Goodnight 27 Federal #3H	02/13/2012	M-27-23S-29E	30-015-39220	10	45.7

Federal Lease NMNM105557 (12.5% Royalty Rate)

POOL: HARROUN RANCH; DELAWARE, NE (96878)

Well Name	First Oil Production	Location	АРІ	BOPD	OIL GRAVITY
Goodnight 27 Federal #4H	04/14/2012	N-27-23S-29E	30-015-39142	24	45.7
Goodnight 27 Federal #5H	01/16/2013	M-27-23S-29E	30-015-39431	20	45.7

Federal Lease NMNM103603 (12.5% Royalty Rate)

POOL: LAGUNA SALADO: BONE SPRING, SOUTH (96857)

Well Name	First Oil Production	Location	АРІ	BOPD	OIL GRAVITY
Goodnight 26 Federal #1H	08/18/2012	A-26-23S-29E	30-015-40007	26	45.7

Federal Lease NMNM86024 (12.5% Royalty Rate)

POOL: CEDAR CANYON: BONE SPRING (11520)

Well Name	First Oil Production	Location	API	BOPD	OIL GRAVITY
Cypress 34 Federal #10H	09/29/2015	D-34-23S-29E	30-015-43076	23	45.7
Cypress 34 Federal #11H	04/03/2015	C-34-23S-29E	30-015-42920	23	45.7

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Federal Lease NMNM86024 (12.5% Royalty Rate)

POOL: PURPLE SAGE; WOLFCAMP (98220)

Well Name	First Oil Production	Location	API	BOPD	OIL GRAVITY
Cypress 34 Federal #12H	12/28/2016	1-03-24S-29E	30-015-43849	102	45.7

Federal CA NMNM135945 Lease (50% NMNM86024 & 50% NMNM19848) (12.5% Royalty Rate)

POOL: CEDAR CANYON; BONE SPRING (11520)

Well Name	First Oil Production	Location	API	BOPD	OIL GRAVITY
Cypress 33 Federal Com #8H	02/28/2016	D-33-23S-29E	30-015-43075	39	45.7
Cypress 33 Federal Com #9H	07/03/2016	N-28-23S-29E	30-015-43751	59	45.7

The production from each well flows through a common three phase 8'x 20' production separator. The oil then flows to three tanks before being sent to two tanks with combined production from all facilities referenced in this application.

The combined production from all referenced facilities is sent through a pipeline LACT meter (S/N 14674021), which is the oil FMP/sales meter for all wells listed in this application.

For testing purposes, the battery is equipped with two three-phase 6'x 20' test separators. Both separators have turbine meters for oil and water, and an orifice meter for gas.

All wells have been on production for over 4 years and are in Range 3 of decline. The wells can be reasonably expected to have a decline rate of less than 5 percent per month, as specified in Hearing Order R-14299. Therefore, all wells will be tested at least once per month. Oil will be allocated back to each well from the shared LACT meter, based on well tests.

CYPRESS 33 FEDERAL 1 BATTERY

Federal Lease NMNM86024 (12.5% Royalty Rate)

POOL: LAGUNA SALADO; BONE SPRING, SOUTH (96857)

Well Name	First Oil Production	Location	API	BOPD	OIL GRAVITY
Cypress 28 Federal #1H	03/12/2010	M-28-23S-29E	30-015-37249	12	44.2
Cypress 28 Federal #2H	05/24/2010	L-28-23S-29E	30-015-37331	5	44.2
Cypress 28 Federal #3H	03/25/2011	D-28-23S-29E	30-015-38287	2	44.2
Cypress 28 Federal #4H	12/12/2011	E-28-23S-29E	30-015-39330	7	44.2

Federal Lease NMNM86024 (12.5% Royalty Rate)

POOL: HARROUN RANCH; DELAWARE, NE (96878)

Well Name	First Oil Production	Location	АРІ	BOPD	OIL GRAVITY
Cypress 28 Federal #6H	05/01/2015	N-28-23S-29E	30-015-41138	23	44.2

Federal Lease CA NMNM135945 (NMNM86024 & NMNM 19848) (12.5% Royalty Rate)

POOL: CEDAR CANYON; BONE SPRING (11520)

Well Name	First Oil Production	Location	API	BOPD	OIL GRAVITY
Cypress 33 Federal #1H	09/19/2008	P-33-23S-29E	30-015-36321	14	44.2
Cypress 33 Federal #2H	03/17/2010	A-33-23S-29E	30-015-37308	14	44.2
Cypress 33 Federal #3H	08/09/2009	I-33-23S-29E	30-015-36987	34	44.2
Cypress 33 Federal #4H	07/27/2010	H-33-23S-29E	30-015-37368	2	44.2
Cypress 33 Federal Com #5H	03/27/2013	A-33-23S-29E	30-015-40768	18	44.2
Cypress 33 Federal Com #6H	01/05/2014	A-33-23S-29E	30-015-41557	28	44.2
Cypress 33 Federal Com #7H	01/13/2015	C-33-23S-29E	30-015-42616	26	44.2
Cypress 33 Federal Com #10H	05/30/2017	C-04-24S-29E	30-015-44096	83	44.2

Oil, gas and water production from Cypress 33 #3H, Cypress 33 #5H, Cypress 33 #6H, Cypress 33 #7H, Cypress 33 #10H and Cypress 28 #6H flows to the Cypress 33 Federal 1 Battery into a common 6' X 20' production separator. Oil is then sent to a 6' X 20' heater treater.

Cypress 28- #1H, #2H, #3H and #4H have two-phase separators on the individual well-sites. Oil and water is sent to the Cypress 33 Federal 1 Battery inlet header. Cypress 33-#2H and #4H have two-phase separators on the individual well-sites. Oil and water is sent to the Cypress 33 Federal 1 Battery inlet header.

After flowing through the heater treater, oil production from all wells is combined and then flows to four oil tanks before being sent to the Goodnight 27 Federal 4 Battery for storage and sales. Oil will be allocated back to each well from the shared LACT meter at Goodnight 27 Federal 4 Battery, based on well tests.

For well testing purposes, the battery is equipped with a three-phase 6'x 20' test separator and a three-phase 4' X 10' test separator. Both separators have turbine meters for oil and water, and an orifice meter for gas. All wells have been on production for over 3 years and are in Range 3 of decline. The wells can be reasonably expected to have a decline rate of less than 5 percent, as specified in Hearing Order R-14299. Therefore, wells will be tested at least once per month.

CYPRESS 34 FEDERAL 1 BATTERY

Received by OCD: 4/18/2021 6:41:24 PM

Federal Lease NMNM86024 (12.5% Royalty Rate)

POOL: CEDAR CANYON; BONE SPRING (11520)

Well Name	First Oil Production	Location	API	BOPD	OIL GRAVITY
Cypress 34 Federal #1	11/03/2006	P-34-23S-29E	30-015-35053	18	42.7
Cypress 34 Federal #2H	06/23/2007	F-34-23S-29E	30-015-35413	4	42.7
Cypress 34 Federal #3H	09/17/2007	K-34-23S-29E	30-015-35692	9	42.7
Cypress 34 Federal #4H	05/09/2008	D-34-23S-29E	30-015-35742	6	42.7
Cypress 34 Federal #5H	09/28/2007	C-34-23S-29E	30-015-35693	6	42.7
Cypress 34 Federal #8H	06/01/2013	O-34-23S-29E	30-015-39430	27	42.7
Cypress 34 Federal #9H	06/06/2014	P-34-23S-29E	30-015-42088	26	42.7

Federal Lease NMNM86024 (12.5% Royalty Rate)

POOL: NASH DRAW; DELAWARE, SW (97148)

Well Name	First Oil Production	Location	АРІ	BOPD	OIL GRAVITY
Cypress 34 Federal #6H	04/28/2011	M-34-23S-29E	30-015-38366	8	42.7
Cypress 34 Federal #7H	05/17/2012	C-34-23S-29E	30-015-39219	12	42.7

Production from all Cypress 34 wells flows through a common two-phase 6'x 20' production separator. After separation, the combined oil and water stream flows to a production heater treater. Oil then flows to tanks before being sent to Goodnight 27 Federal 4 Battery for storage and sales. Oil will be allocated back to each well from the shared LACT meter at Goodnight 27 Federal 4 Battery, based on well tests.

For well testing purposes, the battery is equipped with a three-phase 4'x 10' test separator. It has turbine meters for oil and water, and an orifice meter for gas. All wells have been on production for over 6 years and are in Range 3 of decline. The wells can be reasonably expected to have a decline rate of less than 5 percent, as specified in Hearing Order R-14299. Therefore, wells will be tested at least once per month.

Additional Application Components:

The flow of production is shown in detail on the enclosed facility diagrams. Also enclosed is a map detailing the lease boundaries, well and battery locations.

Pursuant to Statewide rule 19.15.12.10(C)(4)(g) OXY USA INC requests to maintain the option to include additional pools or leases within the defined parameters set forth in the Order for future additions.

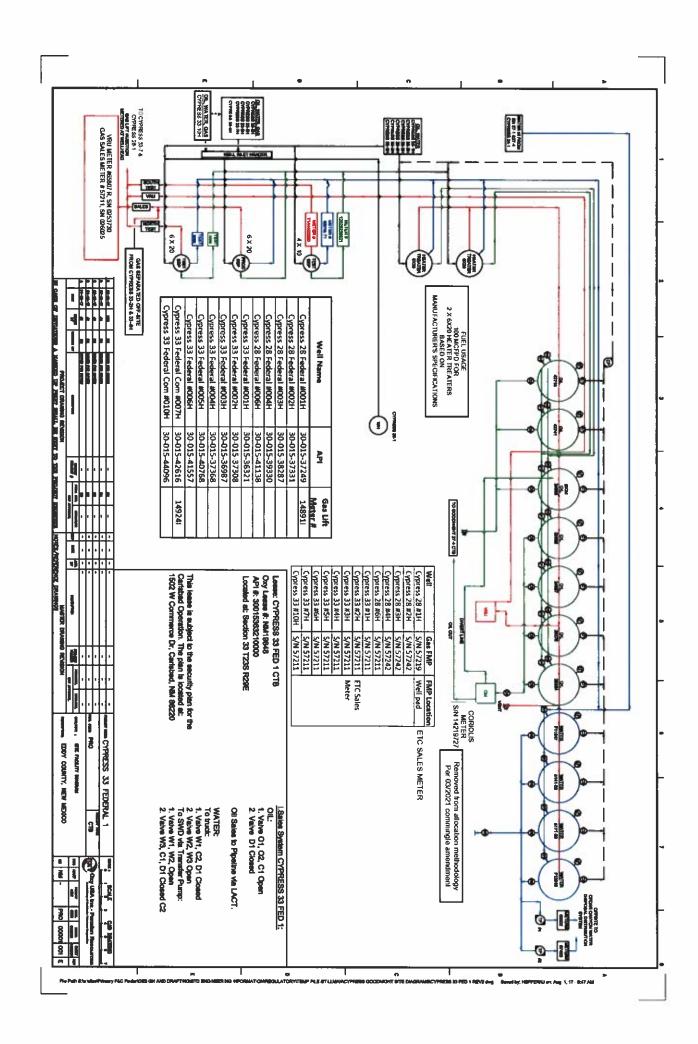
Commingling will not reduce the individual wells' production value or otherwise adversely affect the interest owners. It is the most effective means of producing the reserves.

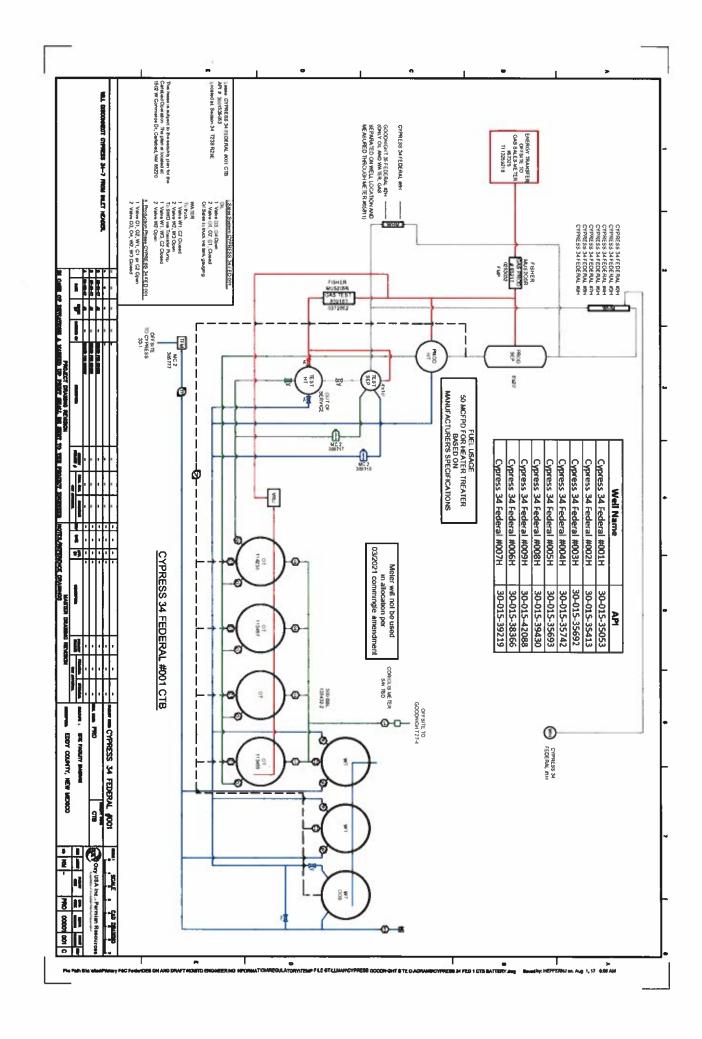
The surface commingle application will be submitted separately for approval per NMOCD and BLM regulations.

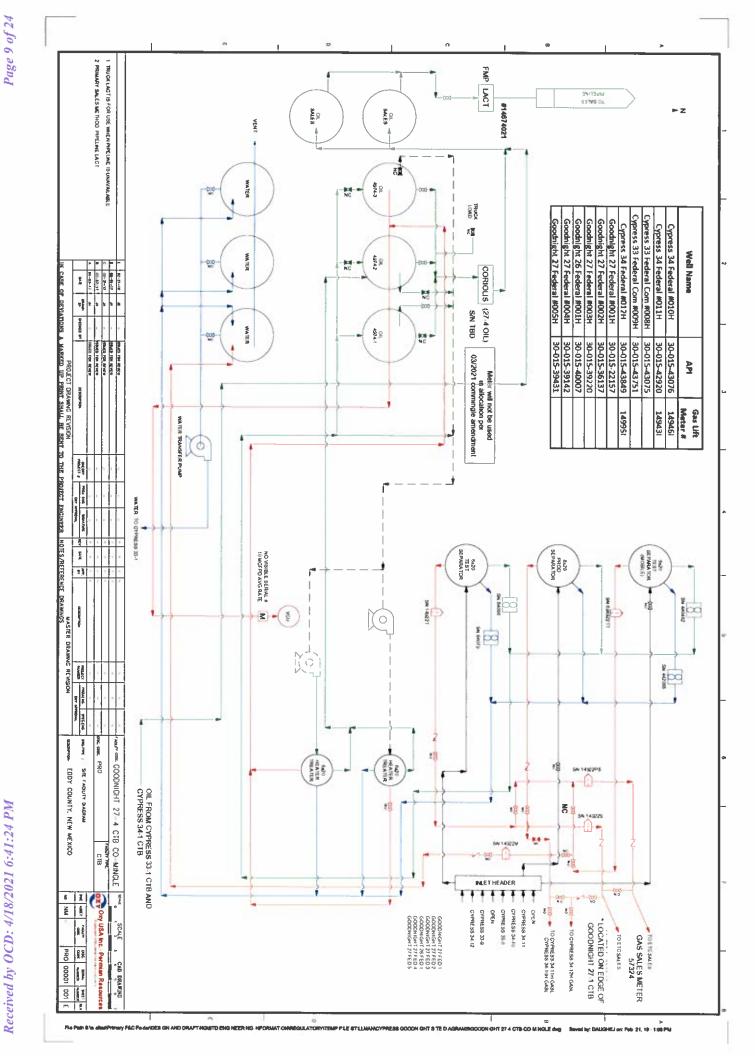
The oil and gas meters will be calibrated on a regular basis per API, BLM and NMOCD specifications.

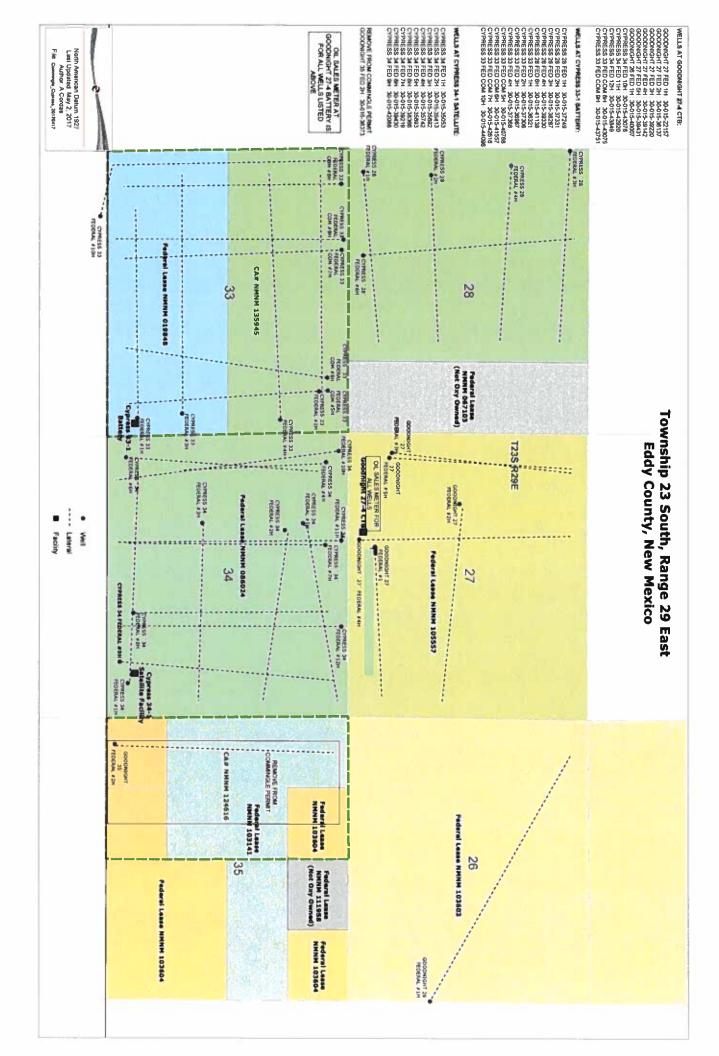
OXY USA INC understands the requested approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument. These applications will be submitted separately for approval per NMOCD and BLM regulations.

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5 Greenway Plaza, Suite 110, Houston, Texas 77046 P.O. Box 4294, Houston, Texas 77210-4294 Direct: 713.366.5106 Sandra_Musallam@oxy.com

April 05, 2021

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Re:

Request for Pool and Lease Commingling, Off-lease Measurement, Sales, & Storage for the Cypress 34 Federal #1 Battery, Cypress 33 Federal #1 Battery & Goodnight 27 Federal #4 Battery

Leases: NM 19848, NM 86024, NM 103603, NM 103604, NM 105557 Eddy County, New Mexico

To Whom It May Concern:

This is to advise you that OXY USA INC is filing an application for surface commingling to amend previously approved NMOCD application, PLC-557. A copy of the application submitted to the Division is attached.

Any objections or requests for a hearing regarding this application must be submitted to the New Mexico Oil Conservation Division Santa Fe Office within 20 Days from the date of this letter.

Pursuant to Statewide rule 19.15.12.10(C)(4)(g) OXY USA INC requests the option to include additional pools or leases within the defined parameters set forth in the order for future additions.

For questions regarding this application, please contact Sandra Musallam at (713) 366-5106.

Respectfully,

OXY USA INC

Sandra Musallam Regulatory Engineer – Compliance Lead

Sandra_Musallam@oxy.com

					MAILED 04/05/2021
_9414811898765890500665	88312	MN	ALTO	P O BOX 278	WOODY W & MARLA L WALL
_9414811898765890500658	75201	ΤX	DALLAS	2100 MCKINNEY AVE STE 1540	WING RESOURCES V LLC
_9414811898765890500610	76450	Τx	GRAHAM	P O BOX 1567	THE ALLAR COMPANY
_9414811898765890500979	79702	ΤX	MIDLAND	P O BOX 2063	SANTA ELENA MINERALS IV LP
_9414811898765890500931	88202	NM	ROSWELL	P O BOX 2292	ROLLA R HINKLE II
_9414811898765890500986	75201	Τx	DALLAS	1901 N AKARD STREET	PRIMAVERA RESOURCES INC
_9414811898765890500948	76147	χ	FORT WORTH	P O BOX 470698	PEGASUS RESOURCES NM LLC
_9414811898765890500900	75373	ΤX	DALLAS	PO BOX 733980	PEGASUS RESOURCES LLC
_9414811898765890500924	88202	NM	ROSWELL	PO BOX 2588	NUEVO SEIS LIMITED PARTNERSHIP
9414811898765890500962	88202	NM	ROSWELL	P O BOX 2588	MORRIS E & HOLLY K SCHERTZ
9414811898765890500955	76147	TX	FORT WORTH	PO BOX 470857	MCMULLEN MINERALS LLC
_9414811898765890500917	88345	NM	RUIDOSO	303 COAL DRIVE	MARJORIE WOODUL HINKLE
_9414811898765890500771	88202	NM	ROSWELL	PO BOX 2588	KEENAN C SCHERTZ
_9414811898765890500733	75243	ΤX	DALLAS	11886 GREENVILLE AVE STE 106	HIGHLAND TEXAS ENERGY COMPANY
_9414811898765890500788	10043	NY	NEW YORK	111 WALL STREET	EXXON MOBIL CORPORATION
_9414811898765890500740	76147	χŢ	FORT WORTH	P O BOX 470857	DRAGOON CREEK MINERALS LLC
_9414811898765890500702	75284	ΤX	DALLAS	P O BOX 843559	DEVON ENERGY PRODUCTION CO LP
_9414811898765890500726	79710	ΤX	MIDLAND	PO BOX 51933	CROWNROCK MINERALS LP
_9414811898765890500764	80831	6	PEYTON	P O BOX 558	CORNERSTONE FAMILY TRUST
_9414811898765890500757	75373	ΤX	DALLAS	P O BOX 730436	CHEVRON U S A INC
_9414811898765890500719	75373	χ	DALLAS	P O BOX 730365	CHEVRON MIDCONTINENT LP
_9414811898765890500832	79702	¥	MIDLAND	P O BOX 10862	CHARLES R WIGGINS
_9414811898765890500887	88202	NM	ROSWELL	PO BOX 2588	CAYLE A SCHERTZ
_9414811898765890500849	76450	χ	GRAHAM	P O BOX 1567	ALLAR DEVELOPMENT LLC
TRACKING NUMBER	ZIP	STATE	CITY	ADDRESS	NAME

Carlsbad Current Argus.

Affidavit of Publication Ad # 0004671161 This is not an invoice

OXY USA INC 5 GREENWAY PLAZA OFFICE 29.076

HOUSTON, TX 77046

I, a legal clerk of the Carlsbad Current Argus, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

04/02/2021

Subscribed and sworn before me this April 2, 2021:

State of WI, County of Brown **NOTARY PUBLIC**

My commission expires

KATHLEEN ALLEN Notary Public State of Wisconsin

Ad # 0004671161 PO #: Cyress GN 27-4 CTB # of Affidavits1

This is not an invoice

Notice of Application for Surface Commingling OXY USA INC located at 5 Greenway Plaza, Suite 110 Houston TX 77046 is applying to the NMOCD for an amendment to previously approved surface commin-gle permit PLC 557 for the Goodnight 27 Federal 4 Battery, Cypress 33 Federal 1 Battery and Cypress 34 Federal 1 Battery located in Eddy County Sections 27, 33 Eddy County, Sections 27, 33 and 34 T23S - R29E. Wells are located in Sections 26, 27, 28, 33, 34 and 35. Production will be from the duction will be from the Cedar Canyon; Bone Spring Nash Draw; Delaware SW, Laguna Salado; Bone Spring South, Harroun Ranch; South, Harroum Ranch; Delaware NE and Purple Sage; Wolfcamp.
Pursuant to Statewide Rule 19.15.12.10, interested parties must file objections or requests for hearing in writing with the division's Santa Fe office within 20 days after publication, or the NMOCD may approve the application. For questions pertaining to

the application, please contact Sandra Musallam at

Current Argus,

(713) 366-5106.

Apr 2, 2021

Released to Imaging: 12/22/2021 5:38:53 PM

From: Engineer, OCD, EMNRD

To: <u>Musallam, Sandra C</u>; <u>Schenkel, Beth V</u>

Cc: McClure, Dean, EMNRD; Hawkins, James , EMNRD; Powell, Brandon, EMNRD; lisa@rwbyram.com; Glover, James; Paradis,

Kyle O; Walls, Christopher

Subject: Approved Administrative Order PLC-797

Date: Wednesday, December 22, 2021 5:04:29 PM

Attachments: PLC797 Order.pdf

NMOCD has issued Administrative Order PLC-797 which authorizes Oxy USA, Inc. (16696) to surface commingle or off-lease measure, as applicable, the following wells:

Well API	Well Name	UL or Q/Q	S-T-R	Pool Code
30-015-37249	Cypress 28 Federal #1H	MNO	28-23S-29E	96857
30-015-37331	Cypress 28 Federal #2H	JKL	28-23S-29E	96857
30-015-38287	Cypress 28 Federal #3H	B C D	28-23S-29E	96857
30-015-39330	Cypress 28 Federal #4H	E F G	28-23S-29E	96857
30-015-41138	Cypress 28 Federal #6H	E/2 W/2	28-23S-29E	96878
30-015-36321	Cypress 33 Federal #1H	S/2 S/2	33-23S-29E	11520
30-015-37308	Cypress 33 Federal #2H	N/2 N/2	33-23S-29E	11520
30-015-36987	Cypress 33 Federal #3H	N/2 S/2	33-23S-29E	11520
30-015-37368	Cypress 33 Federal #4H	S/2 N/2	33-23S-29E	11520
30-015-40768	Cypress 33 Federal Com #5H	E/2 E/2	33-23S-29E	11520
30-015-41557	Cypress 33 Federal Com #6H	W/2 E/2	33-23S-29E	11520
30-015-42616	Cypress 33 Federal Com #7H	E/2 W/2	33-23S-29E	11520
30-015-44096	Cypress 33 Federal Com #10H	W/2 W/2	33-23S-29E	11520
30-015-35053	Cypress 34 Federal #1	S/2 S/2	34-23S-29E	11520
30-015-35413	Cypress 34 Federal #2H	F G H	34-23S-29E	11520
30-015-35692	Cypress 34 Federal #3H	IJK	34-23S-29E	11520
30-015-35742	Cypress 34 Federal #4H	DEL	34-23S-29E	11520
30-015-35693	Cypress 34 Federal #5	A B C	34-23S-29E	11520
30-015-39430	Cypress 34 Federal #8H	W/2 E/2	34-23S-29E	11520
30-015-42088	Cypress 34 Federal #9H	E/2 E/2	34-23S-29E	11520
30-015-38366	Cypress 34 Federal #6H	W/2 W/2	34-23S-29E	97148
30-015-39219	Cypress 34 Federal #7H	E/2 W/2	34-23S-29E	97148
30-015-22157	Goodnight 27 Federal #1	N	27-23S-29E	96857
30-015-36137	Goodnight 27 Federal #2H	IJK	27-23S-29E	96857
30-015-39220	Goodnight 27 Federal #3H	W/2 W/2	27-23S-29E	96857
30-015-40007	Goodnight 26 Federal #1H	All	26-23S-29E	96721
30-015-39142	Goodnight 27 Federal #4H	E/2 W/2	27-23S-29E	96878
30-015-39431	Goodnight 27 Federal #5H	W/2 W/2	27-23S-29E	96878
30-015-43076	Cypress 34 Federal #10H	W/2 W/2	34-23S-29E	11520
30-015-42920	Cypress 34 Federal #11H	E/2 W/2	34-23S-29E	11520
30-015-43075	Cypress 33 Federal Com #8H	W/2 W/2	33-23S-29E	11520
30-015-43751	Cypress 33 Federal Com #9H	E/2 W/2	33-23S-29E	11520
30-015-43849	Cypress 34 Federal #12H	W/2 E/2	34-23S-29E	98220

The administrative order is attached to this email and can also be found online at OCD Imaging.

Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.

Dean McClure

Petroleum Engineer, Oil Conservation Division

New Mexico Energy, Minerals and Natural Resources Department (505) 469-8211

STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION

APPLICATION FOR SURFACE COMMINGLING SUBMITTED BY OXY USA, INC.

ORDER NO. PLC-797

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having considered the application and the recommendation of the OCD Engineering Bureau, issues the following Order.

FINDINGS OF FACT

- 1. Oxy USA, Inc. ("Applicant") submitted a complete application to surface commingle the oil and gas production from the pools, leases, and wells identified in Exhibit A ("Application").
- 2. Applicant proposed a method to allocate the oil and gas production to the pools, leases, and wells to be commingled.
- 3. Applicant stated that it intends to keep the gas production from one or more group(s) of wells identified in Exhibit B segregated from the gas production from all other wells prior to measuring that production with an allocation meter.
- 4. To the extent that ownership is identical, Applicant submitted a certification by a licensed attorney or qualified petroleum landman that the ownership in the pools, leases, and wells to be commingled is identical as defined in 19.15.12.7.B. NMAC.
- 5. To the extent that ownership is diverse, Applicant provided notice of the Application to all persons owning an interest in the oil and gas production to be commingled, including the owners of royalty and overriding royalty interests, regardless of whether they have a right or option to take their interests in kind, and those persons either submitted a written waiver or did not file an objection to the Application.
- 6. Applicant provided notice of the Application to the Bureau of Land Management ("BLM") or New Mexico State Land Office ("NMSLO"), as applicable.
- 7. Applicant certified the commingling of oil and gas production from the pools, leases, and wells will not in reasonable probability reduce the value of the oil and gas production to less than if it had remained segregated.
- 8. Applicant in the notice for the Application stated that it sought authorization to add additional pools, leases, and wells and identified the parameters to make such additions.
- 9. Applicant stated that it sought authorization to surface commingle and off-lease measure, as applicable, oil and gas production from wells which have not yet been approved to be drilled, but will produce from a pool and lease identified in Exhibit A.

Order No. PLC-797 Page 1 of 5

CONCLUSIONS OF LAW

- 10. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, §§ 70-2-6, 70-2-11, 70-2-12, 70-2-16, and 70-2-17, 19.15.12. NMAC, and 19.15.23. NMAC.
- 11. Applicant satisfied the notice requirements for the Application in accordance with 19.15.12.10.A.(2) NMAC, 19.15.12.10.C.(4)(c) NMAC, and 19.15.12.10.C.(4)(e) NMAC, as applicable.
- 12. Applicant satisfied the notice requirements for the Application in accordance with 19.15.23.9.A.(5) NMAC and 19.15.23.9.A.(6) NMAC, as applicable.
- 13. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.10.B.(1) NMAC or 19.15.12.10.C.(1) NMAC, as applicable.
- 14. Commingling of oil and gas production from state, federal, or tribal leases shall not commence until approved by the BLM or NMSLO, as applicable, in accordance with 19.15.12.10.B.(3) NMAC and 19.15.12.10.C.(4)(h) NMAC.
- 15. Applicant satisfied the notice requirements for the subsequent addition of pools, leases, and wells in the notice for the Application, in accordance with 19.15.12.10.C.(4)(g) NMAC. Subsequent additions of pools, leases, and wells within Applicant's defined parameters, as modified herein, will not, in reasonable probability, reduce the commingled production's value or otherwise adversely affect the interest owners in the production to be added.
- 16. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

ORDER

1. Applicant is authorized to surface commingle oil and gas production from the pools, leases, and wells identified in Exhibit A.

Applicant is authorized to store and measure oil and gas production off-lease from the pools, leases, and wells identified in Exhibit A at a central tank battery described in Exhibit A.

Applicant is authorized to surface commingle oil and gas production from wells not included in Exhibit A but that produce from a pool and lease identified in Exhibit A.

Applicant is authorized to store and measure oil and gas production off-lease from wells not included in Exhibit A but that produce from a pool and lease identified in Exhibit A at a central tank battery described in Exhibit A.

- 2. This Order supersedes Orders PC-1305-A, PLC-291, and PLC-557.
- 3. The allocation of oil and gas production to wells not included in Exhibit A but that produce from a pool and lease identified in Exhibit A shall be determined in the same manner as to wells identified in Exhibit A that produce from that pool and lease, provided that if more than one allocation method is being used or if there are no wells identified in Exhibit A that produce from the pool and lease, then allocation of oil and gas production to each well not

Order No. PLC-797 Page 2 of 5

included in Exhibit A shall be determined by OCD prior to commingling production from it with the production from another well.

- 4. The allocation of gas production to each group of wells identified in Exhibit B shall be determined by separating and metering the gas production from each group as described by Train in Exhibit B prior to commingling that gas production with gas production from any other well.
- 5. The allocation of oil and gas production shall be based on the production life of each well as measured for three periods: (a) the initial production period shall be measured from the first production until the earlier of either the peak production rate or thirty (30) days after the first production; (b) the plateau period shall be measured from the end of the initial production period to the peak decline rate; and (c) the decline period shall be measured from the end of the plateau period until the well is plugged and abandoned.

During the initial production period, the oil and gas production for each well identified in Exhibit A shall be allocated using a production curve calculated from a minimum of ten (10) well tests per month, except that any day in which a well test cannot achieve an accurate result due to a temporary change in oil and gas production shall not be included in the computation of time determining the well test schedule. The production curve shall be calculated by interpolating daily production for each day using the known daily production obtained by well tests and shall use a method of interpolation that is at minimum as accurate as maintaining a constant rate of change for each day's production between the known daily production values.

During the plateau period, the oil and gas production for each well identified in Exhibit A shall be allocated using a minimum of three (3) well tests per month.

During the decline period, the oil and gas production for each well identified in Exhibit A shall be allocated as follows: (a) a minimum of three (3) well tests per month when the decline rate is greater than twenty-two percent (22%) per month; (b) a minimum of two (2) well tests per month when the decline rate is between twenty-two percent (22%) and ten percent (10%) per month; and (c) a minimum of one (1) well test per month when the decline rate is less than ten percent (10%) per month.

Upon OCD's request, Applicant shall submit a Form C-103 to the OCD Engineering Bureau that contains the decline rate curve and other relevant information demonstrating the production life of a well.

Applicant shall conduct a well test by separating and metering the oil and gas production from that well for either (a) a minimum of twenty-four (24) consecutive hours; or (b) a combination of nonconsecutive periods that meet the following conditions: (i) each period shall be a minimum of six (6) hours; and (ii) the total duration of the nonconsecutive periods shall be a minimum of eighteen (18) hours.

The well test requirements of this Order shall be suspended for any well shut-in for a period that continues for more than fifteen (15) days until the well commences production.

Order No. PLC-797 Page 3 of 5

- 6. Applicant shall measure and market the commingled oil at a central tank battery described in Exhibit A in accordance with this Order and 19.15.18.15. NMAC or 19.15.23.8. NMAC.
- 7. Applicant shall measure and market the commingled gas at a well pad, central delivery point, central tank battery, or gas title transfer meter described in Exhibit A in accordance with this Order and 19.15.19.9. NMAC, provided however that if the gas is vented or flared, and regardless of the reason or authorization pursuant to 19.15.28.8.B. NMAC for such venting or flaring, Applicant shall measure or estimate the gas in accordance with 19.15.28.8.E. NMAC.
- 8. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10.C.(2) NMAC.
- 9. If the commingling of oil and gas production from any pool, lease, or well reduces the value of the commingled oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred Applicant shall submit a new surface commingling application to OCD to amend this Order to remove the pool, lease, or well whose oil and gas production caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.
- 10. Applicant may submit an application to amend this Order to add pools, leases, and subsequently drilled wells with spacing units adjacent to or within the tracts commingled by this Order by submitting a Form C-107-B in accordance with 19.15.12.10.C.(4)(g) NMAC.
- 11. If a well is not included in Exhibit A but produces from a pool or lease identified in Exhibit A, then Applicant shall submit Forms C-102 and C-103 to the OCD Engineering Bureau after the well has been approved to be drilled and prior to off-lease measuring or commingling oil or gas production from it with the production from another well. The Form C-103 shall reference this Order and identify the well and proposed method to determine the allocation of oil and gas production to it.
- 12. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
- 13. If OCD determines that Applicant has failed to comply with any provision of this Order, OCD may take any action authorized by the Oil and Gas Act or the New Mexico Administrative Code (NMAC).
- 14. OCD retains jurisdiction of this matter and reserves the right to modify or revoke this Order as it deems necessary.

Order No. PLC-797 Page 4 of 5

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

Woul
ADRIENNE SANDOVAL
DIRECTOR

DATE: 12/22/2021

Order No. PLC-797 Page 5 of 5

State of New Mexico Energy, Minerals and Natural Resources Department

Exhibit A

Order: PLC-797

Operator: Oxy USA, Inc. (16696)

Central Tank Battery: Goodnight 27 Federal 4 Battery

Central Tank Battery Location: Unit N, Section 27, Township 23 South, Range 29 East

Central Tank Battery: Cypress 33 Federal 1 Battery

Central Tank Battery Location: Unit P, Section 33, Township 23 South, Range 29 East

Central Tank Battery: Cypress 34 Federal 1 Battery

Central Tank Battery Location: Unit P, Section 34, Township 23 South, Range 29 East Gas Title Transfer Meter Location: Unit N, Section 27, Township 23 South, Range 29 East Gas Title Transfer Meter Location: Unit P, Section 33, Township 23 South, Range 29 East Gas Title Transfer Meter Location: Unit P, Section 34, Township 23 South, Range 29 East Gas Title Transfer Meter Location: Unit M, Section 28, Township 23 South, Range 29 East Gas Title Transfer Meter Location: Unit D, Section 28, Township 23 South, Range 29 East

Pools

Pool Name	Pool Code
CEDAR CANYON; BONE SPRING	11520
LAGUNA SALADO; BONE SPRING	96721
LAGUNA SALADO; BONE SPRING, SOUTH	96857
HARROUN RANCH; DELAWARE, NE	96878
NASH DRAW; DELAWARE, SW	97148
PURPLE SAGE; WOLFCAMP (GAS)	98220

Leases as defined in 19.15.12.7(C) NMAC

	()	
Lease	UL or Q/Q	S-T-R
NMNM 103603	All	23-23S-29E
NIVINI 103003	All	26-23S-29E
NMNM 105557	All	27-23S-29E
	W/2, $W/2$ $E/2$	28-23S-29E
NMNM 086024	N/2	33-23S-29E
	All	34-23S-29E
NMNM 019848	All	29-23S-29E
11111111 019848	S/2	33-23S-29E
CA Bone Spring NMNM 135945	All	33-23S-29E

Wells

	, , , , , , , , , , , , , , , , , , , ,			
Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-015-37249	Cypress 28 Federal #1H	MNO	28-23S-29E	96857
30-015-37331	Cypress 28 Federal #2H	JKL	28-23S-29E	96857
30-015-38287	Cypress 28 Federal #3H	B C D	28-23S-29E	96857
30-015-39330	Cypress 28 Federal #4H	E F G	28-23S-29E	96857
30-015-41138	Cypress 28 Federal #6H	E/2 W/2	28-23S-29E	96878
30-015-36321	Cypress 33 Federal #1H	S/2 S/2	33-23S-29E	11520
30-015-37308	Cypress 33 Federal #2H	N/2 N/2	33-23S-29E	11520

30-015-36987	Cypress 33 Federal #3H	N/2 S/2	33-23S-29E	11520
30-015-37368	Cypress 33 Federal #4H	S/2 N/2	33-23S-29E	11520
30-015-40768	Cypress 33 Federal Com #5H	E/2 E/2	33-23S-29E	11520
30-015-41557	Cypress 33 Federal Com #6H	W/2 E/2	33-23S-29E	11520
30-015-42616	Cypress 33 Federal Com #7H	E/2 W/2	33-23S-29E	11520
30-015-44096	Cypress 33 Federal Com #10H	W/2 W/2	33-23S-29E	11520
30-015-35053	Cypress 34 Federal #1	S/2 S/2	34-23S-29E	11520
30-015-35413	Cypress 34 Federal #2H	F G H	34-23S-29E	11520
30-015-35692	Cypress 34 Federal #3H	IJK	34-23S-29E	11520
30-015-35742	Cypress 34 Federal #4H	DEL	34-23S-29E	11520
30-015-35693	Cypress 34 Federal #5	ABC	34-23S-29E	11520
30-015-39430	Cypress 34 Federal #8H	W/2 E/2	34-23S-29E	11520
30-015-42088	Cypress 34 Federal #9H	E/2 E/2	34-23S-29E	11520
30-015-38366	Cypress 34 Federal #6H	W/2 W/2	34-23S-29E	97148
30-015-39219	Cypress 34 Federal #7H	E/2 W/2	34-23S-29E	97148
30-015-22157	Goodnight 27 Federal #1	N	27-23S-29E	96857
30-015-36137	Goodnight 27 Federal #2H	IJK	27-23S-29E	96857
30-015-39220	Goodnight 27 Federal #3H	W/2 W/2	27-23S-29E	96857
30-015-40007	Goodnight 26 Federal #1H	All	26-23S-29E	96721
30-015-39142	Goodnight 27 Federal #4H	E/2 W/2	27-23S-29E	96878
30-015-39431	Goodnight 27 Federal #5H	W/2 W/2	27-23S-29E	96878
30-015-43076	Cypress 34 Federal #10H	W/2 W/2	34-23S-29E	11520
30-015-42920	Cypress 34 Federal #11H	E/2 W/2	34-23S-29E	11520
30-015-43075	Cypress 33 Federal Com #8H	W/2 W/2	33-23S-29E	11520
30-015-43751	Cypress 33 Federal Com #9H	E/2 W/2	33-23S-29E	11520
30-015-43849	Cypress 34 Federal #12H	W/2 E/2	34-23S-29E	98220

State of New Mexico Energy, Minerals and Natural Resources Department

Exhibit B

Order: PLC-797

Operator: Oxy USA, Inc. (16696)

	Wells			
Well API	Well Name	UL or Q/Q	S-T-R	Train
30-015-22157	Goodnight 27 Federal #1	N	27-23S-29E	A1
30-015-36137	Goodnight 27 Federal #2H	IJK	27-23S-29E	A1
30-015-39220	Goodnight 27 Federal #3H	W/2 W/2	27-23S-29E	A1
30-015-40007	Goodnight 26 Federal #1H	All	26-23S-29E	A1
30-015-39142	Goodnight 27 Federal #4H	E/2 W/2	27-23S-29E	A1
30-015-39431	Goodnight 27 Federal #5H	W/2 W/2	27-23S-29E	A1
30-015-43076	Cypress 34 Federal #10H	W/2 W/2	34-23S-29E	A1
30-015-42920	Cypress 34 Federal #11H	E/2 W/2	34-23S-29E	A1
30-015-43075	Cypress 33 Federal Com #8H	W/2 W/2	33-23S-29E	A1
30-015-43751	Cypress 33 Federal Com #9H	E/2 W/2	33-23S-29E	A1
30-015-43849	Cypress 34 Federal #12H	W/2 E/2	34-23S-29E	A1
30-015-37249	Cypress 28 Federal #1H	MNO	28-23S-29E	B1
30-015-37331	Cypress 28 Federal #2H	JKL	28-23S-29E	B1
30-015-38287	Cypress 28 Federal #3H	B C D	28-23S-29E	B1
30-015-39330	Cypress 28 Federal #4H	E F G	28-23S-29E	B1
30-015-41138	Cypress 28 Federal #6H	E/2 W/2	28-23S-29E	B1
30-015-36321	Cypress 33 Federal #1H	S/2 S/2	33-23S-29E	B1
30-015-37308	Cypress 33 Federal #2H	N/2 N/2	33-23S-29E	B1
30-015-36987	Cypress 33 Federal #3H	N/2 S/2	33-23S-29E	B1
30-015-37368	Cypress 33 Federal #4H	S/2 N/2	33-23S-29E	B1
30-015-40768	Cypress 33 Federal Com #5H	E/2 E/2	33-23S-29E	B1
30-015-41557	Cypress 33 Federal Com #6H	W/2 E/2	33-23S-29E	B1
30-015-42616	Cypress 33 Federal Com #7H	E/2 W/2	33-23S-29E	B1
30-015-44096	Cypress 33 Federal Com #10H	W/2 W/2	33-23S-29E	B1
30-015-35053	Cypress 34 Federal #1	S/2 S/2	34-23S-29E	C1
30-015-35413	Cypress 34 Federal #2H	FGH	34-23S-29E	C1
30-015-35692	Cypress 34 Federal #3H	IJK	34-23S-29E	C1
30-015-35742	Cypress 34 Federal #4H	DEL	34-23S-29E	C 1
30-015-35693	Cypress 34 Federal #5	A B C	34-23S-29E	C 1
30-015-39430	Cypress 34 Federal #8H	W/2 E/2	34-23S-29E	C 1
30-015-42088	Cypress 34 Federal #9H	E/2 E/2	34-23S-29E	C 1
30-015-38366	Cypress 34 Federal #6H	W/2 W/2	34-23S-29E	C1
30-015-39219	Cypress 34 Federal #7H	E/2 W/2	34-23S-29E	C 1

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720 District II

811 S. First St., Artesia, NM 88210 Phone:(575) 748-1283 Fax:(575) 748-9720

District III 1000 Rio Brazos Rd., Aztec, NM 87410 Phone:(505) 334-6178 Fax:(505) 334-6170

1220 S. St Francis Dr., Santa Fe, NM 87505 Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico Energy, Minerals and Natural Resources Oil Conservation Division 1220 S. St Francis Dr. **Santa Fe, NM 87505**

CONDITIONS

Action 24428

CONDITIONS

Operator:	OGRID:
OXY USA INC	16696
P.O. Box 4294	Action Number:
Houston, TX 772104294	24428
	Action Type:
	[C-107] Surface Commingle or Off-Lease (C-107B)

CONDITIONS

Created	Condition	Condition Date
dmccl	Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.	12/22/2021