

District I
1625 N. French Drive, Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
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

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.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: OXY USA INC
OPERATOR ADDRESS: P O BOX 4294 HOUSTON, TX 77210

APPLICATION TYPE:
[ ] Pool Commingling [ ] Lease Commingling [ ] Pool and Lease Commingling [X] Off-Lease Storage and Measurement (Only if not Surface Commingled)
LEASE TYPE: [ ] Fee [ ] State [X] Federal

Is this an Amendment to existing Order? [ ] Yes [X] No
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
[X] Yes [ ] No

(A) POOL COMMINGLING
Please attach sheets with the following information

Table with 6 columns: (1) Pool Names and Codes, Gravities / BTU of Non-Commingled Production, Calculated Gravities / BTU of Commingled Production, Calculated Value of Commingled Production, Volumes

(2) Are any wells producing at top allowables? [ ] Yes [ ] No
(3) Has all interest owners been notified by certified mail of the proposed commingling? [ ] Yes [ ] No.
(4) Measurement type: [ ] Metering [ ] Other (Specify)
(5) Will commingling decrease the value of production? [ ] Yes [ ] No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING
Please attach sheets with the following information

(1) Pool Name and Code.
(2) Is all production from same source of supply? [ ] Yes [ ] No
(3) Has all interest owners been notified by certified mail of the proposed commingling? [ ] Yes [ ] No
(4) Measurement type: [ ] Metering [ ] Other (Specify)

(C) POOL and LEASE COMMINGLING
Please attach sheets with the following information

(1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT
Please attached sheets with the following information

(1) Is all production from same source of supply? [X] Yes [ ] No
(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)
Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location.
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.
SIGNATURE: [Signature] TITLE: REGULATORY ENGINEER DATE: 03/07/2022
TYPE OR PRINT NAME SANDRA MUSALLAM TELEPHONE NO.: 713-366-5106
E-MAIL ADDRESS: SANDRA\_MUSALLAM@OXY.COM

RECEIVED:	REVIEWER:	TYPE:	APP NO:
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
 - Geological & Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505



**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Applicant:** SANDRA MUSALLAM **OGRID Number:** 16696  
**Well Name:** CEDAR CANYON 23 FED COM 33H **API:** 30-015-44074  
**Pool:** PURPLE SAGE; WOLFCAMP **Pool Code:** 98220

**SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW**

- 1) **TYPE OF APPLICATION:** Check those which apply for [A]  
 A. Location – Spacing Unit – Simultaneous Dedication  
 NSL       NSP (PROJECT AREA)       NSP (PRORATION UNIT)       SD
- B. Check one only for [ I ] or [ II ]  
 [ I ] Commingling – Storage – Measurement  
 DHC    CTB    PLC    PC    OLS    OLM  
 [ II ] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery  
 WFX    PMX    SWD    IPI    EOR    PPR

<b>FOR OCD ONLY</b>
<input type="checkbox"/> Notice Complete
<input type="checkbox"/> Application Content Complete

- 2) **NOTIFICATION REQUIRED TO:** Check those which apply.  
 A.  Offset operators or lease holders  
 B.  Royalty, overriding royalty owners, revenue owners  
 C.  Application requires published notice  
 D.  Notification and/or concurrent approval by SLO  
 E.  Notification and/or concurrent approval by BLM  
 F.  Surface owner  
 G.  For all of the above, proof of notification or publication is attached, and/or,  
 H.  No notice required      OXY is only WIO

3) **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

**Note: Statement must be completed by an individual with managerial and/or supervisory capacity.**

SANDRA MUSALLAM

Print or Type Name

Signature

03/07/2022  
Date

713-366-5106  
Phone Number

SANDRA\_MUSALLAM@OXY.COM  
e-mail Address

**APPLICATION FOR OFF-LEASE MEASUREMENT, STORAGE AND SALES  
Cedar Canyon 23 Federal Com 3H Satellite Train #2**

OXY USA INC requests approval of off-lease measurement, storage and sales for oil production for Cedar Canyon 23 Federal Com 3H Satellite Train #2 (I-22-24S-29E). Oil is sent off-lease to Cedar Canyon 22 Satellite (L 22 T24S R29E) for measurement, storage and sales.

*This OLM request includes current and future wells in the Communitization Agreement and pool listed below.*

**POOL: PURPLE SAGE;WOLFCAMP GAS (98220)**

**CA NMNM137569**

**58% NMNM81586 (BLM 12.5% NRI) & 8.5% NMNM93477 (BLM 12.5% NRI) & 25% NMNM88138 (BLM 12.5% NRI) & 8.5% FEE**

Well Name	API	Surface Location	Date Online	Oil (BPD)	API Gravity	Gas (MSCFD)	BTU/CF	Water (BWPD)
Cedar Canyon 23 Fed Com 23 H	30-015-44074	I-22-24S-29E	Aug-2017	64	46	173	1323	161

**Cedar Canyon 23 Federal Com 3H Satellite Train #2**

Production flows to the inlet header and is separated at a 6' X 20' three-phase production separator. Oil production flows to a storage tank located at the Cedar Canyon 22 Satellite then is sold through a LACT meter, which serves as the oil FMP for the purpose of royalty payment.

The production separator is equipped with an oil turbine meter, gas orifice meter and water turbine meter for well testing purposes.

Gas production flows through the orifice meter on the production separator, which serves as the gas FMP, then is sent to sales. The gas is commingled per PLC 750B/C.

All water from the Cedar Canyon 23 Federal 33H Satellite is sent to the Cedar Canyon 22 Battery before being sent to the Cedar Canyon water disposal distribution system.

**Additional Application Components:**

The flow of production is shown in detail on the enclosed facility diagram. Also enclosed is a map detailing facility, lease, and well location.

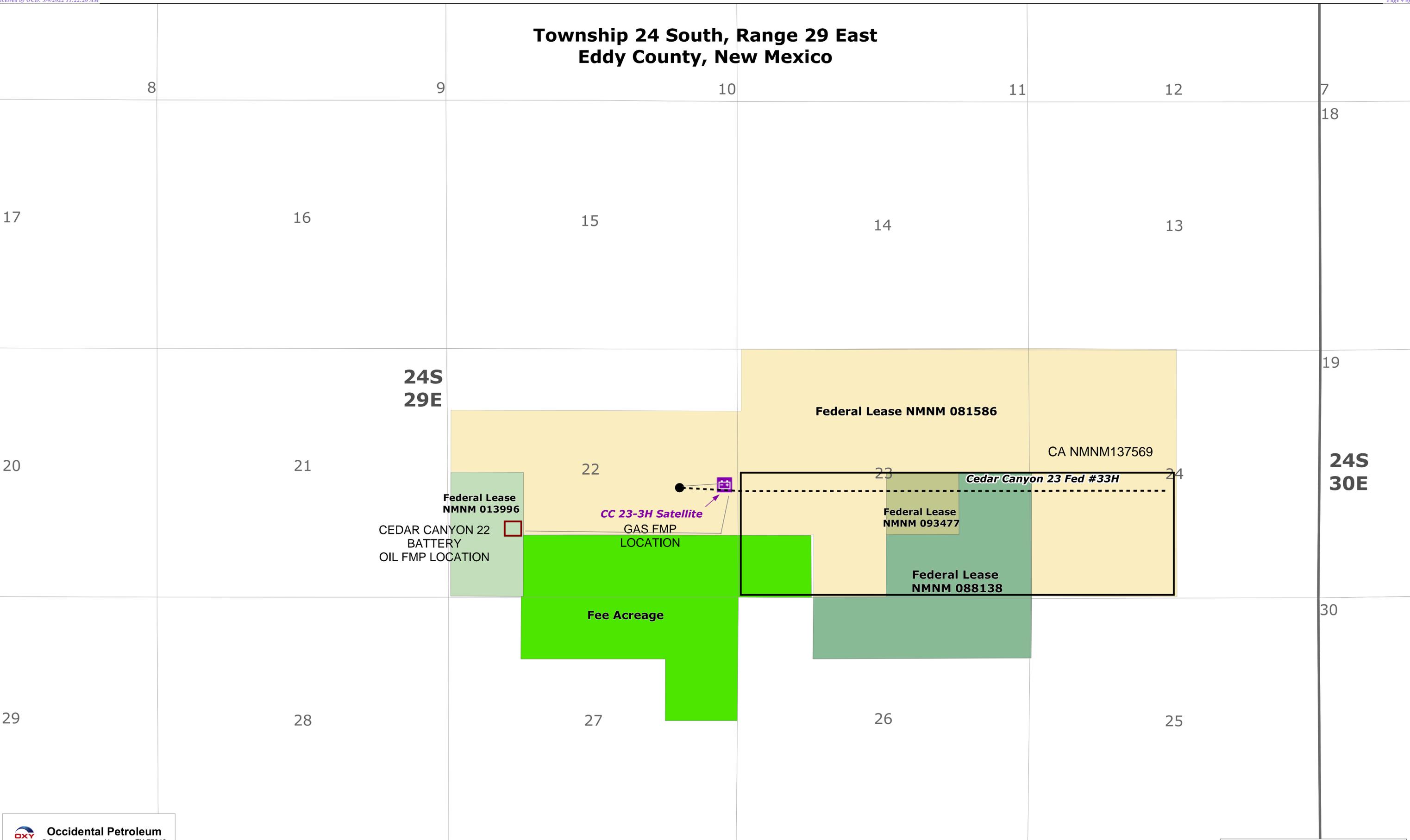
The oil and gas meters are calibrated on a regular basis per API, NMOCD and BLM specifications.

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.

Off-lease measurement 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.

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.

# Township 24 South, Range 29 East Eddy County, New Mexico



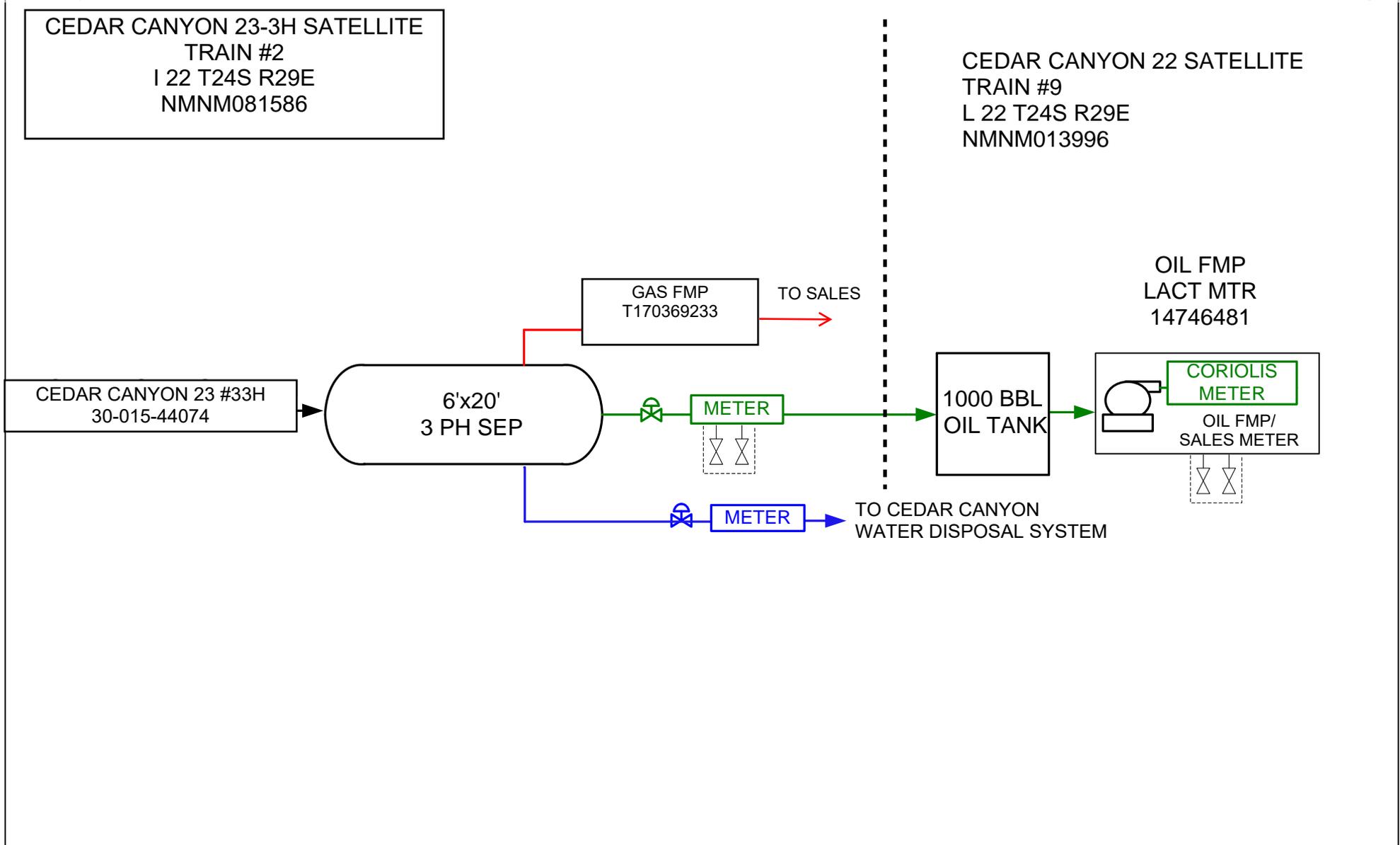
**Occidental Petroleum**  
 5 Greenway Plaza, Houston, TX 77046

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North American Datum 1927  
 Last Updated: Tuesday, April 27, 2021  
 Author: M. Vy  
 File: Cedar\_Canyon\_23-3H\_20160729

**Legend**

- CTB
- CEDAR CANYON 23 FED COM 33H
- Flowline



REVISION BLOCK

- PRODUCTION MIX
- OIL
- GAS
- WATER
- EQUIPMENT

NO.	DATE	DESCRIPTION	BY
0		PRELIMINARY DRAFT	KAO
1		REVISION	JC
2		OFF LEASE MEASUREMENT APPLICATION	TS



**PROCESS FLOW DIAGRAM**  
CEDAR CANYON 23-33H





**OXY USA WTP Limited Partnership / OXY USA INC /  
OCCIDENTAL PERMIAN LTD**  
A subsidiary of Occidental Petroleum Corporation

5 Greenway Plaza, Suite 110, Houston, Texas 77046  
P.O. Box 4294, Houston, Texas 77210-4294

June 21, 2022

Re: **Off-Lease Measurement, Storage and Sales for Cedar Canyon 23 Fed Com 33H**

**API 30-015-44074  
Section 22, T24S R29E, Eddy County  
Purple Sage; Wolfcamp Gas 98220**

To Whom It May Concern:

OXY USA INC., as Operator, is filing an application with the New Mexico Oil Conservation Division for approval of the above mentioned off-lease measurement project. This letter serves to notice you that OXY is the only working interest owner in the well listed above.

Best Regards,

OXY USA INC.

  
J.J. Laning  
Land Manager

CDC

**Musallam, Sandra C**

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**From:** AFMSS <blm-afmss-notifications@blm.gov>  
**Sent:** Wednesday, June 15, 2022 9:46 PM  
**To:** Musallam, Sandra C  
**Subject:** [EXTERNAL] Well Name: CEDAR CANYON 23 FEDERAL COM, Well Number: 33H, Notification of Sundry Approval

**WARNING - This message is from an EXTERNAL SENDER - be CAUTIOUS, particularly with links and attachments.**

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**The Bureau of Land Management**

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**Notice of Notice Of Intent Approval**

- Operator Name: **OXY USA INCORPORATED**
- Well Name: **CEDAR CANYON 23 FEDERAL COM**
- Well Number: **33H**
- US Well Number: **300154407400S1**
- Sundry ID: **2662911**

The BLM received your Notice Of Intent, Off-lease Measurement/Storage on 03/18/2022. This is to notify you that we are Approving your Notice Of Intent Off-lease Measurement/Storage. Please login to your account in AFMSS II to see the final documents.

If this Notice Of Intent prompted the BLM to create another work task, it will generate in your worklist.

You may contact the field office if you have any questions.

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This notification is automatically generated. Please do not reply to this message as this account is not monitored.

U.S. Department of the Interior  
BUREAU OF LAND MANAGEMENT

**Well Name:** CEDAR CANYON 23  
FEDERAL COM

**Well Location:** T24S / R29E / SEC 22 /  
NESE / 32.2020942 / -103.9676325

**County or Parish/State:** EDDY /  
NM

**Well Number:** 33H

**Type of Well:** OIL WELL

**Allottee or Tribe Name:**

**Lease Number:** NMNM81586

**Unit or CA Name:** CEDAR CANYON 23  
FED COM 33H

**Unit or CA Number:**  
NMNM137569

**US Well Number:** 300154407400S1

**Well Status:** Producing Oil Well

**Operator:** OXY USA  
INCORPORATED

### Notice of Intent

**Sundry ID:** 2662911

**Type of Submission:** Notice of Intent

**Type of Action:** Off-lease Measurement/Storage

**Date Sundry Submitted:** 03/18/2022

**Time Sundry Submitted:** 06:44

**Date proposed operation will begin:** 06/01/2018

**Procedure Description:** OXY requests approval according to 43 CFR 3173.22 for off lease storage, measurement and sales for oil production for a well at the Cedar Canyon 22 Battery Train #9. Sundry including justification is attached.

### Surface Disturbance

**Is any additional surface disturbance proposed?:** No

### NOI Attachments

**Procedure Description**

Cedar\_Canyon\_23\_33H\_OLM\_BLM\_Submittal\_20220318184422.pdf

Well Name: CEDAR CANYON 23  
FEDERAL COM

Well Location: T24S / R29E / SEC 22 /  
NESE / 32.2020942 / -103.9676325

County or Parish/State: EDDY /  
NM

Well Number: 33H

Type of Well: OIL WELL

Allottee or Tribe Name:

Lease Number: NMNM81586

Unit or CA Name: CEDAR CANYON 23  
FED COM 33H

Unit or CA Number:  
NMNM137569

US Well Number: 300154407400S1

Well Status: Producing Oil Well

Operator: OXY USA  
INCORPORATED

**Operator**

*I certify that the foregoing is true and correct. Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction. Electronic submission of Sundry Notices through this system satisfies regulations requiring a*

Operator Electronic Signature: SANDRA MUSALLAM

Signed on: MAR 18, 2022 06:44 PM

Name: OXY USA INCORPORATED

Title: Regulatory Engineer

Street Address: 5 GREENWAY PLAZA, SUITE 110

City: HOUSTON

State: TX

Phone: (713) 366-5106

Email address: SANDRA\_MUSALLAM@OXY.COM

**Field**

Representative Name:

Street Address:

City:

State:

Zip:

Phone:

Email address:

**From:** [Engineer, OCD, FMNRD](#)  
**To:** [Musallam, Sandra C](#); [Schenkel, Beth V](#)  
**Cc:** [McClure, Dean, FMNRD](#); [Wrinkle, Justin, FMNRD](#); [Powell, Brandon, FMNRD](#); [lisa@rwbyram.com](mailto:lisa@rwbyram.com); [Glover, James](#); [Paradis, Kyle O](#); [Walls, Christopher](#)  
**Subject:** Approved Administrative Order OLM-258  
**Date:** Monday, July 11, 2022 4:15:44 PM  
**Attachments:** [OLM258 Order.pdf](#)

NMOCD has issued Administrative Order OLM-258 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
30-015-44074	Cedar Canyon 23 Federal Com #33H	S/2 SW/4	23-24S-29E 24-24S-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

**From:** Musallam, Sandra C  
**To:** McClure, Dean, EMNRD  
**Cc:** Schenkel, Beth V  
**Subject:** [EXTERNAL] RE: Cedar Canyon 23-33H OLM-258  
**Date:** Wednesday, June 22, 2022 7:53:03 AM  
**Attachments:** image001.png  
 WIO letter signed.pdf

**CAUTION: This email originated outside of our organization. Exercise caution prior to clicking on links or opening attachments.**

Hello Mr. McClure,  
 Attached is a letter from OXY Land confirming that OXY is 100% WIO in Cedar Canyon 23-33H.

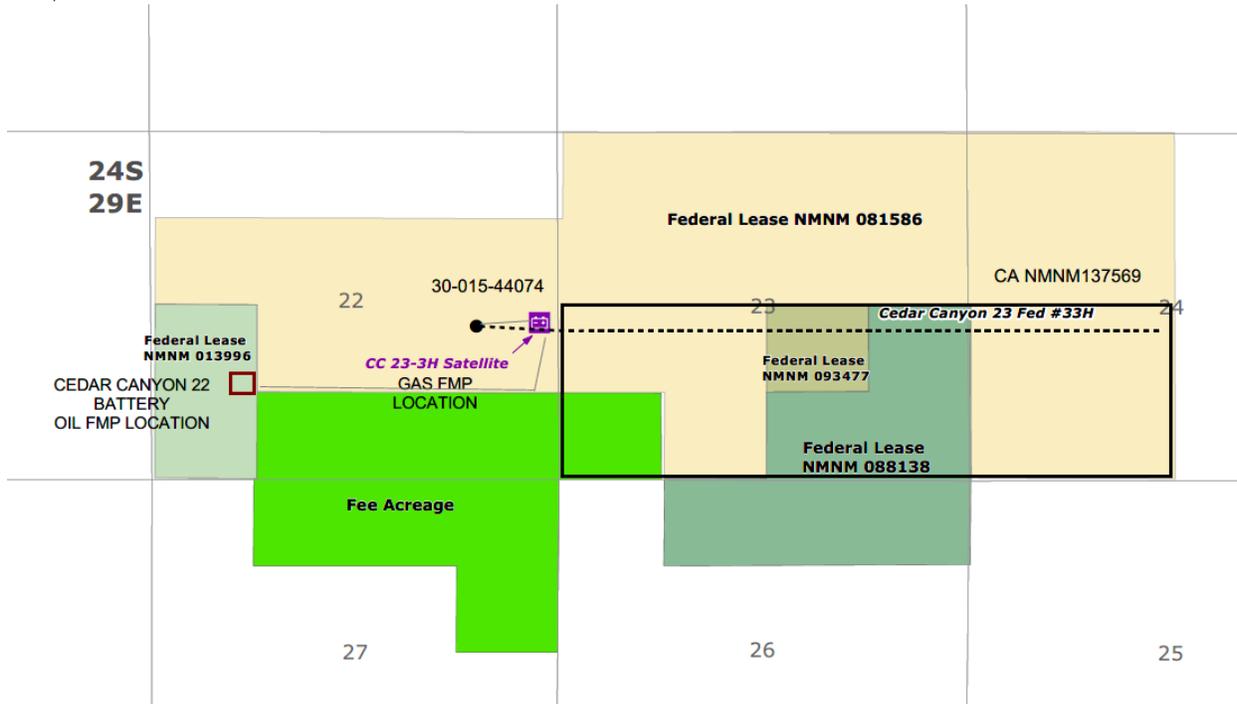
Thank you!

**Sandra Musallam**  
 Regulatory Engineer – Compliance Lead  
 713-366-5106 (office)  
 713-504-8577 (cell)

**From:** Musallam, Sandra C  
**Sent:** Tuesday, June 21, 2022 2:56 PM  
**To:** McClure, Dean, EMNRD <Dean.McClure@state.nm.us>  
**Cc:** Schenkel, Beth V <Beth\_Schenkel@oxy.com>  
**Subject:** RE: off lease measurement application OLM-258

Hello Mr. McClure,  
 1). Attached are the BLM submittal and approval AFMSS documents  
 2). I have reached out to Land for a letter confirming that OXY has 100% of the WIO in the production in the Cedar Canyon 23-33H  
 3). The gas custody transfer meter is located at the Cedar Canyon 23-3H satellite, which is on the same lease as the Cedar Canyon 23-33H wellhead and HZ path. OLM for the gas production is not being requested.

Thank you!



**Sandra Musallam**  
 Regulatory Engineer – Compliance Lead  
 713-366-5106 (office)  
 713-504-8577 (cell)

**From:** McClure, Dean, EMNRD <Dean.McClure@state.nm.us>  
**Sent:** Tuesday, June 21, 2022 1:17 PM  
**To:** Musallam, Sandra C <Sandra\_Musallam@oxy.com>  
**Cc:** Schenkel, Beth V <Beth\_Schenkel@oxy.com>  
**Subject:** [EXTERNAL] off lease measurement application OLM-258

**WARNING - This message is from an EXTERNAL SENDER - be CAUTIOUS, particularly with links and attachments.**

Ms. Musallam,

I am reviewing off-lease measurement application OLM-258 which involves the off lease measurement of production at the Cedar Canyon 23 Federal Com 3H Satellite Train #2 and is operated by Oxy USA, Inc. (16696).

Please confirm that the BLM has been notified of this application.

Please provide a landman's statement confirming that Oxy has 100% of the WI in the production included in this application.

Additionally, the application is submitted as being for oil only. Considering the more recent decision by Oxy to provide this well with its own gas sales meter rather than include the well in a commingling project, is it still the case that off-lease measurement approval is only required for the oil production from the included well?

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 OFF-LEASE MEASUREMENT  
SUBMITTED BY OXY USA, INC.**

**ORDER NO. OLM-258**

**ORDER**

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

**FINDINGS OF FACT**

1. Oxy USA, Inc. (“Applicant”) submitted a complete application to off-lease measure the oil production ("Application") from the wells, pool, and lease identified in Exhibit A.
2. Applicant provided notice of the Application to all persons owning a working interest in the oil production to be off-lease measured in accordance with 19.15.23.9(A)(5) NMAC, and those persons either submitted a written waiver or did not file an objection to the Application.
3. Applicant provided notice of the Application to the Bureau of Land Management or New Mexico State Land Office, as applicable.
4. Applicant stated that it sought authorization to off-lease measure oil production from wells which have not yet been approved to be drilled, but will produce from a pool and lease identified in Exhibit A.

**CONCLUSIONS OF LAW**

5. 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, and 19.15.23 NMAC.
6. Applicant satisfied the notice requirements for the Application in accordance with 19.15.23.9(A)(5) NMAC.
7. 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 store and measure oil 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 store and measure oil 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. The oil production from the wells identified in Exhibit A shall be physically separated from the oil production from other wells and no commingling of production from different leases shall occur in accordance with 19.15.23.9(A)(3) NMAC and 19.15.23.9(A)(4) NMAC, except as otherwise provided in order(s) issued by OCD.
3. 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.
4. Applicant shall calibrate the meters used to measure or allocate oil production in accordance with 19.15.12.10(C)(2) NMAC.
5. 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 oil or gas production from it. The Form C-103 shall reference this Order and identify the well.
6. OCD retains jurisdiction of this matter and reserves the right to modify or revoke this Order as it deems necessary.

**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**



**ADRIENNE E. SANDOVAL  
DIRECTOR**

**DATE:** 7/11/2022

State of New Mexico  
Energy, Minerals and Natural Resources Department

**Exhibit A**

Order: OLM-258  
Operator: Oxy USA, Inc. (16696)  
Central Tank Battery: Cedar Canyon 22 Satellite  
Central Tank Battery Location: UL L, Section 22, Township 24 South, Range 29 East  
Gas Title Transfer Meter Location:

**Pools**

Pool Name	Pool Code
PURPLE SAGE; WOLFCAMP (GAS)	98220

**Leases as defined in 19.15.12.7(C) NMAC**

Lease	UL or Q/Q	S-T-R
CA Wolfcamp NMNM 137569	S/2	23-24S-29E
	SW/4	24-24S-29E

**Wells**

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-015-44074	Cedar Canyon 23 Federal Com #33H	S/2	23-24S-29E	98220
		SW/4	24-24S-29E	

**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

**District IV**  
 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 87177

**CONDITIONS**

Operator: OXY USA INC P.O. Box 4294 Houston, TX 772104294	OGRID: 16696
	Action Number: 87177
	Action Type: [C-107] Surface Commingle or Off-Lease (C-107B)

**CONDITIONS**

Created By	Condition	Condition Date
dmcclure	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.	7/11/2022