

Revised March 23, 2017

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:** OXY USA INC. (16696) **OGRID Number:** 16696  
**Well Name:** CORRAL FLY 02 01 STATE #034H **API:** 30-015-44588  
**Pool:** PIERCE CROSSING; BONE SPRING, EAST **Pool Code:** 96473

### 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
- 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

#### FOR OCD ONLY

- ☐ Notice Complete
- ☐ Application Content Complete

- 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.**

STEPHEN JANACEK

Print or Type Name

Stephen Janacek

Signature

2/22/2023

Date

972-404-3722

Phone Number

STEPHEN\_JANACEK@OXY.COM

e-mail Address



**Occidental Oil and Gas Corporation**  
**ATTN: Tasos Boulis**  
**5 Greenway Plaza, Suite 110**  
**Houston, TX 77046**  
**713-366-5564**  
**Tasos\_Boulis@oxy.com**

March 1, 2023

Mr. Dean McClure  
New Mexico Oil Conservation Division  
1220 South Francis Drive  
Santa Fe, New Mexico 87505

RE: **Application for Downhole Commingling**  
**OXY USA Inc.**  
**CORRA FLY 02 01 STATE #034H**  
**SHL: M – Section 2 – T25S – 29E, Eddy County**

Dear Mr. Dean McClure:

Oxy USA Inc. respectfully seeks approval to downhole commingle the Corral Fly 02 01 State #034H (30-015-44588). The well will be recompleted in the Bone Spring formation of the Pierce Crossing; Bone Spring, East [96473] Pool, and the Bone Spring production will be combined with the existing production in the Wolfcamp formation of the Purple Sage Wolfcamp [98220] Pool. The 40 acre spacing unit will be located at L – Section 2 – T25S – R29E, Eddy County.

I attest that adding the recompletion in the Bone Spring will not reduce the total remaining production's value. It is Oxy's responsibility as a prudent operator to maximize reserves and reduce surface disturbances. The goal of this recompletion is to evaluate the existing potential of the Bone Spring formation in the area, and potentially, develop it horizontally in the future. Furthermore, utilizing the existing wellbore will not require drilling a new well or adding facility infrastructure.

Sincerely,

A handwritten signature in blue ink, appearing to read "P. Boulis", is placed over a light blue rectangular background.

Tasos Boulis  
Reservoir Engineer

Attachments

1. Application Checklist
2. C-107
3. C-102 for existing Wolfcamp and proposed Bone Spring
4. Supplemental information for existing Wolfcamp and proposed Bone Spring
5. Engineer letter and allocation justification
6. Current wellbore
7. Proposed wellbore
8. Notice List

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

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

Form C-107A  
Revised August 1, 2011

APPLICATION TYPE  
☒ Single Well  
☐ Establish Pre-Approved Pools  
EXISTING WELLBORE  
☒ Yes ☐ No

APPLICATION FOR DOWNHOLE COMMINGLING

OXY USA INC. (16696)

PO BOX 4294, HOUSTON, TX 77210

Operator

Address

CORRAL FLY 02 01 STATE #034H

L - 30 - T25S - R29E

EDDY

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No. 16696 Property Code API No. 30-015-44588 Lease Type: ☐ Federal ☒ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Pierce Crossing; Bone Spring, East Pool		PURPLE SAGE WOLFCAMP (GAS)
Pool Code	96473		98220
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	9000'-9400' MD		10312'-20113' MD
Method of Production (Flowing or Artificial Lift)	ARTIFICIAL LIFT		ARTIFICIAL LIFT
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	Oil- 39.9 deg. API, Gas- 1228 Dry, Ideal (BTU/FT3)		Oil- 41.9 deg. API, Gas- 1296 Dry, Ideal (BTU/FT3)
Producing, Shut-In or New Zone	NEW ZONE		PRODUCING
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date:  Rates:	Date:  Rates:	Date: 2/23/2023  Rates: 88 BOPD 413 MSCFPD
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas  98 % 87.5%	Oil Gas  % %	Oil Gas  2 % 12.5 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?

Yes ☐ No ☒

If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?

Yes ☒ No ☐

Are all produced fluids from all commingled zones compatible with each other?

Yes ☒ No ☐

Will commingling decrease the value of production?

Yes ☐ No ☒

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application?

Yes ☒ No ☐

NMOCD Reference Case No. applicable to this well:

- Attachments:
- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
  - Production curve for each zone for at least one year. (If not available, attach explanation.)
  - For zones with no production history, estimated production rates and supporting data.
  - Data to support allocation method or formula.
  - Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
  - Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Stephen Janacek

TITLE REGULATORY ENGINEER

DATE 3/1/2023

TYPE OR PRINT NAME STEPHEN JANACEK

TELEPHONE NO. (972) 404-3722

E-MAIL ADDRESS STEPHEN\_JANACEK@OXY.COM

NM OIL CONSERVATION  
ARTESIA DISTRICT

OCT 09 2018

Form C-102

Revised August 1, 2011

RECEIVED

Submit one copy to appropriate  
District Office☒ AMENDED REPORT  
(As-Drilled)

District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (505) 393-6161 Fax: (505) 393-0720

District II  
811 S. First St., Artesia, NM 88210  
Phone: (505) 748-1283 Fax: (505) 748-9720

District III  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6179 Fax: (505) 334-6170

District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

## WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number <b>30-015-44588</b>	Pool Code <b>98220</b>	Pool Name <b>Purple Sage Wolfcamp</b>
Property Code <b>319797</b>	Property Name <b>CORRAL FLY "02-01" STATE</b>	Well Number <b>34H</b>
OGRID No. <b>16696</b>	Operator Name <b>OXY USA INC.</b>	Elevation <b>3030.8'</b>

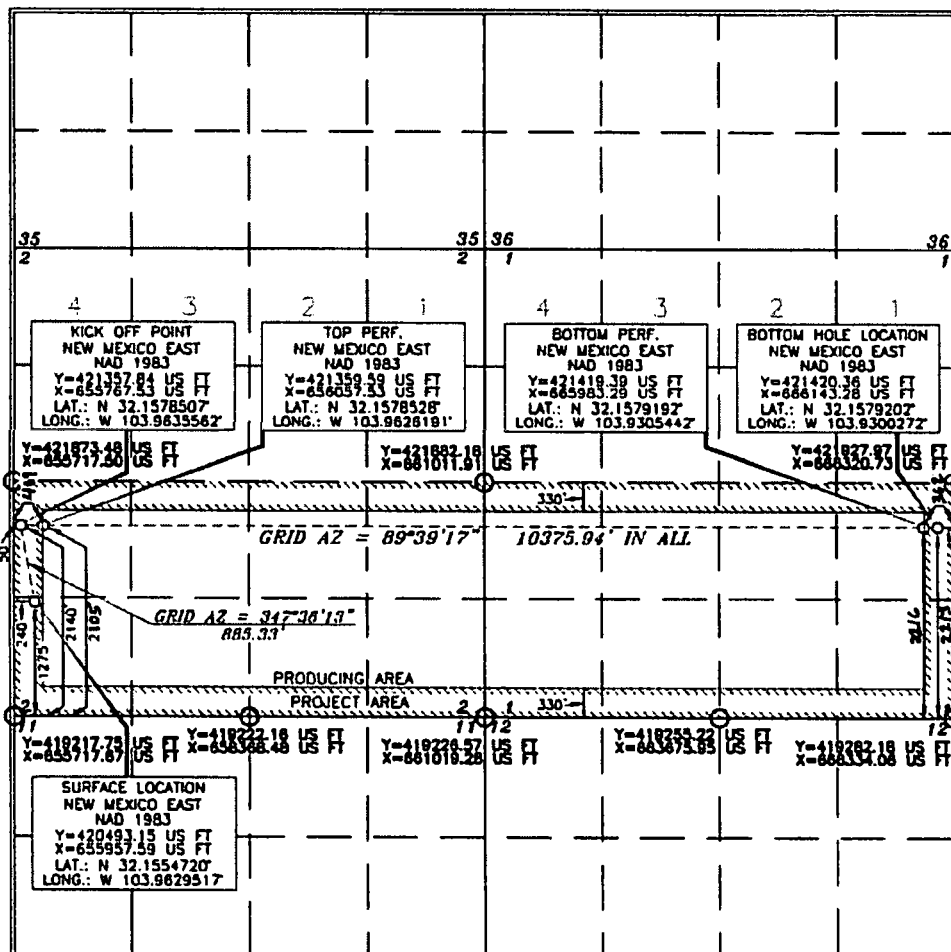
## Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>M</b>	<b>2</b>	<b>25 SOUTH</b>	<b>29 EAST, N.M.P.M.</b>		<b>1275'</b>	<b>SOUTH</b>	<b>240'</b>	<b>WEST</b>	<b>EDDY</b>

## Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>1</b>	<b>1</b>	<b>25 SOUTH</b>	<b>29 EAST, N.M.P.M.</b>		<b>2140'</b> <b>2213'</b>	<b>SOUTH</b>	<b>100'</b> <b>143'</b>	<b>EAST</b>	<b>EDDY</b>
Dedicated Acres <b>640</b>	Joint or Infill <b>Y</b>	Consolidation Code	Order No.	<b>LTP - 2216 FSL 362 FEL</b> <b>FTP - 205 FSL 469 FWL</b>					

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



## OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or an undivided interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order hereby entered by the division.

*[Signature]* 10/4/18  
Signature Date  
Jara Mendiola  
Printed Name  
jaramendiola@oxy.com  
Email Address

## SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from the results of aerial surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

*[Signature]*  
Date of Survey  
15079  
AUGUST 16, 2017  
Signature and Seal of Professional Surveyor

*[Signature]* 9/27/2017  
Certificate Number 15079

WD# 170816WL-a-XY (KA)

District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
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Phone: (505) 334-6178 Fax: (505) 334-6170  
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1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-015-44588	<sup>2</sup> Pool Code 96473	<sup>3</sup> Pool Name PIERCE CROSSING; BONE SPRING, EAST
<sup>4</sup> Property Code 319797	<sup>5</sup> Property Name CORRAL FLY "02-01" STATE	<sup>6</sup> Well Number 34H
<sup>7</sup> OGRID No. 16696	<sup>8</sup> Operator Name OXY USA INC. (16696)	<sup>9</sup> Elevation 3030.8'

<sup>10</sup> Surface Location

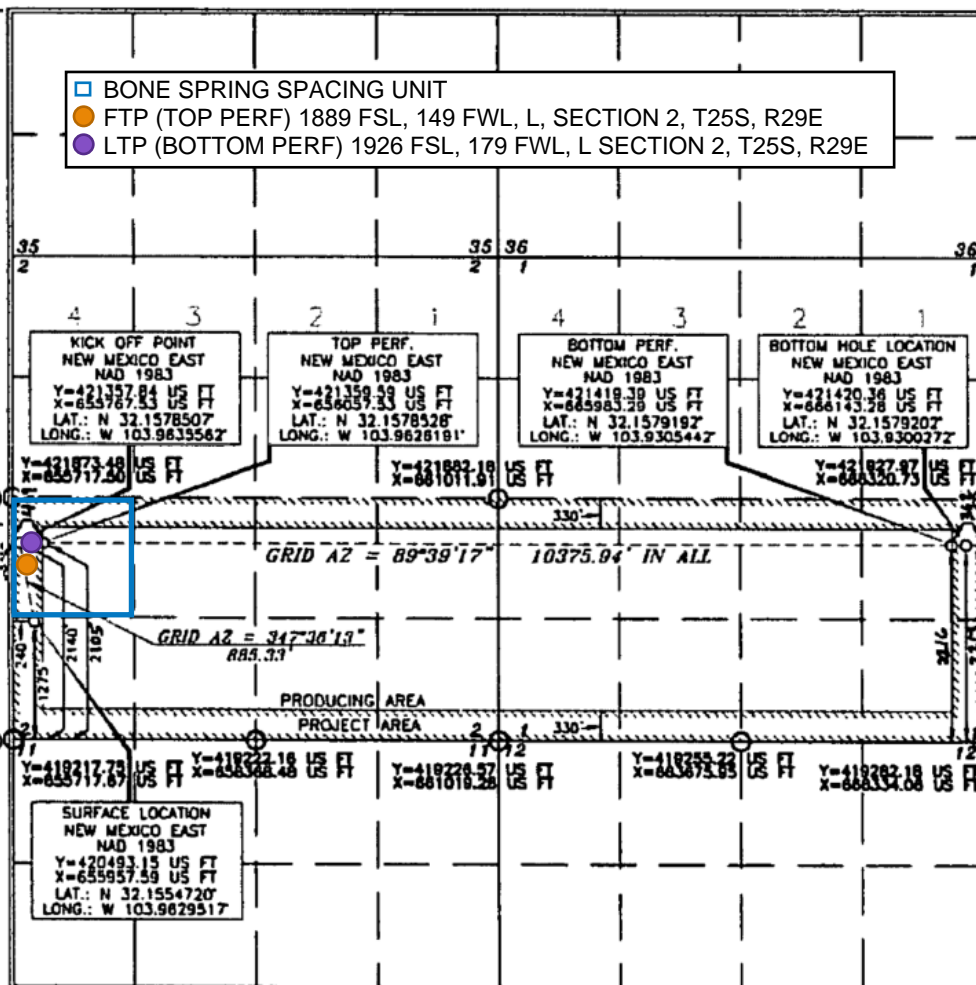
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	2	25S	29E		1275	FSL	240	WEST	EDDY

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	1	25S	29E		2213	SOUTH	143	EAST	EDDY

<sup>12</sup> Dedicated Acres 40	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



<sup>17</sup> OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

*Stephen Janacek*

2/3/2023

Signature Date

STEPHEN JANACEK

Printed Name

STEPHEN\_JANACEK@OXY.COM

E-mail Address

<sup>18</sup> SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey

Signature and Seal of Professional Surveyor:

Certificate Number

NM OIL CONSERVATION  
ARTESIA DISTRICT

## EXISTING WOLFCAMP LATERAL

OCT 09 2018

RECEIVED

Operator Name: OXY USA Inc.	Property Name: Corral Fly 02-01 State <i>30-015-44588</i>	Well Number 34H
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## Kick Off Point (KOP)

UL L	Section 2	Township 25S	Range 29E	Lot	Feet 1971	From N/S S	Feet 202	From E/W W	County EDDY
Latitude 32.15739					Longitude -103.96307			NAD NAD83	

## First Take Point (FTP)

UL L	Section 2	Township 25S	Range 29E	Lot	Feet 2105	From N/S S	Feet 469	From E/W W	County EDDY
Latitude 32.15775					Longitude -103.96220			NAD NAD83	

## Last Take Point (LTP)

UL I	Section 1	Township 25S	Range 29E	Lot	Feet 2216	From N/S S	Feet 362	From E/W E	County EDDY
Latitude 32.15796					Longitude -103.93062			NAD NAD83	

Is this well the defining well for the Horizontal Spacing Unit? ☐Is this well an infill well? ☐

If infill is yes please provide API if available, Operator Name and well number for Defining well for Horizontal Spacing Unit.

API #		
Operator Name:	Property Name:	Well Number

KZ 06/27/2018



Intent ☒ As Drilled ☐

API # <b>30-015-44588</b>		
Operator Name: <b>OXY USA INC.</b>	Property Name: <b>CORRAL FLY 02 01 STATE</b>	Well Number <b>34H</b>

Kick Off Point (KOP) **(AS DRILLED)**

UL <b>L</b>	Section <b>2</b>	Township <b>25S</b>	Range <b>29E</b>	Lot	Feet <b>1971</b>	From N/S <b>FSL</b>	Feet <b>202</b>	From E/W <b>FWL</b>	County <b>EDDY</b>
Latitude <b>32.15739</b>					Longitude <b>-103.96307</b>				NAD <b>NAD 83</b>

First Take Point (FTP)

UL <b>L</b>	Section <b>2</b>	Township <b>25S</b>	Range <b>29E</b>	Lot	Feet <b>1889</b>	From N/S <b>FSL</b>	Feet <b>149</b>	From E/W <b>FWL</b>	County <b>EDDY</b>
Latitude <b>32.157079</b>					Longitude <b>-103.962754</b>				NAD <b>NAD 83</b>

Last Take Point (LTP)

UL <b>L</b>	Section <b>2</b>	Township <b>25S</b>	Range <b>29E</b>	Lot	Feet <b>2213</b>	From N/S <b>FSL</b>	Feet <b>179</b>	From E/W <b>FWL</b>	County <b>EDDY</b>
Latitude <b>32.157183</b>					Longitude <b>-103.962657</b>				NAD <b>NAD 83</b>

Is this well the defining well for the Horizontal Spacing Unit? ☒Is this well an infill well? ☐

If infill is yes please provide API if available, Operator Name and well number for Defining well for Horizontal Spacing Unit.

API #		
Operator Name:	Property Name:	Well Number

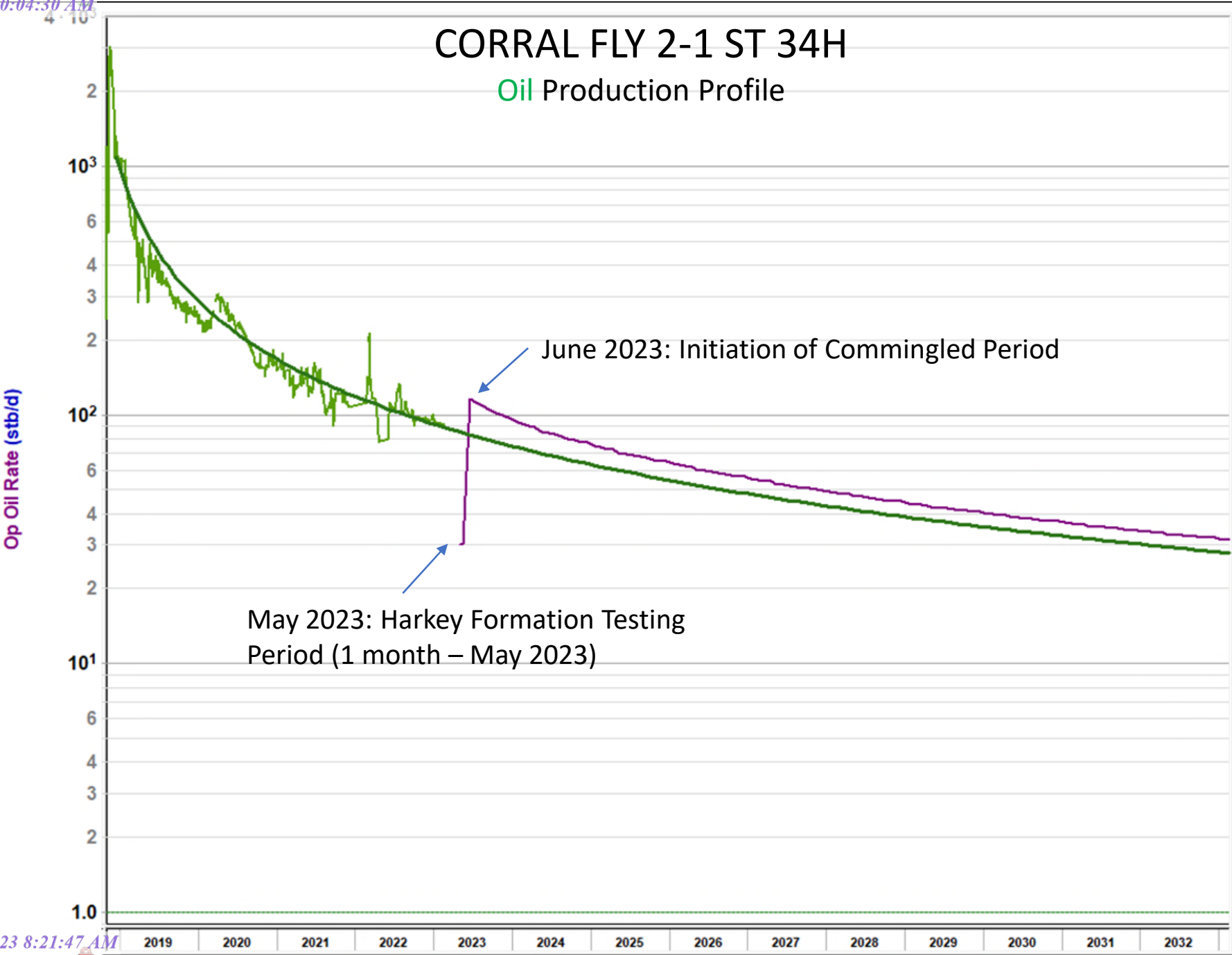
KZ 06/29/2018

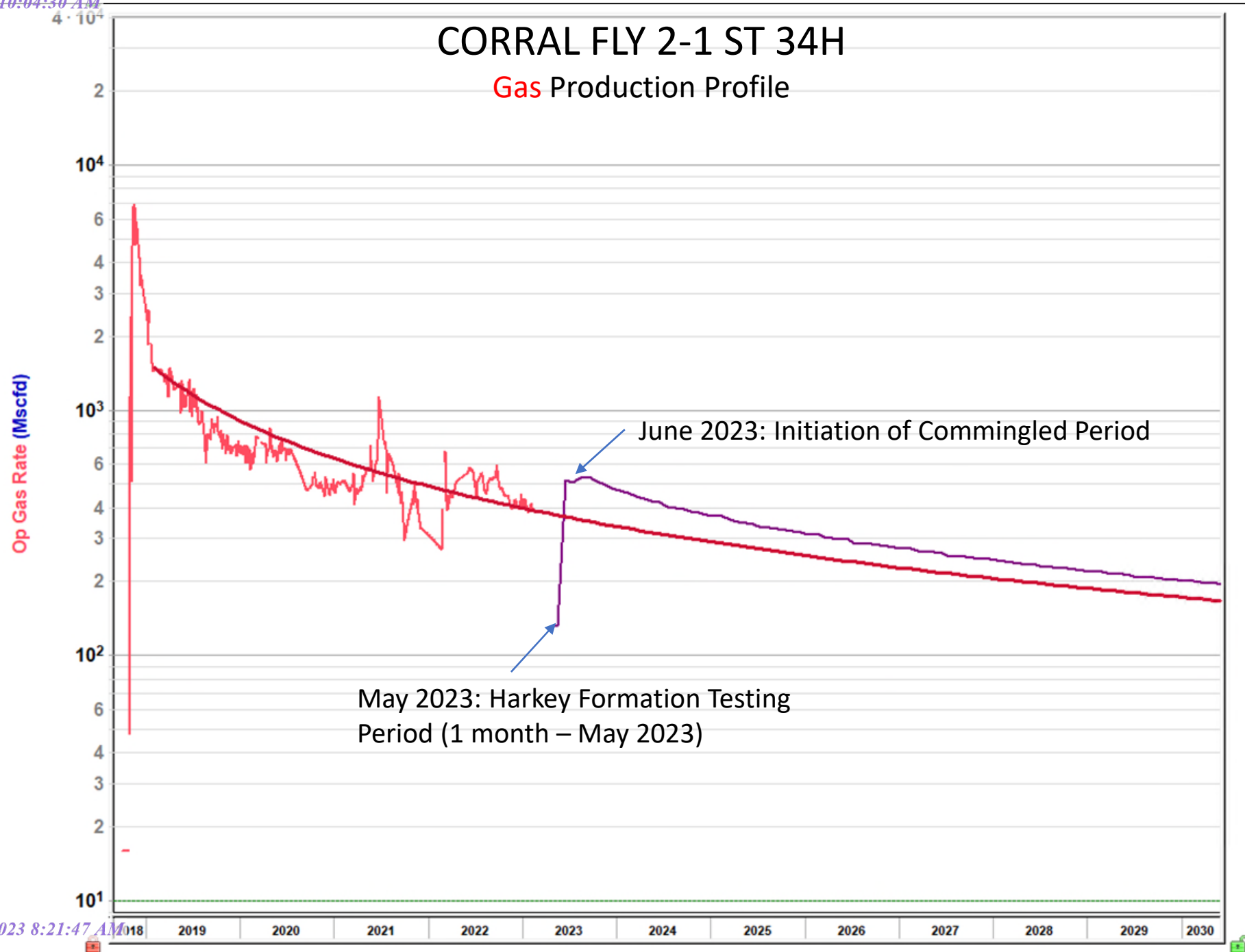
## Reservoir Engineer Allocation Justification

The attached production plots show the historical production data of the existing wellbore Corral Fly 2-1 34H for all fluids with their current forecast trends. Additionally, the recompletion production data is shown for the first month of formation testing (assumed starting in May 2023) along with the commingled trend afterwards (purple lines). The proposed recompletion will be performed in the vertical part of the existing wellbore and the calculated volumes are expected to be much smaller compared to the initial horizontal production of the well. Therefore, the first well test of the recompletion is a significantly lower number, and afterwards, the increase in the commingle trend is minimal.

Due to the small production increase expected from the recompletion of the existing well, the allocation was calculated based on the contribution percentage of the new zone to the overall commingled production. The allocation was calculated for all types of fluids using the entire production forecasts from the existing and recompleted productions. Based on that, the average allocation percentages in the Wolfcamp production for oil, gas and water are 2.2%, 12.5%, 14.7% respectively.







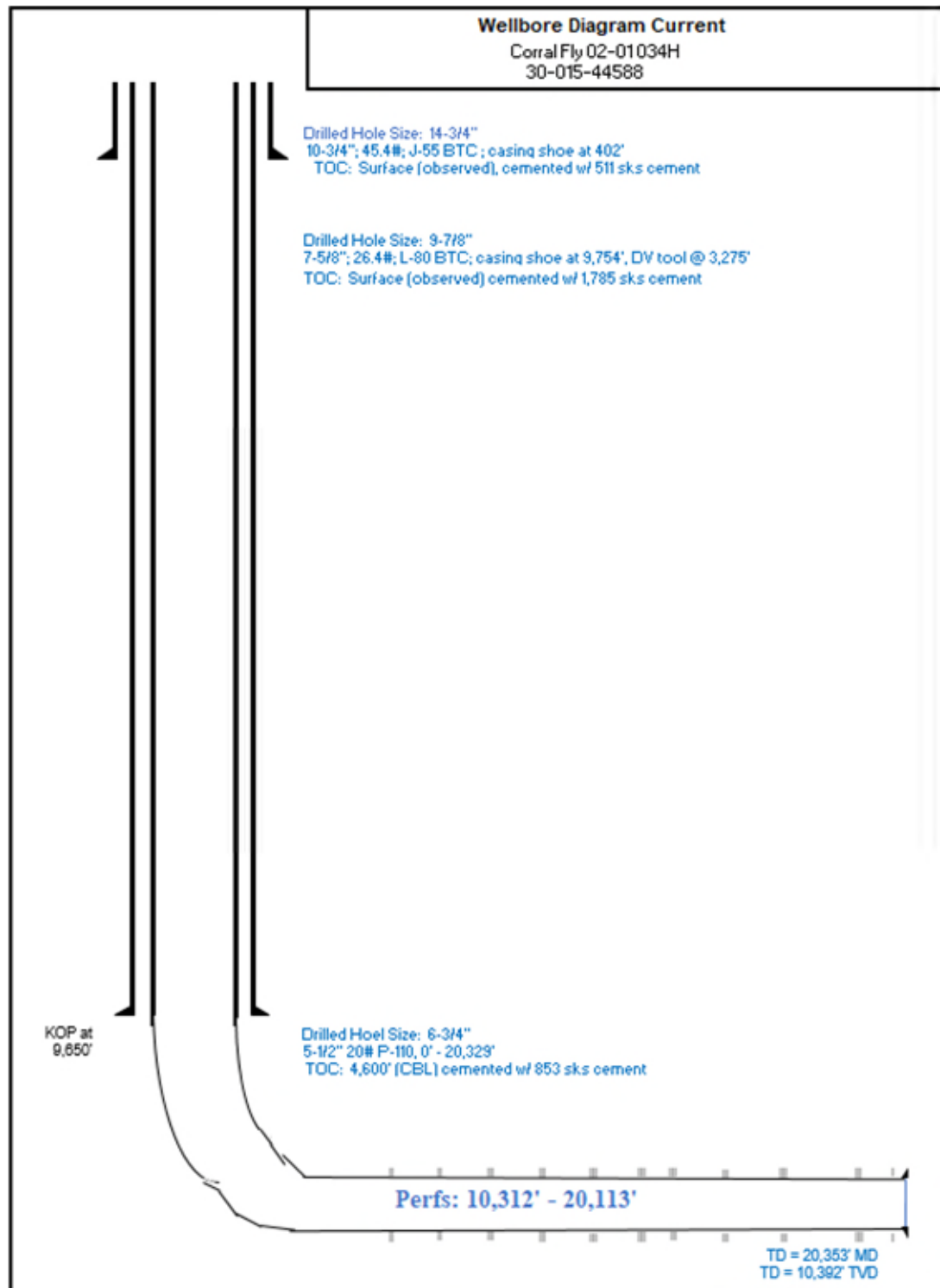
CORRAL FLY 02 01 STATE #034H

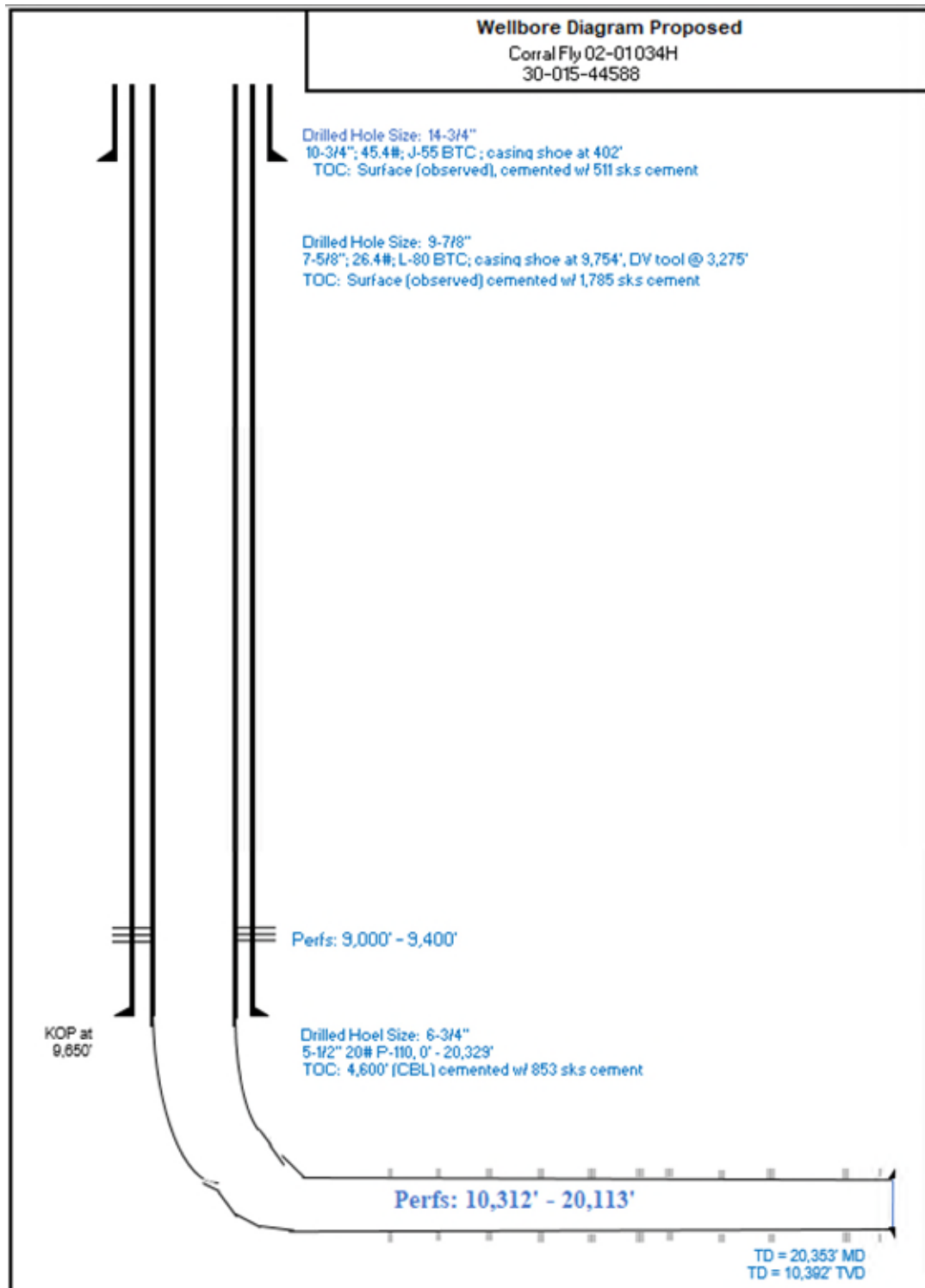
30-015-44588

2/22/2023

Planned Procedure- Bone Spring Recompletion and Downhole Commingle

1. Set RBP or CIBP below 9500' MD.
2. Shoot Bone Spring perfs 9000' MD to 9400' MD.
3. Stimulate perfs with hydraulic fracturing.
4. Produce Bone Spring perfs.
5. Pull RBP or drill out CIBP.
6. Return well to production with Wolfcamp and Bone Spring downhole commingled.

**CF02-01 034H Current WBD**

**CF02-01 034H Proposed WBD**

## Corral Fly 02 01 State #034H DHC Notice List

Name	Address	Tracking Number
Interest Owners		
Contango Resources Inc., Attn: Patton Eagle	Contango Resources Inc., Attn: Patton Eagle 717 Texas Avenue, suite 2900 Houston, TX 79707	_9402709105156514181568
Mineral Estate		
State Land Office	State Land Office P.O. Box 1148 Santa Fe, NM 87504	_9402709105156514187782

**From:** [McClure, Dean, EMNRD](#)  
**To:** [Janacek, Stephen C](#)  
**Cc:** [McClure, Dean, EMNRD](#); [Wrinkle, Justin, EMNRD](#); [Powell, Brandon, EMNRD](#); [Dawson, Scott](#); [Lamkin, Baylen L.](#)  
**Subject:** Approved Administrative Order DHC-5284  
**Date:** Friday, April 28, 2023 7:59:37 AM  
**Attachments:** [DHC5284 Order.pdf](#)

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NMOCD has issued Administrative Order DHC-5284 which authorizes Oxy USA, Inc. (16696) to downhole commingle production within the following well:

**Well Name:** **Corral Fly 2 1 State #34H**

**Well API:** **30-015-44588**

---

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:** [Janacek, Stephen C](#)  
**To:** [McClure, Dean, EMNRD](#)  
**Subject:** [EXTERNAL] RE: Corral Fly 02 01 State #034H: Diverse Interest Information  
**Date:** Tuesday, April 11, 2023 3:27:01 PM

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

Dean,

See Oxy responses to questions below:

- What is the status of EOG's ownership in this well? It appears that they are lessee of record for one of the state leases, but presumably Oxy has now acquired their working interest?
  - EOG does not own any interest in the well or future leasehold. EOG traded out of the acreage back in 2018.
- Would Oxy be opposed to going with a subtraction allocation method for the first 4 years and then switching to a fixed percent following that? The fixed percent would be calculated by using the current Wolfcamp decline curve to create a decline curve for the Bone Spring during the 4<sup>th</sup> year of production and then by using both decline curves and expected life of the well, compute a fixed percent of the remaining reserves attributable to each formation.
  - Oxy does not oppose a subtraction allocation method. For the first 4 years.

Regards,

**Stephen Janacek**

Occidental Petroleum Corporation  
Regulatory Engineer | Permian Resources NM  
Office: 972-404-3722  
Cell: 713-493-1986  
Email: [Stephen\\_Janacek@oxy.com](mailto:Stephen_Janacek@oxy.com)

---

**From:** McClure, Dean, EMNRD <Dean.McClure@emnr.d.nm.gov>  
**Sent:** Wednesday, April 5, 2023 4:06 PM  
**To:** Janacek, Stephen C <Stephen\_Janacek@oxy.com>  
**Subject:** RE: [EXTERNAL] Corral Fly 02 01 State #034H: Diverse Interest Information

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

---

Stephen,

The SLO touched base with me regarding this application. I have the following 2 questions:

- What is the status of EOG's ownership in this well? It appears that they are lessee of record for one of the state leases, but presumably Oxy has now acquired their working interest?

- Would Oxy be opposed to going with a subtraction allocation method for the first 4 years and then switching to a fixed percent following that? The fixed percent would be calculated by using the current Wolfcamp decline curve to create a decline curve for the Bone Spring during the 4<sup>th</sup> year of production and then by using both decline curves and expected life of the well, compute a fixed percent of the remaining reserves attributable to each formation.

Dean McClure  
Petroleum Engineer, Oil Conservation Division  
New Mexico Energy, Minerals and Natural Resources Department  
(505) 469-8211

---

**From:** Janacek, Stephen C <[Stephen\\_Janacek@oxy.com](mailto:Stephen_Janacek@oxy.com)>  
**Sent:** Friday, March 31, 2023 2:01 PM  
**To:** McClure, Dean, EMNRD <[Dean.McClure@emnrd.nm.gov](mailto:Dean.McClure@emnrd.nm.gov)>  
**Subject:** [EXTERNAL] Corral Fly 02 01 State #034H: Diverse Interest Information

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

Dean,

Here is the information I received from our Land Negotiator regarding the DHC of the subject well. The difference in JOA contract size results in a difference in WI/NRI for the two intervals.

- Harkey Completion
  - OXY Entities: 98.7488% WI, 82.290% NRI
  - Contango Resources: 1.2512% WI, 1.043% NRI
  - SLO: 16.667% NRI
- Wolfcamp Completion
  - Oxy Entities: 98.828% WI, 84.416% NRI
  - Contango Resources: 1.172% WI, 1.001% NRI
  - SLO: 14.583% NRI

The SLO RI increases because our recompletion would be entirely on V0-3361 (16.67% royalty) and would exclude VA-2974 & VA-2975 which both have a lower 12.5% royalty. Contango's NRI goes up as well, so the added burden of increased RI ends up being shouldered by Oxy.

Regards,

**Stephen Janacek**

Occidental Petroleum Corporation  
Regulatory Engineer | Permian Resources NM  
Office: 972-404-3722  
Cell: 713-493-1986  
Email: [Stephen\\_Janacek@oxy.com](mailto:Stephen_Janacek@oxy.com)



**From:** [Janacek, Stephen C](#)  
**To:** [McClure, Dean, EMNRD](#)  
**Subject:** [EXTERNAL] Corral Fly 02 01 State #034H: Diverse Interest Information  
**Date:** Friday, March 31, 2023 2:01:27 PM

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

Dean,

Here is the information I received from our Land Negotiator regarding the DHC of the subject well. The difference in JOA contract size results in a difference in WI/NRI for the two intervals.

- Harkey Completion
  - OXY Entities: 98.7488% WI, 82.290% NRI
    - Contango Resources: 1.2512% WI, 1.043% NRI
    - SLO: 16.667% NRI
- Wolfcamp Completion
  - Oxy Entities: 98.828% WI, 84.416% NRI
  - Contango Resources: 1.172% WI, 1.001% NRI
  - SLO: 14.583% NRI

The SLO RI increases because our recompletion would be entirely on V0-3361 (16.67% royalty) and would exclude VA-2974 & VA-2975 which both have a lower 12.5% royalty. Contango's NRI goes up as well, so the added burden of increased RI ends up being shouldered by Oxy.

Regards,

**Stephen Janacek**

Occidental Petroleum Corporation  
Regulatory Engineer | Permian Resources NM  
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**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**APPLICATION FOR DOWNHOLE COMMINGLING  
SUBMITTED BY OXY USA, INC.**

**ORDER NO. DHC-5284**

**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 (“Application”) to downhole commingle the pools described in Exhibit A (“the Pools”) within the well bore of the well identified in Exhibit A (“the Well”).
2. Applicant proposed a method to allocate the oil and gas production from the Well to each of the Pools that is satisfactory to the OCD and protective of correlative rights.
3. Applicant has certified that all produced fluids from all the Pools are compatible with each other.
4. Applicant has certified that downhole commingling the Pools will not decrease the value of the oil and gas production.
5. To the extent that ownership is diverse, Applicant identified all owners of interest in the Pools, provided evidence a copy of the Application was given to each person, 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.

**CONCLUSIONS OF LAW**

7. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, Sections 70-2-6, 70-2-11, 70-2-12, 70-2-16, 70-2-17, and 19.15.12 NMAC.
8. The downhole commingling of the Pools is common, or Applicant has provided evidence that the fluids are compatible and will not damage the Pools in accordance with 19.15.12.11(A)(1) NMAC.
9. The bottom perforation of the lower zone is within one hundred fifty percent (150%) of the depth of the top perforation in the upper zone or Applicant has provided evidence that the proposed commingling of the Pools shall not result in shut-in or flowing well bore pressure in excess of the commingled pool’s fracture parting pressure in accordance with 19.15.12.11(A)(3) NMAC.

10. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.11(A)(8) NMAC.
11. To the extent that ownership is diverse, Applicant identified all owners of interest in the Pools and provided evidence the application was given to those persons in accordance with 19.15.12.11(C)(1)(b) NMAC.
12. 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 downhole commingle the Pools described in Exhibit A within the well bore of the well identified in Exhibit A.
2. Applicant shall allocate oil and gas production to the new pool(s) equal to the total oil and gas production from the Well minus the projected oil and gas production from the current pool(s) as described in Exhibit A until a different plan to allocate oil and gas production is approved by OCD.

Applicant shall calculate the oil and gas production average during the fourth year after the commencement of commingling, which shall be used to establish a fixed percentage of the total oil and gas production that shall be allocated to each of the Pools ("fixed percentage allocation plan"). No later than ninety (90) days after the fourth year, Applicant shall submit a Form C-103 to the OCD Engineering Bureau that includes the fixed percentage allocation plan and all data used to determine it. If Applicant fails to do so, this Order shall terminate on the following day. If OCD denies the fixed percentage allocation plan, this Order shall terminate on the date of such action. If OCD approves the percentage allocation plan with or without modifications, then the approved percentage allocation plan shall be used to determine oil and gas allocation starting on the date of such action until the Well is plugged and abandoned.

3. If an alteration is made to the Well or a condition within the Well changes which may cause the allocation of production to the Pools as approved within this Order to become inaccurate, then no later than sixty (60) days after that event, Applicant shall submit Form C-103 to the OCD Engineering Bureau describing the event and include a revised allocation plan. If OCD denies the revised allocation plan, this Order shall terminate on the date of such action.
4. If any of the pools being commingled is prorated, or the Well's production has been restricted by an OCD order in any manner, the allocated production from each producing pool in the commingled well bore shall not exceed the top oil or gas allowable rate for a well in that pool or rate restriction applicable to the well.
5. If the Well is deepened, then no later than forty-five (45) days after the Well is deepened, Applicant shall conduct and provide logs to OCD that are sufficient for OCD to determine which pool(s) each new completed interval of the Well will produce from.

6. If the downhole commingling of the Pools reduces the value of the 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 downhole commingling application to OCD to amend this Order to remove the pool that 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.
7. If a completed interval of the Well is altered from what is submitted within the Application as identified in Exhibit A, then no later than sixty ~~(60) days after the alteration~~, Applicant shall submit Form C-103 to the OCD Engineering Bureau detailing the alteration and completed interval.
8. 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).
9. 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**



**DYLAN M. FUGE  
DIRECTOR (ACTING)**

**DATE:** 4/20/23



State of New Mexico  
Energy, Minerals and Natural Resources Department

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## Exhibit A

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Order: **DHC-5284**

Operator: **Oxy USA, Inc. (16696)**

Well Name: **Corral Fly 2 1 State #34H**

Well API: **30-015-44588**

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Pool Name: **PIERCE CROSSING; BONE SPRING, EAST**

Upper Zone

Pool ID: **96473**

Current:

New: **X**

Allocation: **Subtraction**

Oil:

Gas:

Interval: **Perforations**

Top: **9,000**

Bottom: **9,400**

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Pool Name:

Intermediate Zone

Pool ID:

Current:

New:

Allocation:

Oil:

Gas:

Interval:

Top:

Bottom:

Bottom of Interval within 150% of Upper Zone's Top of Interval:

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Pool Name: **PURPLE SAGE;WOLFCAMP (GAS)**

Lower Zone

Pool ID: **98220**

Current: **X**

New:

Allocation: **Subtraction**

Oil:

Gas:

Interval: **Perforations**

Top: **10,312**

Bottom: **20,113**

Bottom of Interval within 150% of Upper Zone's Top of Interval: **YES**

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**District I**  
1625 N. French Dr., Hobbs, NM 88240  
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**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 195349

CONDITIONS

Operator: OXY USA INC P.O. Box 4294 Houston, TX 772104294	OGRID: 16696
	Action Number: 195349
	Action Type: [C-107] Down Hole Commingle (C-107A)

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.	4/28/2023