

March 1, 2024

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

Re: Lease Commingle Application for Palmillo 14-15 State CTB Palmillo 14 State, Palmillo 14-15 State COM, Palmillo 14-15 State Township 19 South, Range 28 East Sections 14 and 15 Eddy County New Mexico

Dear Mr. McClure:

Please find attached the commingle application for the Palmillo 14-15 state CTB Battery. This application is necessary due to multiple leases

Commingling will not reduce the individual wells production or otherwise affect the interest owners. It is the most effective means of producing the reserves. The Surface commingle permit has been submitted separately for approval to the New Mexico State Land Office

Apache request the option to include additional pools or leases within the defined parameters set forth in the Order for future additions pursuant to 19.15.12.10 (C) (4) (G) NMAC with notice provided to only the interest owners of production to be added.

Future wells within the project areas approved by this Order may be added to this commingle authority by submittal of a sundry notice to the Engineering Bureau in Santa Fe

Should you have any questions or need further assistance, please do not hesitate to contact me at 432-818-1088

Best regards,

alicia fulton

Alicia Fulton EHS Advisor -Regulatory <u>Alicia.fulton@apachecorp.com</u> 432-818-1088

RECEIVED:	REVIEWER:	TYPE:	APP NO:	
		ABOVE THIS TABLE FOR OCD DIVISIO	IN USE ONLY	
	- Geologi	CO OIL CONSERVAT cal & Engineering B rancis Drive, Santa F	ureau –	NUT OF STATE
THIS	CHECKLIST IS MANDATORY FOR A	RATIVE APPLICATION LL ADMINISTRATIVE APPLICATIC EQUIRE PROCESSING AT THE DIV	INS FOR EXCEPTIONS TO DIVISION RULE	S AND
pplicant: <u>APACH</u>	IE CORPORATION		OGRID Number	873
	/IILLO 14-15 AND PALMILI		API:	
ool: PALMILLO;B	ONE SPRING , SOUTHWES	Т	Pool Code: <u>96413</u>	3
A. Location	ICATION: Check those a – Spacing Unit – Simul NSL	taneous Dedication		
[1] Com [11] Injec [11] Injec [12] 2) NOTIFICATIOI A. Offse B. O Offse B. O Offse B. O Offse B. O Offse B. O Offse C. Appli D. O Notifi E. O Notifi F. O Surfac G. For al	one only for [1] or [1] mingling – Storage – N DHC ■CTB P ction – Disposal – Pressu WFX PMX S NREQUIRED TO: Check toperators or lease hol lty, overriding royalty o cation requires publish cation and/or concurre cation and/or concurre cation and/or concurre cation and/or concurre concerned	LC PC OLS Jre Increase – Enhand WD IPI EOF those which apply. Iders wners, revenue owne ed notice ent approval by SLO ent approval by BLM	ers App Ced Oil Recovery PPR FO Notion	nplete
administrative understand th	e approval is accurate	and complete to the ken on this application	nitted with this application best of my knowledge. I c on until the required inform	also

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

ALICIA FULTON

Print or Type Name

alicia fulton

Signature

3/1/2024 Date

432-664-1945

Phone Number

ALICIA.FULTON@APACHECORP.COM e-mail Address

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Released to	Imaging:	5/23/2024	12:55:18 PM
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<u>District I</u> 1625 N. French Drive, Hobbs, NM 88240		of New Mexico Natural Resources De	epartment		Form C-107-B August 1, 2011
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	rict II . First St., Artesia, NM 88210 rict III OIL CONSERVATION DIVISION Rio Brazos Road, Aztec, NM 87410 1220 S. St Francis Drive rict IV Santa Fa, New Maxing, 87505				
APPLICATION I	FOD SUDEACE (COMMINCI INC	(DIVEDSE	appropriate Dis	unet Onice.
				OWNERSIII)	
	<u>IE CORPORATION</u> TERANS AIRPAR		TY 70705		
APPLICATION TYPE:			,17,19105		
	g Pool and Lease Con	nmingling DOff-Lease	Storage and Measur	ement (Only if not Surface	e Commingled)
			Storage and measur	enient (only if not burnet	e commigled)
LEASE TYPE: Fee X Is this an Amendment to existing Order	State Feder		the appropriate (rder No oth-870	
Have the Bureau of Land Management					ingling
		L COMMINGLIN s with the following in			
(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 allowat (3) Has all interest owners been notified b (4) Measurement type: Metering [(5) Will commingling decrease the value of 	y certified mail of the prop Other (Specify)		Yes No.	ng should be approved	
		SE COMMINGLIN			
		s with the following in	nformation		
(1) Pool Name and Code. Palmillo; Bon	e Spring, Southwest	(96413)			
(2) Is all production from same source of s(3) Has all interest owners been notified by			Yes N	0	
		ation by well test/met		0	
	· · /	LEASE COMMIN s with the following in			
(1) Complete Sections A and E.					
П	D) OFF-LEASE ST	ORAGE and MEA	SUREMENT]
(2	Please attached sheet				
(1) Is all production from same source of s	supply? Yes No				
(2) Include proof of notice to all interest o	wners.				
(F) AI	DITIONAL INFO	RMATION (for all	application ty	vnes)	
		s with the following in		F (2)	

(1) A schematic diagram of facility, including legal location. attached

(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved. attached

(3) Lease Names, Lease and Well Numbers, and API Numbers. attached

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

alicia fulton SIGNATURE:

TITLE: REG. TECH

3-1-2024

TELEPHONE NO .: 432-818-1088

TYPE OR PRINT NAME_ALICIA FULTON

E-MAIL ADDRESS: _alicia.fulton@apachecorp.com

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1/23/2024

New Mexico Oil Conservation Division 1220 South St. Frances Drive Santa Fe, NM 87505

RE: Request for Administrative Surface Commingling Authority Palmillo 14-15 State Battery Eddy County, New Mexico

Apache respectfully requests administrative approval to surface commingle at the Palmillo 14-15 State Battery.

Proposal:

Apache proposes to allocate production between the following wells based on frequent and periodic well tests. The wells will be tested using a dedicated test separation vessel for 3 days consecutively, monthly

•	Palmillo 14-15 State 2H	API: 30-015-44043
•	Palmillo 14-15 State 3H	API: 30-015-44045
•	Palmillo 14-15 State 205H	API: 30-015-44667
•	Palmillo 14-15 State 206H	API: 30-015-44675
•	Palmillo 14-15 State 207H	API: 30-015-44668
•	Palmillo 14-15 State 208H	API: 30-015-44669
•	Palmillo 14-15 State 301H	API: 30-015-44040
•	Palmillo 14-15 State 302H	API: 30-015-45341
•	Palmillo 14-15 State 303H	API: 30-015-45380
•	Palmillo 14-15 State 305H	API: 30-015-45343
•	Palmillo 14-15 State 306H	API: 30-015-45382
•	Palmillo 14-15 State 307H	API: 30-015-45381
•	Palmillo 14 State 1H	API: 30-015-39027
٠	Palmillo 14 State 4H	API: 30-015-42543

This commingling request is the most effective, economic means of producing the reserves and will not result in reduced royalty or improper measurement of production. The proposed commingling will reduce operating expenses by utilizing existing facilities as well as eliminating the original Palmillo 14 facility liquid tankage and associated potential emissions.

Measurement:

APACHE CORPORATION 303 VETERANS AIRPARK LANE / SUITE 1000 / MIDLAND, TX 79705-4561 TEL (432)818-1000

The Palmillo 14-15 State central tank battery is located in Sec 14, T19S, R29E. The existing Palmillo 14-15 State 2H, 3H, 205H, 206H, 207H, 208H, 301H, 302H, 303H, 305H, 306H, and 307H production will flow through bulk and test three-phase separation vessels. A three phase metering bulk-separator (to test cumulative production) or a three phase metering tester (to test wells individually) will be utilized to test each well's production separately to fairly allocate oil and gas production on a pro-rata share. Wells will be rotated through the metering tester for 3 consecutive days, monthly. The separators and testers will be equipped with a vortex meter for oil measurement, magnetic flow meter for water measurement, and a differential pressure/orifice plate meter for gas measurement. VRU gas volumes will be measured with a differential pressure/orifice plate meter and volumes will be allocated back to each well utilizing a percentage of each wells monthly oil production.

The two additional Palmillo 14 State 1H and 4H wells' will be separated and measured using two threephase test separators (one each) and, a two-phase gas scrubber to enhance gas separation at the adjacent Palmillo 14 Facility. Gas volumes for these two wells will continue to be measured and sold from the original Palmillo 14 facility gas orifice plate meter and pipeline. The oil and water will be combined into an emulsion line that flows directly from the Palmillo 14 Facility separator to a Palmillo 14-15 bulk separator. The testers are equipped with a vortex meter for oil measurement, magnetic flow meter for water measurement, and a differential pressure/orifice plate meter for gas measurement.

Please find the proposed Palmillo 14-15 and Palmillo 14 facility layouts attached.

Please advise if this request is acceptable. If additional information is required, please contact Alicia Fulton, Sr. Regulatory Analyst, at (432) 818-1088 or alicia.fulton@apachecorp.com or me at (409) 221-9271 or Phillip.Clemmons@apachecorp.com.

Sincerely,

P. Klemmonz

Phillip Clemmons Production Engineer Delaware Basin Asset

Enclosure / Enclosures (1)

Received by OCD: 3/1/2024 2:59:42 PM





January 25, 2024

New Mexico Oil Conservation Division Attn: Dean McClure 1220 South St. Francis Dr. Santa Fe, NM 87505

Re: Application for Surface Commingling: Sections 14 and 15, Township 19S, Range 28E, Eddy County, New Mexico:

API	WELL
30-015-39027	PALMILLO 14 ST COM #1H
30-015-42543	PALMILLO 14 ST COM #4H
30-015-44667	PALMILLO 14-15 ST #205H
30-015-44675	PALMILLO 14-15 ST #206H
30-015-44668	PALMILLO 14-15 ST #207H
30-015-44043	PALMILLO 14-15 ST #2H
30-015-44040	PALMILLO 14-15 ST #301H
30-015-45341	PALMILLO 14-15 ST #302H
30-015-45380	PALMILLO 14-15 ST #303H
30-015-45381	PALMILLO 14-15 ST #307H
30-015-44045	PALMILLO 14-15 ST #3H
	PALMILLO 14-15 ST COM
30-015-44669	#208H
	PALMILLO 14-15 ST COM
30-015-45343	#305H
	PALMILLO 14-15 ST COM
30-015-45382	#306H

Ladies and Gentlemen:

Apache hereby requests for surface commingling under State of New Mexico leases X0-648 and E0-5003 as it pertains to the following described lands:

Township 19 South, Range 28 East Sections 14 and 15: All Eddy County, New Mexico

The royalty ownership is identical across the sections; however, the working interest and overriding royalty interests differs slightly across the sections. A spreadsheet showing the ownership between the two sections is attached as Exhibit A to this letter.

A voluntary agreement (Joint Operating Agreement dated March 26, 2014) evidences the consent by all parties; additionally, notice has been provided to all interest owners of this application for surface commingling.

For future additions of wells, leases, and pools to this commingling operation, notice shall only be given to those interest owners in the wells, leases, or pools to be added, in accordance with Division Rule 19.15.12.10 C (4) (g) NMAC.

If you have any questions, please contact me via email at <u>blake.johnson@apachecorp.com</u> or telephone at 281-302-2606

Sincerely,

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Blake Johnson Landman



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Exhibit A

WELL PALMILLO 14 ST COM #1H PALMILLO 14 ST COM #4H	INTEREST TYPE	OWNER	INTEREST
	Working Interest	ZPZ Delaware I LLC	0.40000000
		COG Operating LLC	0.10000000
		Penroc Oil Corporation	0.15972222
		WPX Energy Permian LLC	0.15972222
		EOG Resources Inc	0.18055556
	Royalty Interest	State of New Mexico	0.12500000
	Overriding Royalty	Nestegg Energy Corporation	0.00125000
		Yates Brothers Partnership	0.00225694
		Marathon Oil Permian LLC	0.01996528

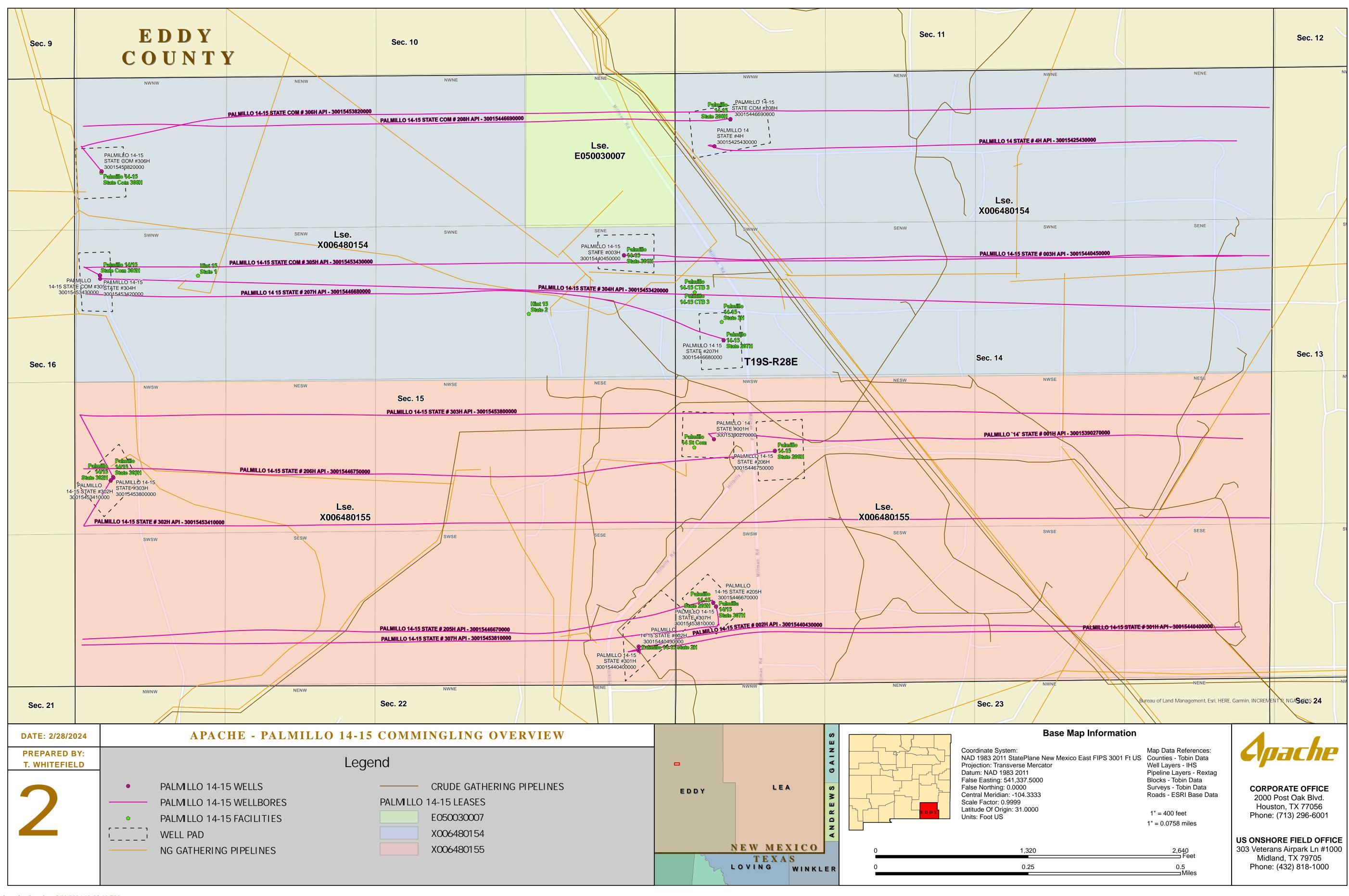
WELL			
PALMILLO 14-15 ST #206H	INTEREST TYPE	OWNER	INTEREST
	Working Interest	Apache Corporation	0.62805556
		ZPZ Delaware I LLC	0.34000000
		Penroc Oil Corporation	0.03194444
		_	
	Royalty Interest	State of New Mexico	0.12500000
	Overriding Royalty	Nestegg Energy Corporation	0.00100000
		Yates Brothers Partnership	0.0225695
		Marathon Oil Permian LLC	0.01257693

WELL PALMILLO 14-15 ST #2H PALMILLO 14-15 ST #301H PALMILLO 14-15 ST #3H	INTEREST TYPE	OWNER	INTEREST
PALWILLU 14-15 51 #3H	Working Interest	Apache Corporation ZPZ Delaware I LLC Penroc Oil Corporation	0.39027780 0.45000000 0.15972220
	Royalty Interest	State of New Mexico	0.12500000
	Overriding Royalty	Nestegg Energy Corporation Marathon Oil Permian LLC Yates Brothers Partnership	0.00125000 0.01996528 0.02256944

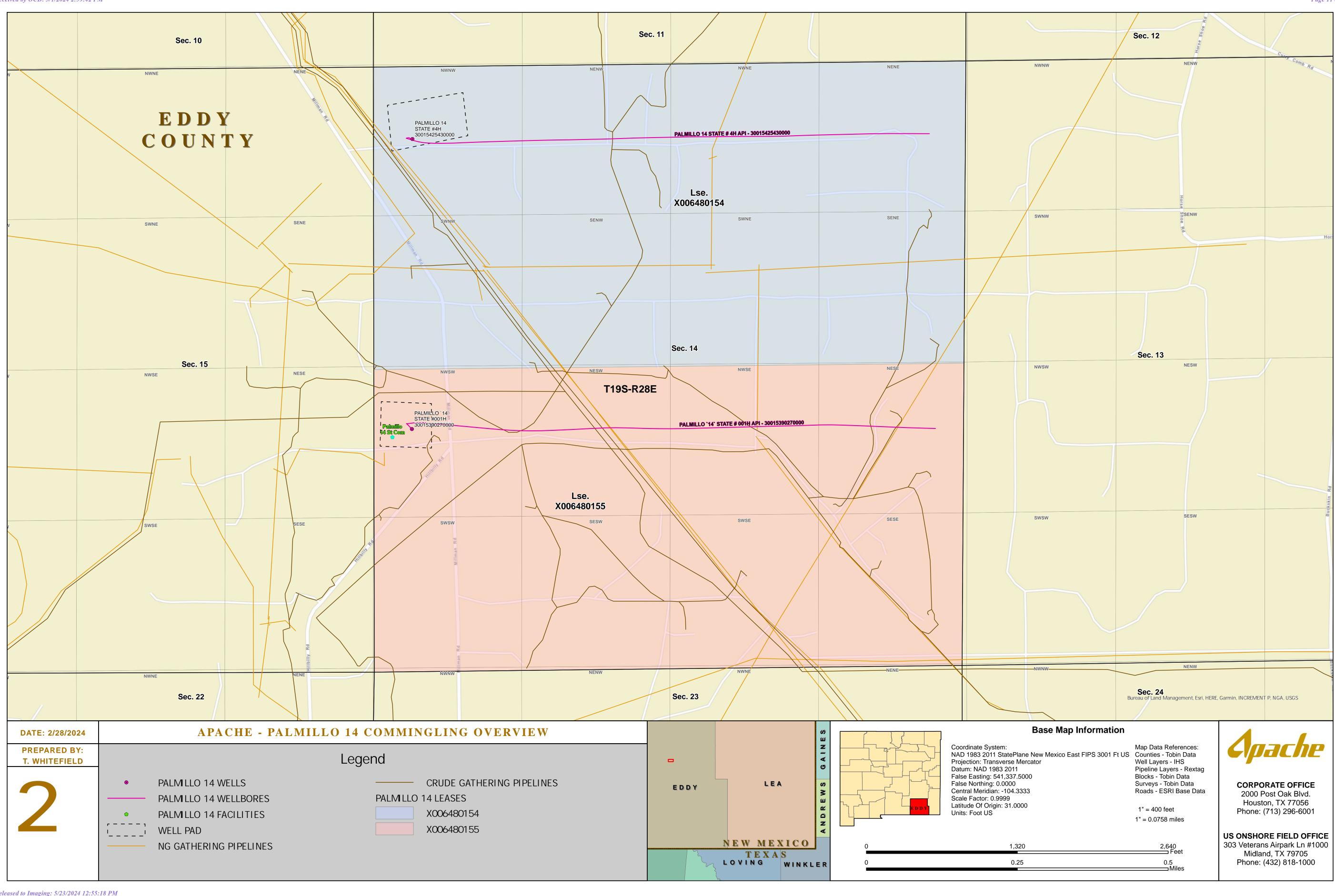
WELL			
PALMILLO 14-15 ST #302H	INTEREST TYPE	OWNER	INTEREST
PALMILLO 14-15 ST #303H			
PALMILLO 14-15 ST #307H			
PALMILLO 14-15 ST COM			
#305H			
PALMILLO 14-15 ST COM			
#306H			
	Working Interest	Apache Corporation	0.58095238
		ZPZ Delaware I LLC	0.41904762
	Royalty Interest	State of New Mexico	0.12500000
	Overriding Royalty	Nestegg Energy Corporation	0.00203571
		Yates Brothers Partnership	0.02256944
		WPX Energy Permian LLC	0.00570437
		Marathon Oil Permian LLC	0.01426091

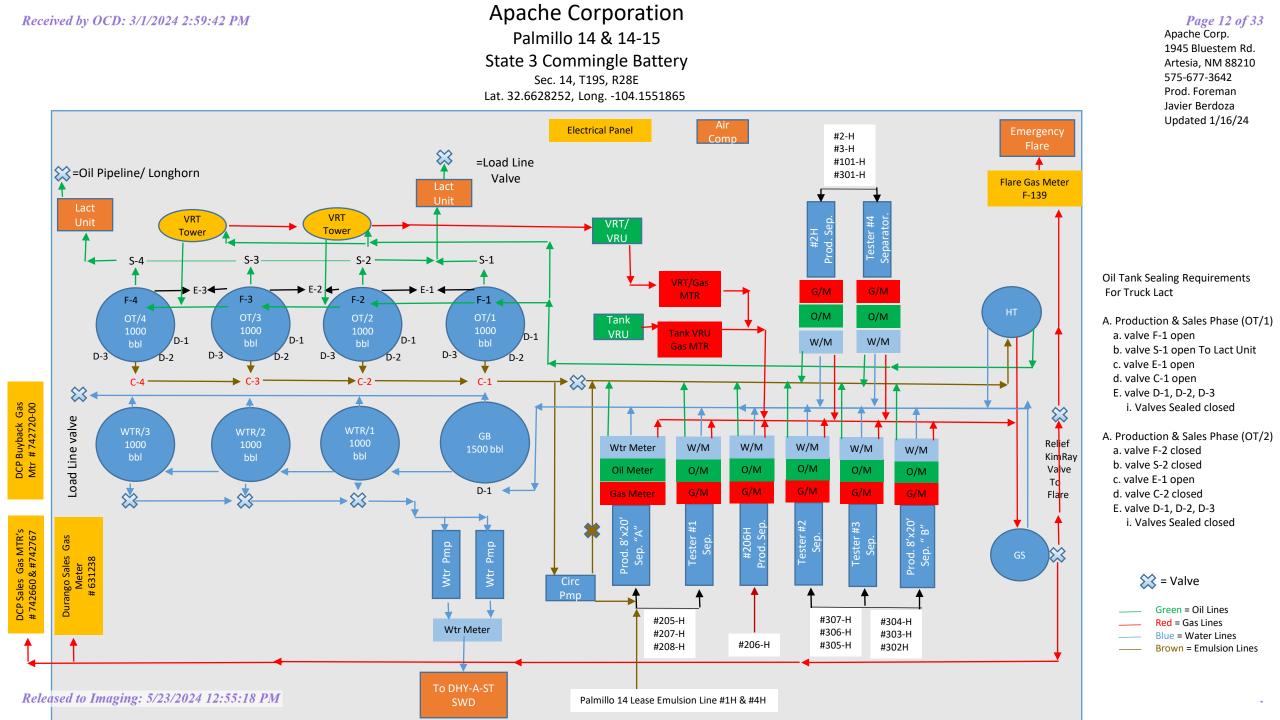
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Apache Corporation Palmillo 14 & 14-15 State 3 Commingle Battery Sec. 14, T195, R28E Lat. 32.6628252, Long. -104.1551865

CTB Equipment Inventory:

Oil Tank MFG: Long Industries, East Tank #1, Serial # 5-17-019-TK-6 Oil Tank MFG: Long Industries, Middle Tank #2, Serial # 5-17-019-TK-7 Oil Tank MFG: Petrosmith, Middle Tank #3, Serial # T-14694 Oil Tank MFG: Petrosmith, West Tank #4, Serial # T-15158 Gun Barrel Tank MFG: Petrosmith, Serial # T-12746 Water Tank MFG: Long Industries, East Tank #1, Serial # 5-17-019-TK-4 Water Tank MFG: Long Industries, Middle Tank #2, Serial # 5-17-019-TK-5 Water Tank MFG: Petrosmith, West Tank #3, Serial # T-14692

Circ. Pump MFG: Roper, Pump #1, Serial # G-890720 WTR Middle Pump MFG: Griswold/ Grundfos, Serial# 10000006/ 1809242066 WTR East Pump MFG: Griswold/ Grundfos, Serial# 10000006/ 1809242066

Electrical Gas Compressor MFG: BOSS-VRU-100hp, Serial # 121286 North Electrical Gas Compressor MFG: BOSS-VRU-100hp, Serial # 123215 South Lact Unit MFG: Smith, Skid Serial # 9852-2 Lact Unit MFG: Smith, Skid Serial # 8868-3 Air Compressor: Ingersoll, Serial # CBV511575

Heater Treater MFG: Dragon, Serial # 161311, BTU/ hr 750,000 Flare MFG: Vaprox LLC, Serial # APAC-0006, Pilot BTU/Hr 10,000 CTB Equipment Inventory:

Separator MFG: Dragon, 8'x20' Prod 3-Phase, Serial # 112681 Separator MFG: Dragon, Tester #1, Serial # 161414 Separator MFG: Dragon, #206H, Serial # 161413 Separator MFG: Dragon, Tester #2, Serial # 161415 Separator MFG: Long Industries, Tester #3, Serial # 6-17-068-003 Separator MFG: Dragon, 8'x20' Prod 3-Phase, Serial #112680 Separator MFG: Long Industries, #2H, Serial # 6-17-068-004 Separator MFG: Vicking, Tester #4, Serial # 6-17-068-004 Separator MFG: Vicking, Tester #4, Serial #7768 Separator MFG: Long Industries, Gas Scrubber, Serial # 6-17-011-006 Separator MFG: Hybon, Oil Tower 4'x40', Serial # N/A

Separator MFG: Dragon 48"x10', Suction G.S, Serial # 161996 Separator MFG: Hi-Tech, Fuel Scrubber, Serial # HTP-???

Equip. Inventory: Compressor Station Rental Info

Gas Compressor MFG: Pegasus, East-3516, Serial # 3-115 Gas Compressor MFG: Pegasus, West-3516, Serial # 3-276 or 3-718

Dehy Manufacturer: Bold, Serial # / D097 300M BTU/HR Glycol Regen w/ 24"x 25' S/S 8T 1440# Filter Separator: 12-3/4" x 7' S/S 1440# HZ & Spiral B-Tex Apache Corporation Palmillo 14 & 14-15 State 3 Commingle Battery Sec. 14, T195, R28E Lat. 32.6628252, Long. -104.1551865

Page 14 of 33

Wells Producing At This Facility:

Palmillo Leases: 14 ST #1H (Future Commingling) • 30-015-39027 14 ST #4H (Future Commingling) • 30-015-42543 14-15 ST #2H • 30-015-44043 14-15 ST #3H • 30-015-44045 14-15 ST #205H • 30-015-44667 14-15 ST #206H • 30-015-44675 14-15 ST #207H • 30-015-44668 14-15 ST COM #208H • 30-015-44669 14-15 ST #301H • 30-015-44040 14-15 ST #302H • 30-015-45341 14-15 ST #303H • 30-015-45380 14-15 ST COM #305H • 30-015-45343 14-15 ST COM #306H • 30-015-45382 14-15 ST #307H • 30-015-45381

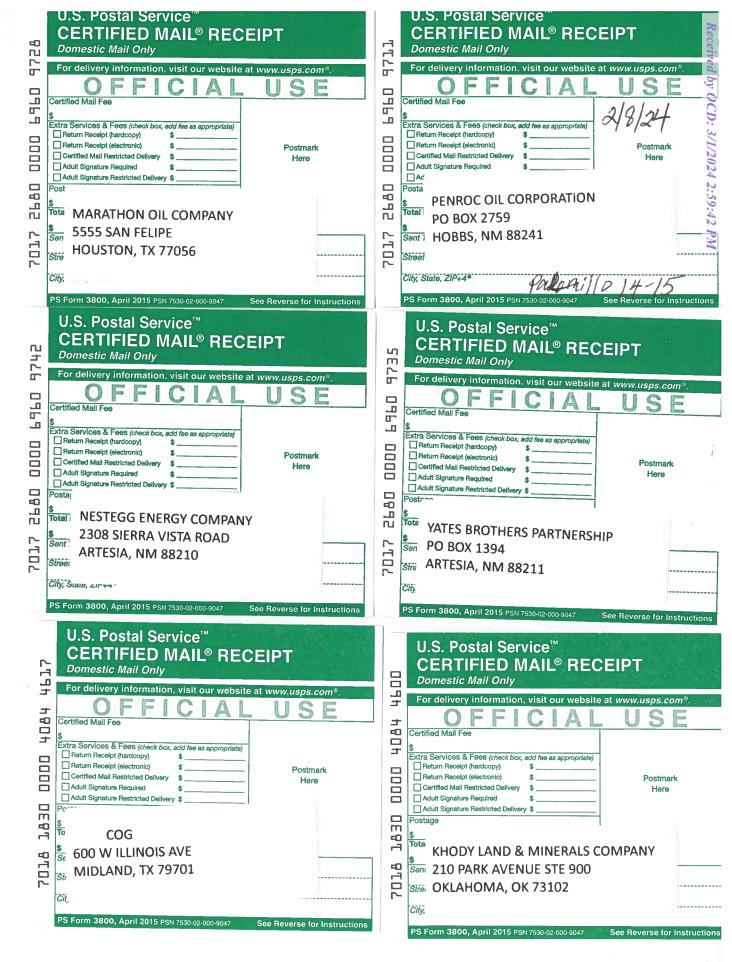
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Danny Scott K	my folle
Seing duly sworn, sayes (that he is the Publisher
of the Artesia Daily Press	ss, a daily newspaper of General
Firculation, published in	English at Artesia, said county
and state, and that the her	ereto attached
Lega	al Ad
was published in a regul	lar and entire issue of the said
Artesia Daily Press, a dai	ily newspaper duly qualified
for that purpose within th	he meaning of Chapter 167 of
the 1937 Session Laws of	of the state of New Mexico for
1 Consecutive	e weeks/day on the same
day as follows:	
First Publication	January 18, 2024
Second Publication	January 25, 2024
Third Publication	February 1, 2024
Fourth Publication	
Fifth Publication	
Sixth Publication	
Subscribed ans sworn be	fore me this
lst day of	February 2024
LATI	ISHA ROMINE
Commis My Con	ic, State of New Mexico ssion No. 1076338 mmission Expires 05-12-2027
My Con	mmission Expires

Latisha Romine Notary Public, Eddy County, New Mexico

Published in the Artesia Daily Press, Artesia, N.M., Feb. 1, 2024 Legal No. 26754 DRIVE, SANTA FE, NEW MEXICO 87505 WITHIN 20 DAYS AFTER PUBLI PRODUCTION WILL BE ALLOCATED BY WELL TEST. INTERESTED PAR CATION, OR THE DIVISION MAY APPROVE THE APPLICATION PALMILLO; BONE SPRING SOUTHWEST (POOL 96413) LOCATED IN SEC ADMINISTRATIVE APPROVAL OF SURFACE COMMINGLE APPLICATION APPLYING TO THE NEW MEXICO OIL CONSERVATION DIVISION FOR ING WITH THE DIVISIONS SANTA FE OFFICE 1220 SOUTH ST. FRANCIS 2H,301H,302H,303H,307H,3H COMMINGLED PRODUCTION FROM THE PALMILLO 14 STATE 1H,4H,AND PALMILLO 14-15 STATE 205H,206H,207H MEXICO AND THE PALMILLO 14-15 STATE COM WELLS 208H,305H,306H FACILITY IS LOCATED IN SECTION 14, T19S, R28E EDDY COUNTY, NEW FOR THE PALMILLO 14-15 STATE CTB. THE PALMILLO 14-15 STATE CTB APACHE CORPORATION, 303 VETERANS AIRPARK LANE, MIDLAND TX Notice of Publication Palmillo 14-15 STATE COM TIONS 14 AND 15 T19S, R28E EDDY COUNTY, NEW MEXICO. 79705, EHS ADVISOR - REGULATORY ALICIA FULTON 432-818-1088, IS TES MUST FILE OBJECTIONS OR REQUESTS FOR HEARING IN WRIT-Legal Notice

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TRACKING NUMBER	<u>636585344144</u>
FROM	Apache Corporation 303 Veteran's Airpark Lane Midland, TX, US, 79705
то	Commissioner of Public Lands Attn: Commingling Manager 310 Old Santa Fe Trail Santa Fe, NM, US, 87501
REFERENCE	USP151
SHIPPER REFERENCE	USP151
PACKAGING TYPE	FedEx Envelope
ORIGIN	Midland, TX, 79705
DESTINATION	Santa Fe, NM, US, 87501
SPECIAL HANDLING	Deliver Weekday
STANDARD TRANSIT	Wed, 02/07/2024 by 10:30am
NUMBER OF PIECES	1
TOTAL SHIPMENT WEIGHT	0.50 LB
SERVICE TYPE	FedEx Priority Overnight®

 From:
 Eulton, Alicia

 To:
 McClure, Dean, EMNRD

 Subject:
 [EXTERNAL] RE: Action ID: 319494; CTB-870-A

 Date:
 Tuesday, May 21, 2024 10:31:16 AM

 Attachments:
 image001.png Palmillo 14_only.pptx

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

Please see attached Palmillo 14 CTB diagram - I have attached a current diagram and then a proposed diagram after we are approved to commingle . All oil will go to the Palmillo 14-15 CTB and only gas will go to the Pamillo 14 CTB

The Palmillo 14-15 CTB is in the SW/NW (unit letter E) of section 14 T19S 28E but straddles over into section 15 (see below) The Palmillo 14 CTB is in NW/SW (unit letter L) of section 14 T19S 28 E

The gas sales meters are in LNW/SW for Palmillo 14 and the gas meters for Palmillo 14-15 are in the SW/NW

All oil is sold at the Palmillo 14-15 CTB SW/NW



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Hope this explains everything.

Thank you, Alicia Fulton EHS Advisor Regulatory Apache Corporation 432-818-1088

From: McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov> Sent: Thursday, May 16, 2024 1:32 PM To: Fulton, Alicia <Alicia.Fulton@apachecorp.com> Subject: [EXTERNAL] Action ID: 319494; CTB-870-A

To whom it may concern (c/o Alicia Fulton for Apache Corporation),

The Division is reviewing the following application:

Action ID	319494
Admin No.	CTB-870-A
Applicant	Apache Corporation (873)
Title	Palmillo 14 15 State 3 Battery
Sub. Date	3/1/2024

Please provide the following additional supplemental documents:

• Please provide a facility diagram for the Palmillo 14 Facility

Please provide additional information regarding the following:

- Please confirm that both batteries are within the SW/4 SW/4 of section 14, Township 19 South, Range 29 East
- Please provide the quarter-quarter location of all sales meters for this commingling project

Additional notes:

All additional supplemental documents and information may be provided via email and should be done by replying to this email. The produced email chain will be uploaded to the file for this application.

Please note that failure to take steps to address each of the requests made in this email within 10 business days of receipt of this email may result in the Division rejecting the application requiring the submittal of a new application by the applicant once it is prepared to address each of the topics raised.

Dean McClure

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

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From:	<u>McClure, Dean, EMNRD</u> on behalf of <u>Engineer, OCD, EMNRD</u>
To:	Fulton, Alicia
Cc:	McClure, Dean, EMNRD; Rikala, Ward, EMNRD; Wrinkle, Justin, EMNRD; Powell, Brandon, EMNRD; Lamkin, Baylen L.
Subject:	Approved Administrative Order CTB-870-A
Date:	Thursday, May 23, 2024 12:45:33 PM
Attachments:	CTB870A Order.pdf

NMOCD has issued Administrative Order CTB-870-A which authorizes Apache Corporation (873) to surface commingle or off-lease measure, as applicable, the following wells:

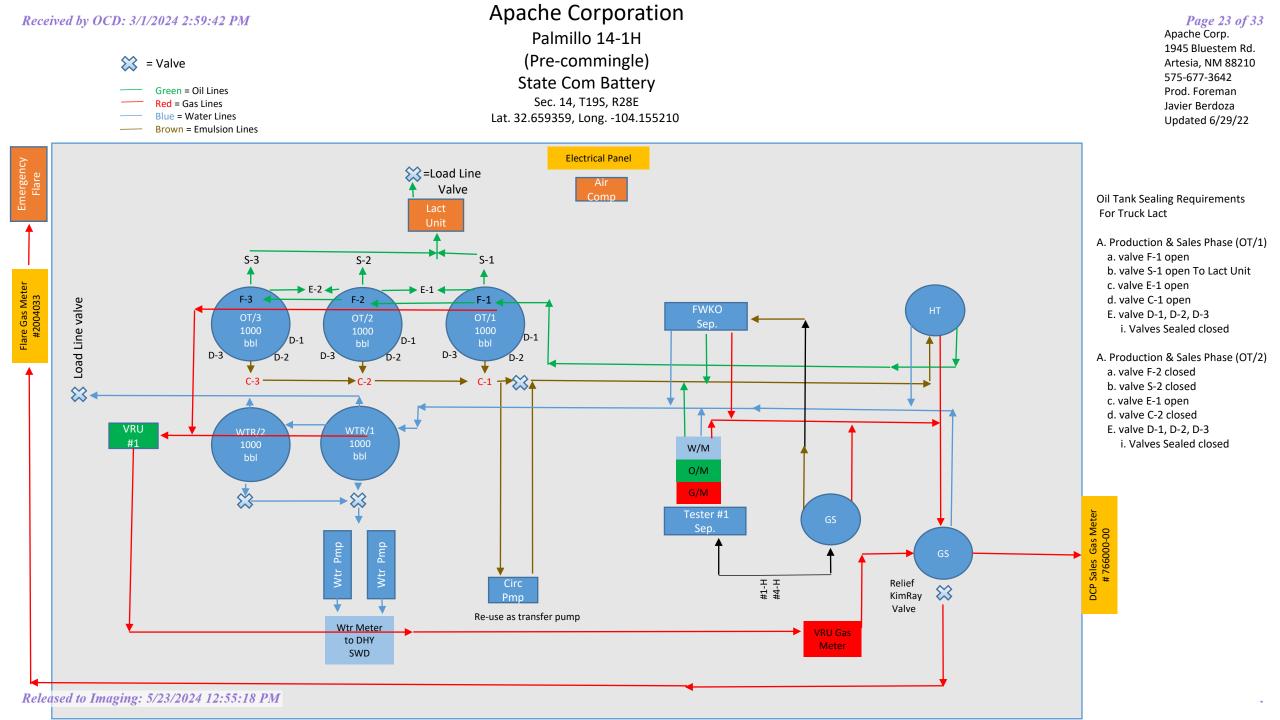
Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-015-44043	Palmillo 14 15 State #2H	S/2 S/2	14-19S-28E	96413
30-015-44045	Palmillo 14 15 State #3H	S/2 N/2	14-19S-28E	96413
30-015-44667	Palmillo 14 15 State #205H	S/2 S/2	15-19S-28E	96413
20.015 44(75		NW/4 SW/4	14-19S-28E	0(412
30-015-44675	Palmillo 14 15 State #206H	N/2 S/2	15-19S-28E	96413
30-015-44668	Palmillo 14 15 State #207H	S/2 N/2	14-19S-28E	96413
30-015-44669	Palmillo 14 15 State Com #208H	N/2 N/2	15-19S-28E	96413
30-015-44040	Palmillo 14 15 State #301H	S/2 S/2	14-19S-28E	96413
20.015.45241		N/2 S/2	14-19S-28E	0(412
30-015-45341	Palmillo 14 15 State #302H	N/2 S/2	15-19S-28E	96413
20 015 45290	Palmillo 14 15 State #303H	N/2 S/2	14-19S-28E	06412
30-015-45380	Palmino 14 15 State #305H	N/2 S/2	15-19S-28E	96413
20.015.45242	Palmillo 14 15 State Com #305H	N/2 N/2	14-19S-28E	0(412
30-015-45343		N/2 N/2	15-19S-28E	96413
20.015 45292	Delasille 14.15 State Com #20(II	N/2 N/2	14-19S-28E	0(412
30-015-45382 Palmillo 14 15 State Com #306H	N/2 N/2	15-19S-28E	96413	
30-015-45381	Palmillo 14 15 State #307H	S/2 S/2	15-19S-28E	96413
30-015-39027	Palmillo 14 State #1H	N/2 S/2	14-19S-28E	96413
30-015-42543	Palmillo 14 State #4H	N/2 N/2	14-19S-28E	96413

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

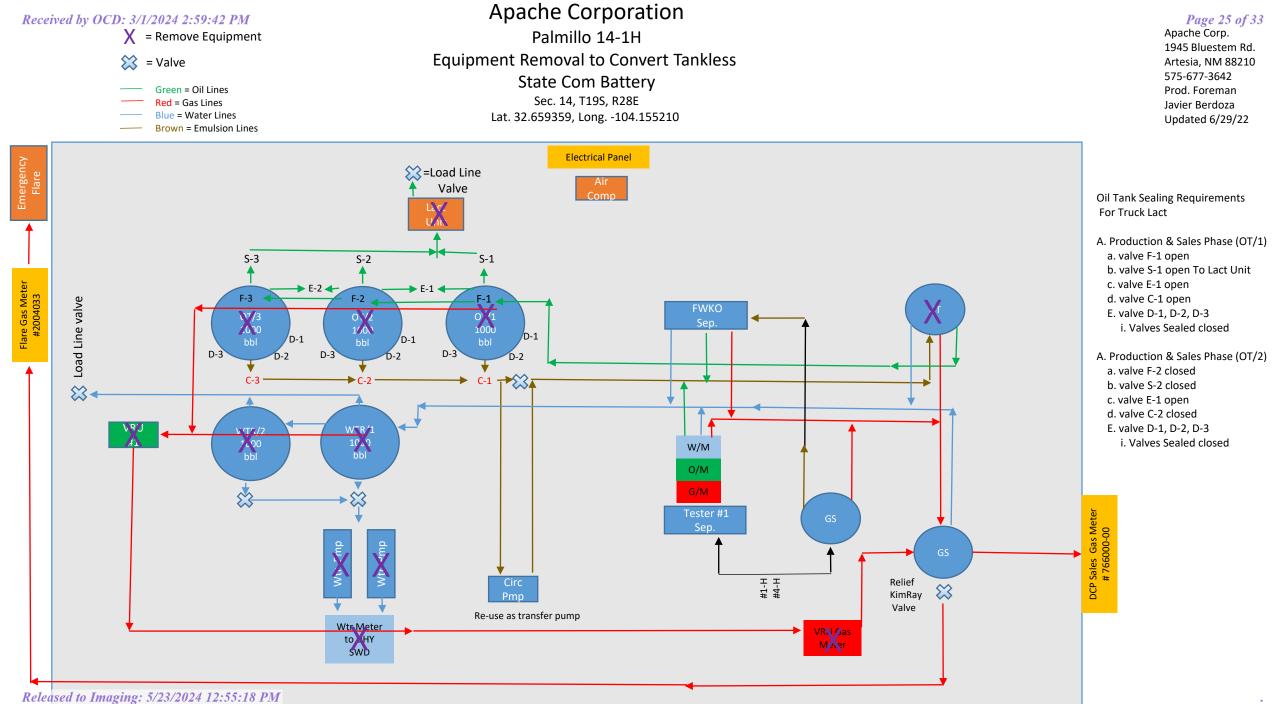
Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.

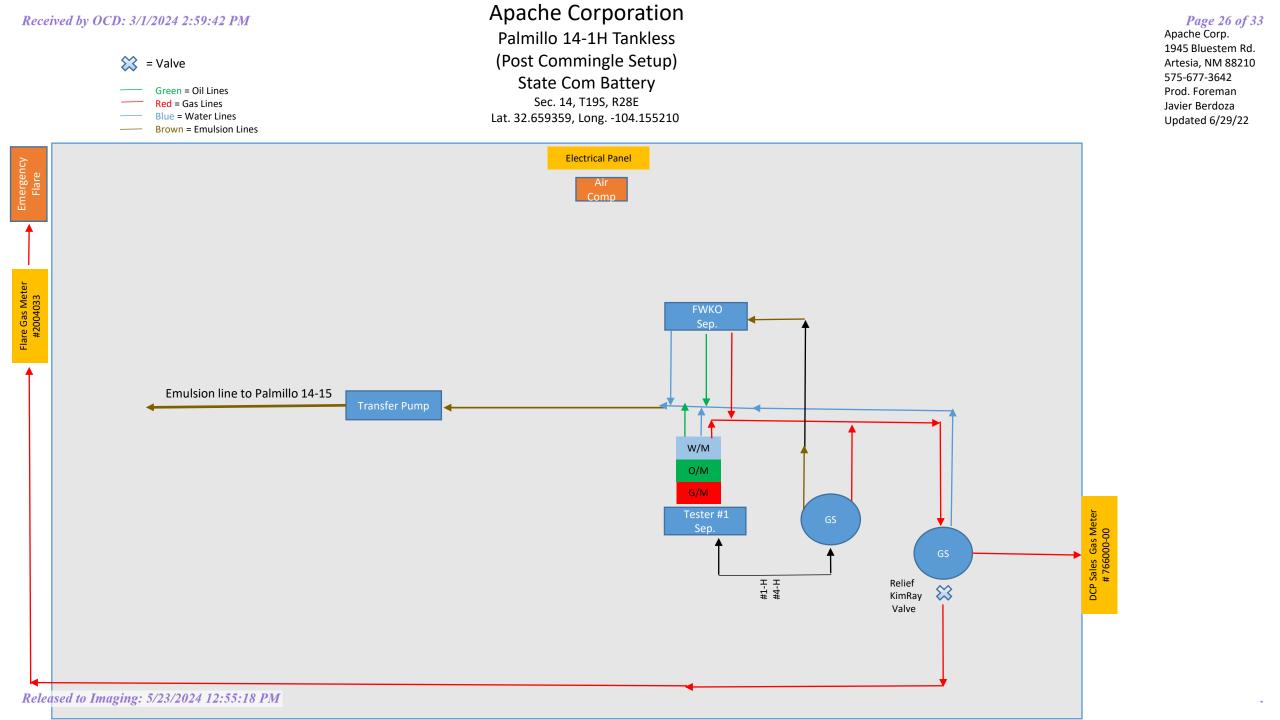
Dean McClure Petroleum Engineer, Oil Conservation Division New Mexico Energy, Minerals and Natural Resources Department (505) 469-8211

Palmillo 14-1H Pre-Commingle



Palmillo 14-1H Equipment Removal to Convert Tankless





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

APPLICATION FOR SURFACE COMMINGLINGSUBMITTED BY APACHE CORPORATIONORDER NO. CTB-870-A

<u>ORDER</u>

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. Apache Corporation ("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. 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.
- 4. Applicant provided notice of the Application to the Bureau of Land Management ("BLM") or New Mexico State Land Office ("NMSLO"), as applicable.
- 5. Applicant in the notice for the Application stated that it sought authorization to prospectively include additional pools, leases, and wells in accordance with 19.15.12.10.C.(4)(g) NMAC.
- 6. 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.

CONCLUSIONS OF LAW

- 7. 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.
- 8. 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.
- 9. 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.

Order No. CTB-870-A

- 10. 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.
- 11. 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.
- 12. 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.
- 13. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

<u>ORDER</u>

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 or gas title transfer meter 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 or gas title transfer meter described in Exhibit A.

- 2. This Order supersedes Order CTB-870.
- 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 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 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.

- 5. The oil and gas production for each, Palmillo 14 State No. 1H (API No. 30-015-39027) and Palmillo 14 State No. 4H (API No. 30-015-42543), shall be separated and metered prior to commingling it with production from another well.
- 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.

Order No. CTB-870-A

- 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, provided the pools, leases, and subsequently drilled wells are within the identified parameters included in the Application.
- 11. If a well is not included in Exhibit A but produces from a pool and 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, proposed method to determine the allocation of oil and gas production to it, and the location(s) that commingling of its production will occur.
- 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.

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

DATE: 5/23/24

DYLAN M. FUGE DIRECTOR (ACTING)

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: CTB-870-A Operator: Apache Corporation (873) Central Tank Battery: Palmillo 14 15 State Battery Central Tank Battery Location: UL E, Section 14, Township 19 South, Range 29 East Central Tank Battery: Palmillo 14 Facility Central Tank Battery Location: UL L, Section 14, Township 19 South, Range 29 East Gas Title Transfer Meter Location: UL L, Section 14, Township 19 South, Range 29 East Gas Title Transfer Meter Location: UL E, Section 14, Township 19 South, Range 29 East

	Pools			
Pool Name		Pool Code		
	PALMILLO; BONE SPRI	NG, SOUTHWEST	96413	
	Leases as defined in 19.15	5.12.7(C) NMAC		
	Lease	UL or Q/Q	S-T-R	
CA Bone	e Spring NMSLO 203810 PUN 1373807	N/2 N/2	15-19S-28E	
CA Bone	CA Bone Spring NMSLO 204019 PUN 1380404	N/2 N/2	14-19S-28E	
CA DOIL		N/2 N/2	15-19S-28E	
	X0 0648 0155 (section 14)	S/2	14-19S-28E	
	X0 0648 0154 (section 14)	N/2	14-19S-28E	
	X0 0648 0155 (section 15)	S/2	15-19S-28E	
	X0 0648 0154 (section 15)	N/2 minus A	15-19S-28E	
	Wells			
Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-015-44043	Palmillo 14 15 State #2H	S/2 S/2	14-19S-28E	96413
30-015-44045	Palmillo 14 15 State #3H	S/2 N/2	14-19S-28E	96413
30-015-44667	Palmillo 14 15 State #205H	S/2 S/2	15-19S-28E	96413
30-015-44675	Palmillo 14 15 State #206H	NW/4 SW/4	14-19S-28E	96413
30-013-44073	1 ammio 14 15 State #20011	N/2 S/2	15-19S-28E	70413
30-015-44668	Palmillo 14 15 State #207H	S/2 N/2	14-19S-28E	96413
30-015-44669	Palmillo 14 15 State Com #208H	N/2 N/2	15-19S-28E	96413
30-015-44040	Palmillo 14 15 State #301H	S/2 S/2	14-19S-28E	96413
30-015-45341	Palmillo 14 15 State #302H	N/2 S/2	14-19S-28E	96413
50-015-45541	1 ammilio 14 15 State #30211	N/2 S/2	15-19S-28E	70413
30-015-45380	Palmillo 14 15 State #303H	N/2 S/2	14-19S-28E	96413
30-013-43300	rammo 14 15 State #505H	N/2 S/2	15-19S-28E	96413
30-015-45343	Palmillo 14 15 State Com #305H	N/2 N/2	14-19S-28E	96413
30-013-43343	1 annino 14 15 State Com #305H	N/2 N/2	15-19S-28E	90413
30-015-45382	Palmillo 14 15 State Com #306H	N/2 N/2	14-19S-28E	96413
50-015-45582 Palm	1 annino 14 15 State Com #300ff	N/2 N/2	15-19S-28E	70413
30-015-45381	Palmillo 14 15 State #307H	S/2 S/2	15-19S-28E	96413
30-015-39027	Palmillo 14 State #1H	N/2 S/2	14-19S-28E	96413

N/2 N/2	14-19S-28E	96413
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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

Operator:	OGRID:
APACHE CORPORATION	873
303 Veterans Airpark Ln	Action Number:
Midland, TX 79705	319494
	Action Type:
	[C-107] Surface Commingle or Off-Lease (C-107B)

CONDITIONS	3	
Created By		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.	5/23/2024

CONDITIONS

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Action 319494