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

OXY USA INC requests to amend previously approved NMOCD commingle application, PLC-385, which will nullify previously approved NMOCD and BLM commingle application, PC-1305.

OXY USA INC requests off-lease measurement, sales and storage for the following wells: Cypress 33 Federal 1H, 2H, 3H, 4H, 5H, 6H, 7H, 8H, and 9H; Cypress 34 Federal 1H, 2H, 3H, 4H, 5H, 6H, 7H, 8H, 9H, 10H, 11H, and 12H; Goodnight 26 Federal 1H; Goodnight 35 Federal 2H; Cypress 28 Federal 1H, 2H, 3H, 4H, and 6H. The BLM's interest, 12.5%, is identical in all wells.

The oil production from all of the facilities and wells listed below will flow to the Goodnight 27-4 where it will be measured through a LACT, which will serve as the FMP. Production will then be allocated to each well based on well test and the amount of hours the well was operating in a given month.

Gas production from the Cypress 34-1 and Cypress 33-1 batteries will be separated and measured through Oxy check meters, which will serve as the FMPs, at their respective facilities. Gas production from the Goodnight 27-1 and Goodnight 27-4 batteries will be separated at their respective facility and then combined before being measured through the sales meter (S/N 57324) then sold to Energy Transfer Company (ETC). This meter, located on the edge of the Goodnight 27-1 battery in SE/4 SW/4 Section 27 T23S R29E, will serve as the FMP for both facilities.

All water from the Cypress 34-1, Goodnight 27-1 and Goodnight 27-4 batteries is currently sent to the Cypress 33-1 battery before being sent to the Cedar Canyon water disposal distribution system. This will remain unchanged.

A detailed process description by facility can be found below.

Cypress 34 Federal 1 Battery:

Federal Lease NMNM86024 (12.5% Royalty Rate). POOL: CEDAR CANYON; BONE SPRING (11520)

Well Name	First Oil Production	Location	API	BOPD	OIL GRAVITY	MCFPD	BTU
Cypress 34 Federal #1H	11/03/2006	P-34-23S-29E	30-015-35053	0 (#)	43.2	0 (#)	1300
Cypress 34 Federal #2H	06/23/2007	F-34-23S-29E	30-015-35413	6	44.9	235	1300
Cypress 34 Federal #3H	09/17/2007	K-34-23S-29E	30-015-35692	9	43.4	80	1300
Cypress 34 Federal #4H	05/09/2008	D-34-23S-29E	30-015-35742	14	43.2	114	1300
Cypress 34 Federal #5H	09/28/2007	C-34-23S-29E	30-015-35693	3	44.9	90	1300
Cypress 34 Federal #8H	06/01/2013	O-34-23S-29E	30-015-39430	34	44.9	110	1300
Cypress 34 Federal #9H	06/06/2014	P-34-23S-29E	30-015-42088	68	43.4	155	1300

(#) Sundry submitted to re-frac in existing zone

Federal Lease NMNM86024 (12.5% Royalty Rate). POOL: NASH DRAW; DELAWARE, SW (97148)

Well Name	First Oil Production	Location	API	BOPD	OIL GRAVITY	MCFPD	BTU
Cypress 34 Federal #6H	04/28/2011	M-34-23S-29E	30-015-38366	7	43.4	0	1245
Cypress 34 Federal #7H	05/17/2012	C-34-23S-29E	30-015-39219	6	43.2	26	1235

Federal Lease CA 124616 (NMNM103141 & NMNM103604) (12.5% Royalty Rate). POOL: CEDAR CANYON; BONE SPRING (11520)

Well Name	First Oil Production	Location	API	BOPD	OIL GRAVITY	MCFPD	BTU
Goodnight 35 Federal #2H	08/31/2009	D-35-23S-29E	30-015-36373	15	44	63	1220

All wells have been on production for over a year and are in Range 3 of decline. The wells can be reasonably expected to have a decline rate of less than 5 percent, as specified in Hearing Order R-14299. Therefore, wells will be tested at least once per month for a minimum of 24 hours through a three phase 4'x 10' test separator with turbine meters for oil (S/N 389717), water (S/N 389718) and an orifice meter for gas (S/N 83218T).

Production from all Cypress 34 wells will flow through a common two-phase 6'x 20' production separator. After separation, the combined oil and water stream will flow to a production heater treater. Oil will then flow to tanks before being measured through a Coriolis meter (S/N *) and then sent to the Goodnight 27-4 battery for sales. The aforementioned Coriolis meter will be used for oil allocation purposes, based on well tests as described above, and to determine the volume of oil transferred from the Cypress 34-1 to the Goodnight 27-4 battery. Although tanks are equipped with automatic tank gauges, Oxy will utilize hand gauges at the end of month for closing inventory.

Production from the Goodnight 35 Federal #2H is separated at the well site. Oil and water production is recombined prior to being sent to the inlet header at the Cypress 34-1 facility. Gas is sent through a dedicated gas orifice meter (S/N 65811), which serves as the FMP for the well.

Gas from the separators, heater treaters and Vapor Recovery Unit (VRU) will be combined, then sent to Oxy check meter (S/N 83217), which will serve as the gas FMP for this facility. Gas will be allocated back based on monthly well test.

Water is sent to the Cypress 33-1 battery where it is metered, then sent to the Cedar Canyon Water Disposal Distribution System.

*Meter number will be submitted upon installation.

Goodnight 27 Federal 1 Battery:

Federal Lease NMNM105557 (12.5% Royalty Rate). POOL: LAGUNA SALADO; BONE SPRING, SOUTH (96857)

Well Name	First Oil Production	Location	API	BOPD	OIL GRAVITY	MCFPD	BTU
Goodnight 27 Federal #1H	07/26/2007	N-27-23S-29E	30-015-22157	5	43.7	133	1240
Goodnight 27 Federal #2H	10/24/2008	L-27-23S-29E	30-015-36137	11	43.8	132	1300
Goodnight 27 Federal #3H	02/13/2012	M-27-23S-29E	30-015-39220	17	43.5	137	1250

Federal Lease NMNM105557 (12.5% Royalty Rate). POOL: HARROUN RANCH; DELAWARE, NE (96878)

Well Name	First Oil Production	Location	API	BOPD	OIL GRAVITY	MCFPD	BTU
Goodnight 27 Federal #4H	04/14/2012	N-27-23S-29E	30-015-39142	27	43.3	137	1280
Goodnight 27 Federal #5H	01/16/2013	M-27-23S-29E	30-015-39431	19	43.7	82	1215

Federal Lease NMNM103603 (12.5% Royalty Rate). POOL: LAGUNA SALADO; BONE SPRING, SOUTH (96857)

Well Name	First Oil Production	Location	API	BOPD	OIL GRAVITY	MCFPD	BTU
Goodnight 26 Federal #1H	08/18/2012	A-26-23S-29E	30-015-40007	24	41.1	152	1275

All wells have been on production for over a year and are in Range 3 of decline. The wells can be reasonably expected to have a decline rate of less than 5 percent, as specified in Hearing Order R-14299. Therefore, wells will be tested at least once per month for a minimum of 24 hours through a three phase 30"x 10' test separator and test heater treater with turbine meters for oil (S/N 10267), water (S/N 371661) and an orifice meter for gas (S/N 83242).

Production from the Goodnight 27 #5H will be separated through a two-phase separator at the Goodnight 27-5 well pad. Oil and water production will flow to the Goodnight 27-1 inlet header. Gas will be piped separately to the Goodnight 27-1 battery and will tie-in upstream of Energy Transfer meter 57324.

Production from the Goodnight 26 #1H will be separated through a two-phase separator at the Goodnight 26-1 well pad. Oil and water production will flow to the Goodnight 27-1 inlet header. Gas production will be measured through a gas orifice meter (S/N 14921), which will serve as the gas allocation FMP, prior to gas being sent to the Goodnight 27-1 battery. Gas will be tied-in upstream of Energy Transfer meter 57324.

The production from each well will flow through a common three phase 5'x 10' production separator then flow to a production heater treater. Oil will flow to tanks before being sent through a Coriolis meter (S/N 3167117) then to Goodnight 27-4 battery. The aforementioned Coriolis meter will be used for oil allocation purposes, based on well tests as described above, and to determine the volume of oil transferred from the Goodnight 27-1 to the Goodnight 27-4 battery. Although tanks are equipped with automatic tank gauges, Oxy will utilize hand gauges at the end of month for closing inventory.

Gas production from the Goodnight 27 #1H, #2H, #3H and #4H will be measured using Oxy check meter (S/N 83242P). Gas vapors coming off the oil tanks will be sent through a vapor recovery unit and metered (S/N 83242V) before being combined with the production and test gas metered streams. Vapors will be allocated back based on daily oil production. Gas production from Goodnight 26 #1H and Goodnight 27 #5H, which is separated off-site, will combine with the aforementioned streams downstream of the production separator meter. The combined stream will be sent to Energy Transfer Company sales meter (S/N 57324), which will serve as the gas FMP for the Goodnight 27-1 and Goodnight 27-4 batteries.

Water is sent to the Cypress 33-1 battery where it is metered, then sent to the Cedar Canyon Water Disposal Distribution System.

Cypress 33 Federal 1 Battery:

Federal Lease NMNM86024 (12.5% Royalty Rate). POOL: LAGUNA SALADO; BONE SPRING, SOUTH (96857)

Well Name	First Oil Production	Location	API	BOPD	OIL GRAVITY	MCFPD	BTU
Cypress 28 Federal #1H	03/12/2010	M-28-23S-29E	30-015-37249	19	44.6	160	1240
Cypress 28 Federal #2H	05/24/2010	L-28-23S-29E	30-015-37331	18	40.7	0	1245
Cypress 28 Federal #3H	03/25/2011	D-28-23S-29E	30-015-38287	24	43	0	1200
Cypress 28 Federal #4H	12/12/2011	E-28-23S-29E	30-015-39330	24	43.9	264	1240

Federal Lease NMNM86024 (12.5% Royalty Rate). POOL: HARROUN RANCH; DELAWARE, NE (96878)

Well Name	First Oil Production	Location	API	BOPD	OIL GRAVITY	MCFPD	BTU
Cypress 28 Federal #6H	05/01/2015	N-28-23S-29E	30-015-41138	53	41.9	250	1300

Federal Lease NMNM86024 (12.5% Royalty Rate). POOL: CEDAR CANYON; BONE SPRING (11520)

Well Name	First Oil Production	Location	API	BOPD	OIL GRAVITY	MCFPD	BTU
Cypress 33 Federal #2H	03/17/2010	A-33-23S-29E	30-015-37308	23	41.2	0	1260
Cypress 33 Federal #4H	07/27/2010	H-33-23S-29E	30-015-37368	12	43.2	0	1175

Federal Lease NMNM19848 (12.5% Royalty Rate). POOL: CEDAR CANYON; BONE SPRING (11520)

Well Name	First Oil Production	Location	API	BOPD	OIL GRAVITY	MCFPD	BTU
Cypress 33 Federal #1H	09/19/2008	P-33-23S-29E	30-015-36321	64	41.9	907	1300
Cypress 33 Federal #3H	08/09/2009	I-33-23S-29E	30-015-36987	6	44.1	0	1300

Federal Lease CA 135945 (NMNM86024 & NMNM 19848) (12.5% Royalty Rate). POOL: CEDAR CANYON; BONE SPRING (11520)

Well Name	First Oil Production	Location	API	BOPD	OIL GRAVITY	MCFPD	BTU
Cypress 33 Federal Com #5H	03/27/2013	A-33-23S-29E	30-015-40768	27	44.9	113	1300
Cypress 33 Federal Com #6H	01/05/2014	A-33-23S-29E	30-015-41557	39	43.4	92	1300
Cypress 33 Federal Com #7H	01/13/2015	C-33-23S-29E	30-015-42616	114	43.2	426	1270
Cypress 33 Federal Com #10H	N/A	C-04-24S-29E	30-015-44096	700 (#)	44.5	1300 (#)	1375

(#)Estimated production volumes

All wells except the Cypress 33 Federal Com #10H have been on production for over a year and are in Range 3 of decline. The wells can be reasonably expected to have a decline rate of less than 5 percent, as specified in Hearing Order R-14299. Therefore, wells will be tested at least once per month for a minimum of 24 hours through three-phase 4'x 10' test separator with turbine meters for oil (S/N 12029239921), water (S/N 62015-71) and an orifice meter for gas (S/N T144403260).

The Cypress 33 Federal Com #10H will have its own dedicated separation and measurement equipment* and tested daily prior to Range 1 of decline, and will be tested at least three times per month for a minimum of 24 hours during Range 1 of decline. When Range 2 decline is started, Cypress 33 Federal Com #10H production will be combined with the other wells at the battery, and will be tested at least twice per month for a minimum of 24 hours during Range 2 of decline, and will be tested at least once per month for a minimum of 24 hours during Range 3 of decline, as specified in Hearing Order R-14299.

*Meter numbers will be submitted upon installation.

Oil, gas and water production from Cypress 33 #3H, Cypress 33 #5H, Cypress 33 #6H, Cypress 33 #7H, Cypress 33 #10H and Cypress 28 #6H will flow to the Cypress 33-1 battery into a common 6' X 20' production separator. Oil will then be sent to a 6' X 20' heater treater.

Cypress 28- #1H, #2H, #3H and #4H have two-phase separators on the individual well-sites. Oil and water will be sent to the Cypress 33-1 battery inlet header. Gas production will be measured through orifice meters, which will serve as FMPs. See table below for gas meter numbers.

Cypress 33-#2H and #4H have two-phase separators on the individual well-sites. Oil and water will be sent to the Cypress 33-1 battery inlet header. Gas will be piped separately to the Cypress 33-1 battery and will tie-in upstream of Energy Transfer meter 57211.

Gas FMPs for all wells flowing to the Cypress 33-1 battery are listed in the table below.

Well	Gas FMP	FMP Location
Cypress 28 #1H	S/N 57219	Well pad
Cypress 28 #2H	S/N 57242	ETC Sales Meter
Cypress 28 #3H	S/N 57242	
Cypress 28 #4H	S/N 57242	
Cypress 28 #6H	S/N 57211	
Cypress 33 #1H	S/N 57211	
Cypress 33 #2H	S/N 57211	
Cypress 33 #3H	S/N 57211	
Cypress 33 #4H	S/N 57211	
Cypress 33 #5H	S/N 57211	
Cypress 33 #6H	S/N 57211	
Cypress 33 #7H	S/N 57211	
Cypress 33 #10H	S/N 57211	

After flowing through the heater treater, oil production from all wells will be combined and then flow to four oil tanks before being sent through a Coriolis meter (S/N 14156064). The Coriolis meter will be used for oil allocation purposes, based on well tests as described above, and to determine the volume of oil transferred from the Cypress 33-1 to the Goodnight 27-4 battery. Although tanks are equipped with automatic tank gauges, Oxy will utilize hand gauges at the end of month for closing inventory.

Gas separated onsite (at the Cypress 33-1 facility) is sent through Energy Transfer sales meter (S/N 57211), which will serve as the gas FMP. Any gas vapors coming off oil tanks will be sent through a vapor recovery unit and metered (S/N 65807R) before being combined with gas from the two test separators. This combined gas stream will flow through an electric compressor and be used for gas lift on the Cypress 33-7H. Gas used for lift operations on the Cypress 33-7H will be measured (S/N 14924I) prior to lift operations. OXY will submit a sundry notice to request off-lease royalty-free beneficial use for gas lift operations at the Cypress 33-7H. Gas will be measured using aforementioned meter. Estimated volume ranges from 100 MCFPD to 600 MCFPD.

Water from all facilities will flow through transfer meter (S/N 66002) or meter (S/N 07480) before being sent to the Cedar Canyon water disposal distribution system.

Goodnight 27 Federal 4 Battery:

Federal Lease NMNM86024 (12.5% Royalty Rate). POOL: CEDAR CANYON; BONE SPRING (11520)

Well Name	First Oil Production	Location	API	BOPD	OIL GRAVITY	MCFPD	BTU
Cypress 34 Federal #10H	09/29/2015	D-34-23S-29E	30-015-43076	68	44.5	304	1290
Cypress 34 Federal #11H	04/03/2015	C-34-23S-29E	30-015-42920	62	44.5	363	1300

Federal Lease NMNM86024 (12.5% Royalty Rate). POOL: WC-015 G-07 S242903I; UPPER WOLFCAMP (98214)

Well Name	First Oil Production	Location	API	BOPD	OIL GRAVITY	MCFPD	BTU
Cypress 34 Federal #12H	12/28/2016	1-03-24S-29E	30-015-43849	451	44.5	689	1313

Federal Lease CA 135945 (NMNM86024 & NMNM 19848) (12.5% Royalty Rate). POOL: CEDAR CANYON; BONE SPRING (11520)

Well Name	First Oil Production	Location	API	BOPD	OIL GRAVITY	MCFPD	BTU
Cypress 33 Federal Com #8H	02/28/2016	D-33-23S-29E	30-015-43075	125	44.5	423	1313
Cypress 33 Federal Com #9H	07/03/2016	N-28-23S-29E	30-015-43751	400	44.5	675	1390

All wells except the Cypress 33 Federal #9H and the Cypress 34 Federal #12H have been on production for over a year and are in Range 3 of decline. The wells can be reasonably expected to have a decline rate of less than 5 percent, as specified in Hearing Order R-14299. Therefore, wells will be tested at least once per month for a minimum of 24 hours. The Cypress 33 Federal #9H and the Cypress 34 Federal #12H have been on production for at least 3 months after peak production and are in Range 2 of decline, and therefore will be tested at least twice per month for a minimum of 24 hours until entering Range 3 of decline. Wells will be sent through one of two three-phase 6'x 20' test separators located at the facility. Both separators are equipped with turbine meters for oil (S/N 64086, S/N 440482), water (S/N 64079, S/N 442065) and an orifice meter for gas (S/N 14922T, S/N 696922T).

The production from each well will flow through a common three phase 8'x 20' production separator. The oil will flow to tanks and then be measured through a Coriolis meter (S/N *) before being sent to tanks with combined production from all facilities referenced in this application. The aforementioned Coriolis meter will be used for oil allocation purposes, based on well tests as described above. Although tanks are equipped with automatic tank gauges, Oxy will utilize hand gauges at the end of month for closing inventory.

The combined production from all referenced facilities will be sent through pipeline LACT meter (S/N*), which will serve as the oil FMP for all wells listed in this application. If the LACT meter is not functional, the sales method will be by tank gauge and truck load at each individual battery.

Gas production will be metered by one of two Oxy check meters (S/N 14922PS or S/N 14922S) and sent to Energy Transfer Company sales meter (S/N 57324 located on the edge of Goodnight 27-1 battery at SE/4 SW/4 Section 27 T23S R29E), which will serve as the gas FMP for the Goodnight 27-1 and Goodnight 27-4 facilities. Gas for lift operations will be pulled downstream of Oxy check meter (S/N 14922P) prior to compression. The Cypress 34-10H and 34-11H will share an electric compressor, located at 34-10H well pad. The Cypress 34-12H has a dedicated gas driven compressor, located at the 34-12H well pad. The Cypress 34-10H (S/N 14943I), Cypress 34-11H (S/N 14946I) and Cypress 34-12H (S/N 14995I) will each have meters to measure the amount of gas used for lift operations. OXY will submit a sundry notice to request off-lease royalty-free beneficial use for gas lift operations at the Cypress 34-10H, Cypress 34-11H and Cypress 34-12H. Lift gas will be measured using aforementioned meters. Estimated volume ranges from 100 MCFPD to 600 MCFPD. Fuel gas for compression is approximately 25 MCFPD based on manufacturer's published usage rate.

Water is sent to the Cypress 33-1 battery where it is metered, then sent to the Cedar Canyon Water Disposal Distribution System.

*Meter number will be submitted upon installation.

Additional Application Components:

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

The working interest, royalty interest and overriding royalty interest owners have been notified of this proposal by certified mail.

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.

After completion of facility modifications, OXY will provide BLM with an updated facility diagram.

Commingling this production 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. These applications will be submitted separately for approval per NMOCD and BLM regulations.