

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

Heather Riley, Division Director
Oil Conservation Division



August 23, 2018

ADMINISTRATIVE POOL/LEASE COMMINGLING ORDER

Administrative Order PLC-499-A

OXY USA, Inc.
Attention: Sandra Musallam

Pursuant to your application received on August 2, 2018, OXY USA, Inc. (OGRID 16696) is hereby authorized to surface commingle oil and gas production and off-lease measure from the following pools:

COTTON DRAW; BONE SPRING	(13367)
PURPLE SAGE; WOLFCAMP (GAS)	(98220)

and from wells, their associated leases, pools, Trains (1,2 and 3), and noted range of production decline as identified in the application, Exhibit "A" made a part of this order. These wells are located on federal leases and federal communitization agreements located in Township 24 South, Range 30 East, and Township 24 South, Range 31 East, NMPM, Eddy County, New Mexico.

Production from the subject wells shall be determined as follows:

It is understood that the test separator and meters are designed to accurately measure production from the wells with the highest production rate. It is also assumed that all the oil and gas production from the wells in this application will display a hyperbolic decline and will fit the decline parameters described in Hearing Order R-14299. Wells that are in "prior- to" Range 1 of decline shall be tested daily. Wells that are in Range 1 of decline shall be measured with a combination of metering and well testing and shall be tested at least three times a month. Wells that are in Range 2 of decline shall be measured with a combination of metering and well testing and shall be tested at least twice a month. Wells in Range 3 of decline shall be measured with a combination of metering and well testing and shall be tested at least once a month.

The commingled oil production from the wells detailed above shall be measured and sold at the Sand Dunes South Corridor Central Tank Battery (CTB), located in Unit B of Section 18, Township 24 South, Range 31 East, NMPM, Eddy County, New Mexico. Further, each well is routed to each train based on federal royalty rate.

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.

OXY USA, Inc. shall provide a Sundry Notice to the Engineering Bureau in Santa Fe when a dedicated separator is removed.

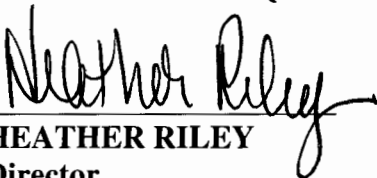
The allocation meters shall be calibrated quarterly in accordance with Rule 19.15.12.10.C (2) NMAC.

This approval is subject to like approval from the Bureau of Land Management before commencing commingling operations.

Subsequently drilled wells that produce from the subject pool within the project areas approved by this order may be added to this commingling authority by submittal of a Sundry Notice to the Engineering Bureau in Santa Fe.

This administrative order supersedes Administrative Order PLC 499, issued on March 13, 2018. This order separates wells into the respective trains based on federal royalty rate.

The operator shall notify the Artesia District office of the Division prior to implementation of the commingling operations.


HEATHER RILEY
Director

HR/mam

cc: Oil Conservation Division – Artesia
Bureau of Land Management – Carlsbad

Exhibit A

EXHIBIT A					
SAND DUNES SOUTH CORRIDOR CTB - TRAIN #1					
Well Name	API	Unit/ Horizontal Spacing Unit	Lease	Pool	Range
NIMITZ MDP1 12 FEDERAL 1H	30-015-44526	W/2 W/2 of Section 1 and W/2 W/2 of Section 12	Proposed Nimitz MDP 1 12 Federal 1H Federal Communitization Agreement; Hearing Order R-14756	COTTON DRAW;BONE SPRING	1
NIMITZ MDP1 12 FEDERAL 2H	30-015-44580	W/2 W/2 of Section 1 and W/2 W/2 of Section 12	Proposed Nimitz MDP 1 12 Federal 1H Federal Communitization Agreement; Hearing Order R-14758	COTTON DRAW;BONE SPRING	1
*NIMITZ MDP1 12 FEDERAL 8H	30-015-44527	W/2 E/2 of Section 1 and W/2 E/2 of Section 12	Proposed Nimitz MDP 1 12 Federal 1H Federal Communitization Agreement; Hearing Order R-14760	COTTON DRAW;BONE SPRING	N/A
NIMITZ MDP1 12 FEDERAL 9H	30-015-44581	E/2 W/2 of Section 1 and E/2 W/2 of Section 12	Proposed Nimitz MDP 1 12 Federal 1H Federal Communitization Agreement; Hearing Order R-14761	COTTON DRAW;BONE SPRING	1
*NIMITZ MDP1 13 FEDERAL COM 1H	30-015-44524	W/2 E/2 of Section 13	Proposed Nimitz MDP 1 13 Federal com Well No. 1H communitization Agreement; Hearing Order R-14758	COTTON DRAW;BONE SPRING	N/A
*NIMITZ MDP1 13 FEDERAL COM 2H	30-015-44498	W/2 E/2 of Section 13	Proposed Nimitz MDP 1 13 Federal Com Well No. 3H communitization Agreement; Hearing Order R-14758	COTTON DRAW;BONE SPRING	N/A
*NIMITZ MDP1 13 FEDERAL COM 3H	30-015-44525	E/2 E/2 of Section 13	Proposed Nimitz MDP 1 12 Federal 1H Federal Communitization Agreement; Hearing Order R-14759	COTTON DRAW;BONE SPRING	N/A
PALLADIUM MDP1 7-6 FEDERAL COM 1H	30-015-44238	W/2 W/2 of Section 6 and W/2 W/2 of Section 7, Township 24 South, Range 31 East	CA NMNM 137966; Hearing Order R-14740	COTTON DRAW;BONE SPRING	2
PALLADIUM MDP1 7-6 FEDERAL COM 2H	30-015-44259	W/2 W/2 of Section 6 and W/2 W/2 of Section 7, Township 24 South, Range 31 East	CA NMNM 137968	COTTON DRAW;BONE SPRING	2
PALLADIUM MDP1 7-6 FEDERAL COM 3Y	30-015-44487	E/2 W/2 of Section 6, and E/2 W/2 of Section 7, Township 24 South, Range 31 East	CA NMNM 137985	COTTON DRAW;BONE SPRING	2
PALLADIUM MDP1 7-6 FEDERAL COM 6H	30-015-44293	E/2 E/2 of Section 6 and E/2 E/2 of Section 7, Township 24 South, Range 31 East	CA NMNM 1376001; Hearing Order R-14760	COTTON DRAW;BONE SPRING	2
PATTON MDP1 17 FEDERAL 1H	30-015-44459	W/2 W/2 of Section 17, Township 24 South, Range 31 East	Federal Lease NMNM 89172	COTTON DRAW;BONE SPRING	1
PATTON MDP1 17 FEDERAL 2H	30-015-44480	W/2 W/2 of Section 17, Township 24 South, Range 31 East	Federal Lease NMNM 89172	COTTON DRAW;BONE SPRING	1
PATTON MDP1 17 FEDERAL 3H	30-015-44486	E/2 W/2 of Section 17, Township 24 South, Range 31 East	Federal Lease NMNM 89172	COTTON DRAW;BONE SPRING	1
PATTON MDP1 17 FEDERAL 6H	30-015-44497	W/2 E/2 of Section 17, Township 24 South, Range 31 East	Federal Lease NMNM 89172	COTTON DRAW;BONE SPRING	1
PATTON MDP1 17 FEDERAL 5H	30-015-44444	E/2 E/2 of Section 16, Township 24 South, Range 31 East	Federal Lease NMNM 89172	COTTON DRAW;BONE SPRING	2
PATTON MDP1 17 FEDERAL 6H	30-015-44445	W/2 W/2 of Section 17, Township 24 South, Range 31 East	Federal Lease NMNM 89172	COTTON DRAW;BONE SPRING	2
PATTON MDP1 18 FED 23H	30-015-44316	W/2 E/2 of Section 18, Township 24 South, Range 31 East	Federal Lease NMNM 89819	COTTON DRAW;BONE SPRING	2
PATTON MDP1 18 FED 23H	30-015-44338	W/2 E/2 of Section 18, Township 24 South, Range 31 East	Federal Lease NMNM 89819	COTTON DRAW;BONE SPRING	2
PATTON MDP1 18 FED 73H	30-015-44318	W/2 E/2 of Section 18, Township 24 South, Range 31 East	Federal Lease NMNM 89819	COTTON DRAW;BONE SPRING	2
PATTON MDP1 18 FEDERAL 1H	30-015-44317	E/2 W/2 of Section 18, Township 24 South, Range 31 East	Federal Lease NMNM 89819	COTTON DRAW;BONE SPRING	2
PATTON MDP1 18 FEDERAL 2H	30-015-44337	E/2 W/2 of Section 18, Township 24 South, Range 31 East	Federal Lease NMNM 89819	COTTON DRAW;BONE SPRING	2
PATTON MDP1 18 FEDERAL 3H	30-015-44333	E/2 W/2 of Section 18, Township 24 South, Range 31 East	Federal Lease NMNM 89819	COTTON DRAW;BONE SPRING	2
PATTON MDP1 18 FEDERAL 5H	30-015-44272	E/2 E/2 of Section 18, Township 24 South, Range 31 East	Federal Lease NMNM 89819	COTTON DRAW;BONE SPRING	2
PATTON MDP1 18 FEDERAL 7H	30-015-44273	E/2 E/2 of Section 18, Township 24 South, Range 31 East	Federal Lease NMNM 89819	COTTON DRAW;BONE SPRING	2
SUNRISE MDP1 8-5 FEDERAL COM 1H	30-015-44369	W/2 W/2 of Section 5, and W/2 W/2 of Section 8, Township 24 South, Range 31 East	CA NMNM 138291	COTTON DRAW;BONE SPRING	2
SUNRISE MDP1 8-5 FEDERAL COM 2H	30-015-44395	W/2 W/2 of Section 5, and W/2 W/2 of Section 8, Township 24 South, Range 31 East	Proposed Sunrise MDP 18 5 Federal com Well No. 2H Communitization Agreement	COTTON DRAW;BONE SPRING	2
SUNRISE MDP1 8-5 FEDERAL COM 3H	30-015-44474	E/2 W/2 of Section 5, and E/2 W/2 of Section 8, Township 24 South, Range 31 East	CA NMNM 138294	COTTON DRAW;BONE SPRING	1
SUNRISE MDP1 8-5 FEDERAL COM 4H	30-015-44475	W/2 E/2 of Section 5, and W/2 E/2 of Section 8, Township 24 South, Range 31 East	CA NMNM 138295	COTTON DRAW;BONE SPRING	1
SUNRISE MDP1 8-5 FEDERAL COM 5H	30-015-44476	E/2 E/2 of Section 5, and E/2 E/2 of Section 8, Township 24 South, Range 31 East	Proposed Sunrise MDP 18 5 Federal Com Well No. 5H Communitization Agreement	COTTON DRAW;BONE SPRING	2
SUNRISE MDP1 8-5 FEDERAL COM 6H	30-015-44473	E/2 E/2 of Section 18, Township 24 South, Range 31 East	CA NMNM 138296	COTTON DRAW;BONE SPRING	2
PATTON MDP1 18 FEDERAL 6H	30-015-45854	E/2 E/2 of Section 18, Township 24 South, Range 31 East	Federal Lease NMNM 89819	PURPLE SAGE;WOLFCAMP (GAS)	3
*PATTON MDP1 17 FEDERAL 171H	30-015-44989	E/2 E/2 of Section 1 and E/2 E/2 of Section 12	Federal Lease NMNM 89172	PURPLE SAGE;WOLFCAMP (GAS)	N/A
*PATTON MDP1 17 FEDERAL 172H	30-015-44890	W/2 of Section 17, Township 24 South, Range 31 East	Federal Lease NMNM 89172	PURPLE SAGE;WOLFCAMP (GAS)	N/A
*PATTON MDP1 17 FEDERAL 173H	30-015-44991	W/2 of Section 17, Township 24 South, Range 31 East	Federal Lease NMNM 89172	PURPLE SAGE;WOLFCAMP (GAS)	N/A
*PATTON MDP1 17 FEDERAL 174H	30-015-45077	E/2 of Section 17, Township 24 South, Range 31 East	Federal Lease NMNM 89172	PURPLE SAGE;WOLFCAMP (GAS)	N/A
*PATTON MDP1 17 FEDERAL 175H	30-015-45078	E/2 of Section 17, Township 24 South, Range 31 East	Federal Lease NMNM 89172	PURPLE SAGE;WOLFCAMP (GAS)	N/A
*PATTON MDP1 17 FEDERAL 176H	30-015-45079	E/2 of Section 17, Township 24 South, Range 31 East	Federal Lease NMNM 89172	PURPLE SAGE;WOLFCAMP (GAS)	N/A
SAND DUNES SOUTH CORRIDOR CTB - TRAIN #2					
NIMITZ MDP1 12 FEDERAL COM 6H	30-015-44528	E/2 E/2 of Section 1 and E/2 E/2 of Section 12	Proposed Nimitz MDP 1 12 Federal Com Well No. 6H Communitization Agreement; Hearing Order R-14759	COTTON DRAW;BONE SPRING	N/A
PALLADIUM MDP1 7-6 FEDERAL COM 4H	30-015-44235	E/2 W/2 of Section 6, and E/2 W/2 of Section 7, Township 24 South, Range 31 East	CA NMNM 137686	COTTON DRAW;BONE SPRING	2
SAND DUNES SOUTH CORRIDOR CTB - TRAIN #3					
NIMITZ MDP1 12 FEDERAL COM 7H	30-015-44529	E/2 E/2 of Section 12	Proposed Nimitz MDP 1 12 Federal Com Well No. 7H Communitization Agreement; Hearing Order R-14759	COTTON DRAW;BONE SPRING	N/A
PALLADIUM MDP1 7-6 FEDERAL COM 5H	30-015-44234	E/2 E/2 of Section 6, and E/2 E/2 of Section 7, Township 24 South, Range 31 East	CA NMNM 137687	COTTON DRAW;BONE SPRING	2
Assume wells are located in Township, 24 South, Range 30 East, unless specified					