

State of New Mexico
Energy, Minerals and Natural Resources Department

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CENTRAL TANK BATTERY

Administrative Order CTB-841-A

August 30, 2018

OXY USA Inc
Attention: Ms. Elizabeth Velasco

OXY USA Inc (OGRID 16696) is hereby authorized to surface commingle oil production from the Red Tank; Bone Spring, East Pool (Pool code 51687) from the following diversely owned state leases in the form of a state lease and state communization agreement located in Township 22 South, Range 33 East, Lea County, New Mexico.

Lease:	State lease VO-3527-0002	
Description:	Lot 1, N/2 NE/4, NE/4 NW/4 (N/2 N2 equivalent) of Section 31, Township 22 South, Range 33 East	
Well:	Red Tank 31 State Well No. 5H	API 30-025-41885
Lease:	Red Tank 30 31 State Com Well No. 34H State Communitization Agreement	
Description:	E/2 E/2 of Section 30, and E/2 E/2 of Section 31, all in Township 22 South, Range 33 East	
Wells:	Red Tank 30 31 State Com Well No. 34H	API 30-025-44063
	Red Tank 30 31 State Com Well No. 24Y	API 30-025-44161
	Red Tank 30 31 State Com Well No. 14H	API 30-025-44193

The commingled oil production from the wells detailed above shall be measured and sold at the Red Tank 31State 5H Central Tank Battery (Red Tank 31State 5H CTB), located in Unit A of Section 31, Township 22 South, Range 33 East, NMPM, Lea 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.

Red Tank 30 31 State Com Well No. 14H will be continuously metered prior to Range 1 decline. Red Tank 30 31 State Com Well No. 34H and Red Tank 30 31 State Com Well No. 24Y are currently in Range 2 decline. The Red Tank 31 State Well No. 5H is in Range 3 decline.

Oil production from the Red Tank 30 31 State Com Well No. 34H, Red Tank 30 31 State Com Well No. 24Y, and Red Tank 30 31 State Com Well No. 14H shall be measured at the Red Tank 30-31 Battery located in Unit A, Section 30, Township 22 South Range 33 East. Oil production is combined, then it is commingled at the Red Tank 31 State 5H CTB. Oil production from the Red Tank 31 State Well No. 5H shall be measured separately at the Red Tank 31 State 5H CTB, before commingling with the other wells.

Gas production from the Red Tank 30 31 State Com Well No. 34H, Red Tank 30 31 State Com Well No. 24Y, and Red Tank 30 31 State Com Well No. 14H shall each be measured at the Red Tank 31 State 5H CTB, where it is a central delivery point.

Gas production from the Red Tank 31 State Well No. 5H shall be measured separately at the Red Tank 31 State 5H CTB, where it is a central delivery point.

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.

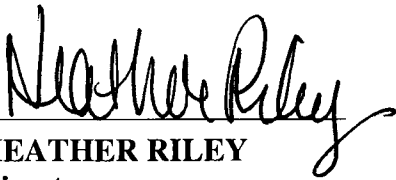
For future additions of wells, leases, and pools to this commingling operation, notice shall only be given to those interest owners in the wells, leases or pools to be added, in accordance with Division Rule 19.15.12.10 C (4) (g) NMAC.

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 approval is subject to like approval from the New Mexico State Land Office before commencing commingling operations.

This administrative order supersedes Administrative Order CTB-841, issued on December 5, 2017. This administrative order adds the Red Tank 30 31 State Com Well No. 14H, and corrects API numbers.

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



HEATHER RILEY
Director

HR/mam

cc: Oil Conservation Division – Hobbs
New Mexico State Land Office – Oil, Gas, and Minerals