

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

Sarah Cottrell Propst
Cabinet Secretary

Todd E. Leahy, JD, PhD
Deputy Secretary

Adrienne Sandoval, Director
Oil Conservation Division



November 18, 2019

POOL/LEASE COMMINGLING

Administrative Order PLC-602

OXY USA, Inc.
Attention: Kathleen Mowery
5 Greenway Plaza Suite 110 Houston, TX 77046

Pursuant to your application received on August 22, 2019, OXY USA, Inc. ("Operator") is hereby authorized to surface commingle oil and gas production and off-lease measure from the pools, wells, and associated leases identified in Exhibit A and incorporated by reference into this Order. The wells are located in Section 34, Township 23 South, Range 31 East, NMPM, Eddy County, New Mexico.

The wells are segregated into two groups referred to as Train 1 and Train 2. The wells associated with each train are identified in Exhibit A. The production from these two trains shall remain segregated. This order does **NOT** authorize commingling of Train 1 and Train 2.

Production from the wells shall be determined as follows:

For each well during the initial production period, the oil and gas production shall flow into its own dedicated three-phase separator where the production stream shall be separated into three independent streams and each stream shall be measured individually before commingling. The initial production period is defined as from when the well first produces until after the peak production has been reached and the decline rate is less than 30% per month.

For each well after the initial production period, the oil and gas production shall be determined using well tests. Each well test shall consist of a 24-hour period in which the oil and gas production shall flow into its own dedicated three-phase separator where the production stream shall be separated into three independent streams and each stream shall be measured individually before commingling. The minimum number of well tests that shall be required each month after the initial production period has concluded shall be contingent upon the well's decline rate and is as follows:

- Four well tests per month** while the decline rate is **between 30% and 20% per month.**
- Three well tests per month** while the decline rate is **between 20% and 13% per month.**
- Two well tests per month** while the decline rate is **between 13% and 6% per month.**
- One well test per month** while the decline rate is **less than 6% per month.**

Additional gas gathered from process equipment after commingling shall be measured and allocated to each well based on the individual well's production.

Operator shall submit a Sundry Notice C-103 to the Engineering Bureau in Santa Fe when a well transitions to a decline rate period in which the well requires less well tests per month than is currently being required. The Sundry Notice shall include a production curve and a decline rate curve demonstrating that the well meets the requirements to have fewer well tests required per month.

The commingled oil production from the wells shall be measured by a separate lease automatic custody transfer ("LACT") meter for each train and sold at the respective central tank battery ("CTB") described in Exhibit A.

The commingled gas production from the wells shall be measured at the CTB using a separate custody transfer meter for each train except when the gas pipeline is experiencing problems at which time the commingled gas production from the wells shall be measured using the appropriate meters.

This administrative order supersedes Administrative Order PC-1332, issued September 27, 2018. This order adds additional wells and leases to this commingling operation.

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

Operator may add subsequently drilled wells that produce from the approved pools within the project areas by submitting a Sundry Notice C-103 to the Engineering Bureau in Santa Fe.

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.

Operator shall notify the Artesia District Office before commingling oil and gas production.



Adrienne Sandoval
Director

AS/dm

cc: OCD – Engineering Bureau
 OCD – Artesia District Office
 Bureau of Land Management

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Administrative Order: **PLC-602**

Date: **11/18/19**

Operator: **OXY USA, Inc.**

Central Tank Battery: **Platinum CTB**

Central Tank Battery Location: **Section 34, Township 23 South, Range 31 East**

Pools

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

Leases

NMNM 043744
NMNM 055142
NMNM 080645

Wells

Well API	Well Name	Pool Code	Location	Train
30-015-45226	Platinum MDP1 34-3 Fed Com 1H	13367	Sec 34-T23S-R31E	1
30-015-45227	Platinum MDP1 34-3 Fed Com 2H	13367	Sec 34-T23S-R31E	1
30-015-45228	Platinum MDP1 34-3 Fed Com 3H	13367	Sec 34-T23S-R31E	1
30-015-45250	Platinum MDP1 34-3 Fed Com 7H	13367	Sec 34-T23S-R31E	1
30-015-45230	Platinum MDP1 34-3 Fed Com 171H	13367	Sec 34-T23S-R31E	1
30-015-45231	Platinum MDP1 34-3 Fed Com 172H	13367	Sec 34-T23S-R31E	1
30-015-46046	Platinum MDP1 34-3 Fed Com 177H	98220	Sec 34-T23S-R31E	1
30-015-46192	Platinum MDP1 34-3 Fed Com 23H	13367	Sec 34-T23S-R31E	1
30-015-46191	Platinum MDP1 34-3 Fed Com 41H	98220	Sec 34-T23S-R31E	1
30-015-46187	Platinum MDP1 34-3 Fed Com 42H	98220	Sec 34-T23S-R31E	1
30-015-46188	Platinum MDP1 34-3 Fed Com 43H	98220	Sec 34-T23S-R31E	1
30-015-45229	Platinum MDP1 34-3 Fed Com 4H	13367	Sec 34-T23S-R31E	2
30-015-45171	Platinum MDP1 34-3 Fed Com 5H	13367	Sec 34-T23S-R31E	2
30-015-45172	Platinum MDP1 34-3 Fed Com 6H	13367	Sec 34-T23S-R31E	2
30-015-46190	Platinum MDP1 34-3 Fed Com 44H	98220	Sec 34-T23S-R31E	2
30-015-46189	Platinum MDP1 34-3 Fed Com 45H	98220	Sec 34-T23S-R31E	2
30-015-45232	Platinum MDP1 34-3 Fed Com 174 H	98220	Sec 34-T23S-R31E	2
30-015-45251	Platinum MDP1 34-3 Fed Com 175H	98220	Sec 34-T23S-R31E	2
30-015-45233	Platinum MDP1 34-3 Fed Com 176H	98220	Sec 34-T23S-R31E	2
30-015-46193	Platinum MDP1 34-3 Fed Com 24H	13367	Sec 34-T23S-R31E	2
30-015-46179	Platinum MDP1 34-3 Fed Com 13H	13367	Sec 34-T23S-R31E	2
30-015-46180	Platinum MDP1 34-3 Fed Com 14H	13367	Sec 34-T23S-R31E	2