

State of New Mexico
Energy, Minerals and Natural Resources Department

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Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



CENTRAL TANK BATTERY

Administrative Order CTB-814
Administrative Application Reference No. pMAM1705553959

March 17, 2017

OXY USA INC.
Attention: Ms. Taylor Stillman

OXY USA Inc. (OGRID 16696) "Applicant" is hereby authorized to surface commingle oil and gas production from diversely owned federal leases from the Cottonwood Draw; Bone Spring (O) Pool (Pool code 97494) located in Section 19, Township 25 South, Range 27 East, NMPM, Eddy County, New Mexico;

Lease: Federal Lease NMNM107368
Description: E/2 of Section 19, Township 25 South, Range 27 East, NMPM
Wells: Peaches 19 Federal Well No. 1H 30-015-40250
Peaches 19 Federal Well No. 2H 30-015-42362

Lease: Federal Lease NMNM109756
Description: W/2 of Section 19, Township 25 South, Range 27 East, NMPM
Wells: Peaches 19 Federal Well No. 3H 30-015-42446
Peaches 19 Federal Well No. 4H 30-015-42030

The combined surface commingling project area for these wells include the entire Section 19, Township 25 South, Range 27 East, NMPM, Eddy County, New Mexico.

The oil and gas production from these wells listed as part of this application shall be measured and sold from the Peaches 19 Central Tank Battery (CTB), located in Unit B, Section 19, Township 25 South, Range 27 East, NMPM, Eddy County, New Mexico. Off lease measurement and sales is approved for the wells in this commingle application which are dedicated to the W/2 of Section 19.

The oil and gas production for the wells in this application shall be allocated using periodic well testing. During testing, one well shall flow through the test separator, and the remaining wells shall flow through the production separator. Each well shall be tested monthly for a minimum of 24 hours.

It is understood that the test separator and meters are designed to accurately measure production from the well with the highest production rate. In addition, the hyperbolic behavior of the oil production from these wells has stabilized into the Range 3 portion of the decline as described in Hearing Order R-14299, with a decline rate of less than 5 percent.

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

After initial notification, future wells that will produce from the pools and leases 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 installation shall be installed and operated in accordance with the applicable Division Rules. It is the responsibility of the producer to notify the transporter of this commingling authority.

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

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



DAVID R. CATANACH
Director

DRC/mam

cc: Oil Conservation Division – Artesia district office
Bureau of Land Management – Carlsbad Field Office