

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



CENTRAL TANK BATTERY

Administrative Order CTB-740-A

April 11, 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 Triple X; Bone Spring Pool (Pool code 59900) located in Section 29, Township 23 South, Range 33 East, NMPM, Lea County, New Mexico.

Lease: Federal Lease NMNM111418
Description: E/2 E/2 and W/2 of Section 29, Township 23 South, Range 33 East, NMPM
Wells: Foxglove 29 Federal Well No. 1 30-025-36593
Foxglove 29 Federal Well No. 4H 30-025-41827
Foxglove 29 Federal Well No. 5H 30-025-41828
Foxglove 29 Federal Well No. 7H 30-025-41851

Lease: Pending Foxglove 29 Federal Com. Well No. 6H Federal Communitization Agreement
Description: W/2 E/2 of Section 29, Township 23 South, Range 33 East, NMPM
Wells: Foxglove 29 Federal Com. Well No. 6H 30-025-41850

The combined surface commingling project area and spacing units for these wells include the entire Section 29, Township 23 South, Range 33 East, NMPM, Lea County, New Mexico.

The oil and gas production from these wells listed as part of this application shall be measured and sold from the Foxglove 29 Federal Com. Well No. 6H Central Tank Battery (CTB), located in Unit B, Section 29, Township 23 South, Range 33 East, NMPM, Lea County, New Mexico.

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 the Foxglove 29 Federal Well No. 4H, Foxglove 29 Federal Well No. 5H, and Foxglove 29 Federal Well No. 7H have 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. Therefore, these wells shall be tested monthly.

The Foxglove 29 Federal Well No. 1 is expected to have a decline that falls into Range 1 as described in Hearing Order R-14299, with a decline rate between 5 percent and 20 percent. Therefore, this well shall be tested monthly for a minimum of at least twice a month.

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 amended administrative order supersedes administrative order CTB-740 issued on January 12, 2015. This amended administrative order changes the metering method based on the requirements listed in Hearing Order R-14299. Further, a new well is added to the administrative order.

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

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



DAVID R. CATANACH

Director

DRC/mam

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