

District I
1625 N. French Drive, Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr. Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-B
Revised August 1, 2011

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: OXY USA INC (16696)
OPERATOR ADDRESS: P O BOX 4294 HOUSTON, TX 77210
APPLICATION TYPE:

Pool Commingling Lease Commingling Pool and Lease Commingling Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: Fee State Federal

Is this an Amendment to existing Order? Yes No **PLC-596B**
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
 Yes No

(A) POOL COMMINGLING
Please attach sheets with the following information

| (1) Pool Names and Codes | Gravities / BTU of Non-Commingled Production | Calculated Gravities / BTU of Commingled Production | | Calculated Value of Commingled Production | Volumes |
|--------------------------|--|---|--|---|---------|
| SEE ATTACHED | | | | | |
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- (2) Are any wells producing at top allowables? Yes No
- (3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No
- (4) Measurement type: Metering Other (Specify) WELL TEST
- (5) Will commingling decrease the value of production? Yes No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING
Please attach sheets with the following information

- (1) Pool Name and Code.
- (2) Is all production from same source of supply? Yes No
- (3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No
- (4) Measurement type: Metering Other (Specify)

(C) POOL and LEASE COMMINGLING
Please attach sheets with the following information

- (1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT
Please attached sheets with the following information

- (1) Is all production from same source of supply? Yes No
- (2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)
Please attach sheets with the following information

- (1) A schematic diagram of facility, including legal location.
- (2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
- (3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE:  TITLE: REGULATORY ENGINEER DATE: 06/28/2021
TYPE OR PRINT NAME SANDRA MUSALLAM TELEPHONE NO.: 713-366-5106
E-MAIL ADDRESS: SANDRA_MUSALLAM@OXY.COM

| | | | |
|-----------|-----------|-------|---------|
| RECEIVED: | REVIEWER: | TYPE: | APP NO: |
|-----------|-----------|-------|---------|

ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Geological & Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

| | |
|---|--|
| Applicant: <u>OXY USA INC</u> | OGRID Number: <u>16696</u> |
| Well Name: <u>AVOGATO 30_31 STATE COM #4H & MULTIPLE</u> | API: <u>30-025-45923 & MULTIPLE</u> |
| Pool: <u>RED TANK; BONE SPRING, EAST & MULTIPLE</u> | Pool Code: <u>51687 & MULTIPLE</u> |

SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW

- 1) **TYPE OF APPLICATION:** Check those which apply for [A]
 A. Location – Spacing Unit – Simultaneous Dedication
 NSL NSP (PROJECT AREA) NSP (PRORATION UNIT) SD

- B. Check one only for [I] or [II]
 [I] Commingling – Storage – Measurement AMENDMENT TO PLC-596B
 DHC CTB PLC PC OLS OLM
 [II] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

- 2) **NOTIFICATION REQUIRED TO:** Check those which apply.
 A. Offset operators or lease holders
 B. Royalty, overriding royalty owners, revenue owners
 C. Application requires published notice
 D. Notification and/or concurrent approval by SLO
 E. Notification and/or concurrent approval by BLM
 F. Surface owner
 G. For all of the above, proof of notification or publication is attached, and/or,
 H. No notice required

| |
|---|
| FOR OCD ONLY |
| <input type="checkbox"/> Notice Complete |
| <input type="checkbox"/> Application Content Complete |

3) **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

SANDRA MUSALLAM

Print or Type Name

Signature

06/28/2021

Date

713-366-5106

Phone Number

SANDRA_MUSALLAM@OXY.COM

e-mail Address

APPLICATION FOR POOL AND LEASE COMMINGLING, OFF-LEASE MEASUREMENT, SALES AND STORAGE
Commingling proposal for Avogato 30-31 State Battery (also referred to as Red Tank 19 CTB)

OXY USA INC requests approval to amend PLC-596B to include gas production from Red Tank 30-31 State 14H, 24Y and 34H. Oil production from the wells listed below is already approved for commingling at Avogato 30-31 State Battery per PLC 596B.

This amendment also requests approval for *future wells within the same pools and leases/CAs of existing wells included in PLC 596B.*

Gas production from the following wells to be added to Avogato 30-31 State Battery:

| WELL NAME | API # | SURFACE LOCATION | DATE ONLINE | OIL (BOPD) | OIL GRAVITY API | GAS (MSCFD) | BTU/CF | WATER (BWPD) |
|-----------|-------|------------------|-------------|------------|-----------------|-------------|--------|--------------|
|-----------|-------|------------------|-------------|------------|-----------------|-------------|--------|--------------|

E2E2 SECTIONS 30 & 31 - STATE LEASE #S: V035262, V035272

POOL: RED TANK; BONE SPRING, EAST (51687) - COMM AGREEMENT PUN 1366786

| | | | | | | | | |
|------------------------------|--------------|--------------|----------|-----|------|------|------|-----|
| RED TANK 30-31 STATE COM 14H | 30-025-44193 | A-30-225-33E | JAN 2019 | 279 | 41.5 | 1843 | 1190 | 11 |
| RED TANK 30-31 STATE COM 24Y | 30-025-44161 | A-30-225-33E | FEB 2018 | 256 | 41.8 | 317 | 1212 | 465 |
| RED TANK 30-31 STATE COM 34H | 30-025-44063 | A-30-225-33E | FEB 2018 | 147 | 41.8 | 221 | 1234 | 506 |

Existing wells at Avogato 30-31 State Battery approved for both oil and gas commingling:

| WELL NAME | API # | SURFACE LOCATION | DATE ONLINE | OIL (BOPD) | OIL GRAVITY API | GAS (MSCFD) | BTU/CF | WATER (BWPD) |
|-----------|-------|------------------|-------------|------------|-----------------|-------------|--------|--------------|
|-----------|-------|------------------|-------------|------------|-----------------|-------------|--------|--------------|

E/2 SECTIONS 30 & 31 - STATE LEASE #S: V035262, V035272

POOL: RED TANK; BONE SPRING, EAST (51687) - COMM AGREEMENT PUN 1378315

| | | | | | | | | |
|-----------------------------|--------------|--------------|----------|-----|------|------|------|------|
| AVOGATO 30 31 STATE COM 4H | 30-025-45923 | A-30-225-33E | FEB 2020 | 465 | 42.4 | 2001 | 1201 | 966 |
| AVOGATO 30 31 STATE COM 14H | 30-025-45959 | B-30-225-33E | DEC 2019 | 274 | 42.4 | 2854 | 1118 | 335 |
| AVOGATO 30 31 STATE COM 24H | 30-025-45960 | B-30-225-33E | NOV 2019 | 278 | 42.4 | 487 | 1312 | 614 |
| AVOGATO 30 31 STATE COM 25H | 30-025-45961 | B-30-225-33E | NOV 2019 | 326 | 42.4 | 665 | 1285 | 692 |
| AVOGATO 30 31 STATE COM 34H | 30-025-45930 | B-30-225-33E | JAN 2020 | 357 | 42.4 | 885 | 1205 | 1093 |
| AVOGATO 30 31 STATE COM 74H | 30-025-45964 | A-30-225-33E | FEB 2020 | 284 | 42.4 | 497 | 1261 | 300 |

POOL: WC-025 G-09 S223332A; UPPER WOLFCAMP (98177) - COMM AGREEMENT PUN 1378881

| | | | | | | | | |
|-----------------------------|--------------|--------------|----------|-----|------|-----|------|-----|
| AVOGATO 30 31 STATE COM 35H | 30-025-45931 | B-30-225-33E | JAN 2020 | 323 | 42.4 | 851 | 1216 | 809 |
|-----------------------------|--------------|--------------|----------|-----|------|-----|------|-----|

W/2 SECTIONS 30 & 31 - STATE LEASE #S: VB3740, V035262, V035272

POOL: RED TANK; BONE SPRING, EAST (51687) - COMM AGREEMENT PUN 1378301

| | | | | | | | | |
|-----------------------------|--------------|--------------|----------|-----|------|------|------|------|
| AVOGATO 30 31 STATE COM 11H | 30-025-45956 | D-30-225-33E | JAN 2020 | 347 | 42.4 | 3056 | 1194 | 161 |
| AVOGATO 30 31 STATE COM 12H | 30-025-45957 | D-30-225-33E | JAN 2020 | 413 | 42.4 | 5423 | 1198 | 1085 |
| AVOGATO 30 31 STATE COM 13H | 30-025-45958 | B-30-225-33E | DEC 2019 | 121 | 42.4 | 1676 | 1202 | 37 |
| AVOGATO 30 31 STATE COM 21H | 30-025-45924 | C-30-225-33E | NOV 2019 | 295 | 42.4 | 441 | 1239 | 606 |
| AVOGATO 30 31 STATE COM 22H | 30-025-45925 | C-30-225-33E | NOV 2019 | 287 | 42.4 | 464 | 1280 | 835 |
| AVOGATO 30 31 STATE COM 23H | 30-025-45926 | C-30-225-33E | NOV 2019 | 323 | 42.4 | 361 | 1195 | 639 |
| AVOGATO 30 31 STATE COM 31H | 30-025-45929 | C-30-225-33E | FEB 2020 | 543 | 42.4 | 767 | 1212 | 877 |
| AVOGATO 30 31 STATE COM 33H | 30-025-45928 | C-30-225-33E | FEB 2020 | 324 | 42.4 | 549 | 1189 | 680 |

POOL: RED TANK; BONE SPRING (51683) - COMM AGREEMENT PUN 1380825

| | | | | | | | | |
|-----------------------------|--------------|--------------|----------|-----|------|-----|------|-----|
| AVOGATO 30 31 STATE COM 32H | 30-025-45927 | C-30-225-33E | FEB 2020 | 395 | 42.4 | 650 | 1216 | 805 |
|-----------------------------|--------------|--------------|----------|-----|------|-----|------|-----|

Oil production from the following well* is approved per PLC 596B. Gas production flows to a separate sales meter and is not included in this commingle.

| WELL NAME | API # | SURFACE LOCATION | DATE ONLINE | OIL (BOPD) | OIL GRAVITY API | GAS (MSCFD) | BTU/CF | WATER (BWPD) |
|--|--------------|------------------|-------------|------------|-----------------|-------------|--------|--------------|
| STATE LEASE V035272 | | | | | | | | |
| POOL: RED TANK; BONE SPRING, EAST (51687) | | | | | | | | |
| RED TANK 31 STATE 5H | 30-025-41885 | A-31-22S-33E | JAN 2015 | 0 | 40.2 | 0 | 1307 | 0 |

*well currently shut-in

PROCESS DESCRIPTION

Production from Red Tank 30-31 State Com 14H, 24Y and 34H will be sent to the header at Avogato 30-31 State Battery, along with Avogato 30-31 State Com Wells 4H-74H. Production flows through two three-phase production separators (10' x 40'). After separation, oil production is sent through four line heaters and then through two 8' X 20' heater-treaters. It then flows through two 48" vapor recovery towers before flowing to four oil storage tanks. From the tanks, the oil is pumped through LACT meters and sent to sales. Oil production is allocated back to each well based on well test.

For testing purposes, Avogato 30-31 State Battery is equipped with five three-phase test separators (6' x 20'). The test separators are equipped with turbine meters for oil and water measurement, and a gas orifice meter for gas measurement. All Avogato 30-31 State wells and Red Tank 30-31 State wells have been online over 16 months and are in Range 3 of decline. These wells are tested at least once per month as specified in Hearing Order R-14299.

Gas production from the Avogato 30-31 State wells and Red Tank 30-31 State wells are combined after the three-phase separators. It then flows to DCP sales meters which serve as the point of royalty payment. Gas production is allocated back to each well based on well test.

All water from the Avogato 30-31 State Battery is sent to the Salt Water Disposal Distribution system.

Production from Red Tank 31 State 5H will continue to be separated at the wellpad through a dedicated 6' X 15' three-phase test separator, where oil is measured through a turbine meter. Oil production is sent through a heater- treater after separation and sold through a dedicated LACT. During upset conditions, the oil will be pumped off location and sent to Avogato 30-31 State Battery for storage and sales, with allocation by well test as described above. Gas production is sent to a separate gas gathering system from Avogato 30-31 State Battery and sold. Gas commingling for Red Tank 31 State 5H is approved through PLC 217.

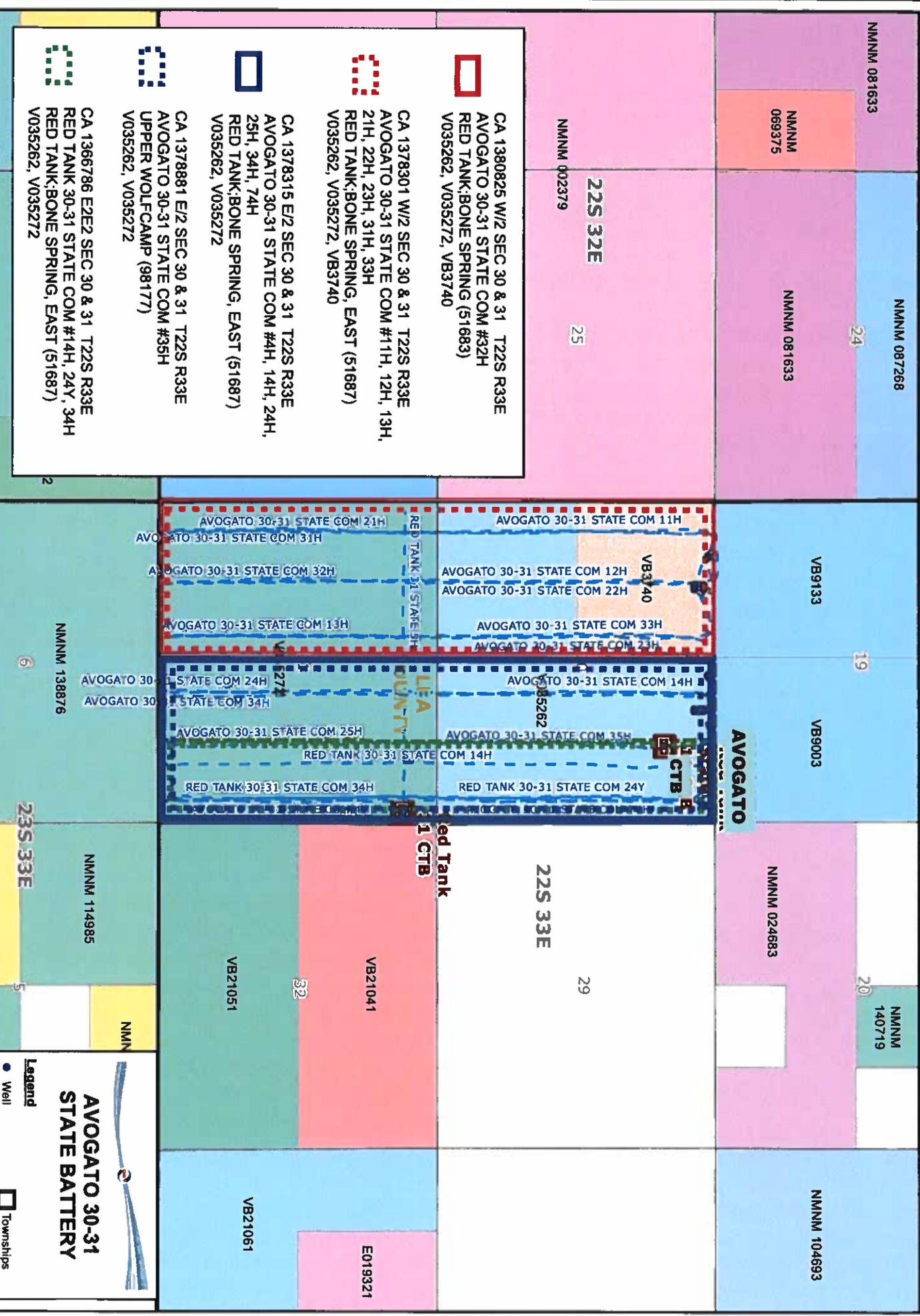
ADDITIONAL APPLICATION COMPONENTS

The flow of production is shown in detail on the enclosed facility diagram. Also enclosed is a map detailing the lease boundaries, well and battery locations.

The oil and gas meters will be calibrated on a regular basis per API and NMOCD specifications. Pursuant to Statewide rule 19.15.12.10(C)(4)(g) OXY USA INC requests the option to include additional pools or leases within the defined parameters set forth in the Order for future additions.

Commingling will not reduce the individual wells' production value or otherwise adversely affect the interest owners. It is the most effective means of producing the reserves. The surface commingle application will be submitted separately for approval per NMOCD and SLO regulations.

OXY USA INC understands the requested approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument.



 CA 1380825 W/2 SEC 30 & 31 T22S R33E
 AVOGATO 30-31 STATE COM #32H
 RED TANK;BONE SPRING (51683)
 V035262, V035272, VB3740

 CA 1378301 W/2 SEC 30 & 31 T22S R33E
 AVOGATO 30-31 STATE COM #11H, 12H, 13H,
 21H, 22H, 23H, 31H, 33H
 RED TANK;BONE SPRING, EAST (51687)
 V035262, V035272, VB3740

 CA 1378815 E/2 SEC 30 & 31 T22S R33E
 AVOGATO 30-31 STATE COM #4H, 14H, 24H,
 25H, 34H, 74H
 RED TANK;BONE SPRING, EAST (51687)
 V035262, V035272

 CA 1378881 E/2 SEC 30 & 31 T22S R33E
 AVOGATO 30-31 STATE COM #35H
 UPPER WOLFCAMP (98177)
 V035262, V035272

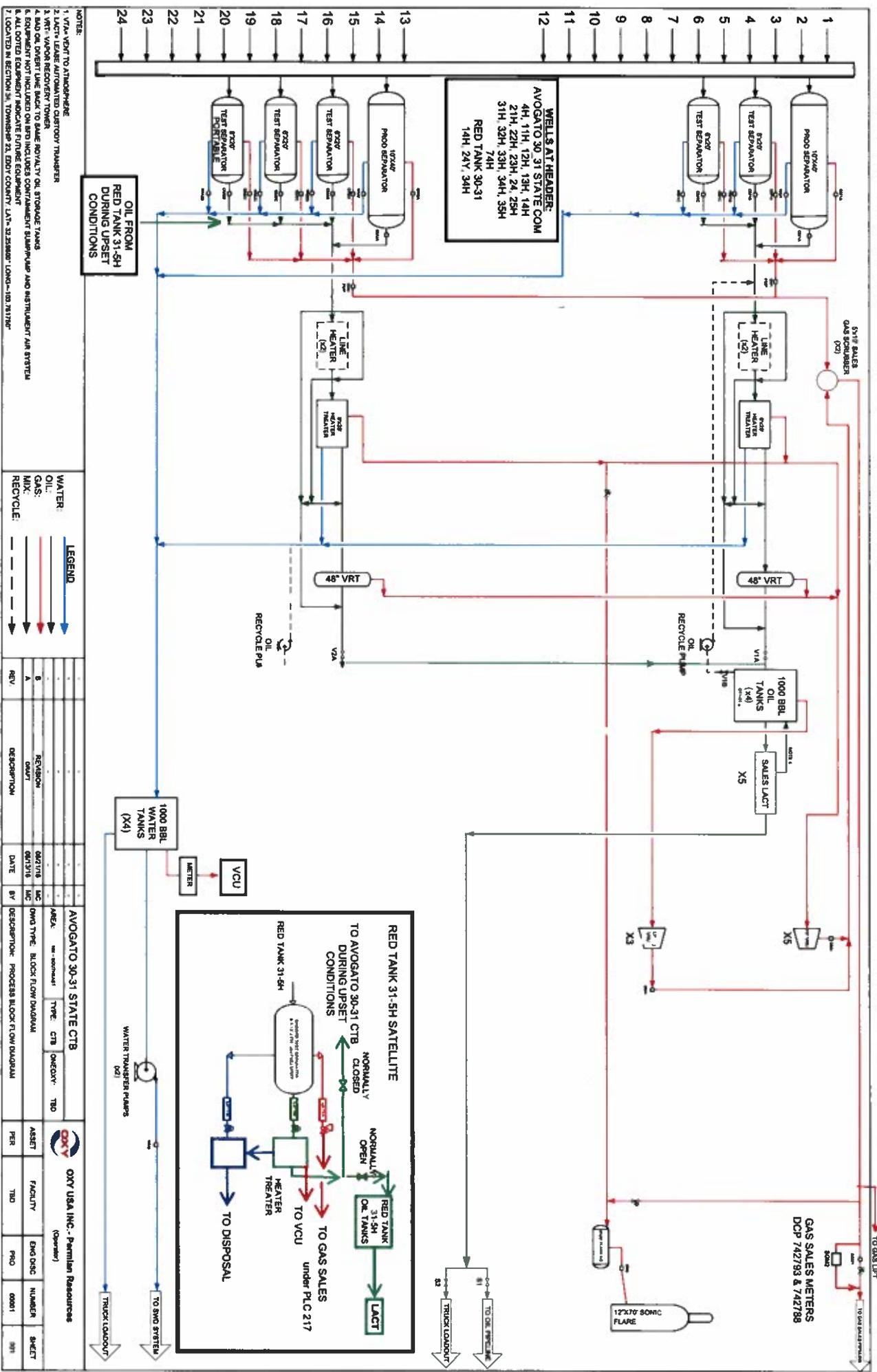
 CA 1366786 E2E2 SEC 30 & 31 T22S R33E
 RED TANK 30-31 STATE COM #14H, 24Y, 34H
 RED TANK;BONE SPRING, EAST (51687)
 V035262, V035272

North American Datum 1927
 Last Updated: 10/13/2020
 Author: M. VY
 File: RedTnneState_CTB_20201012

AVOGATO 30-31 STATE BATTERY

Legend

- Well
- Well Directional
- Townships
- Sections
- C.A. Boundary



- 1. VTA VENT TO ATMOSPHERE
- 2. LACT LEASE AUTOMATED CUSTODY TRANSFER
- 3. VTA VENT TO ATMOSPHERE
- 4. BAO OIL DIVERGENT LINE TO BAO INVALTY OIL STORAGE TANKS
- 5. EQUIPMENT NOT INCLUDED ON BAO INCLUDES CONTAMINANT SAMPLING AND ASSISTMENT AIR SYSTEM
- 6. EQUIPMENT NOT INCLUDED ON BAO INCLUDES CONTAMINANT SAMPLING AND ASSISTMENT AIR SYSTEM
- 7. LOCATED IN SECTION 36, TOWNSHIP 23, EAST COUNTY, LA. 7, 32, 28, 28, LONG - 103, 10, 10, 10

LEGEND

| | |
|---------|------------------------------------|
| WATER | Blue arrow |
| OIL | Red arrow |
| GAS | Black arrow |
| MIX | Green arrow |
| RECYCLE | Black arrow with 'OIL RECYCLE PUA' |

| REV | BY | DATE | DESCRIPTION | DATE | BY | DESCRIPTION | DATE | BY | DESCRIPTION |
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**OXY USA WTP Limited Partnership / OXY USA INC /
OCCIDENTAL PERMIAN LTD**
A subsidiary of Occidental Petroleum Corporation

5 Greenway Plaza, Suite 110, Houston, Texas 77046
P.O. Box 4294, Houston, Texas 77210-4294
Direct: 713.366.5106
Sandra_Musallam@oxy.com

June 30, 2021

Re: Application for Lease Commingling and Off-lease Measurement, Sales, & Storage for the Avogato 30-31 State Battery and Red Tank 31 Battery in Lea County, New Mexico

Dear Interest Owner:

This is to advise you that OXY USA INC is filing an amendment to PLC-596B for surface commingling at the Avogato 30-31 State Battery and Red Tank 31 Battery. A copy of the application submitted to the Division is attached.

Any objections or requests for a hearing regarding this application must be submitted to the New Mexico Oil Conservation Division Santa Fe Office within 20 Days from the date of this letter.

Pursuant to Statewide rule 19.15.12.10(C)(4)(g) OXY USA INC requests the option to include additional pools or leases within the defined parameters set forth in the order for future additions.

For questions regarding this application, please contact Sandra Musallam at (713) 366-5106.

Respectfully,

OXY USA INC
Sandra Musallam
Regulatory Engineer – Compliance Lead
Sandra_Musallam@oxy.com

MAILED 06/30/2021

| To Name | To Address Line 1 | To City | To State | To ZIP | Tracking Number |
|------------------------------------|-----------------------------------|--------------|----------|--------|-------------------------|
| 2019 PERMIAN BASIN JV | P O BOX 10 | FOLSOM | LA | 70437 | _9414811898765809754134 |
| ACCELERATE RESOURCES OPERATING LLC | 7950 LEGACY DRIVE SUITE 500 | PLANO | TX | 75024 | _9414811898765809754172 |
| BRIGHAM MINERALS | 5914 W COURTYARD DRIVE SUITE 200 | AUSTIN | TX | 78730 | _9414811898765809754318 |
| C D MARTIN | P O BOX 12 | MIDLAND | TX | 79702 | _9414811898765809754356 |
| CAL MON OIL COMPANY | 200 N LORAIN ST STE 1404 | MIDLAND | TX | 79701 | _9414811898765809754363 |
| CAMPECHE PETRO LP | 500 COMMERCE ST STE 600 | FORT WORTH | TX | 76102 | _9414811898765809754325 |
| CANYON PROPERTIES LLC | 1500 BROADWAY SUITE 1212 | LUBBOCK | TX | 79401 | _9414811898765809754301 |
| CARDINAL PLASTICS INC | PO BOX 935 | ODESSA | TX | 79760 | _9414811898765809754349 |
| CONRAD E COFFIELD | 500 RODEO ROAD NO 202 | SANTA FE | NM | 87505 | _9414811898765809754387 |
| CONRAD E COFFIELD ESTATE | 3508 FAR WEST BLVD STE 170 | AUSTIN | TX | 78731 | _9414811898765809754332 |
| DAVENPORT CONGER PROPERTIES LP | PO BOX 3511 | MIDLAND | TX | 79702 | _9414811898765809754370 |
| ELIZABETH EATON DOYLE | 18 MOCCASIN TRAIL | SANDIA PARK | NM | 87047 | _9414811898765809754011 |
| J M WELBORN TRUST | 1500 BROADWAY SUITE 1212 | LUBBOCK | TX | 79401 | _9414811898765809754059 |
| KASTMAN OIL COMPANY | P O BOX 5930 | LUBBOCK | TX | 79408 | _9414811898765809754066 |
| PATRICK K MONAGHAN TRUST | 2610 W SUNNYSIDE AVE | CHICAGO | IL | 60625 | _9414811898765809754028 |
| RC JOHNSON JR LTD | 1401 AVENUE Q | LUBBOCK | TX | 79401 | _9414811898765809754097 |
| ROBERT M DAVENPORT JR | 104 S PECOS | MIDLAND | TX | 79701 | _9414811898765809754042 |
| SDS PROPERTIES INC | P O BOX 246 | ROSWELL | NM | 88202 | _9414811898765809754080 |
| SILVERSTONE RESOURCES INC | 106 ROW THREE | LAFAYETTE | LA | 70508 | _9414811898765809754035 |
| SOLAR FLARE INVESTMENTS LLC | 1801 RED BUD LN SUITE B 248 | ROUND ROCK | TX | 78664 | _9414811898765809754073 |
| STATE OF NEW MEXICO | P O BOX 1148 | SANTA FE | NM | 87504 | _9414811898765809754417 |
| STATES ROYALTY LIMITED PARTNERSHIP | P O BOX 911 | BRECKENRIDGE | TX | 76424 | _9414811898765809754455 |
| TOCOR INVESTMENTS INC | P O BOX 293 | MIDLAND | TX | 79702 | _9414811898765809754462 |
| TUMBLER ENERGY PARTNERS LLC | 3811 TURTLE CREEK BLVD SUITE 1100 | DALLAS | TX | 75219 | _9414811898765809754424 |
| TUMBLER OPERATING PARTNERS LLC | 3811 TURTLE CREEK BLVD SUITE 1100 | DALLAS | TX | 75219 | _9414811898765809754400 |
| WADE PETROLEUM CORPORATION | 9 BROKEN ARROW PL | SANDIA PARK | NM | 87047 | _9414811898765809754493 |

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated
June 30, 2021
and ending with the issue dated
June 30, 2021.



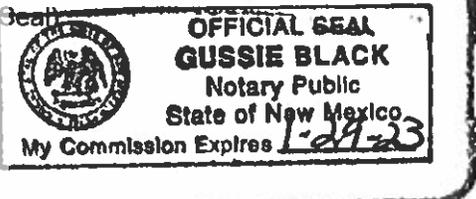
Publisher

Sworn and subscribed to before me this
30th day of June 2021.



Business Manager

My commission expires
January 29, 2023



This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

LEGALS

LEGAL NOTICE
June 30, 2021

Notice of Application for Surface Commingling

OXY USA INC located at 5 Greenway Plaza, Suite 110 Houston TX 77048 is applying to the NMOCD for an amendment to previously approved surface commingling Order PLC-596B. Oil and gas production will go to Avogato 30-31 State Battery located in Lea County, Section 30 T24S - R29E and Red Tank 31 State 5H Satellite, located in Lea County, Section 31 T24S - R29E. Wells going to the aforementioned batteries are located in Lea County, Sections 30 and 31 T24S - R29E. Production is from the Red Tank; Bone Spring, East, WC-025 G-09 S22332A; Upper Wolfcamp and Red Tank; Bone Spring pools.

Pursuant to Statewide Rule 19.15.12.10, interested parties must file objections or requests for hearing in writing with the division's Santa Fe office within 20 days after publication, or the NMOCD may approve the application.

For questions pertaining to the application, please contact Sandra Musallam at (713) 368-8108.
#36606

67111848

00255813

TALENT ACQUISITION
OCCIDENTAL PERMIAN
5 GREENWAY PLAZA, STE 110
HOUSTON, TX 77046

From: [Engineer, OCD, EMNRD](#)
To: [Musallam, Sandra C](#)
Cc: [McClure, Dean, EMNRD](#); [Simmons, Kurt, EMNRD](#); [Bratcher, Mike, EMNRD](#); [Kautz, Paul, EMNRD](#); [Hawkins, James, EMNRD](#); [Powell, Brandon, EMNRD](#); lisa@rwbyram.com; [Holm, Anchor E.](#); [Dawson, Scott](#)
Subject: Approved Administrative Order PLC-596-C
Date: Wednesday, September 8, 2021 10:43:28 AM
Attachments: [PLC596C Order.pdf](#)

NMOCD has issued Administrative Order PLC-596-C which authorizes Oxy USA, Inc. (16696) to surface commingle or off-lease measure, as applicable, the following wells:

| Well API | Well Name | UL or Q/Q | S-T-R | Pool Code |
|--------------|-------------------------------|-----------|------------|-----------|
| 30-025-45927 | Avogato 30 31 State Com #32H | W/2 | 30-22S-33E | 51683 |
| | | W/2 | 31-22S-33E | |
| 30-025-45956 | Avogato 30 31 State Com #11H | W/2 | 30-22S-33E | 51687 |
| | | W/2 | 31-22S-33E | |
| 30-025-45957 | Avogato 30 31 State Com #12H | W/2 | 30-22S-33E | 51687 |
| | | W/2 | 31-22S-33E | |
| 30-025-45958 | Avogato 30 31 State Com #13H | W/2 | 30-22S-33E | 51687 |
| | | W/2 | 31-22S-33E | |
| 30-025-45959 | Avogato 30 31 State Com #14H | E/2 | 30-22S-33E | 51687 |
| | | E/2 | 31-22S-33E | |
| 30-025-45924 | Avogato 30 31 State Com #21H | W/2 | 30-22S-33E | 51687 |
| | | W/2 | 31-22S-33E | |
| 30-025-45925 | Avogato 30 31 State Com #22H | W/2 | 30-22S-33E | 51687 |
| | | W/2 | 31-22S-33E | |
| 30-025-45926 | Avogato 30 31 State Com #23H | W/2 | 30-22S-33E | 51687 |
| | | W/2 | 31-22S-33E | |
| 30-025-45960 | Avogato 30 31 State Com #24H | E/2 | 30-22S-33E | 51687 |
| | | E/2 | 31-22S-33E | |
| 30-025-45961 | Avogato 30 31 State Com #25H | E/2 | 30-22S-33E | 51687 |
| | | E/2 | 31-22S-33E | |
| 30-025-45929 | Avogato 30 31 State Com #31H | W/2 | 30-22S-33E | 51687 |
| | | W/2 | 31-22S-33E | |
| 30-025-45928 | Avogato 30 31 State Com #33H | W/2 | 30-22S-33E | 51687 |
| | | W/2 | 31-22S-33E | |
| 30-025-45930 | Avogato 30 31 State Com #34H | E/2 | 30-22S-33E | 51687 |
| | | E/2 | 31-22S-33E | |
| 30-025-45923 | Avogato 30 31 State Com #4H | E/2 | 30-22S-33E | 51687 |
| | | E/2 | 31-22S-33E | |
| 30-025-45964 | Avogato 30 31 State Com #74H | E/2 | 30-22S-33E | 51687 |
| | | E/2 | 31-22S-33E | |
| 30-025-45931 | Avogato 30 31 State Com #35H | E/2 | 30-22S-33E | 98177 |
| | | E/2 | 31-22S-33E | |
| 30-025-44193 | Red Tank 30 31 State Com #14H | E/2 E/2 | 30-22S-33E | 51687 |
| | | E/2 E/2 | 31-22S-33E | |
| 30-025-44161 | Red Tank 30 31 State Com #24Y | E/2 E/2 | 30-22S-33E | 51687 |
| | | E/2 E/2 | 31-22S-33E | |
| 30-025-44063 | Red Tank 30 31 State Com #34H | E/2 E/2 | 30-22S-33E | 51687 |
| | | E/2 E/2 | 31-22S-33E | |
| 30-025-41885 | Red Tank 31 State #5H | N/2 N/2 | 31-22S-33E | 51687 |

The administrative order is attached to this email and can also be found online at OCD Imaging.

Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.

Dean McClure
Petroleum Engineer, Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
(505) 469-8211

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION FOR SURFACE COMMINGLING
SUBMITTED BY OXY USA, INC.**

ORDER NO. PLC-596-C

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having considered the application and the recommendation of the OCD Engineering Bureau, issues the following Order.

FINDINGS OF FACT

1. Oxy USA, Inc. (“Applicant”) submitted a complete application to surface commingle the oil and gas production from the pools, leases, and wells identified in Exhibit A except for the gas production from the Red Tank 31 State No. 5H (30-025-41885) (“Application”).
2. Applicant proposed a method to allocate the oil and gas production to the pools, leases, and wells to be commingled.
3. To the extent that ownership is identical, Applicant submitted a certification by a licensed attorney or qualified petroleum landman that the ownership in the pools, leases, and wells to be commingled is identical as defined in 19.15.12.7(B) NMAC.
4. To the extent that ownership is diverse, Applicant provided notice of the Application to all persons owning an interest in the oil and gas production to be commingled, including the owners of royalty and overriding royalty interests, regardless of whether they have a right or option to take their interests in kind, and those persons either submitted a written waiver or did not file an objection to the Application.
5. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.
6. Applicant certified the commingling of oil and gas production from the pools, leases, and wells will not in reasonable probability reduce the value of the oil and gas production to less than if it had remained segregated.
7. Applicant in the notice for the Application stated that it sought authorization to add additional pools, leases, and wells and identified the parameters to make such additions.
8. Applicant stated that it sought authorization to surface commingle and off-lease measure, as applicable, oil and gas production from wells which have not yet been approved to be drilled, but will produce from a pool and lease identified in Exhibit A.

CONCLUSIONS OF LAW

9. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, §§ 70-2-6, 70-2-11, 70-2-12, 70-2-16, and 70-2-17, 19.15.12 NMAC, and 19.15.23 NMAC.
10. Applicant satisfied the notice requirements for the Application in accordance with 19.15.12.10(A)(2), (C)(4)(c), and (C)(4)(e) NMAC, as applicable.
11. Applicant satisfied the notice requirements for the Application in accordance with 19.15.23.9(A)(5) and (6) NMAC, as applicable.
12. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.10(B)(1) or (C)(1) NMAC, as applicable.
13. Commingling of oil and gas production from state, federal, or tribal leases shall not commence until approved by the BLM or NMSLO, as applicable, in accordance with 19.15.12.10(B)(3) and (C)(4)(h) NMAC.
14. Applicant satisfied the notice requirements for the subsequent addition of pools, leases, and wells in the notice for the Application, in accordance with 19.15.12.10(C)(4)(g) NMAC. Subsequent additions of pools, leases, and wells within Applicant's defined parameters, as modified herein, will not, in reasonable probability, reduce the commingled production's value or otherwise adversely affect the interest owners in the production to be added.
15. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

ORDER

1. Applicant is authorized to surface commingle oil and gas production from the pools, leases, and wells identified in Exhibit A except for the gas production from the Red Tank 31 State No. 5H (30-025-41885) which is currently authorized within Order PLC-767.

Applicant is authorized to store and measure oil and gas production off-lease from the pools, leases, and wells identified in Exhibit A at a central tank battery described in Exhibit A except for the gas production from the Red Tank 31 State No. 5H (30-025-41885) which is currently authorized within Order PLC-767.

Applicant is authorized to surface commingle oil and gas production from wells not included in Exhibit A but that produce from a pool and lease identified in Exhibit A.

Applicant is authorized to store and measure oil and gas production off-lease from wells not included in Exhibit A but that produce from a pool and lease identified in Exhibit A at a central tank battery described in Exhibit A.

2. This Order supersedes Order PLC-596-B.
3. The commingling of gas production from the Red Tank 31 State No. 5H (30-025-41885) shall be allocated, measured, and marketed as required by other OCD Orders, currently Order

PLC-767, and is exempt from all gas commingling and off-lease measuring requirements of this Order.

4. The allocation of oil and gas production to wells not included in Exhibit A but that produce from a pool and lease identified in Exhibit A shall be determined in the same manner as to wells identified in Exhibit A that produce from that pool and lease, provided that if more than one allocation method is being used or if there are no wells identified in Exhibit A that produce from the pool and lease, then allocation of oil and gas production to each well not included in Exhibit A shall be determined by OCD prior to commingling production from it with the production from another well.
5. The allocation of oil and gas production shall be based on the production life of each well as measured for three periods: (a) the initial production period shall be measured from the first production until the earlier of either the peak production rate or thirty (30) days after the first production; (b) the plateau period shall be measured from the end of the initial production period to the peak decline rate; and (c) the decline period shall be measured from the end of the plateau period until the well is plugged and abandoned.

During the initial production period, the oil and gas production for each well identified in Exhibit A shall be allocated using a production curve calculated from a minimum of ten (10) well tests per month, except that any day in which a well test cannot achieve an accurate result due to a temporary change in oil and gas production shall not be included in the computation of time determining the well test schedule. The production curve shall be calculated by interpolating daily production for each day using the known daily production obtained by well tests and shall use a method of interpolation that is at minimum as accurate as maintaining a constant rate of change for each day's production between the known daily production values.

During the plateau period, the oil and gas production for each well identified in Exhibit A shall be allocated using a minimum of three (3) well tests per month.

During the decline period, the oil and gas production for each well identified in Exhibit A shall be allocated as follows: (a) a minimum of three (3) well tests per month when the decline rate is greater than twenty-two percent (22%) per month; (b) a minimum of two (2) well tests per month when the decline rate is between twenty-two percent (22%) and ten percent (10%) per month; and (c) a minimum of one (1) well test per month when the decline rate is less than ten percent (10%) per month.

Upon OCD's request, Applicant shall submit a Form C-103 to the OCD Engineering Bureau that contains the decline rate curve and other relevant information demonstrating the production life of a well.

Applicant shall conduct a well test by separating and metering the oil and gas production from that well for either (a) a minimum of twenty-four (24) consecutive hours; or (b) a combination of nonconsecutive periods that meet the following conditions: (i) each period

shall be a minimum of six (6) hours; and (ii) the total duration of the nonconsecutive periods shall be a minimum of eighteen (18) hours.

The well test requirements of this Order shall be suspended for any well shut-in for a period that continues for more than fifteen (15) days until the well commences production.

6. Applicant shall measure and market the commingled oil at a central tank battery described in Exhibit A in accordance with this Order and 19.15.18.15 NMAC or 19.15.23.8 NMAC.
7. Applicant shall measure and market the commingled gas at a central delivery point, central tank battery, or gas title transfer meter described in Exhibit A in accordance with this Order and 19.15.19.9 NMAC, provided however that if the gas is vented or flared, and regardless of the reason or authorization pursuant to 19.15.28.8(B) NMAC for such venting or flaring, Applicant shall measure or estimate the gas in accordance with 19.15.28.8(E) NMAC.
8. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10(C)(2) NMAC.
9. If the commingling of oil and gas production from any pool, lease, or well reduces the value of the commingled oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred Applicant shall submit a new surface commingling application to OCD to amend this Order to remove the pool, lease, or well whose oil and gas production caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.
10. Applicant may submit an application to amend this Order to add pools, leases, and subsequently drilled wells with spacing units adjacent to or within the tracts commingled by this Order by submitting a Form C-107-B in accordance with 19.15.12.10(C)(4)(g) NMAC.
11. If a well is not included in Exhibit A but produces from a pool or lease identified in Exhibit A, then Applicant shall submit Forms C-102 and C-103 to the OCD Engineering Bureau after the well has been approved to be drilled and prior to off-lease measuring or commingling oil or gas production from it with the production from another well. The Form C-103 shall reference this Order and identify the well and proposed method to determine the allocation of oil and gas production to it.
12. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
13. If OCD determines that Applicant has failed to comply with any provision of this Order, OCD may take any action authorized by the Oil and Gas Act or the New Mexico Administrative Code (NMAC).
14. OCD retains jurisdiction of this matter and reserves the right to modify or revoke this Order as it deems necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**

DATE: 8/31/2021

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: PLC-596-C

Operator: Oxy USA, Inc. (16696)

Central Tank Battery: Avogato 30 31 State Battery

Central Tank Battery Location: Unit A, Section 30, Township 22 South, Range 33 East

Gas Title Transfer Meter Location: Unit A, Section 30, Township 22 South, Range 33 East

Pools

| Pool Name | Pool Code |
|------------------------------------|-----------|
| RED TANK; BONE SPRING | 51683 |
| RED TANK; BONE SPRING, EAST | 51687 |
| WC-025 G-09 S223332A; UPR WOLFCAMP | 98177 |

Leases as defined in 19.15.12.7(C) NMAC

| Lease | UL or Q/Q | S-T-R |
|------------------------------|-----------|------------|
| CA Bone Spring NMSLO 1366786 | E/2 E/2 | 30-22S-33E |
| | E/2 E/2 | 31-22S-33E |
| CA Bone Spring NMSLO 1378315 | E/2 | 30-22S-33E |
| | E/2 | 31-22S-33E |
| CA Wolfcamp NMSLO 1378881 | E/2 | 30-22S-33E |
| | E/2 | 31-22S-33E |
| CA Bone Spring NMSLO 1378301 | W/2 | 30-22S-33E |
| | W/2 | 31-22S-33E |
| CA Bone Spring NMSLO 1380825 | W/2 | 30-22S-33E |
| | W/2 | 31-22S-33E |
| VO 35272 | N/2 N/2 | 31-22S-33E |

Wells

| Well API | Well Name | UL or Q/Q | S-T-R | Pool |
|--------------|------------------------------|-----------|------------|-------|
| 30-025-45927 | Avogato 30 31 State Com #32H | W/2 | 30-22S-33E | 51683 |
| | | W/2 | 31-22S-33E | |
| 30-025-45956 | Avogato 30 31 State Com #11H | W/2 | 30-22S-33E | 51687 |
| | | W/2 | 31-22S-33E | |
| 30-025-45957 | Avogato 30 31 State Com #12H | W/2 | 30-22S-33E | 51687 |
| | | W/2 | 31-22S-33E | |
| 30-025-45958 | Avogato 30 31 State Com #13H | W/2 | 30-22S-33E | 51687 |
| | | W/2 | 31-22S-33E | |
| 30-025-45959 | Avogato 30 31 State Com #14H | E/2 | 30-22S-33E | 51687 |
| | | E/2 | 31-22S-33E | |
| 30-025-45924 | Avogato 30 31 State Com #21H | W/2 | 30-22S-33E | 51687 |
| | | W/2 | 31-22S-33E | |
| 30-025-45925 | Avogato 30 31 State Com #22H | W/2 | 30-22S-33E | 51687 |
| | | W/2 | 31-22S-33E | |
| 30-025-45926 | Avogato 30 31 State Com #23H | W/2 | 30-22S-33E | 51687 |
| | | W/2 | 31-22S-33E | |

| | | | | |
|--------------|-------------------------------|--------------------|--------------------------|-------|
| 30-025-45960 | Avogato 30 31 State Com #24H | E/2 E/2 | 30-22S-33E 31-22S-33E | 51687 |
| 30-025-45961 | Avogato 30 31 State Com #25H | E/2 E/2 | 30-22S-33E 31-22S-33E | 51687 |
| 30-025-45929 | Avogato 30 31 State Com #31H | W/2 W/2 | 30-22S-33E 31-22S-33E | 51687 |
| 30-025-45928 | Avogato 30 31 State Com #33H | W/2 W/2 | 30-22S-33E 31-22S-33E | 51687 |
| 30-025-45930 | Avogato 30 31 State Com #34H | E/2 E/2 | 30-22S-33E 31-22S-33E | 51687 |
| 30-025-45923 | Avogato 30 31 State Com #4H | E/2 E/2 | 30-22S-33E 31-22S-33E | 51687 |
| 30-025-45964 | Avogato 30 31 State Com #74H | E/2 E/2 | 30-22S-33E 31-22S-33E | 51687 |
| 30-025-45931 | Avogato 30 31 State Com #35H | E/2 E/2 | 30-22S-33E 31-22S-33E | 98177 |
| 30-025-44193 | Red Tank 30 31 State Com #14H | E/2 E/2 E/2 E/2 | 30-22S-33E 31-22S-33E | 51687 |
| 30-025-44161 | Red Tank 30 31 State Com #24Y | E/2 E/2 E/2 E/2 | 30-22S-33E 31-22S-33E | 51687 |
| 30-025-44063 | Red Tank 30 31 State Com #34H | E/2 E/2 E/2 E/2 | 30-22S-33E 31-22S-33E | 51687 |
| 30-025-41885 | Red Tank 31 State #5H | N/2 N/2 | 31-22S-33E | 51687 |

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone:(575) 393-6161 Fax:(575) 393-0720
District II
 811 S. First St., Artesia, NM 88210
 Phone:(575) 748-1283 Fax:(575) 748-9720
District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 36001

CONDITIONS

| | |
|--|--|
| Operator: OXY USA INC P.O. Box 4294 Houston, TX 772104294 | OGRID: 16696 |
| | Action Number: 36001 |
| | Action Type: [C-107] Surface Commingle or Off-Lease (C-107B) |

CONDITIONS

| Created By | Condition | Condition Date |
|------------|--|----------------|
| dmcclosure | Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me. | 9/8/2021 |