5 Greenway Plaza, Suite 110, Houston, Texas 77046 P.O. Box 4294, Houston, Texas 77210-4294 Direct: 713.497.2055 Beth Schenkel@oxy.com

July 29, 2021

#### <u>CERTIFIED MAIL</u> RETURN RECEIPT REQUESTED

Re: Application for Amendment to Pool and Lease Commingle Permit and Off-lease Measurement, Sales & Storage for Wells at the Salt Flat Battery in Eddy County, New Mexico.

#### **Dear Interest Owner:**

This is to advise you that OXY USA INC is filing an amendment to Order PLC-661A for surface commingling at the Salt Flat Battery. A copy of the application submitted to the Division is attached. This request also includes future wells within the same pools and leases/CAs of wells listed below.

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 Beth Schenkel at (713) 497-2055.

Respectfully,

**OXY USA INC** 

Beth Schenkel

Regulatory Engineer

youth Soul

Beth Schenkel@oxy.com

			- 0
Revised	March	23.	2017

RECEIVED:	REVIEWER:	TYPE:	APP NO:		
	- Geolog	ABOVE THIS TABLE FOR OCC CO OIL CONSERV ical & Engineerin Francis Drive, Sant	<b>ATION DIVIS</b> g Bureau –		BUT OF NEW MORES
	ADMINIST	RATIVE APPLICAT	ION CHECKL	IST	
THIS	CHECKLIST IS MANDATORY FOR A REGULATIONS WHICH F	ALL ADMINISTRATIVE APPLIC REQUIRE PROCESSING AT TH			Rules and
Applicant: <u>OXY</u>					ber: <u>16696</u>
	gabond CC 8 17 Fed				
OOI: CEDAR CA	NYON; BONE SPRING 8	MULIIPLE	r	ooi Code:	11520 & MULTIPLE
SUBMIT ACCUR	RATE AND COMPLETE IN	IFORMATION REQUINDICATED BELO		ESS THE TYPI	E OF APPLICATION
A. Location	.ICATION: Check those n – Spacing Unit – Simu NSL NSP(	Itaneous Dedi <u>cati</u>	-	□sd	
[	one only for [1] or [11] nmingling – Storage – N DHC	PLC XPC (sure Increase – Enh	OLS		FOR OCD ONLY
A. Offse B. Roya C. Appl D. Notifi E. Notifi F. Surfa G. For a	N REQUIRED TO: Check t operators or lease ho lity, overriding royalty of ication requires publish cation and/or concur- ication and/or concur- ce owner Il of the above, proof of otice required	olders owners, revenue ov ned notice rent approval by Si rent approval by B	wners LO LM		Notice Complete Application Content Complete
administrative understand t	N: I hereby certify that e approval is accurate hat no action will be to are submitted to the D	and <b>complete</b> to aken on this applic	the best of my	y knowledge	e. I also
١	Note: Statement must be comp	leted by an individual wit	h managerial and/	or supervisory c	apacity.
			07/29/202	21	
Beth Scher	nkel		Date		
Print or Type Name			(713) 497	'-2055	
	_		Phone Nur		
aprille	NSml		Beth_Sch	nenkel@oxy.c	com
Signature			e-mail Add		

<u>District I</u> 1625 N. French Drive, Hobbs, NM 88240 <u>District II</u> 811 S. First St., Artesia, NM 88210

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	N FOR SURFACE	COMMINGLING	F (DIVERSE	OWNERSHIP)									
	USA INC												
	ENWAY PLAZA SUIT	E 110, HOUSTON, TX	X 77046										
APPLICATION TYPE:													
☐ Pool Commingling ☐ Lease Comming	gling Pool and Lease Co		Storage and Measur	rement (Only if not Surfac	e Commingled)								
	State Fede												
Is this an Amendment to existing Ord Have the Bureau of Land Manageme ⊠Yes □No													
		OL COMMINGLIN ts with the following in											
(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													
(2) Are any wells producing at top allo	wables? □Yes ⊠No												
(3) Has all interest owners been notified by certified mail of the proposed commingling?   (4) Measurement type:   (5) Will commingling decrease the value of production?   (6) LEASE COMMINGLING													
Please attach sheets with the following information  (1) Pool Name and Code.  (2) Is all production from same source of supply?													
(C) POOL and LEASE COMMINGLING													
(1) Complete Sections A and E.	Flease attach sheet	ts with the following in	погшаноп										
, zampana zazania za ana za													
	(D) OFF-LEASE ST Please attached she	TORAGE and MEA ets with the following											
(1) Is all production from same source	of supply? Yes N												
(2) Include proof of notice to all interest	st owners.												
(E) .	ADDITIONAL INFO	ORMATION (for all ts with the following in		ypes)									
(1) A schematic diagram of facility, inc	cluding legal location.												
<ul><li>(2) A plat with lease boundaries showing</li><li>(3) Lease Names, Lease and Well Num</li></ul>	=	ions. Include lease number	ers if Federal or Sta	ate lands are involved.									
I hereby certify that the information abov	e is true and complete to the	e best of my knowledge an	id belief.										
SIGNATURE: Gulth S		TTLE:REGULATORY		DATE:07/2	9/2021								
TYPE OR PRINT NAMEBETH Se	CHENKELTI	ELEPHONE NO.:_(713)	197-2055										
E-MAIL ADDRESS:BETH_SCHENK	EL@OXY.COM												

# APPLICATION FOR POOL COMMINGLE & OFF-LEASE STORAGE, MEASUREMENT AND SALES Commingling proposal for the Salt Flat CTB – Train #4

OXY USA INC respectfully requests approval of an amendment to PLC661A for pool commingle and off-lease storage, measurement and sales for Train #4 at the Salt Flat CTB (Lat 32.208183, Long -104.010796, C- 20-24S-29E). Vagabond CC 8 17 Federal Com #024H and Vagabond CC 8 17 Federal Com #025H will produce to Train #4 and require a pool commingle and off-lease storage, measurement and sales with the existing wells. Production from the four Trains will be kept separate and only commingled downstream of the LACT used for the BLM's royalty payments. This request also includes future wells within the same pools and leases/CAs of wells listed below.

#### POOL COMMINGLE & OFF-LEASE STORAGE, MEASUREMENT AND SALES - TRAIN #4

POOLS: CEDAR CANYON; BONE SPRING (11520) & PIERCE CROSSING; BONE SPRING (50371) & PIERCE CROSSING; BONE SPRING, EAST (96473) & PURPLE SAGE; WOLFCAMP (98220) CA NMNM 141236 (BONE SPRING) & CA NMNM 141237 (WOLFCAMP)

12.5% BLM ROYALTY 12.5% (NMNM 102913) & 18.75% BLM ROYALTY 12.5% (NMNM 117120) & 6.25% BLM ROYALTY 12.5% (NMNM 94651) & 62.5% FEE

FOR BLM INTEREST ALLOCATION OF 4.69%

Well Name	API	Pool	POOL CODE	EST DATE ONLINE	Est. Oil (bpd)	Est. Gravity API	Est. Gas (MSCFD)	Est. BTU/cf	Est. Water (bpd)
Oxbow CC 17 08 Federal Com #034H	30-015-45086	PURPLE SAGE; WOLFCAMP	98220	Mar-20	233	46	1568	1400	1176
Oxbow CC 17 08 Federal Com #038H	30-015-46401	PURPLE SAGE; WOLFCAMP	98220	Mar-20	292	46	1719	1300	1802
Oxbow CC 17 08 Federal Com #036H	30-015-45088	PURPLE SAGE; WOLFCAMP	98220	Mar-20	286	46	1161	1300	1175
Oxbow CC 17 08 Federal Com #035H	30-015-45087	PIERCE CROSSING; BONE SPRING	50371	Mar-20	264	46	1216	1300	1718
Vagabond CC 8 17 Federal Com #024H	30-015-47972	CEDAR CANYON; BONE SPRING	11520	Nov-21	2316	44-48	3776	1000	4675
		PIERCE CROSSING; BONE SPRING	50371						
		PIERCE CROSSING; BONE SPRING, EAST	96473						
Vagabond CC 8 17 Federal Com #025H	30-015-47974	CEDAR CANYON; BONE SPRING	11520	Nov-21	2316	44-48	3776	1000	4675
		PIERCE CROSSING; BONE SPRING	50371						
		PIERCE CROSSING; BONE SPRING, EAST	96473						

#### **Process Description:**

For each Facility Train, production is sent through a 10' X 40' three-phase production separator. Oil production flows through a line heater then to an 8' X 20' heater treater before being sent to a 4' vapor recovery tower. Oil then flows to two oil storage tanks before being pumped through one of two LACT meters S/N\*, which will serve as the FMPs for BLM royalty payments. Oil from all four trains then combines and routes to two oil storage tanks before being pumped through one of three LACT meters S/N\*, which will serve as Oxy's sales point. A truck load FMP will be set up at the Facility for use as back-up in the event of a LACT meter failure.

Oil and gas production will be allocated back to each well based on well test. For testing purposes, each Train will be equipped with one permanent 8'  $\times$  20' three-phase test separator. Each test vessel will be equipped with oil turbine meters (S/N\*), gas orifice meters (S/N\*) and water turbine meters.

All wells will be tested daily prior to Range 1 of decline, and will be tested at least three times per month during Range 1 of decline. When Range 2 decline is started, the wells will be tested at least twice per month. Wells will be tested at least once per month when Range 3 of decline is started, as specified in Hearing Order R-14299.

\*Meter number to be submitted upon installation. The oil and gas meters will be calibrated on a regular basis per API, NMOCD and BLM specifications.

Gas production from all wells at each Train will be combined after the production and test separators. It will then flow through an orifice meter  $S/N^*$ , which will serve as the gas FMP for that Train for the purpose of BLM royalty payment, then sent to one of two 5' x 10' gas scrubbers, and then sent to sales.

All water from the Salt Flat CTB will be sent to the Cedar Canyon Water Disposal System.

\*Meter number to be submitted upon installation. The oil and gas meters will be calibrated on a regular basis per API, NMOCD and BLM specifications.

#### **Additional Application Components:**

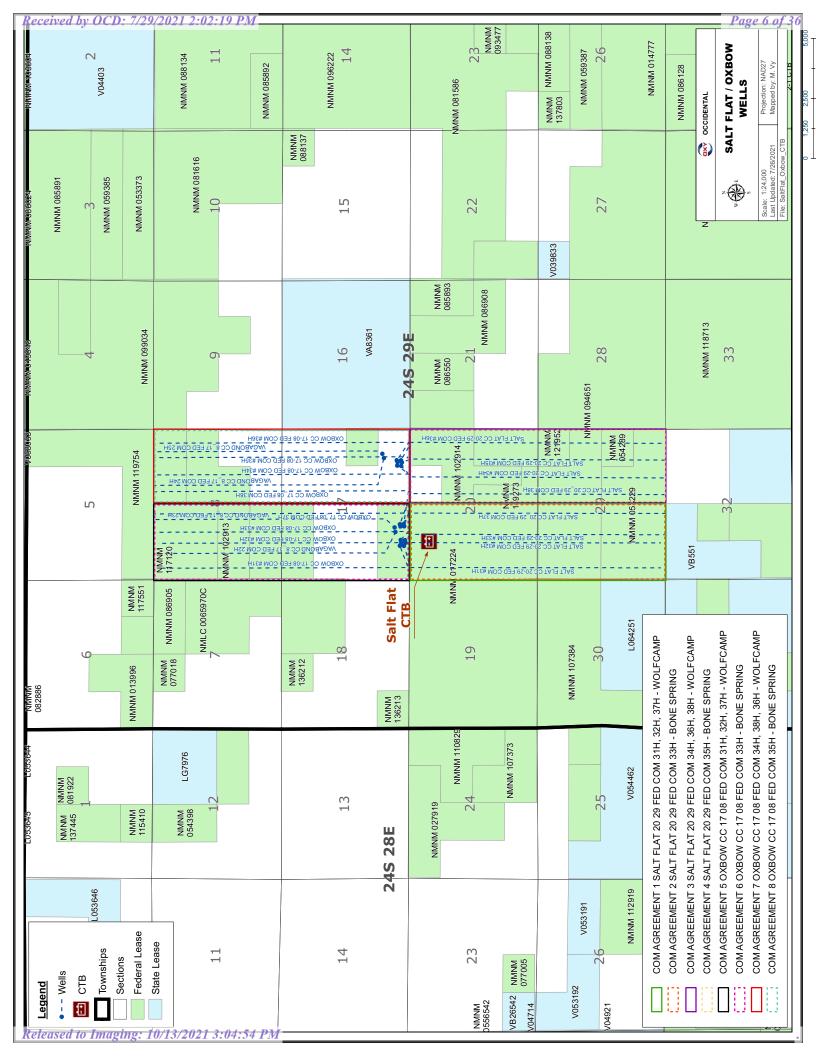
The flow of production is shown in detail on the enclosed facility diagram. Also enclosed is a map detailing the lease boundaries, well and battery locations.

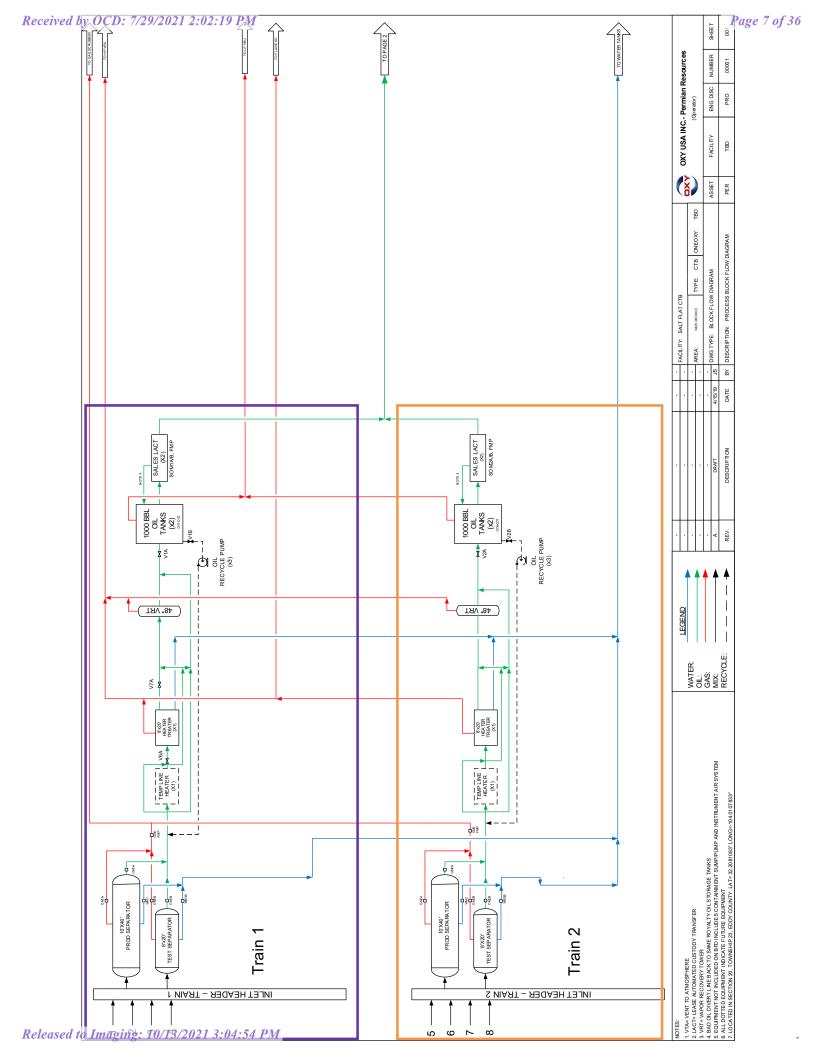
All wells in each train have identical ownership therefore notification was not required.

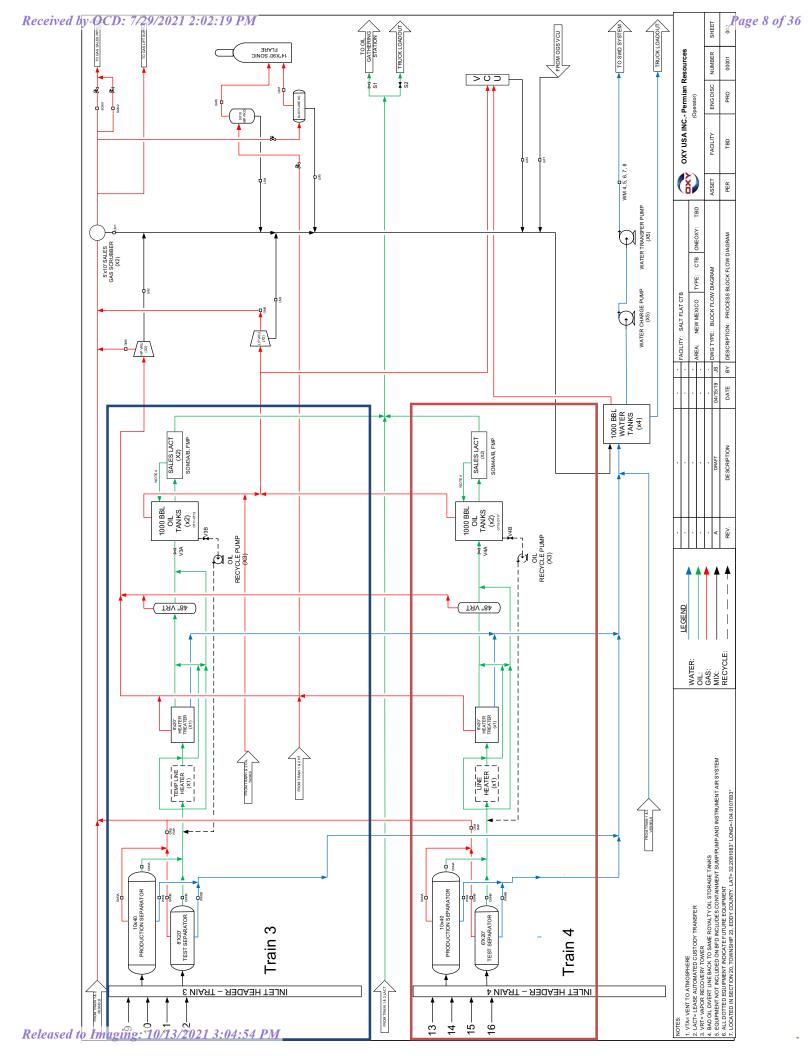
Pursuant to Statewide rule 19.15.12.10(C)(4)(g) OXY USA INC requests the option to include additional pools or leases within the defined parameters set forth in the Order for future additions.

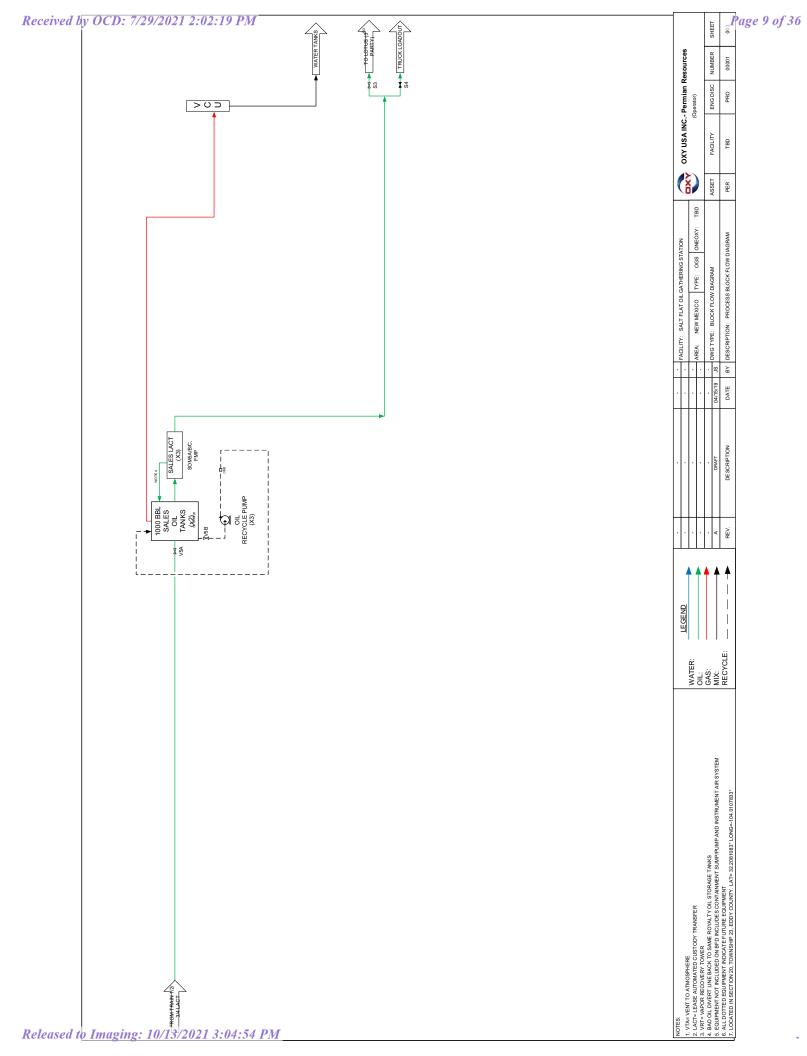
Commingling this production is the most effective means of producing the reserves. The surface commingle application will be submitted separately for approval per NMOCD and BLM regulations.

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.









OXY USA INC.- Permian Resources

(X) ASSET PER

TBD

AREA NEW MEXICO SOUTHEAT CTB SER

DATE

NUMBER 10000

ENG DISC PRO

FACILITY TBD

able 3: I	lable 3: Meter Details	alls			able 5: IV	lable 3: Meter Details (Cont.	IIS (COLIC.)	
Meter S/N	FMP	Service	Type	MeterID	Meter S/N	FMP	Service	Type
TBD	Z	GAS	ORIFICE	OM4A	TBD	z	OIL	TURBINE
TBD	Ν	GAS	ORIFICE	OM4B	TBD	Z	OIL	TURBINE
TBD	N	GAS	ORIFICE	OM4C	TBD	Z	OIL	TURBINE
TBD	N	GAS	ORIFICE	SOM1	TBD	٨	OIL	CORIOLIS
TBD	N	GAS	ORIFICE	SOM2	TBD	٨	OIL	CORIOLIS
TBD	Z	GAS	ORIFICE	<b>EMOS</b>	TBD	٨	OIL	CORIOLIS
TBD	N	GAS	ORIFICE	SOM4	TBD	٨	OIL	CORIOLIS
TBD	Z	GAS	ORIFICE	WM1A	TBD	Z	WATER	MAG
TBD	N	GAS	ORIFICE	WM1B	TBD	Z	WATER	MAG
TBD	Z	GAS	ORIFICE	WM1C	TBD	Z	WATER	MAG
TBD	N	GAS	ORIFICE	WM2A	TBD	Z	WATER	MAG
TBD	N	GAS	ORIFICE	WM2B	TBD	Z	WATER	MAG
TBD	γ	GAS	ORIFICE	WM2C	TBD	Z	WATER	MAG
TBD	γ	GAS	ORIFICE	WM3A	TBD	Z	WATER	MAG
TBD	Ν	GAS	ORIFICE	WM3B	TBD	z	WATER	MAG
TBD	Z	GAS	ORIFICE	WM3C	TBD	Z	WATER	MAG
TBD	Z	GAS	ORIFICE	WM4A	TBD	Z	WATER	MAG
TBD	Ν	GAS	ORIFICE	WM4B	TBD	Z	WATER	MAG
TBD	Z	GAS	ORIFICE	WM4C	TBD	Z	WATER	MAG
TBD	Ν	GAS	ORIFICE	WM1	TBD	z	WATER	MAG
TBD	Υ	GAS	ORIFICE	WM2	TBD	z	WATER	MAG
TBD	Υ	GAS	ORIFICE	WM3	TBD	z	WATER	MAG
TBD	Ν	OIL	TURBINE	WM4	TBD	z	WATER	MAG
TBD	Ν	OIL	TURBINE	OM5	TBD	z	OIL	TURBINE
TBD	Ν	OIL	TURBINE	LM1	TBD	Z	WATER	TURBINE
TBD	Ν	OIL	TURBINE	LM2	TBD	z	WATER	TURBINE
TBD	Ν	OIL	TURBINE	LM3	TBD	z	WATER	TURBINE
TBD	Ν	OIL	TURBINE	LM4	TBD	z	WATER	TURBINE
TBD	Ν	OIL	TURBINE	LM5	TBD	z	WATER	TURBINE
TBD	Z	OIL	TURBINE LM6	LM6	TBD	z	WATER	TURBINE
TBD	z	Ē	TIDBINE	774	Tan	2	CLT 4/4/	LIVIO

Details	3/N	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Table 4: Oil Tank Details	Irain	1	1	2	2	3	3	4	4	SALES	SALES
Table 4	Iank ID	OT1	012	016	710	OT11	OT12	OT16	OT17	OT19	0120

Table 5	Table 5: Fuel Gas Users	
User Description	Fuel Usage (SCFD)   Method	Method
Heater Treater (2)		
Line Heater (6)		
VCU (1)		
Flare (1)		
Oil Tanks Blanket Gas		
(4)		

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4	١.	<b>A</b>	<b></b>	•	<b>A</b>	
<b>~</b>					İ	
LEGEND					İ	
	ù.				OLE:	
	WATE	<u> </u>	GAS:	MIX:	RECY	

				Α	REV.
LEGEND	<b>X</b> .				<b>↑</b>
	VATER:	JL:	SAS:	AIX:	ECYCLE:

			Table 2: Valve Details	alve Detail	S
tails		Producti	Production Phase	Sales	Sales Phase
	API	Valve ID	Valve ID Posistion Valve ID Posistion	Valve ID	Posistion
m #031H	30-015-45080	V1A	OPEN	V1A	OPEN
m #032H	30-015-45081	V1B	OPEN	V1B	OPEN
m #033H	30-015-45082	V2A	OPFN	V2A	OPFN
m #037H	30-015-46369	V2B	OPEN	V2R	OPFN
m #034H	30-015-45048	727	OPEN	757	OPEN
m #035H	30-015-45049	ACV.	2 2	¥ ,	מון מ
m #036H	30-015-45050	V.5B	OPEN	V 35	OPEN
m #038H	30-015-46399	V4A	OPEN	V4A	OPEN
n #031H	30-015-45083	V4B	OPEN	V4B	OPEN
#032H	20 015 45084	S1	OPEN	S1	OPEN
11#U3ZH	30-013-43004	S2	CLOSED	22	CLOSED
II #03/II	30-0T2-40400	E)	ODEN	S	ODEN
n #033H	30-015-45085	33	OFEN	55	O LIN
HC20# mc	30-015-47978	S4	CLOSED	S4	CLOSED
	010				

		API	30-015-45080	30-015-45081	30-015-45082	30-015-46369	30-015-45048	30-015-45049	30-015-45050	30-015-46399	30-015-45083	30-015-45084	30-015-46400	30-015-45085	30-015-47978	30-015-47975	30-015-45086	30-015-46401	30-015-45088	30-015-45087	30-015-47972	30-015-47974	
	Table 1: Well Details	Well Name	Salt Flat CC 20-29 Fed Com #031H	Salt Flat CC 20-29 Fed Com #032H	Salt Flat CC 20-29 Fed Com #033H	Salt Flat CC 20-29 Fed Com #037H	Salt Flat CC 20-29 Fed Com #034H	Salt Flat CC 20-29 Fed Com #035H	Salt Flat CC 20-29 Fed Com #036H	Salt Flat CC 20-29 Fed Com #038H	Oxbow CC 17 08 Fed Com #031H	Oxbow CC 17 08 Fed Com #032H	Oxbow CC 17 08 Fed Com #037H	Oxbow CC 17 08 Fed Com #033H	Vagabond CC 8 17 Fed Com #022H	Vagabond CC 8 17 Fed Com #023H	Oxbow CC 17 08 Fed Com #034H	Oxbow CC 17 08 Fed Com #038H	Oxbow CC 17 08 Fed Com #036H	Oxbow CC 17 08 Fed Com #035H	Vagabond CC 8 17 Fed Com #024H	Vagabond CC 8 17 Fed Com #025H	
		Train	1	1	1	1	2	2	2	2	3	3	3	3	3	3	4	4	4	4	4	4	
Released to I	na	.o No.	 ng	2	e 1 <i>0)</i>	7 /1:	S /2	9	21	« 3:	6 04	10	11 <b>4</b>	17 17	13	14	15	16	17	18	19	20	
newsen iv 1	,,,,	8	**8	• .	. 07		7 4	04	11	0.	07	• •	1 .		_		_					_	L

District I
1625 N. Franch 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 Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

☐ AMENDED REPORT

#### WELL LOCATION AND ACREAGE DEDICATION PLAT

30-015- 479		Pierce Crossing, Bone Spring/ Pierce Crossing Bone Spring East/Cedar Canyon Bone	e Sprina
Property Code	Pr	roperty Name	Well Number
329996	VAGABOND CC "8	_17" FEDERAL COM	24H
OGRID No.	OĮ	perator Name	Elevation
16696	OXY	USA INC.	2927.5'

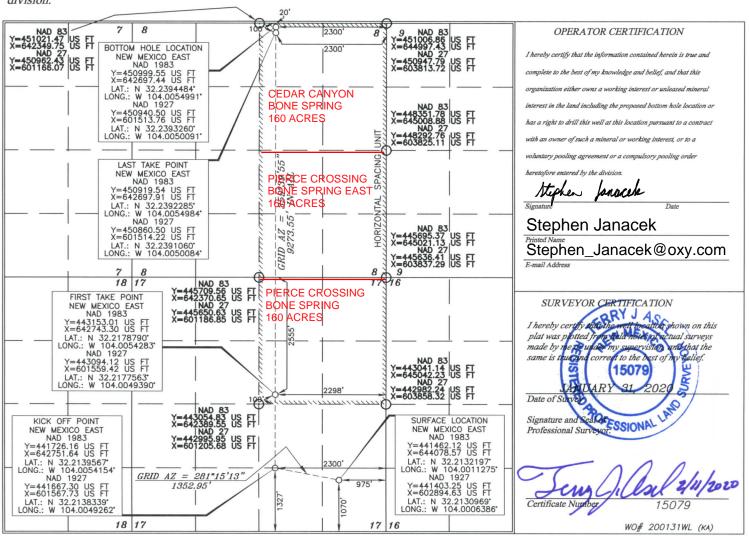
Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	17	24 SOUTH	29 EAST, N.M.P.M.		1070'	SOUTH	975'	EAST	EDDY
			Du III I	TCI	D'CC / I	7 0 0			

Bottom Hole Location If Different From Surface

	Bottom Hole Location in Different 110m Surface									
UL or lot no.	t no. Section Township Range		Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County		
В	B 8 24 SOUTH 29 EAST, N.		М. Р. М.		20'	NORTH	2300'	EAST	EDDY	
Pedicated Acres 480		Joint or Infill  y	Consolidation Code	Order No.						

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



<u>District I</u> 1625 N. French Dr., Hobbs, NM 88240 Phone: (575) 393-6161 Fax: (575) 393-0720 <u>District II</u> 811 S. First St., Artesia, NM 88210 Phone: (575) 748-1283 Fax: (575) 748-9720 District III District III 1000 Rio Brazos Road, Aztec, NM 87410 Thoma: (505) 334-6178 Fax: (505) 334-6170

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505

Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

☐ AMENDED REPORT

#### WELL LOCATION AND ACREAGE DEDICATION PLAT

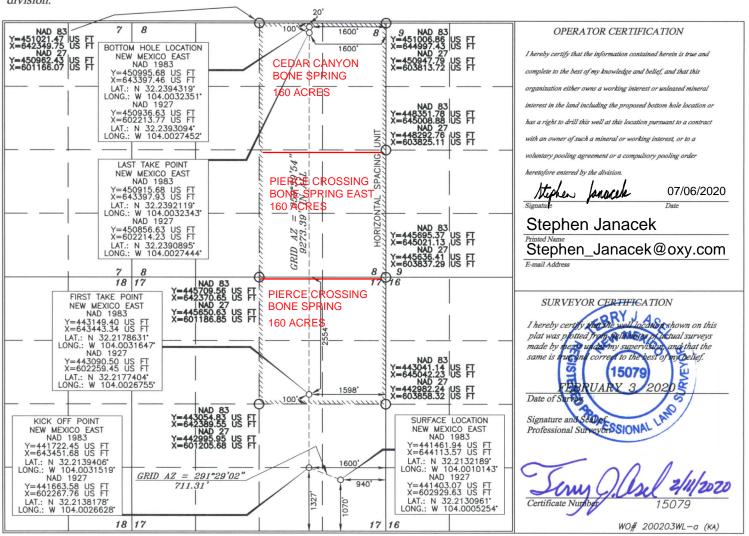
30-015- 479		Pierce Crossing, Bone Spring / Pierce Crossing Bone S Bone Spring	Spring East / Cedar Canyon
Property Code		Property Name	Well Number
320006	VAGABOND CC "	'8_17" FEDERAL COM	25H
OGRID No.		Operator Name	Elevation
16696	OXY	USA INC.	2927.5'

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	17	24 SOUTH	29 EAST, N.M.P.M.		1070'	SOUTH	940'	EAST	EDDY
Pottom Hole Location If Different From Curface									

	Bottom Hole Becauton ii Billetent Holm Salitace									
UL or lot no.	L or lot no. Section Township Range			Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County	
B 8 24 SOUTH		29 EAST, N.	М. Р. М.		20'	NORTH	1600'	EAST	EDDY	
480	Acres	Joint or Infill  y	Consolidation Code	Order No.						

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.





U.S. Department of the Interior BUREAU OF LAND MANAGEMENT

Sundry Print Reports
09/16/2021

Well Name: OXBOW CC 17-8 Well Location: T24S / R29E / SEC 17 / County or Parish/State: EDDY /

FEDERAL COM SESE / 32.2119364 / -104.0019652

Well Number: 35H Type of Well: OIL WELL Allottee or Tribe Name:

Lease Number: NMNM117120 Unit or CA Name: Unit or CA Number:

**US Well Number:** 300154508700S1 **Well Status:** Producing Oil Well **Operator:** OXY USA

INCORPORATED

#### **Notice of Intent**

**Sundry ID: 2634660** 

Type of Submission: Notice of Intent

Type of Action: Other

Date Sundry Submitted: 09/16/2021 Time Sundry Submitted: 01:38

Date proposed operation will begin: 12/31/2021

**Procedure Description:** OXY USA Inc. respectfully requests approval to amend the pool on the subject well. See the attached C102 well plat showing the new pools referenced.

### **Surface Disturbance**

Is any additional surface disturbance proposed?: No

### **NOI Attachments**

#### **Procedure Description**

 $Oxbow\_17\_8\_Federal\_Com\_35H\_ASDRILLEDAMEND\_C102\_POOLCHG\_20210916133816.pdf$ 

Page 1 of 2

FEDERAL COM

Well Location: T24S / R29E / SEC 17 /

County or Parish/State: EDDY/

SESE / 32.2119364 / -104.0019652

Well Number: 35H Type of Well: OIL WELL

Allottee or Tribe Name:

Lease Number: NMNM117120

**Unit or CA Name:** 

**Unit or CA Number:** 

**US Well Number: 300154508700S1** 

Well Status: Producing Oil Well

Operator: OXY USA **INCORPORATED** 

# **Operator Certification**

I certify that the foregoing is true and correct. Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction. Electronic submission of Sundry Notices through this system satisfies regulations requiring a submission of Form 3160-5 or a Sundry Notice.

**Operator Electronic Signature: LESLIE REEVES** Signed on: SEP 16, 2021 01:38 PM

Name: OXY USA INCORPORATED

Title: Advisor Regulatory

Street Address: 5 GREENWAY PLAZA, SUITE 110

City: HOUSTON State: TX

Phone: (713) 497-2492

Email address: LESLIE\_REEVES@OXY.COM

## **Field Representative**

**Representative Name:** 

**Street Address:** 

State: City: Zip:

Phone:

**Email address:** 

Received by OCD: 7/29/2021 2:02:19 PM

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 Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

AMENDED REPORT

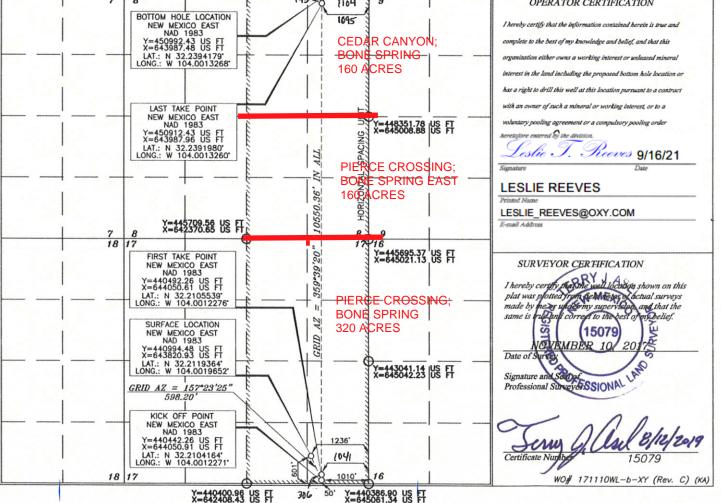
WELL LOCATION AND ACREAGE DEDICATION PLAT

30-015-45T	187	50371		NG; BONE SPRING EDAR CANYON; B		SING; BONE
Property Code 32(633		OXBOW CC "17-	perty Name 8" FEDERAL C	ом	We street	ll Number 35H
0GRID No.		Ope OXY U	erator Name USA INC.		29	Elevation 226.5'

Surface Location UL or lot no. Section Township Range Lot Idn Feet from the North/South line Feet from the East/West line County SOUTH 17 24 SOUTH 29 EAST, N.M.P.M. 601 1236 EAST **EDDY** Bottom Hole Location If Different From Surface UL or lot no. Section Township Lot Idn Feet from the North/South line Feet from the East/West line County 8 24 SOUTH 29 EAST, N.M.P.M. 2021 NORTH **EDDY** EAST Consolidation Code Dedicated Acres Joint or Infill Order No. FTP- 306 FSL 1041 FEL 640 LTP-145 FNL 1095 FEL

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

Y=451021.47 US FI
Y=451006.86 US FI
Y=642349.75 US FI
Y=642349.75 US FI
Y=642349.75 US FI
OPERATOR CERTIFICATION
BOTTOM HOLE LOCATION
1695



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

811 S. First St., Artesia, NM 88210 Phone: (575) 748-1283 Fax: (575) 748-9720 District III 1000 Rio Brazos Road, Aztec, NM 87410 Phone: (505) 334-6178 Fax: (505) 334-6170

District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505 Phone: (505) 476-3460 Fax: (505) 476-3462 State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Cod	e	Pool Name			
Property Code	 VAGABOND	Property Name  CC "8_17" FE	DERAL COM	Well Number 24H		
OGRID No.		Operator Name OXY USA INC		Elevation 2927.5'		

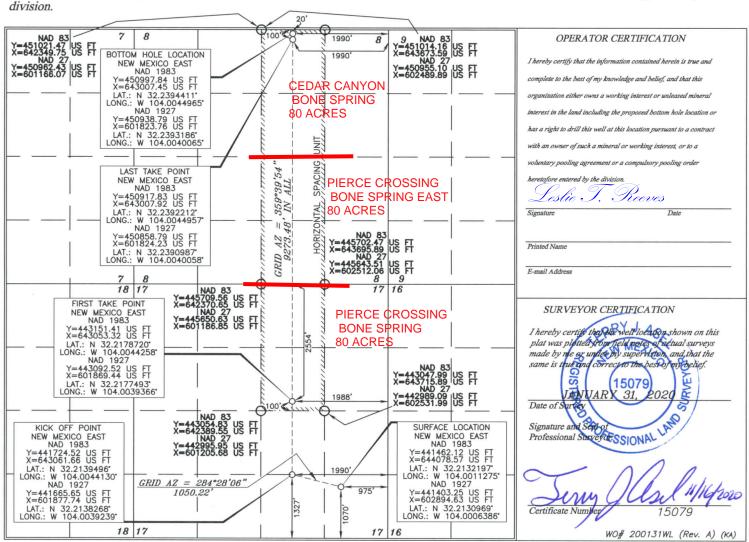
Surface Location

UL or lot no. Secti	on Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P 17	24 SOUTH	29 EAST, N.M.P.M.		1070'	SOUTH	975'	EAST	EDDY

Bottom Hole Location If Different From Surface

								_		
UL or lot no.	Section	Township	Range		Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
В	8	24 SOUTH	29 EAST, N.	М. Р. М.		20'	NORTH	1990'	EAST	EDDY
Dedicated	Acres	Joint or Infill	Consolidation Code	Order No.						

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the



Released to Imaging: 10/13/2021 3:04:54 PM

#### Reeves, Leslie T

**From:** AFMSS <blm-afmss-notifications@blm.gov>

**Sent:** Monday, August 23, 2021 11:59 AM

**To:** Reeves, Leslie T

Subject: [EXTERNAL] Well Name: VAGABOND CC 8-17 FED COM, Well Number: 24H, Notification

of Sundry Received

WARNING - This message is from an EXTERNAL SENDER - be CAUTIOUS, particularly with links and attachments.

#### The Bureau of Land Management

# **Notice Of Intent Receipt**

Operator Name: OXY USA INCORPORATED
Well Name: VAGABOND CC 8-17 FED COM

Well Number: 24H

US Well Number: 3001547972

Sundry ID: 2630035

The BLM received your Notice Of Intent, Other sundry on 08/23/2021. This is to notify you that we are processing your sundry.

You may contact the field office if you have any questions.

If we need more information we will contact you. Thank you.

This notification is automatically generated. Please do not reply to this message as this account is not monitored.



5 Greenway Plaza, Suite 110, Houston, Texas 77046-0521 P.O. Box 27570, Houston, Texas 77227-7570 Direct: 713.985.6972 Fax: 713.985.1278 Peter\_Vanliew@oxy.com

October 4, 2021

SENT VIA E-MAIL

New Mexico Oil Conservation Division Energy, Minerals and Natural Resources Department 1220 South Francis Drive Santa Fe, New Mexico 87505 Attn: Dean McClure

RE: Vagabond CC 8-17 Federal Com Landman Statement

Dear Mr. McClure,

OXY USA Inc. ("OXY") submitted applications for surface commingling to your office for our Vagabond CC 8-17 Federal Com #22H, #23H, #24H and #25H wells located within Section 8 and the N/2 of Section 17, T24S-R29E, Eddy County, New Mexico. During your review of the relevant facts, you requested that we provide a Landman's statement regarding the pooling authority found within each of our contributed fee leases.

Therefore, I hereby submit this statement as proof that the several fee leases covering acreage within this Vagabond development provide Oxy the authority to voluntary pool the proposed 240 acre horizontal spacing units, as described below.

#### **Proposed Horizontal Spacing Units**

Vagabond CC 8-17 Federal Com #22H: W/2W/2 Section 8 and W/2NW/4 Section 17, T24S-R29E Vagabond CC 8-17 Federal Com #23H: E/2W/2 Section 8 and E/2NW/4 Section 17, T24S-R29E Vagabond CC 8-17 Federal Com #24H: W/2E/2 Section 8 and W/2NE/4 Section 17, T24S-R29E Vagabond CC 8-17 Federal Com #25H: E/2E/2 Section 8 and E/2NE/4 Section 17, T24S-R29E

If you have any questions or concerns with this statement, please feel free to call or email.

Sincerely,

OXY USA Inc.

Peter Van Liew, RPL Senior Land Negotiator

Page 1 Of 1

# DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT CASE RECORDATION (MASS) Serial Register Page

Run Date/Time: 9/17/2021 11:36 AM

Total Acres:

640.000

Serial Number NMNM 141236

01 02-25-1920;041STAT0437;30USC181

Case Type318310: O&G COMMUNITZATION AGRMT

Commodity 459: OIL & GAS

Case Disposition: CLOSED

**Case File Juris:** 

Serial Number: NMNM-- - 141236

Name & Address				Int Rel	% Interest
OXY USA INC	5 GREENWAY PLZ STE 110	HOUSTON	TX 770460521	OPERATOR	100.000000000
BLM NMSO	301 DINOSAUR TRL	SANTA FE	NM 875081560	OFFICE OF RECORD	0.000000000

Serial Number: NMNM-- - 141236 **Mgmt Agency** Sec SType **Suff Subdivision District/ Field Office** County Mer Twp Rng Nr 0240S 0290E ALIQ E2; CARLSBAD FIELD OFFICE **EDDY** BUREAU OF LAND MGMT 0240S 0290E 017 ALIQ E2; CARLSBAD FIELD OFFICE BUREAU OF LAND MGMT

Relinquished/Withdrawn Lands Serial Number: NMNM-- - 141236

Serial Number: NMNM-- - 141236

Act Date	Act Co	ode Action Txt	Action Remarks	Pending Off	
11/01/2019	387	CASE ESTABLISHED			
11/01/2019	516	FORMATION	BONE SPRING;		
12/10/2019	580	PROPOSAL RECEIVED	CA RECD;		
09/08/2021	125	APLN REJ/DENIED			
09/08/2021	970	CASE CLOSED			
09/08/2021	974	AUTOMATED RECORD VERIF	EMR		

Line Number Remark Text Serial Number: NMNM-- - 141236

#### DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT CASE RECORDATION (MASS) Serial Register Page

Run Date/Time: 9/17/2021 11:36 AM

Total Acres:

Page 1 Of 1
Serial Number

01 02-25-1920;041STAT0437;30USC181

640.000

NMNM 141237

Case Type318310: O&G COMMUNITZATION AGRMT

Commodity 459: OIL & GAS Case Disposition: CLOSED

**Case File Juris:** 

Serial Number: NMNM-- - 141237

Name & Address					Int Rel	% Interest
OXY USA INC	5 GREENWAY PLZ STE 110	HOUSTON	TX	770460521	OPERATOR	100.000000000
BLM NMSO	301 DINOSAUR TRL	SANTA FE	NM	875081560	OFFICE OF RECORD	0.000000000

					Seriai Nui	mber: Nivinivi 141237
Mer	Twp Rng	Sec SType	Nr Suff Subdivision	<b>District/ Field Office</b>	County	Mgmt Agency
23	0240S 0290E	008 ALIQ	E2;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT
23	0240S 0290E	017 ALIQ	E2;	CARLSBAD FIELD OFFICE	EDDY	BUREAU OF LAND MGMT

Relinquished/Withdrawn Lands Serial Number: NMNM-- - 141237

Serial Number: NMNM-- - 141237

Act Date	Act Co	ode Action Txt	Action Remarks	Pending Off	
11/01/2019	387	CASE ESTABLISHED			
11/01/2019	516	FORMATION	WOLFCAMP;		
12/10/2019	580	PROPOSAL RECEIVED	CA RECD;		
09/08/2021	125	APLN REJ/DENIED			
09/08/2021	970	CASE CLOSED			
09/08/2021	974	AUTOMATED RECORD VERIF	EMR		

Line Number Remark Text Serial Number: NMNM-- - 141237

From: Schenkel, Beth V

To: McClure, Dean, EMNRD

Cc: <u>Musallam, Sandra C; Van Liew, Peter R</u>

**Subject:** [EXTERNAL] RE: RE: surface commingling application PLC-660-B

**Date:** Thursday, September 16, 2021 2:28:32 PM

Attachments: OxbowCC17-8FedCom35H PoolChqSundrySub9-16-21.pdf
OxbowCC17-8FedCom33H PoolChqSundrySub 9-16-21.pdf

CAUTION: This email originated outside of our organization. Exercise caution prior to clicking on links or opening attachments.

Dean,

Please see attached BLM sundry submittals for the updated pools on the Oxbow wells to match the pools for the Vagabond wells. Oxbow 33H is in Train 3 (PLC-660-B), and Oxbow 35H is in Train 4 (PLC-661-B).

Thanks,

**Beth Schenkel** | Sr Facilities Engineer | Regulatory Compliance O: 713.497.2055 | C: 713.557.4141

From: Schenkel, Beth V

Sent: Wednesday, September 15, 2021 5:29 PM

To: McClure, Dean, EMNRD < Dean. McClure@state.nm.us>

Cc: Musallam, Sandra C <Sandra Musallam@oxy.com>; Van Liew, Peter R <Peter VanLiew@oxy.com>

Subject: RE: [EXTERNAL] RE: surface commingling application PLC-660-B

Hi Dean,

Thank you for talking with us this afternoon. I'm glad we were able to clarify things.

I've copied Peter on this email. He will provide you with the documentation we discussed.

Additionally, I will send you the BLM sundry submittals for the updated pools on the Oxbow wells once they are submitted, hopefully tomorrow.

Thanks,

**Beth Schenkel** | Sr Facilities Engineer | Regulatory Compliance O: 713.497.2055 | C: 713.557.4141

From: McClure, Dean, EMNRD < Dean.McClure@state.nm.us>

**Sent:** Wednesday, September 15, 2021 2:03 PM **To:** Schenkel, Beth V < <a href="mailto:Beth\_Schenkel@oxy.com">Beth\_Schenkel@oxy.com</a> **Cc:** Musallam, Sandra C < <a href="mailto:Sandra\_Musallam@oxy.com">Sandra\_Musallam@oxy.com</a>

Subject: RE: [EXTERNAL] RE: surface commingling application PLC-660-B

WARNING - This message is from an EXTERNAL SENDER - be CAUTIOUS, particularly

#### with links and attachments.

Hello Beth,

I'm a little confused. Is the production from the Vagabond wells being allocated to NMNM 141235? If all the owners are being paid per the HSU for each well, this would seem to indicate that the production from the Vagabond wells are not being allocated to NMNM 141235 unless the com agreement that formed it has provisions for such. If such provisions exist, then that implies that it is being treated as an unit with PAs rather than a com agreement.

When you reference that all the interest owners have been notified, are you referring to them being notified of this commingling application or of the manner in which the wells are being allocated to the leases contained in NMNM 141235? There may be a bit of confusion, as the reason for my line of questioning on this topic is to ensure that the correct leases qualify for and are granted approval to be commingled.

Regarding the pools; yes please proceed with adjusting the pools for Oxbow #33H to match those provided by Kate.

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

From: Schenkel, Beth V < <a href="mailto:Beth\_Schenkel@oxy.com">Bent: Wednesday</a>, September 15, 2021 8:49 AM

**To:** McClure, Dean, EMNRD < <u>Dean.McClure@state.nm.us</u>> **Cc:** Musallam, Sandra C < <u>Sandra Musallam@oxy.com</u>>

Subject: [EXTERNAL] RE: surface commingling application PLC-660-B

CAUTION: This email originated outside of our organization. Exercise caution prior to clicking on links or opening attachments.

Hi Dean,

Thanks for reaching out. Kate Pickford set the pools for the new Vagabond wells. If needed, OXY can submit a new C-102 for the Oxbow to match the new pools.

As for the CA, the CA actually only pertains to BLM royalty payment. All other owners will be paid per each well's HSU. All owners in the entire CA boundaries were notified by certified mail, along with newspaper notice, so that covers all of the wells' HSUs.

Additionally, OXY just recently submitted new C-102s for these wells – please see attached. These were submitted to the OCD after original notice and commingling application submittal.

This is a similar situation to Salt Flat CTB Train 4. I can respond to that submittal email with the new C-102s for those Vagabond wells.

I can give you a call later today to walk through this, or if you have availability, please feel free to call me.

Thanks,

**Beth Schenkel** | Sr Facilities Engineer | Regulatory Compliance O: 713.497.2055 | C: 713.557.4141

From: McClure, Dean, EMNRD < Dean.McClure@state.nm.us>

**Sent:** Tuesday, September 14, 2021 6:21 PM **To:** Schenkel, Beth V < <a href="mailto:Beth\_Schenkel@oxy.com">Beth\_Schenkel@oxy.com</a> **Cc:** Musallam, Sandra C < <a href="mailto:Sandra\_Musallam@oxy.com">Sandra\_Musallam@oxy.com</a>

Subject: [EXTERNAL] surface commingling application PLC-660-B

# WARNING - This message is from an EXTERNAL SENDER - be CAUTIOUS, particularly with links and attachments.

Ms. Schenkel,

I am reviewing surface commingling application PLC-660-B which involves the Salt Flat Central Tank Battery (Train 3) operated by Oxy USA, Inc. (16696).

It looks like there is an inconsistently regarding the correct bone spring pools for the 2 sections in this application. I have an email into district 3's geologist who is also overseeing district 2 asking what the correct pool(s) should be for these wells. Once I hear back, then either 1 or 2 of these wells will need to be corrected.

30-015-45085	Oxbow CC 17 08 Federal Com #33H	W/2	8-24S-29E	50371
30-013-43003		W/2	17-24S-29E	
	Vagabond CC 8 17 Federal Com #22H	NW/4	8-24S-29E	11520
30-015-47978		SW/4	8-24S-29E	96473
		NW/4	17-24S-29E	50371
30-015-47975	Vagabond CC 8 17 Federal Com	NW/4	8-24S-29E	11520
		SW/4	8-24S-29E	96473
	#23H	<b>NW/4</b>	17-24S-29E	50371

Additionally, the CAs I have on record are for the W/2 of sections 8 and 17 of township 24 South range 29 East. However, the bone spring wells being requested to be added to this permit have spacing units which exclude the SW/4 of section 17 township 24 south range 29 east. Is Oxy seeking to establish a new CA for this tract? I am not seeing anything within the BLM system for it and as such, if so I will need to see the packet for this proposed CA.

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

From: Engineer, OCD, EMNRD

To: <u>Musallam, Sandra C</u>; <u>Schenkel, Beth V</u>

Cc: McClure, Dean, EMNRD; Hawkins, James , EMNRD; Powell, Brandon, EMNRD; lisa@rwbyram.com; Glover, James; Paradis,

Kyle O; Walls, Christopher

Subject: Approved Administrative Order PLC-661-B Date: Approved Administrative Order PLC-661-B Thursday, October 7, 2021 5:46:28 PM

Attachments: PLC661B Order.pdf

NMOCD has issued Administrative Order PLC-661-B 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	<b>Pool Code</b>
30-015-45086	Oxbow CC 17 8 Federal Com	E/2	8-24S-29E	98220
30-015-45080	#34H	<b>E/2</b>	17-24S-29E	98220
30-015-46401	Oxbow CC 17 8 Federal Com	E/2	8-24S-29E	98220
30-015-40401	#38H	<b>E/2</b>	17-24S-29E	90220
30-015-45088	Oxbow CC 17 8 Federal Com	E/2	8-24S-29E	98220
30-013-43000	#36H	<b>E/2</b>	17-24S-29E	90220
	Oxbow CC 17 8 Federal Com #35H	NE/4	8-24S-29E	11520
30-015-45087		<b>SE/4</b>	8-24S-29E	96473
		<b>E/2</b>	17-24S-29E	50371
	W 1 100017F 1 10	W/2 NE/4	8-24S-29E	11520
30-015-47972	Vagabond CC 8 17 Federal Com #24H	W/2 SE/4	8-24S-29E	96473
		W/2 NE/4	17-24S-29E	50371
	Variable of CC 9.17 Federal Com-	E/2 NE/4	8-24S-29E	11520
30-015-47974	Vagabond CC 8 17 Federal Com	E/2 SE/4	8-24S-29E	96473
	#25H	E/2 NE/4	17-24S-29E	50371

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

From: Schenkel, Beth V

McClure, Dean, EMNRD; Van Liew, Peter R To:

Cc: Musallam, Sandra C

Subject: [EXTERNAL] RE: RE: RE: surface commingling application PLC-660-B

Wednesday, September 22, 2021 10:27:10 AM **Attachments:** VagabondCC8 17FdCom22H C102.pdf SundrySubmitted EmailConfirmation8-23-21.pdf

VagabondCc8 17FdCom23H C102.pdf SundrySubmitted EmailConfirmation8-23-21.pdf VagabondCC8 17FdCom24H C102.pdf SundrySubmitted Emailconfirmation8-23-21.pdf

CAUTION: This email originated outside of our organization. Exercise caution prior to clicking on links or opening attachments.

Dean,

Date:

Please see attached C-102s and BLM AFMSS sundry submittal confirmations for the Vagabond 22H, 23H, and 24H. These reflect the new 240 acre spacing. The 25H updated C-102 has already been submitted to the OCD.

Thanks,

Beth Schenkel | Sr Facilities Engineer | Regulatory Compliance O: 713.497.2055 | C: 713.557.4141

From: McClure, Dean, EMNRD < Dean. McClure@state.nm.us>

Sent: Tuesday, September 21, 2021 6:01 PM

To: Van Liew, Peter R < Peter VanLiew@oxy.com>; Schenkel, Beth V < Beth Schenkel@oxy.com>

Cc: Musallam, Sandra C <Sandra Musallam@oxy.com>

**Subject:** RE: [EXTERNAL] RE: RE: surface commingling application PLC-660-B

# WARNING - This message is from an EXTERNAL SENDER - be CAUTIOUS, particularly with links and attachments.

Sandra,

Please see the following citations per our phone conversation:

19.15.16.7.H. NMAC; while silent on whether this applies to wells with shorter completed laterals than the defining well, current interpretation by the Division is that it does and that would allow for the Vagabond wells to have the same spacing unit as the Oxbow CAs.

H. "Infill horizontal well" means a horizontal well the completed interval or intervals of which are located wholly within the horizontal spacing unit dedicated to a previously drilled or proposed horizontal well in the same pool and that the operator designates as an infill horizontal well on form C-102. For the purposes of this definition, "proposed" means that an APD has been submitted to a regulatory agency.

19.15.16.15.B.(9)(b) NMAC; this is the rule which allows for a spacing unit to be contained by another spacing unit and outlines the requirements to do so.

#### (b) Subsequent wells in existing spacing units. Subject to the terms of any

applicable operating agreement, or to 19.15.13 NMAC or any applicable compulsory pooling order as to any compulsory pooled interests:

(i) a horizontal well that will have a completed interval partially in an

existing well's spacing unit, and in the same pool or formation, may be drilled only with the approval of, or, in the absence of approval, after notice to, all operators and working interest owners of record or known to the applicant in the existing and new well's spacing units:

(ii) any subsequent well, horizontal or otherwise, with a completed interval

located wholly within an existing well's horizontal spacing unit, and in the same pool or formation, if not designated as an infill horizontal well, may be drilled only with the approval of, or, in the absence of approval, after notice to, all operators and working interest owners of record or known to the applicant in the existing and new well's spacing units; and

(iii) the notice procedures of Subsection B of 19.15.15.12 NMAC shall

apply to notices required pursuant to Items (i) or (ii) of Subparagraph (b) of Paragraph (9) of Subsection B of 19.15.16.15 NMAC.

Dean McClure

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

From: Van Liew, Peter R < <a href="mailto:Peter VanLiew@oxy.com">Peter VanLiew@oxy.com</a>>

Sent: Tuesday, September 21, 2021 3:03 PM

To: Schenkel, Beth V <Beth Schenkel@oxy.com>; McClure, Dean, EMNRD <Dean.McClure@state.nm.us>

Cc: Musallam, Sandra C < Sandra Musallam@oxy.com >

**Subject:** [EXTERNAL] RE: RE: surface commingling application PLC-660-B

CAUTION: This email originated outside of our organization. Exercise caution prior to clicking on links or opening attachments.

Dean,

I am forwarding Apache's written understanding of Oxy's agreement with the BLM re: Vagabond wells. They support these wells being considered infill wells for the purposes of BLM royalty payment and CAs. Please let me know if you have any further concerns or questions.

Sincerely,

#### Peter R. Van Liew, RPL

Senior Land Negotiator Occidental Petroleum Corporation 5 Greenway Plaza, Suite 110 Houston, Texas 77046 713.985.6972 (o) 832.627.6880 (c)

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From: Van Liew, Peter R

Sent: Thursday, September 16, 2021 5:10 PM

To: Schenkel, Beth V < <a href="mailto:Beth\_Schenkel@oxy.com">Beth\_Schenkel@oxy.com</a>; McClure, Dean, EMNRD < <a href="mailto:Dean.McClure@state.nm.us">Dean.McClure@state.nm.us</a>>

**Cc:** Musallam, Sandra C < <u>Sandra\_Musallam@oxy.com</u>>

Subject: RE: [EXTERNAL] RE: surface commingling application PLC-660-B

Dean,

I am attaching the communication with the BLM where they agreed to classify Vagabond wells as "infill" and report production to the existing CAs. We planned both our Oxbow and Vagabond developments around the guidance they provided to us regarding CAs.

I reviewed my communications with Apache and realized we have no written explanation to them for this unique BLM agreement regarding infill wells. We discussed it via telephone conversations though so I sent an email to their landman and am just waiting for a response confirming they have no objection. Once I receive that response, I will be sure to forward for your files.

If you have any questions or concerns, please call or email and we can discuss.

Sincerely,

#### Peter R. Van Liew, RPL

Senior Land Negotiator Occidental Petroleum Corporation 5 Greenway Plaza, Suite 110 Houston, Texas 77046 713.985.6972 (o) 832.627.6880 (c)

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**From:** Schenkel, Beth V < <a href="mailto:Beth\_Schenkel@oxy.com">Beth\_Schenkel@oxy.com</a>>

Sent: Thursday, September 16, 2021 3:28 PM

To: McClure, Dean, EMNRD < Dean. McClure@state.nm.us >

Cc: Musallam, Sandra C < Sandra Musallam@oxy.com >; Van Liew, Peter R < Peter VanLiew@oxy.com >

Subject: RE: [EXTERNAL] RE: surface commingling application PLC-660-B

Dean,

Please see attached BLM sundry submittals for the updated pools on the Oxbow wells to match the pools for the Vagabond wells. Oxbow 33H is in Train 3 (PLC-660-B), and Oxbow 35H is in Train 4 (PLC-661-B).

Thanks,

Beth Schenkel | Sr Facilities Engineer | Regulatory Compliance

#### O: 713.497.2055 | C: 713.557.4141

From: Schenkel, Beth V

Sent: Wednesday, September 15, 2021 5:29 PM

To: McClure, Dean, EMNRD < Dean. McClure@state.nm.us>

Cc: Musallam, Sandra C <<u>Sandra Musallam@oxy.com</u>>; Van Liew, Peter R <<u>Peter VanLiew@oxy.com</u>>

Subject: RE: [EXTERNAL] RE: surface commingling application PLC-660-B

Hi Dean,

Thank you for talking with us this afternoon. I'm glad we were able to clarify things.

I've copied Peter on this email. He will provide you with the documentation we discussed.

Additionally, I will send you the BLM sundry submittals for the updated pools on the Oxbow wells once they are submitted, hopefully tomorrow.

Thanks,

**Beth Schenkel** | Sr Facilities Engineer | Regulatory Compliance O: 713.497.2055 | C: 713.557.4141

From: McClure, Dean, EMNRD < Dean.McClure@state.nm.us >

**Sent:** Wednesday, September 15, 2021 2:03 PM **To:** Schenkel, Beth V < <a href="mailto:Beth\_Schenkel@oxy.com">Beth\_Schenkel@oxy.com</a> **Cc:** Musallam, Sandra C < <a href="mailto:Sandra\_Musallam@oxy.com">Sandra\_Musallam@oxy.com</a>

Subject: RE: [EXTERNAL] RE: surface commingling application PLC-660-B

# WARNING - This message is from an EXTERNAL SENDER - be CAUTIOUS, particularly with links and attachments.

Hello Beth,

I'm a little confused. Is the production from the Vagabond wells being allocated to NMNM 141235? If all the owners are being paid per the HSU for each well, this would seem to indicate that the production from the Vagabond wells are not being allocated to NMNM 141235 unless the com agreement that formed it has provisions for such. If such provisions exist, then that implies that it is being treated as an unit with PAs rather than a com agreement.

When you reference that all the interest owners have been notified, are you referring to them being notified of this commingling application or of the manner in which the wells are being allocated to the leases contained in NMNM 141235? There may be a bit of confusion, as the reason for my line of questioning on this topic is to ensure that the correct leases qualify for and are granted approval to be commingled.

Regarding the pools; yes please proceed with adjusting the pools for Oxbow #33H to match those provided by Kate.

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

From: Schenkel, Beth V < <a href="mailto:Beth\_Schenkel@oxy.com">Bent: Wednesday</a>, September 15, 2021 8:49 AM

**To:** McClure, Dean, EMNRD < <u>Dean.McClure@state.nm.us</u>> **Cc:** Musallam, Sandra C < <u>Sandra Musallam@oxy.com</u>>

Subject: [EXTERNAL] RE: surface commingling application PLC-660-B

CAUTION: This email originated outside of our organization. Exercise caution prior to clicking on links or opening attachments.

Hi Dean,

Thanks for reaching out. Kate Pickford set the pools for the new Vagabond wells. If needed, OXY can submit a new C-102 for the Oxbow to match the new pools.

As for the CA, the CA actually only pertains to BLM royalty payment. All other owners will be paid per each well's HSU. All owners in the entire CA boundaries were notified by certified mail, along with newspaper notice, so that covers all of the wells' HSUs.

Additionally, OXY just recently submitted new C-102s for these wells – please see attached. These were submitted to the OCD after original notice and commingling application submittal.

This is a similar situation to Salt Flat CTB Train 4. I can respond to that submittal email with the new C-102s for those Vagabond wells.

I can give you a call later today to walk through this, or if you have availability, please feel free to call me.

Thanks,

**Beth Schenkel** | Sr Facilities Engineer | Regulatory Compliance O: 713.497.2055 | C: 713.557.4141

From: McClure, Dean, EMNRD < Dean.McClure@state.nm.us>

**Sent:** Tuesday, September 14, 2021 6:21 PM **To:** Schenkel, Beth V < <a href="mailto:Beth\_Schenkel@oxy.com">Beth\_Schenkel@oxy.com</a> **Cc:** Musallam, Sandra C < <a href="mailto:Sandra\_Musallam@oxy.com">Sandra\_Musallam@oxy.com</a>

**Subject:** [EXTERNAL] surface commingling application PLC-660-B

WARNING - This message is from an EXTERNAL SENDER - be CAUTIOUS, particularly with links and attachments.

Ms. Schenkel,

I am reviewing surface commingling application PLC-660-B which involves the Salt Flat Central Tank Battery (Train 3) operated by Oxy USA, Inc. (16696).

It looks like there is an inconsistently regarding the correct bone spring pools for the 2 sections in this application. I have an email into district 3's geologist who is also overseeing district 2 asking what the correct pool(s) should be for these wells. Once I hear back, then either 1 or 2 of these wells will need to be corrected.

20 015 45005	Oxbow CC 17 08 Federal Com	W/2	8-24S-29E	50271
30-015-45085	#33H	W/2	17-24S-29E	50371
	30-015-47978 Vagabond CC 8 17 Federal Com #22H	NW/4	8-24S-29E	11520
30-015-47978		SW/4	8-24S-29E	96473
		NW/4	17-24S-29E	50371
30-015-47975	Vagabond CC 8 17 Federal Com #23H	NW/4	8-24S-29E	11520
		SW/4	8-24S-29E	96473
		NW/4	17-24S-29E	50371

Additionally, the CAs I have on record are for the W/2 of sections 8 and 17 of township 24 South range 29 East. However, the bone spring wells being requested to be added to this permit have spacing units which exclude the SW/4 of section 17 township 24 south range 29 east. Is Oxy seeking to establish a new CA for this tract? I am not seeing anything within the BLM system for it and as such, if so I will need to see the packet for this proposed CA.

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-661-B

#### **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 production from the pools, leases, and wells identified in Exhibit A ("Application").
- 2. Applicant proposed a method to allocate the oil 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 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 production from the pools, leases, and wells will not in reasonable probability reduce the value of the oil 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 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.

Order No. PLC-661-B Page 1 of 4

- 10. Applicant satisfied the notice requirements for the Application in accordance with 19.15.12.10.A.(2) NMAC, 19.15.12.10.C.(4)(c) NMAC, and 19.15.12.10.C.(4)(e) NMAC, as applicable.
- 11. Applicant satisfied the notice requirements for the Application in accordance with 19.15.23.9.A.(5) NMAC and 19.15.23.9.A.(6) NMAC, as applicable.
- 12. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.10.B.(1) NMAC or 19.15.12.10.C.(1) NMAC, as applicable.
- 13. Commingling of oil 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) NMAC and 19.15.12.10.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 production from the pools, leases, and wells identified in Exhibit A.

Applicant is authorized to store and measure oil production off-lease from the pools, leases, and wells identified in Exhibit A at a central tank battery described in Exhibit A.

Applicant is authorized to surface commingle oil 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 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-661-A.
- 3. The allocation of oil 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 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.

Order No. PLC-661-B Page 2 of 4

4. The allocation of oil 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 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 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 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 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 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.

- 5. 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.
- 6. Applicant shall calibrate the meters used to measure or allocate oil production in accordance with 19.15.12.10.C.(2) NMAC.
- 7. If the commingling of oil production from any pool, lease, or well reduces the value of the commingled oil production to less than if it had remained segregated, no later than sixty (60)

Order No. PLC-661-B Page 3 of 4

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 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.

- 8. 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.
- 9. 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 production to it.
- 10. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
- 11. 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).
- 12. 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

$\bigcap$ box $\bigcap$		
	<b>DATE:</b>	10/07/2021
ADRIENNE SANDOVAL		

Order No. PLC-661-B

**DIRECTOR** 

### State of New Mexico Energy, Minerals and Natural Resources Department

# **Exhibit A**

Order: PLC-661-B

Operator: Oxy USA, Inc. (16696)

Central Tank Battery: Salt Flat Central Tank Battery (Train 4)

Central Tank Battery Location: N/2 NW/4 Section 20, Township 24 South, Range 29 East

**Gas Title Transfer Meter Location:** 

#### **Pools**

Pool Name	Pool Code
<b>CEDAR CANYON; BONE SPRING</b>	11520
PIERCE CROSSING; BONE SPRING	50371
PIERCE CROSSING; BONE SPRING, EAST	96473
PURPLE SAGE; WOLFCAMP (GAS)	98220

# Leases as defined in 19.15.12.7(C) NMAC

Edises as defined in 1941e	•1207 (0) 1 (1) 11 10	
Lease	UL or Q/Q	S-T-R
CA Pana Spring NMNM 141236	E/2	8-24S-29E
CA Bone Spring NMNM 141236	<b>E/2</b>	17-24S-29E
CA Wolform NMNM 141227	E/2	8-24S-29E
CA Wolfcamp NMNM 141237	<b>E/2</b>	17-24S-29E
Paoling Agraement	W/2 E/2	8-24S-29E
Pooling Agreement	W/2 NE/4	17-24S-29E
D - 12 A 4	E/2 E/2	8-24S-29E
Pooling Agreement	E/2 NE/4	17-24S-29E

#### Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-015-45086	Oxbow CC 17 8 Federal Com #34H	E/2	8-24S-29E	98220
30-013-43000	Oxbow CC 17 8 Federal Colli #34H	<b>E/2</b>	17-24S-29E	90220
20 015 46401	30-015-46401 Oxbow CC 17 8 Federal Com #38H	E/2	8-24S-29E	98220
30-013-40401	Oxbow CC 17 8 Federal Colli #38H	<b>E/2</b>	17-24S-29E	90220
30-015-45088	45088 Oxbow CC 17 8 Federal Com #36H	E/2	8-24S-29E	98220
30-013-43000	Oxbow CC 17 8 Federal Colli #30H	E/2	17-24S-29E	90220
		NE/4	8-24S-29E	11520
30-015-45087	Oxbow CC 17 8 Federal Com #35H	<b>SE/4</b>	8-24S-29E	96473
		E/2	17-24S-29E	50371
		W/2 NE/4	8-24S-29E	11520
30-015-47972	Vagabond CC 8 17 Federal Com #24H	W/2 SE/4	8-24S-29E	96473
		W/2 NE/4	17-24S-29E	50371
		E/2 NE/4	8-24S-29E	11520
30-015-47974	•	8-24S-29E	96473	
		E/2 NE/4	17-24S-29E	50371

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

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 38789

#### **CONDITIONS**

Operator:	OGRID:
OXY USA INC	16696
P.O. Box 4294	Action Number:
Houston, TX 772104294	38789
	Action Type:
	[C-107] Surface Commingle or Off-Lease (C-107B)

#### CONDITIONS

Created By	Condition	Condition Date
dmcclure	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	10/13/2021
	contact me.	