

**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-920-A

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 and leases described in Exhibit A (“Application”).
2. Applicant included a complete list of the wells currently dedicated to each pool and lease.
3. Applicant proposed a method to allocate the oil and gas production to the pools, leases, and wells to be commingled.
4. 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.
5. Applicant in the notice for the Application stated that it sought authorization to prospectively include additional pools and leases in accordance with 19.15.12.10(C)(4)(g) NMAC.
6. 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 as described in Exhibit A.
7. Applicant submitted or intends to submit one or more proposed communitization agreement(s) (“Proposed Agreement(s)”) to the BLM or NMSLO, as applicable, identifying the acreage of each lease to be consolidated into a single pooled area (“CA Pooled Area”), as described in Exhibit A.
8. 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.
9. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.

10. **[Associated Order]** This Order is associated with Order PLC-767-E and PLC-835-D which authorizes in-full or in-part the commingling of Gas production from the pools, leases, and wells as described in Exhibit A.

CONCLUSIONS OF LAW

11. 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.
12. 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.
13. 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.
14. 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.
15. 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.
16. 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.
17. 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 and leases as described in Exhibit A.

Applicant is authorized to surface commingle oil production from the wells included in Exhibit A provided that they produce from a pool and lease described in Exhibit A.

Applicant is authorized to store and measure oil production off-lease, as applicable, from the pools and leases as described in Exhibit A at a central tank battery or gas title transfer meter 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 as described in Exhibit A.

Applicant is authorized to store and measure oil production off-lease, as applicable, from wells not included in Exhibit A but that produce from a pool and lease as described in Exhibit A at a central tank battery or gas title transfer meter described in Exhibit A.

2. This Order supersedes Order PLC-927-A and CTB-1097.
3. For each CA Pooled Area described in Exhibit A, Applicant shall submit a Proposed Agreement to the BLM or NMSLO, as applicable, prior to commencing oil and gas production. If Applicant fails to submit the Proposed Agreement, this Order shall terminate on the following day.

No later than sixty (60) days after the BLM or NMSLO approves or denies a Proposed Agreement, Applicant shall submit a Form C-103 to OCD with a copy of the decision and a description of the approved lands, as applicable. If Applicant withdraws or the BLM or NMSLO denies a Proposed Agreement, this Order shall terminate on the date of such action, and Applicant shall cease commingling the production from the CA Pooled Area. If the BLM or NMSLO approves but modifies the Proposed Agreement(s), Applicant shall comply with the approved Agreement(s), and no later than sixty (60) days after such decision, Applicant shall submit a new surface commingling application to OCD to conform this Order with the approved Agreement(s) if the formation or dedicated lands are modified or if a modification is made that will affect this Order. If Applicant fails to submit the new surface commingling application or OCD denies the new surface commingling application, this Order shall terminate on the date of such action.

Applicant shall allocate the oil and gas production to each lease within a CA Pooled Area in proportion to the acreage that each lease bears to the entire acreage of the CA Pooled Area until the Proposed Agreement which includes the CA Pooled Area is approved. After the Proposed Agreement is approved, the oil and gas production from the CA Pooled Area shall be allocated as required by the BLM's or NMSLO's, as applicable, approval of the Agreement, including any production that had been allocated previously in accordance with this Order.

4. The allocation of oil production to wells not included in Exhibit A but that produce from a pool and lease as described 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.
5. 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.

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.

- b. The plateau period shall be measured from the end of the initial production period to the peak decline rate.

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.

- c. The decline period shall be measured from the end of the plateau period until the well is plugged and abandoned.

During the decline period, the oil production for each well identified in Exhibit A shall be allocated as follows:

- i. a minimum of three (3) well tests per month when the decline rate is greater than twenty-two percent (22%) per month;
- ii. 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
- iii. 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.
 - ii. The total duration of the nonconsecutive periods shall be a minimum of eighteen (18) hours.

- iii. A vessel shall be allowed to reach equilibrium and a sufficient liquid retention time for accurate measurement achieved prior to beginning the well test.

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. If Applicant recovers oil production from produced water prior to Applicant injecting it or transferring custody of it, then that production shall be allocated to each well in the proportion that it contributed to the total produced water.
7. If Applicant recovers gas production using a vapor recovery unit (VRU), then that gas production shall be allocated to each well in the proportion that it contributed to the total oil production.
8. 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.
9. Applicant shall measure and market the commingled gas at a well pad, 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.
10. Applicant shall calibrate the meters used to measure or allocate oil production in accordance with 19.15.12.10(C)(2) NMAC.
11. Applicant shall install and utilize vessels that are appropriately designed to ensure sufficient separation of the fluids and to accurately measure oil and gas production.
12. 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.
13. 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, provided the pools, leases, and subsequently drilled wells are within the identified parameters included in the Application.
14. If a well is not included in Exhibit A but produces from a pool and lease as described 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 production from it with the production from another well. The Form C-103 shall reference this Order and identify the well, proposed method to determine the allocation of oil production to it, and the location(s) that commingling of its production will occur.

15. Applicant shall not commence commingling oil production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
16. 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).
17. 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**



**ALBERT C. S. CHANG
DIRECTOR**

DATE: 4/3/26

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: PLC-920-A
Operator: Oxy USA, Inc. (16696)
Central Tank Battery: Red Tank 26 Central Processing Facility Train 1 (OIL ONLY)
Central Tank Battery Location: UL G, Section 26, Township 22 South, Range 32 East
Gas Title Transfer Meter Location: N/A

Pools

Pool Name	Pool Code
RED TANK; BONE SPRING	51683
WC-025 G-09 S223332A; UPR WOLFCAMP	98177
WC-025 G-08 S223227D; UPPER WOLFCAMP	98286

Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R
NMNM 105314953 (002379)	E/2	26-22S-32E
	E/2	35-22S-32E
NMNM 105316081 (086149)	W/2	26-22S-32E
NMNM 105463235 (086150)	W/2	35-22S-32E
CA Wolfcamp SLO 204557 PUN 1398522	W2	25-22S-32E
	W2	36-22S-32E
CA Wolfcamp SLO 204558 PUN 1398517	E2	25-22S-32E
	E2	36-22S-32E
CA Bone Spring SLO 204731 PUN 1401750	W2	25-22S-32E
	W2	36-22S-32E
CA Bone Spring SLO 204769 PUN 1402109	W2E2	25-22S-32E
	W2E2	36-22S-32E
CA Bone Spring SLO 204807 PUN 1403049	E2E2	25-22S-32E
	E2E2	36-22S-32E
CA Bone Spring NMNM 106352950	E2W2	26-22S-32E
	E2W2	35-22S-32E
CA Wolfcamp NMNM 105828973	W2	26-22S-32E
	W2	35-22S-32E
PROPOSED CA Bone Spring NMNM "A"	W/2	26-22S-32E
	W/2	35-22S-32E
PROPOSED CA Bone Spring NMNM "B"	E/2	26-22S-32E
	E/2	35-22S-32E
PROPOSED CA Wolfcamp NMNM "A"	E/2	26-22S-32E
	E/2	35-22S-32E
CA Wolfcamp NMNM 106743930	ALL	13-22S-32E
	ALL	24-22S-32E

Wells				
Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-025-50375	Llama Mall 26 35 Federal Com #311H	W/2	26-22S-32E	98286
		W/2	35-22S-32E	
30-025-50300	Llama Mall 26 35 Federal Com #312H	W/2	26-22S-32E	98286
		W/2	35-22S-32E	
30-025-50305	Llama Mall 26 35 Federal Com #22H	W/2	26-22S-32E	51683
		W/2	35-22S-32E	
30-025-50306	Llama Mall 26 35 Federal Com #23H	W/2	26-22S-32E	51683
		W/2	35-22S-32E	
30-025-50310	Llama Mall 26 35 Federal Com #32H	W/2	26-22S-32E	98286
		W/2	35-22S-32E	
30-025-50311	Llama Mall 26 35 Federal Com #33H	W/2	26-22S-32E	98286
		W/2	35-22S-32E	
30-025-50301	Llama Mall 26 35 Federal Com #313H	E/2	26-22S-32E	98286
		E/2	35-22S-32E	
30-025-50307	Llama Mall 26 35 Federal Com #24H	E/2	26-22S-32E	51683
		E/2	35-22S-32E	
30-025-50308	Llama Mall 26 35 Federal Com #25H	E/2	26-22S-32E	51683
		E/2	35-22S-32E	
30-025-50298	Llama Mall 26 35 Federal Com #34H	E/2	26-22S-32E	98286
		E/2	35-22S-32E	
30-025-50299	Llama Mall 26 35 Federal Com #35H	E/2	26-22S-32E	98286
		E/2	35-22S-32E	
30-025-51752	Stack Cats 25 36 Federal Com #22H	W2	25-22S-32E	51683
		W2	36-22S-32E	
30-025-51753	Stack Cats 25 36 Federal Com #23H	W2	25-22S-32E	51683
		W2	36-22S-32E	
30-025-51754	Stack Cats 25 36 Federal Com #24H	W2	25-22S-32E	51683
		W2	36-22S-32E	
30-025-51755	Stack Cats 25 36 Federal Com #25H	W2E2	25-22S-32E	51683
		W2E2	36-22S-32E	
30-025-51756	Stack Cats 25 36 Federal Com #26H	E2E2	25-22S-32E	51683
		E2E2	36-22S-32E	
30-025-50949	Stack Cats 25 36 Federal Com #31H	W2	25-22S-32E	98177
		W2	36-22S-32E	
30-025-50950	Stack Cats 25 36 Federal Com #32H	W2	25-22S-32E	98177
		W2	36-22S-32E	
30-025-50953	Stack Cats 25 36 Federal Com #311H	W2	25-22S-32E	98177
		W2	36-22S-32E	
30-025-50952	Stack Cats 25 36 Federal Com #34H	E2	25-22S-32E	98177
		E2	36-22S-32E	
30-025-50954	Stack Cats 25 36 Federal Com #312H	E2	25-22S-32E	98177
		E2	36-22S-32E	
30-025-50955	Stack Cats 25 36 Federal Com #313H	E2	25-22S-32E	98177
		E2	36-22S-32E	

30-025-54618	Tuna Nut 24 13 Federal Com #64H	ALL ALL	13-22S-32E 24-22S-32E	98177
30-025-54402	Tuna Nut 24 13 Federal Com #612H	ALL ALL	13-22S-32E 24-22S-32E	98177
30-025-54427	Tuna Nut 24 13 Federal Com #613H	ALL ALL	13-22S-32E 24-22S-32E	98177
30-025-54425	Tuna Nut 24 13 Federal Com #65H	ALL ALL	13-22S-32E 24-22S-32E	98177
30-025-54403	Tuna Nut 24 13 Federal Com #62H	ALL ALL	13-22S-32E 24-22S-32E	98177
30-025-54564	Tuna Nut 24 13 Federal Com #63H	ALL ALL	13-22S-32E 24-22S-32E	98177
30-025-54566	Tuna Nut 24 13 Federal Com #61H	ALL ALL	13-22S-32E 24-22S-32E	98177
30-025-54563	Tuna Nut 24 13 Federal Com #611H	ALL ALL	13-22S-32E 24-22S-32E	98177

Sante Fe Main Office
Phone: (505) 476-3441

General Information
Phone: (505) 629-6116

Online Phone Directory
<https://www.emnrd.nm.gov/oecd/contact-us>

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

CONDITIONS

Action 571885

CONDITIONS

Operator: OXY USA INC P.O. Box 4294 Houston, TX 772104294	OGRID: 16696
	Action Number: 571885
	Action Type: [IM-SD] Admin Order Support Doc (ENG) (IM-AAO)

CONDITIONS

Created By	Condition	Condition Date
sarah.clelland	None	4/6/2026