

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey, Division Director
Oil Conservation Division



October 3, 2014

ADMINISTRATIVE POOL/LEASE COMMINGLING ORDER

Administrative Order PLC-405
Administrative Application Reference No. pMAM142258617

OXY U.S.A. INC.
Attn: Ms. Jennifer Duarte

Pursuant to your application received on June 2, 2014, Oxy U.S.A. INC. (OGRID 39438) is hereby authorized to surface commingle oil and gas production from the following pools located in Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico;

Cedar Canyon; Delaware	(11540)
Corral Draw; Bone Spring	(96238)

and from the following diversely owned wells. These wells are identified in Attachment A, and made part of this order. These wells are located on fee and state leases in said Township and Range in Eddy County, New Mexico.

The commingled oil and gas production shall be measured and sold at the Harroun 15 Well No. 15 Central Tank Battery (CTB) located in Unit E, Section 15, Township 24 South, Range 29 East, Eddy County, New Mexico.

Oil and gas production for all of the wells shall be measured and allocated back to each well using periodic monthly well tests, except for the following wells: Cedar Canyon 15 Well No. 2H, Cedar Canyon 22 Well No. 2H, Cedar Canyon 17 Fee Well No. 1H, and Cedar Canyon 15 Well No. 3H. The oil and gas production from each of these previously mentioned wells shall be continuously measured with allocation meters before commingling with production from other wells. The allocation meters shall be calibrated quarterly in accordance with Rule 19.15.12.10.C (2) NMAC.

The operator shall notify the transporter of this commingling authority.

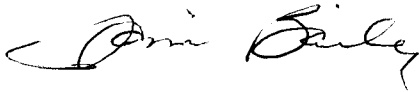
The operator shall notify the Artesia district office of the Division upon commencement of commingling operations.

September 16, 2014

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This approval is subject to like approval from the New Mexico State Land Office (NMSLO) before commencement of the commingling operations.

DONE at Santa Fe, New Mexico, on September 16, 2014.

A handwritten signature in black ink, appearing to read "Jami Bailey". The signature is fluid and cursive, with the first name "Jami" and last name "Bailey" clearly distinguishable.

Jami Bailey
Division Director

JB/mam

cc: Oil Conservation Division District Office – Artesia
New Mexico State Land Office – Oil, Gas, and Minerals

Attachment "A"

APPLICATION FOR CENTRAL TANK BATTERY, LEASE COMMINGLE, OFF LEASE MEASUREMENT, SALES & STORAGE

Commingling proposal:

Proposal for Harroun 10-1, Harroun 10-2, Harroun 10-3, Harroun 15-7, Harroun 15-8, Harroun 15-14, Harroun 15-15, Harroun 15-16, Harroun 15-17, Cedar Canyon 15-2, Cedar Canyon 22-2, Cedar Canyon 17-1, Cedar Canyon 15-3.

OXY USA INC is requesting approval for Central Tank Battery, Lease Commingle, Off Lease Measurement, Sales, & Storage from the following wells:

Well Name	API	Location	API Gravities	Oil	Gas	Water
POOL: Cedar Canyon Delaware (11540)						
Harroun 10-1	30-015-30375	Sec.10, T24S R29E	40	11	7	44
Harroun 10-2	30-015-31709	Sec.10, T24S R29E	40	2	4	13
Harroun 10-3	30-015-32617	Sec.10, T24S R29E	40	8	8	35
Harroun 15-7	30-015-29987	Sec.15, T24S R29E	40	5	12	35
Harroun 15-8	30-015-30253	Sec.15, T24S R29E	40	3	4	38
Harroun 15-14	30-015-32620	Sec.15, T24S R29E	40	4	4	16
POOL: Pierce Crossing; Bone Spring (96473)						
Harroun 15-15	30-015-33317	Sec.15, T24S R29E	41	6	191	16.53
Harroun 15-16	30-015-33823	Sec.15, T24S R29E	41	13	101	32
Harroun 15-17	30-015-33822	Sec.15, T24S R29E	41	10	58	55
Cedar Canyon 15-2	30-015-41032	Sec.15, T24S R29E	41	100	239	235
Cedar Canyon 22-2	30-015-41327	Sec.22, T24S R29E	41	128	327	155
Cedar Canyon 17-1	30-015-42058	Sec.17, T24S R29E	42	414	621	455
Cedar Canyon 15-3	30-015-41594	Sec.15, T24S R29E	42	414	621	455

A map is enclosed showing the state leases and well locations in Sections 10/15/17/22, T20S, R25E.

Oil & Gas metering:

Harroun 15-15 central tank battery is located in Unit E of Section 15, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico.

Oil, gas and water volumes from each well routed to Harroun 15-15 central tank battery will be determined by using a test separator and dedicated test oil, water and gas meters located at the lease. Care will be taken that one well is always producing through the testing equipment. Production will be allocated on a daily basis based on the most recent individual well test of oil, gas and water. Well tests for each well will be conducted at least once per month for a minimum of 24 hours each well.

The oil production from the Harroun and Cedar Canyon wells listed in the list above will be commingled, measured and sold on lease using a LACT Unit. Production will be allocated by well test method. Produced water will be measured through a turbine meter and disposed at the Harroun 15 #3 SWD and/or trucked if necessary from the lease. The gas will be sold after it is measured by Oxy check meter located at the lease. The oil and gas meters will be calibrated on a regular basis per API and NMOCD specifications. The NMOCD will be notified of any future changes in the facility

Process and Flow Descriptions:

Please see attached block flow diagram for the Harroun 15-15 CTB. The flow route of produced fluids is shown in detail along with size of each vessel.

The commingling of production is in the interest of conservation and waste and will result in the most effective economic means of producing the reserves in place from the affected wells and will not result in reduced royalty or improper measurement of production. The proposed commingling will reduce operating expenses as well as reduce the surface facility footprint and overall emissions.

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. These applications will be submitted separately for approval per NMOCD regulations.

Signed: _____
Printed Name: Jennifer Duarte
Title: Regulatory Specialist
Date: 08/25/2014