

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

Heather Riley, Division Director
Oil Conservation Division



August 10, 2018

Surface Commingling Order PLC-514

OXY USA INC.
Attention: Ms. Elizabeth Velasco

Pursuant to your application received on July 19, 2018, OXY USA, Inc. (OGRID 16696) is hereby authorized to surface commingle oil and gas production and off-lease measure from the following pools:

PIERCE CROSSING; BONE SPRING, EAST	(96473)
PURPLE SAGE; WOLFCAMP (GAS)	(98220)

and from wells, and their associated leases and pools identified in Attachment No. A and made part of this order. These wells are located on proposed state communitization agreements located in Township 25 South, Range 29 East, NMPM, Eddy County, New Mexico.

Production from the subject wells shall be determined as follows:

It is understood that the test separator and meters are designed to accurately measure production from the wells with the highest production rate. It is also assumed that all of the oil and gas production from the wells in this application will display a hyperbolic decline, and will fit the decline parameters described in Hearing Order R-14299. Wells that are in prior to Range 1 of decline shall be tested daily. Wells that are in Range 1 of decline shall be measured with a combination of metering and well testing, and shall be tested at least three times a month. Wells that are in Range 2 of decline shall be measured with a combination of metering and well testing, and shall be tested at least twice a month. Wells in Range 3 of decline shall be measured with a combination of metering and well testing, and shall be tested at least once a month.

The commingled oil production from the wells detailed above shall be measured and sold at the Corral 02 01 Central Tank Battery (CTB), located in Lot 3/Unit C of Section 2, Township 25 South, Range 29 East, NMPM, Eddy County, New Mexico.

For future additions of wells, leases, and pools to this commingling operation, notice shall only be given to those interest owners in the wells, leases or pools to be added, in accordance with Division Rule 19.15.12.10 C (4) (g) NMAC.

OXY USA, Inc. shall provide a Sundry Notice to the Engineering Bureau in Santa Fe when a dedicated separator is removed.

The allocation meters shall be calibrated quarterly in accordance with Rule 19.15.12.10.C (2) NMAC.

This approval is subject to like approval from the New Mexico State Land Office before commencing commingling operations.

Subsequently drilled wells that produce from the subject pool within the project areas approved by this order may be added to this commingling authority by submittal of a Sundry Notice to the Engineering Bureau in Santa Fe.

This administrative order supersedes Administrative Order CTB-844, issued on December 26, 2017. This administrative order adds the Corral Fly 02 01 State Well No. 31H, Corral Fly 02 01 State Well No. 32H, Corral Fly 02 01 State Well No. 33H, Corral Fly 02 01 State Well No. 34H, Corral Fly 02 01 State Well No. 35H, and Corral Fly 02 01 State Well No. 36H wells, their respective horizontal spacing units, and division designated pool.

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



HEATHER RILEY
Director

HR/mam

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

Attachment A: Wells

WELL NAME	API	Horizontal Spacing Unit	Pool	Lease	Range
Corral Fly 02-01 State# 21H	30-015-44507	N/2 N/2 of Section 1 and N/2 N/2 of Section 2	Pierce Crossing; Bone Spring, East	Pending Corral Fly 02 01 State Well No. 21H State Communitization Agreement; Hearing Order R-14528	1
Corral Fly 02-01 State# 22H	30-015-44508	N/2 N/2 of Section 1 and N/2 N/2 of Section 2	Pierce Crossing; Bone Spring, East	Pending Corral Fly 02 01 State Well No. 21H State Communitization Agreement; Hearing Order R-14528	1
Corral Fly 02-01 State# 23H	30-015-44509	S/2 N/2 of Section 1 and S/2 N/2 of Section 2	Pierce Crossing; Bone Spring, East	Pending Corral Fly 02 01 State Well No. 23H Communitization AgreementCase No. 15870; Hearing Order R-14529	1
Corral Fly 02-01 State# 24H	30-015-44510	N/2 S/2 of Section 1 and N/2 S/2 of Section 2	Pierce Crossing; Bone Spring, East	Pending Corral Fly 020 01 State Well No. 24H Communitization Agreement; Case No. 15871; Hearing Order R-14530	1
Corral Fly 02-01 State# 25H	30-015-44512	N/2 S/2 of Section 1 and N/2 S/2 of Section 2	Pierce Crossing; Bone Spring, East	Pending Corral Fly 020 01 State Well No. 24H Communitization Agreement; Case No. 15871; Hearing Order R-14530	1
Corral Fly 02-01 State# 26H	30-015-44513	S/2 SW/4 of Section 1 and S/2 S/2 of Section 2	Pierce Crossing; Bone Spring, East	Pending Corral Fly 02 01 State Well No. 26H Communitization Agreement	1
Corral Fly 02-01 State# 31H	30-015-44585	N/2 of Section 1 and N/2 of Section 2	Purple Sage; Wolfcamp (Gas)	Proposed Corral Fly 02-01 State# 31H Communitization Agreement	N/A
Corral Fly 02-01 State# 32H	30-015-44586	N/2 of Section 1 and N/2 of Section 2	Purple Sage; Wolfcamp (Gas)	Proposed Corral Fly 02-01 State# 31H Communitization Agreement	N/A
Corral Fly 02-01 State# 33H	30-015-44587	N/2 of Section 1 and N/2 of Section 2	Purple Sage; Wolfcamp (Gas)	Proposed Corral Fly 02-01 State# 31H Communitization Agreement	N/A
Corral Fly 02-01 State# 34H	30-015-44588	S/2 of Section 1 and S/2 of Section 2	Purple Sage; Wolfcamp (Gas)	Proposed Corral Fly 02-01 State# 34H Communitization Agreement	N/A
Corral Fly 02-01 State# 35H	30-015-44589	S/2 of Section 1 and S/2 of Section 2	Purple Sage; Wolfcamp (Gas)	Proposed Corral Fly 02-01 State# 34H Communitization Agreement	N/A
Corral Fly 02-01 State# 36H	30-015-44590	S/2 of Section 1 and S/2 of Section 2	Purple Sage; Wolfcamp (Gas)	Proposed Corral Fly 02-01 State# 34H Communitization Agreement	N/A

All Wells located in Township 25 South, Range 29 East