

**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-580-A

ORDER

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

FINDINGS OF FACT

1. Oxy USA, Inc. (“Applicant”) submitted a complete application to surface commingle and off-lease measure the oil and gas production ("Application") from the pools, leases, and wells identified in Exhibit A.
2. 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.
3. Applicant proposed a method to allocate the oil and gas production to the pools, leases, and wells to be commingled.
4. To the extent that ownership is diverse, Applicant provided notice of the Application to all persons owning an interest in the oil and gas production to be commingled, including the owners of royalty and overriding royalty interests, regardless 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 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.

CONCLUSIONS OF LAW

7. 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, and 19.15.12 NMAC.
8. To the extent that ownership is diverse, Applicant satisfied the notice requirements for the Application in accordance with 19.15.12.10(A)(2), (C)(4)(c), and (C)(4)(e) NMAC.
9. Applicant’s proposed method of allocation, as modified herein, complies with 19.15.12.10(B)(1) or (C)(1) NMAC, as applicable.

10. Commingling involving state, federal, or tribal leases shall not commence until approved by the BLM or NMSLO, as applicable, in accordance with 19.15.12.10(B)(3) and (C)(4)(h) NMAC.
11. 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. Applicant satisfied the notice requirements for subsequent additions of pools, leases, and wells in the notice for the Application, in accordance with 19.15.12.10(C)(4)(g) NMAC.
12. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

ORDER

1. Effective April 8, 2020, Applicant is authorized to surface commingle and off-lease measure oil and gas production from the pools, leases, and wells identified in Exhibit A.
2. This Order supersedes Orders PC-1260, PC-1260-A, PC-1260-B, PC-1261, PLC-405, PLC-405-A, PLC-405-B, PLC-525, PLC-553, PLC-563, PLC-580.
3. The allocation of oil and gas production shall be based on the production life of each well. The production of a well shall be measured for three periods: (a) the initial production period shall be measured from the first production until 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.

For each well, during the initial production period, the oil and gas production shall be separated and metered prior to commingling.

For each well, during the plateau period, the oil and gas production shall be allocated using a minimum of four (4) well tests per month.

For each well, during the decline period, the oil and gas production shall be allocated on the basis of: (a) four (4) well tests per month when the decline rate is greater than 21% per month; (b) three (3) well tests per month when the decline rate is between 21% and 13% per month; (c) two well tests per month when the decline rate is between 13% and 6% per month; and (d) one (1) well test per month when the decline rate is less than 6% per month.

Applicant shall submit a Form C-103 each quarter to the Engineering Bureau in Santa Fe that identifies the allocation method for each well, and for any well allocated by the well test method, Applicant shall provide the following information: (a) the current decline rate; (b) the minimum number of well tests per month required by this Order; and (c) the number of well tests conducted each month.

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

Applicant shall conduct a well test by separating and metering the oil and gas production from each 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.

4. Applicant shall measure the commingled oil at a central tank battery described in Exhibit A in accordance with 19.15.18.15 NMAC or 19.15.23.8 NMAC.
5. Applicant shall measure the commingled gas at the central delivery point described in Exhibit A in accordance with 19.15.19.9 NMAC, provided however that if the gas is flared, regardless whether OCD has granted an exception pursuant to 19.15.18.12(B) NMAC, Applicant shall report the gas in accordance with 19.15.18.12(F) NMAC.
6. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10(C)(2) NMAC.
7. 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 via the OCD Fee Portal and providing notice of the application to all owners of interest in the production to be added.
8. Applicant shall not commence commingling involving state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
9. OCD retains jurisdiction and reserves the right to modify or revoke this Order if it determines that the Application did not accurately describe any action affecting or related to the commingling of oil and gas production, or as deemed necessary to prevent waste or protect correlative rights, public health, or the environment.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**

DATE: 4/07/2020

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: PLC-580-A

Operator: Oxy USA, INC. (16696)

Central Tank Battery: Whomping Willow Battery

Central Tank Battery Location (NMPM): Unit F, Section 15, Township 24 South, Range 29 East

Gas Custody Transfer Meter Location (NMPM): Unit F, Section 15, Township 24 South, Range 29 East

Central Tank Battery: Cedar Canyon 16-1 Battery

Central Tank Battery Location (NMPM): Unit D, Section 16, Township 24 South, Range 29 East

Gas Custody Transfer Meter Location (NMPM): Unit D, Section 16, Township 24 South, Range 29 East

Pools

Pool Name	Pool Code
PIERCE CROSSING; BONE SPRING, EAST	96473
PURPLE SAGE; WOLFCAMP (GAS)	98220
CEDAR CANYON; DELAWARE	11540
CORRAL DRAW; BONE SPRING	96238

Leases as defined in 19.15.12.7(C) NMAC

Lease	Location (NMPM)	
CA BS 1377568	S/2 N/2, N/2 S/2	Sec 15-T24S-R29E
""	S/2 NE/4, N/2 SE/4, SE/4 NW/4, NE/4 SW/4	Sec 16-T24S-R29E
CA BS 1377584	S/2	Sec 15-T24S-R29E
""	SE/4, E/2 SW/4	Sec 16-T24S-R29E
CA WC 1377397	S/2 Sec 15, S/2 Sec 16	T24S-R29E
VA 8361	All	Sec 16-T24S-R29E
Fee	NE/4, S/2 NW/4	Sec 17-T24S-R29E
""	N/2 SW/4, E/2 NW/4 SE/4, SE/4 SE/4	Sec 17-T24S-R29E
""	W/2 SW/4, SE/4 SW/4, S/2 NE/4 SW/4	SE/4 Sec 17-T24S-R29E
Fee	SW/4, SW/4 NW/4, S/2 SE/4, NE/4 SE/4	Sec 9-T24S-R29E
Fee	SW/4	Sec 10-T24S-R29E
Fee	W/2, S/2 NE/4, SE/4	Sec 15-T24S-R29E
Fee	NW/4 NE/4 Sec 15, NE/4 SE/4 Sec 8	T24S-R29E
Fee	N/2 N/2	Sec 22-T24S-R29E

Wells

Well API	Well Name	Location (NMPM)	Pool Code	Train
30-015-45215	Refried Beans CC 15_16 State Com 12H	H-15-24S-29E	96473	
30-015-45216	Refried Beans CC 15_16 State Com 13H	H-15-24S-29E	96473	
30-015-45217	Refried Beans CC 15_16 State Com 14H	I-15-24S-29E	96473	
30-015-45218	Whomping Willow CC 15_16 State Com 44H	I-15-24S-29E	98220	
30-015-30375	Harroun 10 #1	N-10-24S-29E	11540	
30-015-31709	Harroun 10 #2	M-10-24S-29E	11540	
30-015-32617	Harroun 10 #3	L-10-24S-29E	11540	
30-015-29987	Harroun 15 #7	C-15-24S-29E	11540	
30-015-30253	Harroun 15 #8	F-15-24S-29E	11540	
30-015-32620	Harroun 15 #14	D-15-24S-29E	11540	

30-015-42058	Cedar Canyon 17 Fee #1H	A-17-24S-29E	96238
30-015-33317	Harroun 15 #15	E-15-24S-29E	96473
30-015-33823	Harroun 15 #16A	L-15-24S-29E	96473
30-015-33822	Harroun 15 #17	M-15-24S-29E	96473
30-015-41032	Cedar Canyon 15 #2H	M-15-24S-29E	96473
30-015-41594	Cedar Canyon 15 #3H	L-15-24S-29E	96473
30-015-41327	Cedar Canyon 22 #2H	D-22-24S-29E	96473
30-015-41291	Cedar Canyon 15 #4H	E-15-24S-29E	96473
30-015-34997	Harroun 9 #1	P-09-24S-29E	96473
30-015-41488	Harroun 9 #3H	P-09-24S-29E	96473
30-015-41024	Cedar Canyon 16 State #2H	P-16-24S-29E	96473
30-015-41595	Cedar Canyon 16 State #6H	L-15-24S-29E	96473
30-015-42683	Cedar Canyon 16 State #12H	M-15-24S-29E	96473
30-015-33820	H Buck State #003	A-16-24S-29E	96473
30-015-34444	H Buck State #004	H-16-24S-29E	96473
30-015-32618	Harroun 10 #004	K-10-24S-29E	96473
30-015-29310	Harroun 15 #005	B-15-24S-29E	11540
30-015-33821	Harroun 22 #003	A-22-24S-29E	96473
30-015-35042	H Buck State #005	L-15-24S-29E	96473
30-015-34695	H Buck State #010	P-16-24S-29E	96473
30-015-29763	Harroun 15-2	D-15-24S-29E	11540
30-015-39857	Cedar Canyon 15 #001H	M-15-24S-29E	11540
30-015-28639	Harroun 22 #001	D-22-24S-29E	11540
30-015-42421	Cedar Canyon 15 Fed Com 5H	D-15-24S-29E	96473
30-015-42062	Cedar Canyon 16 State #11H	C-16-24S-29E	11540
30-015-39856	Cedar Canyon 16 State #1H	D-16-24S-29E	96473
30-015-41251	Cedar Canyon 16 State #7H	E-15-24S-29E	96473
30-015-41596	Cedar Canyon 16 State #8H	A-16-24S-29E	96473
30-015-42061	Cedar Canyon 16 State #9H	D-16-24S-29E	96473
30-015-42055	Cedar Canyon 16 State #10H	C-16-24S-29E	96473
30-015-43844	Cedar Canyon 16 State #33H	A-16-24S-29E	98220
30-015-43843	Cedar Canyon 16 State #34H	A-16-24S-29E	98220