

State of New Mexico  
Energy, Minerals and Natural Resources Department

**Susana Martinez**  
Governor

**Ken McQueen**  
Cabinet Secretary

**Matthias Sayer**  
Deputy Cabinet Secretary

**David R. Catanach, Division Director**  
Oil Conservation Division



July 6, 2017

**ADMINISTRATIVE POOL/LEASE COMMINGLING ORDER**

Administrative Order PLC-385-A  
Administrative Application Reference No pMAM1716346030

**OXY USA, Inc.**  
Attention: Mr. Justin Morris

Pursuant to your application received on June 2, 2017, OXY USA, Inc (OGRID 16698) is hereby authorized to surface commingle oil and gas production from the following pools.

|  |                |
|--|----------------|
| <b>CEDAR CANYON, BONE SPRING</b>         | <b>(11520)</b> |
| <b>LAGUNA SALADO, BONE SPRING, SOUTH</b> | <b>(96857)</b> |
| <b>HARROUN RANCH; DELAWARE, NE</b>       | <b>(96878)</b> |
| <b>PURPLE SAGE, WOLFCAMP (GAS)</b>       | <b>(98220)</b> |
| <b>NASH DRAW; DELAWARE, SW</b>           | <b>(97148)</b> |

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 federal leases in Township 23 South Range 29 East, NMPM, Eddy County, New Mexico. Further, the oil and gas production from each of the wells shall be measured and sold from their respective surface facilities listed in Attachment A.

The commingled oil gas production from the wells in Attachment A for the Goodnight 27-1 Battery shall be measured and sold at the Goodnight 27-1 Satellite Facility central tank battery (Goodnight 27-1 CTB) in Unit O of Section 27, Township 23 North, Range 29 East, NMPM, Eddy County, New Mexico.

The commingled oil gas production from the wells in Attachment A for the Goodnight 27-4 Battery shall be measured and sold at the Goodnight 27-4 central tank battery (Goodnight 27-4 CTB) in Unit N of Section 27, Township 23 North, Range 29 East, NMPM, Eddy County, New Mexico.

The commingled oil gas production from the wells in Attachment A for the Cypress 33-1 Battery shall be measured and sold at the Cypress 33-1 Satellite Facility central tank battery (Cypress 33-1 CTB) in Unit P of Section 33, Township 23 North, Range 29 East, NMPM, Eddy County, New Mexico.

The commingled oil gas production from the wells Attachment A for the Cypress 34-1 Battery shall be measured and sold at the Cypress 34-1 Satellite Facility central tank battery (Cypress 34-

1 CTB) in Unit P of Section 34, Township 23 North, Range 29 East, NMPM, Eddy County, New Mexico.

Production from the subject wells shall be determined as follows:

All oil production shall be sold at the at the Goodnight 27-4 CTB, after oil production is measured at their respective CTB.

Gas production shall be measured and sold at their respective CTB.

**Goodnight 27-1 CTB Production:**

It is understood that the test separator and meters are designed to accurately measure production from the well with the highest production rate. In addition, the hyperbolic behavior of the oil production from the wells listed in Attachment A dedicated to this CTB have stabilized into the Range 3 portion of the decline as described in Hearing Order R-14299, with a decline rate of less than 5 percent. Therefore, these wells shall be tested monthly.

**Goodnight 27-4 CTB Production:**

It is understood that the test separator and meters are designed to accurately measure production from the well with the highest production rate. In addition, the hyperbolic behavior of the oil production from the wells, listed in Attachment A dedicated to this CTB have stabilized into the Range 3 portion of the decline as described in Hearing Order R-14299, with a decline rate of less than 5 percent, with the exception of the Cypress 33 Federal Well No. 9H and Cypress 34 Federal Well No. 12H. Therefore, these wells shall be tested monthly.

The Cypress 33 Federal Well No. 9H and Cypress 34 Federal Well No. 12H are in Range 2 of decline, and as a result shall be tested at least twice a month.

**Goodnight 33-1 CTB Production:**

It is understood that the test separator and meters are designed to accurately measure production from the well with the highest production rate. In addition, the hyperbolic behavior of the oil production from the wells, listed in Attachment A dedicated to this CTB have stabilized into the Range 3 portion of the decline as described in Hearing Order R-14299, with a decline rate of less than 5 percent, with the exception of the Cypress 33 Federal Com. Well No. 10H Therefore, these wells shall be tested monthly.

The Cypress 33 Federal Com. Well No. 10H shall be continuously metered, when it is in peak production. When the well declines to Range 1 decline, it shall be tested 3 times a month, twice a month during Range 2 decline, and at least once a month during Range 3 decline.

Goodnight 34-1 CTB Production

It is understood that the test separator and meters are designed to accurately measure production from the well with the highest production rate. In addition, the hyperbolic behavior of the oil production from the wells listed in Attachment A dedicated to this CTB have stabilized into the

Range 3 portion of the decline as described in Hearing Order R-14299, with a decline rate of less than 5 percent. Therefore, these wells shall be tested monthly.

The allocation meters shall be calibrated quarterly in accordance with Rule 19 15 12 10 C (2) NMAC.

This installation shall be installed and operated in accordance with the applicable Division Rules. It is the responsibility of the producer to notify the transporter of this commingling authority.

**This approval is subject to like approval from Bureau of Land Management a before commencing commingling operations.**

This Order supersedes Administrative Order PLC-385, issued on November 8, 2013. This Order adds the new wells, new pools, and approves measurement methods based on Hearing Order R-14299, issued on February 14, 2017.

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



**DAVID R. CATANACH**  
Director

DRC/mam

cc Oil Conservation Division District Office – Artesia  
Bureau of Land Management – Carlsbad

Attachment A