

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
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Oil Conservation Division



January 23, 2018

Surface Commingling Order PC-1310-A

OXY USA INC
Attention: Ms. Sandra Musallam

OXY USA Inc is hereby authorized to surface commingle oil and gas production from the following pools from the identically owned federal lease located in Section 35, Township 23 South, Range 31 East, NMPM, Eddy County, New Mexico:

Cotton Draw; Bone Spring (13367)
WC-015 G-08 S233135D; Wolfcamp (98236)

And from the following wells located on Federal lease NMNM19199 located in Section 35, Township 23 South, Range 31 East, NMPM, Eddy County, New Mexico.

Project Area: W/2 W/2 of Section 35, Township 23 South, Range 31 East
Well: Cal Mon 35 Federal Com. Well No. 041H API 30-015-43140
Pool: Cotton Draw; Bone Spring

Project Area: W/2 W/2 of Section 35, Township 23 South, Range 31 East
Well: Cal Mon 35 Federal Com. Well No. 171H API 30-015-44269
Pool: WC-015 G-08 S233135D; Wolfcamp

The combined spacing unit for these wells comprises the W/2 W/2 of Section 35, Township 23 South, Range 31 East, NMPM, Eddy County, New Mexico.

Commingled oil and gas production from the wells shall be measured and sold at the Cal Mon 35 Federal Com. Well No. 041H Central Tank Battery, located in Unit D of Section 35, Township 23 North, Range 31 East, NMPM, San Juan 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 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 measured separately. 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. However, initially the wells shall have their own dedicated separator. Applicant shall file a Sundry notice when any permanent separator is removed.

This Order supersedes Administrative Order PC-1310, issued on November 1, 2017. This Order states that a Sundry notice will be provided when a permanent separator is removed, and not when a test separator is removed as provided in the original order.

This installation shall be installed and operated in accordance with the applicable Division Rules and Regulations. 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 Bureau of Land Management before commencement of the commingling operations.

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.

The producer/Operator shall notify the transporter of this commingling authority and the Artesia District Office of the Division prior to implementation of commingling operations.



HEATHER RILEY
Director

HR/mam

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