

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



November 26, 2018

ADMINISTRATIVE POOL/LEASE COMMINGLING ORDER

AMENDED APPLICATION

Administrative Order PLC-541

AMENDS PLC-483

OXY USA, Inc.
Attention: Ms. Sandra Musallam

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

PIERCE CROSSING; BONE SPRING, EAST	(96473)
CORRAL DRAW; BONE SPRING	(96238)
PURPLE SAGE; WOLFCAMP (GAS)	(98220)

and from wells, their associated leases, pools, Trains, and noted range of production decline as identified in the application, Exhibit "A" made a part of this order. These wells are located on federal leases in Township 24 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 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.

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

Cedar Canyon 23-3H Battery

The commingled oil and gas production from the wells in Attachment A for the Cedar Canyon 23-3H Battery shall be measured at the Cedar Canyon 23-3H Central Tank Battery (Cedar Canyon 23-3H CTB) located in Unit I of Section 22, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico. The gas will be measured at the Cedar Canyon 23-3H CTB, which will be the Facility Measurement Point (FMP) for those wells. Oil production from the wells from the Cedar Canyon 23-3H CTB and the commingled production from the Cedar Canyon 22 Federal Com 5H shall be the FMP.

Cedar Canyon 22 Satellite Battery

The oil and gas production from the Cedar Canyon 22 Federal Com Well No. 5H shall be separately metered at the Cedar Canyon 22 Satellite Battery located in Unit N of Section 22, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico (Cedar Canyon 22 Satellite CTB). The gas will be measured at the Cedar Canyon 22 Satellite Battery CTB, which will be the FMP for this well. The oil production after it is measured shall be commingled with the wells from the Cedar Canyon 23-3H CTB.

Cedar Canyon 21 Battery

The commingled oil and gas production from the wells in Attachment A for the Cedar Canyon 21 Battery shall be measured and sold at the Cedar Canyon 21 Battery (Cedar Canyon 21 CTB) located in Unit P of Section 21, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico. The Cedar Canyon 21 CTB shall be an FMP for oil and gas production for all wells at the Cedar Canyon 21CTB.

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 administrative order supersedes Administrative Order PLC-483, issued on September 27, 2017. Production from wells from the Cedar Canyon 23-3H CTB and the Cedar Canyon 22 Fed Com Well No.5H shall not be commingled with wells from the Cedar Canyon 21 CTB. Lastly, the Cedar Canyon Federal Com Well No. 33H has been removed from the commingle application and will be separately metered.

No notice was required, because the measurement method has not changed, and only the FMP for oil and gas changed.

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.

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

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 District Office – Artesia
Bureau of Land Management – Carlsbad

Attachment A

ATTACHMENT A: Cedar Canyon Wells

CEDAR CANYON 23-3H SATELLITE						
Well Name	API	Horizontal Spacing Unit	Pool	Lease	Pool Code	Range of Decline
Cedar Canyon 22 Fed 21H	30-015-43642	N/2 S/2 Sec 22	Pierce Crossing; Bone Spring E	Federal Lease NMNM81586	96473	3
Cedar Canyon 23-24 Fed 31H	30-015-44179	N/2 N/2 of Section 23, N/2 NW/4 Section 24	Pierce Crossing; Bone Spring E	Federal Lease NMNM81586	96473	3
Cedar Canyon 23-24 Fed 32H	30-015-44180	S/2 N/2 of Section 23, S/2 NW/4 Section 24	Pierce Crossing; Bone Spring E	Federal Lease NMNM81586	96473	3
Cedar Canyon 22 Fed Com 4H	30-015-43708	N/2 S/2 Sec 22	Pierce Crossing; Bone Spring E	CA NM 136823	96473	3
Cedar Canyon 23 Fed 3H	30-015-43290	N/2 S/2 of Section 23, N/2 SW/4 Section 24	Pierce Crossing; Bone Spring E	Federal Lease NMNM81586	96473	3
Cedar Canyon 23 Fed 4H	30-015-43281	S/2 N/2 of Section 23, S/2 NW/4 Section 24	Pierce Crossing; Bone Spring E	Federal Lease NMNM81586	96473	3
Cedar Canyon 23 Fed 5H	30-015-43282	N/2 N/2 of Section 23, N/2 SW/4 Section 24	Pierce Crossing; Bone Spring E	Federal Lease NMNM81586	96473	3
Cedar Canyon 23 Fed Com 6H	30-015-44095	N/2 S/2 of Section 23, N/2 SW/4 Section 24	Pierce Crossing; Bone Spring E	CA NM 137588	96473	3

CEDAR CANYON 22 SATELLITE BATTERY						
Well Name	API	Horizontal Spacing Unit	Pool	Lease	Pool Code	Range of Decline
Cedar Canyon 22 Fed Com 5H	30-015-43758	N/2 S/2 Sec 22	Corral Draw; Bone Spring	CA NM 136578	96238	3

CEDAR CANYON 21 BATTERY						
Well Name	API	Horizontal Spacing Unit	Pool	Lease	Pool Code	Range of Decline
Cedar Canyon 21 Fed Com 22 H	30-015-44190	S/2 N/2 Sec 21	Corral Draw; Bone Spring	CA Pending	96238	2
Cedar Canyon 21 Fed Com 23 H	30-015-44191	S/2 N/2 Sec 21	Corral Draw; Bone Spring	CA Pending	96238	2
Cedar Canyon 21 Fed Com 21 H	30-015-44181	N/2 N/2 Sec 21	Corral Draw; Bone Spring	CA Pending	96238	2
Cedar Canyon 21-22 Fed Com 32H	30-015-44176	S/2 N/2 Sec 21 and S/2 N/2 Sec 22	Pierce Crossing; Bone Spring E	CA NM 253027	96473	2
Cedar Canyon 21 Fed Com 31H	30-015-44182	N/2 Section 21	Purple Sage; Wolfcamp	CA Pending	98220	3