

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
Budget Bureau No. 1004-0135  
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.  
Use "APPLICATION FOR PERMIT—" for such proposals.

SUBMIT IN TRIPLICATE

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

OXY USA Inc.

3. Address and Telephone No.

P.O. Box 50250 Midland, TX 79710-0250

915-685-5717

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

~~1899~~ FNL 1980 FWL SENW(F) Sec 13 T20S R28E

1800

7. If Unit or CA, Agreement Designation

8. Well Name and No. 14696

Government AC #2

9. API Well No.

30-015-21514

10. Field and Pool, or Exploratory Area

Russell Delaware 52810

11. County or Parish, State

Eddy NM

12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☐ Notice of Intent  
☒ Subsequent Report  
☐ Final Abandonment Notice

TYPE OF ACTION

- ☐ Abandonment  
☐ Recompletion  
☐ Plugging Back  
☐ Casing Repair  
☐ Altering Casing  
☒ Other Off Lease Measurement  
☐ Change of Plans  
☐ New Construction  
☐ Non-Routine Fracturing  
☐ Water Shut-Off  
☐ Conversion to Injection  
☐ Dispose Water

Surface Gas Commingling (Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)\*

OXY USA Inc. requests approval for off-lease gas measurement and surface commingling of gas for the Government AC #2. The production from the Government AC #2 is separated on location and liquids are stored on location. The gas is measured on the AC#2 location and is then transported to the sales point at the Government R #2 location. Please see attached for diagrams showing the commingling of gas. Due to the low gas volume, it is uneconomical to set a separate gas sales meter.

14. I hereby certify that the foregoing is true and correct

Signed

Title

David Stewart  
Regulatory Analyst

Date

4/25/97

(This space for Federal or State office use)

FORIG. SGD. DAVID R. GLASS

PETROLEUM ENGINEER

Approved by

Title

Date

MAY 05 1997

Conditions of approval, if any:

SEE ATTACHED FOR

CONDITIONS OF APPROVAL

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

\*See Instruction on Reverse Side

**CRA BLM FORMAT**

**APPLICATION FOR SURFACE COMINGLING,  
OFF LEASE STORAGE AND MEASUREMENT APPROVAL**

**This Format Should Be Attached To A Sundry Notice**

To: Bureau of Land Management  
P. O. Box 1778  
Carlsbad, New Mexico 88221-1778

OXY USA Inc. (Operator's Name) is requesting approval for  
surface comingling and off-lease ~~storage~~ and measurement of  
hydrocarbon production from the following formation(s) and well(s)  
on Federal Lease No. NMLC050797 ; Lease Name: Government AC #2

<u>Well No.</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>2</u>	<u>SENW</u>	<u>13</u>	<u>20S</u>	<u>28E</u>	<u>Delaware</u>
<u>  </u>	<u>  </u>	<u>  </u>	<u>  </u>	<u>  </u>	<u>  </u>
<u>  </u>	<u>  </u>	<u>  </u>	<u>  </u>	<u>  </u>	<u>  </u>
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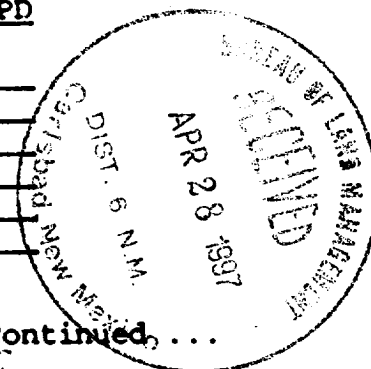
with hydrocarbon production from the following formation(s) and  
well(s) on Federal lease No. NM6856 ; Lease Name: Government R #2

<u>Well No.</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
<u>2</u>	<u>NESW</u>	<u>14</u>	<u>20S</u>	<u>28E</u>	<u>Bone Springs</u>
<u>  </u>	<u>  </u>	<u>  </u>	<u>  </u>	<u>  </u>	<u>  </u>
<u>  </u>	<u>  </u>	<u>  </u>	<u>  </u>	<u>  </u>	<u>  </u>
<u>  </u>	<u>  </u>	<u>  </u>	<u>  </u>	<u>  </u>	<u>  </u>

Production from the wells involved is as follows:

<u>Well Name and No.</u>	<u>BOPD</u>	<u>Oil Gravity</u>	<u>MCFPD</u>
<u>Government AC #2</u>	<u>  </u>	<u>  </u>	<u>25</u>
<u>Government R #2</u>	<u>  </u>	<u>  </u>	<u>35</u>
<u>  </u>	<u>  </u>	<u>  </u>	<u>  </u>
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Continued...



Continued:

The proposed operation is described in detail on the attached diagrams.

A map is enclosed showing the lease numbers and location of all leases and wells that will contribute production to the proposed commingling/common storage facility. All unitized/communitized areas, producing zones/pools are also clearly illustrated.

A schematic diagram is also attached which clearly identifies all equipment that will be utilized.

The ~~storage~~ measuring facility is located at NESW -1/4, Sec. 14, T 20 S, R 28 E, on lease No. NM6856, Eddy County, New Mexico. BLM will be notified if there is any future change in the facility location.

Details of the proposed method for allocating production to contributing sources is as follows:

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The Government AC #2 gas is measured on location. The sales meter on the Government R #2 location represents the commingled gas from the R#2 and AC#2.

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$R\#2 \text{ gas} = \text{Sales volume} - AC\#2 \text{ meter volume.}$

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$AC\#2 \text{ gas} = \text{meter volume}$

---

The working interest owners have been notified of the proposal.

The proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production.

The proposed commingling is necessary for continued operation of the above referenced Federal leases.

We understand that the requested approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument. And, we will submit within 30 days an application for right-of-way approval to the BLM's Realty Section in your office if we have not already done so. (See attached)

Additional wells require additional commingling approvals.

Signature: 

Name: David Stewart

Title: Regulatory Analyst

Date: 4/25/97

# GOVERNMENT "AC" #2

SEC. 13-T20S-R28E

EDDY COUNTY, NM

FEDERAL LEASE

No. NM 050797

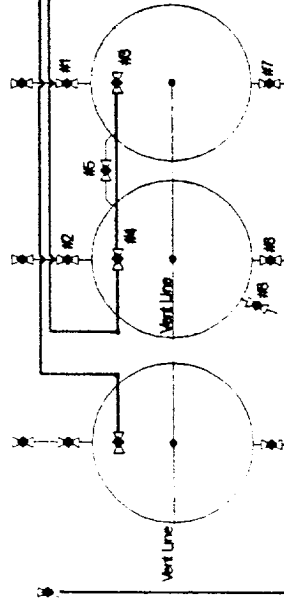
Allocation Meter  
for Govt AC #2 gas.

To Sales Meter  
@ Gov #42  
Location

Header/  
Trunk

2" ROWLINE

WELLHEAD



## VALVE SEQUENCE

### PRODUCTION

Open: 1 fill line valve #3 or #4 (depending on tank being produced into)  
equalizing valve #5

Close: Remaining fill line valve #3 or #4

All load line valves #1, #2

All circulating valves #6, #7

Tank rolling valve #8

### SALES

Open: 1 fill line valve (Either #3 or #4)

1 load line valve (Either #1 or #2)

Close: Equalizing valve #5

Remaining fill line and load line valves

Tank circulating valves #6, #7

Tank rolling valve #8

(40) VALVES WBOXCAR TYPE SEALS  
— ABOVE GROUND LINES  
- - - BURIED LINES  
• PIPELINE RISER



REVISED 10/96

# GOVERNMENT "R" #2

SEC. 14-T20S-R28E

WDDY COUNTY, NM

FEDERAL LEASE

No. NM 6856

## VALVE SEQUENCE

### PRODUCTION

#### OPEN:

- 1 Fill valve, either #4 or #5 (depending on tank produced into.)
- 1 Circulating valve, either #6 or #7 (Corresponding with open fill valve.)
- 1 Equalizing valve #3

#### CLOSED:

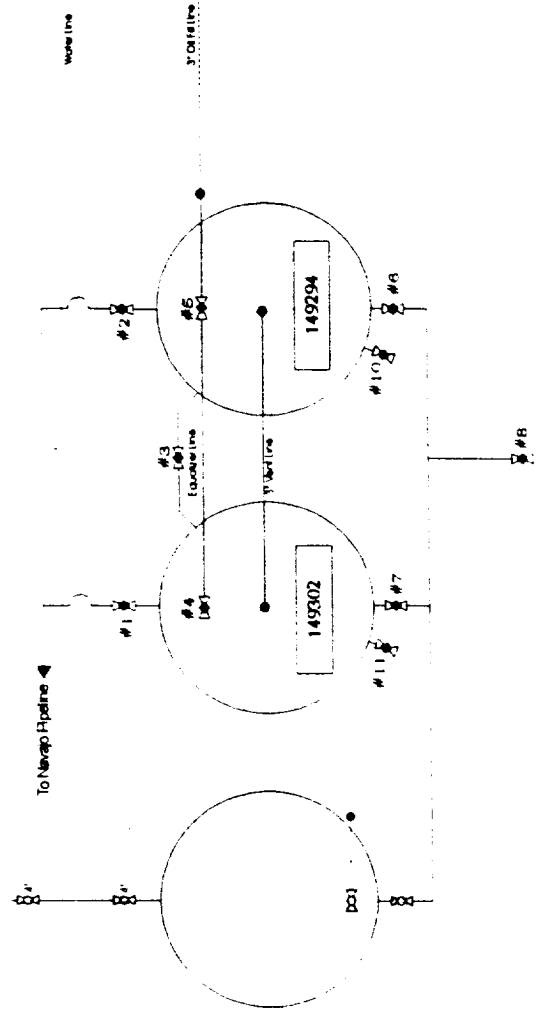
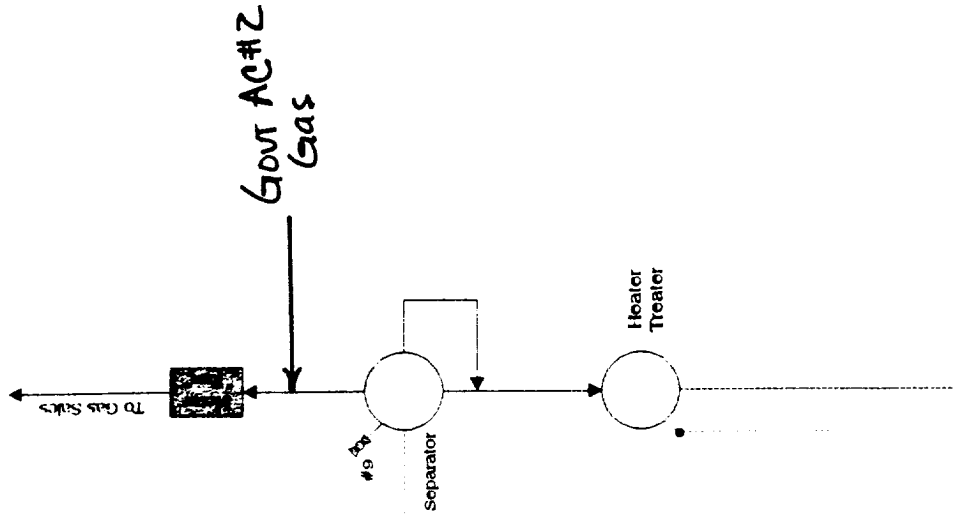
- All load line valves #1, #2
- Remaining fill & circulating valves, #4 or #5 and #6 or #7
- All tank rolling valves #10 & #11, #8
- All vessel valves, #9

### Sales

#### OPEN:

- 1 Load line valve, #1 or #2
- All fill valves #4, #5
- Equalizing valve, #3
- Circulating valves, #6 & #7
- Tank rolling valves, #10 & #11, #8
- All Vessel valves, #9

#### CLOSED:

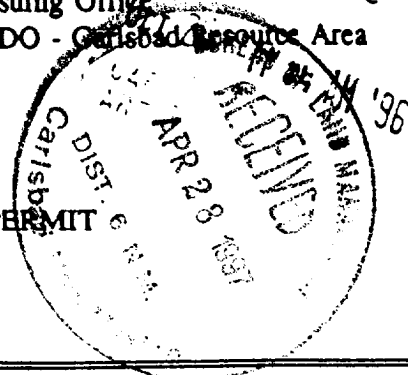


(#) VALVES W/BOXCAR TYPE SEALS  
 ABOVE GROUND LINES  
 BURIED LINES  
 PIPELINE RISER

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
RIGHT-OF-WAY GRANT/TEMPORARY USE PERMIT

SERIAL NUMBER: NM NM-96589

Issuing Office  
RDO - Carlsbad Resource Area



1. A right-of-way is hereby granted pursuant to Section 28 of the Mineral Leasing Act of 1920, as amended (30 U.S.C. 185).

2. Nature of Interest:

a. By this instrument, the holder:

OXY USA, Inc.  
P.O. Box 50250  
Midland, TX 79710-0250

receives a right to construct, operate, maintain, and terminate a three-inch diameter, surface polyethylene pipeline for natural gas serving the Government "AC" No. 2 well, on Federal lands described as follows:

T. 20 S., R. 28 E., NMPM  
Section 13: S $\frac{1}{2}$ NW $\frac{1}{4}$ ;  
Section 14: NE $\frac{1}{4}$ , SE $\frac{1}{4}$ NW $\frac{1}{4}$ , NE $\frac{1}{4}$ SW $\frac{1}{4}$ .

The lands described above contain a total length of 1.225 miles.

- b. The right-of-way or permit area granted herein is 30 feet wide, 6,467.0 feet long and contains 4.454 acres, more or less. If a site type facility, the facility contains N/A acres.
- c. This instrument shall terminate on October 25, 2026, 30 years from its effective date unless, prior thereto, it is relinquished, abandoned, terminated, or modified pursuant to the terms and conditions of this instrument or of any applicable Federal law or regulation.
- d. This instrument may be renewed. If renewed, the right-of-way or permit shall be subject to the regulations existing at the time of renewal and any other terms and conditions that the authorized officer deems necessary to protect the public interest.
- e. Notwithstanding the expiration of this instrument or any renewal thereof, early relinquishment, abandonment, or termination, the provisions of this instrument, to the extent applicable, shall continue in effect and shall be binding on the holder, its successors, or assigns, until they have fully satisfied the obligations and/or liabilities accruing herein before or on account of the expiration, or prior termination, of the grant.

3. Rental:

For and in consideration of the rights granted, the holder agrees to pay the Bureau of Land Management fair market value rental as determined by the authorized officer unless specifically exempted from such payment by regulation. Provided, however, that the rental may be adjusted by the authorized officer, whenever necessary, to reflect changes in the fair market rental value as determined by the application of sound business management principles, and so far as practicable and feasible, in accordance with comparable commercial practices.

4. Terms and Conditions:

- a. This grant or permit is issued subject to the holder's compliance with all applicable regulations contained in Title 43 Code of Federal Regulations part 2880.
- b. Upon grant termination by the authorized officer, all improvements shall be removed from the Federal lands within 90 days, or otherwise disposed of as provided in paragraph (4)(c) or as directed by the authorized officer.
- c. The stipulations, plans, maps, or designs set forth in Exhibits A and B dated August 27, 1996, attached hereto, are incorporated into and made a part of this grant instrument as fully and effectively as if they were set forth herein in their entirety.
- d. Failure of the holder to comply with applicable law or any provision of this right-of-way grant or permit shall constitute grounds for suspension or termination thereof.
- e. The holder shall perform all operations in a good and workmanlike manner so as to ensure protection of the environment and the health and safety of the public.

IN WITNESS WHEREOF, The undersigned agrees to the terms and conditions of this right-of-way grant or permit.

Robert W. Hunt  
(Signature of Holder)

Attorney-In-Fact  
(Title)

Oct. 14, 1996  
(Date)

Gary Brown  
(Signature of Authorized Officer)

Sw Area Manager, Carlsbad Resource Area  
(Title)

10/25/96  
(Effective Date of Grant)

EXHIBIT A  
August 27, 1996

BLM Serial Number: NM-96589  
Company Reference: OXY USA, Inc.  
Government "AC" No. 2 to Govt. R-2 Gas Line

SURFACE INSTALLED PIPELINE STIPULATIONS FOR THE ROSWELL DISTRICT, BLM

The holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer, BLM.

1. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.
2. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976, as amended (15 U.S.C. 2601, *et. seq.*) with regard to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized by this grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation and Liability Act, Section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the Authorized Officer concurrent with the filing of the reports to the involved Federal agency or State government.
3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, *et. seq.* or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, *et. seq.*) on the right-of-way (unless the release or threatened release is wholly unrelated to the right-of-way holder's activity on the right-of-way). This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.
4. The holder shall be liable for damage or injury to the United States to the extent provided by 43 CFR Sec. 2883.1-4. The holder shall be held to a standard of strict liability for damage or injury to the United States resulting from fire or soil movement (including landslides and slumps as well as wind and water caused movement of particles) caused or substantially aggravated by any of the following within the right-of-way or permit area:
  - A. Activities of the holder, including but not limited to, construction, operation, maintenance, and termination of the facility.
  - B. Activities of other parties including but not limited to:
    - (1). Land clearing.
    - (2). Earth-disturbing and earth-moving work.
    - (3). Blasting.
    - (4). Vandalism and sabotage.
  - C. Acts of God.



The maximum limitation for such strict liability damages shall not exceed one million dollars (\$1,000,000) for any one event and any liability in excess of such amount shall be determined by the ordinary rules of negligence of the jurisdiction of in which the damage of injury occurred.

This section shall not impose strict liability for damage or injury resulting primarily from the negligent acts of the United States.

5. If, during any phase of the construction, operation, maintenance, or termination of the pipeline or related facilities, any oil, brine, or other pollutant should be discharged from the pipeline or from containers or vehicles impacting Federal lands, the control and total removal, disposal, and cleanup of such oil, brine, or other pollutant, wherever found, shall be the responsibility of the holder, regardless of fault. Upon failure of the holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages to Federal lands resulting therefrom, the Authorized Officer, BLM, may take such measures as deemed necessary to control and cleanup the discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve the holder of any liability or responsibility.

6. The holder shall conduct all activities associated with the construction, operation, and termination of the right-of-way within the authorized right-of-way width of 30 feet.

7. No blading or clearing of any vegetation will be allowed unless approved in writing by the Authorized Officer, BLM.

8. The holder shall install the pipeline on the surface in such a manner that will minimize suspension of the pipeline across low areas in the terrain. The pipeline will be "snaked" around any hummocks and dunes rather than suspended across these features.

9. The pipeline shall be buried a minimum of 30 inches under all roads, including "two-tracks" and trails. Burial will continue for 20 feet on each side of each crossing. The condition of the road, upon completion of the construction, shall be returned to at least its former state, with no bumps, dips, or soft spots remaining in the road surface.

10. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair impacted improvements to at least their former state. The holder shall contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence will be braced on both sides of the passageway prior to cutting of the fence. No permanent gates will be allowed unless approved by the Authorized Officer.

11. In those areas where erosion control structures are required to stabilize soil conditions, the holder shall install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound management practices. Any earth work will require prior approval by the Authorized Officer.

12. Excluding the pipe, all above-ground structures not subject to safety requirements shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be a color which simulates "Standard Environmental Colors" designated by the Rocky Mountain Five-State Interagency Committee. The color selected for this project is Carlsbad Canyon (formerly sandstone brown), Munsell Soil Color Chart Number 2.5Y 6/2.

13. The holder shall post signs designating the BLM serial number, NM-96589, assigned to this right-of-way grant at the following locations: the points of origin and completion, or entry to and exit from public lands, of the right-of-way and at all major road crossings. These signs will be posted in a permanent, conspicuous manner, and will be maintained in a legible condition for the term of the right-of-way.

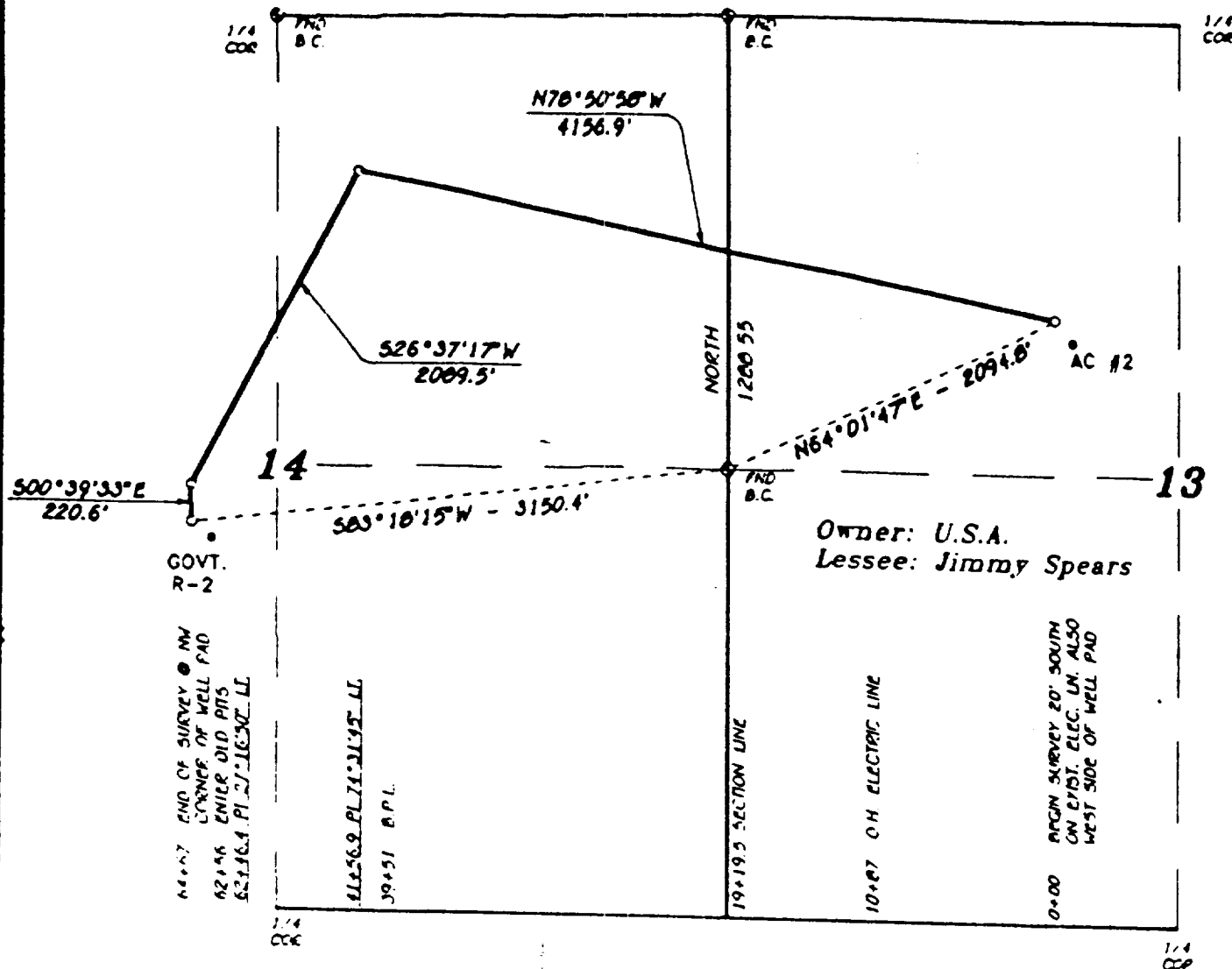
14. The holder shall not use the right-of-way as a road for purposes other than routine maintenance as determined necessary by the Authorized Officer, BLM, in consultation with the holder. The holder shall take whatever steps are necessary to ensure that the right-of-way is not used as a roadway.

15. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on the holder's behalf, on public or Federal land shall be immediately reported to the Authorized Officer. The holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery will be made by the Authorized Officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to the proper mitigation measures will be made by the Authorized Officer, BLM, after consulting with the holder.

16. Special Stipulation:

Karst Terrain Protection Stipulation:

The BLM, Carlsbad Resource Area, will be informed immediately if any subsurface drainage channels, passages, or voids are penetrated during construction and no further construction will be done at that point until clearance has been issued by the Authorized Officer. Special restoration stipulations or a realignment may be required at such intersections, if any.



LEGAL DESCRIPTION

A STRIP OF LAND 50.0 FEET WIDE, LOCATED IN SECTIONS 13&14, TOWNSHIP 20 SOUTH, RANGE 28 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO AND BEING 25.0 FEET LEFT AND RIGHT OF THE ABOVE PLATTED CENTERLINE SURVEY

SECTION 13 - 1,919.5 FEET = 0.35 MILES

SECTION 14 - 4,547.5 FEET = 0.86 MILES

TOTAL - 6,467.0 FEET = 1.22 MILES

I HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM FIELD NOTES OF AN ACTUAL SURVEY AND MEETS OR EXCEEDS ALL REQUIREMENTS FOR LAND SURVEYS AS SPECIFIED BY THIS STATE.

GARY L. JONES N.M. P.S.  
TEXAS P.L.S.

**Basin Surveys** P.O. BOX 1786 HOBBS, NEW MEXICO

W.C. Number: 6233

Drawn By: S.C. NICHOLS

Date: 06-04-96

Disk: SCN #28 - OXYE233A.DWG

1000 0 1000 2000 FEET

**OXY USA INC.**

REF: GOVERNMENT A/C #2 TO THE GOVERNMENT R-2

A PIPELINE CROSSING U.S.A. LAND IN  
SECTIONS 13&14, TOWNSHIP 20 SOUTH, RANGE 28 EAST,  
EDDY COUNTY, NEW MEXICO.

Survey Date: 06-04-96

Sheet 1 of 1 Sheet

