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-898-C

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having considered the application and the recommendation of the OCD Engineering Bureau, issues the following Order.

FINDINGS OF FACT

- 1. Oxy USA, Inc ("Applicant") submitted a complete application to surface commingle the oil production from the pools, leases, and wells as described in Exhibit A ("Application").
- 2. Applicant proposed a method to allocate the oil production to the pools, leases, and wells to be commingled.
- 3. Applicant provided notice of the Application to all persons owning an interest in the oil production to be commingled, including the owners of royalty and overriding royalty interests, regardless of 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.
- 4. Applicant provided notice of the Application to the Bureau of Land Management ("BLM") or New Mexico State Land Office ("NMSLO"), as applicable.
- 5. Applicant certified the commingling of oil production from the pools, leases, and wells will not in reasonable probability reduce the value of the oil production to less than if it had remained segregated.
- 6. Applicant in the notice for the Application stated that it sought authorization to prospectively include additional pools, leases, and wells in accordance with 19.15.12.10 C.(4)(g) NMAC.
- 7. Applicant stated that it sought authorization to surface commingle and off-lease measure, as applicable, oil production from wells which have not yet been approved to be drilled, but will produce from a pool and lease as described in Exhibit A.
- 8. Applicant submitted or intends to submit one or more proposed communitization agreement(s) ("Proposed Agreement(s)") to the BLM or NMSLO, as applicable, identifying the acreage of each lease to be consolidated into a single pooled area ("CA Pooled Area"), as described in Exhibit A.
- 9. **[Associated Order]** This Order is associated with Order PLC-749-H which authorizes infull or in-part the commingling of Gas production from the pools, leases, and wells as described in Exhibit A.

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CONCLUSIONS OF LAW

- 10. 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, 19.15.12. NMAC, and 19.15.23. NMAC.
- 11. Applicant satisfied the notice requirements for the Application in accordance with 19.15.12.10 A.(2) NMAC, 19.15.12.10 C.(4)(c) NMAC, and 19.15.12.10 C.(4)(e) NMAC, as applicable.
- 12. Applicant satisfied the notice requirements for the Application in accordance with 19.15.23.9 A.(5) NMAC and 19.15.23.9 A.(6) NMAC, as applicable.
- 13. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.10 B.(1) NMAC or 19.15.12.10 C.(1) NMAC, as applicable.
- 14. Commingling of oil production from 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) NMAC and 19.15.12.10 C.(4)(h) NMAC.
- 15. Applicant satisfied the notice requirements for the subsequent addition of pools, leases, and wells in the notice for the Application, in accordance with 19.15.12.10 C.(4)(g) NMAC. 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.
- 16. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

ORDER

1. Applicant is authorized to surface commingle oil production from the pools, leases, and wells as described in Exhibit A.

Applicant is authorized to store and measure oil production off-lease from the pools, leases, and wells as described in Exhibit A at a central tank battery or gas title transfer meter described in Exhibit A.

Applicant is authorized to surface commingle oil production from wells not included in Exhibit A but that produce from a pool and lease as described in Exhibit A.

Applicant is authorized to store and measure oil production off-lease from wells not included in Exhibit A but that produce from a pool and lease as described in Exhibit A at a central tank battery or gas title transfer meter described in Exhibit A.

- 2. This Order supersedes Order PLC-898, PLC-898-A, PLC-898-B, CTB-1110, PLC-552 (Partial) & PLC-454.
- 3. For each CA Pooled Area described in Exhibit A, Applicant shall submit a Proposed Agreement to the BLM or NMSLO, as applicable, prior to commencing oil production. If

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Applicant fails to submit the Proposed Agreement, this Order shall terminate on the following day.

No later than sixty (60) days after the BLM or NMSLO approves or denies a Proposed Agreement, Applicant shall submit a Form C-103 to OCD with a copy of the decision and a description of the approved lands, as applicable. If Applicant withdraws or the BLM or NMSLO denies a Proposed Agreement, this Order shall terminate on the date of such action, and Applicant shall cease commingling the production from the CA Pooled Area. If the BLM or NMSLO approves but modifies the Proposed Agreement(s), Applicant shall comply with the approved Agreement(s), and no later than sixty (60) days after such decision, Applicant shall submit a new surface commingling application to OCD to conform this Order with the approved Agreement(s) if the formation or dedicated lands are modified or if a modification is made that will affect this Order. If Applicant fails to submit the new surface commingling application or OCD denies the new surface commingling application, this Order shall terminate on the date of such action.

Applicant shall allocate the oil production to each lease within a CA Pooled Area in proportion to the acreage that each lease bears to the entire acreage of the CA Pooled Area until the Proposed Agreement which includes the CA Pooled Area is approved. After the Proposed Agreement is approved, the oil production from the CA Pooled Area shall be allocated as required by the BLM's or NMSLO's, as applicable, approval of the Agreement, including any production that had been allocated previously in accordance with this Order.

- 4. The allocation of oil production to wells not included in Exhibit A but that produce from a pool and lease as described in Exhibit A shall be determined in the same manner as to wells identified in Exhibit A that produce from that pool and lease, provided that if more than one allocation method is being used or if there are no wells identified in Exhibit A that produce from the pool and lease, then allocation of oil production to each well not included in Exhibit A shall be determined by OCD prior to commingling production from it with the production from another well.
- 5. The allocation of oil production shall be based on the production life of each well as measured for three periods: (a) the initial production period shall be measured from the first production until the earlier of 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.

During the initial production period, the oil production for each well identified in Exhibit A shall be allocated using a production curve calculated from a minimum of ten (10) well tests per month, except that any day in which a well test cannot achieve an accurate result due to a temporary change in oil production shall not be included in the computation of time determining the well test schedule. The production curve shall be calculated by interpolating daily production for each day using the known daily production obtained by well tests and

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shall use a method of interpolation that is at minimum as accurate as maintaining a constant rate of change for each day's production between the known daily production values.

During the plateau period, the oil production for each well identified in Exhibit A shall be allocated using a minimum of three (3) well tests per month.

During the decline period, the oil production for each well identified in Exhibit A shall be allocated as follows: (a) a minimum of three (3) well tests per month when the decline rate is greater than twenty-two percent (22%) per month; (b) a minimum of two (2) well tests per month when the decline rate is between twenty-two percent (22%) and ten percent (10%) per month; and (c) a minimum of one (1) well test per month when the decline rate is less than ten percent (10%) per month.

Upon OCD's request, Applicant shall submit a Form C-103 to the OCD Engineering Bureau that contains 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 production from that 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.

The well test requirements of this Order shall be suspended for any well shut-in for a period that continues for more than fifteen (15) days until the well commences production.

- 6. Applicant shall measure and market the commingled oil at a central tank battery described in Exhibit A in accordance with this Order and 19.15.18.15. NMAC or 19.15.23.8. NMAC.
- 7. Applicant shall calibrate the meters used to measure or allocate oil production in accordance with 19.15.12.10 C.(2) NMAC.
- 8. If the commingling of oil production from any pool, lease, or well reduces the value of the commingled oil production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred Applicant shall submit a new surface commingling application to OCD to amend this Order to remove the pool, lease, or well whose oil production caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.
- 9. 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 in accordance with 19.15.12.10 C.(4)(g) NMAC, provided the pools, leases, and subsequently drilled wells are within the identified parameters included in the Application.
- 10. If a well is not included in Exhibit A but produces from a pool and lease as described in Exhibit A, then Applicant shall submit Forms C-102 and C-103 to the OCD Engineering

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Bureau after the well has been approved to be drilled and prior to off-lease measuring or commingling oil or gas production from it with the production from another well. The Form C-103 shall reference this Order and identify the well, proposed method to determine the allocation of oil production to it, and the location(s) that commingling of its production will occur.

- 11. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
- 12. If OCD determines that Applicant has failed to comply with any provision of this Order, OCD may take any action authorized by the Oil and Gas Act or the New Mexico Administrative Code (NMAC).
- 13. OCD retains jurisdiction of this matter and reserves the right to modify or revoke this Order as it deems necessary.

DATE: 9/20/2025

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

ALBERT C. S. CHANG

Albert Chang

DIRECTOR

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State of New Mexico Energy, Minerals and Natural Resources Department

Exhibit A

Order: PLC-898-C

Operator: Oxy USA, Inc. (16696)

Central Tank Battery: Sand Dunes South Corridor Facility Train 1 (Oil) Central Tank Battery Location: UL B, Section 18, Township 24 South, Range 31 East

Gas Title Transfer Meter Location:

Pools

Pool Name Pool Code
COTTON DRAW; BONE SPRING 13367
POKER LAKE; DELAWARE, NORTHWEST 96046
PURPLE SAGE; WOLFCAMP (GAS) 98220

Lease UL or Q/Q S-T-F	₹
NMNM 082896 All minus I 12-24	S-30E
A B C D G H I 13-24	S-30E
NMNM 097133 W/2, W/2 E/2 1-24S	5-30E
NMNM 082896 W/2, W/2 E/2 12-24	S-30E
B C D G 13-24	S-30E
NMNM 120987 E F J K L M N O 13-24	S-30E
NMNM 089172 All 17-24	S-31E
NMNM 089819 All 18-24	S-31E
CA Bone Spring NMNM 105690045 (137686) W2E2 06-24	S-31E
W2E2 07-24	S-31E
	S-30E
CA Wolfcamp NMNM 106359464 E2E2 12-24	S-30E
E2E2 13-24	S-30E
CA Bone Spring NMNM 138992 W/2 W/2 1-248	5-30E
W/2 W/2 12-24	S-30E
CA Bone Spring NMNM 138995 E/2 W/2 1-248	5-30E
E/2 W/2 12-24	S-30E
CA Bone Spring NMNM 138997 E/2 E/2 13-24	S-30E
CA Bone Spring NMNM 138996 W/2 E/2 13-24	S-30E
CA Bone Spring NMNM 137687 E/2 6-248	S-31E
E/2 7-24S	5-31E
CA Bone Spring NMNM 137968 W/2 W/2 6-248	S-31E
W/2 W/2 7-24S	5-31E
CA Bone Spring NMNM 138291 W/2 W/2 5-248	S-31E
W/2 W/2 8-24S	5-31E
CA Bone Spring NMNM 138294 E/2 W/2 5-248	5-31E
E/2 W/2 8-24S	5-31E
CA Bone Spring NMNM 138295 W/2 E/2 5-248	5-31E
W/2 E/2 8-24S	S-31E
CA Bone Spring NMNM 138296 E/2 E/2 5-248	5-31E
E/2 E/2 8-24S	5-31E

30-015-47247	Jeff Smith MDP1 7 18 Federal Com	W/2	7-24S-31E	98220
30-015-47249	Jeff Smith MDP1 7 18 Federal Com #172H	W/2 W/2	7-24S-31E 18-24S-31E	9822
	#171H	W/2	18-24S-31E	
30-015-47258	Jeff Smith MDP1 7 18 Federal Com	W/2	7-24S-31E	9822
Well API	Well Name	UL or Q/Q	S-T-R	Pool
	Wells			
BLN	1 Lease NMNM 105320368 (0546732A)	All Minus I	31-23S-31E	
BLN	1 Lease NMNM 105443917 (0544986B)	NE/4 SE/4	31-23S-31E	
PROPOSED CA Bone Spring NMNM 106715285		E/2 E/2	31-23S-31E	
DDODOSI	ED CA Done Spring NMNM 106715395	E/2 E/2	6-24S-31E	
PROPOSED CA Bone Spring NMNM 105773185		W/2 W/2	31-23S-31E	
DDODOCED CA Dono Caring NMNM 105772105	W/2 W/2	6-24S-31E		
PROPOSI	ED CA Bone Spring NMNM 105772683	W/2 E/2, SE/4 SW/4	31-23S-31E	
	E/2 W/2, W/2 E/2	6-24S-31E		
R	LM Lease NMNM 105465259 (082904)	All	6-24S-31E	
	NMNM 057273	W/2	7-24S-31E	
	NMNM 142696	M E/2	8-24S-31E 8-24S-31E	
	NMNM 142143 NMNM 142692	W/2 minus M	8-24S-31E	
	NMNM 104730	All minus M	5-24S-31E	
		E/2 W/2	7-24S-31E	
CA Bone Spring NMNM 137685		E/2 W/2	6-24S-31E	

30-015-44318	Patton MDP1 18 Federal #73H	W/2 E/2	18-24S-31E	13367
30-015-44317	Patton MDP1 18 Federal #1H	W/2 W/2	18-24S-31E	13367
30-015-44337	Patton MDP1 18 Federal #2H	E/2 W/2	18-24S-31E	13367
30-015-44333	Patton MDP1 18 Federal #3H	E/2 W/2	18-24S-31E	13367
30-015-44272	Patton MDP1 18 Federal #5H	E/2 E/2	18-24S-31E	13367
30-015-44273	Patton MDP1 18 Federal #7H	E/2 E/2	18-24S-31E	13367
30-015-44369	Sunrise MDP1 8 5 Federal Com #1H	W/2 W/2	5-24S-31E	13367
30-013-44309	Sum ise widi i o 3 rederat Com #111	W/2 W/2	8-24S-31E	13307
30 015 44305	30-015-44395 Sunrise MDP1 8 5 Federal Com #2H		5-24S-31E	13367
30-013-44373	Sum ise widt i 8 5 Federal Com #211	W/2 W/2	8-24S-31E	13307
30-015-44474	Sunrise MDP1 8 5 Federal Com #3H	E/2 W/2	5-24S-31E	13367
30-013-444/4	Summise WIDT 1 o 5 Federal Com #5H	E/2 W/2	8-24S-31E	13307
30-015-44475	Sunrise MDP1 8 5 Federal Com #4H	W/2 E/2	5-24S-31E	13367
30-013-44473	Sum ise widt 1 o 5 Federal Com #411	W/2 E/2	8-24S-31E	13307
30-015-44476	Sunrise MDP1 8 5 Federal Com #5H	E/2 E/2	5-24S-31E	13367
30-015-444/0	Sunrise WIDF1 & 5 Federal Com #5H	E/2 E/2	8-24S-31E	13307
30-015-44473	Sunrise MDP1 8 5 Federal Com #6H	E/2 E/2	5-24S-31E	12277
30-015-444/3	Sunrise MDP1 8 5 Federal Com #6H	E/2 E/2	8-24S-31E	13367
30-015-43854	Patton MDP1 18 Federal #6H	E/2 E/2	18-24S-31E	98220
30-015-44989	Patton MDP1 17 Federal #171H	W/2	17-24S-31E	98220
30-015-44990	Patton MDP1 17 Federal #172H	W/2	17-24S-31E	98220
30-015-44991	Patton MDP1 17 Federal #173H	W/2	17-24S-31E	98220
30-015-45077	Patton MDP1 17 Federal #174H	E/2	17-24S-31E	98220
30-015-45078	Patton MDP1 17 Federal #175H	E/2	17-24S-31E	98220
30-015-45079	Patton MDP1 17 Federal #176H	E/2 E/2	17-24S-31E	98220
20.015.44020	C . MDD105E 1 1C #454H	W/2	5-24S-31E	00220
30-015-44930	Sunrise MDP1 8 5 Federal Com #171H	W/2	8-24S-31E	98220
20.015.44055	C · MDD105E I IC WEAT	W/2	5-24S-31E	00220
30-015-44977	Sunrise MDP1 8 5 Federal Com #172H	W/2	8-24S-31E	98220
20.015.44021	C . MDD105E I IC #453H	W/2	5-24S-31E	00220
30-015-44931	Sunrise MDP1 8 5 Federal Com #173H	W/2	8-24S-31E	98220
20.015.45112	C · MDD105E I IC WARM	E/2	5-24S-31E	00220
30-015-45112	Sunrise MDP1 8 5 Federal Com #174H	E/2	8-24S-31E	98220
20.015.45152	C · MDD4.0.F.E. I. I.C. HARRIN	E/2	5-24S-31E	00220
30-015-45152	Sunrise MDP1 8 5 Federal Com #175H	E/2	8-24S-31E	98220
20.015.45152	C · MDD105E I IC WARCH	E/2	5-24S-31E	00220
30-015-45153	Sunrise MDP1 8 5 Federal Com #176H	E/2	8-24S-31E	98220
		E/2 W/2, W/2 E/2	1-24S-30E	
30-015-48588	Nimitz MDP1 13 1 Federal Com #1H	E/2 W/2, W/2 E/2	12-24S-30E	98220
		E/2 W/2, W/2 E/2	13-24S-30E	
		W/2 W/2	1-24S-30E	
30-015-48578	Nimitz MDP1 13 1 Federal Com #171H	W/2 W/2	12-24S-30E	98220
		W/2 W/2	13-24S-30E	
		E/2 W/2, W/2 E/2	1-24S-30E	
30-015-48613	Nimitz MDP1 13 1 Federal Com #172H	E/2 W/2, W/2 E/2	12-24S-30E	98220
		E/2 W/2, W/2 E/2	13-24S-30E	
		E/2 W/2, W/2 E/2	1-24S-30E	
30-015-48589	Nimitz MDP1 13 1 Federal Com #173H	E/2 W/2, W/2 E/2	12-24S-30E	98220
11111111111		E/2 W/2, W/2 E/2	13-24S-30E	
			10 210 000	

		W/2 W/2	1-24S-30E	
30-015-48586	Nimitz MDP1 13 1 Federal Com #311H	W/2 W/2	12-24S-30E	98220
		W/2 W/2	13-24S-30E	
-		E/2 W/2, W/2 E/2	1-24S-30E	
30-015-48590	Nimitz MDP1 13 1 Federal Com #312H	E/2 W/2, W/2 E/2	12-24S-30E	98220
		E/2 W/2, W/2 E/2	13-24S-30E	
30-015-36401	Gila 12 Federal #2H	MNO	12-24S-30E	96046
30-015-41011	Nimitz 12 Federal #3H	W/2 E/2	12-24S-30E	96046
30-015-41506	Nimitz 12 Federal #4H	E/2 W/2	12-24S-30E	96046
30-015-41657	Nimitz 12 Federal #5H	W/2 W/2	12-24S-30E	96046
30-013-41037	Chuck Smith MDP1 8 17 Federal Com	E/2	8-24S-31E	70040
30-015-54092	#4H	E/2	17-24S-31E	13367
	Chuck Smith MDP1 8 17 Federal Com	E/2	8-24S-31E	
30-015-54050				13367
	#5H	E/2	17-24S-31E	
30-015-54093	Chuck Smith MDP1 8 17 Federal Com	W/2	8-24S-31E	13367
-	#21H	W/2	17-24S-31E	
30-015-54097	Chuck Smith MDP1 8 17 Federal Com	W/2	8-24S-31E	13367
	#22H	W/2	17-24S-31E	
30-015-54260	Chuck Smith MDP1 8 17 Federal Com	W/2	8-24S-31E	13367
	#23H	W/2	17-24S-31E	
30-015-54091	Chuck Smith MDP1 8 17 Federal Com	E/2	8-24S-31E	13367
	#44H	E/2	17-24S-31E	
30-015-54049	Chuck Smith MDP1 8 17 Federal Com	W/2	8-24S-31E	98220
30-013-34047	#2H	W/2	17-24S-31E	70220
30-015-54096	Chuck Smith MDP1 8 17 Federal Com	E/2	8-24S-31E	98220
30-013-34070	#3H	E/2	17-24S-31E	90220
30-015-54047	Chuck Smith MDP1 8 17 Federal Com	E/2	8-24S-31E	98220
30-013-34047	# 24 H	E/2	17-24S-31E	90220
20.015.54004	Chuck Smith MDP1 8 17 Federal Com	E/2	8-24S-31E	00220
30-015-54094	#25H	E/2	17-24S-31E	98220
20.015.54005	Chuck Smith MDP1 8 17 Federal Com	E/2	8-24S-31E	00220
30-015-54095	#26H	E/2	17-24S-31E	98220
20.045.55460	Chuck Smith MDP1 8 17 Federal Com	W/2	8-24S-31E	00000
30-015-55469	#32H	W/2	17-24S-31E	98220
	Chuck Smith MDP1 8 17 Federal Com	W/2	8-24S-31E	
30-015-55468	#31H	W/2	17-24S-31E	98220
	Chuck Smith MDP1 8 17 Federal Com	W/2	8-24S-31E	
30-015-54261	#1H	W/2	17-24S-31E	98220
-		E/2	6-24S-31E	
30-015-56037	Nugget 6 31 Federal Com #7H	E/2	31-23S-31E	13367
		W/2	6-24S-31E	
30-015-55865	Nugget 6 31 Federal Com #11H	W/2	31-23S-31E	13367
		W/2	6-24S-31E	
30-015-56047	5-56047 Nugget 6 31 Federal Com #12H			13367
-		W/2	31-23S-31E	
30-015-56038	Nugget 6 31 Federal Com #13H	E/2	6-24S-31E	13367
		E/2	31-23S-31E	
30-015-56039	5-56039 Nugget 6 31 Federal Com #14H	E/2	6-24S-31E	13367
		E/2	31-23S-31E	

30-015-44295 I	Palladium MDP1 7 6 Federal Com #4H	W2E2	06-24S-31E	13367
		W2E2	07-24S-31E	
		E2E2	01-24S-30E	
30-015-53777	Nimitz MDP1 13 1 Federal Com #175H	E2E2	12-24S-30E	98220
		E2E2	13-24S-30E	
30-015-53778 Nimitz MDP1 13 1 Federal Com #313H		E2E2	01-24S-30E	
	Nimitz MDP1 13 1 Federal Com #313H	E2E2	12-24S-30E	98220
	E2E2	13-24S-30E		

Sante Fe Main Office Phone: (505) 476-3441

General Information Phone: (505) 629-6116

Online Phone Directory https://www.emnrd.nm.gov/ocd/contact-us

State of New Mexico Energy, Minerals and Natural Resources Oil Conservation Division 1220 S. St Francis Dr. Santa Fe, NM 87505

CONDITIONS

Action 508330

CONDITIONS

Operator:	OGRID:	
OXY USA INC	16696	
P.O. Box 4294	Action Number:	
Houston, TX 772104294	508330	
	Action Type:	
	[IM-SD] Admin Order Support Doc (ENG) (IM-AAO)	

CONDITIONS

Created By		Condition Date
sarah.clelland	Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please email us at OCD.Engineer@emnrd.nm.gov.	9/23/2025