

# APPLICATION FOR POOL AND LEASE COMMINGLE, OFF-LEASE MEASUREMENT, SALES AND STORAGE

## Commingling proposal for the Cedar Canyon 22 Satellite Fee/State Train

OXY USA INC requests approval for a Pool and Lease commingle, off-lease measurement, sales and storage at the Cedar Canyon 22 Satellite Fee/State Train (L-22-T24S-R29E, LAT. 32.200641, LONG. -103.977240).

Wells feeding the Train are listed below:

Well	API	Surface Location	Date Online	BOPD	Oil Gravity	MSCFD	BTU/CF	BWPD
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### VERTICAL WELLS

#### POOL: CEDAR CANYON; DELAWARE (11540)

COYOTE 21 002	30-015-29864	N-21-24S-29E	Jan-1998	11	39.0	0	1347	64
GAINES 21 001	30-015-28638	O-21-24S-29E	Nov-1995	3	38.7	0	1348	50
GAINES 21 004	30-015-28816	P-21-24S-29E	Mar-1997	2	38.7	0	1348	30

### HORIZONTAL WELLS

#### POOL: PIERCE CROSSING; BONE SPRING, EAST (96473)

CEDAR CANYON 22-15 FEE 31H	30-015-43809	C-22-24S-29E	Sep-2016	118	46.9	389	1337	343
CEDAR CANYON 22-15 FEE 32H	30-015-43808	C-22-24S-29E	Sep-2016	128	46.9	460	1307	463
VORTEC 27 001	30-015-35041	A-27-24S-29E	Dec-2006	14	43.6	57	1286	44
CEDAR CANYON 27 STATE COM 4H	30-015-42063	D-27-24S-29E	Nov-2014	54	45.1	305	1314	151

#### POOL: CORRAL DRAW; BONE SPRING (96238)

MORGAN FEE COM 001H	30-015-39968	M-21-24S-29E	Aug-2012	40	45.1	106	1288	204
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#### POOL: PURPLE SAGE; WOLFCAMP (GAS) (98220)

CEDAR CANYON 22-15 FEE 33H	30-015-43915	A-22-24S-29E	Jun-2017	163	43.3	769	1314	617
CEDAR CANYON 27 STATE COM 10H	30-015-43673	D-27-24S-29E	Aug-2016	115	46.3	282	1288	285

## PROCESS DESCRIPTION

Production from all wells will flow through an 8' X 20' 3-phase production separator. Oil will flow to two oil tanks before being sent through the LACT for royalty payment purposes. The gas is sent from the production separator through a turbine meter, which will serve as measurement for the gas royalty payment.

For testing purposes, the Train is equipped with a 6' X 20' 3-phase test separator with an oil turbine meter, gas orifice meter and water turbine meter. All horizontal wells have been online for over 2 years and are in Range 3 of decline. They will be tested at least once per month, as specified in Hearing Order R-14299. The vertical wells have been online for over 20 years and have established production. They will also be tested at least once per month. Production will be allocated back to each well based on the aforementioned well tests.

All water from the batteries will be sent to the Cedar Canyon Water Disposal Distribution system.

### Additional Application Components:

The flow of production is shown in detail on the enclosed facility diagram. Also enclosed is a map detailing the lease boundaries, well and battery locations.

The oil and gas meters will be calibrated on a regular basis per API and NMOCD specifications.

Pursuant to Statewide rule 19.15.12.10(C)(4)(g) OXY USA INC requests the option to include additional pools or leases within the defined parameters set forth in the Order for future additions.

Commingling will not reduce the individual wells' production value or otherwise adversely affect the interest owners. It is the most effective means of producing the reserves.

OXY USA INC understands the requested approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument.