

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



OXY USA WTP Limited Partners
Smokey Bits State Com #5
2H, 3H, 5H, 6H

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location]** **[NSP-Non-Standard Proration Unit]** **[SD-Simultaneous Dedication]**
- [DHC-Downhole Commingling]** **[CTB-Lease Commingling]** **[PLC-Pool/Lease Commingling]**
- [PC-Pool Commingling]** **[OLS - Off-Lease Storage]** **[OLM-Off-Lease Measurement]**
- [WFX-Waterflood Expansion]** **[PMX-Pressure Maintenance Expansion]**
- [SWD-Salt Water Disposal]** **[IPI-Injection Pressure Increase]**
- [EOR-Qualified Enhanced Oil Recovery Certification]** **[PPR-Positive Production Response]**

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

- [D] Other: Specify _____

2012 SEP 20 AM 5:57
 RECEIVED OCS

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Jennifer Duarte *Jennifer Duarte* *Regulatory Analyst* *9/17/12*
 Print or Type Name Signature Title Date
jennifer.duarte@oxy.com
 Email Address

CTB-659

District I
1625 N. French Drive, Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr, Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-B
Revised August 1, 2011

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original
application to the Santa Fe
office with one copy to the
appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: OXY USA WTP Limited Partnership and OXY USA Inc
OPERATOR ADDRESS: 5 Greenway Plaza, Ste. 110; Houston, TX 77046

APPLICATION TYPE:

Pool Commingling Lease Commingling Pool and Lease Commingling Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: Fee State Federal

Is this an Amendment to existing Order? Yes No If "Yes", please include the appropriate Order No. _____

Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
 Yes No

(A) POOL COMMINGLING

Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes

- (2) Are any wells producing at top allowables? Yes No
(3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No.
(4) Measurement type: Metering Other (Specify)
(5) Will commingling decrease the value of production? Yes No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING

Please attach sheets with the following information

- (1) Pool Name and Code.
(2) Is all production from same source of supply? Yes No
(3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No
(4) Measurement type: Metering Other (Specify)

(C) POOL and LEASE COMMINGLING

Please attach sheets with the following information

- (1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT

Please attached sheets with the following information

- (1) Is all production from same source of supply? Yes No
(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)

Please attach sheets with the following information

- (1) A schematic diagram of facility, including legal location.
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: Jennifer Duarte TITLE: REGULATORY ANALYST DATE: 09/17/2012

TYPE OR PRINT NAME: JENNIFER DUARTE TELEPHONE NO.: (713) 513-6640

E-MAIL ADDRESS: jennifer_duarte@oxy.com

Section 36
Township 18 South, Range 30 East
Eddy County, New Mexico

State Lease	Well	API	Operator
E-7811 B-1565 B-2023	Smokey Bits State Com #2H	30-015-40196	OXY USA WTP Limited Partnership
E-7811	Smokey Bits State Com #3H	30-015-39118	OXY USA WTP Limited Partnership
E-7811	Smokey Bits State Com #5H	30-015-40070	OXY USA WTP Limited Partnership
E-7811 B-1565 B-2023	Smokey Bits State Com #6H	30-015-40148	OXY USA WTP Limited Partnership



Legend:

Red- Combined Oil, gas and water flowlines to facility, each well to have an individual flow line from wellhead to Smokey Bits State Com 3H CTB

* Map shows straight runs for all flowlines, actual routing may change as per surveys and approved ROWs

Smokey Bits State Com #2H, #3H, #5H & #6H

Section 36

Township 18 South, Range 30 East

Eddy County, New Mexico

McCombs Energy, LLC
Attn: Mr. Larry Wynot
5599 San Felipe, Suite 1200
Houston, TX 77056-2794
Tel: 713-621-0033
Fax: 713-621-1670

Cannon Exploration
3608 S. County Road 1184
Midland, TX 79706
Tel: 432-684-0053
Fax: 432-683-9803

Scott E. Wilson
4601 Mirador Drive
Austin, TX 78735
Tel: 512-891-0413
Fax: 512-891-0415

The Estate of Richard K. Barr
8027 Chalk Knoll Dr.
Austin, TX 78735

ZPZ Delaware I LLC
Attn: Permian Land Manager
303 Veterans Airpark Lane, Suite 3000
Midland, TX 79705

COG Operating LLC
Attn: Permian Land Manager
550 West Texas Avenue, Suite 100
Midland, TX 79701
Fax: 432-683-7441

Penroc Oil Corporation
Attn: Land Dept
1515 Calle Sur
Hobbs, NM 88240
Fax: 575-492-1237

Section 36
Township 18 South, Range 30 East
Eddy County, New Mexico

26

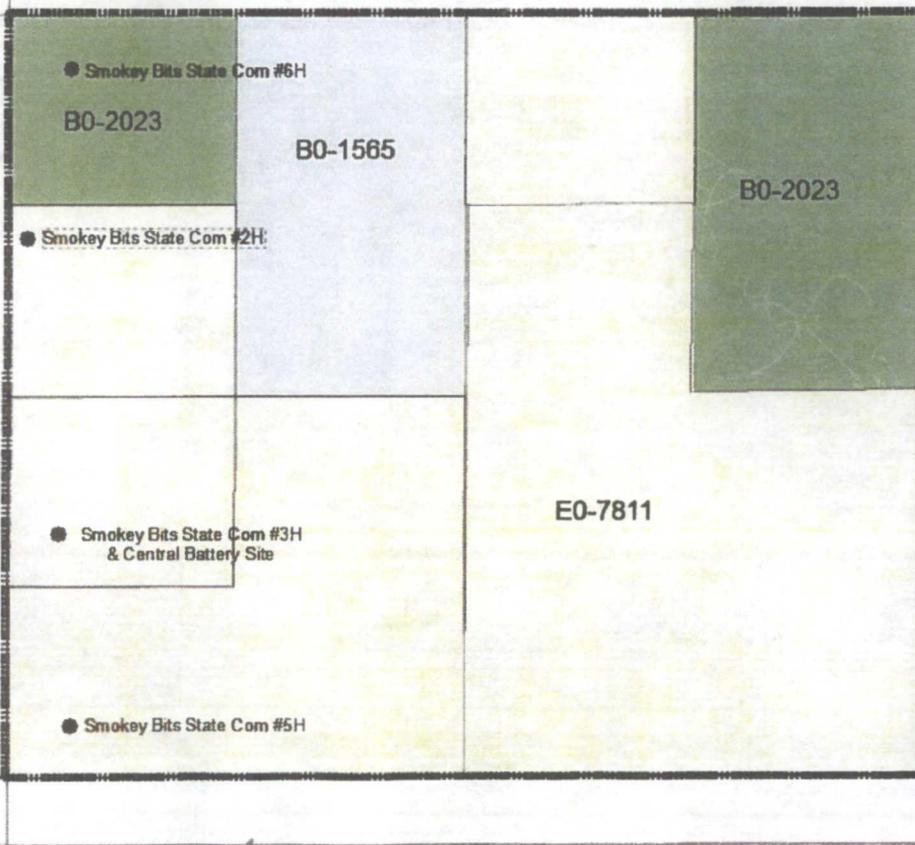
25

30

T18 S R30E

EDDY

35



BLACK HATCH: CONTRACT AREA

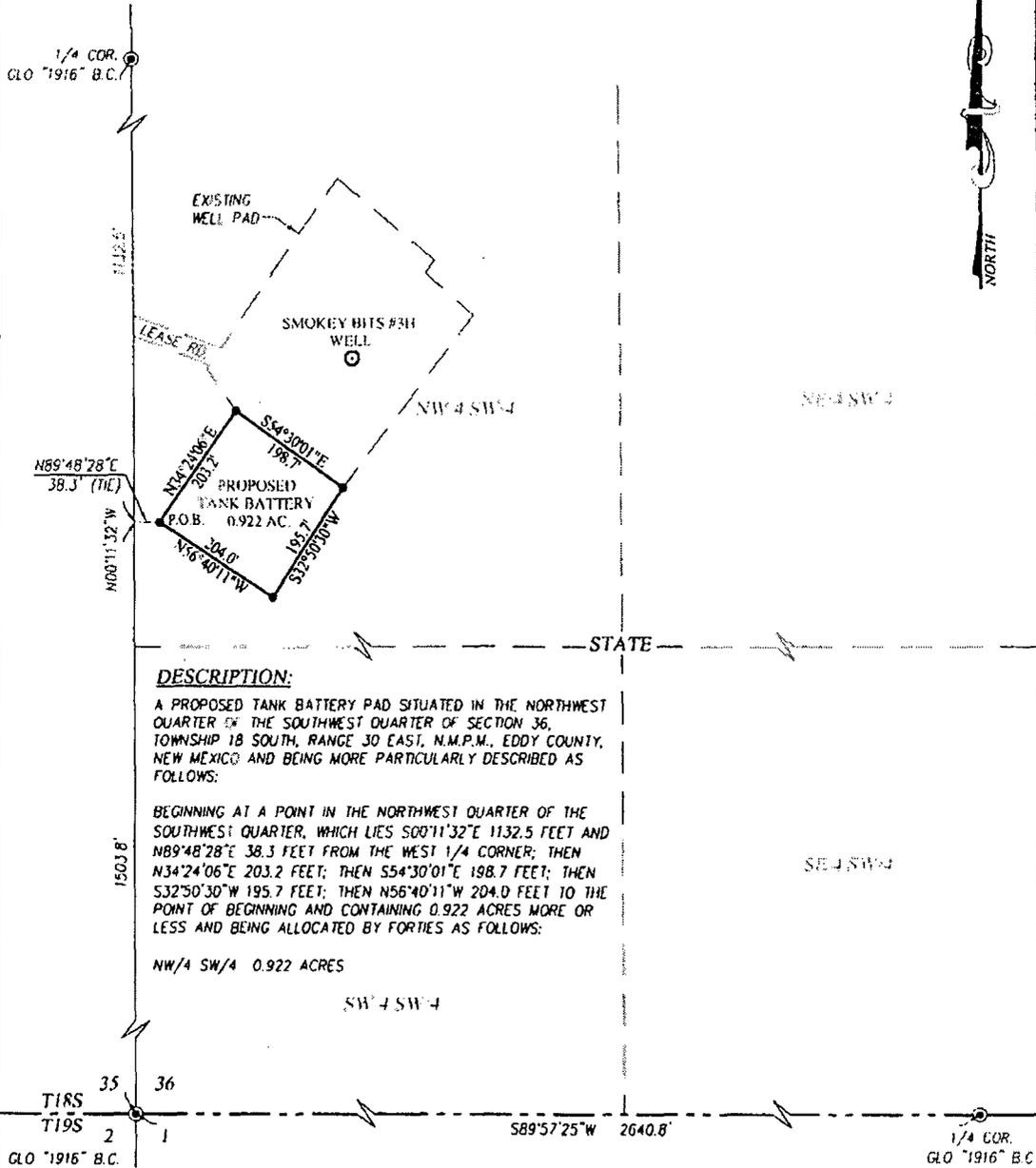
T18 S R31E

31

Wells	API	Location
Smokey Bits St. Com 2-H	30-015-40196	Sec. 36, T18S R30E
Smokey Bits St. Com 6-H	30-015-39118	Sec. 36, T18S R30E
Smokey Bits St. Com 3-H	30-015-40070	Sec. 36, T18S R30E
Smokey Bits St. Com 5-H	30-015-40148	Sec. 36, T18S R30E

Wells	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingle Production	Calculated Value of Commingled	Volumes
Smokey Bits St. Com 2-H	39.6 API Gravity	39.8 API Gravity	TOTAL:	1550 BOPD; 1750 MCFD; 1400 BWPD
Smokey Bits St. Com 6-H			2800 BOPD	
Smokey Bits St. Com 3-H	40.0 API Gravity		3100 MCFD	1250 BOPD; 1350 MCFD; 1400 BWPD
Smokey Bits St. Com 5-H			2800 BWPD	

SECTION 36, TOWNSHIP 18 SOUTH, RANGE 30 EAST, N.M.P.M.
EDDY COUNTY NEW MEXICO



DESCRIPTION:

A PROPOSED TANK BATTERY PAD SITUATED IN THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 36, TOWNSHIP 18 SOUTH, RANGE 30 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER, WHICH LIES S00°11'32\"/>

NW/4 SW/4 0.922 ACRES

NOTE

BEARINGS SHOWN HEREON ARE MERCATOR GRID AND CONFORM TO THE NEW MEXICO COORDINATE SYSTEM "NEW MEXICO EAST ZONE" NORTH AMERICAN DATUM 1983. DISTANCES ARE SURFACE VALUES.

I, RONALD J. EIDSON, NEW MEXICO PROFESSIONAL SURVEYOR No. 3238, DO HEREBY CERTIFY THAT THIS SURVEY PLAT AND THE ACTUAL SURVEY ON THE GROUND UPON WHICH IT IS BASED WERE PERFORMED BY ME OR UNDER MY DIRECT SUPERVISION; THAT I AM RESPONSIBLE FOR THIS SURVEY; THAT THIS SURVEY MEETS THE MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO, AND THAT IT IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

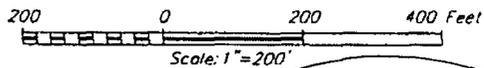
RONALD J. EIDSON

DATE: 05/08/2012

JOHN WEST SURVEYING SERVICES
ESTABLISHED 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
40805, N.M. 88240
(575) 393-3117 www.jwsc.biz

LEGEND

- ⊙ DENOTES FOUND CORNER AS NOTED
- DENOTES SET SPIKE NAIL



OXY U.S.A. INC.

SURVEY OF A PROPOSED BATTERY PAD
LOCATED IN SECTION 36,
TOWNSHIP 18 SOUTH, RANGE 30 EAST, N.M.P.M.
EDDY COUNTY, NEW MEXICO

Survey Date: 4/3/12	CAD Date: 4/29/12	Drawn By: DSS
W.O. No.: I2110679	Rev.:	Rel. W.O.:



OXY USA WTP Limited Partnership
A subsidiary of Occidental Petroleum Corporation

5 Greenway Plaza, Suite 110, Houston, Texas 77046
P.O. Box 4294, Houston, Texas 77210-4294
Direct: 713.366.5603 Fax: 713.985.1505
michael_meir@oxy.com

August 9, 2012

RE: Application For Surface Commingling - Notice
All Section 36
Township 18 South, Range 30 East, N.M.P.M
Eddy County, New Mexico

Dear Working Interest Partners:

OXY USA WTP Limited Partnership (OXY) will be submitting an Application For Surface Commingling to the Oil Conservation Division. OXY intends to commingle production from the following wells listed at the central battery located at the Smokey Bits State Com #3H well pad:

- Smokey Bits State Com #2H – API 30-015-40196
- Smokey Bits State Com #3H – API 30-015-39118
- Smokey Bits State Com #5H – API 30-015-40070
- Smokey Bits State Com #6H – API 30-015-40148

Please evidence your acceptance of the required notice by executing below returning one (1) copy of this letter to the letterhead address or by email.

Very truly yours,

OXY USA WTP Limited Partnership

Michael Meir
Land Negotiator

_____, hereby accepts revisions to the referenced Operating Agreement.

By: _____
Name: _____
Its: _____

Date: _____

Working Interest Partners

McCombs Energy, LLC
Attn: Mr. Larry Wynot
5599 San Felipe, Suite 1200
Houston, TX 77056-2794
Tel: 713-621-0033
Fax: 713-621-1670

ZPZ Delaware I LLC
Attn: Permian Land Manager
303 Veterans Airpark Lane, Suite 3000
Midland, TX 79705

Cannon Exploration
3608 S. County Road 1184
Midland, TX 79706
Tel: 432-684-0053
Fax: 432-683-9803

COG Operating LLC
Attn: Permian Land Manager
550 West Texas Avenue, Suite 100
Midland, TX 79701
Fax: 432-683-7441

Penroc Oil Corporation
Attn: Land Dept
1515 Calle Sur
Hobbs, NM 88240
Fax: 575-492-1237

POSTAGE WILL BE PAID BY ADDRESSEE

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> ■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits. 	<p>A. Signature <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>X</p>	
<p>1. Article Addressed to:</p> <p>COG OPERATING LLC ATTN: PERMIAN LAND MANAGER 550 WEST TEXAS AVENUE SUITE 100 MIDLAND TX 79701</p>	<p>B. Received by (Printed Name)</p>	<p>C. Date of Delivery</p>
<p>2. Article Number (Transfer from service label)</p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p> <hr/> <p>3. Service Type <input checked="" type="checkbox"/> Certified Mail <input checked="" type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>	
<p>7007 0710 0002 7577 7395</p>		

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

CANNON EXPLORATION
3608 S. COUNTY ROAD 1184
MIDLAND, TX 79706

2. Article Number

(Transfer from service label)

7007 0710 0002 7577 7364

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

Agent

Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? Yes

If YES, enter delivery address below: No

3. Service Type

Certified Mail

Express Mail

Registered

Return Receipt for Merchandise

Insured Mail

C.O.D.

4. Restricted Delivery? (Extra Fee)

Yes

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> ■ Complete Items 1, 2, and 3. Also complete Item 4 if Restricted Delivery is desired. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits. 	A. Signature <input type="checkbox"/> Agent <input type="checkbox"/> Addressee X	
1. Article Addressed to: McCOMBS ENERGY, LLC ATTN: MR. LARRY WYNOT 5599 SAN FELIPE SUITE 100 HOUSTON, TX 77056	B. Received by (Printed Name)	C. Date of Delivery
2. Article Number <i>(Transfer from service label)</i>	D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No 3. Service Type <input checked="" type="checkbox"/> Certified Mail <input checked="" type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D. 4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	
7007 0710 0002 7577 7401		

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

PENROCK OIL CORPORATION
 ATTN: LAND MANAGER
 1515 CALLE SUR
 HOBBS, NM 88240

2. Article Number
 (Transfer from service label)

7007 0710 0002 7577 7371

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

- Agent
 Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type

- Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

ZPZ DELAWARE I LLC
 ATTN: LAND MANAGER
 303 VETERANS AIRPARK LANE
 SUITE 3000
 MIDLAND, TX 79705

2. Article Number:

(Transfer from service label)

7007 0710 0002 7577 7388

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

 Agent Addressee

B. Received by (Printed Name)

C. Date of Delivery

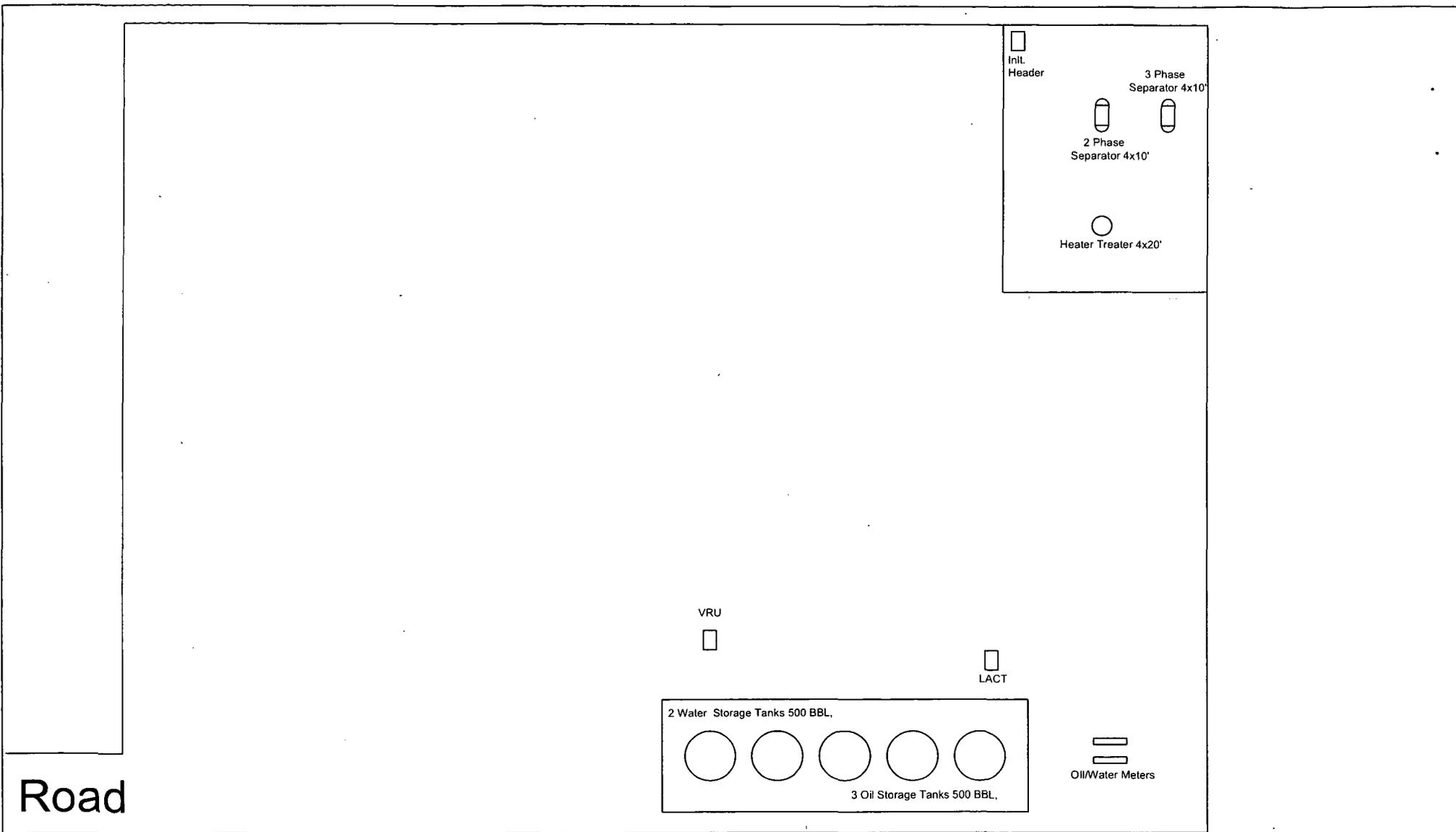
 D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type

 Certified Mail Express Mail Registered Return Receipt for Merchandise Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee)

 Yes

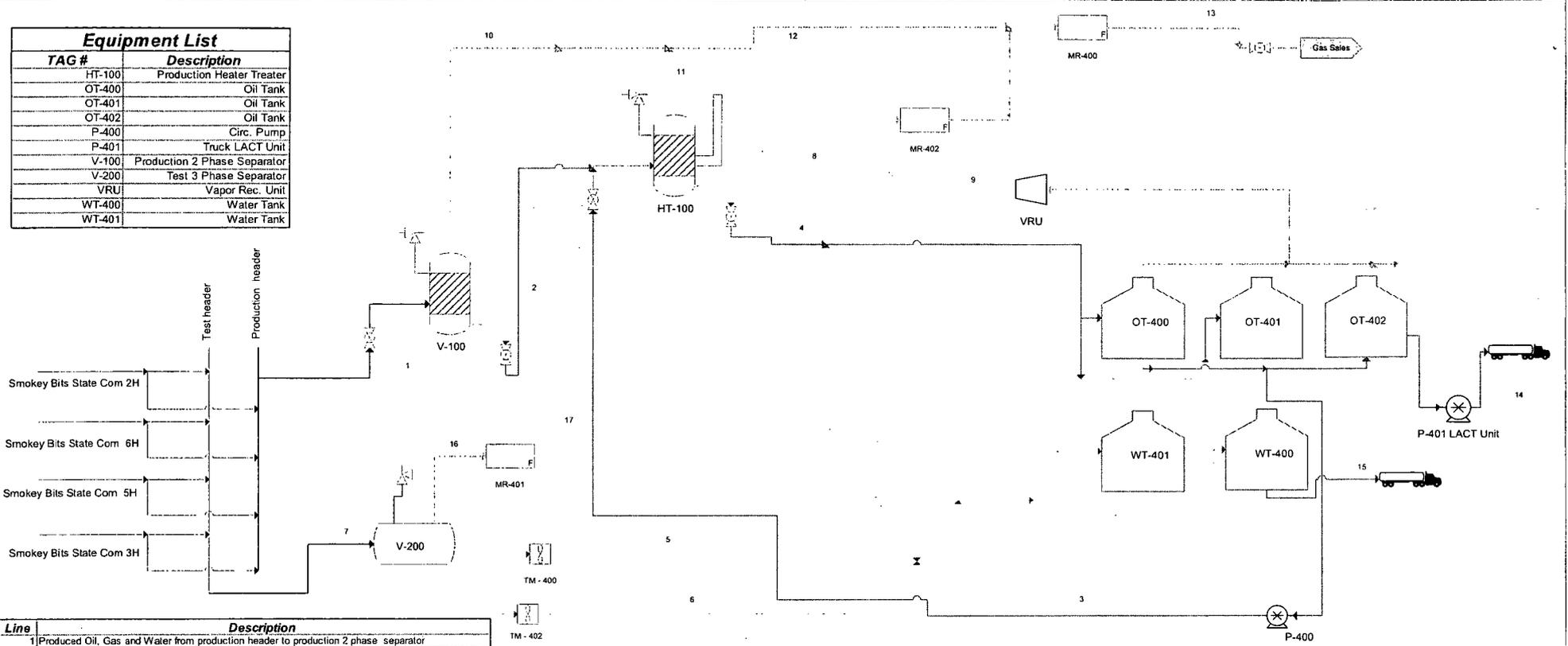


Road

REVISION BLOCK						ENGINEERING RECORD	
NO.	DATE	DESCRIPTION	BY	CHK	APP	BY	DATE
A	8/20/12	Plot Plan for Permitting	RJG			RJG	8/20/2012

PRODUCTION FACILITY LAYOUT
Smokey Bits CTB

Equipment List	
TAG #	Description
HT-100	Production Heater Treater
OT-400	Oil Tank
OT-401	Oil Tank
OT-402	Oil Tank
P-400	Circ. Pump
P-401	Truck LACT Unit
V-100	Production 2 Phase Separator
V-200	Test 3 Phase Separator
VRU	Vapor Rec. Unit
WT-400	Water Tank
WT-401	Water Tank



Line	Description
1	Produced Oil, Gas and Water from production header to production 2 phase separator
2	Produced Oil and Water from 2 phase separator to production heater treater
3	Produced Oil from oil tanks to recirculating pump and production heater treater
4	Produced Oil from production heater treater to oil tanks
5	Produced Oil from test 3 phase separator to oil tanks
6	Produced Water from test 3 phase separator to water tanks
7	Produced Oil from test headed to test 3 phase separator
8	Produced Water from production heater treater to water tanks
9	Produced Gas from VRU to gas meter run and production gas meter run
10	Produced Gas from production 2 phase separator to production gas meter run and gas sales
11	Produced Gas from production heater treater to production gas meter run and gas sales
12	Produced Gas from all vessels to production gas meter run
13	Produced Gas to gas sales pipeline
14	Produced Oil from oil tanks to truck LACT unit sales
15	Produced Water from water tanks to truck
16	Produced Gas from test 3 phase separator to test gas meter run
17	Produced Gas from test gas meter run to gas sales

Instrument List		
TAG #	Description	Service
MR-400	Gas Meter Run	GAS
MR-401	Gas Meter Run	GAS
MR-402	Gas Meter Run	GAS
TM - 400	Turbine Meter	OIL
TM - 402	Turbine Meter	WATER

NO.	REFERENCE DRAWINGS	NO.	DATE	REVISIONS			ENGINEERING RECORD			OXY USA, Inc Permian Primary NNM RMT
				DESCRIPTION	BY	CHK	APP	BY	DATE	
		A	08/01/2012	ISSUED FOR COMMENTS	RG	RG	RG	DRN: RG	08/01/2012	 Process Flow Diagram Smokey Bits CTB DWG No. 2012-Smokey CTB-PFD-001 REV PFD Smokey Bits for permitting CTB.vsd A
							DES: RG	08/01/2012		
							CHK: RG	08/01/2012		
							APP:			
							AFE No.			
							MOC No.	TBD		
							PROJ ENGR:	RG		
							SCALE:	NONE		

S:\sites\NNM Roberto\Smokey Bits Upgrade\



Directions to Unknown road
266 mi – about 4 hours 54 mins

 1220 S St Francis Dr, Santa Fe, NM 87505

-  1. Head **south** on **US-285 S/US-84 E/S St Francis Dr** toward **Columbia St** go 2.5 mi
total 2.5 mi
About 4 mins
-  2. Merge onto **I-25 N** via the ramp to **Las Vegas** go 8.0 mi
total 10.5 mi
About 8 mins
-  3. Take exit **290** for **US-285 S** toward **Clines Corners** go 0.2 mi
total 10.7 mi
-  4. Keep right at the fork and merge onto **US-285 S** go 182 mi
total 193 mi
About 3 hours 11 mins
-  5. Keep left at the fork
Continue to follow **US-285 S** go 37.2 mi
total 230 mi
About 38 mins
-  6. Turn left onto **NM-229 S/E Mill Rd** go 4.2 mi
total 234 mi
Continue to follow **NM-229 S**
About 7 mins
-  7. Turn left onto **US-82 E/Lovington Hwy/E Main St** go 11.8 mi
total 246 mi
Continue to follow **US-82 E/Lovington Hwy**
About 15 mins
-  8. Turn right onto **NM-360 S/Bluestem Rd** go 13.3 mi
total 259 mi
About 14 mins
-  9. Turn left onto **Duvall Shaft Rd** go 1.8 mi
total 261 mi
About 5 mins
-  10. Turn right onto **Co Rd 250/Grubbs Rd** go 1.0 mi
total 262 mi
Continue to follow **Grubbs Rd**
About 2 mins
-  11. Turn left to stay on **Grubbs Rd** go 2.0 mi
total 264 mi
About 5 mins
-  12. Turn right to stay on **Grubbs Rd** go 0.7 mi
total 265 mi
About 2 mins
-  13. Turn right go 0.7 mi
total 266 mi
About 3 mins

 Unknown road

These directions are for planning purposes only. You may find that construction projects, traffic, weather, or other events may cause conditions to differ from the map results, and you should plan your route accordingly. You must obey all signs or notices regarding your route.

Map data ©2012 Google

Directions weren't right? Please find your route on maps.google.com and click "Report a problem" at the bottom left.





OXY USA WTP Limited Partnership
A subsidiary of Occidental Petroleum Corporation

5 Greenway Plaza, Suite 110, Houston, Texas 77046
P.O. Box 4294, Houston, Texas 77210-4294
Direct: 713.366.5603 Fax: 713.985.1505
michael.meir@oxy.com

RECEIVED

AUG 20 2012

August 9, 2012

RE: Application For Surface Commingling - Notice
All Section 36
Township 18 South, Range 30 East, N.M.P.M
Eddy County, New Mexico

RECEIVED
AUG 20 2012
BY: _____

Dear Working Interest Partners:

OXY USA WTP Limited Partnership (OXY) will be submitting an Application For Surface Commingling to the Oil Conservation Division. OXY intends to commingle production from the following wells listed at the central battery located at the Smokey Bits State Com #3H well pad:

- Smokey Bits State Com #2H - API 30-015-40196
- Smokey Bits State Com #3H - API 30-015-39118
- Smokey Bits State Com #5H - API 30-015-40070
- Smokey Bits State Com #6H - API 30-015-40148

Please evidence your acceptance of the required notice by executing below returning one (1) copy of this letter to the letterhead address or by email.

Very truly yours,

OXY USA WTP Limited Partnership

Michael Meir
Land Negotiator

COG Operating LLC, hereby accepts revisions to the referenced Operating Agreement.

By: [Signature]
Name: Leith Corbett
Its: Basin Asset Manager

Date: 8/22/2012



OXY USA WTP Limited Partnership
A subsidiary of Occidental Petroleum Corporation

5 Greenway Plaza, Suite 110, Houston, Texas 77046
P.O. Box 4294, Houston, Texas 77210-4294
Direct 713.366.5603 Fax 713.985.1505
michael_meir@oxy.com

August 9, 2012

RE: Application For Surface Commingling - Notice
All Section 36
Township 18 South, Range 30 East, N.M.P.M
Eddy County, New Mexico

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- Smokey Bits State Com #6H – API 30-015-40148

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Very truly yours,

OXY USA WTP Limited Partnership

Michael Meir
Land Negotiator

CANNON EXPLORATION Co., hereby accepts revisions to the referenced Operating Agreement.

By: Todd M. Wilson
Name: Todd M. Wilson
Its: PRESIDENT

Date: AUGUST 22, 2012



OXY USA WTP Limited Partnership

A subsidiary of Occidental Petroleum Corporation

5 Greenway Plaza, Suite 110, Houston, Texas 77046
P.O. Box 4294, Houston, Texas 77210-4294
Direct: 713.366.5603 Fax: 713.985.1505
michael_meir@oxy.com

August 9, 2012

RE: Application For Surface Commingling - Notice
All Section 36
Township 18 South, Range 30 East, N.M.P.M
Eddy County, New Mexico

Dear Working Interest Partners:

OXY USA WTP Limited Partnership (OXY) will be submitting an Application For Surface Commingling to the Oil Conservation Division. OXY intends to commingle production from the following wells listed at the central battery located at the Smokey Bits State Com #3H well pad:

- Smokey Bits State Com #2H – API 30-015-40196
- Smokey Bits State Com #3H – API 30-015-39118
- Smokey Bits State Com #5H – API 30-015-40070
- Smokey Bits State Com #6H – API 30-015-40148

Please evidence your acceptance of the required notice by executing below returning one (1) copy of this letter to the letterhead address or by email.

Very truly yours,

OXY USA WTP Limited Partnership

Michael Meir
Land Negotiator

Penrose Oil Corporation

, hereby accepts revisions to the referenced Operating Agreement.

By: [Signature]
Name: M. Y. Merchant
Its: President

Date: 8/18/2012

OXY USA WTP Limited Partnership

A subsidiary of Occidental Petroleum Corporation

5 Greenway Plaza, Suite 110, Houston, Texas 77046
P.O. Box 4294, Houston, Texas 77210-4294
Direct: 713.366.5603 Fax: 713.985.1505
michael_meir@oxy.com

August 9, 2012

RE: Application For Surface Commingling - Notice
All Section 36
Township 18 South, Range 30 East, N.M.P.M
Eddy County, New Mexico

Dear Working Interest Partners:

OXY USA WTP Limited Partnership (OXY) will be submitting an Application For Surface Commingling to the Oil Conservation Division. OXY intends to commingle production from the following wells listed at the central battery located at the Smokey Bits State Com #3H well pad:

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Smokey Bits State Com #6H – API 30-015-40148

Please evidence your acceptance of the required notice by executing below returning one (1) copy of this letter to the letterhead address or by email.

Very truly yours,

OXY USA WTP Limited Partnership

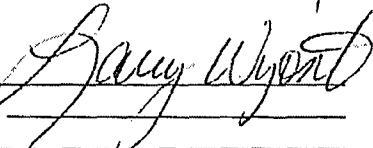


Michael Meir
Land Negotiator

McCOMBS ENERGY

, hereby accepts revisions to the referenced Operating Agreement.

By:
Name:
Its:



Date:

8/14/12

MCCOMBS ENERGY
LARRY WYONT
VICE PRESIDENT



OXY USA WTP Limited Partnership

A subsidiary of Occidental Petroleum Corporation

5 Greenway Plaza, Suite 110, Houston, Texas 77046

P.O. Box 4294, Houston, Texas 77210-4294

Direct: 713.366.5603 Fax: 713.985.1505

michael_meir@oxy.com

October 8, 2012

RE: Application For Surface Commingling - Notice
All Section 36
Township 18 South, Range 30 East, N.M.P.M
Eddy County, New Mexico

Dear Working Interest Partners:

OXY USA WTP Limited Partnership (OXY) will be submitting an Application For Surface Commingling to the Oil Conservation Division. OXY intends to commingle production from the following wells listed at the central battery located at the Smokey Bits State Com #3H well pad:

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Smokey Bits State Com #3H – API 30-015-39118

Smokey Bits State Com #5H – API 30-015-40070

Smokey Bits State Com #6H – API 30-015-40148

Please evidence your acceptance of the required notice by executing below and returning one (1) copy of this letter to the letterhead address or by email. By signing this letter you acknowledge that you do not intend to object to the surface commingling of the above named wells. If you have any objection please note that it must be made in writing within 20 days from the date of this notice.

Very truly yours,

OXY USA WTP Limited Partnership

Michael Meir
Land Negotiator

_____, hereby does not object to the surface commingling of the above named wells.

By: _____

Name: _____

Its: _____

Date: _____

Working Interest Partners

McCombs Energy, LLC
Attn: Mr. Larry Wynot
5599 San Felipe, Suite 1200
Houston, TX 77056-2794
Tel: 713-621-0033
Fax: 713-621-1670

ZPZ Delaware I LLC
Attn: Permian Land Manager
303 Veterans Airpark Lane, Suite 3000
Midland, TX 79705

Cannon Exploration
3608 S. County Road 1184
Midland, TX 79706
Tel: 432-684-0053
Fax: 432-683-9803

COG Operating LLC
Attn: Permian Land Manager
550 West Texas Avenue, Suite 100
Midland, TX 79701
Fax: 432-683-7441

Penroc Oil Corporation
Attn: Land Dept
1515 Calle Sur
Hobbs, NM 88240
Fax: 575-492-1237

Wells	API	Location	Pool Name & Number
Smokey Bits St. Com 2-H	30-015-40196	Sec. 36, T18S R30E	Benson; Bone Spring - 5200
Smokey Bits St. Com 6-H	30-015-39118	Sec. 36, T18S R30E	Benson; Bone Spring - 5200
Smokey Bits St. Com 3-H	30-015-40070	Sec. 36, T18S R30E	Benson; Bone Spring - 5200
Smokey Bits St. Com 5-H	30-015-40148	Sec. 36, T18S R30E	Benson; Bone Spring - 5200

Wells	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingle Production	Calculated Value of Commingled Production	Volumes
Smokey Bits St. Com 2-H	39.6 API Gravity	39.8 API Gravity	TOTAL:	1550 BOPD; 1750 MCFD; 1400 BWPD
Smokey Bits St. Com 6-H			2800 BOPD	
Smokey Bits St. Com 3-H	40.0 API Gravity		3100 MCFD	1250 BOPD; 1350 MCFD; 1400 BWPD
Smokey Bits St. Com 5-H			2800 BWPD	

Ezeanyim, Richard, EMNRD

From: Michael_Meir@oxy.com
Sent: Monday, October 08, 2012 8:19 AM
To: Jennifer_Duarte@oxy.com
Subject: RE: Smokey Bits Commingle Permit
Attachments: Scanned from a Xerox multifunction device001.pdf; Commingling Notice - Smokey Bits - Apache Revised.docx

Apache guy is out until Wed, we will get it then. The signed copies from all other partners are attached.

Thanks,

MM

From: Duarte, Jennifer A
Sent: Monday, October 08, 2012 9:15 AM
To: Meir, Michael
Subject: RE: Smokey Bits Commingle Permit

Send me the signed notices saying that they approve and send me the 20 day worded letter to Apache and if we get the signed letter today, please send to me. I will send this to the guy in Santa Fe and see if this will be ok since they approved the previous letters.

Thank you,
Jennifer Duarte
Regulatory Analyst
Room# 15.082

Occidental Permian Ltd. / Oxy USA WTP LP / Oxy USA Inc.
Phone: 713/513-6640, Fax: 713/985-8781

From: Meir, Michael
Sent: Monday, October 08, 2012 8:25 AM
To: Duarte, Jennifer A
Subject: RE: Smokey Bits Commingle Permit

I have signatures from all partners except Apache. The partners got them back to us in less than 20 days acknowledging that we intended to commingle the production. Do I still need to re-notice all of them? I resent the letter to Apache with the 20 day language, hopefully we will get it back today.

From: Duarte, Jennifer A
Sent: Monday, October 08, 2012 7:51 AM
To: Meir, Michael
Subject: FW: Smokey Bits Commingle Permit

Can you please re-notice the interest owners stating the 20 days to object??

Thank you,
Jennifer Duarte

Regulatory Analyst
Room# 15.082

Occidental Permian Ltd. / Oxy USA WTP LP / Oxy USA Inc.
Phone: 713/513-6640, Fax: 713/985-8781

From: Ezeanyim, Richard, EMNRD [<mailto:richard.ezeanyim@state.nm.us>]
Sent: Wednesday, October 03, 2012 4:28 PM
To: Duarte, Jennifer A
Subject: RE: Smokey Bits Commingle Permit

Jennifer:

Thank you for the e-mail. I did not get the first e-mail as you said. At this time, I still need the name of the pool and its code where the wells are producing from. Also include dedication plats Form C-102 for each well.

Most importantly, OXY should re-notice each interest owner stating in the notice that they have 20 days to object to the application. The current notice written by the Landman Mr. Michael Meir did not include this 20-day objection period. Please let me know if you have any questions. Thank you.

Richard

From: [Jennifer Duarte@oxy.com](mailto:Jennifer_Duarte@oxy.com) [[mailto:Jennifer Duarte@oxy.com](mailto:Jennifer_Duarte@oxy.com)]
Sent: Wednesday, October 03, 2012 12:43 PM
To: Ezeanyim, Richard, EMNRD
Subject: Smokey Bits Commingle Permit
Importance: High

Richard~

I believe you should have received the additional information that you requested for this commingle permit already, but I am reattaching since I haven't heard anything back from my previous email. Please see the attached and let me know if you need anything else to complete the application. Thank you very much for your time and help.

Sincerely,

Jennifer Duarte

Regulatory Analyst

Occidental Permian Ltd. / Oxy USA WTP LP / Oxy USA Inc.
5 Greenway Plaza, Room 15.082, Houston, TX 77046
Phone: 713/513-6640, Fax: 713/985-8781

Ezeanyim, Richard, EMNRD

From: Jennifer_Duarte@oxy.com
Sent: Wednesday, October 03, 2012 12:43 PM
To: Ezeanyim, Richard, EMNRD
Subject: Smokey Bits Commingle Permit
Attachments: Additional Requested Information.pdf

Importance: High

Richard~

I believe you should have received the additional information that you requested for this commingle permit already, but I am reattaching since I haven't heard anything back from my previous email. Please see the attached and let me know if you need anything else to complete the application. Thank you very much for your time and help.

Sincerely,

Jennifer Duarte

Regulatory Analyst

Occidental Permian Ltd. / Oxy USA WTP LP / Oxy USA Inc.

5 Greenway Plaza, Room 15.082, Houston, TX 77046

Phone: 713/513-6640, Fax: 713/985-8781

Feel free to let me know if you need any more information.
Thank you for your time and help.

Ezeanyim, Richard, EMNRD

From: Jennifer_Duarte@oxy.com
Sent: Monday, October 08, 2012 3:23 PM
To: Ezeanyim, Richard, EMNRD
Subject: RE: Smokey Bits Commingle Permit
Attachments: RE Smokey Bits Commingle Permit; Well list.xlsx

All of the working interest partners have signed the waiver except Apache and we have sent him the revised wording. He is out of the office till Wednesday and we will contact him then to see if we can get a signed wavier. As far as the other waivers go, will they work since they are signed? (Please see the attached email)

As for the pool information, please see the correct excel spreadsheet that should have the information that you need.

Also, I have a question about commingling in general. I have heard that it was thought to be correct that if we have submitted our commingle permit that we could start commingling at that time. I don't think that is correct but I wanted to double check with you to verify. Can you please advise on to the correct was to perceive this matter? I would greatly appreciate the help so I can properly advise my team. At this time, I have advise them at this time that I would not commingle without the permit, unless we had previously gained a verbal or email approval stating that we could do so.

Thanks for all your help and please let me know if this information resolves the permit or if we need to do anything additional. Thank you very much!

Thank you,
Jennifer Duarte

Regulatory Analyst
Room# 15.082

Occidental Permian Ltd. / Oxy USA WTP LP / Oxy USA Inc.
Phone: 713/513-6640, Fax: 713/985-8781

From: Ezeanyim, Richard, EMNRD [<mailto:richard.ezeanyim@state.nm.us>]
Sent: Wednesday, October 03, 2012 4:28 PM
To: Duarte, Jennifer A
Subject: RE: Smokey Bits Commingle Permit

Jennifer:

Thank you for the e-mail. I did not get the first e-mail as you said. At this time, I still need the name of the pool and its code where the wells are producing from. Also include dedication plats Form C-102 for each well.

Most importantly, OXY should re-notice each interest owner stating in the notice that they have 20 days to object to the application. The current notice written by the Landman Mr. Michael Meir did not include this 20-day objection period. Please let me know if you have any questions. Thank you.

Richard

From: Jennifer_Duarte@oxy.com [mailto:Jennifer_Duarte@oxy.com]
Sent: Wednesday, October 03, 2012 12:43 PM

To: Ezeanyim, Richard, EMNRD
Subject: Smokey Bits Commingle Permit
Importance: High

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Sincerely,

Jennifer Duarte

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Phone: 713/513-6640, Fax: 713/985-8781



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October 8, 2012

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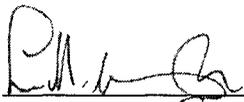
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Very truly yours,

OXY USA WTP Limited Partnership

Michael Meir
 Land Negotiator

EP2 DELAWARE I LLC, hereby does not object to the surface commingling of the above named wells.

By: 
 Name: LEE M. SCARBOROUGH
 Its: LANDMAN

Date: 10/15/2012

Ezeanyim, Richard, EMNRD

From: Jennifer_Duarte@oxy.com
Sent: Monday, October 15, 2012 9:56 AM
To: Ezeanyim, Richard, EMNRD
Cc: Taylor_Russell@oxy.com; Michael_Meir@oxy.com
Subject: RE: Smokey Bits Commingle Permit
Attachments: oso_SmokeyBitsSt_Oxy_SurfCom.pdf

Importance: High

Richard~

Here is the signed letter from Apache. We just received it. Can you please give me an estimated day that we can expect the approval on this commingle permit? Thank you so very much.

**Thank you,
Jennifer Duarte**

Regulatory Analyst
Room# 15.082

Occidental Permian Ltd. / Oxy USA WTP LP / Oxy USA Inc.
Phone: 713/513-6640, Fax: 713/985-8781

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Subject: RE: Smokey Bits Commingle Permit

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Jennifer Duarte**

Regulatory Analyst
Room# 15.082

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