

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



ADMINISTRATIVE CENTRAL TANK BATTERY ORDER

Administrative Order CTB-742
Administrative Application Reference No. pMAM1500957232

January 30, 2015

OXY USA INC.
Attention: Ms. Jennifer Duarte

Oxy USA Inc. (OGRID 16696) is hereby authorized to surface commingle oil and gas production from Lost Tank; Delaware, West Pool (96582). These wells are identified in Attachment A, and made part of this order. These wells are located on federal leases in said Township and Range in Eddy County, New Mexico.

The project area for these wells include the entire Section 3; N/2 NE/4, NE/4 NW/4, and SE/4 NE/4 of Section 10; and NW/4 NW/4 Section 11, Township 22 South, Range 31 East, NMPM, Eddy County, New Mexico.

The commingled oil and gas production for the Lost Tank 3 Federal Well No. 5,6,7,8,9,10,11,12,13,14,16,18,20, and 24 shall be measured and sold at the Lost Tank 3 Federal Well No. 5 central tank battery (CTB) located in Unit H, Section 3, Township 22 South, Range 31 East, NMPM, Eddy County, New Mexico.

The commingled oil and gas production for the Lost Tank 10 Federal Well No. 1,2,3,4,5, and Lost Tank 11 Federal Well No. 1 shall be measured and sold at the Lost Tank 3 Federal Well No. 12 central tank battery (CTB) located in Unit P, Section 3, Township 22 South, Range 31 East, NMPM, Eddy County, New Mexico.

The oil and gas production from each well shall be continuously measured using a combination of well testing and metering with the wells associated with each CTB. 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.

The operator shall notify the Artesia District office of the Division prior to implementation of the commingling operations.

This approval is subject to like approval from the United States Bureau of Land Management before commencement of the commingling operations.

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DONE at Santa Fe, New Mexico, on January 30, 2015

A handwritten signature in cursive script, reading "David R. Catanach". The signature is written in black ink and is positioned above a horizontal line.

DAVID R. CATANACH
Director

DC/mam

cc: Oil Conservation Division – Artesia
Bureau of Land Management - Carlsbad

Attachment "A"

APPLICATION FOR CENTRAL TANK BATTERY, LEASE COMMINGLE, OFF LEASE MEASUREMENT, SALES & STORAGE

Proposal for Lost Tank 3 Federal, Lost Tank 10 Federal and Lost Tank 11 Federal wells :
 OXY USA INC. is requesting approval for Central Tank Battery, Lease Commingle, Off Lease Measurement, Sales, & Storage from
 the following wells:

Federal Lease: NMNM-0417696 Pool: LOST TANK DELAWARE, WEST (96582) Royalty Rate: 12.5%

Well Name	API #	Location	BOPD	Oil Gravity	MCFPD	BTU
LOST TANK 3 FEDERAL # 5	30-015-30586	Sec. 3 T22S R31E	13	39	8.1	1000
LOST TANK 3 FEDERAL # 6	30-015-31887	Sec. 3 T22S R31E	20.2	39	8	1000
LOST TANK 3 FEDERAL # 7	30-015-32167	Sec. 3 T22S R31E	13.5	39	7.9	1000
LOST TANK 3 FEDERAL # 8	30-015-32168	Sec. 3 T22S R31E	26.3	39	8.4	1000
LOST TANK 3 FEDERAL # 9	30-015-32169	Sec. 3 T22S R31E	13.4	39	7.9	1000
LOST TANK 3 FEDERAL # 10	30-015-32345	Sec. 3 T22S R31E	1.7	39	7.3	1000
LOST TANK 3 FEDERAL # 11	30-015-32725	Sec. 3 T22S R31E	35	39	8	1000
LOST TANK 3 FEDERAL # 12	30-015-32726	Sec. 3 T22S R31E	36.3	39	8.1	1000
LOST TANK 3 FEDERAL # 13	30-015-37950	Sec. 3 T22S R31E	80.5	39	7.7	1000
LOST TANK 3 FEDERAL # 14	30-015-37918	Sec. 3 T22S R31E	6.1	39	7.9	1000
LOST TANK 3 FEDERAL # 16	30-015-37907	Sec. 3 T22S R31E	26	39	8	1000
LOST TANK 3 FEDERAL # 18	30-015-37908	Sec. 3 T22S R31E	33.5	39	8.2	1000
LOST TANK 3 FEDERAL # 20	30-015-37919	Sec. 3 T22S R31E	16.5	39	8	1000
LOST TANK 3 FEDERAL # 24	30-015-37922	Sec. 3 T22S R31E	19.1	39	8.2	1000

Federal Lease: NMNM-0417506 Pool: LOST TANK DELAWARE, WEST (96582) Royalty Rate: 12.5%

Well Name	API #	Location	BOPD	Oil Gravity	MCFPD	BTU
LOST TANK 10 FEDERAL # 1	30-015-37959	Sec. 3 T22S R31E	37.1	39	105.4	1000
LOST TANK 10 FEDERAL # 2	30-015-37960	Sec. 3 T22S R31E	6.2	39	35.8	1000
LOST TANK 10 FEDERAL # 3	30-015-37897	Sec. 3 T22S R31E	39	39	152.4	1000
LOST TANK 10 FEDERAL # 4	30-015-37961	Sec. 3 T22S R31E	23.1	39	79.7	1000
LOST TANK 10 FEDERAL # 5	30-015-37924	Sec. 3 T22S R31E	18.9	39	66.1	1000
LOST TANK 11 FEDERAL # 1	30-015-37962	Sec. 3 T22S R31E	16.3	39	69.1	1000

Attached map shows the Federal leases and well locations in Section 3, T22S - R31E.

The BLM's interest in these leases is identical. Leases NMNM-0417696 & NMNM-0417506 have a royalty rate of 12.5%.

Oil & Gas metering:

Oil, water and gas production from Lost Tank 3 Federal # 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 16, 18, 20, 22, 24 wells will be individually tested at Lost Tank 3 Federal #5 CTB using a three phase test separator. Production oil from wells not in test will be metered at Lost Tank 3 Federal #5 CTB using a three phase production separator. Oil will be allocated on a daily basis through the Oxy owned Coriolis meters (serial# 14231074) located downstream of the three phase separator. Produced water will be measured through a turbine meter (serial #84765) and transfer via pipeline to Lost Tank 33 #2 SWD. The gas will be sold after it is measured by Oxy Allocation meter located at lease. All wells will be tested monthly for allocation purposes. The gas will be routed through the test meter (serial #: 08400990). Oil will be allocated on a daily basis through the turbine meter (serial #: 84743).

Oil, water and gas production from Lost Tank 10 Federal #1, 2, 3, 4, 5 and Lost Tank 11 Federal #1 wells will be individually tested at Lost Tank 3 Federal #12 well site using a three phase test separator. Total oil, water and gas from wells not in test will be metered at Lost Tank 3 Federal #12 well site using a three phase production separator. Oxy owned Coriolis meter (serial #: 14231637) will be used for oil measurement and Oxy owned turbine meter will be used for water measurement. An Oxy owned orifice meter will be used for gas measurement. All wells will be tested monthly for allocation purposes. The gas will be routed through the test meter (serial #: 832738). Oil will be allocated on a daily basis through the turbine meter. Oil, water and gas (test fluids and production fluids) from the Lost Tank 10 Federal and Lost Tank 11 Federal wells will then be transferred to the Lost Tank 3 Federal # 5 Central Tank Battery and combined with the Lost Tank 3 Federal wells in common tanks.

Total oil production from Lost Tank 3, 10 and 11 will be sold via a LACT unit using a Coriolis meter (serial #: 14148355). The LACT unit is located at the Lost Tank 3 Federal #5 CTB. Total gas from Lost Tank 3, 10 and 11 will be metered at the Lost Tank 3 Federal #5 CTB using an Oxy owned EFM orifice meter (Oxy Allocation Meter; Meter # 83261). Gas production from Lost Tank 3, 10 and 11 wells will be allocated on a daily basis based on the subtraction method (subtract the test meters volume from the sale meter volume). Total gas from Lost Tank 3, 10 and 11 flows into DCP's low pressure gas gathering system. The DCP Sales Gas Meter (Custody Transfer; Meter # 15729-00) is located approximately 1.6 miles East of the Lost Tank 3 Federal #5 CTB.