

District I
1625 N. French Drive, Hobbs, NM 88240
District II
1301 W. Grand Avenue, 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-107A
Revised June 10, 2003

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APPLICATION TYPE
☒ Single Well
☒ Establish Pre-Approved Pools
EXISTING WELLBORE
☒ Yes ☐ No

APPLICATION FOR DOWNHOLE COMMINGLING

DHC-3667

Occidental Permian Limited Partnership, P.O. Box 4294, Houston, TX 77210-4294

Operator Address
State "B" 6 C, 33, T-18-S, R-38-E Lea
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 157984 Property Code 19523 API No. 30-025-23330 Lease Type: ☐ Federal ☒ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	UNDES Hobbs; Tubb G-2		Hobbs; Drinkard oil
Pool Code	96946 ✓		31730 ✓
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	6431' - 6558'		6639' - 6931'
Method of Production (Flowing or Artificial Lift)	Flowing		Artificial Lift
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	N/A		N/A
Oil Gravity or Gas BTU (Degree API or Gas BTU)	N/A		38 deg. (est.)
Producing, Shut-In or New Zone	New Zone		Producing
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	See Attached Date: Rates:	Date: Rates:	Date: 3/9/05 Rates: 13 BO x 1 BW x 55 MCF
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas 0 % 21 %	Oil Gas % %	Oil Gas 100 % 79 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes ☒ No ☐
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes ☐ No ☐

Are all produced fluids from all commingled zones compatible with each other? Yes ☒ No ☐

Will commingling decrease the value of production? Yes ☐ No ☒

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes ☒ No ☐

NMOCD Reference Case No. applicable to this well: _____

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

SIGNATURE Mark Stephens TITLE Reg. Compliance Analyst DATE 3/9/06

TYPE OR PRINT NAME Mark Stephens TELEPHONE NO. (713) 366-5158

E-MAIL ADDRESS Mark_Stephens@oxy.com

DATE IN 3/10/06	SUSPENSE	ENGINEER WILL JONES	LOGGED IN 3/10/06	TYPE DHC 3667	APP NO. p ID 50606 955384
--------------------	----------	------------------------	----------------------	---------------------	------------------------------

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



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 _____

[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.

Mark Stephens
Print or Type Name

Mark Stephens
Signature

Reg. Comp. Analyst
Title

3/9/06
Date

Mark_Stephens@oxy.com
e-mail Address



Occidental Permian Ltd.

A subsidiary of Occidental Petroleum Corporation

5 Greenway Plaza, Suite 110, Houston, Texas 77046-0521
P.O. Box 4294, Houston, Texas 77210-4294
Phone 713.215.7000

March 9, 2006

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

RE: Application for Downhole Commingling
State "B" Well No. 6 (30-025-23330)
Hobbs; Tubb and Hobbs; Drinkard Pools
Letter C, Section 33, T-18-S, R-38-E
Lea County, NM

Gentlemen:

Occidental Permian Limited Partnership respectfully requests administrative approval to downhole commingle the Tubb and Drinkard formations in the subject well with allocation of production based on the following percentages:

	<u>Oil</u>	<u>Gas</u>
Tubb Pool	0%	21%
Drinkard Pool	100%	79%

The production from the two zones will be of similar character (API gravity, etc.) so that commingling will not reduce the value of the total production. Ownership in the zones to be commingled is identical.

Also submitted in support of our request is the following documentation:

- Administrative Application Checklist
- Form C-107A
- Data Supporting Proposed Allocation Method
- Form C-102 (2 each) for each zone to be commingled showing its spacing unit and acreage dedication
- Copy of Administrative Order DHC-3086 which approved downhole commingling of the Tubb and Drinkard

2006 MAR 10 AM 10 16



Occidental Permian Ltd.

A subsidiary of Occidental Petroleum Corporation

5 Greenway Plaza, Suite 110, Houston, Texas 77046-0521
P.O. Box 4294, Houston, Texas 77210-4294
Phone 713.215.7000

- Proof of notice of this application to the State Land Office

Your favorable consideration of our request will be appreciated. If you have any questions or need additional information, please call me at (713) 366-5158.

Very truly yours,

Mark Stephens

Mark Stephens
Regulatory Compliance Analyst

CC: State of New Mexico
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87504-1148

Data Supporting Proposed Allocation Method

OXY proposes to use the following percentages for allocation of production and allowable to the commingled pools:

<u>Pool</u>	<u>Oil</u>	<u>Gas</u>
Tubb	0%	21%
Drinkard	100%	79%

State 'B' No. 6 is a new completion in the Tubb and has no production data. The proposed allocation percentages are based on actual March 2005 production from the Drinkard and estimated production from the Tubb. Estimated Tubb production is based on gas rates while swab testing after a stimulation. The Tubb would not flow gas on its own due to wellbore liquid loading from the rather large stimulation (approx. 41,000 bbls). It is believed that the Tubb will flow freely after a majority of stimulation fluid has been produced. This will be accomplished by rod pumping the downhole commingled zones. Based on swab testing and formation log analysis, it is estimated that the Tubb will produce no formation liquids and 15 MCF per day of gas.

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources

Form C-102
Revised June 10, 2003

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-23330	² Pool Code 96946	³ Pool Name Hobbs; Tubb
⁴ Property Code 19523	⁵ Property Name State 'B'	⁶ Well Number 6
⁷ OGRID No. 157984	⁸ Operator Name Occidental Permian Limited Partnership	⁹ Elevation 3645'

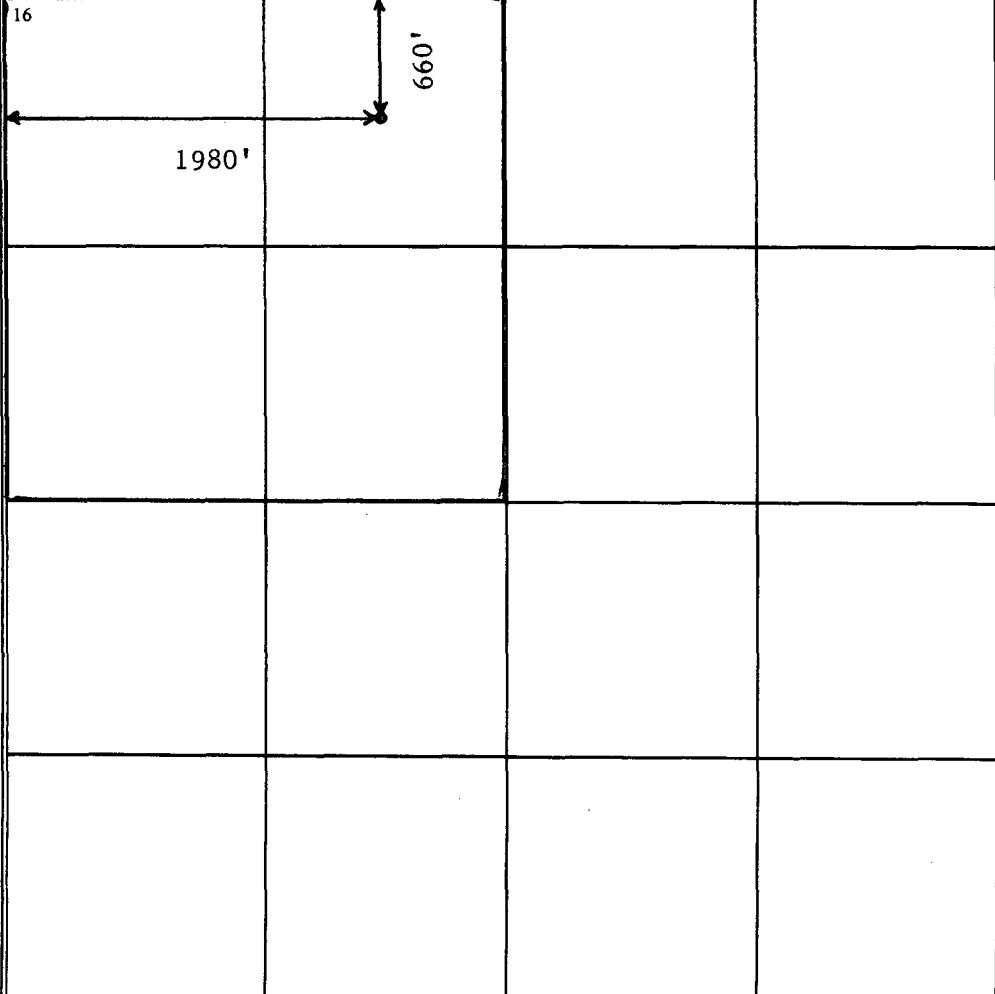
¹⁰ Surface Location

UL or lot no. C	Section 33	Township 18-S	Range 38-E	Lot. Idn	Feet from the 660	North/South line North	Feet from the 1980	East/West line West	County Lea
--------------------	---------------	------------------	---------------	----------	----------------------	---------------------------	-----------------------	------------------------	---------------

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 160	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

¹⁶ 	¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i> <u>Mark Stephens</u> Signature Mark Stephens Printed Name Regulatory Compliance Analyst Title and Email 3/9/06 Date
	¹⁸ SURVEYOR CERTIFICATION <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i> Date of Survey Signature and Seal of Professional Surveyor: Certificate Number

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources

Form C-102
Revised June 10, 2003

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-23330	² Pool Code 31730	³ Pool Name Hobbs; Drinkard
⁴ Property Code 19523	⁵ Property Name State 'B'	⁶ Well Number 6
⁷ OGRID No. 157984	⁸ Operator Name Occidental Permian Limited Partnership	⁹ Elevation 3645'

¹⁰ Surface Location

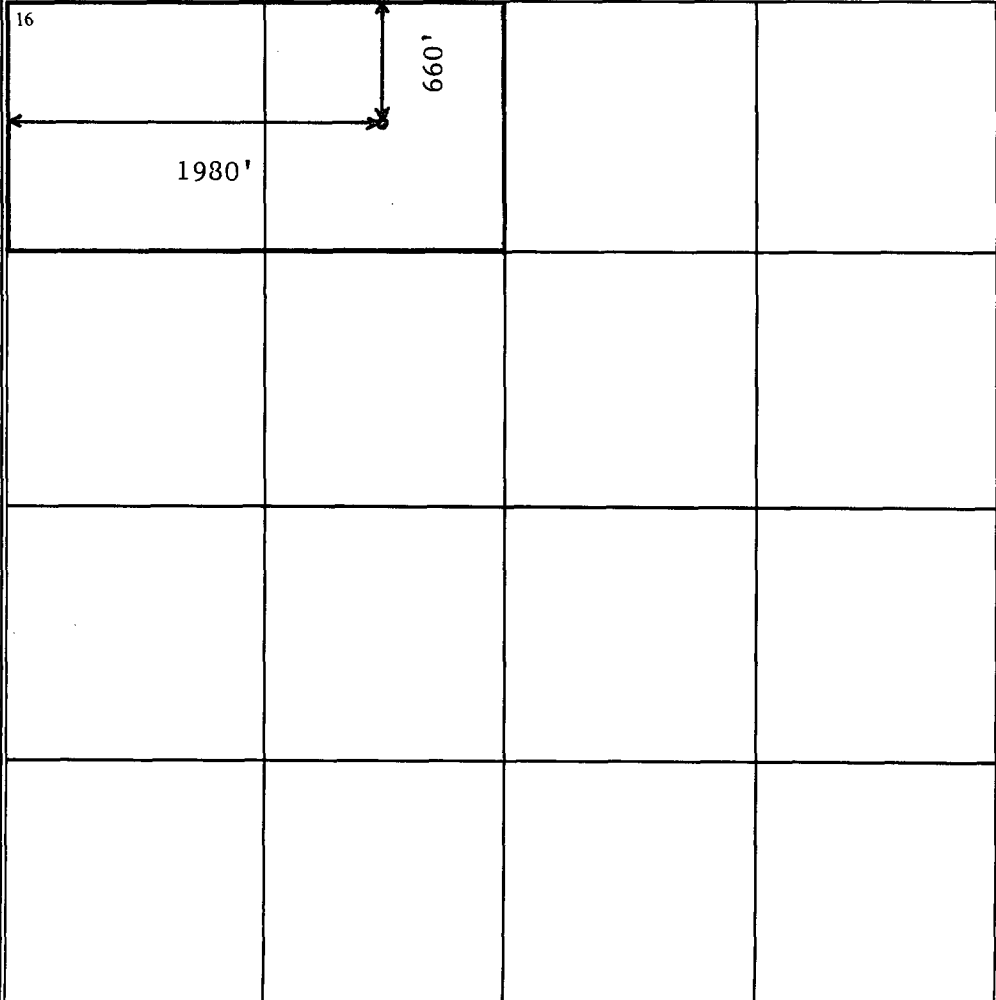
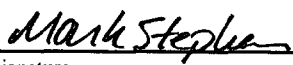
UL or lot no. C	Section 33	Township 18-S	Range 38-E	Lot. Idn	Feet from the 660	North/South line North	Feet from the 1980	East/West line West	County Lea
--------------------	---------------	------------------	---------------	----------	----------------------	---------------------------	-----------------------	------------------------	---------------

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South line	Feet from the	East/West line	County
---------------	---------	----------	-------	----------	---------------	------------------	---------------	----------------	--------

¹² Dedicated Acres 80	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
-------------------------------------	-------------------------------	----------------------------------	-------------------------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

¹⁶ 	¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>  Signature Mark Stephens Printed Name Regulatory Compliance Analyst Title and Email 3/9/06 Date
	¹⁸ SURVEYOR CERTIFICATION <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i> Date of Survey Signature and Seal of Professional Surveyor: Certificate Number

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:

State of New Mexico
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87504-1148

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X☐ Agent☐ AddresseeB. Received by (*Printed Name*)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ YesIf 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

2. Article Number

(*Transfer from service label*)

7004 1160 0007 0743 4545

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540