

RECEIVED: <i>11/13/2017</i>	REVIEWER: <i>MAM</i>	TYPE: <i>CTB</i>	APP NO: <i>DMAM/TB/734044</i>
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Geological & 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

Applicant: OXY USA INC	OGRID Number: 16696
Well Name: RED TANK 31 STATE 5H	API: 30-025-41885
Pool: RED TANK; BONE SPRING, EAST	Pool Code: 51687

**SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION
 INDICATED BELOW**

- 1) **TYPE OF APPLICATION:** Check those which apply for [A]
 A. Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP (PROJECT AREA) ☐ NSP (PRORATION UNIT) ☐ SD
- B. Check one only for [I] or [II]
 [I] Commingling - Storage - Measurement
☐ DHC ☒ CTB ☒ CTC ☐ PC ☐ OLS ☐ OLM
 [II] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

2) **NOTIFICATION REQUIRED TO:** Check those which apply.

- A. ☐ Offset operators or lease holders
 B. ☒ Royalty, overriding royalty owners, revenue owners
 C. ☐ Application requires published notice
 D. ☒ Notification and/or concurrent approval by SLO
 E. ☐ Notification and/or concurrent approval by BLM
 F. ☐ Surface owner
 G. ☒ For all of the above, proof of notification or publication is attached, and/or,
 H. ☐ No notice required

FOR OCD ONLY

☐ Notice Complete

☐ Application Content Complete

- 3) **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.

SANDRA MUSALLAM

Print or Type Name

Sandra Musallam
 Signature

11/10/2017

Date

713-366-5106

Phone Number

SANDRA_MUSALLAM@OXY.COM

e-mail Address

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

Commingling proposal for Red Tank 31 State 5H Battery

OXY USA INC requests approval of a lease commingle at the Red Tank 31 State 5H battery. Off-lease measurement, sales and storage is also requested for Red Tank 30-31 State Com 24Y and 34H.

The oil production from all of the facilities and wells listed below will flow to the Red Tank 31 State 5H battery where it will be measured through a LACT (Lat 32.3536987, Long -103.6035614). Production will then be allocated to each well based on well test and the amount of hours the well was operating in a given month.

Gas production from the Red Tank 31 State 5H and the Red Tank 30-31 State Com wells will be separated and measured through Oxy check meters at their respective batteries, as described below.

All water from the Red Tank 31 State 5H and Red Tank 30-31 State batteries will be sent to NBR 18-1 salt water disposal well (SWD).

A detailed process description by facility can be found below. The oil and gas meters will be calibrated on a regular basis per API and NMOCD specifications.

WELL	API	Location	Date Online	BOPD	Oil Gravity	MSCFPD	BTU	BWPD
POOL: RED TANK; BONE SPRING, EAST (51687) - STATE LEASE VO-3527-0002								
Red Tank 31 State 5H	30-025-41885	A 31-22S-33E	Jan-2015	39	40.4	27	1241	83
POOL: RED TANK; BONE SPRING, EAST (51687) - STATE LEASE VO-3526-0002 & VO-3527-0002								
Red Tank 30-31 State Com 34H	30-025-44063	A 30-22S-33E	Est. Dec 2017	553#	40.4	994#	1241	1660#
Red Tank 30-31 State Com 24Y	30-025-44062	A 30-22S-33E	Est. Jan 2018	571#	40.4	632#	1241	931#

Estimated production

Red Tank 31 State 5H production is separated at its own battery. Production is sent through a 42" X 10' three-phase separator. Oil production flows through a turbine meter before being sent to a 6' X 20' heater treater. Oil is then sent to three oil storage tanks before being pumped through a LACT meter and trucked to sales.

Gas from Red Tank 31 State 5H is measured through an orifice meter (Lat 32.3536987, Long -103.6035614) after leaving the three-phase separator. It is then sent to sales.

Water from Red Tank 31 State 5H is measured through a turbine meter after leaving the three-phase separator. It is then sent to two water tanks before being pumped to NBR 18-1 SWD well.

Red Tank 31 State 5H has been on production for over two years and is in Range 3 of decline. It can be reasonably expected to have a decline rate of less than 5 percent, as specified in Hearing Order R-14299. Therefore, the well will be tested at least once per month.

Production from Red Tank 30-31 State Com 24Y and 34H will be separated at the Red Tank 30-31 State battery. Each well will be sent to a dedicated 6' X 15' three-phase test separator. Oil production will flow through turbine meters before being pumped to the oil storage tanks at the Red Tank 31 State 5H battery.

After leaving the test separators, gas from Red Tank 30-31 State Com 24Y and 34H will be combined and measured through an Oxy check meter (Lat 32.373529, Long -103.618257). Gas will then be sent to sales.

All water from the Red Tank 30-31 State battery will be sent to the NBR 18-1 SWD well. Water will either be sent directly or via the Red Tank 31 State 5H battery.

Red Tank 30-31 State Com 24Y and 34H will be tested daily prior to Range 1 of decline, and will be tested at least three times per month during Range 1 of decline. When Range 2 decline is started, the wells will be tested at least twice per month, and will be tested at least once per month during Range 3 of decline, as specified in Hearing Order R-14299.



**OXY USA WTP Limited Partnership / OXY USA INC /
OCCIDENTAL PERMIAN LTD**
A subsidiary of Occidental Petroleum Corporation

5 Greenway Plaza, Suite 110, Houston, Texas 77046
P.O. Box 4294, Houston, Texas 77210-4294
Direct: 713.366.5106
Sandra_Musallam@oxy.com

November 10, 2017

Re: Production of Wells Going to Red Tank 31 State 5H and Red Tank 30-31 State Batteries

Leases: VO-3527-0002 and VO-3526-0002
Lea County, New Mexico

Dear Mr. McMillan:

Regarding the submitted commingle application for Red Tank 31 State 5H and Red Tank 30-31 State batteries, the production decline of all of the wells going to the batteries are in accordance with the production decline presented in Order R-14299.

For questions regarding this application, please contact me at (713) 366-5106.

Respectfully,

OXY USA INC
Sandra Musallam
Regulatory Engineer
Sandra_musallam@oxy.com

RECEIVED OCD
2017 NOV 13 P 11:34

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 INC
OPERATOR ADDRESS: 5 GREENWAY PLAZA SUITE 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) WELL TEST

(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 attach 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: Sandra Musallam TITLE: REGULATORY ENGINEER DATE: 11/10/2017
TYPE OR PRINT NAME SANDRA MUSALLAM TELEPHONE NO.: 713-366-5106
E-MAIL ADDRESS: SANDRA_MUSALLAM@OXY.COM

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

Commingling proposal for Red Tank 31 State 5H Battery

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All water from the Red Tank 31 State 5H and Red Tank 30-31 State batteries will be sent to NBR 18-1 salt water disposal well (SWD).

A detailed process description by facility can be found below. The oil and gas meters will be calibrated on a regular basis per API and NMOCD specifications.

WELL	API	Location	Date Online	BOPD	Oil Gravity	MSCFPD	BTU	BWPD
POOL: RED TANK; BONE SPRING, EAST (51687) - STATE LEASE VO-3527-0002								
Red Tank 31 State 5H	30-025-41885	A 31-22S-33E	Jan-2015	39	40.4	27	1241	83
POOL: RED TANK; BONE SPRING, EAST (51687) - STATE LEASE VO-3526-0002 & VO-3527-0002								
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Estimated production

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Red Tank 31 State 5H has been on production for over two years and is in Range 3 of decline. It can be reasonably expected to have a decline rate of less than 5 percent, as specified in Hearing Order R-14299. Therefore, the well will be tested at least once per month.

Production from Red Tank 30-31 State Com 24Y and 34H will be separated at the Red Tank 30-31 State battery. Each well will be sent to a dedicated 6' X 15' three-phase test separator. Oil production will flow through turbine meters before being pumped to the oil storage tanks at the Red Tank 31 State 5H battery.

After leaving the test separators, gas from Red Tank 30-31 State Com 24Y and 34H will be combined and measured through an Oxy check meter (Lat 32.373529, Long -103.618257). Gas will then be sent to sales.

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Red Tank 30-31 State Com 24Y and 34H will be tested daily prior to Range 1 of decline, and will be tested at least three times per month during Range 1 of decline. When Range 2 decline is started, the wells will be tested at least twice per month, and will be tested at least once per month during Range 3 of decline, as specified in Hearing Order R-14299.

Additional Application Components:

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

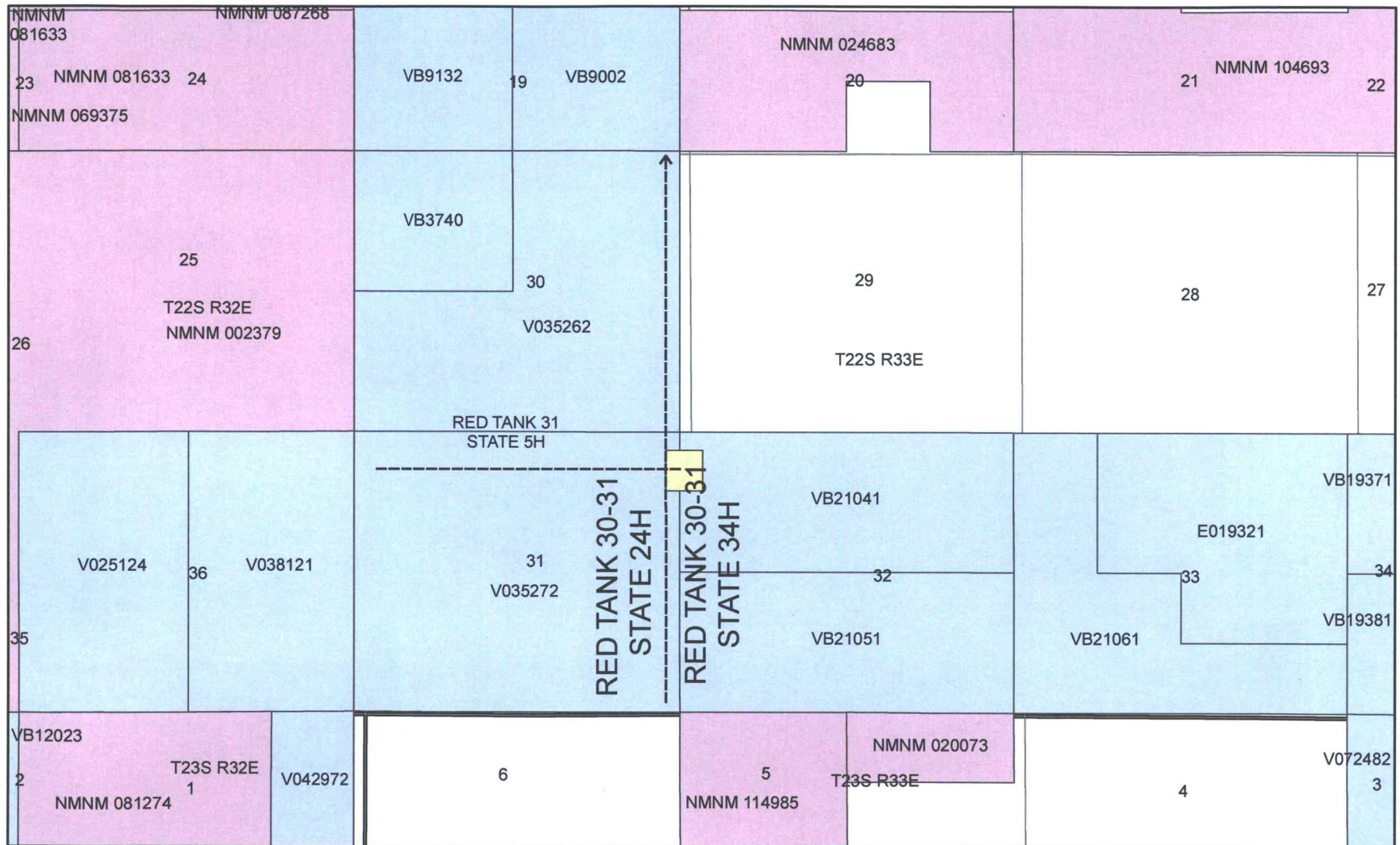
The working interest, royalty interest and overriding royalty interest owners have been notified of this proposal by certified mail (see attached).

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 this production 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. These applications will be submitted separately for approval per NMOCD and BLM regulations.

Red Tank 31 CTB

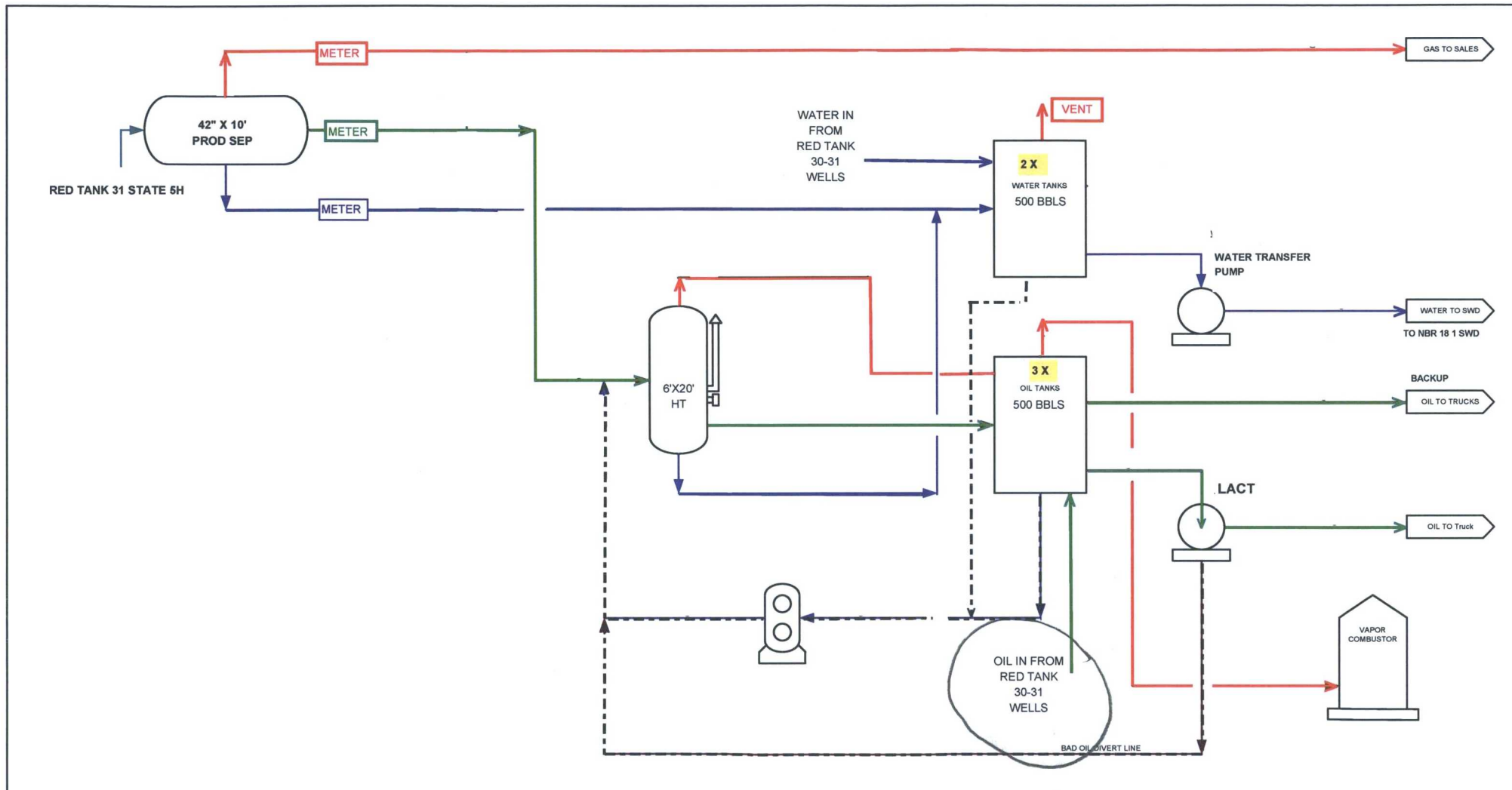
T23S R33E




Legend

----- Lateral

Red Tank 31 CTB



LEGEND		REVISION BLOCK						ENGINEERING RECORD		 PROCESS FLOW DIAGRAM RED TANK 31 STATE 5H CTB
	NO.	DATE	DESCRIPTION	BY	CHK	APP	BY	DATE		
	0	10/30/17					DRN:			
							DES:			
							CHK:			
							APP:			
							AFE:			

Red Tank 31-5 Battery Production Data

Red Tank 31 State 5H (30-025-41885)

Month	Oil (bbl)	Gas (MCF)	Water (bbl)
Mar-2017	1675	0	3373
Apr-2017	1315	1094	2460
May-2017	899	710	1467
Jun-2017	858	521	1428
Jul-2017	972	1552	2475
Aug-2017	1057	942	3510



OXY USA WTP Limited Partnership / OXY USA INC /
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5 Greenway Plaza, Suite 110, Houston, Texas 77046
P.O. Box 4294, Houston, Texas 77210-4294
Direct: 713.366.5106
Sandra_Musallam@oxy.com

November 10, 2017

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Re: Application for Lease Commingling and Off-lease Measurement, Sales, & Storage for
the Red Tank 31 State 5H Battery and Red Tank 30-31 State Battery in
Lea County, New Mexico

To Whom It May Concern:

This is to advise you that OXY USA INC is filing an application for surface commingling at the red Tank 31 State 5H and Red Tank 30-31 State Batteries. A copy of the application submitted to the Division is attached.

Any objections or requests for a hearing regarding this application must be submitted to the New Mexico Oil Conservation Division Santa Fe Office within 20 Days from the date of this letter.

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.

For questions regarding this application, please contact Sandra Musallam at (713) 366-5106.

Respectfully,

OXY USA INC
Sandra Musallam
Regulatory Engineer – Compliance Lead
Sandra_Musallam@oxy.com

NAME	ADDRESS	CITY	STATE	ZIP	TRACKING
STATE OF NEW MEXICO	PO BOX 1148	SANTA FE	NM	87504-1148	7017 1450 0002 2915 3638
CAMPECHE PETRO, LP	500 COMMERCE ST	FORT WORTH	TX	76102	7017 1450 0002 2915 3614
STATES ROYALTY LP	300 N. BRECKENRIDGE AVE	BRECKENRIDGE	TX	76424	7017 1450 0002 2915 3621

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (505) 393-6161 Fax: (505) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (505) 748-1283 Fax: (505) 748-9720
District III
1000 Rio Grande Blvd., Aztec, NM 87410
Phone: (505) 334-4178 Fax: (505) 334-4170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

HOBBSOCD State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
DEC 26 2014 1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

RECEIVED

☒ AMENDED REPORT
As Drilled

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-41885	Pool Code 51687	Pool Name Red Tank Bone Springs, East
Property Code 304938	Property Name RED TANK "31" STATE	Well Number 5H
OGRID No. 16696	Operator Name OXY USA INC.	Elevation 3716.5'

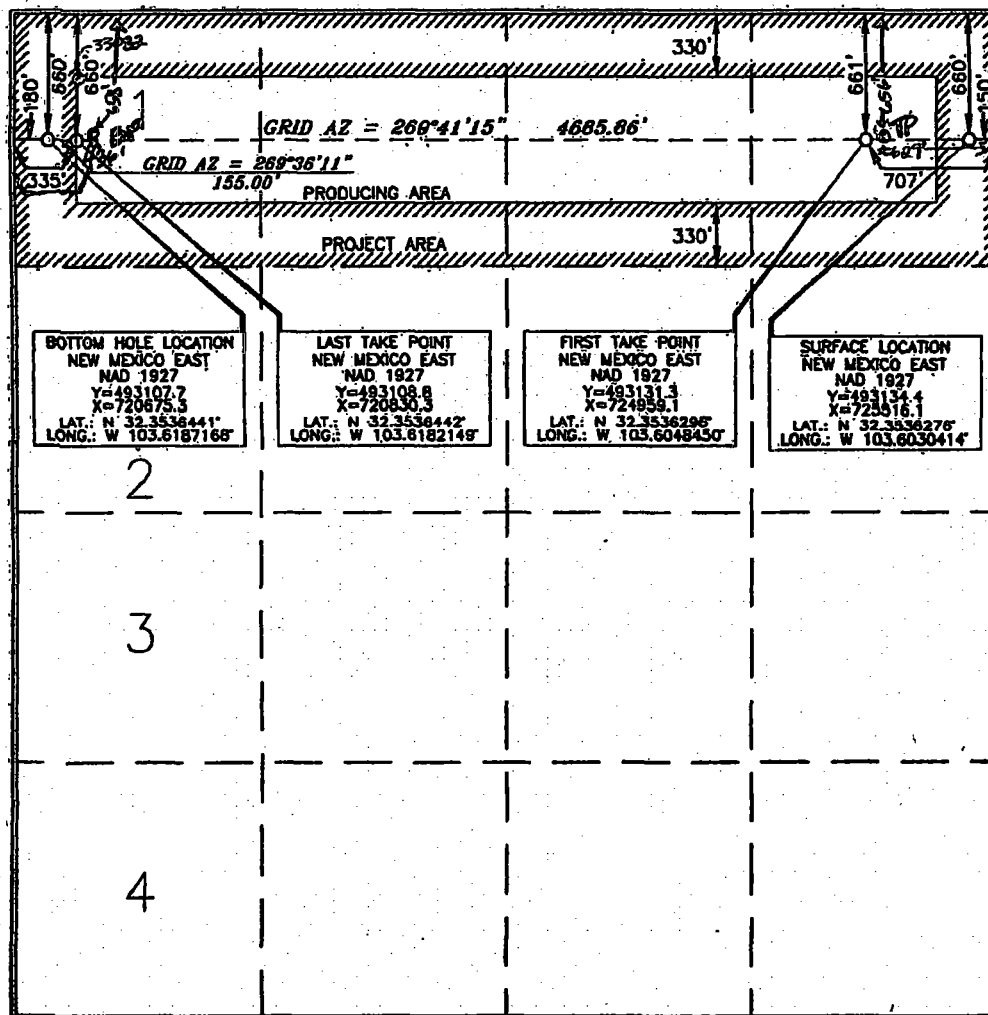
Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	31	22 SOUTH	33 EAST, N.M.P.M.		660'	NORTH	150'	EAST	LEA

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
1	31	22 SOUTH	33 EAST, N.M.P.M.		660'	NORTH	150'	WEST	LEA
Dedicated Acres 1.60	Joint or Infill N	Consolidation Code	Order No. TP - 658 FNL 629 FEL CP - 658 FNL 436 FNL						

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.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a consignment pooling order heretofore entered by the division.

Signature: *[Signature]* Date: 12/17/14
David Stewart Sr. Reg. Ado.
E-mail Address: david.stewart@oxy.com

SURVEYOR CERTIFICATION

I hereby certify that the information contained herein on this plat was prepared from the original surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey: APRIL 30, 2014
Signature and Seal: *[Signature]*
Professional Surveyor
Certificate Number: 15079

WOF 140430HL-o (Rev. A) (NA)

JAN 13 2015

District I
 1425 N. Francis Dr., Suite 100, NM 87505
 Phone: (505) 393-6161 Fax: (505) 393-6729
 District II
 811 S. First St., Suite 100, NM 87501
 Phone: (505) 769-3223 Fax: (505) 769-4729
 District III
 1000 San Ramon Road, Suite 100, NM 87410
 Phone: (505) 334-6178 Fax: (505) 334-6178
 District IV
 1200 N. N. Francis Dr., Suite 100, NM 87505
 Phone: (505) 476-3400 Fax: (505) 476-3403

State of New Mexico
 Energy, Minerals & Natural Resources Department
 OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

Form C-102
 Revised August 1, 2011
 Submit one copy to appropriate
 District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-	Pool Code 51687	Pool Name Red Tank Bone Spring East
Property Code	Property Name RED TANK "30-31" STATE COM	Well Number 24H 24 Y
OGRIID No. 16696	Operator Name OXY USA INC.	Elevation 3658.4'

Surface Location

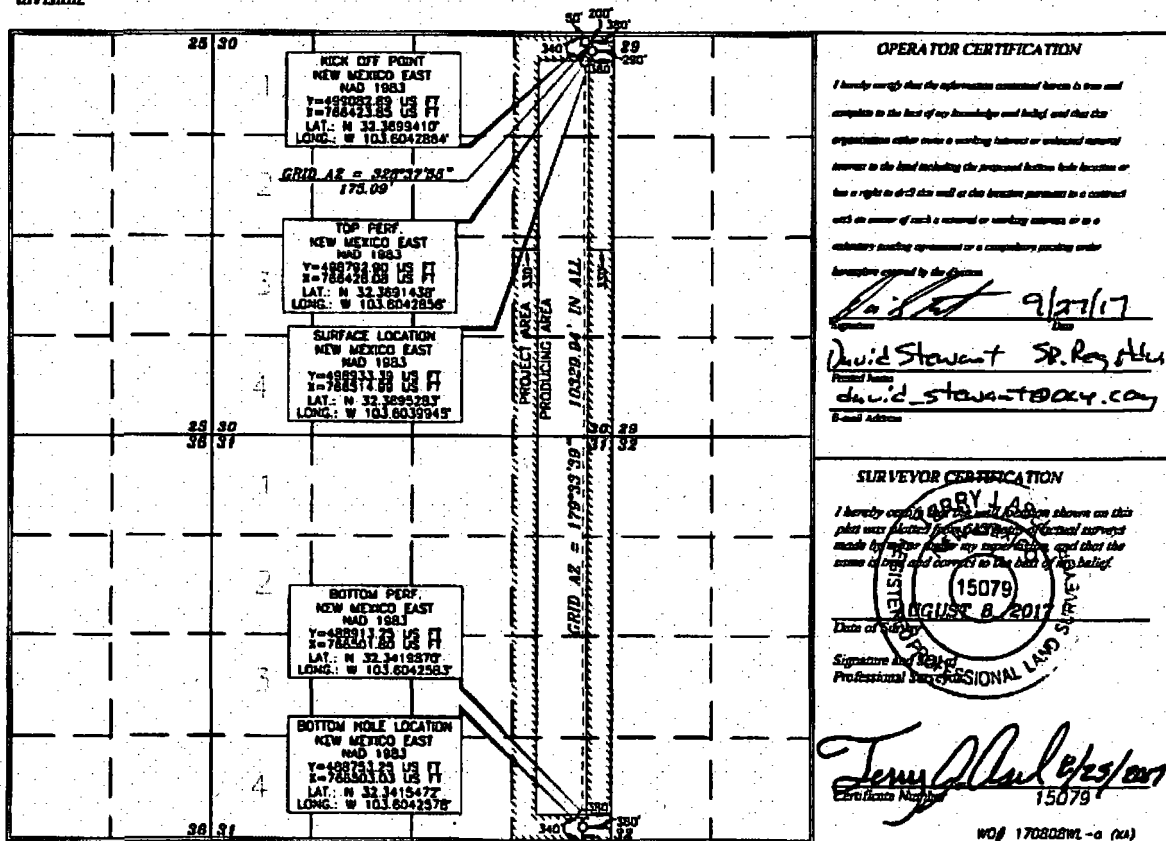
UL or lot no.	Section	Township	Range	Lot lds	Feet from the	North/South line	Feet from the	East/West line	County
A	30	22 SOUTH	33 EAST, N.M.P.M.		200'	NORTH	290'	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot lds	Feet from the	North/South line	Feet from the	East/West line	County
P	31	22 SOUTH	33 EAST, N.M.P.M.		180'	SOUTH	380'	EAST	LEA

Dedicated Acres 320	Joint or Indiv Y	Consolidation Code	Order No.
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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.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and
 complete to the best of my knowledge and belief, and that the
 organization either owns a working interest or undivided mineral
 interest in the land including the proposed bottom hole location or
 has a right in or to the well or the bottom pursuant to a contract
 with the owner of such a mineral or working interest, or is a
 voluntary bonding agreement or a compulsory pooling order
 hereunder entered by the owner.

David Stewart SR. Reg. Att.
 david.stewart@oxy.com
 E-mail Address

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this
 plat was located from a true and correct survey
 made by me or under my supervision, and that the
 same is true and correct to the best of my belief.

Date of Survey
 AUGUST 8, 2017
 Signature and Seal of
 Professional Surveyor
 Terry J. Paul
 Certificate No. 15079

WOB 170808W -a (24)

WFO 170808WZ-D (K4)

Section : 31-22S-33E

Type: Normal

Total Acres: 626.72

County: Lea (25)

D (1) State ¹ State ² (25) 36.72	C (C) State ¹ State ² (25) 40	B (B) State ¹ State ² (25) 40	A (A) State ¹ State ² (25) 40
E (2) State ¹ State ² (25) 36.7	F (F) State ¹ State ² (25) 40	G (G) State ¹ State ² (25) 40	H (H) State ¹ State ² (25) 40
L (3) State ¹ State ² (25) 36.66	K (K) State ¹ State ² (25) 40	J (J) State ¹ State ² (25) 40	I (I) State ¹ State ² (25) 40
M (4) State ¹ State ² (25) 36.64	N (N) State ¹ State ² (25) 40	O (O) State ¹ State ² (25) 40	P (P) State ¹ State ² (25) 40

tate¹ State² (25) 36.64	C (C) State¹ State² (25) 40	B (B) State¹ State² (25) 40	A (A) State¹ State² (25) 40
E (2) State¹ State² (25) 36.66	F (F) State¹ State² (25) 40	G (G) State¹ State² (25) 40	H (H) State¹ State² (25) 40
L (3) State¹ State² (25) 36.7	K (K) State¹ State² (25) 40	J (J) State¹ State² (25) 40	I (I) State¹ State² (25) 40
M (4) State¹ State² (25) 36.72	N (N) State¹ State² (25) 40	O (O) State¹ State² (25) 40	P (P) State¹ State² (25) 40