

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTCarlsbad Field Office
OCD ArtesiaFORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010**SUNDRY NOTICES AND REPORTS ON WELLS**
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.*Lease Serial No.
NMNM45236

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.8. Well Name and No.
Multiple--See Attached9. API Well No.
Multiple--See Attached10. Field and Pool, or Exploratory
Multiple--See Attached11. County or Parish, and State
EDDY COUNTY, NM

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

OXY USA INCORPORATED

Contact: KELLEY MONTGOMERY

3a. Address

5 GREENWAY PLAZA SUITE 110
HOUSTON, TX 77046-0521

3b. Phone No. (include area code)

Ph: 713.366.5716

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Multiple--See Attached

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Surface Commingling
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

OXY USA WTP LP is requesting approval for Central Tank Battery, Surface Pool Commingle, & Off-Lease Measurement for all wells listed in attached write up. All wells and production are located on the same Federal Lease NMNM 045236 which has a Schedule B royalty rate.

Oil & Gas metering:

Oil, gas and water volumes from each well producing to this battery will be determined by using a test separator and test gas meter at the facility so that one well is always producing through the testing equipment. Production will be allocated on a daily basis based on the most recent individual well test of oil, gas and water. Well tests for each well will be conducted at least once per month for a minimum of 24 hours each well. The oil production from the Sterling Silver wells and Triple S 33 Federal #1 listed in the attached write up will be commingled, measured and sold on lease via LACT unit (#1157) into pipeline. Production will be allocated by well test

NM OIL CONSERVATION

ARTESIA DISTRICT

AUG 29 2016

RECEIVED

14. I hereby certify that the foregoing is true and correct.

Electronic Submission #327137 verified by the BLM Well Information System
For OXY USA INCORPORATED, sent to the Carlsbad
Committed to AFMSS for processing by PRISCILLA PEREZ on 12/22/2015 (16PP0031SE)

Name (Printed/Typed) KELLEY A MONTGOMERY

Title REGULATORY MANAGER

Signature (Electronic Submission)

Date 12/22/2015

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <u>J. D. W. Hittler</u>	Title <u>TLRET</u>	Date <u>8/22/16</u>
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.		Office <u>CFO</u>

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED **

Additional data for EC transaction #327137 that would not fit on the form

Wells/Facilities, continued

Agreement	Lease	Well/Fac Name, Number	API Number	Location
NMNM45236	NMNM45236	STERLING SILVER 10	30-015-27550-00-S1	Sec 33 T23S R31E SESW 0660FSL 1980FWL
NMNM45236	NMNM45236	STERLING SILVER 11	30-015-27611-00-S1	Sec 33 T23S R31E NWNE 0730FNL 2310FEL
NMNM45236	NMNM45236	STERLING SILVER 14	30-015-27552-00-S1	Sec 33 T23S R31E NENE 0330FNL 0990FEL
NMNM45236	NMNM45236	STERLING SILVER 15	30-015-29275-00-S1	Sec 33 T23S R31E SENE 1980FNL 990FEL
NMNM45236	NMNM45236	STERLING SILVER 5	30-015-27424-00-S1	Sec 33 T23S R31E NENW 0330FNL 1650FWL
NMNM45236	NMNM45236	STERLING SILVER 6	30-015-27812-00-S1	Sec 33 T23S R31E SENW 1980FNL 1980FWL
NMNM45236	NMNM45236	STERLING SILVER 7	30-015-27588-00-S1	Sec 33 T23S R31E NWSW 1980FSL 0660FWL
NMNM45236	NMNM45236	STERLING SILVER 8	30-015-27601-00-S1	Sec 33 T23S R31E SWSW 660FSL 660FWL
NMNM45236	NMNM45236	STERLING SILVER 33 FED 12	30-015-34943-00-S1	Sec 33 T23S R31E NWSE 1980FSL 2310FEL
NMNM45236	NMNM45236	STERLING SILVER 33 FED 16	30-015-31091-00-S1	Sec 33 T23S R31E NESE 1980FSL 990FEL
NMNM45236	NMNM45236	STERLING SILVER 33 FED 18	30-015-32767-00-S1	Sec 33 T23S R31E SWSE 330FSL 2150FEL
NMNM45236	NMNM45236	STERLING SILVER 33 FED DEEP	30-015-33975-00-S1	Sec 33 T23S R31E NESW 1980FSL 1980FWL
NMNM45236	NMNM45236	STERLING SILVER 33 FEDERAL	30-015-33892-00-S1	Sec 33 T23S R31E SESE 330FSL 990FEL
NMNM45236	NMNM45236	STERLING SILVER 33 FEDERAL	30-015-39831-00-S1	Sec 33 T23S R31E SESE 360FSL 590FEL
NMNM45236	NMNM45236	TRIPLE S 33 FED 1	30-015-25769-00-S2	Sec 33 T23S R31E SWNE 1980FNL 2310FEL

10. Field and Pool, continued

SAND DUNES
W SAND DUNES

32. Additional remarks, continued

method. Produced water will be measured through a turbine meter (meter #3455-47) and disposed at the Sundance SDS 11 #1 SWD.

The central tank battery is located at the Sterling Silver 33 #3 in Section 33, T23S, and R31E on Federal Lease NMNM-45236 in Eddy County, New Mexico. The gas sales meter is located off-lease at Enterprise Sand Dunes Compressor Station in Section 29, T23S, and R31E. The gas will be sold to Enterprise via meter number 68872. An Oxy check meter (#13155013) is located at the Sterling Silver 33 #3 facility. These meters will be calibrated on a regular basis per API, NMOCD and BLM specifications. The BLM and OCD will be notified of any future changes in the facility.

Process and Flow Descriptions:

Please see attached diagram for the Sterling Silver 33 #3 CTB. The flow of produced fluids and valve positions during production and sales phases is shown in the diagram.

The surface pool commingling of production is in the interest of conservation and waste and will result in the most effective economic means of producing the reserves in place from the affected wells. In addition, commingling will not result in reduced royalty or improper measurement of production. The proposed commingling will reduce operating expenses as well as reduce the surface facility footprint and overall emissions.

APPLICATION FOR CENTRAL TANK BATTERY, SURFACE POOL COMMINGLE, & OFF-LEASE MEASUREMENT

OXY USA WTP LP is requesting approval for Central Tank Battery, Surface Pool Commingle, & Off-Lease Measurement for all wells listed in table below. All wells and production are located on the same Federal Lease NMNM 045236 which has a Schedule B royalty rate.

Federal Lease NMNM-45236 – Schedule B Royalty Rate

Well Name	Location	API#	Pool	BOPD	Oil Gravity	MCFPD	BTU
Sterling Silver 33 - 5	33-23S-31E	30-015-27424	Delaware	8	43.6	15	1289
Sterling Silver 33 - 6	33-23S-31E	30-015-27812	Delaware	6	43.6	15	1289
Sterling Silver 33 - 7	33-23S-31E	30-015-27588	Delaware	2	43.6	14	1289
Sterling Silver 33 - 8	33-23S-31E	30-015-27601	Delaware	3	43.6	11	1289
Sterling Silver 33 - 9	33-23S-31E	30-015-33975	Delaware	5	43.6	19	1289
Sterling Silver 33 - 10	33-23S-31E	30-015-27550	Delaware	3	43.6	10	1289
Sterling Silver 33 - 11	33-23S-31E	30-015-27611	Delaware	2	43.6	8	1289
Sterling Silver 33 - 12	33-23S-31E	30-015-34943	Delaware	4	43.6	26	1289
Sterling Silver 33 - 14	33-23S-31E	30-015-27552	Delaware	2	43.6	7	1289
Sterling Silver 33 - 15	33-23S-31E	30-015-29275	Delaware	1	43.6	8	1289
Sterling Silver 33 - 16	33-23S-31E	30-015-31091	Delaware	1	43.6	7	1289
Sterling Silver 33 - 17	33-23S-31E	30-015-33892	Delaware	2	43.6	7	1289
Sterling Silver 33 - 18	33-23S-31E	30-015-32767	Delaware	1	43.6	11	1289
Sterling Silver 33 - 1H	33-23S-31E	30-015-39831	Bone Spring	47	42.8	87	1294
Triple S 33 Federal #1	33-23S-31E	30-015-25769	Delaware	1	43.6	5	1289

The attached map shows the Federal lease and well locations in Section 33, T 23S - R 31E.

Oil & Gas metering:

Oil, gas and water volumes from each well producing to this battery will be determined by using a test separator and test gas meter at the facility so that one well is always producing through the testing equipment. Production will be allocated on a daily basis based on the most recent individual well test of oil, gas and water. Well tests for each well will be conducted at least once per month for a minimum of 24 hours each well. The oil production from the Sterling Silver wells and Triple S 33 Federal #1 listed above will be commingled, measured and sold on lease via LACT unit (#1157) into pipeline. Production will be allocated by well test method. Produced water will be measured through a turbine meter (meter #3455-47) and disposed at the Sundance SDS 11 #1 SWD.

The central tank battery is located at the Sterling Silver 33 #3 in Section 33, T23S, and R31E on Federal Lease NMNM-45236 in Eddy County, New Mexico. The gas sales meter is located off-lease at Enterprise Sand Dunes Compressor Station in Section 29, T23S, and R31E. The gas will be sold to Enterprise via meter number 68872. An Oxy check meter (#13155013) is located at the Sterling Silver 33 #3 facility. These meters will be calibrated on a regular basis per API, NMOCD and BLM specifications. The BLM and OCD will be notified of any future changes in the facility.


Process and Flow Descriptions:

Please see attached diagram for the Sterling Silver 33 #3 CTB. The flow of produced fluids and valve positions during production and sales phases is shown in the diagram.

The surface pool commingling of production is in the interest of conservation and waste and will result in the most effective economic means of producing the reserves in place from the affected wells. In addition, commingling will not result in reduced royalty or improper measurement of production. The proposed commingling will reduce operating expenses as well as reduce the surface facility footprint and overall emissions.

OXY USA WTP LP 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.

The working interest, royalty interest and overriding royalty interest owners are different and have been notified of this application via certified mail.

Signed: 
Printed Name: Kelley Montgomery
Title: Regulatory Manager
Date: December 16, 2015

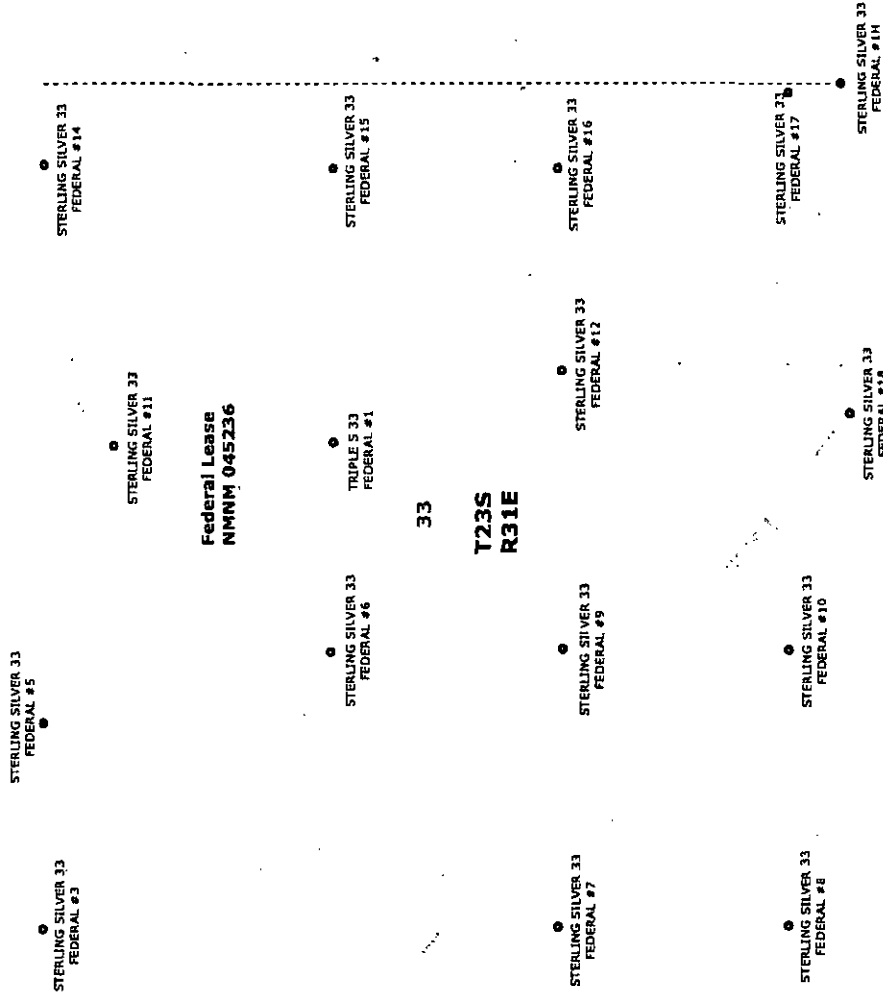
**Economic Justification Worksheet
Sterling Silver Central Tank Battery**

WELLS	BOPD	OIL GRAVITY @ 60	VALUE/BBL	MCFD	DRY BTU	VALUE/MCF
Sterling Silver 33 - 5	8	43.6	\$41.00/bbl	15	1289	\$2.60/mcf
Sterling Silver 33 - 6	6	43.6		15	1289	
Sterling Silver 33 - 7	2	43.6		14	1289	
Sterling Silver 33 - 8	3	43.6		11	1289	
Sterling Silver 33 - 10	3	43.6		10	1289	
Sterling Silver 33 - 11	2	43.6		8	1289	
Sterling Silver 33 - 12	4	43.6		26	1289	
Sterling Silver 33 - 14	2	43.6		7	1289	
Sterling Silver 33 - 15	1	43.6		8	1289	
Sterling Silver 33 - 16	1	43.6		7	1289	
Sterling Silver 33 - 17	2	43.6		7	1289	
Sterling Silver 33 - 18	1	43.6		11	1289	
Triple S 33 Federal #1	1	43.6		5	1289	
Sterling Silver 33 - 9	5	43.6		19	1289	
Sterling Silver 33 - 1H	47	42.8		87	1294	

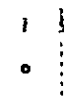
Economic Combined Production

BATTERY	BOPD	WEIGHTED OIL GRAVITY @ 60	VALUE/BBL	MCFD	WEIGHTED DRY BTU	VALUE/MCF
Sterling Silver Central Tank Battery	88	43.2	\$41.00/bbl	250	1291	\$2.60/mcf

**Township 23 South, Range 31 East
Eddy County, New Mexico**



Legend



Occidental Petroleum
5 Greenway Plaza, Houston, TX 77046

North American Datum 1977
Last Updated: September 9, 2015
Author: A. Cordas
File: Sterling Silver CountyMap_20160215

ATTACHMENT A-WELLS LOCATED IN SECTION 33, TOWNSHIP 23 SOUTH, RANGE 31 EAST

API WELL #	Well Name	UL	POOL
30-015-25769	TRIPLE S 33 FEDERAL#1	G	SAND DUNES; DELAWARE, WEST
30-015-27424	STERLING SILVER 33 FEDERAL#5	C	SAND DUNES; DELAWARE, WEST
30-015-27550	STERLING SILVER 33 FEDERAL#10	N	SAND DUNES; DELAWARE, WEST
30-015-27552	STERLING SILVER 33 FEDERAL#14	A	SAND DUNES; DELAWARE, WEST
30-015-27588	STERLING SILVER 33 FEDERAL#7	L	SAND DUNES; DELAWARE, WEST
30-015-27601	STERLING SILVER 33 FEDERAL#8	M	SAND DUNES; DELAWARE, WEST
30-015-27611	STERLING SILVER 33 FEDERAL#11	B	SAND DUNES; DELAWARE, WEST
30-015-27812	STERLING SILVER 33 FEDERAL#6	F	SAND DUNES; DELAWARE, WEST
30-015-29275	STERLING SILVER 33 FEDERAL#15	H	SAND DUNES; DELAWARE, WEST
30-015-31091	STERLING SILVER 33 FEDERAL#16	I	SAND DUNES; DELAWARE, WEST
30-015-32767	STERLING SILVER 33 FEDERAL#18	O	SAND DUNES; DELAWARE, WEST
30-015-33892	STERLING SILVER 33 FEDERAL#17	P	SAND DUNES; DELAWARE, WEST
30-015-33975	STERLING SILVER 33 DEEP FEDERAL#9	K	SAND DUNES; DELAWARE, WEST
30-015-34943	STERLING SILVER 33 FEDERAL#12	J	SAND DUNES; DELAWARE, WEST
30-015-39831	STERLING SILVER 33 FEDERAL#1H	P	INGLE WELLS; BONE SPRING

NMNM 0545035

029

NMNM 0281482A

NMNM 040659

028

NMNM 0418220A

027

032

NMNM 045236

033

NMNM 043744

034

NMNM 004730

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004

NMNM 055142

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NMNM 05



Sterling Silver 33-3 CTB Flowline & Gas Sales Line Map