

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION OF OXY USA INC. TO
AMEND ORDER NO. R-22101 TO EXPAND
THE APPROVED CLOSED LOOP GAS
CAPTURE INJECTION PILOT PROJECT
AREA, ADD ADDITIONAL INJECTION
WELLS, INCREASE THE MAXIMUM
ALLOWABLE SURFACE INJECTION
PRESSURE, EXTEND THE PILOT
PROJECT FOR TWO YEARS, AND
DISMISS ORDER NO. R-22102, LEA
COUNTY, NEW MEXICO.**

CASE NO. 23427

NOTICE OF SUPPLEMENTAL EXHIBITS

OXY USA Inc. (“Oxy”) (OGRID No. 16696) provides notice that it has filed the attached supplemental exhibits. **OXY Exhibit D** is a supplemental self-affirmed statement from Xueying Xie addressing questions raised by Division Technical Examiner Dean McClure at the April 6, 2023, hearing in this matter. **OXY Exhibit E** is a copy of the Exhibit presented in Case 22088 under Order R-22101. It summarizes OXY’s corrosion prevention plan. As noted in its testimony at the hearing on April 6, 2023, OXY confirms that the corrosion prevention plan remains in place for the proposed expanded pilot project in this case. OXY respectfully asks that these supplemental exhibits be accepted into the record and that this case be taken under advisement.

Respectfully submitted,

HOLLAND & HART LLP



Michael H. Feldewert
Adam G. Rankin
Julia Broggi
Paula M. Vance
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile
mfeldewert@hollandhart.com
agrarkin@hollandhart.com
jbroggi@hollandhart.com
pmvance@hollandhart.com

ATTORNEYS FOR OXY USA INC.

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DISMISS ORDER NO. R-22102, LEA
COUNTY, NEW MEXICO.**

**CASE NO. 23247
ORDER NO. R-22101
ORDER NO. R-22102**

SUPPLEMENTAL SELF-AFFIRMED STATEMENT OF XUEYING XIE

1. My name is Xueying Xie and I am employed by Oxy USA Inc. ("OXY") as a reservoir engineer.
2. I previously testified before the New Mexico Oil Conservation Division as an expert witness in reservoir engineering for the hearings that resulted in the issuance of Orders R-22101 and R-22102.
3. I am familiar with the application filed by OXY in this case and previously submitted sworn testimony in this matter that was heard before a Division Examiner and Technical Examiners on April 6, 2023.
4. At the hearing, Division Technical Examiner Dean McClure asked several questions relating to OXY's observed data collected to date and its reservoir engineering model for this project. I am providing this supplemental statement to address those questions.

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Supplemental Exhibit No. D
Submitted by: OXY USA INC.
Hearing Date: April 06, 2023
Case No. 23247**

5. First, I understand Mr. McClure asked whether, based on the injection rate data observed so far, breakthrough communication of temporarily injected produced gas may between temporary injection wells and offsetting production wells occur during longer duration injection events. My response is that no, there is no observed breakthrough communication with offset wells for all the gas storage events based on field observations and, based on the expected volumes and durations for typical closed loop gas storage injection, we do not anticipate breakthrough communication in these injection events. OXY notes that for the limited data available from these short-term injection events some injection rates were higher than the model, and in other gas storage project areas, some injection rates are lower than the model. The model is an average representation of gas storage.

6. Second, I understand Mr. McClure asked whether the observation of a higher injection rate is significant enough that OXY's model needs to be adjusted. I do not believe that we need to adjust the model at this point because the observed gas injection rates are within a reasonable range of the model prediction with some variation.

7. Finally, I understand that Mr. McClure asked whether OXY is considering the potential impact of higher injection rates to its model and its assessment of these closed loop gas capture projects. The answer is yes, OXY will continue to monitor and assess operational data over the course of the projects. But at this time, we do not think it is necessary to update the model based on the operational data collected to date.

8. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct. I understand that this self-affirmed statement will be used as written testimony in this case. This statement is made on the date next to my signature below.

Xueying Xie

Xueying Xie

4/18/2023

Date

Corrosion Prevention Plan

Existing Corrosion Prevention Plan

- Produced gas is processed through a gas dehydration unit to remove water.
- Corrosion inhibitor is added to the system downstream of the gas dehydration unit.
- Fluid samples are taken regularly and checked for Fe, Mn, and residual corrosion inhibitor in produced fluids.
- Continuously monitor and adjust the chemical treatment over the life of the well.

Oxy will continue the existing corrosion prevention plan in place for the gas lift system due to the similar nature of gas storage operations.

- Fluid samples will be taken prior to injection to establish a baseline for analysis.
- After a storage event, fluid samples will be taken to check for Fe, Mn, and residual corrosion inhibitor in the produced fluids.
- Continuously monitor and adjust the chemical treatment over the life of the project.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Supplemental Exhibit No. E
Submitted by: OXY USA INC.
Hearing Date: April 06, 2023
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