

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

APPLICATION OF OCCIDENTAL PERMIAN LIMITED PARTNERSHIP TO AMEND ORDERS R-4934 AND R-4934-E GOVERNING THE SOUTH HOBBS GRAYBURG-SAN ANDRES PRESSURE MAINTENANCE PROJECT TO ALLOW THE INJECTION OF CARBON DIOXIDE AND PRODUCED GASES, TO MODIFY THE SURFACE INJECTION PRESSURE, TO OBTAIN OTHER RELIEF, AND TO QUALIFY THIS EXPANSION FOR THE RECOVERED OIL TAX RATE PURSUANT TO THE NEW MEXICO ENHANCED OIL RECOVERY ACT, LEA COUNTY, NEW MEXICO.

CASE NO. 14981

APPLICANT'S PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Occidental Permian, Ltd. ("Oxy"), as required by NMAC 19.15.4.13.B.

APPEARANCES

APPLICANT

Occidental Permian, Ltd.

ATTORNEY

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OTHER PARTIES

New Mexico Oil Conservation Division

ATTORNEY

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STATEMENT OF THE CASE

Occidental Permian Ltd. (“Oxy”) seeks to amend Division Orders R-4934 and R-4934-E, governing its South Hobbs Grayburg-San Andres Pressure Maintenance Project (“South Hobbs Project Area”) as follows:

- (a) to expand the injection authority provided by Order R-4934 from a water injection secondary recovery project to a tertiary recovery project involving the injection of carbon dioxide (CO₂), and the reinjection of produced CO₂, water and gases including methane, natural gas liquids and hydrogen sulfide (H₂S);
- (b) to modify the surface injection pressure limit authorized by Rule 11 of the Special Rules and Regulations (amended by Order R-4934-E) to provide for a surface injection pressure limit for CO₂, produced gases and water based on friction pressure losses down the tubing and the lower density of gas as compared to water as follows: 1100 psi for water injection, 1250 psi for CO₂ only injection, and 1770 psi for produced gas injection
- (c) to the extent that a limiting gas-oil ratio applies to an EOR project, to increase that limit above that allowed by NMAC 19.15.20.13 to 75,000 cubic feet of gas per barrel of oil produced;
- (d) to allow an exception to the one-year commencement of injection required by NMAC 19.15.26.12.C for the South Hobbs Project Area;
- (e) to provide that for any injection well covered by this application in which injection operations commence more than 5 years after approval of this request, that OXY submit a statement that there have been no substantive changes to the area-of-review information submitted with this Application, or a statement describing any substantive changes;
- (f) to provide a five-year frequency for the mechanical integrity tests required for temporarily-abandoned wells that are equipped with real-time pressure monitoring devices pursuant to NMAC 19.15.25.13.E;
- (g) to modify the packer setting depth required by Rule 10 of the Special Rules to allow for the packer to be set anywhere above the uppermost injection perforations or casing shoe, provided the packer is set below the top of the Grayburg Formation;
- (h) to remove the requirement in Rule 15 of the Special Rules that a cement bond log be run prior to placing a well on injection or at any time the rods and/or tubing are pulled from any producing well;

(i) to allow for the administrative approval of additional injection wells into the Grayburg and San Andres formations underlying the South Hobbs Project Area pursuant to Rule 8 of the Special Rules; and

(j) to qualify this expansion of injection authority for the recovered oil tax rate pursuant to the New Mexico Enhanced Oil Recovery Act (Laws 1992, Chapter 38, Sections 1 through 5).

APPLICANT'S PROPOSED EVIDENCE

WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Richard Foppiano, Petroleum Engineer with expertise in regulatory matters	Approx. 30 minutes	Approx. 10 slides
Jared Brockman, Production Engineer and Project Manager	Approx. 1 hour	Approx. 30 slides
Randy Stillwell, Petroleum Geologist	Approx. 20 minutes	Approx. 10 slides
Scott Hodges, Operations Manager	Approx. 30 minutes	Approx. 15 slides
Krishna Chokkarapu, CO2 flood Facilities Engineer	Approx. 30 minutes	Approx. 12 slides
Kelley Montgomery, Production Engineer with expertise in regulatory compliance	Approx. 1 hour	Approx. 25 slides and C-108 Form
Pat Sparks, Landman	Approx. 15 minutes	Approx. 4 exhibits

PROCEDURAL MATTERS

Oxy requests that this matter be heard prior to Case No. 14976 (seeking approval of an additional injection well in the North Hobbs Unit) which is also scheduled before the Commission on May 9, 2013. Oxy anticipates that the record from this matter will address some of the questions or concerns the Commissioners may have with respect to the application in Case No. 14976, and will likely request the record from this case be incorporated into Case No. 14976.

Respectfully submitted,

HOLLAND & HART, LLP



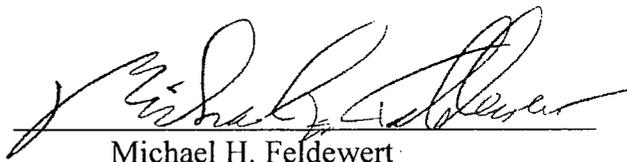
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ATTORNEYS FOR OCCIDENTAL PERMIAN, LTD.

CERTIFICATE OF SERVICE

I hereby certify that on May 2, 2013, I served a copy of the foregoing document to the following via hand delivery to:

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