

State of New Mexico
Energy, Minerals and Natural Resources Department

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Oil Conservation Division



February 18, 2019

Mr. Michael Feldewert, Holland & Hart, on behalf of:
OXY USA Inc.
P. O. Box 4294
Houston, TX 77210

RE: Case No. 15616 (Re-opened); Extension of Authority to Inject for Cedar Canyon Pressure Maintenance Pilot Project Approved in Division Order No. R-14322

Horizontal wells approved for injection during the pilot project:

- (a) Cedar Canyon 16 State Well No. 7H (API No. 30-015-41251) with a surface location of 2485 feet from the North line and 330 feet from the West line (Unit letter E) of Section 15, Township 24 South, Range 29 East, NMPM, and a terminus of 2037 feet from the North line and 535 feet from the West line (Unit letter E) of Section 16, Township 24 South, Range 29 East, NMPM.
- (b) Cedar Canyon 16 State Well No. 12H (API No. 30-015-42683) with a surface location of 900 feet from the South line and 860 feet from the West line (Unit letter M) of Section 15, Township 24 South, Range 29 East, NMPM, and a terminus of 901 feet from the South line and 133 feet from the West line (Unit letter M) of Section 16, Township 24 South, Range 29 East, NMPM.

Dear Mr. Feldewert:

Reference is made to your request on behalf of OXY USA, Inc. (the "operator") to extend the deadline stipulated in Division Order No. R-14322 for the authority to inject for the above referenced wells. Ordering Paragraph (19) of Order No. R-14322 states the limitation for authority to inject for the pilot project as follows:

(19) Two years following the commencement of injection in either injection well, the authority for injection under this order shall terminate. The operator shall make an application for a Division hearing to present the results of the pilot project and to make permanent the injection authority of this order. If the operator requires additional time for completion of the pilot project, the Division, upon written request by the operator filed prior to the expiration of the two-year period, may grant an extension for good cause.

The determination of the two-year period was based on the commencement of injection for the Cedar Canyon 16 State Well No. 7H (API No. 30-015-41251) which occurred on April 28, 2017 [Form C-103 dated May 19, 2017]. Pursuant to Ordering Paragraph (19), the cessation of injection authority for the referenced wells would occur on April 28, 2019.

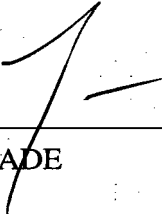
The request for the extension was presented during testimony for the case at the Division Examiner Hearing of January 11, 2019 [Case No. 15616 (re-opened)]. The operator made the application to re-open the case with the intent to establish the pilot project as a permanent pressure maintenance project. At this hearing, the operator presented testimony and evidence that the pilot project has successfully increased the hydrocarbon production of adjacent horizontal wells in the same formation. The operator also demonstrated that the injected fluid entered only the injection interval, did not escape to other formations and did not impair any correlative rights.

No other party appeared at the hearing or otherwise opposed the application.

The Division finds that granting this request to extend the authority to inject of the exiting order for the pilot project is in the interest of conservation, will prevent waste, and will protect the environment.

The authority to inject for the two referenced wells is hereby extended until such time the Division issues a final order for the re-opened case. All requirements of Division Order No. R-14322 remain in full force and effect. Please contact Phillip Goetze, Engineering Bureau, Santa Fe (phillip.goetze@state.nm.us) with any questions regarding the content of this correspondence.

Sincerely,



GABRIEL WADE
Director

GW/prg

cc: Oil Conservation Division – Artesia District Office
Well file 30-015-41251
Well file 30-015-42683
Case No. 15616