

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

**APPLICATION OF OXY USA INC. FOR
A CLOSED LOOP GAS CAPTURE
INJECTION PILOT PROJECT,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 23679

OXY’S PRE-HEARING STATEMENT

OXY USA Inc. (“OXY”) (OGRID No. 16696) submits this Pre-Hearing Statement, pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

OXY USA Inc.

ATTORNEY

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APPLICANT’S STATEMENT OF THE CASE

OXY seeks an order authorizing OXY to engage in a closed loop gas capture injection pilot project in the Bone Spring formation (“Pilot Project”). OXY proposes to create a 3,821.32-acre, more or less, project area for this Pilot Project consisting of the following acreage identified below in Eddy County, New Mexico (the “Project Area”).

Township 19 South, Range 29 East

Section 3: All
Section 4: All
Section 7: All

Section 8: All
Section 9: All
Section 10: All

The proposed Project Area is part of a larger area OXY refers to as the Turkey Track area. OXY seeks authority for this Pilot Project to avoid the temporary flaring of gas or the shut-in of producing wells during pipeline capacity constraints, mechanical difficulties, plant shutdowns, or other events impacting the ability to deliver gas into a pipeline.

Within the proposed Project Area, OXY seeks authority to utilize the following producing wells to occasionally inject produced gas into the Bone Spring formation:

- **Turkey Track 4-3 State 21H** (API No. 30-015-44396) with a surface location 1072 feet FNL and 110 feet FWL (Lot 4) in Section 4, Township 19 South, Range 29 East, and a bottom hole location 457 feet FNL and 21 feet FEL (Lot 1) in Section 3, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico.
- **Turkey Track 4-3 State 22H** (API No. 30-015-44537) with a surface location 1107 feet FNL and 110 feet FWL (Lot 4) in Section 4, Township 19 South, Range 29 East, and a bottom hole location 1946 feet FNL and 24 feet FEL (Unit H) in Section 3, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico.
- **Turkey Track 4-3 State 23H** (API No. 30-015-44517) with a surface location 1660 feet FSL and 360 feet FWL (Lot 4) in Section 4, Township 19 South, Range 29 East, and a bottom hole location 1790 feet FSL and 19 feet FEL (Lot 1) in Section 3, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico.

- **Turkey Track 4-3 State 24H** (API No. 30-015-44518) with a surface location 1625 feet FSL and 360 feet FWL (Lot 4) in Section 4, Township 19 South, Range 29 East, and a bottom hole location 344 feet FSL and 20 feet FEL (Unit P) in Section 3, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico.
- **Turkey Track 8-7 State 22H** (API No. 30-015-44142) with a surface location 1118 feet FNL and 70 feet FWL (Unit D) in Section 9, Township 19 South, Range 29 East, and a bottom hole location 1782 feet FNL and 188 feet FWL (Lot 2) in Section 7, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico.
- **Turkey Track 8-7 State 23H** (API No. 30-015-44143) with a surface location 1254 feet FSL and 195 feet FWL (Unit M) in Section 9, Township 19 South, Range 29 East, and a bottom hole location 1999 feet FSL and 186 feet FWL (Lot 3) in Section 7, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico.
- **Turkey Track 8-7 State 24H** (API No. 30-015-44145) with a surface location 1224 feet FSL and 195 feet FWL (Unit M) in Section 9, Township 19 South, Range 29 East, and a bottom hole location 524 feet FSL and 187 feet FWL (Lot 4) in Section 7, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico.
- **Turkey Track 8-7 State 201H** (API No. 30-015-45681) with a surface location 1114 feet FNL and 475 feet FWL (Unit D) in Section 9, Township 19 South, Range 29 East, and a bottom hole location 345 feet

FNL and 25 feet FWL (Lot 1) in Section 7, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico.

- **Turkey Track 9-10 State 21H** (API No. 30-015-44117) with a surface location 2120 feet FNL and 395 feet FEL (Unit H) in Section 8, Township 19 South, Range 29 East, and a bottom hole location 942 feet FNL and 168 feet FEL (Unit A) in Section 10, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico.
- **Turkey Track 9-10 State 22H** (API No. 30-015-44122) with a surface location 2150 feet FNL and 395 feet FEL (Unit H) in Section 8, Township 19 South, Range 29 East, and a bottom hole location 2288 feet FNL and 171 feet FEL (Unit H) in Section 10, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico.
- **Turkey Track 9-10 State 23H** (API No. 30-015-44154) with a surface location 1195 feet FSL and 220 feet FEL (Unit P) in Section 8, Township 19 South, Range 29 East, and a bottom hole location 1203 feet FSL and 188 feet FEL (Unit I) in Section 10, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico.
- **Turkey Track 9-10 State 24H** (API No. 30-015-44156) with a surface location 1165 feet FSL and 220 feet FEL (Unit P) in Section 8, Township 19 South, Range 29 East, and a bottom hole location 389 feet FSL and 203 feet FEL (Unit P) in Section 10, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico.

The proposed average injection rate for each well is 3 MMSCFD with a maximum injection rate of 5 MMSCFD during injection. The maximum allowable surface pressure (MASP) for the wells in the Pilot Project is proposed to be 1,335 psi. The current average surface pressures under normal operations for the proposed injection wells range from approximately 580 psi to 899 psi.

Injection along the horizontal portion of the wellbores will be within the Bone Spring formation, Turkey Track; Bone Spring Pool (Pool Code 60660) at total vertical depths of between approximately between approximately 7,505 feet to 7,983 feet along the horizontal portion of each wellbore.

The proposed maximum achievable surface pressure will not exert pressure at the top perforation in the wellbore of any injection well with a full fluid column of reservoir brine water in excess of 90% of the burst pressure for the production casing or production liner. In addition, the proposed maximum achievable surface pressure will not exert pressure at the topmost perforation in excess of 90% of the formation parting pressure.

Reservoir modeling indicates anticipated horizontal movement of injected gas will be approximately 100 feet or less from each injection wellbore within the Bone Spring formation. The source of gas for injection will be from OXY's Turkey Track area wells producing from the Bone Spring, Atoka and Morrow formations. OXY has examined the available geologic and engineering data and found no evidence of open faults or other hydrologic connections between the injection zone and any underground source of drinking water. OXY has also examined the available geologic and engineering data and determined that the total recoverable volume of hydrocarbons from the reservoir will not be adversely affected by the Pilot Project.

APPLICANT’S PROPOSED EVIDENCE

WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Stephen Janacek, Petroleum Engineer	Self-Affirmed Statement	Approx. 4
Tony Troutman, Petroleum Geologist	Self-Affirmed Statement	Approx. 1
Rahul Joshi, Reservoir Engineer	Self-Affirmed Statement	Approx. 1

PROCEDURAL MATTERS

OXY intends to present this case by self-affirmed statements. OXY expects to file additional exhibits in advance of the hearing. Also, Oxy USA WTP LP (OGRID 192463) will be operator of this Pilot Project and of the wells. Oxy USA WTP LP is an affiliate company of Oxy USA Inc.

Respectfully submitted,

HOLLAND & HART LLP



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CERTIFICATE OF SERVICE

I hereby certify that on July 27, 2023, I served a copy of the foregoing document to the following counsel of record via Electronic Mail to:

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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
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QUESTIONS

Action 245324

QUESTIONS

Operator: OXY USA INC P.O. Box 4294 Houston, TX 772104294	OGRID: 16696
	Action Number: 245324
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
<i>Please assist us by provide the following information about your testimony.</i>	
Number of witnesses	<i>Not answered.</i>
Testimony time (in minutes)	<i>Not answered.</i>