

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

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

**CASE NO. 25287
ORDER NO. R-22101-A**

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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OTHER PARTIES

NONE

APPLICANT'S STATEMENT OF THE CASE

OXY seeks an order amending Order No. R-22101-A to (1) expand the approved closed loop gas capture injection project area; (2) authorize two additional injection wells for intermittent, temporary produced gas injection within the Bone Spring formation within the project area; and (3) increase the authorized maximum allowable surface injection pressure from 1,200 psi to 1,300 psi for the additional wells. All other terms and provisions in Order No. R-22101-A are proposed to remain unchanged. Because the proposed expansion of the pilot project area in Order No. R-22101-A includes the project area and wells authorized for injection in Order No. R-22102, OXY seeks to dismiss Order No. R-22102.

The Division approved Order No. R-22101-A on November 1, 2024, authorizing OXY to increase the maximum allowable surface injection pressure for certain wells within an existing Closed Loop Gas Capture ("CLGC") Pilot Project. In addition to increasing the authorized maximum surface injection pressure for the CLGC wells under that Order, the Division extended authority for the Pilot Project to operate for two years from issuance of Order No. R-22101-A. The Pilot Project area consists of a 1,280-acre, more or less, project area (the "Avogato" project) comprised of all of Sections 30 and 31, Township 22 South, Range 33 East, NMPM, Lea County, New Mexico.

OXY now proposes to further amend Order No. R-22101-A to expand the project area to include an additional 1,280 acres, add two additional CLGC wells for temporary, intermittent injection, and authorize a maximum surface injection pressure for the two additional wells of 1,300 psi, creating a 2,560-acre, more or less, amended project area

for this Pilot Project consisting of the following acreage identified below in Lea County, New Mexico (the “Amended Project Area”).

Township 22 South, Range 32 East

Section 27	All
Section 34	All

Township 22 South, Range 33 East

Section 30	All
Section 31	All

The proposed Amended Project Area is part of a larger area OXY refers to as the Red Tank Area. The proposed additional acreage has been approved for surface commingling with the Avogato Project Area under PLC-835-A so the entire proposed Amended Project Area is now under a single commingling order. OXY therefore seeks to expand the CLGC area, as well.

OXY seeks authority for this Amended 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 Amended Project Area, OXY seeks authority to utilize the following additional producing wells to occasionally inject produced gas into the Bone Spring formation under Order No. R-22101-A:

- **Taco Cat 27-34 Federal Com #11H well** (API No. 30-025-44933), with a surface location NW/4 NW/4 (Unit D) in Section 27, and a bottom hole location SW/4 SW/4 (Unit M) in Section 34;
- **Taco Cat 27-34 Federal Com #21H well** (API No. 30-025-44934), with a surface location NW/4 NW/4 (Unit D) in Section 27, and a bottom hole location SW/4 SW/4 (Unit M) in Section 34.

The Taco Cat Federal Com #11H well (API No. 30-025-44933) has previously been approved to inject as a CLGC well under Order No. R-22102. OXY seeks authority

to continue CLGC injection in this well under an amendment to Order No. R-22101-A. Both Taco Cat Federal Com #11H well and the Taco Cat 27-34 Federal Com #21H well were the subject of Case No. 23427; however, these wells and the additional project area acreage associated with them were excluded from Order R-22102-A due to a error in the project area description. OXY now seeks to include these wells and the additional acreage under this application.

The proposed average injection rate for each additional well is 3 MMSCFD with a maximum injection rate of 4 MMSCFD during injection. The maximum achievable surface pressure (MASP) for the additional wells is proposed to be 1,300 psi. The current average surface pressures under normal operations for the proposed additional injection wells range between approximately 670 psi and 1,087 psi.

Injection along the horizontal portion of the wellbores will be within the Bone Spring formation [Red Tank; Bone Spring, East Pool (Pool Code 51687)], at the following approximate true vertical depths:

- **Taco Cat 27-34 Federal Com #11H well** between 9,339 feet and 9,517 feet.
- **Taco Cat 27-34 Federal Com #21H well** between 10,526 feet to 10,849 feet.

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 Red Tank area wells producing from the Delaware, Bone Spring, and Wolfcamp formations. All proposed temporary injection wells and gas source wells are commingled under the approved gas surface commingling permit PLC-835-A. Additional source wells may be added over time under an approved surface commingling authorization. Each of OXY's proposed injection wells are operated by OXY.

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	Approx. 40 minutes	Approx. 1

PROCEDURAL MATTERS

OXY intends to present this case through in-person testimony. OXY anticipates it may file additional exhibits in advance of the hearing. OXY requests that the Division take administrative notice of Case Nos. 22089 and 23427, particularly the geology and reservoir modeling testimony and exhibits which supported issuance of Order Nos. R-22102 and R-22102-A. The analyses and conclusions remain unchanged. Accordingly, OXY intends to rely on the geological and

reservoir engineering analysis and conclusions presented in Case Nos. 22089 and 23427 to support inclusion of the proposed additional 1,280 acres and the Taco Cat Federal Com #11H and Taco Cat 27-34 Federal Com #21H wells, as requested in this case.

Respectfully submitted,

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QUESTIONS

Action 457795

QUESTIONS

Operator: OXY USA INC P.O. Box 4294 Houston, TX 772104294	OGRID: 16696
	Action Number: 457795
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

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