

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

**APPLICATION OF OXY USA INC. TO RE-OPEN CASE NO. 15616 TO REINSTATE,  
MODIFY AND MAKE PERMANENT THE INJECTION AUTHORITY GRANTED BY  
ORDER R-14322, EDDY COUNTY, NEW MEXICO.**

**CASE NO. 15616 (re-opened)**

**APPLICATION**

OXY USA Inc. (“Oxy”) through its undersigned attorneys, hereby files this application with the Oil Conservation Division to re-open Case No. 15616 to (1) reinstate and make permanent the injection authority granted under Order No. R-14322; (2) authorize the injection of carbon dioxide in the project area; and (3) authorize Oxy to add additional injection wells to the project area by administrative application. In support of its application, Oxy states:

1. Division Order No. R-14322, entered on April 10, 2017, approved Oxy’s Cedar Canyon Pressure Maintenance Pilot Project. The project area is defined as the Bone Spring formation underlying Section 16, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico.

2. The Order approved a two-year period of injection of produced water and produced gas into the Cedar Canyon 16 State Well No. 7H (API No. 30-015-41251) and the Cedar Canyon 16 State Well No. 12H (API No. 30-015-42683) wells.

3. Paragraph 19, page 7 of Order R-14322 required Oxy to apply to the Division two years after commencement of injection to report on the results of the pilot project and to make permanent the injection authority authorized by the Order R-14322.

4. In accordance with paragraph 19 of Order R-14322, Oxy appeared before a Division Examiner on January 11, 2019, in Case No. 15616 (reopened). At the January 11, 2019 hearing Oxy:

- Presented testimony demonstrating the success of the Cedar Canyon pilot project and requested that the project be established as a permanent pressure maintenance project;
- Requested and presented testimony supporting expanding the injection authority to include carbon dioxide in addition to produced water and produced gas; and
- Requested and presented testimony supporting the allowance of additional injection wells for the project area through administrative applications.

5. On February 18, 2019, the Division issued a letter temporarily extending the injection authority for the Cedar Canyon 16 State Well No. 7H and 12H wells “until such time the Division issues a final order for the re-opened case.” In the February 18th letter, the Division found the following with respect to the evidence presented at the January 11th hearing:

“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.”

6. The Division has not yet issued the “final order for the re-opened case” as contemplated by the Division’s February 18, 2019, letter.

7. In addition, due to the advent of COVID 19 and the economic downturn that followed Oxy has not operated the Cedar Canyon injection project since September of 2019, resulting in an unintentional termination of the injection authority for the two authorized injection wells. *See* NMAC 19.15.26.12.C.

8. Oxy desires to proceed with the injection project and has been informed by the Division's Engineering Bureau to file for a hearing to get the Cedar Canyon injection project into compliance.

9. Reinstatement of the injection authority granted by Order R-14322 and the issuance of a final order for the re-opened case as contemplated by the Division's February 18, 2019, letter will result in the production of more hydrocarbons from the project area, will prevent waste, and will protect correlative rights.

WHEREFORE, OXY USA, Inc. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on July 1, 2021, and after notice, hearing and review of the evidence previously presented in this matter, the Division:

- (1) reinstate and make permanent the injection authority granted by Order R-14322;
- (2) authorize the injection of carbon dioxide in the project area; and
- (3) authorize Oxy to add additional injection wells to the project area by administrative application.

Respectfully submitted,

HOLLAND & HART LLP

By: 

Michael H. Feldewert  
Adam G. Rankin  
Julia Broggi  
Kaitlyn A. Luck  
Post Office Box 2208  
Santa Fe, NM 87504  
505-998-4421  
505-983-6043 Facsimile  
mfeldewert@hollandhart.com  
agrarkin@hollandhart.com  
jbroggi@hollandhart.com  
[kaluck@hollandhart.com](mailto:kaluck@hollandhart.com)

ATTORNEYS FOR OXY USA INC.

**Case No. 15616 (re-opened): Application of Oxy USA Inc. to Re-Open Case No. 15616 to Reinstate, Modify and Make Permanent the Injection Authority Granted By Order R-14322, Eddy County, New Mexico.** Applicant in the above-styled cause seeks to re-open Case No. 15616 to (1) reinstate and make permanent the injection authority granted under Order R-14322; (2) authorize the injection of carbon dioxide in the project area; and (3) authorize Oxy to add additional injection wells to the project area by administrative application. Division Order R-14322 authorized injection into the existing Cedar Canyon 16 State Well No. 7H (API No. 30-015-41251) and the Cedar Canyon 16 State Well No. 12H (API No. 30-015-42683) wells for a project area consisting of the Bone Spring formation underlying Section 16, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico. This project area is located approximately 5 miles east of Malaga, New Mexico.