

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

**APPLICATION OF OXY USA INC. TO AMEND AND  
EXPAND THE PROPOSED CLOSED LOOP GAS  
CAPTURE INJECTION PILOT PROJECT AREA  
AND ADD ADDITIONAL INJECTION WELLS,  
EDDY AND LEA COUNTIES, NEW MEXICO.**

**CASE NO. 25519**

**AMENDED APPLICATION**

OXY USA Inc. (“OXY” or “Applicant”) (OGRID No. 16696) through its undersigned attorneys, hereby files this application with the Oil Conservation Division for an order amending the request under Case No. 23633 to (1) expand the closed loop gas capture injection project area and (2) authorize seventeen additional injection wells for intermittent, temporary produced gas injection within the Bone Spring formation within the requested amended project area. In support of this application, OXY states:

**PROJECT OVERVIEW<sup>1</sup>**

1. Case No. 23633 was filed on June 6, 2023, and heard before the Oil Conservation Division (“Division”) on June 30, 2023. Case No. 23633 proposed eight Closed Loop Gas Capture (“CLGC”) Pilot Project wells for OXY’s Lost Tank area. Because an order has not been issued yet, OXY seeks to amend the request under the pending case to expand the project area and add additional wells.

2. OXY now proposes to expand the project area to include an additional 3,199.16 acres, add seventeen additional CLGC Pilot Project wells for temporary, intermittent injection, and

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<sup>1</sup> **Exhibit A** is referred to throughout the amended application and was filed with the original application. No changes were made to **Exhibit A**; therefore, all references to **Exhibit A** in the amended application remain the same. See **Exhibit A** filed with the original application.

authorize a maximum surface injection pressure for the additional wells of 1,300 psi, creating create a 5,158.08-acre, more or less, amended project area for this Pilot Project consisting of the following acreage identified below in Eddy and Lea Counties, New Mexico (the “Amended Project Area”). See **Exhibit A** at 7.

**Township 22 South, Range 31 East**

Section 12: All  
Section 13: All  
Section 26: S/2  
Section 35: All

**Township 22 South, Range 32 East**

Section 4: All  
Section 8: All  
Section 9: All  
Section 17: All  
Section 19: W/2 W/2  
Section 30: W/2 W/2

3. The proposed Amended Project Area is part of a larger area OXY refers to as the Lost Tank area.

4. 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.

5. 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 in addition to those wells included in Case No. 23633<sup>2</sup>:

- **Olive Won Unit 4H** well (API No. 30-015-55182) with a surface location 2,445 feet FSL and 1,017 feet FEL (Unit I) in Section 26, Township 22 South, Range

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<sup>2</sup> Case No. 23633 includes eight proposed CLGC wells. See **Exhibit A** at 3.

31 East, and a bottom hole location 37 feet FSL and 809 feet FEL (Unit P) in Section 35, Township 22 South, Range 31 East, NMPM, all in Eddy County, New Mexico;

- **Top Spot 12-13 Federal Com 24H** well (API No. 30-015-47954) with a surface location 310 feet FSL and 1,216 feet FEL (Unit P) in Section 13, Township 22 South, Range 31 East, and a bottom hole location 58 feet FNL and 1,772 feet FEL (Unit B) in Section 12, Township 22 South, Range 31 East, NMPM, all in Eddy, New Mexico;
- **Top Spot 12-13 Federal 23H** well (API No. 30-015-47885) with a surface location 425 feet FSL and 2,317 feet FWL (Unit N) in Section 13, Township 22 South, Range 31 East, and a bottom hole location 23 feet FNL and 2,165 feet FWL (Unit C) in Section 12, Township 22 South, Range 31 East, NMPM, all in Eddy, New Mexico;
- **Top Spot 12-13 Federal Com 33H** well (API No. 30-015-47953) with a surface location 310 feet FSL and 1,186 feet FEL (Unit P) in Section 13, Township 22 South, Range 31 East, and a bottom hole location 55 feet FNL and 533 feet FEL (Unit A) in Section 12, Township 22 South, Range 31 East, NMPM, all in Eddy, New Mexico;
- **Dr Pi Unit 173H** well (API No. 30-025-48953) with a surface location 979 feet FSL and 1,405 feet FEL (Unit O) in Section 17, Township 22 South, Range 32 East, and a bottom hole location 76 feet FNL and 1,973 feet FEL (Unit B) in Section 8, Township 22 South, Range 32 East, NMPM, all in Lea County, New Mexico;

- **Dr Pi Unit 171H** well (API No. 30-025-49150) with a surface location 526 feet FSL and 1,924 feet FWL (Unit N) in Section 17, Township 22 South, Range 32 East, and a bottom hole location 64 feet FNL and 928 feet FWL (Unit D) in Section 8, Township 22 South, Range 32 East, NMPM, all in Lea County, New Mexico;
- **Dr Pi Unit 174H** well (API No. 30-025-48954) with a surface location 979 feet FSL and 1,375 feet FEL (Unit O) in Section 17, Township 22 South, Range 32 East, and a bottom hole location 62 feet FNL and 528 feet FEL (Unit A) in Section 8, Township 22 South, Range 32 East, NMPM, all in Lea County, New Mexico;
- **Dr Pi Unit 172H** well (API No. 30-025-49151) with a surface location 526 feet FSL and 1,959 feet FWL (Unit N) in Section 17, Township 22 South, Range 32 East, and a bottom hole location 50 feet FNL and 2,066 feet FWL (Unit C) in Section 8, Township 22 South, Range 32 East, NMPM, all in Lea County, New Mexico;
- **Dr Pi Unit 124H** well (API No. 30-025-48948) with a surface location 979 feet FSL and 1,345 feet FEL (Unit O) in Section 17, Township 22 South, Range 32 East, and a bottom hole location 258 feet FNL and 372 feet FEL (Unit A) in Section 8, Township 22 South, Range 32 East, NMPM, all in Lea County, New Mexico;
- **Dr Pi Unit 112H** well (API No. 30-025-48945) with a surface location 345 feet FSL and 1,645 feet FWL (Unit N) in Section 17, Township 22 South, Range 32 East, and a bottom hole location 51 feet FNL and 1,891 feet FEL (Unit B) in

Section 8, Township 22 South, Range 32 East, NMPM, all in Lea County, New Mexico;

- **Gold Log 4-9 Federal Com 1H** well (API No. 30-025-53815) with a surface location 397 feet FNL and 1,196 feet FWL (Unit D) in Section 4, Township 22 South, Range 32 East, and a bottom hole location 46 feet FSL and 330 feet FWL (Unit M) in Section 9, Township 22 South, Range 32 East, NMPM, all in Lea County, New Mexico;
- **Gold Log 4-9 Federal Com 2H** well (API No. 30-025-53807) with a surface location 398 feet FNL and 1,225 feet FWL (Unit D) in Section 4, Township 22 South, Range 32 East, and a bottom hole location 48 feet FSL and 1,723 feet FWL (Unit N) in Section 9, Township 22 South, Range 32 East, NMPM, all in Lea County, New Mexico;
- **Gold Log 4-9 Federal Com 3H** well (API No. 30-025-53808) with a surface location 395 feet FNL and 1,708 feet FEL (Unit B) in Section 4, Township 22 South, Range 32 East, and a bottom hole location 44 feet FSL and 2,063 feet FEL (Unit O) in Section 9, Township 22 South, Range 32 East, NMPM, all in Lea County, New Mexico;
- **Gold Log 4-9 Federal Com 4H** well (API No. 30-025-53816) with a surface location 395 feet FNL and 1,676 feet FEL (Unit B) in Section 4, Township 22 South, Range 32 East, and a bottom hole location 44 feet FSL and 469 feet FEL (Unit P) in Section 9, Township 22 South, Range 32 East, NMPM, all in Lea County, New Mexico;

- **Gold Log 4-9 Federal Com 12H** well (API No. 30-025-53809) with a surface location 396 feet FNL and 1,105 feet FWL (Unit D) in Section 4, Township 22 South, Range 32 East, and a bottom hole location 51 feet FSL and 1,180 feet FWL (Unit M) in Section 9, Township 22 South, Range 32 East, NMPM, all in Lea County, New Mexico;
- **Gold Log 4-9 Federal Com 13H** well (API No. 30-025-53817) with a surface location 397 feet FNL and 1,135 feet FWL (Unit D) in Section 4, Township 22 South, Range 32 East, and a bottom hole location 46 feet FSL and 2,594 feet FWL (Unit N) in Section 9, Township 22 South, Range 32 East, NMPM, all in Lea County, New Mexico; and
- **Gold Log 4-9 Federal Com 16H** well (API No. 30-025-53811) with a surface location 395 feet FNL and 1,766 feet FEL (Unit B) in Section 4, Township 22 South, Range 32 East, and a bottom hole location 39 feet FSL and 1,186 feet FEL (Unit P) in Section 9, Township 22 South, Range 32 East, NMPM, all in Lea County, New Mexico. *See Exhibit A* at 8-41.

6. The proposed average injection rate for each additional well is 3 MMSCFD with a maximum injection rate of 4 MMSCFD during injection. *See Exhibit A* at 77.

7. The maximum achievable surface pressure (MASP) for the additional wells is proposed to be 1,300 psi. *Id.*; *See also Exhibit A* at 1. The current average surface pressures under normal operations for the proposed additional injection wells range from approximately 750 psi to 1,185 psi. *See Exhibit A* at 77.

8. Injection along the horizontal portion of the wellbores will be within the Bone Spring formation (Livingston Ridge; Bone Spring [Pool Code 39350], Bilbrey Basin; Bone Spring

[Pool Code 5695] and Bilbrey Basin; Bone Spring, South [Pool Code 97366]), at the following approximate true vertical depths:

- **Olive Won Unit 4H** between 9,812 feet and 9,882 feet;
- **Top Spot 12-13 Federal Com 24H** between 9,736 feet and 9,903 feet;
- **Top Spot 12-13 Federal 23H** between 9,702 feet and 9,844 feet;
- **Top Spot 12-13 Federal Com 33H** between 9,753 feet and 9,897 feet;
- **Dr Pi Unit 173H** between 9,905 feet and 10,164 feet;
- **Dr Pi Unit 171H** between 10,064 feet and 10,146 feet;
- **Dr Pi Unit 174H** between 9,900 feet and 9,982 feet;
- **Dr Pi Unit 172H** between 9,809 feet and 9,964 feet;
- **Dr Pi Unit 124H** between 9,147 feet and 9,279 feet;
- **Dr Pi Unit 112H** between 9,081 feet and 9,282 feet;
- **Gold Log 4-9 Federal Com 1H** between 10,063 feet and 10,207 feet;
- **Gold Log 4-9 Federal Com 2H** between 10,086 feet and 10,280 feet;
- **Gold Log 4-9 Federal Com 3H** between 10,185 feet and 10,303 feet;
- **Gold Log 4-9 Federal Com 4H** between 10,102 feet and 10,240 feet;
- **Gold Log 4-9 Federal Com 12H** between 9,190 feet and 9,348 feet;
- **Gold Log 4-9 Federal Com 13H** between 9,241 feet and 9,371 feet; and
- **Gold Log 4-9 Federal Com 16H** between 9,273 feet and 9,394 feet; *See Exhibit A at 42-75.*

9. Due to the location and curvature of the kickoff point for each of the additional wells, OXY also requests an exception for the 100-foot packer setting depth requirement applied

to vertical injection wells that packers be set within one hundred feet of the uppermost perforations or casing shoe.

10. A map depicting the pipeline that ties the wells proposed for the amended Pilot Project into the gathering system and the affected compressor station is included in the attached **Exhibit A** at page 6.

### WELL DATA

11. Information on the well data, including well diagrams and well construction, casing, tubing, packers, cement, perforations, and other details for each proposed injection well are included in the attached **Exhibit A** at pages 42-76.

12. 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. *See Exhibit A* at 77. 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. *Id.*

13. Cement bond logs<sup>3</sup> for each of the injection wells demonstrate the placement of cement in the wells proposed for this amended Pilot Project and that there is a good and sufficient cement bond with the production casing and the tie-in of the production casing with the next prior casing in each well.

14. The wells proposed for injection in the amended Pilot Project have previously demonstrated mechanical integrity. *See Exhibit A* at 78. OXY will undertake new tests to demonstrate mechanical integrity for each well proposed for this amended Pilot Project as a condition of approval prior to commencing injection operations.

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<sup>3</sup> Electronic versions of the cement bond logs will be submitted to the Division through each well file.



## GEOLOGY AND RESERVOIR

15. Data and a geologic analysis confirming that the Bone Spring formation is suitable for the proposed amended Pilot Project is included in **Exhibit A** at pages 151-160. A general characterization of the geology of the Bone Spring formation and its suitability for the proposed injection, including identification of confining layers and their ability to prevent vertical movement of the injected gas is included in the analysis. *Id.*

16. The top of the Bone Spring formation in this area is at approximately 8,600 feet total vertical depth and extends down to the base of the Third Bone Spring at approximately 11,800 feet total vertical depth. *See Exhibit A* at 152.

17. Zones that are productive of oil and gas are located above and below the targeted injection interval. *See Exhibit A* at 152 and 155-156.

18. 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. *See Exhibit A* at 169 and 173.

19. OXY has prepared calculations estimating the stimulated reservoir volume based on supporting empirical data and a reservoir model to evaluate potential effects on wells adjacent to the Amended Project Area. *See Exhibit A* at 162-174. OXY's analysis concludes that there will be no change in the oil recovery from each of its proposed injection wells or from any of the offsetting wells. *See id.* at 173.

20. The source of gas for injection will be from wells approved for commingling under PLC-844-F, which produce from the Delaware, Bone Spring and Wolfcamp formations that are identified in the list of wells in **Exhibit A** at pages 80-106. All proposed temporary injection wells and gas source wells are commingled under the approved surface commingling permit PLC-844-

F. 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.

21. OXY has prepared an analysis of the composition of the source gas for injection and a corrosion prevention plan. *See Exhibit A* at 108-112.

22. 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. *See Exhibit A* at 161. 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 Amended Pilot Project. *See Exhibit A* at 175.

#### **GAS ALLOCATION**

28. OXY's proposed method of gas allocation following a temporary injection event has been previously submitted for approval to the Division. *See Exhibit A* at 2; *See also*, Case No. 24983.

#### **AREA OF REVIEW**

23. OXY has prepared maps depicting the surface hole location and trajectory of the proposed injection wells, the location of every well within a two-mile radius, leases within two miles, and the half-mile area of review. *See Exhibit A* at 117-120.

24. A tabulation of data for wells that penetrate the proposed injection interval or the confining layer within the half-mile area of review is included in **Exhibit A** at pages 121-126, along with well-bore schematics for wells that are plugged and abandoned or temporarily abandoned. *See Exhibit A* at 127-150.

### OPERATIONS AND SAFETY

25. OXY plans to monitor injection and operational parameters for the amended Pilot Project using an automated supervisory control and data acquisition (SCADA) system with pre-set alarms and automatic shut-in safety valves that will prevent injection pressures from exceeding the MASP. *See Exhibit A* at 114-116. OXY will also monitor and track various operational parameters at the amended Pilot Project's central tank battery and central gas lift compressors. *See id.*

26. A copy of this application will be provided by certified mail to the surface owner on which each injection well identified herein is located, and to each leasehold operator and other affected persons within any tract wholly or partially contained within one-half mile of the completed interval of the wellbore for each of the proposed injection wells. A list of the affected parties subject to notice is included in **Exhibit A** at page 178-181, along with a map and list identifying each tract subject to notice. *See Exhibit A* at 177.


27. Approval of this amended Pilot Project is in the best interests of conservation, the prevention of waste, and the protection of correlative rights.

28. This amended application corrects the legal land description, reflecting that the project area includes the S/2 of Section 26, T22S-R31E, and All of Section 35, T22S-R31E.

WHEREFORE, OXY USA Inc. requests that this Application be set for hearing before an Examiner of the Oil Conservation Division on November 13, 2025, and that after notice and hearing this Application be approved.

Respectfully submitted,

HOLLAND & HART LLP

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**ATTORNEYS FOR OXY USA INC.**

**CASE 25519:**

**Application of OXY USA Inc. to Amend and Expand the Proposed Closed Loop Gas Capture Injection Pilot Project Area and Add Additional Injection Wells, Eddy and Lea Counties, New Mexico.**

Applicant in the above-styled cause seeks an order amending the request under Case No. 23633 to (1) expand the closed loop gas capture injection project area; and (2) authorize seventeen additional injection wells for intermittent, temporary produced gas injection within the Bone Spring formation within the requested amended project area. The amendment will create a 5,158.08-acre, more or less, project area for this Pilot Project consisting of the following acreage identified below in Eddy and Lea Counties, New Mexico (the “Project Area”):

**Township 22 South, Range 31 East**

- Section 12: All
- Section 13: All
- Section 26: S/2
- Section 35: All

**Township 22 South, Range 32 East**

- Section 4: All
- Section 8: All
- Section 9: All
- Section 17: All
- Section 19: W/2 W/2
- Section 30: W/2 W/2

Applicants proposes to occasionally inject produced gas from the Delaware, Bone Spring and Wolfcamp formations into the following additional producing wells to avoid 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:

- **Olive Won Unit 4H** well (API No. 30-015-55182) with a surface location 2,445 feet FSL and 1,017 feet FEL (Unit I) in Section 26, Township 22 South, Range 31 East, and a bottom hole location 37 feet FSL and 809 feet FEL (Unit P) in Section 35, Township 22 South, Range 31 East, NMPM, all in Eddy County, New Mexico;
- **Top Spot 12-13 Federal Com 24H** well (API No. 30-015-47954) with a surface location 310 feet FSL and 1,216 feet FEL (Unit P) in Section 13, Township 22 South, Range 31 East, and a bottom hole location 58 feet FNL and 1,772 feet FEL (Unit B) in Section 12, Township 22 South, Range 31 East, NMPM, all in Eddy, New Mexico;

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- **Dr Pi Unit 173H** well (API No. 30-025-48953) with a surface location 979 feet FSL and 1,405 feet FEL (Unit O) in Section 17, Township 22 South, Range 32 East, and a bottom hole location 76 feet FNL and 1,973 feet FEL (Unit B) in Section 8, Township 22 South, Range 32 East, NMPM, all in Lea County, New Mexico;
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- **Dr Pi Unit 172H** well (API No. 30-025-49151) with a surface location 526 feet FSL and 1,959 feet FWL (Unit N) in Section 17, Township 22 South, Range 32 East, and a bottom hole location 50 feet FNL and 2,066 feet FWL (Unit C) in Section 8, Township 22 South, Range 32 East, NMPM, all in Lea County, New Mexico;
- **Dr Pi Unit 124H** well (API No. 30-025-48948) with a surface location 979 feet FSL and 1,345 feet FEL (Unit O) in Section 17, Township 22 South, Range 32 East, and a bottom hole location 258 feet FNL and 372 feet FEL (Unit A) in Section 8, Township 22 South, Range 32 East, NMPM, all in Lea County, New Mexico;
- **Dr Pi Unit 112H** well (API No. 30-025-48945) with a surface location 345 feet FSL and 1,645 feet FWL (Unit N) in Section 17, Township 22 South, Range 32 East, and a bottom hole location 51 feet FNL and 1,891 feet FEL (Unit B) in Section 8,

Township 22 South, Range 32 East, NMPM, all in Lea County, New Mexico;

- **Gold Log 4-9 Federal Com 1H** well (API No. 30-025-53815) with a surface location 397 feet FNL and 1,196 feet FWL (Unit D) in Section 4, Township 22 South, Range 32 East, and a bottom hole location 46 feet FSL and 330 feet FWL (Unit M) in Section 9, Township 22 South, Range 32 East, NMPM, all in Lea County, New Mexico;
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- **Gold Log 4-9 Federal Com 4H** well (API No. 30-025-53816) with a surface location 395 feet FNL and 1,676 feet FEL (Unit B) in Section 4, Township 22 South, Range 32 East, and a bottom hole location 44 feet FSL and 469 feet FEL (Unit P) in Section 9, Township 22 South, Range 32 East, NMPM, all in Lea County, New Mexico;
- **Gold Log 4-9 Federal Com 12H** well (API No. 30-025-53809) with a surface location 396 feet FNL and 1,105 feet FWL (Unit D) in Section 4, Township 22 South, Range 32 East, and a bottom hole location 51 feet FSL and 1,180 feet FWL (Unit M) in Section 9, Township 22 South, Range 32 East, NMPM, all in Lea County, New Mexico;
- **Gold Log 4-9 Federal Com 13H** well (API No. 30-025-53817) with a surface location 397 feet FNL and 1,135 feet FWL (Unit D) in Section 4, Township 22 South, Range 32 East, and a bottom hole location 46 feet FSL and 2,594 feet FWL (Unit N) in Section 9, Township 22 South, Range 32 East, NMPM, all in Lea County, New Mexico; and
- **Gold Log 4-9 Federal Com 16H** well (API No. 30-025-53811) with a surface location 395 feet FNL and 1,766 feet FEL (Unit B) in Section 4, Township 22 South, Range 32 East, and a bottom hole location 39 feet FSL and 1,186 feet FEL (Unit P) in Section 9, Township 22 South, Range 32 East, NMPM, all in Lea County, New Mexico.

OXY seeks authority to utilize these producing wells to occasionally inject produced gas into the Bone Spring formation at total vertical

depths of between approximately 9,081 feet to 10,303 feet along the horizontal portion of each wellbore at surface injection pressures of no more than 1,300 psi. at an average injection rate of 3 MMSCF per day and a maximum injection rate of 4 MMSCF per day. The source of the produced gas will be from the Bone Spring and Wolfcamp formations. The subject acreage is located approximately 41 miles southwest of Lovington, New Mexico.