

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

**APPLICATION OF OXY USA INC. TO AMEND
ORDER NO. R-24146 TO RE-AUTHORIZE CERTAIN
WELLS UNDER THE ORIGINAL ORDER AND
EXTEND THE PILOT PROJECT FOR TWO YEARS,
LEA COUNTY, NEW MEXICO.**

**CASE NO. 26298
ORDER NO. R-24146**

OXY'S PRE-HEARING STATEMENT

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

APPEARANCES

APPLICANT

Oxy USA Inc.
("Oxy")

ATTORNEY

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APPLICANT'S STATEMENT OF THE CASE

OXY seeks an order amending Order No. R-24146 to (1) re-authorize certain wells under the original order; and (2) extend the pilot project, and all deadlines under Order No. R-24146, for an additional two years from issuance of an order in this case. On December 14, 2025, the Division issued Order No. R-24146 in Case No. 25287 and expanded the closed loop gas capture ("CLGC") injection pilot project ("Pilot Project") originally approved under Order R-22101-A. The Division

additionally authorized two additional wells for intermittent, temporary injection of produced gas within the Bone Spring formation within the project area, and an increase of the maximum allowable surface injection pressure for the two additional wells was authorized.

However, Order No. R-24146 rescinded approval of the W/2 Avalon wells because the Mule Deer 36 State No. 4 (API. No. 30-025-33107) was plugged & abandoned (“P&A”) and no longer available for monitoring as required by the Division under the terms of the order.

OXY therefore now requests re-authorization of the following wells within the Pilot Project area to occasionally inject produced gas into the Avalon formation under Order No. R-24146:

- **Avogato 30_31 State Com 12H** well (API No. 30-025-45957), with a surface location in Lot 1 (NW/4 NW/4 equivalent) of irregular Section 30, T22S-R33E, and a bottom hole location in Lot 4 (SW/4 SW/4 equivalent) of irregular Section 31, T22S-R33E; and
- **Avogato 30_31 State Com 13H** well (API No. 30-025-45958), with a surface location in the NW/4 NE/4 (Unit B) of irregular Section 30, T22S-R33E, and a bottom hole location in the SE/4 SW/4 (Unit N) of irregular Section 31, T22SR33E.

OXY proposes to use the Avogato 30_31 State Com 11H (API No. 30-025-45956) as a pressure sink well between the requested re-authorization CLGC wells, along with the offset sub-standard P&A wellbores to the West of the project area. The proposed average injection rate for each re-authorization well is 3 MMSCFD with a maximum injection rate of 4 MMSCFD during injection.

The maximum achievable surface pressure (MASP) for the re-authorization wells is proposed to be 1,300 psi. The current average surface pressures under normal operations for the proposed re-authorization injection wells range between approximately 540 psi and 921 psi.

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

- **Avogato 30-31 State Com 12H** well between 10,409 feet and 20,984 feet.
- **Avogato 30-31 State Com 13H** well between 9,396 feet to 9,397 feet.

Oxy has confirmed that the Avalon formation, including the targeted injection interval, is suitable for the Pilot Project and that there are confining layers that will prevent vertical movement of the injected gas, and depth and identity of the adjacent zones. Reservoir modeling indicates that anticipated horizontal movement of injected gas will be approximately 100 feet or less from each injection wellbore within the Avalon formation. OXY's analysis also concludes that there will be no change in the oil recovery from each of its proposed re-authorization injection wells or from any of the offsetting wells.

The source of gas for injection will be from OXY's wells producing from the Bone Spring and Wolfcamp formations that are identified in the list of wells in Exhibit A at page 13 of the Application. 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's proposed a method of gas allocation following a temporary injection event has been previously approved by the Division under Order R-24146 and previous orders.

OXY plans to monitor injection and operational parameters for the 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. OXY will also monitor and track various operational parameters at the Pilot Project's central tank battery and central gas lift compressors.

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.

Approval of this application is in the best interests of conservation, the prevention of waste, and the protection of correlative rights.

APPLICANT'S PROPOSED EVIDENCE

WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Stephen Janacek, Petroleum Engineer	Available at questions at hearing	Approx. 1
Jared Routree, Petroleum Geologist	Available at questions at hearing	Approx. 3
Rahul Joshi, Reservoir Engineer	Available at questions at hearing	Approx. 0

PROCEDURAL MATTERS

Each witness will be available to respond to examination by Division Examiners. Additional witnesses may be made available depending on the nature of the Division's questions. Oxy expects to file an exhibit packet in advance of the hearing and will file any supplemental exhibits or information requested by the Division after the hearing.

Respectfully submitted,

HOLLAND & HART LLP

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QUESTIONS

Action 610025

QUESTIONS

Operator: OXY USA INC P.O. Box 4294 Houston, TX 772104294	OGRID: 16696
	Action Number: 610025
	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.