



Occidental Permian Ltd.

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Houston, TX 77046
PO Box 4294
Houston, TX 77210-4294
713-215-7000

July 2, 2007

EOR-23

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Attention: David Catanach

Re: Occidental Permian Limited Partnership
Myers Langlie-Mattix (Queen) Unit Waterflood
EOR Project R-4680-A, May 1, 1995
Annual Status Report

In accordance with the New Mexico Enhanced Oil Recovery Tax Incentive Rule 19.15.1.30 F(1) attached is the annual report to confirm the Myers Langlie-Mattix (Queen) Unit Waterflood EOR Project R-4680-A is still a viable EOR project as approved May 1, 1995.

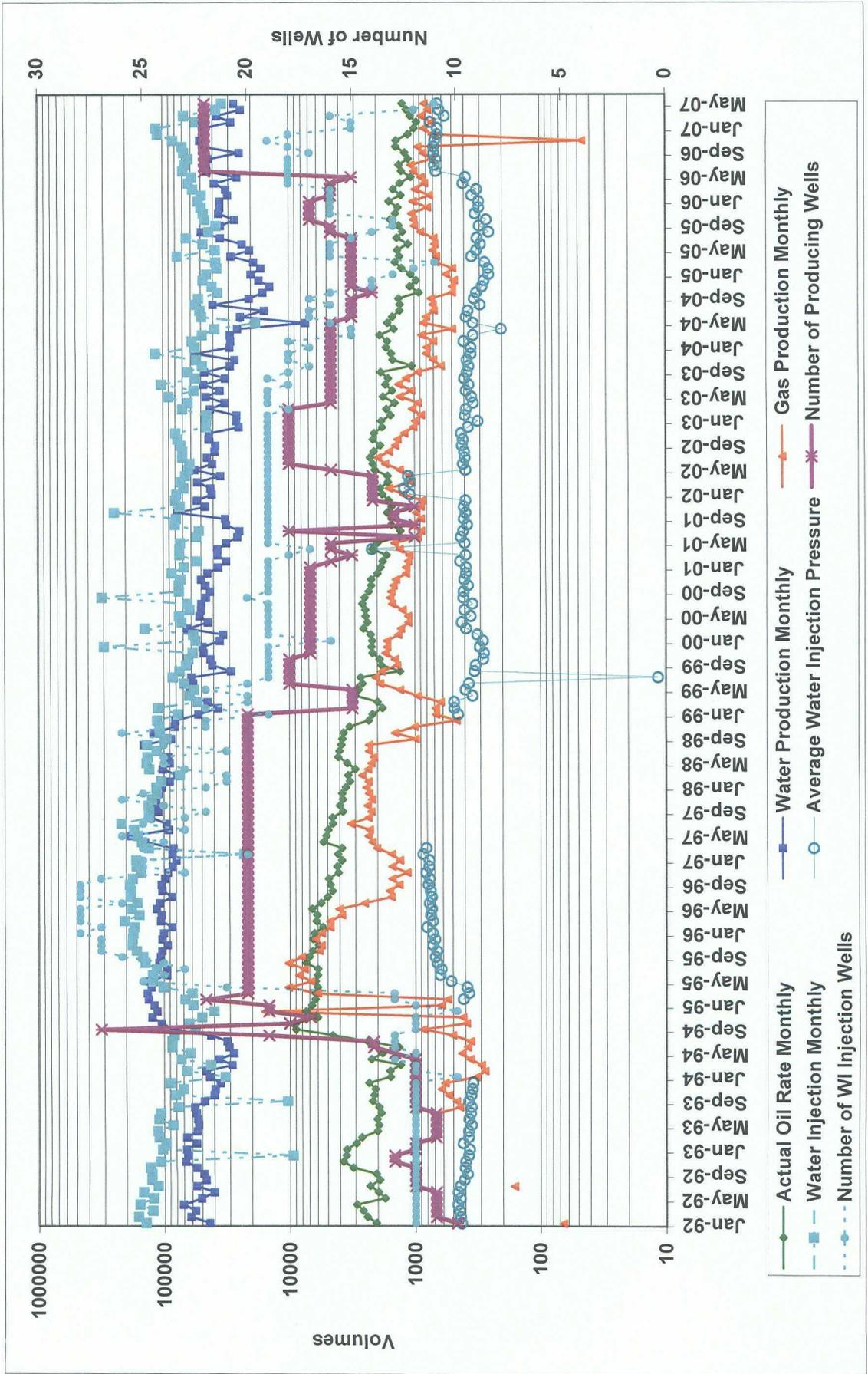
If you have any questions, please contact Karen Ellis at 713-366-5161.

Sincerely,

Karen Ellis
Sr. Tax Incentive Analyst – Regulatory Affairs
713-366-5161
email karen_ellis@oxy.com

MYERS LANGLIE-MATTIX (QUEEN) UNIT
WATERFLOOD

MAY 1, 1995
EOR PROJECT R-4680-A
JANUARY 1992-MAY 2007



**MYERS LANGLEIE-MATTIX (QUEEN) UNIT
WATERFLOOD**

MAY 1, 1995

**EOR PROJECT R-4680-A
JANUARY 1992-MAY 2007**

Month/Yr	Actual Oil Rate BOPD	Actual Oil Rate Monthly	Water Production BWPD	Water Production Monthly	Gas Production MCFD	Gas Production Monthly	Water Injection BWPD	Water Injection Monthly	Number of Producing Wells	Number of WI Injection Wells	Average Water Injection Pressure	Cum Oil
Jan-92	66	2060	1407	43614	2	66	4529	140414	10	12	430	
Feb-92	87	2436	2208	61830	N/A	N/A	5784	161945	11	12	439	
Mar-92	85	2625	1831	56766	N/A	N/A	4009	124284	11	12	445	
Apr-92	98	2951	2366	70975	N/A	N/A	5252	157560	11	12	459	
May-92	57	1752	1634	50651	N/A	N/A	3951	122467	11	12	440	
Vol Inj/Yr		11824						706670				
Jun-92	66	1982	1338	40132	N/A	N/A	4923	147682	11	12	458	
Jul-92	75	2314	1794	55606	5	162	3648	113095	12	12	440	
Aug-92	63	1938	1499	46458	N/A	N/A	4085	126632	12	12	410	
Sep-92	69	2060	1612	48355	N/A	N/A	4203	126083	12	12	386	
Oct-92	102	3162	1771	54898	N/A	N/A	4186	129755	12	12	403	
Nov-92	126	3766	2255	67640	N/A	N/A	3561	106823	13	12	399	
Dec-92	116	3581	2084	64602	N/A	N/A	305	9459	13	12	378	
Jan-93	114	3544	2137	66253	N/A	N/A	3333	103310	12	12	370	
Feb-93	106	2978	1960	54884	N/A	N/A	3447	96506	12	12	416	
Mar-93	87	2689	2126	65917	N/A	N/A	3534	109565	11	12	378	
Apr-93	67	2012	1812	54368	N/A	N/A	3736	112086	11	12	378	
May-93	63	1962	1708	52958	N/A	N/A	2741	84967	11	12	357	
Vol Inj/Yr		31988						1265963				
Jun-93	68	2028	1802	54050	N/A	N/A	3670	110087	11	12	374	
Jul-93	61	1877	1778	55132	21	658	3430	106325	11	12	363	
Aug-93	63	1955	1839	57010	14	444	2495	77330	12	12	358	
Sep-93	73	2198	1589	47670	16	470	345	10363	12	12	376	
Oct-93	69	2138	1284	39805	18	543	2606	80796	12	12	360	
Nov-93	70	2093	1300	39007	21	620	2329	69866	12	12	351	
Dec-93	76	2353	1149	35607	19	580	2870	88961	12	12	347	
Jan-94	51	1584	1397	43301	11	328	1051	32575	12	10	N/A	
Feb-94	57	1594	1640	45923	10	280	2348	65740	12	12	N/A	
Mar-94	43	1319	926	28702	10	298	1364	42293	12	12	N/A	
Apr-94	75	2241	1219	36566	12	366	2424	72713	12	13	N/A	
May-94	59	1838	895	27732	14	427	1991	61714	13	12	N/A	
Vol Inj/Yr		23218						818763				

**MYERS LANGLIE-MATTIX (QUEEN) UNIT
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**MAY 1, 1995
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JANUARY 1992-MAY 2007**

Month/Yr	Actual Oil Rate BOPD	Actual Oil Rate Monthly	Water Production BOPD	Water Production Monthly	Gas Production MCFD	Gas Production Monthly	Water Injection BOPD	Water Injection Monthly	Number of Producing Wells	Number of Injection Wells	Average Water Injection Pressure	Cum Oil
Jun-94	45	1358	1011	30320	13	384	2865	85935	14	13	N/A	
Jul-94	78	2412	1013	31418	12	363	2771	85900	14	13	N/A	
Aug-94	147	4567	1368	42419	16	505	2660	82468	19	13	N/A	
Sep-94	298	8950	2794	83813	29	874	1871	56143	27	12	N/A	
Oct-94	290	8985	3365	104306	13	392	2037	63144	18	12	N/A	
Nov-94	201	6037	4128	123853	14	419	1659	49755	17	12	N/A	
Dec-94	241	7468	3650	113148	506	15686	1283	39774	19	10	N/A	
Jan-95	216	6700	3838	118982	20	622	1884	58391	19	12	N/A	
Feb-95	224	6283	4721	132198	20	553	2412	67537	22	13	413	
Mar-95	202	6260	4367	135385	195	6032	1912	59257	20	13	373	
Apr-95	200	6009	4185	125541	342	10252	3358	100748	20	21	386	
May-95	202	6272	4225	130984	218	6765	3940	122137	20	25	518	
Vol Inj/Yr		71301						871189				
Jun-95	200	6005	3151	94543	282	8453	4089	122677	20	24	633	
Jul-95	193	5992	3044	94368	248	7681	3681	114107	20	23	618	
Aug-95	239	7418	3519	109100	329	10195	4543	140830	20	24	666	7418
Sep-95	233	6992	3544	106317	268	8032	4892	146749	20	26	689	14410
Oct-95	213	6606	3331	103251	189	5865	5304	164425	20	27	669	21016
Nov-95	197	5900	3126	93767	187	5619	5978	179342	20	27	722	26916
Dec-95	211	6542	3320	102908	202	6253	5736	177816	20	27	694	33458
Jan-96	205	6369	3231	100165	181	5606	5649	175124	20	28	724	39827
Feb-96	194	5443	3050	85390	171	4793	6106	170979	20	27	802	45270
Mar-96	198	6145	3404	105528	155	4792	6598	204528	20	28	724	51415
Apr-96	202	6060	3469	104082	129	3864	5227	156807	20	28	748	57475
May-96	214	6632	3677	113997	130	4030	5824	180538	20	28	735	64107
Vol Inj/Yr		76104						1933922				
Jun-96	188	5639	3579	107367	85	2538	5422	162672	20	26	766	69746
Jul-96	162	5012	2761	85585	50	1545	5931	183846	20	28	736	74758
Aug-96	148	4574	3314	102743	52	1599	5921	183566	20	28	753	79332
Sep-96	158	4747	3475	104252	45	1341	6219	186566	20	28	784	84079
Oct-96	158	4895	3154	97760	49	1521	5713	177116	20	27	767	88974
Nov-96	136	4090	3094	92818	39	1157	5057	151718	20	23	816	93064
Dec-96	135	4180	2730	84627	49	1518	5302	164353	20	25	772	97244
Jan-97	124	3840	2563	79467	43	1324	5359	166122	20	25	771	101084

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MAY 1, 1995

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Month/Yr	Actual Oil Rate		Water Production		Gas Production		Water Injection		Number of Producing Wells	Number of WI Injection Wells		Average Water Injection Pressure	Cum Oil
	BOPD	Monthly	BWPD	Monthly	MCFD	Monthly	BWPD	Monthly					
Feb-97	147	4125	3040	85114	55	1533	773	22954	20	20	20	863	105209
Mar-97	124	3835	2704	83827	65	2012	4243	131535	20	25	25	812	109044
Apr-97	180	5388	4699	140974	73	2198	4960	148800	20	24	24	N/A	114432
May-97	165	5114	5903	182990	76	2356	5192	160948	20	26	26	N/A	119546
Vol Inj/Yr		55439						1840196					
Jun-97	164	4928	3040	91214	77	2310	5724	171710	20	23	23	N/A	124474
Jul-97	147	4542	3057	94773	105	3255	6994	216800	20	25	25	N/A	129016
Aug-97	148	4578	4095	126959	76	2356	4252	131807	20	23	23	N/A	133594
Sep-97	126	3772	3678	110340	75	2236	4365	130951	20	22	22	N/A	137366
Oct-97	128	3974	3766	116735	77	2387	4274	132494	20	24	24	N/A	141340
Nov-97	126	3772	3829	114863	74	2220	4136	124074	20	26	26	N/A	145112
Dec-97	123	3820	3525	109262	75	2325	3672	113846	20	25	25	N/A	148932
Jan-98	115	3580	3326	103107	79	2449	3687	114301	20	22	22	N/A	152512
Feb-98	119	3321	3191	89350	84	2352	3735	104566	20	21	21	N/A	155833
Mar-98	110	3413	2509	77773	85	2635	2399	74379	20	21	21	N/A	159246
Apr-98	100	3000	3375	101259	79	2370	4341	130222	20	23	23	N/A	162246
May-98	112	3477	2889	89550	72	2232	4422	137068	20	24	24	N/A	165723
Vol Inj/Yr		46177						1582218					
Jun-98	137	4105	3064	91922	71	2130	4470	134097	20	24	24	N/A	169828
Jul-98	130	4025	3604	111739	75	2325	3660	113462	20	21	21	N/A	173853
Aug-98	125	3870	4631	143571	75	2325	4385	135948	20	24	24	N/A	177723
Sep-98	127	3801	2908	87227	33	985	3156	94667	20	24	24	N/A	181524
Oct-98	120	3718	3888	120520	47	1450	3450	106944	20	26	26	N/A	185242
Nov-98	111	3334	2721	81626	34	1008	3606	108167	20	22	22	N/A	188576
Dec-98	75	2333	2600	80595	15	467	3625	112377	20	22	22	N/A	190909
Jan-99	70	2184	1699	52659	22	680	2475	76711	20	19	19	454	193093
Feb-99	65	1815	1314	36804	24	681	3962	110928	15	22	22	485	194908
Mar-99	64	1990	1438	44577	20	623	1724	53441	15	20	20	488	196898
Apr-99	99	2979	2072	62168	32	947	2077	62308	15	20	20	348	199877
May-99	90	2805	1995	61831	42	1309	1851	57366	15	22	22	395	202682
Vol Inj/Yr		36959						1166416					

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Jun-99	88	2631	1931	57930	63	1894	2283	68489	18	20	371	205313
Jul-99	88	2715	1941	60157	66	2050	2726	84512	18	19	12	208028
Aug-99	42	1313	935	28970	60	1846	2400	74411	18	19	335	209341
Sep-99	62	1855	1362	40866	46	1385	2204	66111	18	19	328	211196
Oct-99	62	1915	1359	42125	47	1442	2033	63019	18	19	285	213111
Nov-99	73	2175	1596	47886	57	1718	1946	58394	17	19	282	215286
Dec-99	71	2212	1570	48683	54	1664	9597	297509	17	19	303	217498
Jan-00	70	2181	1146	35520	54	1661	1788	55425	17	16	286	219679
Feb-00	80	2249	1195	33468	48	1353	2064	57793	17	19	317	221928
Mar-00	83	2565	2067	64086	41	1286	4532	140488	17	19	390	224493
Apr-00	80	2393	1471	44118	38	1126	2392	71750	17	19	422	226886
May-00	80	2470	1655	51305	36	1126	2412	74787	17	19	358	229356
Vol Inj/Yr		26674						1112688				
Jun-00	83	2478	1668	50028	42	1249	2060	61807	17	19	403	231834
Jul-00	84	2619	1607	49823	49	1517	2070	64174	17	19	348	234453
Aug-00	81	2510	1474	45702	51	1567	9991	309726	17	20	409	236963
Sep-00	77	2322	1409	42280	51	1535	2492	74770	17	19	408	239285
Oct-00	72	2224	1489	46144	47	1472	2423	75098	17	19	377	241509
Nov-00	74	2228	1668	50036	47	1407	2419	72571	17	19	403	243737
Dec-00	64	1982	1433	44414	38	1172	2755	85397	17	19	391	245719
Jan-01	60	1872	1179	36553	38	1165	2209	68481	17	19	390	247591
Feb-01	64	1796	1126	31536	40	1129	1922	53827	16	19	433	249387
Mar-01	54	1668	1193	36994	35	1100	2389	74051	15	18	391	251055
Apr-01	72	2171	1228	36837	44	1310	2471	74120	16	17	2183	253226
May-01	64	1980	1016	31483	47	1444	2361	73195	16	19	398	255206
Vol Inj/Yr		25850						1087217				
Jun-01	44	1332	856	25667	31	943	1807	54205	12	19	426	256538
Jul-01	42	1292	795	24658	29	884	1670	51757	18	19	410	257830
Aug-01	49	1527	1015	31456	36	1114	2596	80469	12	19	381	259357
Sep-01	51	1523	1071	32120	30	890	2623	78693	13	19	405	260880
Oct-01	53	1648	2488	77118	31	969	7899	244871	13	19	391	262528
Nov-01	51	1520	1536	46069	30	893	2444	73321	12	19	404	264048
Dec-01	52	1607	1735	53773	28	868	2572	79717	14	19	391	265655
Jan-02	58	1800	1318	40849	40	1228	2512	77859	14	19	1086	267455

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Feb-02	67	1875	1494	41820	57	1599	2448	68556	14	19	1202	269330
Mar-02	52	1627	1717	53220	34	1054	2340	72536	14	19	1086	270957
Apr-02	54	1634	1164	34933	37	1103	2209	66275	14	19	1122	272591
May-02	67	2072	1810	56112	42	1304	1911	62745	16	18	1086	274663
Vol Inj/Yr		19457						1011004				
Jun-02	72	2148	1348	40425	57	1707	2042	61250	18	19	409	276811
Jul-02	73	2251	1436	44527	63	1955	2260	70056	18	19	396	279062
Aug-02	68	2112	1251	38777	51	1594	2257	69954	18	19	401	281174
Sep-02	62	1870	1272	38165	47	1422	2399	71984	18	19	417	283044
Oct-02	69	2136	1393	43169	44	1360	2461	76295	18	19	410	285180
Nov-02	70	2086	1422	42655	40	1200	2639	79178	18	19	422	287266
Dec-02	58	1803	802	24876	33	1016	1464	45388	18	19	373	289069
Jan-03	59	1836	840	26038	32	979	1450	44940	18	19	311	290905
Feb-03	55	1539	923	25855	31	879	1587	44426	18	19	395	292444
Mar-03	54	1662	1354	41967	33	1035	2243	69540	18	18	385	294106
Apr-03	48	1431	1070	32097	31	934	2103	63100	16	19	339	295537
May-03	57	1774	1463	45358	42	1301	2887	89496	16	19	350	297311
Vol Inj/Yr		22648						785607				
Jun-03	50	1491	1173	35177	35	1052	1882	56459	16	19	387	298802
Jul-03	55	1696	1530	47443	43	1330	3304	102419	16	18	368	300498
Aug-03	52	1615	1024	31740	37	1157	1781	55209	16	19	398	302113
Sep-03	61	1840	1548	46443	31	936	2090	62685	16	18	380	303953
Oct-03	34	1045	936	29031	20	612	1561	48387	16	17	368	304998
Nov-03	49	1478	892	26759	23	703	1799	53971	16	18	380	306476
Dec-03	49	1523	1760	54560	26	797	3689	114362	16	18	353	307999
Jan-04	54	1674	946	29339	25	790	1796	55672	16	17	353	309673
Feb-04	58	1635	1027	28759	25	703	2085	58379	16	18	402	311308
Mar-04	61	1879	936	29023	28	874	1560	48362	16	15	339	313187
Apr-04	48	1445	846	25372	17	496	1285	38537	16	15	203	314632
May-04	52	1625	236	7331	27	843	588	18240	16	16	339	316257
Vol Inj/Yr		18946						712682				
Jun-04	50	1488	804	24129	27	799	1634	49030	15	17	385	317745
Jul-04	42	1301	501	15536	22	695	1624	50342	15	17	373	319046
Aug-04	42	1293	1286	39865	23	708	1775	55012	15	16	298	320339

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Month/Yr	Actual Oil Rate		Water Production		Gas Production		Water Injection		Number of Wells		Average		Cum Oil
	BOPD	Monthly	Production BWPD	Monthly	Production MCFD	Monthly	Injection BWPD	Monthly	Producing Wells	Injection Wells	Water Injection Pressure		
Sep-04	44	1321	684	20527	24	729	1727	51816	15	17	331	321660	
Oct-04	29	912	516	15981	16	497	1181	36615	14	16	319	322572	
Nov-04	36	1076	470	14105	17	497	1343	40276	15	14	287	323648	
Dec-04	31	958	552	17123	15	479	1538	47670	15	14	277	324606	
Jan-05	34	1061	638	19763	18	556	1443	44731	15	13	255	325667	
Feb-05	45	1255	590	16525	18	495	1319	36927	15	12	258	326922	
Mar-05	46	1413	608	18861	22	670	1214	37649	15	11	274	328335	
Apr-05	43	1303	950	28506	22	662	2540	76209	15	16	348	329638	
May-05	44	1355	655	20309	23	708	1230	38131	15	16	317	330993	
Vol Inj/Yr		14736						564408					
Jun-05	37	1111	775	23262	23	682	1589	47659	15	16	296	332104	
Jul-05	44	1368	1117	34623	22	694	2084	64591	15	15	315	333472	
Aug-05	40	1231	1581	49012	28	881	1388	43029	16	14	254	334703	
Sep-05	44	1315	1156	34686	33	991	1253	37594	16	13	301	336018	
Oct-05	50	1542	862	26716	32	1001	1487	46094	17	13	265	337560	
Nov-05	47	1406	1192	35755	35	1041	1582	47464	17	16	326	338966	
Dec-05	43	1339	1128	34970	25	777	1590	49291	17	16	305	340305	
Jan-06	51	1579	1129	35006	33	1010	1677	52002	17	16	305	341884	
Feb-06	45	1266	1080	30237	27	749	1751	49021	16	16	345	343150	
Mar-06	47	1459	1014	31425	31	971	1849	57319	16	16	315	344609	
Apr-06	43	1291	1284	38505	27	820	2078	62344	16	18	406	345900	
May-06	34	1051	826	25596	28	871	1885	58429	15	18	389	346951	
Vol Inj/Yr		15958						614837					

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	BOPD	Monthly	BWPD	Monthly	MCFD	Monthly	BWPD	Monthly	Producing	Injection	Water Injection Pressure	Water Injection	
Jun-06	42	1252	1467	44016	33	999	2285	68564	22	18	665	348203	
Jul-06	42	1309	1500	46494	34	1054	2129	65994	22	18	684	349512	
Aug-06	36	1106	1382	42835	23	719	2019	62586	22	18	666	350618	
Sep-06	39	1178	814	24416	28	841	2246	67378	22	17	692	351796	
Oct-06	45	1393	1535	47570	30	924	2251	69780	22	18	690	353189	
Nov-06	46	1386	1672	50157	2	46	2757	82724	22	19	679	354575	
Dec-06	36	1110	1531	47462	23	710	3511	108832	22	18	645	355685	
Jan-07	32	994	1538	47672	27	831	3634	112666	22	15	645	356679	
Feb-07	34	952	1017	28464	26	718	1932	54106	22	15	737	357631	
Mar-07	34	1064	1194	37017	28	869	2174	67387	22	16	568	358695	
Apr-07	38	1140	794	23833	26	769	1252	37564	22	12	628	359835	
May-07	40	1232	871	26990	27	824	1087	33694	22	11	647	361067	
Vol Inj/Yr		14116						831275					



Occidental Permian Ltd.

5 Greenway Plaza, Suite 110
Houston, TX 77046
PO Box 4294
Houston, TX 77210-4294
713-215-7000

July 20, 2005

EOL-23

2005 JUL 25 PM 1 33

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Attention: David Catanach

Re: Occidental Permian Limited Partnership
Myers Langlie-Mattix (Queen) Unit Waterflood
EOR Project R-4680-A, May 1, 1995
Annual Status Report

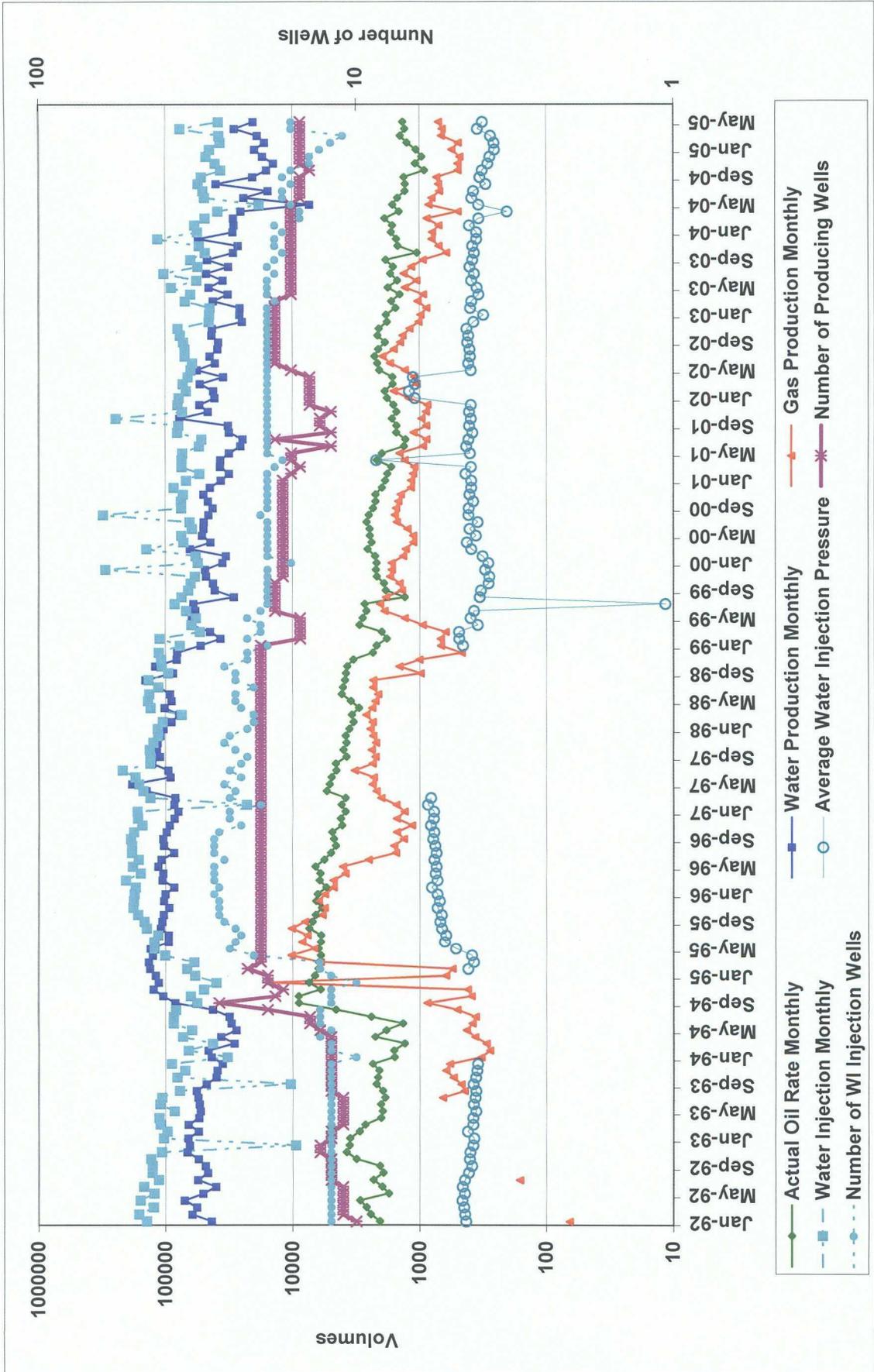
In accordance with the New Mexico Enhanced Oil Recovery Tax Incentive Rule 19.15.1.30 F(1) attached is the annual report to confirm the Myers Langlie-Mattix (Queen) Unit Waterflood EOR Project R-4680-A is still a viable EOR project as approved May 1, 1995.

If you have any questions, please contact Karen Ellis at 713-366-5161.

Sincerely,

Karen Ellis
Sr. Tax Incentive Analyst – Regulatory Affairs
713-366-5161
email karen_ellis@oxy.com

MYERS LANGLIE-MATTIX (QUEEN) UNIT
 WATERFLOOD
 MAY 1, 1995
 EOR PROJECT R-4680-A
 JANUARY 1992-MAY 2005



**MYERS LANGLEIE-MATTIX (QUEEN) UNIT
WATERFLOOD**

MAY 1, 1995

**EOR PROJECT R-4680-A
JANUARY 1992-MAY 2005**

Month/Yr	Actual Oil	Water	Water	Water	Gas	Gas	Water	Water	Water	Number of	Average	Cum
	Rate											
	BOPD	BWPD	Monthly	MCFD	Monthly	BWPD	BWPD	Monthly	Monthly	Producing	Injection	Oil
	Rate	Rate	Monthly	Monthly	Monthly	Rate	Rate	Monthly	Monthly	Wells	Pressure	Oil
Jan-92	66	2060	1407	2	66	4529	140414	10	12	430		
Feb-92	87	2436	2208	N/A	N/A	5784	161945	11	12	439		
Mar-92	85	2625	1831	N/A	N/A	4009	124284	11	12	445		
Apr-92	98	2951	2366	N/A	N/A	5252	157560	11	12	459		
May-92	57	1752	1634	N/A	N/A	3951	122467	11	12	440		
Vol Inj/Yr		11824					706670					
Jun-92	66	1982	1338	N/A	N/A	4923	147682	11	12	458		
Jul-92	75	2314	1794	5	162	3648	113095	12	12	440		
Aug-92	63	1938	1499	N/A	N/A	4085	126632	12	12	410		
Sep-92	69	2060	1612	N/A	N/A	4203	126083	12	12	386		
Oct-92	102	3162	1771	N/A	N/A	4186	129755	12	12	403		
Nov-92	126	3766	2255	N/A	N/A	3561	106823	13	12	399		
Dec-92	116	3581	2084	N/A	N/A	305	9459	13	12	378		
Jan-93	114	3544	2137	N/A	N/A	3333	103310	12	12	370		
Feb-93	106	2978	1960	N/A	N/A	3447	96506	12	12	416		
Mar-93	87	2689	2126	N/A	N/A	3534	109565	11	12	378		
Apr-93	67	2012	1812	N/A	N/A	3736	112086	11	12	378		
May-93	63	1962	1708	N/A	N/A	2741	84967	11	12	357		
Vol Inj/Yr		31988					1265963					
Jun-93	68	2028	1802	N/A	N/A	3670	110087	11	12	374		
Jul-93	61	1877	1778	21	658	3430	106325	11	12	363		
Aug-93	63	1955	1839	14	444	2495	77330	12	12	358		
Sep-93	73	2198	1589	16	470	345	10363	12	12	376		
Oct-93	69	2138	1284	18	543	2606	80796	12	12	360		
Nov-93	70	2093	1300	21	620	2329	69866	12	12	351		
Dec-93	76	2353	1149	19	580	2870	88961	12	12	347		
Jan-94	51	1584	1397	11	328	1051	32575	12	10	N/A		
Feb-94	57	1594	1640	10	280	2348	65740	12	12	N/A		
Mar-94	43	1319	926	10	298	1364	42293	12	12	N/A		
Apr-94	75	2241	1219	12	366	2424	72713	12	13	N/A		
May-94	59	1838	895	14	427	1991	61714	13	12	N/A		
Vol Inj/Yr		23218					818763					

**MYERS LANGLIE-MATTIX (QUEEN) UNIT
WATERFLOOD**

MAY 1, 1995

**EOR PROJECT R-4680-A
JANUARY 1992-MAY 2005**

Month/Yr	Actual Oil Rate BOPD	Actual Oil Rate Monthly	Water Production BWPD	Water Production Monthly	Gas Production MCFD	Gas Production Monthly	Water Injection BWPD	Water Injection Monthly	Number of Producing Wells	Number of Injection Wells	Average Water Injection Pressure	Cum Oil
Jun-94	45	1358	1011	30320	13	384	2865	85935	14	13	N/A	
Jul-94	78	2412	1013	31418	12	363	2771	85900	14	13	N/A	
Aug-94	147	4567	1368	42419	16	505	2660	82468	19	13	N/A	
Sep-94	298	8950	2794	83813	29	874	1871	56143	27	12	N/A	
Oct-94	290	8985	3365	104306	13	392	2037	63144	18	12	N/A	
Nov-94	201	6037	4128	123853	14	419	1659	49755	17	12	N/A	
Dec-94	241	7468	3650	113148	506	15686	1283	39774	19	10	N/A	
Jan-95	216	6700	3838	118982	20	622	1884	58391	19	12	N/A	
Feb-95	224	6283	4721	132198	20	553	2412	67537	22	13	413	
Mar-95	202	6260	4367	135385	195	6032	1912	59257	20	13	373	
Apr-95	200	6009	4185	125541	342	10252	3358	100748	20	21	386	
May-95	202	6272	4225	130984	218	6765	3940	122137	20	25	518	
Vol Inj/Yr		71301						871189				
Jun-95	200	6005	3151	94543	282	8453	4089	122677	20	24	633	
Jul-95	193	5992	3044	94368	248	7681	3681	114107	20	23	618	
Aug-95	239	7418	3519	109100	329	10195	4543	140830	20	24	666	7418
Sep-95	233	6992	3544	106317	268	8032	4892	146749	20	26	689	14410
Oct-95	213	6606	3331	103251	189	5865	5304	164425	20	27	669	21016
Nov-95	197	5900	3126	93767	187	5619	5978	179342	20	27	722	26916
Dec-95	211	6542	3320	102908	202	6253	5736	177816	20	27	694	33458
Jan-96	205	6369	3231	100165	181	5606	5649	175124	20	28	724	39827
Feb-96	194	5443	3050	85390	171	4793	6106	170979	20	27	802	45270
Mar-96	198	6145	3404	105528	155	4792	6598	204528	20	28	724	51415
Apr-96	202	6060	3469	104082	129	3864	5227	156807	20	28	748	57475
May-96	214	6632	3677	113997	130	4030	5824	180538	20	28	735	64107
Vol Inj/Yr		76104						1933922				
Jun-96	188	5639	3579	107367	85	2538	5422	162672	20	26	766	69746
Jul-96	162	5012	2761	85585	50	1545	5931	183846	20	28	736	74758
Aug-96	148	4574	3314	102743	52	1599	5921	183566	20	28	753	79332
Sep-96	158	4747	3475	104252	45	1341	6219	186566	20	28	784	84079
Oct-96	158	4895	3154	97760	49	1521	5713	177116	20	27	767	88974
Nov-96	136	4090	3094	92818	39	1157	5057	151718	20	23	816	93064
Dec-96	135	4180	2730	84627	49	1518	5302	164353	20	25	772	97244

**MYERS LANGLEIE-MATTIX (QUEEN) UNIT
WATERFLOOD**

MAY 1, 1995

**EOR PROJECT R-4680-A
JANUARY 1992-MAY 2005**

Month/Yr	Actual Oil Rate		Water Production BOPD	Water Production Monthly	Gas Production MCFD	Gas Production Monthly	Water Injection BOPD	Water Injection Monthly	Number of Producing Wells	Number of Injection Wells	Average Water Injection Pressure	Cum Oil
	BOPD	Monthly										
Jan-97	124	3840	2563	79467	43	1324	5359	166122	20	25	771	101084
Feb-97	147	4125	3040	85114	55	1533	773	22954	20	20	863	105209
Mar-97	124	3835	2704	83827	65	2012	4243	131535	20	25	812	109044
Apr-97	180	5388	4699	140974	73	2198	4960	148800	20	24	N/A	114432
May-97	165	5114	5903	182990	76	2356	5192	160948	20	26	N/A	119546
Vol Inj/Yr		55439						1840196				
Jun-97	164	4928	3040	91214	77	2310	5724	171710	20	23	N/A	124474
Jul-97	147	4542	3057	94773	105	3255	6994	216800	20	25	N/A	129016
Aug-97	148	4578	4095	126959	76	2356	4252	131807	20	23	N/A	133594
Sep-97	126	3772	3678	110340	75	2236	4365	130951	20	22	N/A	137366
Oct-97	128	3974	3766	116735	77	2387	4274	132494	20	24	N/A	141340
Nov-97	126	3772	3829	114863	74	2220	4136	124074	20	26	N/A	145112
Dec-97	123	3820	3525	109262	75	2325	3672	113846	20	25	N/A	148932
Jan-98	115	3580	3326	103107	79	2449	3687	114301	20	22	N/A	152512
Feb-98	119	3321	3191	89350	84	2352	3735	104566	20	21	N/A	155833
Mar-98	110	3413	2509	77773	85	2635	2399	74379	20	21	N/A	159246
Apr-98	100	3000	3375	101259	79	2370	4341	130222	20	23	N/A	162246
May-98	112	3477	2889	89550	72	2232	4422	137068	20	24	N/A	165723
Vol Inj/Yr		46177						1582218				
Jun-98	137	4105	3064	91922	71	2130	4470	134097	20	24	N/A	169828
Jul-98	130	4025	3604	111739	75	2325	3660	113462	20	21	N/A	173853
Aug-98	125	3870	4631	143571	75	2325	4385	135948	20	24	N/A	177723
Sep-98	127	3801	2908	87227	33	985	3156	94667	20	24	N/A	181524
Oct-98	120	3718	3888	120520	47	1450	3450	106944	20	26	N/A	185242
Nov-98	111	3334	2721	81626	34	1008	3606	108167	20	22	N/A	188576
Dec-98	75	2333	2600	80595	15	467	3625	112377	20	22	N/A	190909
Jan-99	70	2184	1699	52659	22	680	2475	76711	20	19	454	193093
Feb-99	65	1815	1314	36804	24	681	3962	110928	15	22	485	194908
Mar-99	64	1990	1438	44577	20	623	1724	53441	15	20	488	196898
Apr-99	99	2979	2072	62168	32	947	2077	62308	15	20	348	199877
May-99	90	2805	1995	61831	42	1309	1851	57366	15	22	395	202682
Vol Inj/Yr		36959						1166416				

**MYERS LANGLEIE-MATTIX (QUEEN) UNIT
WATERFLOOD**

MAY 1, 1995

**EOR PROJECT R-4680-A
JANUARY 1992-MAY 2005**

Month/Yr	Actual Oil Rate BOPD	Actual Oil Rate Monthly	Water Production BWPD	Water Production Monthly	Gas Production MCFD	Gas Production Monthly	Water Injection BWPD	Water Injection Monthly	Number of Producing Wells	Number of Injection Wells	Average Water Injection Pressure	Cum Oil
Jun-99	88	2631	1931	57930	63	1894	2283	68489	18	20	371	205313
Jul-99	88	2715	1941	60157	66	2050	2726	84512	18	19	12	208028
Aug-99	42	1313	935	28970	60	1846	2400	74411	18	19	335	209341
Sep-99	62	1855	1362	40866	46	1385	2204	66111	18	19	328	211196
Oct-99	62	1915	1359	42125	47	1442	2033	63019	18	19	285	213111
Nov-99	73	2175	1596	47886	57	1718	1946	58394	17	19	282	215286
Dec-99	71	2212	1570	48683	54	1664	9597	297509	17	19	303	217498
Jan-00	70	2181	1146	35520	54	1661	1788	55425	17	16	286	219679
Feb-00	80	2249	1195	33468	48	1353	2064	57793	17	19	317	221928
Mar-00	83	2565	2067	64086	41	1286	4532	140488	17	19	390	224493
Apr-00	80	2393	1471	44118	38	1126	2392	71750	17	19	422	226886
May-00	80	2470	1655	51305	36	1126	2412	74787	17	19	358	229356
Vol Inj/Yr		26674						1112688				
Jun-00	83	2478	1668	50028	42	1249	2060	61807	17	19	403	231834
Jul-00	84	2619	1607	49823	49	1517	2070	64174	17	19	348	234453
Aug-00	81	2510	1474	45702	51	1567	9991	309726	17	20	409	236963
Sep-00	77	2322	1409	42280	51	1535	2492	74770	17	19	408	239285
Oct-00	72	2224	1489	46144	47	1472	2423	75098	17	19	377	241509
Nov-00	74	2228	1668	50036	47	1407	2419	72571	17	19	403	243737
Dec-00	64	1982	1433	44414	38	1172	2755	85397	17	19	391	245719
Jan-01	60	1872	1179	36553	38	1165	2209	68481	17	19	390	247591
Feb-01	64	1796	1126	31536	40	1129	1922	53827	16	19	433	249387
Mar-01	54	1668	1193	36994	35	1100	2389	74051	15	18	391	251055
Apr-01	72	2171	1228	36837	44	1310	2471	74120	16	17	2183	253226
May-01	64	1980	1016	31483	47	1444	2361	73195	16	19	398	255206
Vol Inj/Yr		25850						1087217				
Jun-01	44	1332	856	25667	31	943	1807	54205	12	19	426	256538
Jul-01	42	1292	795	24658	29	884	1670	51757	18	19	410	257830
Aug-01	49	1527	1015	31456	36	1114	2596	80469	12	19	381	259357
Sep-01	51	1523	1071	32120	30	890	2623	78693	13	19	405	260880
Oct-01	53	1648	2488	77118	31	969	7899	244871	13	19	391	262528
Nov-01	51	1520	1536	46069	30	893	2444	73321	12	19	404	264048
Dec-01	52	1607	1735	53773	28	868	2572	79717	14	19	391	265655

**MYERS LANGLIE-MATTIX (QUEEN) UNIT
WATERFLOOD**

MAY 1, 1995

**EOR PROJECT R-4680-A
JANUARY 1992-MAY 2005**

Month/Yr	Actual Oil Rate BOPD	Actual Oil Rate Monthly	Water Production BWPD	Water Production Monthly	Gas Production MCFD	Gas Production Monthly	Water Injection BWPD	Water Injection Monthly	Number of Producing Wells	Number of WI Injection Wells	Average Water Injection Pressure	Cum Oil
Jan-02	58	1800	1318	40849	40	1228	2512	77859	14	19	1086	267455
Feb-02	67	1875	1494	41820	57	1599	2448	68556	14	19	1202	269330
Mar-02	52	1627	1717	53220	34	1054	2340	72536	14	19	1086	270957
Apr-02	54	1634	1164	34933	37	1103	2209	66275	14	19	1122	272591
May-02	67	2072	1810	56112	42	1304	1911	62745	16	18	1086	274663
Vol Inj/Yr		19457					1011004					
Jun-02	72	2148	1348	40425	57	1707	2042	61250	18	19	409	276811
Jul-02	73	2251	1436	44527	63	1955	2260	70056	18	19	396	279062
Aug-02	68	2112	1251	38777	51	1594	2257	69954	18	19	401	281174
Sep-02	62	1870	1272	38165	47	1422	2399	71984	18	19	417	283044
Oct-02	69	2136	1393	43169	44	1360	2461	76295	18	19	410	285180
Nov-02	70	2086	1422	42655	40	1200	2639	79178	18	19	422	287266
Dec-02	58	1803	802	24876	33	1016	1464	45388	18	19	373	289069
Jan-03	59	1836	840	26038	32	979	1450	44940	18	19	311	290905
Feb-03	55	1539	923	25855	31	879	1587	44426	18	19	395	292444
Mar-03	54	1662	1354	41967	33	1035	2243	69540	18	18	385	294106
Apr-03	48	1431	1070	32097	31	934	2103	63100	16	19	339	295537
May-03	57	1774	1463	45358	42	1301	2887	89496	16	19	350	297311
Vol Inj/Yr		22648						785607				
Jun-03	50	1491	1173	35177	35	1052	1882	56459	16	19	387	298802
Jul-03	55	1696	1530	47443	43	1330	3304	102419	16	18	368	300498
Aug-03	52	1615	1024	31740	37	1157	1781	55209	16	19	398	302113
Sep-03	61	1840	1548	46443	31	936	2090	62685	16	18	380	303953
Oct-03	34	1045	936	29031	20	612	1561	48387	16	17	368	304998
Nov-03	49	1478	892	26759	23	703	1799	53971	16	18	380	306476
Dec-03	49	1523	1760	54560	26	797	3689	114362	16	18	353	307999
Jan-04	54	1674	946	29339	25	790	1796	55672	16	17	353	309673
Feb-04	58	1635	1027	28759	25	703	2085	58379	16	18	402	311308
Mar-04	61	1879	936	29023	28	874	1560	48362	16	15	339	313187
Apr-04	48	1445	846	25372	17	496	1285	38537	16	15	203	314632
May-04	52	1625	236	7331	27	843	588	18240	16	16	339	316257
Vol Inj/Yr		18946						712682				
Jun-04	50	1488	804	24129	27	799	1634	49030	15	17	385	317745

**MYERS LANGLEIE-MATTIX (QUEEN) UNIT
WATERFLOOD**

MAY 1, 1995

**EOR PROJECT R-4680-A
JANUARY 1992-MAY 2005**

Month/Yr	Actual Oil Rate BOPD	Actual Oil Rate Monthly	Water Production BWPD	Water Production Monthly	Gas Production MCFD	Gas Production Monthly	Water Injection BWPD	Water Injection Monthly	Number of Producing Wells	Number of WI Injection Wells	Average Water Injection Pressure	Cum Oil
Jul-04	42	1301	501	15536	22	695	1624	50342	15	17	373	319046
Aug-04	42	1293	1286	39865	23	708	1775	55012	15	16	298	320339
Sep-04	44	1321	684	20527	24	729	1727	51816	15	17	331	321660
Oct-04	29	912	516	15981	16	497	1181	36615	14	16	319	322572
Nov-04	36	1076	470	14105	17	497	1343	40276	15	14	287	323648
Dec-04	31	958	552	17123	15	479	1538	47670	15	14	277	324606
Jan-05	34	1061	638	19763	18	556	1443	44731	15	13	255	325667
Feb-05	45	1255	590	16525	18	495	1319	36927	15	12	258	326922
Mar-05	46	1413	608	18861	22	670	1214	37649	15	11	274	328335
Apr-05	43	1303	950	28506	22	662	2540	76209	15	16	348	329638
May-05	44	1355	655	20309	23	708	1230	38131	15	16	317	330993
Vol Inj/Yr		14736						564408				



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

February 6, 1997

Department of Taxation and Revenue
P.O. Box 630
Santa Fe, New Mexico 87509-0630

Attention: Mr. John Chavez, Secretary

**RE: Certification of a Positive Production Response, Oxy USA, Inc.,
Myers Langlie-Mattix Waterflood Project.**

Dear Secretary Chavez:

Enclosed is a copy of a Division Certification which was issued on February 6, 1997. This document certifies that a positive production response has occurred within the Myers Langlie-Mattix Waterflood Project Area which is currently operated by Oxy USA, Inc.. In addition, this positive production response has occurred within the five year time limit as described within the "New Mexico Enhanced Oil Recovery Act". The Division has determined that all wells within the certified area producing from the Eumont Oil Pool are eligible for the recovered oil tax rate. These wells are shown on Exhibit "A" to the Division Certification.

For your convenience we have also enclosed a summary page showing all pertinent data. If additional information is required please advise.

Sincerely,

WJL
by *William J. LeMay* Deputy Director
William J. LeMay
Director

WJL/BES

Enclosures

POSITIVE PRODUCTION RESPONSE DATA
MYERS LANGLIE-MATTIX WATERFLOOD PROJECT

NAME OF PROJECT

Myers Langlie-Mattix Waterflood Project

OPERATOR

Oxy USA, Inc.
P.O. Box 50250
Midland, Texas 75710-0250
Attention: Mr. Richard E. Foppiano

POOL

Langlie- Mattix (Seven Rivers-Queen-Grayburg) Pool

OCD ORDER NO. APPROVING WATERFLOOD PROJECT & DATE

R-4680-A, March 31, 1995

PROJECT AREA

TOWNSHIP 23 SOUTH, RANGE 36 EAST, NMPM

Section 36: SE/4 SE/4 NE/4 and NE/4 NE/4 SE/4

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM

Section 31: SW/4 SW/4 NE/4, S/2 S/2 NW/4, E/2 SW/4, E/2 W/2 SW/4 (equivalent),
NW/4 NW/4 SW/4 (equivalent), NW/4 NW/4 SE/4, S/2 N/2 SE/4 and S/2 SE/4
Section 32: SW/4 NE/4 SW/4, S/2 NW/4 SW/4, SW/4 SW/4 and W/2 SE/4 SW/4

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM

Section 5: W/2 NW/4 (equivalent), W/2 E/2 NW/4 (equivalent), NW/4 SW/4, W/2 NE/4
SW/4, N/2 SW/4 SW/4 and NW/4 SE/4 SW/4
Section 6: NE/4 NW/4 NW/4 (equivalent), N/2 NE/4 NW/4 (equivalent), N/2 N/2 NE/4
(equivalent), SE/4 NE/4 NE/4 (equivalent), E/2 SE/4 NE/4, E/2 NE/4 SE/4
and NE/4 SE/4 SE/4

DATE WATER INJECTION COMMENCED

April 15, 1995

DATE CERTIFIED PROJECT TO TAXATION & REVENUE

May 1, 1995

Positive Production Response
Oxy USA, Inc.
Myers Langlie-Mattix Waterflood
February 6, 1997
Page 2

DATE POSITIVE PRODUCTION RESPONSE OCCURRED

August 1, 1995

CURRENT NUMBER OF WELLS WITHIN PROJECT AREA

Injection: 17
Production: 19



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

February 6, 1997

Oxy USA, Inc.
P.O. Box 50250
Midland, Texas 79710-0250

Attention: Mr. Rick Foppiano

Re: Positive Production Response - Myers Langlie-Mattix Waterflood Project.

Dear Mr. Foppiano:

Pursuant to your request dated November 1, 1996, please be advised that the Division hereby certifies that a positive production response occurred within the Myers Langlie-Mattix Waterflood Project on August 1, 1995.

All Langlie-Mattix Pool producing wells within the following described area, which currently number nineteen as shown on Exhibit 'A' of Division Order R-4680-A, shall be eligible for the recovered oil tax rate:

PROJECT AREA

TOWNSHIP 23 SOUTH, RANGE 36 EAST, NMPM

Section 36: SE/4 SE/4 NE/4 and NE/4 NE/4 SE/4

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM

Section 31: SW/4 SW/4 NE/4, S/2 S/2 NW/4, E/2 SW/4, E/2 W/2 SW/4 (equivalent), NW/4 NW/4 SW/4 (equivalent), NW/4 NW/4 SE/4, S/2 N/2 SE/4 and S/2 SE/4

Section 32: SW/4 NE/4 SW/4, S/2 NW/4 SW/4, SW/4 SW/4 and W/2 SE/4 SW/4

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM

Section 5: W/2 NW/4 (equivalent), W/2 E/2 NW/4 (equivalent), NW/4 SW/4, W/2 NE/4 SW/4, N/2 SW/4 SW/4 and NW/4 SE/4 SW/4

Section 6: NE/4 NW/4 NW/4 (equivalent), N/2 NE/4 NW/4 (equivalent), N/2 N/2 NE/4 (equivalent), SE/4 NE/4 NE/4 (equivalent), E/2 SE/4 NE/4, E/2 NE/4 SE/4 and NE/4 SE/4 SE/4

Oxy USA, Inc. shall notify the Division:

- a) of the change in status of any of the producing wells shown on Exhibit 'A' of R-4680-A;

Positive Production Response
Oxy USA, Inc.
Myers Langlie-Mattix Waterflood
February 6, 1997
Page 2

- b) in the event new producing wells are drilled within the project area;
- c) of changes in operations within the unit which may affect the certification and resulting tax rate granted herein.

The Division Director shall notify the Secretary of the New Mexico Taxation and Revenue Department of the certification granted herein.

Sincerely,

WJ LeMay
by *WJ LeMay* Deputy Director
William J. LeMay
Division Director

xc: File: EOR-23



NEW MEXICO OIL CONSERVATION DIVISION
P.O. Box 50250, Midland, TX 79705-0250

DAVID, THIS ONE'S
A LITTLE HARD TO
SWALLOW BUT IF
YOU USE YOUR IMAG-
INATION-----
LET ME KNOW. (SS)

Mr. Bill Lemay, Director
New Mexico Oil Conservation Division
P. O. Box 6429
Santa Fe, New Mexico 87505

DAVID, THIS ONE'S
A LITTLE HARD TO
SWALLOW BUT IF
YOU USE YOUR IMAG-
INATION-----
LET ME KNOW. (SS)

Re: Application of OXY USA Inc. for the Myers Langlie-Mattix Seven Rivers Queen Grayburg Pool, Lea Co., N.M. Production Response project, Langlie-Mattix lexico.

Dear Mr. Lemay:

Per NMOCD Order No. R-9708 pertaining to the qualification of enhanced oil recovery projects and certification for the recovered oil tax rate, OXY USA Inc. respectfully requests administrative approval and certification of a positive production response on the subject unit. Enclosed are the following items:

- ▶ Copies of Order No. R-4680-A and Certification of Enhanced Oil Recovery Project, qualifying a portion of the subject unit as an "Enhanced Oil Recovery Project" pursuant to the applicable laws and regulations.
- ▶ A plat showing the current status of the project (the approved project area is highlighted in yellow). The project consisted of drilling and equipping new wells, converting old producing wells to injection service, reactivating a previously plugged and abandoned well and upgrading facilities. A copy of the plat from the hearing is also attached to show the project as it was originally proposed.
- ▶ A production graph for the project area showing oil, gas and water produced, water injected and well counts since 1/92. Production/injection history graphs are also included for two representative five-spot patterns in the project area.
- ▶ A table showing the data used to generate the project area graph.

The well count graphs show that the new producers were drilled and put on line before the conversions were started. This was necessary to validate the infill concept, and, as expected, these wells didn't begin to produce at decent rates until water injection began in earnest. Well #262 is a good example of this. Forty-acre five spot water injection began in the second quarter of 1995, so obviously the positive production response date must be sometime after that. Based on an analysis of the production/injection history of the two representative patterns and of the total project area, I propose a response date of August 1, 1995. There is clearly an increase in the oil production rate from previous months, the producing well count has been constant for several months, and it is consistent with the oil production increases noted on patterns #262 and #271.



NEW MEXICO OIL CONSERVATION DIVISION

P.O. Box 50250, Midland, TX 79710-0250

OXY USA Inc.

November 1, 1996

Mr. Bill Lemay, Director
New Mexico Oil Conservation Division
P. O. Box 6429
Santa Fe, New Mexico 87505

COPY

Re: Application of OXY USA Inc. for Certification of Positive Production Response for the Myers Langlie-Mattix (Queen) Unit Waterflood Project, Langlie-Mattix Seven Rivers Queen Grayburg Pool, Lea County, New Mexico.

Dear Mr. Lemay:

Per NMOCD Order No. R-9708 pertaining to the qualification of enhanced oil recovery projects and certification for the recovered oil tax rate, OXY USA Inc. respectfully requests administrative approval and certification of a positive production response on the subject unit. Enclosed are the following items:

- ▶ Copies of Order No. R-4680-A and Certification of Enhanced Oil Recovery Project, qualifying a portion of the subject unit as an "Enhanced Oil Recovery Project" pursuant to the applicable laws and regulations.
- ▶ A plat showing the current status of the project (the approved project area is highlighted in yellow). The project consisted of drilling and equipping new wells, converting old producing wells to injection service, reactivating a previously plugged and abandoned well and upgrading facilities. A copy of the plat from the hearing is also attached to show the project as it was originally proposed.
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As always, we appreciate your consideration of our request. If you have questions or need additional information, please do not hesitate to call me at 915/685-5913.

Sincerely,

A handwritten signature in black ink that reads "Rick". The letters are cursive and fluid.

Richard E. Foppiano
Regulatory Affairs Advisor
Western Region - Midland

REF/ref
attachments

cc (w/attachments): Sharon Haggard
David Stewart



JAN 27 1997

OXY USA Inc.
P.O. Box 50250, Midland, TX 79710-0250

January 23, 1997

Mr. David Catanach
New Mexico Oil Conservation Division
P. O. Box 6429
Santa Fe, New Mexico 87505

Re: Application of OXY USA Inc. for Certification of Positive Production Response for the Myers Langlie-Mattix (Queen) Unit Waterflood Project, Langlie-Mattix Seven Rivers Queen Grayburg Pool, Lea County, New Mexico.

Dear David:

As promised, enclosed are two decline curves. The first one shows a computer-fit exponential line based on the historical production from the project area between 9/94 and 7/95, inclusive. The second decline curve shows a computer-generated exponential line based on the historical production from the project area from 8/95 to the most recent. Although the decline rates are about the same (~30%), there has been a pronounced shift upward of the exponential decline curve.

I apologize for creating this ambiguity. The graphs I submitted in the application used the monthly numbers and a very compressed vertical scale, which made the shift in the decline curve in 8/95 very hard to see. If you still have concerns about the response date, feel free to call me at 915/685-5913.

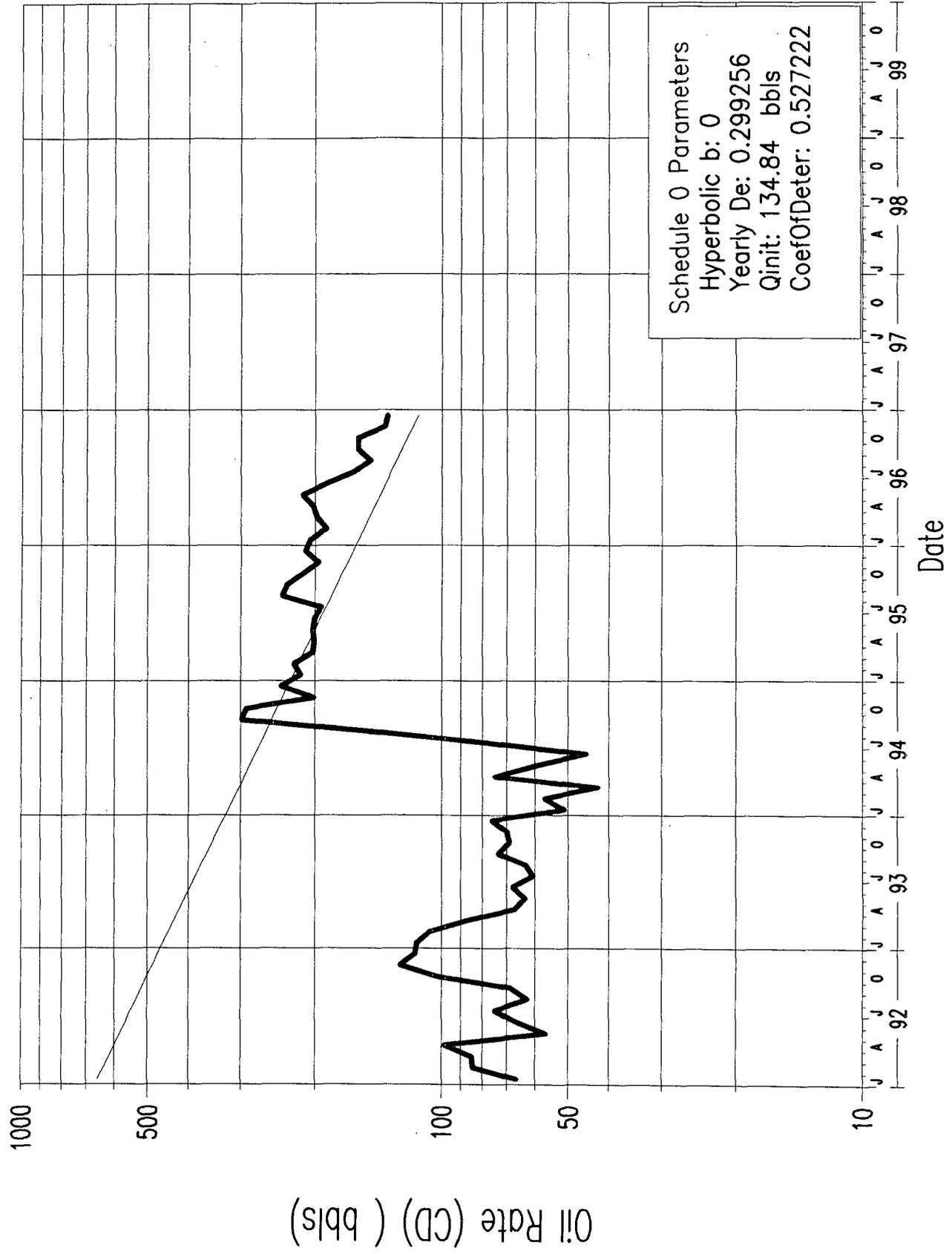
Sincerely,

Richard E. Foppiano
Regulatory Affairs Advisor
Western Region - Midland

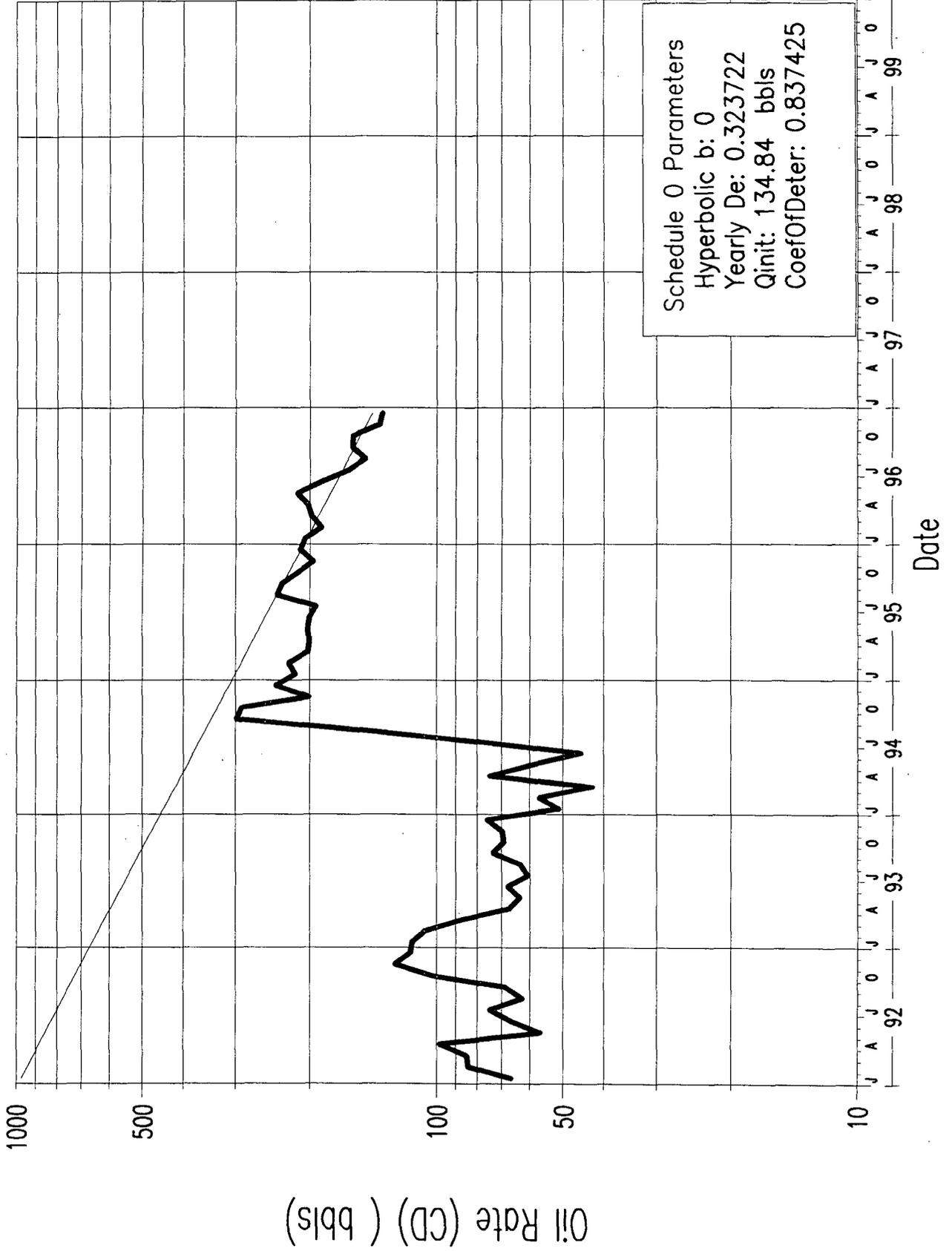
REF/ref
attachments

cc (w/attachments): Sharon Haggard
David Stewart
Scott Gengler

OXY/Myers Langlie Mattix Queen Unit
Project Area Production Decline Curve



OXY/Myers Langlie Mattix Queen Unit
Project Area Production Decline Curve
Based on Data from 8/95 to 12/96



OXY/Myers Langlie Mattix Queen Unit
Monthly and Daily Oil Volumes
Digitize Wells (51)

DATE	Oil Vol Prod bbls	OIL RATE (CD) bbls
9201	2060	66
9202	2436	84
9203	2625	85
9204	2951	98
9205	1752	57
9206	1982	66
9207	2314	75
9208	1938	63
9209	2060	69
9210	3162	102
9211	3766	126
9212	3581	116
9301	3544	114
9302	2978	106
9303	2689	87
9304	2012	67
9305	1962	63
9306	2028	68
9307	1877	61
9308	1955	63
9309	2198	73
9310	2138	69
9311	2093	70
9312	2353	76
9401	1584	51
9402	1594	57
9403	1319	43
9404	2241	75
9405	1838	59
9406	1358	45
9407	2412	78
9408	4567	147
9409	8950	298
9410	8985	290
9411	6037	201
9412	7468	241
9501	6700	216
9502	6283	224
9503	6260	202
9504	6009	200
9505	6272	202
9506	6005	200
9507	5992	193
9508	7418	239
9509	6992	233
9510	6606	213
9511	5900	197
9512	6542	211
9601	6369	205
9602	5443	188
9603	6145	198

OXY/Myers Langlie Mattix Queen Unit
Monthly and Daily Oil Volumes
Digitize Wells (51)

DATE	Oil Vol Prod bbls	OIL RATE (CD) bbls
9604	6060	202
9605	6632	214
9606	5639	188
9607	5012	162
9608	4574	148
9609	4747	158
9610	4895	158
9611	4090	136
9612	4180	135
9701	0	0

Ben Stone

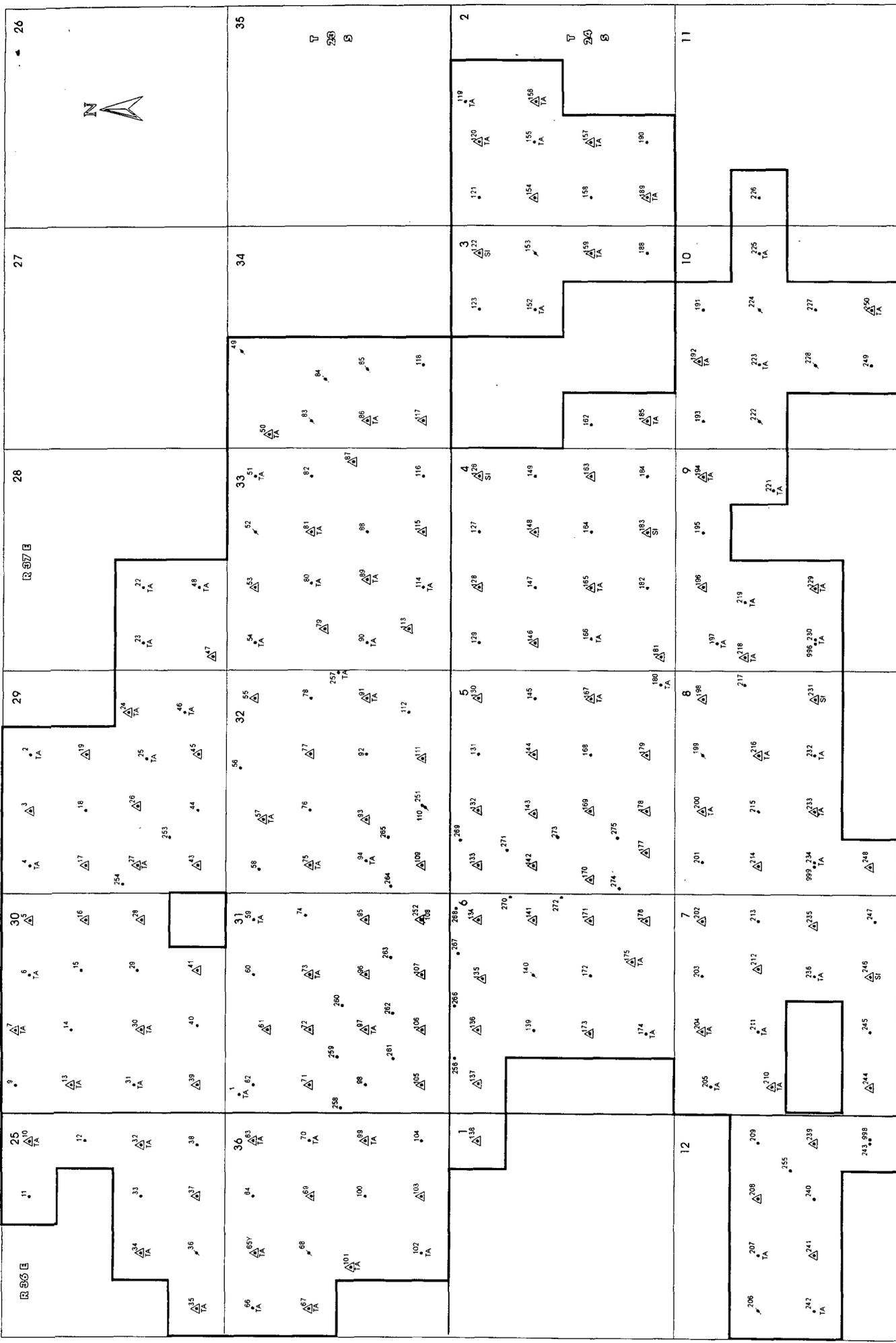
From: Rick_Foppiano[SMTP:Rick_Foppiano@oxy.com]
Sent: Monday, January 20, 1997 8:04 AM
To: BenStone
Subject: EOR Response Certification Application

Ben:

I hate to bug you but I am getting worried again. I filed an application on November 1, 1996 for response certification on the OXY/Myers Langlie Mattix Unit in Lea County, and I haven't heard anything back. I sent it certified mail, but I am even beginning to wonder if it made it. Could you check on it for me and let me know the status?

Thanks for your help...

Rick Foppiano
OXY USA Inc.
Midland, Texas



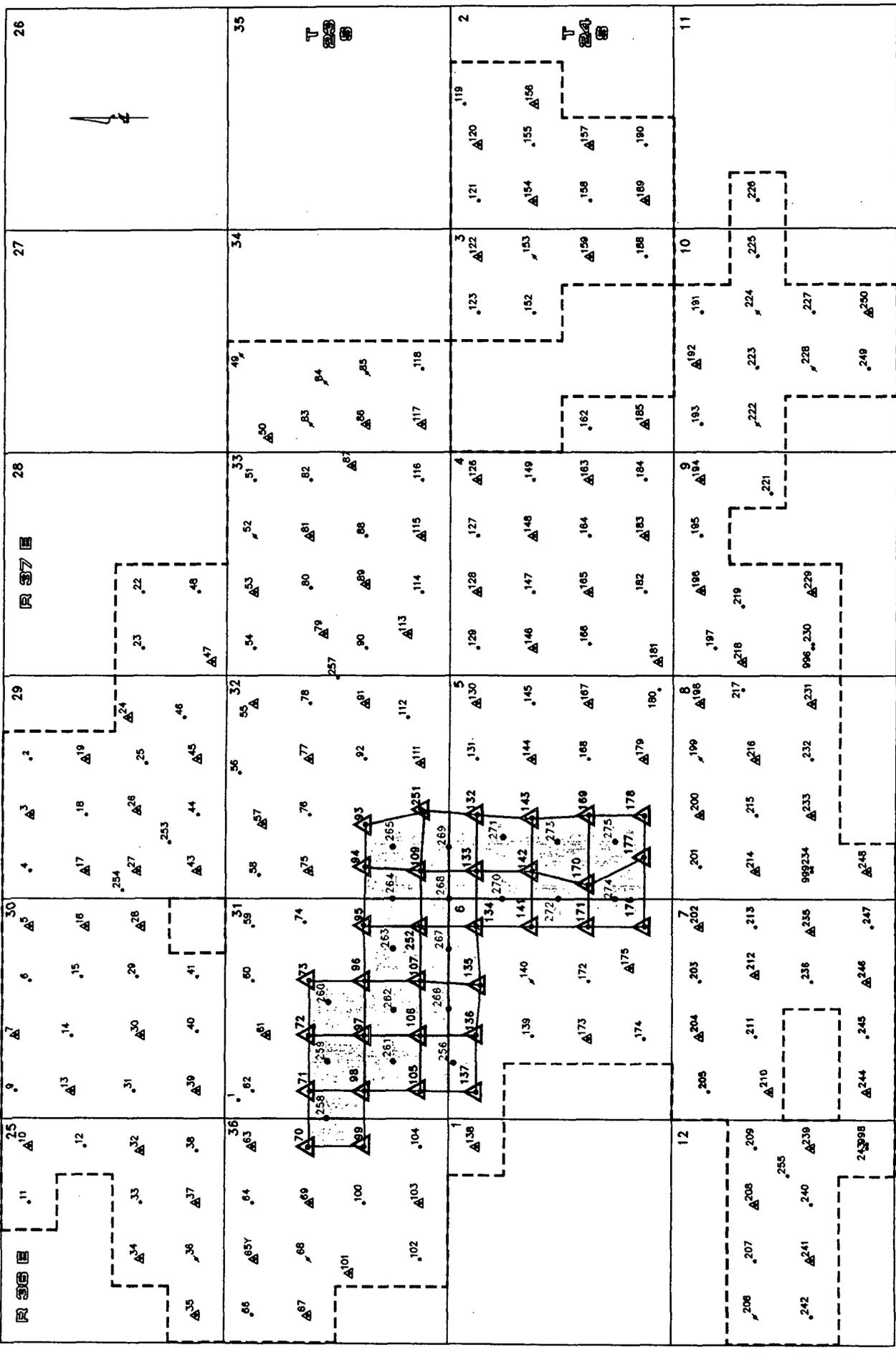
MY2900

OXY USA INC. - OPERATOR
MYERS LANGLIE MATTIX QUEEN UNIT
 Lea County, New Mexico
**PLAT FOR CERTIFICATION OF
 POSITIVE PRODUCTION RESPONSE**

PROJECT AREA APPROVED
 BY OCD ORDER #R-4680-A

- PRODUCER
- WATER INJECTOR
- PLUGGED & ABANDONED

Scale: None
 Revised: 11/14/96
 Wells Revised: 9/96



△ CONVERT TO INJECTION
 ● DRILL & EQUIP. PRODUCER
 □ PROJECT AREA

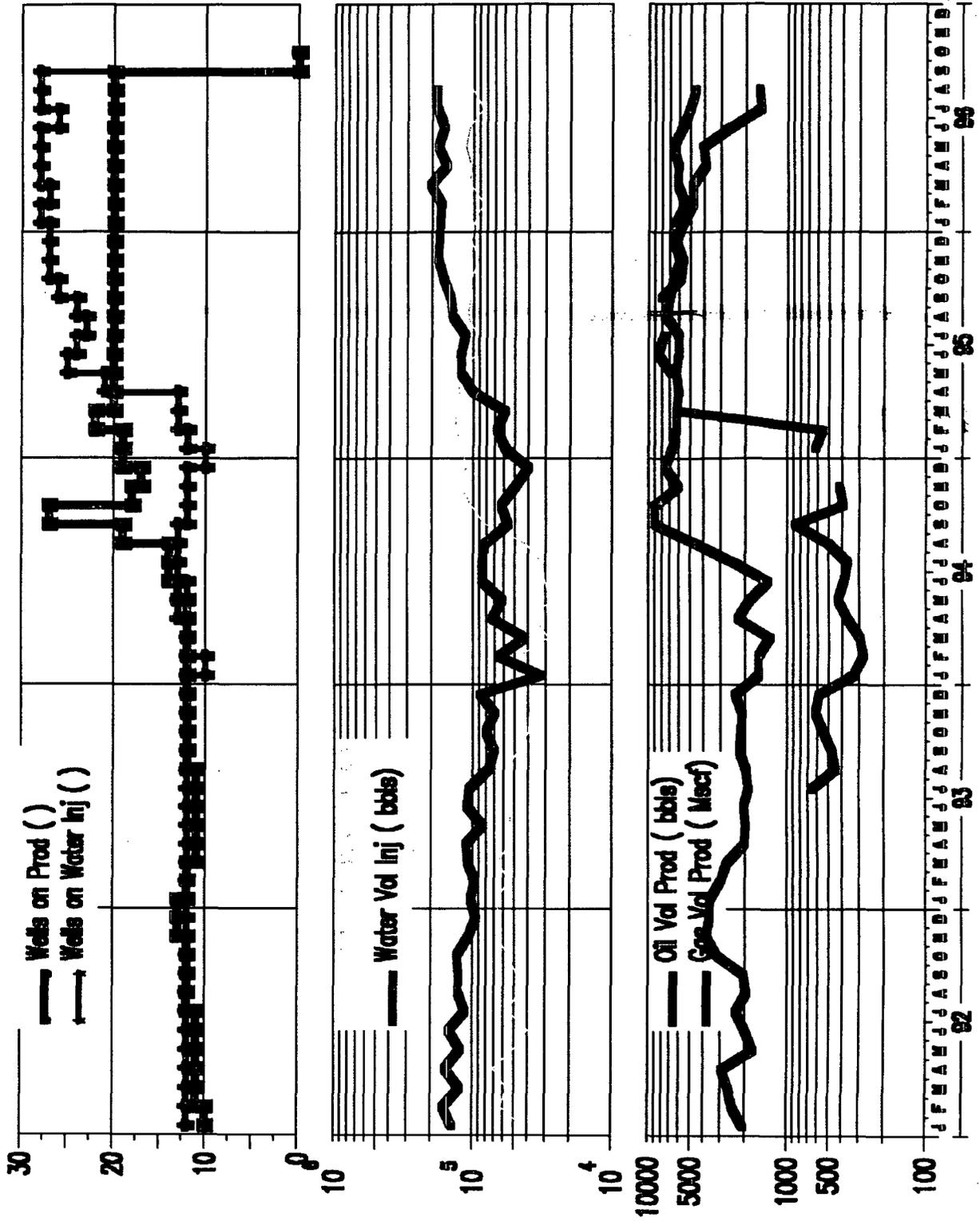
● PRODUCER
 △ WATER INJECTOR
 ■ PLUGGED & ABANDONED

DXT USA INC. - OPERATOR
MYERS LANGLIE MATTIX QUEEN UNIT
 Lee County, West Virginia

1994 DEVELOPMENT PLANS



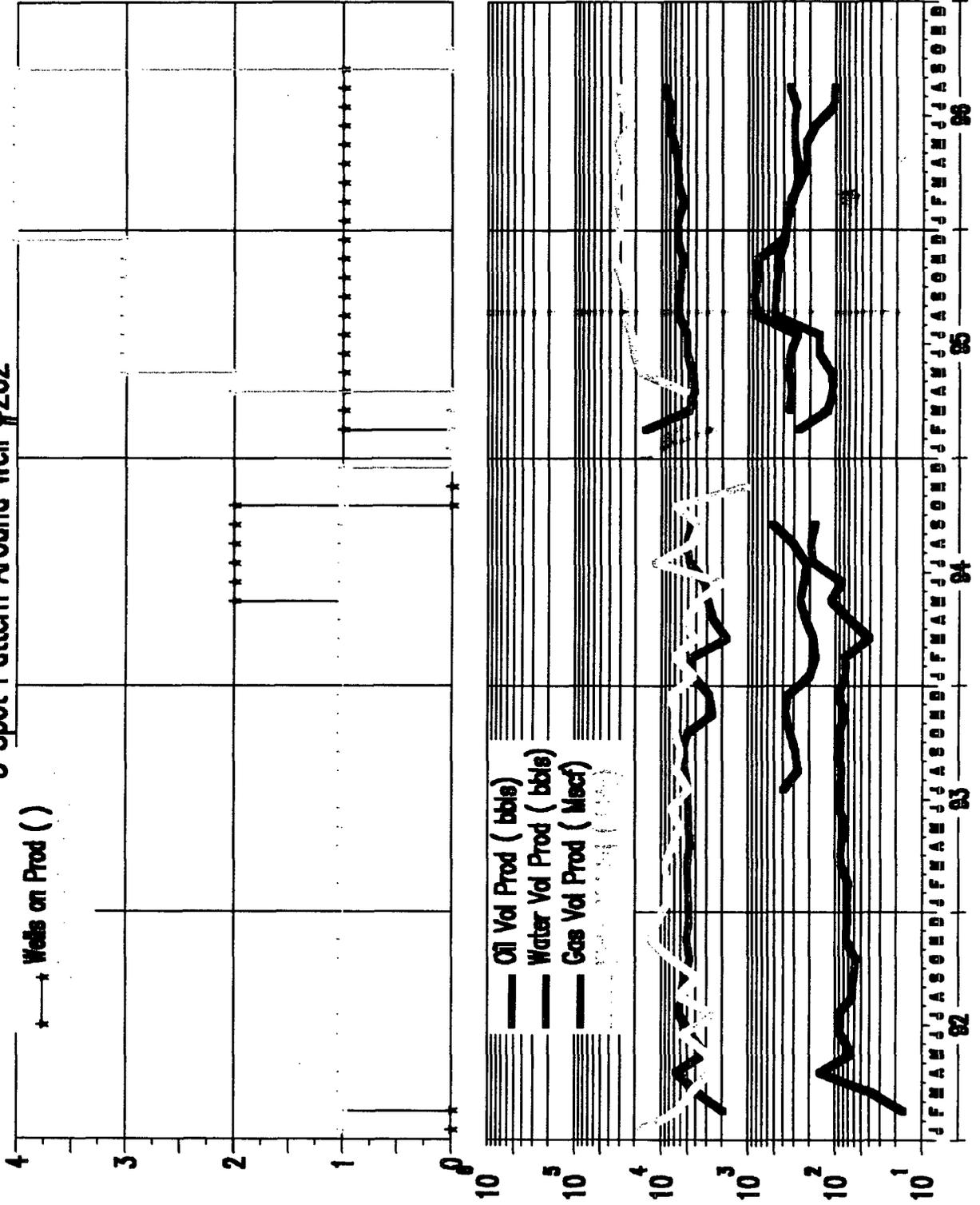
OXY/Myers Langlie Mattix Queen Unit Project Area Production & Injection Data



OXY/Myers Langlie Mattix Queen Unit

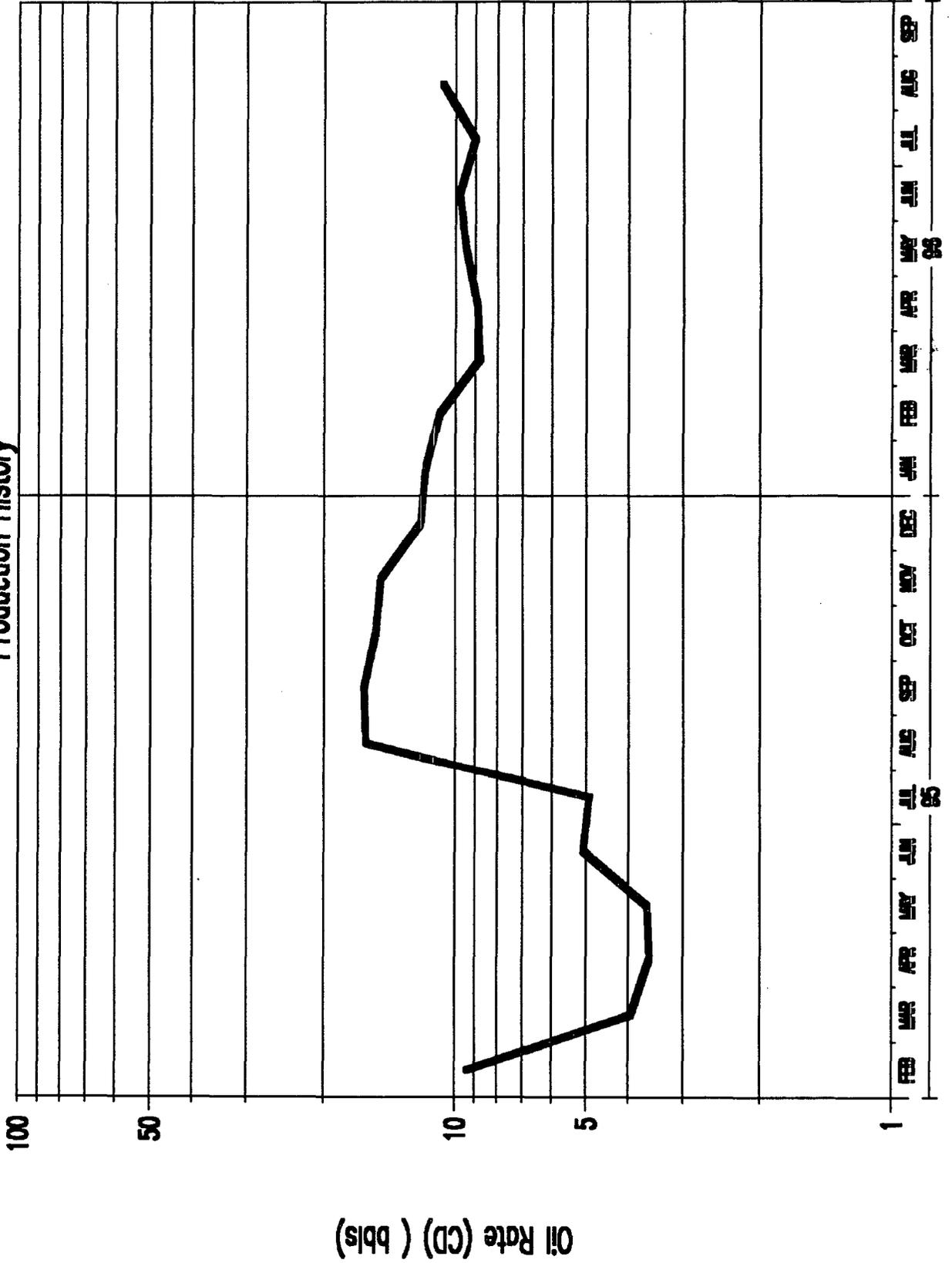
Production/Injection History

5 Spot Pattern Around Well #262



OXY/Myers Langlie Mattix Queen Unit
Well #262

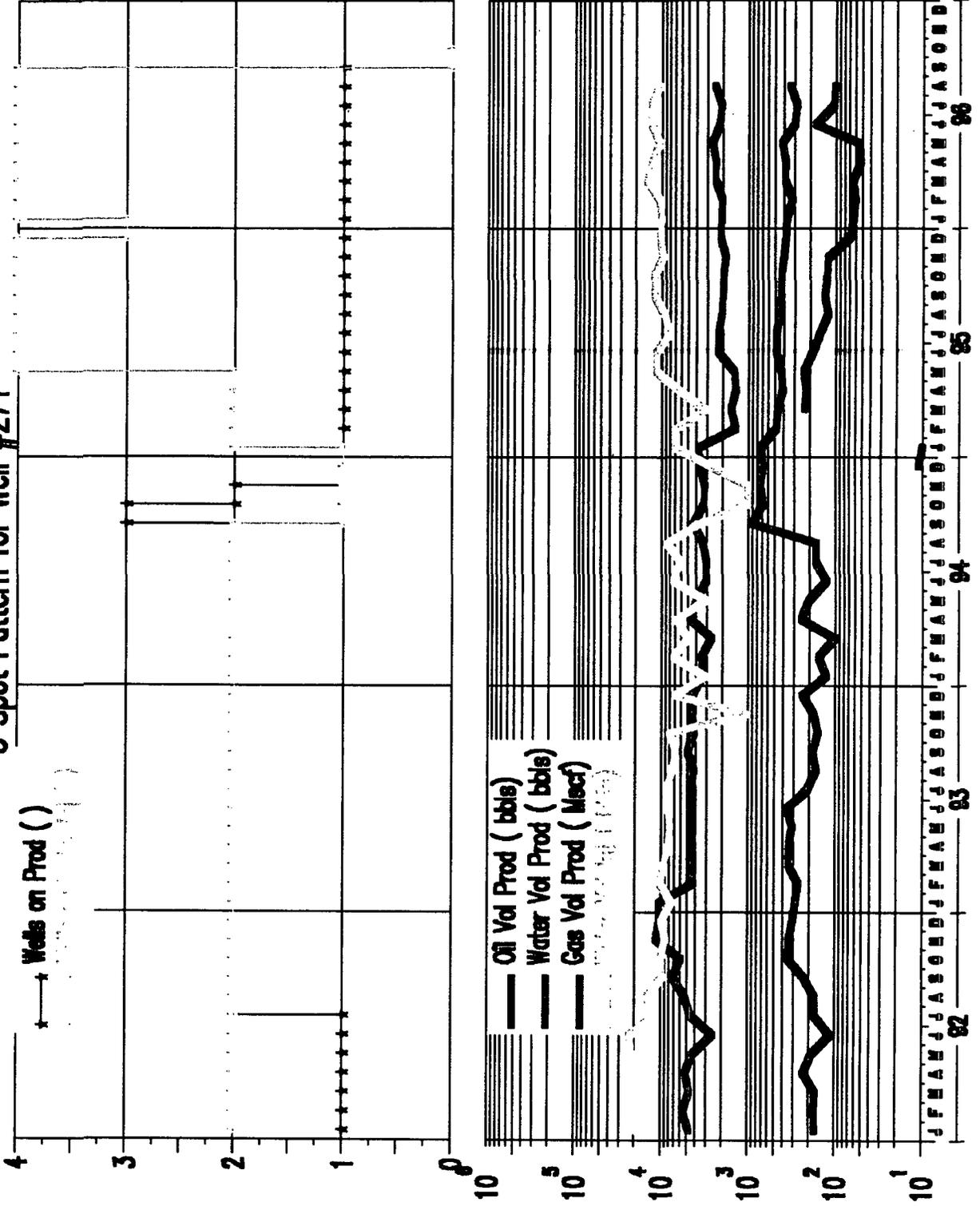
Production History



OXY/Myers Langlie Mattix Queen Unit

Production/Injection History

5 Spot Pattern for Well #271



OXY/Myers Langlie Mattix Queen Unit
 Project Area Production & Injection Data
 Digitize Wells (54)

DATE	Oil Vol Prod bbls	Water Vol Prod bbls	Gas Vol Prod Mscf	Water Vol Inj bbls	WELLS ON PROD	WELLS ON WATER INJ
9201	2060	43614	66	140414	10	12
9202	2436	61830	0	161945	11	12
9203	2625	56766	0	124284	11	12
9204	2951	70975	0	157560	11	12
9205	1752	50651	0	122467	11	12
9206	1982	40132	0	147682	11	12
9207	2314	55606	162	113095	12	12
9208	1938	46458	0	126632	12	12
9209	2060	48355	0	126083	12	12
9210	3162	54898	0	129755	12	12
9211	3766	67640	0	106823	13	12
9212	3581	64602	0	94599	13	12
9301	3544	66253	0	103310	12	12
9302	2978	54884	0	96506	12	12
9303	2689	65917	0	109535	11	12
9304	2012	54368	0	112086	11	12
9305	1962	52958	0	84967	11	12
9306	2028	54050	0	110087	11	12
9307	1877	55132	658	106325	11	12
9308	1955	57010	444	77330	12	12
9309	2198	47670	470	70363	12	12
9310	2138	39805	543	80796	12	12
9311	2093	39007	620	69866	12	12
9312	2353	35607	580	88961	12	12
9401	1584	43301	328	32575	12	10
9402	1594	45923	280	65740	12	12
9403	1319	28702	298	42293	12	12
9404	2241	36566	366	72713	12	13
9405	1838	27732	427	61714	13	12
9406	1358	30320	384	85935	14	13
9407	2412	31418	363	85900	14	13
9408	4567	42419	505	82468	19	13
9409	8950	83813	874	56143	27	12
9410	8985	104306	392	63144	18	12
9411	6037	123853	419	49755	17	12
9412	7468	113148	15686	39774	19	10
9501	6700	118982	622	58391	19	12
9502	6283	132198	553	67537	22	13
9503	6260	135385	6032	59257	20	13
9504	6009	125541	10252	100748	20	21
9505	6272	130984	6765	122137	20	25
9506	6005	94543	8453	122677	20	24
9507	5992	94368	7681	114107	20	23
9508	7418	109100	10195	140830	20	24
9509	6992	106317	8032	146749	20	26
9510	6606	103251	5865	164425	20	27
9511	5900	93767	5619	179342	20	27
9512	6542	102908	6253	177816	20	27
9601	6369	100165	5606	175124	20	28
9602	5443	85390	4793	170979	20	27
9603	6145	105528	4792	204528	20	28

OXY/Myers Langlie Mattix Queen Unit
 Project Area Production & Injection Data
 Digitize Wells (54)

DATE	Oil Vol Prod bbls	Water Vol Prod bbls	Gas Vol Prod Mscf	Water Vol Inj bbls	WELLS ON PROD	WELLS ON WATER INJ
9604	6060	104082	3864	156807	20	28
9605	6632	113997	4030	180538	20	28
9606	5639	107367	2538	162672	20	26
9607	5012	85585	1545	183846	20	28
9608	4574	102743	1599	183566	20	28
9609	0	0	0	0	0	0
9610	0	0	0	0	0	0
9611	0	0	0	0	0	0
9612	0	0	0	0	0	0
9701	0	0	0	0	0	0
9702	0	0	0	0	0	0
9703	0	0	0	0	0	0
9704	0	0	0	0	0	0
9705	0	0	0	0	0	0
9706	0	0	0	0	0	0
9707	0	0	0	0	0	0
9708	0	0	0	0	0	0
9709	0	0	0	0	0	0
9710	0	0	0	0	0	0
9711	0	0	0	0	0	0
9712	0	0	0	0	0	0
9801	0	0	0	0	0	0
9802	0	0	0	0	0	0
9803	0	0	0	0	0	0
9804	0	0	0	0	0	0
9805	0	0	0	0	0	0
9806	0	0	0	0	0	0
9807	0	0	0	0	0	0
9808	0	0	0	0	0	0
9809	0	0	0	0	0	0
9810	0	0	0	0	0	0
9811	0	0	0	0	0	0
9812	0	0	0	0	0	0
9901	0	0	0	0	0	0
9902	0	0	0	0	0	0
9903	0	0	0	0	0	0
9904	0	0	0	0	0	0
9905	0	0	0	0	0	0
9906	0	0	0	0	0	0
9907	0	0	0	0	0	0
9908	0	0	0	0	0	0
9909	0	0	0	0	0	0
9910	0	0	0	0	0	0
9911	0	0	0	0	0	0
9912	0	0	0	0	0	0
10001	0	0	0	0	0	0
10002	0	0	0	0	0	0
10003	0	0	0	0	0	0
10004	0	0	0	0	0	0
10005	0	0	0	0	0	0



NEW MEXICO OIL CONSERVATION DIVISION
REFS: 270

P.P.R.
OXY USA Inc.
P.O. Box 50250, Midland, TX 79710-0250

NOV 1 1996

November 1, 1996

Mr. Bill Lemay, Director
New Mexico Oil Conservation Division
P. O. Box 6429
Santa Fe, New Mexico 87505

Re: Application of OXY USA Inc. for Certification of Positive Production Response for the Myers Langlie-Mattix (Queen) Unit Waterflood Project, Langlie-Mattix Seven Rivers Queen Grayburg Pool, Lea County, New Mexico.

Dear Mr. Lemay:

Per NMOCD Order No. R-9708 pertaining to the qualification of enhanced oil recovery projects and certification for the recovered oil tax rate, OXY USA Inc. respectfully requests administrative approval and certification of a positive production response on the subject unit. Enclosed are the following items:

- ▶ Copies of Order No. R-4680-A and Certification of Enhanced Oil Recovery Project, qualifying a portion of the subject unit as an "Enhanced Oil Recovery Project" pursuant to the applicable laws and regulations.
- ▶ A plat showing the current status of the project (the approved project area is highlighted in yellow). The project consisted of drilling and equipping new wells, converting old producing wells to injection service, reactivating a previously plugged and abandoned well and upgrading facilities. A copy of the plat from the hearing is also attached to show the project as it was originally proposed.
- ▶ A production graph for the project area showing oil, gas and water produced, water injected and well counts since 1/92. Production/injection history graphs are also included for two representative five-spot patterns in the project area.
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As always, we appreciate your consideration of our request. If you have questions or need additional information, please do not hesitate to call me at 915/685-5913.

Sincerely,

A handwritten signature in black ink that reads "Rick". The letters are cursive and fluid.

Richard E. Foppiano
Regulatory Affairs Advisor
Western Region - Midland

REF/ref
attachments

cc (w/attachments): Sharon Haggard
David Stewart

DOYLE HARTMAN

Oil Operator

500 NORTH MAIN
P.O. BOX 10426
MIDLAND, TEXAS 79702

(915) 684-4011
(915) 682-7616 FAX

Via Facsimile (713) 646-4305 & (915) 684-0501 and U.S. Mail

April 22, 1997

RECEIVED

APR 23 1997

Oil Conservation Division

Les Harding, Director of Crude Oil Trading
Scurlock Permian Corporation
333 Clay Street, Suite 2900 (77002)
P.O. Box 4648
Houston, Texas 77210-4648

Robert Schaffer, Marketing Representative
Scurlock Permian Corporation
3705 E. Hwy. 158 (79701)
P.O. Box 3119
Midland, Texas 79702

Re: Positive Production Response Certification
EOR Tax Credit
Myers Langlie Mattix Unit
T-23-S and T-24-S, R-36-E and R-37-E
Lea County, New Mexico

Gentlemen:

Today, independent of OXY USA, Inc., we have learned that the NMOCD recently issued a "Certificate of Positive Production Response" dated February 6, 1997 (effective August 1, 1995) corresponding to OXY USA, Inc.'s Myers Langlie Mattix Waterflood Project located in T-23-S and T-24-S, R-36-E and R-37-E, Lea County, New Mexico. A copy of the NMOCD's "Certificate of Positive Production Response" is enclosed herewith. Additionally enclosed are copies of the *Enhanced Oil Recovery Act* [Sections 7-29A-1 through 7-29A-5 NMSA 1978] and State of New Mexico Taxation and Revenue Department *Enhanced Oil Recovery Application and Reporting Instructions*.

Since our files were previously devoid of this vital tax credit information, we respectfully request that Scurlock please review our prior MLMU crude oil payments back to September 1, 1995 to determine

Les Harding, Director of Crude Oil Trading
Robert Schaffer, Marketing Representative
Scurlock Permian Corporation
April 22, 1997
Page 2

whether or not we have been benefiting from the subject MLMU Enhanced Oil Recovery (EOR) tax credit, which became effective August 1, 1995, as per the recent NMOCD certification. If we have been benefiting from the approved EOR production tax credit, please let us know precisely when the credit became effective. If we have not been benefiting from the subject EOR tax credit, please make the tax credit effective with the production month of April, 1997.

On Scurlock's monthly disbursement statements, please also report to us that portion of the total MLMU oil production that qualifies for the approved EOR tax credit. By copy of this letter, we are hereby requesting that OXY furnish both Doyle Hartman and Scurlock with the appropriate ONGARD Production Unit Numbers for those wells that do qualify for the subject EOR tax credit.

Your prompt attention to this matter is greatly appreciated.

Very truly yours,

DOYLE HARTMAN, Oil Operator



Linda Land
Controller

enclosures

rcp
wpdocs\corresp.1\scurlock.3

cc: State of New Mexico
Taxation and Revenue Department
P.O. Box 2308
Santa Fe, NM 87504-2308

Donald Romine, V.P. Western Region
OXY USA, Inc.
P.O. Box 50250
Midland, Texas 79710

Les Harding, Director of Crude Oil Trading
Robert Schaffer, Marketing Representative
Scurlock Permian Corporation
April 22, 1997
Page 3

T. Kent Wooley, Senior Landman
OXY USA, Inc.
P.O. Box 50250
Midland, Texas 79710

Robert Hunt, Asset Team Leader
OXY USA, Inc.
P.O. Box 50250
Midland, Texas 79710

Scott Gengler, Petroleum Engineer
OXY USA, Inc.
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Midland, Texas 79710

Linda Reams, Land
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Midland, TX 79701

Larry A. Nermyr
HC-57
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Sydney, MT 59270

James E. Burr
P.O. Box 8050
Midland, TX 79702

Ruth Sutton
2826 Moss
Midland, TX 79705

Les Harding, Director of Crude Oil Trading
Robert Schaffer, Marketing Representative
Scurlock Permian Corporation
April 22, 1997
Page 4

James C. Brown
P.O. Box 10621
Midland, TX 79702

DOYLE HARTMAN, Oil Operator (Dallas)

DOYLE HARTMAN, Oil Operator (Midland)
Steve Hartman
Cindy Brooks



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87606
(606) 627-7131

February 6, 1997

Oxy USA, Inc.
P.O. Box 50250
Midland, Texas 79710-0250

Attention: Mr. Rick Foppiano

Re: Positive Production Response - Myers Langlie-Mattix Waterflood Project.

Dear Mr. Foppiano:

Pursuant to your request dated November 1, 1996, please be advised that the Division hereby certifies that a positive production response occurred within the Myers Langlie-Mattix Waterflood Project on August 1, 1995.

All Langlie-Mattix Pool producing wells within the following described area, which currently number nineteen as shown on Exhibit 'A' of Division Order R-4680-A, shall be eligible for the recovered oil tax rate:

PROJECT AREA

TOWNSHIP 23 SOUTH RANGE 36 EAST NMPM

Section 36: SE/4 SE/4 NE/4 and NE/4 NE/4 SE/4

TOWNSHIP 23 SOUTH RANGE 37 EAST NMPM

Section 31: SW/4 SW/4 NE/4, S/2 S/2 NW/4, E/2 SW/4, E/2 W/2 SW/4 (equivalent),

NW/4 NW/4 SW/4 (equivalent), NW/4 NW/4 SE/4, S/2 N/2 SE/4 and S/2 SE/4

Section 32: SW/4 NE/4 SW/4, S/2 NW/4 SW/4, SW/4 SW/4 and W/2 SE/4 SW/4

TOWNSHIP 24 SOUTH RANGE 37 EAST NMPM

Section 5: W/2 NW/4 (equivalent), W/2 E/2 NW/4 (equivalent), NW/4 SW/4, W/2 NE/4 SW/4, N/2 SW/4 SW/4 and NW/4 SE/4 SW/4

Section 6: NE/4 NW/4 NW/4 (equivalent), N/2 NE/4 NW/4 (equivalent), N/2 N/2 NE/4 (equivalent), SE/4 NE/4 NE/4 (equivalent), E/2 SE/4 NE/4, E/2 NE/4 SE/4 and NE/4 SE/4 SE/4

Oxy USA, Inc. shall notify the Division:

a) of the change in status of any of the producing wells shown on Exhibit 'A' of R-4680-A;

*Positive Production Response
Oxy USA, Inc.
Myers Langlie-Mattix Waterflood
February 6, 1997
Page 2*

- b) in the event new producing wells are drilled within the project area;
- c) of changes in operations within the unit which may affect the certification and resulting tax rate granted herein.

The Division Director shall notify the Secretary of the New Mexico Taxation and Revenue Department of the certification granted herein.

Sincerely,

William J. LeMay Deputy Director
William J. LeMay
Division Director

xc: File: EOR-23



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

(123)456-7890

OIL CONSERVATION DIVISION
2060 South Pacheco Street
Santa Fe, New Mexico 87503
(505) 827-7131

P. 004

February 6, 1997

Department of Taxation and Revenue
P.O. Box 630
Santa Fe, New Mexico 87509-0630

Attention: Mr. John Chavez, Secretary

**RE: Certification of a Positive Production Response, Oxy USA, Inc.,
Myers Langlie-Matrix Waterflood Project.**

Dear Secretary Chavez:

Enclosed is a copy of a Division Certification which was issued on February 6, 1997. This document certifies that a positive production response has occurred within the Myers Langlie-Matrix Waterflood Project Area which is currently operated by Oxy USA, Inc.. In addition, this positive production response has occurred within the five year time limit as described within the "New Mexico Enhanced Oil Recovery Act". The Division has determined that all wells within the certified area producing from the Eumont Oil Pool are eligible for the recovered oil tax rate. These wells are shown on Exhibit "A" to the Division Certification.

For your convenience we have also enclosed a summary page showing all pertinent data. If additional information is required please advise.

Sincerely,

by 
William J. LeMay
Director

WJL/BES

Enclosures

POSITIVE PRODUCTION RESPONSE DATA

MYERS LANGLIE-MATTIX WATERFLOOD PROJECT

NAME OF PROJECT

Myers Langlie-Mattix Waterflood Project

OPERATOR

Oxy USA, Inc.
P.O. Box 50250
Midland, Texas 75710-0250
Attention: Mr. Richard E. Foppiano

POOL

Langlie- Mattix (Seven Rivers-Queen-Grayburg) Pool

OCD ORDER NO. APPROVING WATERFLOOD PROJECT & DATE

R-4680-A, March 31, 1995

PROJECT AREA

TOWNSHIP 23 SOUTH, RANGE 36 EAST, NMPM

Section 36: SE/4 SE/4 NE/4 and NE/4 NE/4 SE/4

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM

Section 31: SW/4 SW/4 NE/4, S/2 S/2 NW/4, E/2 SW/4, E/2 W/2 SW/4 (equivalent),
NW/4 NW/4 SW/4 (equivalent), NW/4 NW/4 SE/4, S/2 N/2 SE/4 and S/2 SE/4

Section 32: SW/4 NE/4 SW/4, S/2 NW/4 SW/4, SW/4 SW/4 and W/2 SE/4 SW/4

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM

Section 5: W/2 NW/4 (equivalent), W/2 E/2 NW/4 (equivalent), NW/4 SW/4, W/2 NE/4
SW/4, N/2 SW/4 SW/4 and NW/4 SE/4 SW/4

Section 6: NE/4 NW/4 NW/4 (equivalent), N/2 NE/4 NW/4 (equivalent), N/2 N/2 NE/4
(equivalent), SE/4 NE/4 NE/4 (equivalent), E/2 SE/4 NE/4, E/2 NE/4 SE/4
and NE/4 SE/4 SE/4

DATE WATER INJECTION COMMENCED

April 15, 1995

DATE CERTIFIED PROJECT TO TAXATION & REVENUE

May 1, 1995

*Positive Production Response
Oxy USA, Inc.
Myers Langlie-Mattix Waterflood
February 6, 1997
Page 2*

DATE POSITIVE PRODUCTION RESPONSE OCCURRED

August 1, 1995

CURRENT NUMBER OF WELLS WITHIN PROJECT AREA

Injection: 17
Production: 19

month when the person has liability under the Oil and Gas Severance Tax Act, the person may claim a credit for any advance payment made and not credited.

G. In the event that the date by which a person is required to pay the tax pursuant to the Oil and Gas Severance Tax Act is accelerated to a date earlier than the twenty-fifth day of the second month following the month of production, the advance payment provision contained in this section is null and void and any money held as advance payments shall be credited to the taxpayers' accounts.

History: Laws 1981, ch. 9, § 36.

ARTICLE 29A

Enhanced Oil Recovery

Sec.	Sec.
7-29A-1. Short title.	7-29A-4. Notification to the secretary of taxation and revenue; duties of the secretary.
7-29A-2. Definitions.	7-29A-5. Secretary of taxation and revenue approval; refund.
7-29A-3. Procedure for qualifying for the recovered oil tax rate.	

7-29A-1. Short title.

Chapter 7, Article 29A NMSA 1978 may be cited as the "Enhanced Oil Recovery Act".

History: Laws 1982, ch. 38, § 1; 1988, ch. 80, § 26. substituted "Chapter 7, Article 29A NMSA 1978" for "Sections 1 through 5 of this act".
The 1993 amendment, effective June 18, 1993,

7-29A-2. Definitions.

As used in the Enhanced Oil Recovery Act (this article):

A. "crude oil" means oil and other liquid hydrocarbons removed from natural gas at or near the wellhead;

B. "division" means the oil conservation division of the energy, minerals and natural resources department;

C. "enhanced recovery project" means the use or the expanded use of any process for the displacement of crude oil from an oil well or pool classified by the division pursuant to Paragraph (11) of Subsection B of Section 70-2-12 NMSA 1978 other than a primary recovery process, including but not limited to the use of a pressure maintenance process, a water flooding process, an immiscible, miscible, chemical, thermal or biological process or any other related process;

D. "expansion or expanded use" means a significant change or modification, as determined by the oil conservation division in:

(1) the technology or process used for the displacement of crude oil from an oil well or pool classified by the division pursuant to Paragraph (11) of Subsection B of Section 70-2-12 NMSA 1978; or

(2) the expansion, extension or increase in size of the geologic area or adjacent geologic area that could reasonably be determined to represent a new or unique area of activity;

E. "operator" means the person responsible for the actual physical operation of an enhanced recovery project;

F. "person" means any individual, estate, trust, receiver, business trust, corporation, firm, copartnership, cooperative, joint venture, association or other group or combination acting as a unit, and the plural as well as the singular number;

G. "positive production response" means that the rate of oil production from the wells or pools affected by an enhanced recovery project is greater than the rate that would have occurred without the project;

H. "primary recovery" means the displacement of crude oil from an oil well or pool classified by the division pursuant to Paragraph (11) of Subsection B of Section 70-2-12

NMSA 1978 into "well bore by means of the natural pressure of the oil well or pool, including but not limited to artificial lift;

I. "recovered oil tax rate" means that tax rate, as set forth in Paragraph (3) of Subsection A of Section 7-29-4 NMSA 1978, on crude oil produced from an enhanced recovery project;

J. "secondary recovery project" means an enhanced recovery project that:

(1) occurs subsequent to the completion of primary recovery and is not a tertiary recovery project;

(2) involves the application, in accordance with sound engineering principles, of carbon dioxide miscible fluid displacement, pressure maintenance, water flooding or any other secondary recovery method accepted and approved by the division pursuant to the provisions of Paragraph (14) of Subsection B of Section 70-2-12 NMSA 1978 that can reasonably be expected to result in an increase, determined in light of all facts and circumstances, in the amount of crude oil that may ultimately be recovered; and

(3) encompasses a pool or portion of a pool the boundaries of which can be adequately defined and controlled;

K. "severance" means the taking from the soil of any product in any manner whatsoever;

L. "termination" means the discontinuance of an enhanced recovery project by the operator; and

M. "tertiary recovery project" means an enhanced recovery project that:

(1) occurs subsequent to the completion of a secondary recovery project;

(2) involves the application, in accordance with sound engineering principles, of carbon dioxide miscible fluid displacement, pressure maintenance, water flooding or any other tertiary recovery method accepted and approved by the division pursuant to the provisions of Paragraph (14) of Subsection B of Section 70-2-12 NMSA 1978 that can reasonably be expected to result in an increase, determined in light of all facts and circumstances, in the amount of crude oil that may ultimately be recovered; and

(3) encompasses a pool or portion of a pool the boundaries of which can be adequately defined and controlled.

History: Laws 1992, ch. 88, § 2.

7-29A-3. Procedures for qualifying for the recovered oil tax rate.

A. Crude oil severed and sold from an enhanced recovery project or the expansion of an existing project shall qualify for the recovered oil tax rate if, before the enhanced recovery project or expansion begins operation, the division approves the project or expansion and designates the area to be affected by the project or expansion, but no project or expansion approved by the division prior to the effective date of the Enhanced Oil Recovery Act shall qualify for the recovered oil tax rate.

B. The operator of a proposed enhanced recovery project or expansion shall apply to the division for approval of the proposed enhanced recovery project or expansion and shall provide the division with any relevant information the division requires for that approval.

C. If approval by the division of a unitization agreement as set forth in Chapter 70, Article 7 NMSA 1978 is required for purposes of carrying out the enhanced recovery project or expansion, the division shall not approve the enhanced recovery project or expansion unless it approves the unitization agreement.

D. An operator may apply for approval of a proposed enhanced recovery project or expansion concurrently with an application for approval of a unitization agreement as set forth in Chapter 70, Article 7 NMSA 1978 for the purposes of carrying out the proposed enhanced recovery project or expansion.

E. The division shall only approve a proposed enhanced recovery project or expansion if it determines that the application for approval has not been prematurely filed either for economic or technical reasons and that the area to be affected by the enhanced recovery

project or expansion has been so depleted that it is prudent to apply enhanced recovery techniques to maximize the ultimate recovery of crude oil from the well or pool.

F. Upon the approval of the application for an enhanced recovery project or expansion, the division shall issue a certification of approval to the operator and designate the area to be affected by the enhanced recovery project or expansion.

G. The recovered oil tax rate shall apply only to the crude oil produced from the area the division certifies to be affected by the enhanced recovery project or expansion.

H. The operator shall file an application for certification of a positive production response with the division to be eligible to receive the recovered oil tax rate.

I. The recovered oil tax rate shall only apply to crude oil produced from an enhanced recovery project or the expansion of an existing project beginning the first day of the month following the date the division certifies that a positive production response has occurred and if the application for certification of positive production response is filed:

(1) not later than five years from the date the division issues the certification of approval of the enhanced recovery project or expansion if the enhanced recovery project or expansion is designated a secondary recovery project; or

(2) not later than seven years from the date the division issues the certification of approval of the enhanced recovery project or expansion if the enhanced recovery project or expansion is designated a tertiary recovery project.

J. Qualification for the recovered oil tax rate ends on the first day of the first calendar month that begins on or after the ninety-first day following the termination of the enhanced recovery project or expansion.

K. If the active operation of an approved enhanced recovery project or expansion is terminated, the operator shall notify the division and the secretary of taxation and revenue in writing, not later than the thirtieth day after the termination of the enhanced recovery project or expansion.

L. In addition to the powers enumerated in Section 70-2-12 NMSA 1978, the division shall adopt, promulgate and enforce rules and regulations concerning the approval of the applications, the designation of the affected areas and the operation, expansion and termination of the enhanced recovery projects as provided for in the Enhanced Oil Recovery Act [Chapter 7, Article 29A NMSA 1978].

History: Laws 1992, ch. 38, § 8.
"Effective date of the Enhanced Oil Recovery Act". — The phrase "effective date of the Enhanced

Oil Recovery Act", referred to in Subsection A, means March 8, 1992, the effective date of Laws 1992, ch. 38.

7-29A-4. Notification to the secretary of taxation and revenue; duties of the secretary.

A. The division shall immediately notify the secretary of taxation and revenue upon:

(1) certifying that a positive production response has occurred for an enhanced oil recovery project, in which case the notice shall contain the date certification was made and the date positive production response occurred;

(2) receiving notification of termination of an enhanced recovery project, in which case the notice shall contain the date of termination; and

(3) adopting and promulgating rules and regulations pursuant to the provisions of the Enhanced Oil Recovery Act (this article).

B. The secretary of taxation and revenue shall adopt and promulgate rules and regulations to enforce the provisions of the Enhanced Oil Recovery Act.

History: Laws 1992, ch. 38, § 4.

7-29A-5. Secretary of taxation and revenue approval; refund.

A. The person responsible for paying the oil and gas severance tax on production from the enhanced recovery project shall not qualify to receive the recovered oil tax rate unless that person:

TAXATION

7-29B-2

(1) applies to the secretary of taxation and revenue in form and manner prescribed by the secretary for approval to pay the oil and gas severance tax on crude oil severed and saved from the enhanced recovery project at the recovered oil tax rate;

(2) includes the certifications from the division of approval and designation of the affected areas of the enhanced recovery project and of a positive production response from the enhanced recovery project; and

(3) provides all relevant material that the secretary of taxation and revenue considers necessary to administer the applicable provisions of the Enhanced Oil Recovery Act [this article].

B. An approval of the secretary of taxation and revenue in accordance with Subsection A of this section shall be applicable to crude oil severed and sold from the enhanced recovery project on and after the first day of the month following the month in which the division certifies that a positive production response with respect to the enhanced recovery project has occurred. If the oil and gas severance tax is paid at a rate imposed in Paragraph (2) of Subsection A of Section 7-29-4 NMSA 1978 on crude oil severed and saved from the enhanced recovery project after the month in which the division certifies that a positive production response with respect to the enhanced recovery project has occurred, a claim for refund may be filed in accordance with Section 7-1-26 NMSA 1978 for the excess in tax over the amount due using the recovered oil tax rate. Notwithstanding the provisions of Subsection E of Section 7-1-26 NMSA 1978 any such refund granted shall be made in the form of a credit against future oil and gas severance tax liabilities.

History: Laws 1992, ch. 38, § 5.

ARTICLE 29B

Natural Gas and Crude Oil Production Incentives

Sec.

7-29B-1. Short title.

7-29B-2. Definitions.

7-29B-3. Approval of production restoration projects and well workover projects.

7-29B-4. Application procedures; certification of approval; rules and regulations; administration.

Sec.

7-29B-5. Notice to secretary of taxation and revenue.

7-29B-6. Qualification for production restoration incentive tax exemption and well workover incentive tax rate; secretary of taxation and revenue approval; refund.

7-29B-1. Short title.

Sections 1 through 6 [7-29B-1 to 7-29B-6 NMSA 1978] of this act may be cited as the "Natural Gas and Crude Oil Production Incentive Act".

History: Laws 1995, ch. 15, § 1.

Effective dates. — Laws 1995, ch. 16 contains no effective date provision, but, pursuant to N.M. Const., art. IV, § 23, the Natural Gas and Crude Oil

Production Incentive Act, is effective on June 16, 1996, 90 days after adjournment of the legislature. See Volume 14 NMSA 1978 for "Adjournment Dates of Sessions of Legislature" table.

7-29B-2. Definitions.

As used in the Natural Gas and Crude Oil Production Incentive Act [7-29B-1 to 7-29B-6 NMSA 1978]:

A. "department" means the taxation and revenue department;

B. "division" means the oil conservation division of the energy, minerals and natural resources department;

C. "natural gas" means any combustible vapor composed chiefly of hydrocarbons occurring naturally;

D. "operator" means the person responsible for the actual physical operation of a natural gas or oil well;

STATE OF NEW MEXICO - TAXATION AND REVENUE DEPARTMENT



**ENHANCED OIL RECOVERY
APPLICATION AND REPORTING INSTRUCTIONS**
(FORM RPD - 41163)

Name of Individual, Firm or Organization		OGRID Number
Contact Person		Telephone Number
Mailing Address		
City	State	Zip Code
Please check one: <input type="checkbox"/> Well Operator <input type="checkbox"/> Working Interest Owner <input type="checkbox"/> Purchaser		
Name of Project		Date Positive Production Response Occurred
Project Operator(s)		

ONGARD PRODUCTION UNIT NUMBERS FOR QUALIFYING WELLS

Please attach a copy of the Oil Conservation Division's Certificate of Positive Production Response.

DEPARTMENT USE ONLY

CERTIFICATE OF APPROVAL TO USE ENHANCED OIL RECOVERY TAX RATE

We are approving use of the reduced tax rate for the above ONGARD PUNs based on the information that you have provided. Only production from wells within the project area are qualified to use the reduced rate. Production from wells outside the project area must be reported and paid at the normal rate on a separate line entry. This Department reserves the right to determine compliance with the provisions on the Enhanced Oil Recovery Act.

Approval for use of the reduced rate begins with sales month _____.

Please use Special Tax Rate Code _____ on your Form(s) OGT-2 as it applies to the specific Production Unit Number(s) listed above.

Approved By

Date

ENHANCED OIL RECOVERY APPLICATION AND REPORTING INSTRUCTIONS

(Sections 7-29A-1 through 7-29A-5 NMSA 1978)

The Enhanced Oil Recovery Act provides for a reduced oil and gas severance tax rate on crude oil that is severed and sold from an enhanced recovery project or the expansion of an existing project. The reduced severance tax rate is one and seven-eighths percent (1.875%) of the taxable value determined under Section 7-29-4.1 NMSA 1978, provided that the annual average price of west Texas intermediate crude oil, determined by the department by averaging the posted prices in effect on the last day of each month of the twelve-month period ending on May 31 prior to the fiscal year in which the tax rate is to be imposed, was less than twenty-eight dollars (\$28.00) per barrel. In order to qualify for the reduced tax rate, the project or expansion must be approved by the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (OCD) prior to beginning operation of the project. Only those projects that were approved after the effective date of this act are eligible for the reduced rate. The reduced tax rate applies to the crude oil produced from a project beginning the first day of the month after OCD certifies that a positive production response has occurred. Application for certification of positive production response must be filed within five years from the date of approval of a secondary recovery project and within seven years from the date of approval of a tertiary recovery project. If active operation of the project is terminated, the operator must notify both OCD and TRD within thirty days. The project must be in compliance with rules and regulations adopted by OCD concerning enhanced oil recovery projects.

1. Who may use the reduced severance tax rate: The tax filer who is responsible for paying the production taxes on oil, and on other liquid hydrocarbons removed at or near the wellhead, produced from the area certified to be affected by the enhanced recovery project or expansion.

2. Who must file the application: Any tax filer that is applying the reduced severance tax rate. If the special tax rate code for enhanced oil recovery is used without receiving prior approval, the tax filer may be assessed the additional severance tax at the regular rate.

3. How and where to file the application: Complete this form and send it, along with a copy of OCD's Certification of a Positive Production Response, to the Taxation and Revenue Department, P. O. Box 2308, Santa Fe, NM 87504-2308. A separate application must be filed for each qualifying enhanced oil recovery project.

4. When to apply for the enhanced oil recovery special tax rate: When OCD certifies that a positive production response has occurred. After validating the production unit numbers and wells on your application, the Department will mail a certification of approval to use the enhanced oil recovery tax rate and will provide the special tax rate code to be used when reporting. Please do not use the reduced rate before you receive approval.

5. How to report the reduced tax rate: Enter the applicable code in the special tax rate code column and calculate the tax due amount using the reduced tax rate (the appropriate school, conservation, ad valorem production tax rates plus the reduced severance tax rate times net taxable value). Complete the other columns per the OGT-2 instructions. The recovered oil tax rate is effective beginning the first day of the month following the date that OCD certifies that a positive production response has occurred and may be applied only to the crude oil produced from wells within the project area. If you are remitting taxes on a production unit number that has some wells that qualify and some wells that do not qualify, you must report two separate line entries; one line with the special tax rate code, one line without.

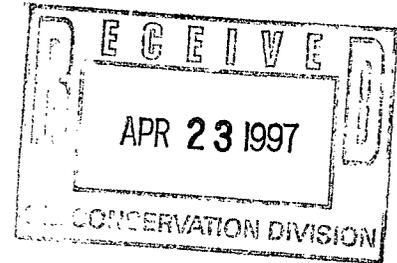
6. Claim for refund: If the reduced severance tax rate was not applied when reporting production taxes for an eligible well after the effective date, the taxpayer may file a claim for refund by submitting amended returns in accordance with Section 7-1-26 NMSA 1978.

Mail or deliver the completed form to:

New Mexico Taxation and Revenue Department
Oil and Gas Section
1200 South St. Francis Drive
P. O. Box 2308
Santa Fe, NM 87504-2308
Telephone: (505) 827-0806

DOYLE HARTMAN

Oil Operator



Via Facsimile (505) 827-8177 and FedEx

April 22, 1997

New Mexico Oil Conservation Division
2040 S. Pacheco
Santa Fe, NM 87505

Attn: William J. LeMay, Director

Re: Positive Production Response Certification
EOR Production Tax Credit
[70-29A-1 through 70-29A-5 NMSA 1978]
Myers Langlie Mattix Unit
Lea County, New Mexico

Gentlemen:

Today we received from the NMOCD a copy of the NMOCD's recently issued "Certification of a Positive Production Response" dated February 6, 1997 (effective August 1, 1995) which was issued in accordance with sections 70-29A-1 through 70-29A-5 NMSA 1978 corresponding to the OXY USA - operated Myers Langlie Mattix Unit situated in T-23-S and T-24-S, R-36-E and R-37-E, Lea County, New Mexico.

In this regard, so that our files will be complete, we respectfully request that the NMOCD also furnish to us a copy of OXY USA's application to the NMOCD for "Certification of a Positive Production Response" for the Myers Langlie Mattix Unit. As can be ascertained from the herein enclosed "MLMU Oil Revenue and Production Curve" and "MLMU Financial Performance Curves", no positive production response is detectable on a unit-wide basis. Therefore we need a copy of the supporting documentation that was supplied by OXY USA to the NMOCD evidencing

New Mexico Oil Conservation Division
April 22, 1997
Page 2

that a positive EOR production response has occurred corresponding to the Myers Langlie Mattix Unit. We also request that the NMOCD furnish to us a copy of the "ONGUARD PRODUCTION UNIT NUMBERS" for those MLMU producing wells that qualify for the approved EOR tax credit.

We again thank you for assistance.

Very truly yours,

DOYLE HARTMAN, Oil Operator



Doyle Hartman

enclosures (4)

rjr
mlmunmo.wpd

cc: New Mexico Department of Taxation
and Revenue
P.O. Box 630
Santa Fe, NM 87509-0630
Attn: Mr. John Chavez, Secretary
Via Fax and U.S. Mail

Gallegos Law Firm
460 St. Michaels Drive, Bldg. 300
Santa Fe, NM 87505
Attn: Mr. J.E. Gallegos
Mr. Michael Condon
Via Fax and FedEx

Scurlock Permian Corporation
333 Clay Street, Suite 2900 (77002)
P.O. Box 4648
Houston, TX 77210-4648
Attn: Mr. Les Harding

Scurlock Permian Corporation
P.O. Box 3119
Midland, TX 79702
Attn: Mr. Robert Schaffer

New Mexico Oil Conservation Division

April 22, 1997

Page 3

MLMU WORKING INTEREST OWNERS
(List Attached)

DOYLE HARTMAN, Oil Operator (Midland)

Steve Hartman

Linda Land

Cindy Brooks

DOYLE HARTMAN, Oil Operator (Dallas)

MYERS LANGLIE MATTIX UNIT
WORKING INTEREST OWNERS

Ron J. King
Vice President Land
Collins & Ware
508 W. Wall, Suite 1200
Midland, TX 79701

Ann Clay Brown
1541 Princeton Dr.
Corsicana, TX 75110

James C. Brown
P.O. Box 10621
Midland, TX 79702

Joan M. Clay
26242 Via Mistral
San Juan Capistrano, CA 92675-4452

Susan Marie Clay
2547 Stadium Drive
Ft. Worth, TX 76109

CME Oil & Gas, Inc.
P.O. Box 10621
Midland, TX 79702

Thomas J. Erling
742 N. E. 20th Lane
Boynton Beach, FL 33435

F. Duane Lortscher
12151 Cattle King Dr.
Bakersfield, CA 93306

Weslynn McCallister
7507 S. Tamiami Trail #229
Sarasota, FL 34231

Arlene S. Anthony
450 Elm Street
Glenview, IL 60025

Charles H. Brown, Jr.
1541 Princeton Dr.
Corsicana, TX 75110

James E. Burr
P.O. Box 8050
Midland, TX 79708-8050

John W. Clay III
4005 Pin Oak Terrace, #304
Euless, TX 76040

Adele Combs Clough
6926 Midbury Drive
Dallas, TX 75230

Margaret Couch Trust
James C. Brown, Trustee
P.O. Box 10621
Midland, TX 79702

Mary Ellen Gilbert
2808 O'Dell Court North
Grapevine, TX 76015

Ron Crosby
Brooks Purnell, Vice President
Headington Minerals Inc.
7557 Rambler Road South, #1150
Dallas, TX 75231

New Mexico Oil Conservation Division
April 22, 1997
Page 5

John D. Lortscher
661 San Mario Dr.
Solana Beach, CA 92075

Larry A. Nermyr
HC-57
Box 4106
Sidney, MT 59270

Margie P. Bentley Estate
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Fort Worth, TX 76133-2245

P.C. Limited
P.O. Box 911
Breckenridge, TX 76024

The Honorable Robert C. Scott
2400 NE 26th Avenue
Ft. Lauderdale, FL 33305

Marilyn L. Tarlton
561 Orange Avenue
Los Altos, CA 94022

Edythe Clay Prikryl
5708 Melstone
Arlington, TX 76016

Louise Summers
L. Summers Oil Company
P.O. Box 278
Hobbs, NM 88241-0278

New Mexico Oil Conservation Division
April 22, 1997
Page 6

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Ft. Worth, TX 76112-5034

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Samson Plaza
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700 Louisiana, Suite 2100
Houston, TX 77002-2793

LTV Energy Productions Company
c/o Continental-EMSCO
P.O. Box 930
Kilgore, TX 75662

T.J. and Mary Ray Sivley
Katherine E. Rugen, Trustee
Sunwest Bank of Albuquerque
P.O. Box 26900
Albuquerque, NM 87125-6900

J.T. Hampton
Great Western Drilling Co.
P.O. Box 1659
Midland, Texas 79702

Herbert Hunt
c/o WHH Liquidating Trust
2121 San Jacinto St., Suite 1010
Dallas, TX 75201

Primary Fuels, Inc.
415 West Wall Avenue
Wilco Building, Suite 1300
Midland, Texas 79701

Continental-EMSCO Company
P.O. Box 930
Kilgore, TX 75662

Crown Central Petroleum Corporation
One North Charles
Box 1168
Baltimore, MD 21203

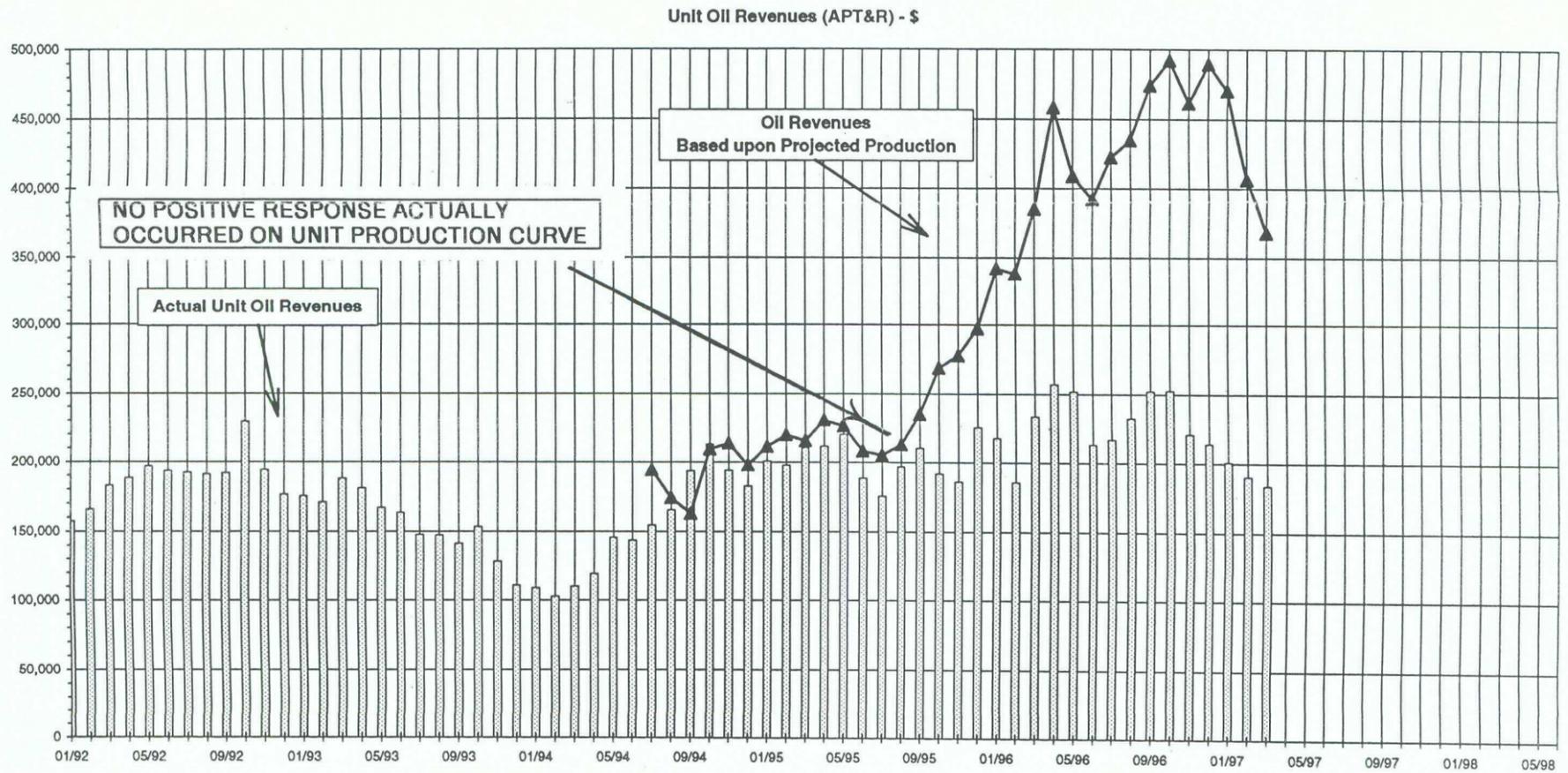
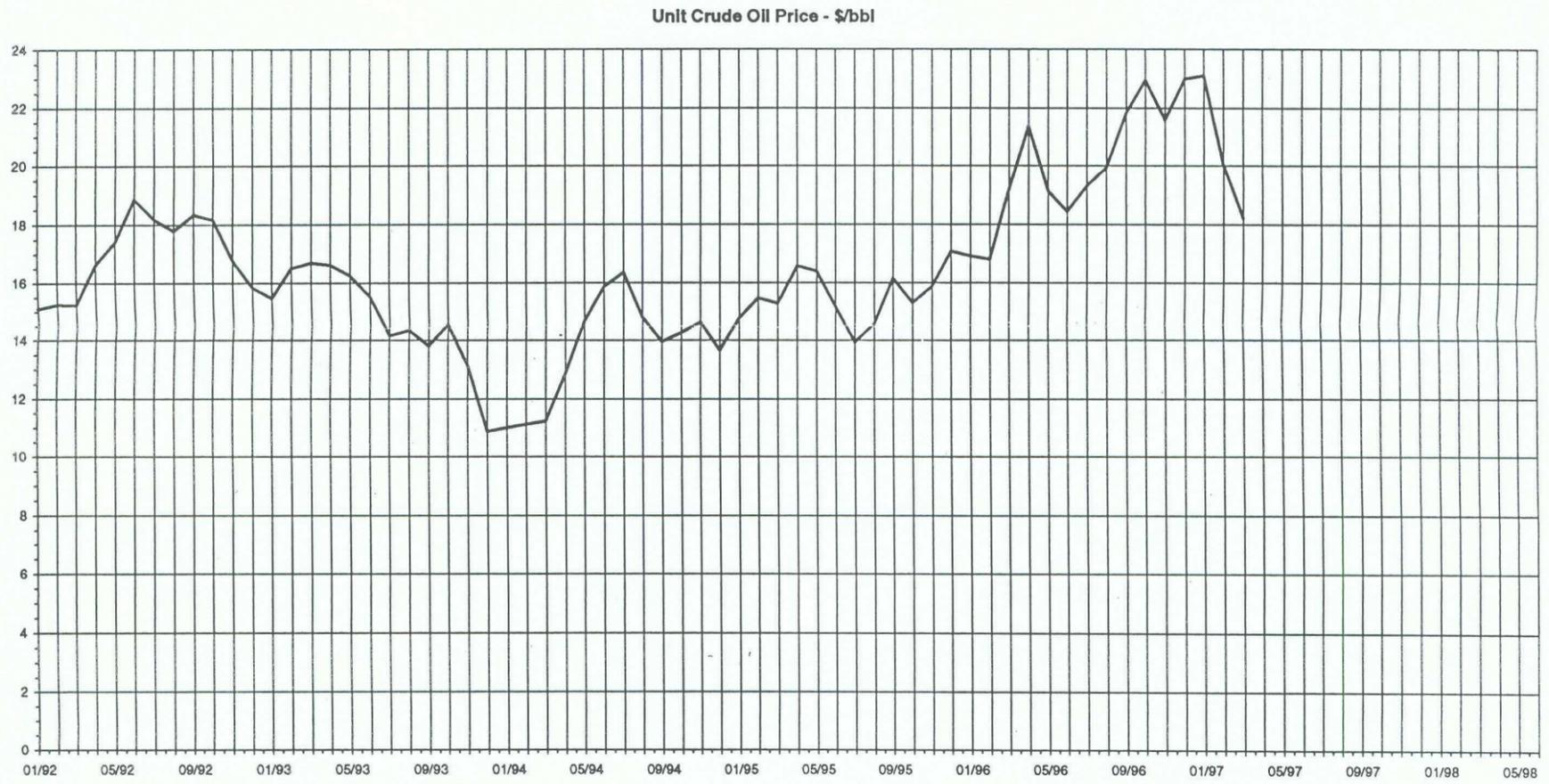
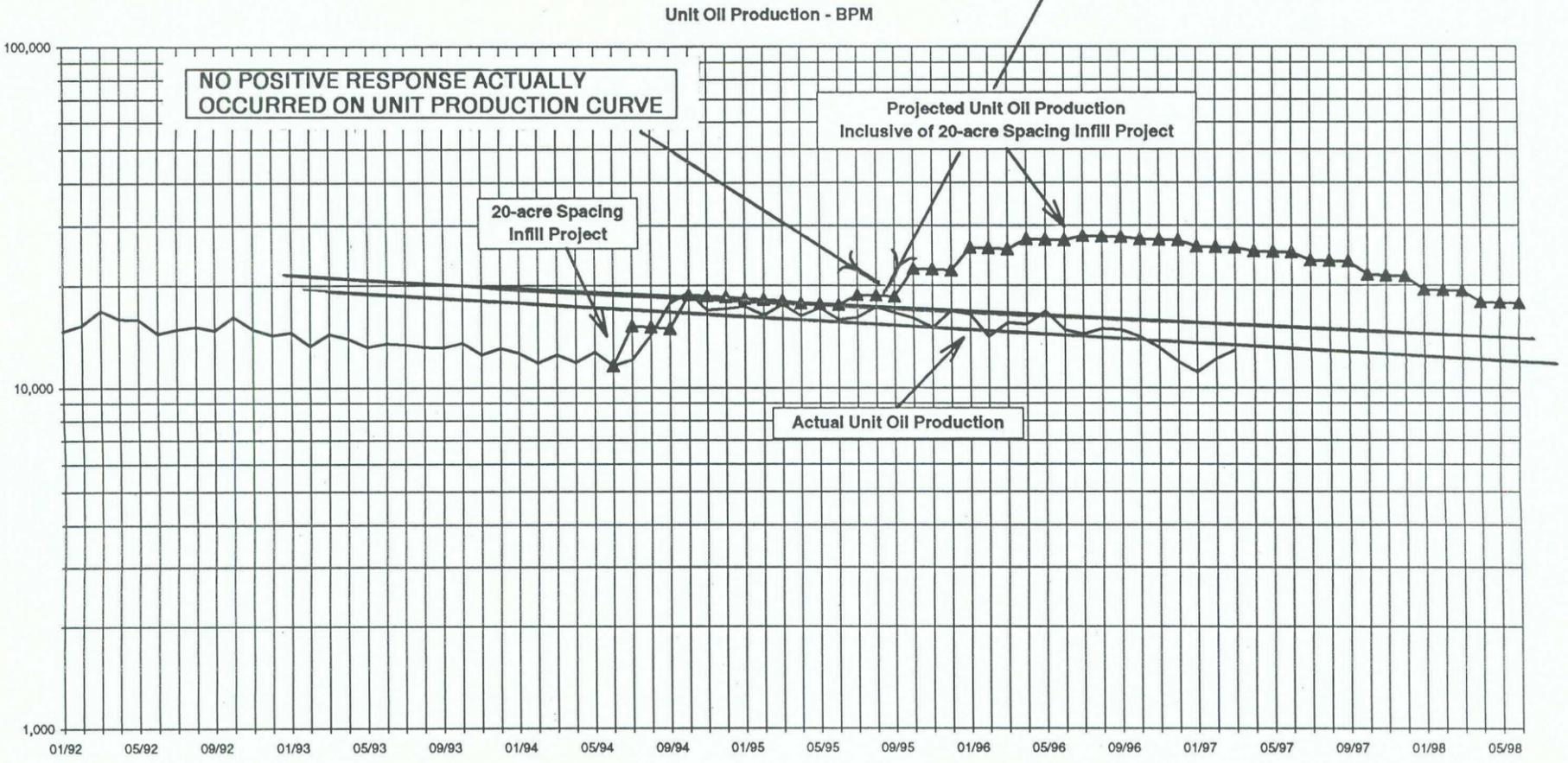
Management Trust Company 8057-06
P.O. Box 10621
Midland, TX 79702

Samedan Oil Corporation
P.O. Box 909
Ardmore, OK 73402

Charles T. Scott, Jr.
53 W. Jackson
Chicago, IL 60604

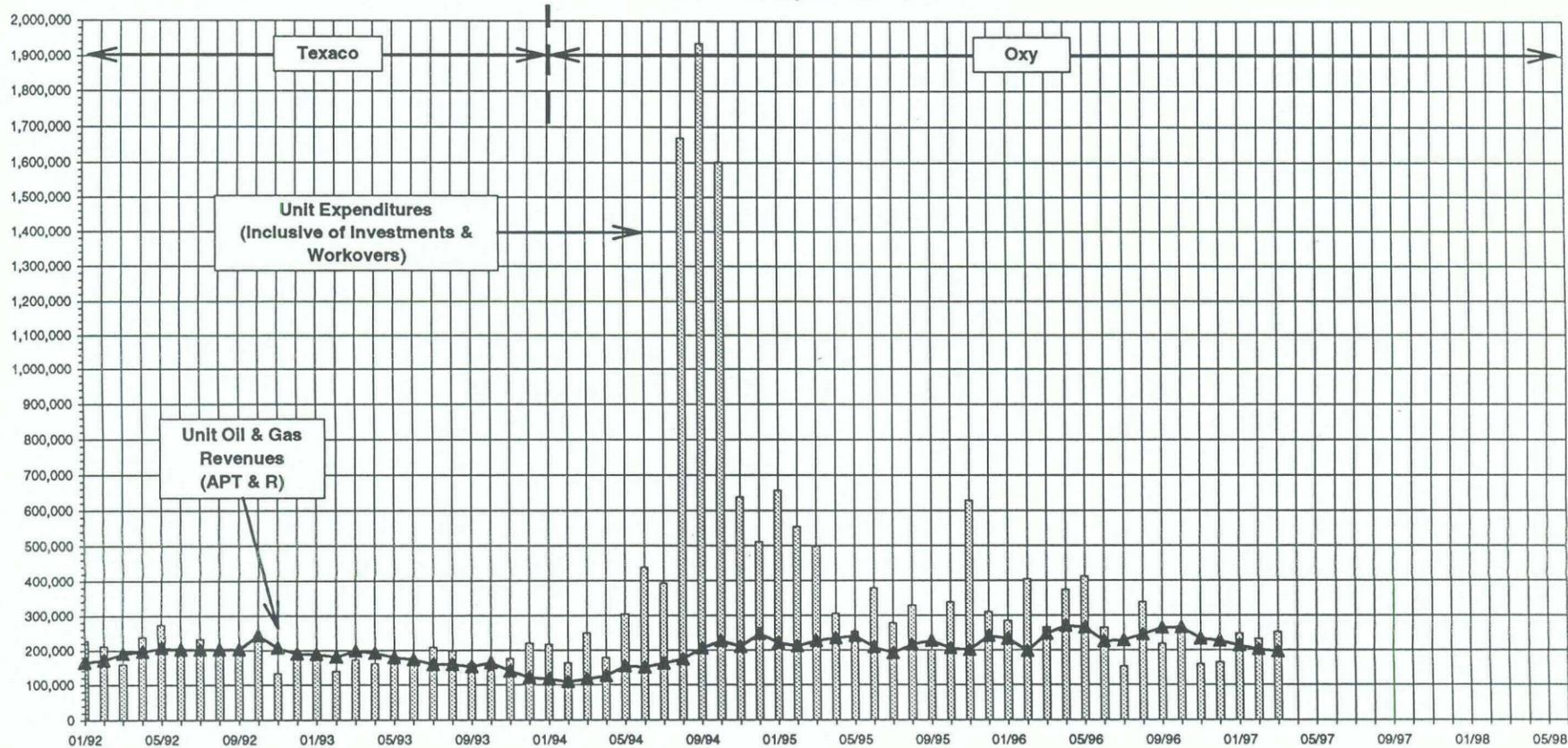
**Oil Revenue and Production History
Myers Langlie Mattix Unit
Inclusive of 20-Acre Spacing Infill Project
Using DHOO Royalty Rate**

8/95: REPORTED DATE OF
POSITIVE PRODUCTION RESPONSE

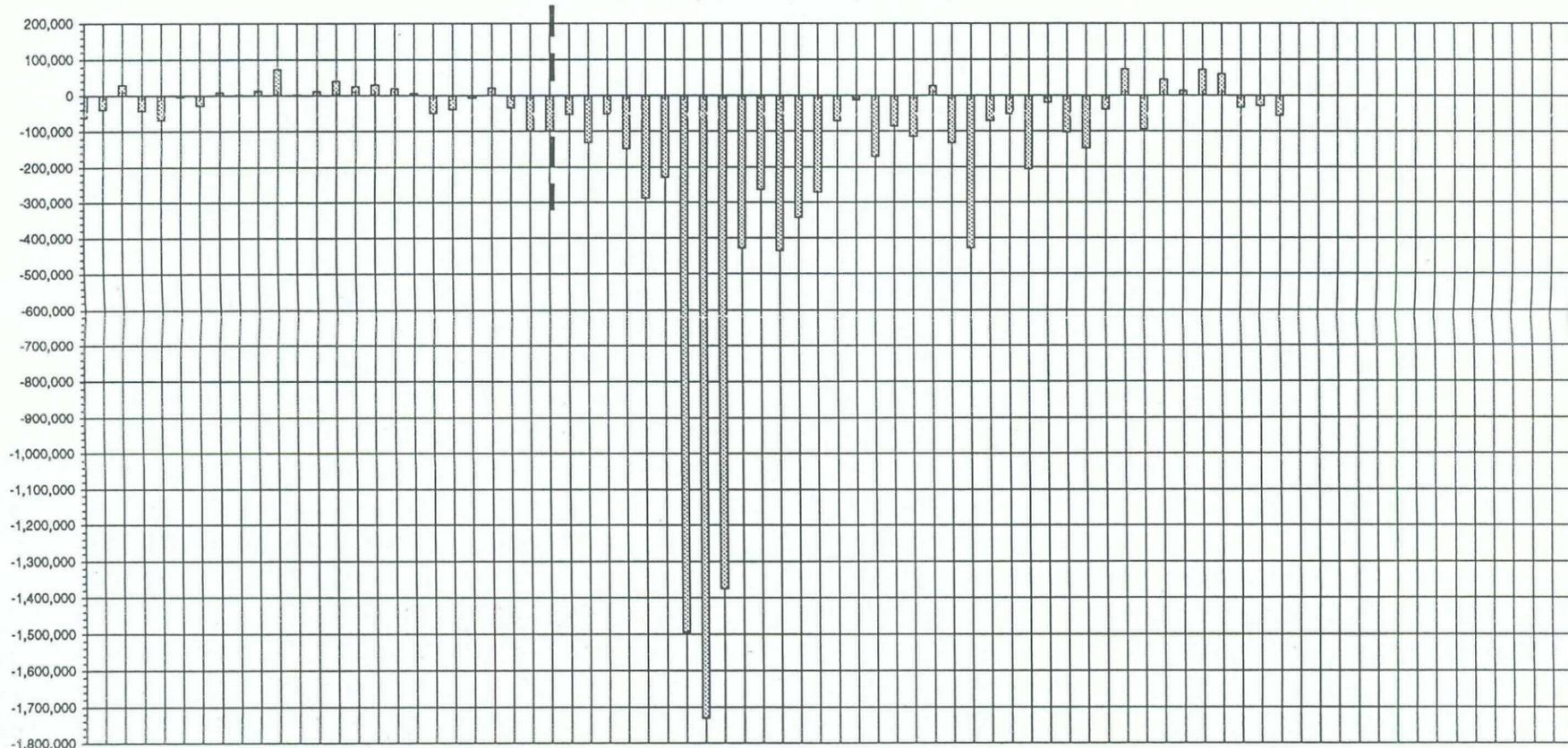


**Financial Performance
Myers Langlie Mattix Unit
Inclusive of 20-Acre Spacing Infill Project
Using DHO Royalty Rate & Actual Production**

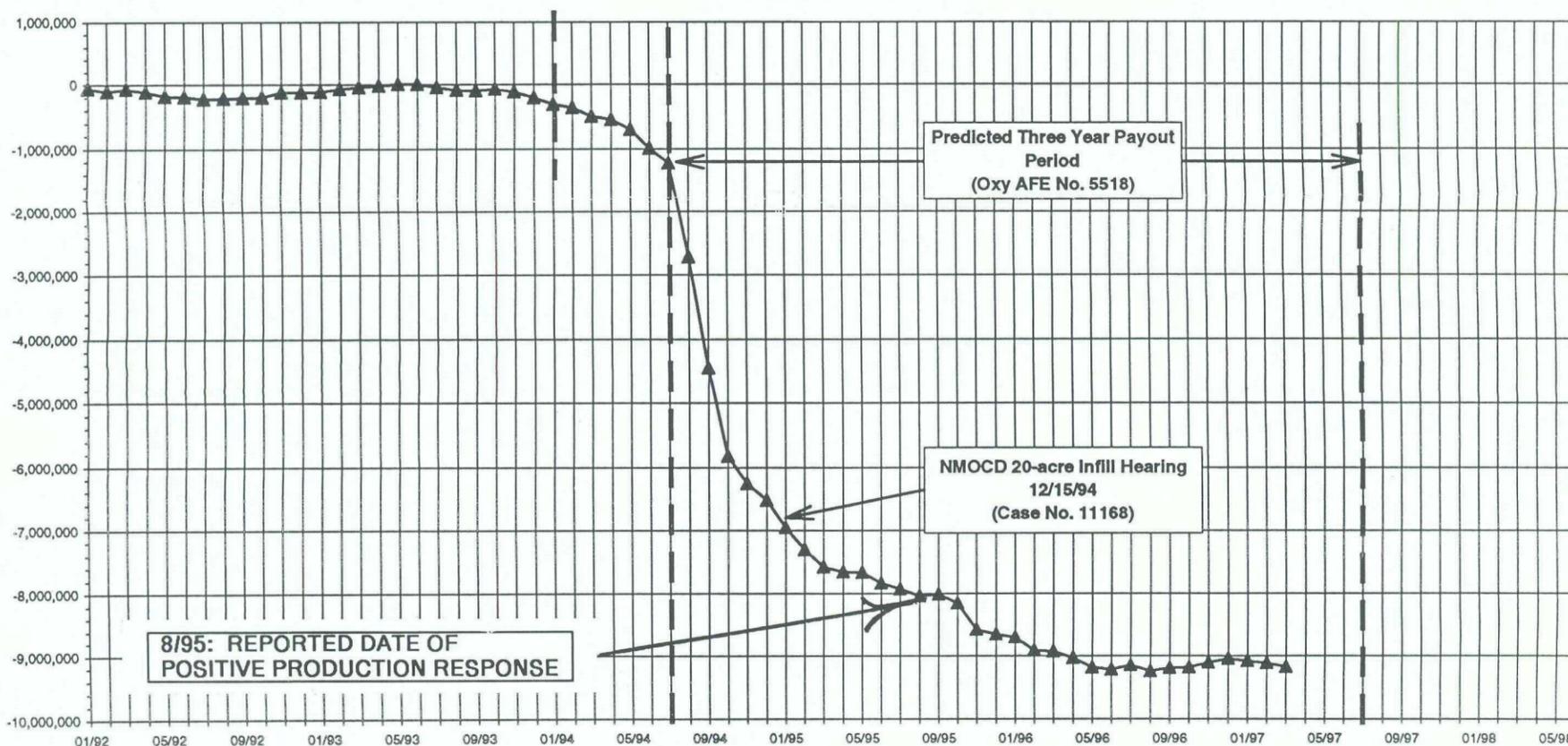
Revenues & Expenditures - \$



Cashflow (Revenues Less Expenditures) - \$



Cumulative Cashflow - \$





NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87606
(608) 627-7131

February 6, 1997

Oxy USA, Inc.
P.O. Box 50250
Midland, Texas 79710-0250

Attention: Mr. Rick Foppiano

Re: Positive Production Response - Myers Langlie-Mattix Waterflood Project.

Dear Mr. Foppiano:

Pursuant to your request dated November 1, 1996, please be advised that the Division hereby certifies that a positive production response occurred within the Myers Langlie-Mattix Waterflood Project on August 1, 1995.

All Langlie-Mattix Pool producing wells within the following described area, which currently number nineteen as shown on Exhibit 'A' of Division Order R-4680-A, shall be eligible for the recovered oil tax rate:

PROJECT AREA

TOWNSHIP 23 SOUTH, RANGE 36 EAST, NMPM

Section 36: SE/4 SE/4 NE/4 and NE/4 NE/4 SE/4

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM

Section 31: SW/4 SW/4 NE/4, S/2 S/2 NW/4, E/2 SW/4, E/2 W/2 SW/4 (equivalent), NW/4 NW/4 SW/4 (equivalent), NW/4 NW/4 SE/4, S/2 N/2 SE/4 and S/2 SE/4

Section 32: SW/4 NE/4 SW/4, S/2 NW/4 SW/4, SW/4 SW/4 and W/2 SE/4 SW/4

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM

Section 5: W/2 NW/4 (equivalent), W/2 E/2 NW/4 (equivalent), NW/4 SW/4, W/2 NE/4 SW/4, N/2 SW/4 SW/4 and NW/4 SE/4 SW/4

Section 6: NE/4 NW/4 NW/4 (equivalent), N/2 NE/4 NW/4 (equivalent), N/2 N/2 NE/4 (equivalent), SE/4 NE/4 NE/4 (equivalent), E/2 SE/4 NE/4, E/2 NE/4 SE/4 and NE/4 SE/4 SE/4

Oxy USA, Inc. shall notify the Division:

- a) of the change in status of any of the producing wells shown on Exhibit 'A' of R-4680-A;

Positive Production Response
Oxy USA, Inc.
Myers Langlie-Mattix Waterflood
February 6, 1997
Page 2

- b) in the event new producing wells are drilled within the project area;
- c) of changes in operations within the unit which may affect the certification and resulting tax rate granted herein.

The Division Director shall notify the Secretary of the New Mexico Taxation and Revenue Department of the certification granted herein.

Sincerely,


William J. LeMay
Division Director

xc: File: EOR-23



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

(123)456-7890

P. 004
OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

February 6, 1997

Department of Taxation and Revenue
P.O. Box 630
Santa Fe, New Mexico 87509-0630

Attention: Mr. John Chavez, Secretary

*RE: Certification of a Positive Production Response, Oxy USA, Inc.,
Myers Langlie-Mattix Waterflood Project.*

Dear Secretary Chavez:

Enclosed is a copy of a Division Certification which was issued on February 6, 1997. This document certifies that a positive production response has occurred within the Myers Langlie-Mattix Waterflood Project Area which is currently operated by Oxy USA, Inc.. In addition, this positive production response has occurred within the five year time limit as described within the "New Mexico Enhanced Oil Recovery Act". The Division has determined that all wells within the certified area producing from the Eumont Oil Pool are eligible for the recovered oil tax rate. These wells are shown on Exhibit "A" to the Division Certification.

For your convenience we have also enclosed a summary page showing all pertinent data. If additional information is required please advise.

Sincerely,

by [Signature] Deputy Director
William J. LeMay
Director

WJL/BES

Enclosures

POSITIVE PRODUCTION RESPONSE DATA
MYERS LANGLIE-MATTIX WATERFLOOD PROJECT

NAME OF PROJECT

Myers Langlie-Mattix Waterflood Project

OPERATOR

Oxy USA, Inc.
P.O. Box 50250
Midland, Texas 75710-0250
Attention: Mr. Richard E. Foppiano

POOL

Langlie- Mattix (Seven Rivers-Queen-Grayburg) Pool

OCD ORDER NO. APPROVING WATERFLOOD PROJECT & DATE

R-4680-A, March 31, 1995

PROJECT AREA

TOWNSHIP 23 SOUTH RANGE 36 EAST NMPM

Section 36: SE/4 SE/4 NE/4 and NE/4 NE/4 SE/4

TOWNSHIP 23 SOUTH RANGE 37 EAST NMPM

Section 31: SW/4 SW/4 NE/4, S/2 S/2 NW/4, E/2 SW/4, E/2 W/2 SW/4 (equivalent),
NW/4 NW/4 SW/4 (equivalent), NW/4 NW/4 SE/4, S/2 N/2 SE/4 and S/2 SE/4
Section 32: SW/4 NE/4 SW/4, S/2 NW/4 SW/4, SW/4 SW/4 and W/2 SE/4 SW/4

TOWNSHIP 24 SOUTH RANGE 37 EAST NMPM

Section 5: W/2 NW/4 (equivalent), W/2 E/2 NW/4 (equivalent), NW/4 SW/4, W/2 NE/4
SW/4, N/2 SW/4 SW/4 and NW/4 SE/4 SW/4
Section 6: NE/4 NW/4 NW/4 (equivalent), N/2 NE/4 NW/4 (equivalent), N/2 N/2 NE/4
(equivalent), SE/4 NE/4 NE/4 (equivalent), E/2 SE/4 NE/4, E/2 NE/4 SE/4
and NE/4 SE/4 SE/4

DATE WATER INJECTION COMMENCED

April 15, 1995

DATE CERTIFIED PROJECT TO TAXATION & REVENUE

May 1, 1995

*Positive Production Response
Oxy USA, Inc.
Myers Langlie-Mattix Waterflood
February 6, 1997
Page 2*

DATE POSITIVE PRODUCTION RESPONSE OCCURRED

August 1, 1995

CURRENT NUMBER OF WELLS WITHIN PROJECT AREA

Injection: 17
Production: 19

GALLEGOS LAW FIRM

A Professional Corporation

460 St. Michael's Drive
Building 300
Santa Fe, New Mexico 87505
Telephone No. 505-983-6686
Telefax No. 505-986-1367
Telefax No. 505-986-0741

J.E. GALLEGOS *

April 17, 1997
(Our File No. 97-1.75)

VIA TELECOPY 827-8177

William J. LeMay, Director
Oil Conversation Division
2040 South Pacheco
Santa Fe, NM 87505

Re: Myers Langlie-Mattix Unit
Case No. 11168, Order R-4680A

Dear Mr. LeMay:

In connection with the above proceeding by OXY USA, Inc., as operator of the unit, for certification under the New Mexico Enhanced Oil Recovery Act reference is made to Section 7-29A-4 (A.)(1). That provision of the Act calls for notification to the secretary of Taxation and Revenue upon occurrence of a positive production response for the project.

We do not find any copy of such notification in checking the file in Case No. 11168. Please advise whether a notification was issued and, if so, furnish a copy of the document.

This firm inquires in behalf of Doyle Hartman who is a working interest owner in the Myers Langlie-Mattix Unit.

Sincerely yours,

GALLEGOS LAW FIRM, P.C.

By 
J. E. GALLEGOS

JEG:gl

fxc: Doyle Hartman
Thomas Kellahin
ioc: Michael J. Condon



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

1997 APR 22 601 10 41

GALLEGOS LAW FIRM P.O.

April 18, 1997

GALLEGOS LAW FIRM
460 St. Michael's Drive, Bldg. 300
Santa Fe, New Mexico 87505

Re: Myers Langlie-Mattix EOR Project; Operated by OXY, U.S.A., Inc.

Gentlemen:

Enclosed are copies of the documents you requested. If I may be of further assistance, please don't hesitate to call or write.

Very truly yours,

Benjamin E. Stone
Petroleum Engineering Specialist

/BES

Enclosures

JEG
M.T.

STATE OF NEW MEXICO - TAXATION AND REVENUE DEPARTMENT



**ENHANCED OIL RECOVERY
APPLICATION AND REPORTING INSTRUCTIONS**
(FORM RPD - 41163)

Name of Individual, Firm or Organization		OGRID Number
Contact Person		Telephone Number
Mailing Address		
City	State	Zip Code
Please check one: <input type="checkbox"/> Well Operator <input type="checkbox"/> Working Interest Owner <input type="checkbox"/> Purchaser		
Name of Project		Date Positive Production Response Occurred
Project Operator(s)		

ONGARD PRODUCTION UNIT NUMBERS FOR QUALIFYING WELLS

Please attach a copy of the Oil Conservation Division's Certificate of Positive Production Response.

DEPARTMENT USE ONLY

CERTIFICATE OF APPROVAL TO USE ENHANCED OIL RECOVERY TAX RATE

We are approving use of the reduced tax rate for the above ONGARD PUNs based on the information that you have provided. Only production from wells within the project area are qualified to use the reduced rate. Production from wells outside the project area must be reported and paid at the normal rate on a separate line entry. This Department reserves the right to determine compliance with the provisions on the Enhanced Oil Recovery Act.

Approval for use of the reduced rate begins with sales month _____.

Please use Special Tax Rate Code _____ on your Form(s) OGT-2 as it applies to the specific Production Unit Number(s) listed above.

Approved By

Date

ENHANCED OIL RECOVERY APPLICATION AND REPORTING INSTRUCTIONS

(Sections 7-29A-1 through 7-29A-5 NMSA 1978)

The Enhanced Oil Recovery Act provides for a reduced oil and gas severance tax rate on crude oil that is severed and sold from an enhanced recovery project or the expansion of an existing project. The reduced severance tax rate is one and seven-eighths percent (1.875%) of the taxable value determined under Section 7-29-4.1 NMSA 1978, provided that the annual average price of west Texas intermediate crude oil, determined by the department by averaging the posted prices in effect on the last day of each month of the twelve-month period ending on May 31 prior to the fiscal year in which the tax rate is to be imposed, was less than twenty-eight dollars (\$28.00) per barrel. In order to qualify for the reduced tax rate, the project or expansion must be approved by the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (OCD) prior to beginning operation of the project. Only those projects that were approved after the effective date of this act are eligible for the reduced rate. The reduced tax rate applies to the crude oil produced from a project beginning the first day of the month after OCD certifies that a positive production response has occurred. Application for certification of positive production response must be filed within five years from the date of approval of a secondary recovery project and within seven years from the date of approval of a tertiary recovery project. If active operation of the project is terminated, the operator must notify both OCD and TRD within thirty days. The project must be in compliance with rules and regulations adopted by OCD concerning enhanced oil recovery projects.

1. Who may use the reduced severance tax rate: The tax filer who is responsible for paying the production taxes on oil, and on other liquid hydrocarbons removed at or near the wellhead, produced from the area certified to be affected by the enhanced recovery project or expansion.

2. Who must file the application: Any tax filer that is applying the reduced severance tax rate. If the special tax rate code for enhanced oil recovery is used without receiving prior approval, the tax filer may be assessed the additional severance tax at the regular rate.

3. How and where to file the application: Complete this form and send it, along with a copy of OCD's Certification of a Positive Production Response, to the Taxation and Revenue Department, P. O. Box 2308, Santa Fe, NM 87504-2308. A separate application must be filed for each qualifying enhanced oil recovery project.

4. When to apply for the enhanced oil recovery special tax rate: When OCD certifies that a positive production response has occurred. After validating the production unit numbers and wells on your application, the Department will mail a certification of approval to use the enhanced oil recovery tax rate and will provide the special tax rate code to be used when reporting. Please do not use the reduced rate before you receive approval.

5. How to report the reduced tax rate: Enter the applicable code in the special tax rate code column and calculate the tax due amount using the reduced tax rate (the appropriate school, conservation, ad valorem production tax rates plus the reduced severance tax rate times net taxable value). Complete the other columns per the OGT-2 instructions. The recovered oil tax rate is effective beginning the first day of the month following the date that OCD certifies that a positive production response has occurred and may be applied only to the crude oil produced from wells within the project area. If you are remitting taxes on a production unit number that has some wells that qualify and some wells that do not qualify, you must report two separate line entries; one line with the special tax rate code, one line without.

6. Claim for refund: If the reduced severance tax rate was not applied when reporting production taxes for an eligible well after the effective date, the taxpayer may file a claim for refund by submitting amended returns in accordance with Section 7-1-26 NMSA 1978.

Mail or deliver the completed form to:

New Mexico Taxation and Revenue Department
Oil and Gas Section
1200 South St. Francis Drive
P. O. Box 2308
Santa Fe, NM 87504-2308
Telephone: (505) 827-0806



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

April 23, 1997

Doyle Hartman, Oil Operator
3811 Turtle Creek Blvd., Suite 200
Dallas, Texas 75219

Attn: Mr. Doyle Hartman

Re: Request for Information.

Dear Mr. Hartman:

Enclosed are copies of documents submitted by OXY, U.S.A. in support of their application for certification of a positive production response on their Myers Langlie-Matix Unit (EOR) Waterflood Project.

Additionally, you requested we furnish PUN numbers for the subject wells. We in the Engineering Bureau of the OCD, do not use these numbers and unfortunately, our staffing is such that we do not perform research as a service. Perhaps Taxation and Revenue or OXY, U.S.A. can furnish you with this information.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Ben Stone".

Benjamin E. Stone
Petroleum Engineering Specialist

/BES

Enclosures

cc: Bill LeMay
David Catanach
File EOR-23

DOYLE HARTMAN
Oil Operator
3811 Turtle Creek Blvd., Suite # 200
DALLAS, TEXAS 75219
(214)-520-1800 Office / 520-0811 Fax

FAX COVER SHEET

To:

NAME William J. LeMay	DATE AND TIME OF TRANSMISSION 4-22-97
COMPANY New Mexico Oil Conservation Division	FAX NUMBER (505) 827-8177

From:

NAME Doyle Hartman

Reference:

SUBJECT Positive Production Response Certification

The information contained in this facsimile message is confidential and intended solely for the use of the individual or entity named above. If the reader of this message is not the intended recipient, or the employee or agent responsible for delivering it to the intended recipient, you are hereby notified that any dissemination, distribution, copying, or unauthorized use of this communication is strictly prohibited. If you have received this facsimile in error, please notify the sender immediately by telephone, and return the facsimile to the sender at the above address via the United States Postal Service.

Message:

DOYLE HARTMAN

Oil Operator

Via Facsimile (505) 827-8177 and FedEx

April 22, 1997

New Mexico Oil Conservation Division
2040 S. Pacheco
Santa Fe, NM 87505

Attn: William J. LeMay, Director

Re: Positive Production Response Certification
EOR Production Tax Credit
[70-29A-1 through 70-29A-5 NMSA 1978]
Myers Langlie Mattix Unit
Lea County, New Mexico

Gentlemen:

Today we received from the NMOCD a copy of the NMOCD's recently issued "Certification of a Positive Production Response" dated February 6, 1997 (effective August 1, 1995) which was issued in accordance with sections 70-29A-1 through 70-29A-5 NMSA 1978 corresponding to the OXY USA - operated Myers Langlie Mattix Unit situated in T-23-S and T-24-S, R-36-E and R-37-E, Lea County, New Mexico.

In this regard, so that our files will be complete, we respectfully request that the NMOCD also furnish to us a copy of OXY USA's application to the NMOCD for "Certification of a Positive Production Response" for the Myers Langlie Mattix Unit. As can be ascertained from the herein enclosed "MLMU Oil Revenue and Production Curve" and "MLMU Financial Performance Curves", no positive production response is detectable on a unit-wide basis. Therefore we need a copy of the supporting documentation that was supplied by OXY USA to the NMOCD evidencing

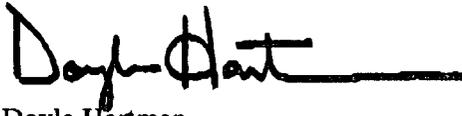
New Mexico Oil Conservation Division
April 22, 1997
Page 2

that a positive EOR production response has occurred corresponding to the Myers Langlie Mattix Unit. We also request that the NMOCD furnish to us a copy of the "ONGUARD PRODUCTION UNIT NUMBERS" for those MLMU producing wells that qualify for the approved EOR tax credit.

We again thank you for assistance.

Very truly yours,

DOYLE HARTMAN, Oil Operator



Doyle Hartman

enclosures (4)

tjr
mlmunmo.wpd

cc: New Mexico Department of Taxation
and Revenue
P.O. Box 630
Santa Fe, NM 87509-0630
Attn: Mr. John Chavez, Secretary
Via Fax and U.S. Mail

Gallegos Law Firm
460 St. Michaels Drive, Bldg. 300
Santa Fe, NM 87505
Attn: Mr. J.E. Gallegos
Mr. Michael Condon
Via Fax and FedEx

Scurlock Permian Corporation
333 Clay Street, Suite 2900 (77002)
P.O. Box 4648
Houston, TX 77210-4648
Attn: Mr. Les Harding

Scurlock Permian Corporation
P.O. Box 3119
Midland, TX 79702
Attn: Mr. Robert Schaffer

New Mexico Oil Conservation Division
April 22, 1997
Page 3

3

MLMU WORKING INTEREST OWNERS
(List Attached)

DOYLE HARTMAN, Oil Operator (Midland)

Steve Hartman

Linda Land

Cindy Brooks

DOYLE HARTMAN, Oil Operator (Dallas)

MYERS LANGLIE MATTIX UNIT
WORKING INTEREST OWNERS

Ron J. King
Vice President Land
Collins & Ware
508 W. Wall, Suite 1200
Midland, TX 79701

Ann Clay Brown
1541 Princeton Dr.
Corsicana, TX 75110

James C. Brown
P.O. Box 10621
Midland, TX 79702

Joan M. Clay
26242 Via Mistral
San Juan Capistrano, CA 92675-4452

Susan Marie Clay
2547 Stadium Drive
Ft. Worth, TX 76109

CME Oil & Gas, Inc.
P.O. Box 10621
Midland, TX 79702

Thomas J. Erling
742 N. E. 20th Lane
Boynton Beach, FL 33435

F. Duane Lortscher
12151 Cattle King Dr.
Bakersfield, CA 93306

Weslynn McCallister
7507 S. Tamiami Trail #229
Sarasota, FL 34231

Arlene S. Anthony
450 Elm Street
Glenview, IL 60025

Charles H. Brown, Jr.
1541 Princeton Dr.
Corsicana, TX 75110

James E. Burr
P.O. Box 8050
Midland, TX 79708-8050

John W. Clay III
4005 Pin Oak Terrace, #304
Euless, TX 76040

Adele Combs Clough
6926 Midbury Drive
Dallas, TX 75230

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P.O. Box 10621
Midland, TX 79702

Mary Ellen Gilbert
2808 O'Dell Court North
Grapevine, TX 76015

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New Mexico Oil Conservation Division

April 22, 1997

Page 5

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Box 4106
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Los Altos, CA 94022

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New Mexico Oil Conservation Division

April 22, 1997

Page 6

Christen Leigh Schutte
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Oklahoma City, OK 73125

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Davoil, Inc.
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Ft. Worth, TX 76121-2269

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Joint Interest Manager
American Exploration Co.
700 Louisiana, Suite 2100
Houston, TX 77002-2793

LTV Energy Productions Company
c/o Continental-EMSCO
P.O. Box 930
Kilgore, TX 75662

T.J. and Mary Ray Sivley
Katherine E. Rugen, Trustee
Sunwest Bank of Albuquerque
P.O. Box 26900
Albuquerque, NM 87125-6900

J.T. Hampton
Great Western Drilling Co.
P.O. Box 1659
Midland, Texas 79702

Herbert Hunt
c/o WHH Liquidating Trust
2121 San Jacinto St., Suite 1010
Dallas, TX 75201

Primary Fuels, Inc.
415 West Wall Avenue
Wilco Building, Suite 1300
Midland, Texas 79701

Continental-EMSCO Company
P.O. Box 930
Kilgore, TX 75662

Crown Central Petroleum Corporation
One North Charles
Box 1168
Baltimore, MD 21203

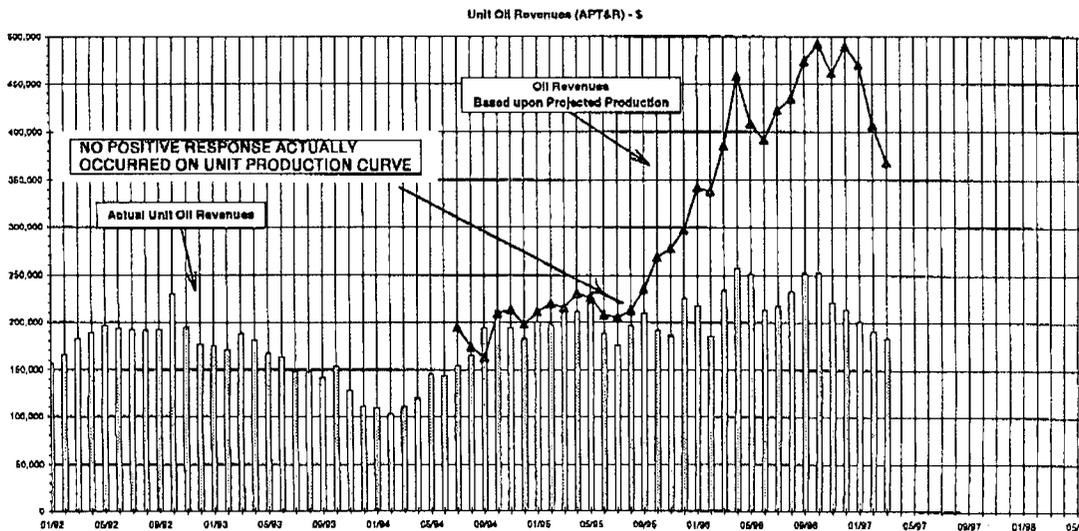
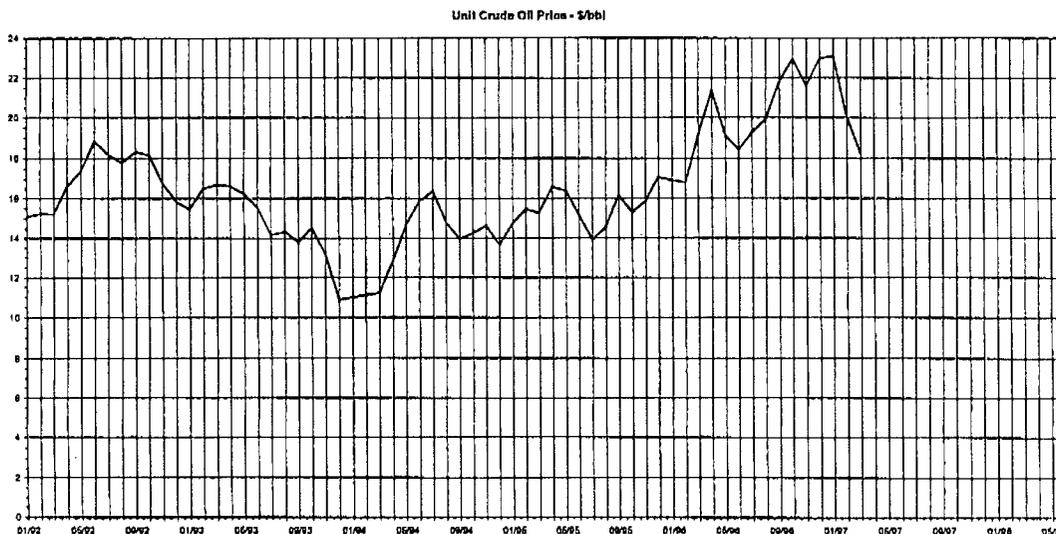
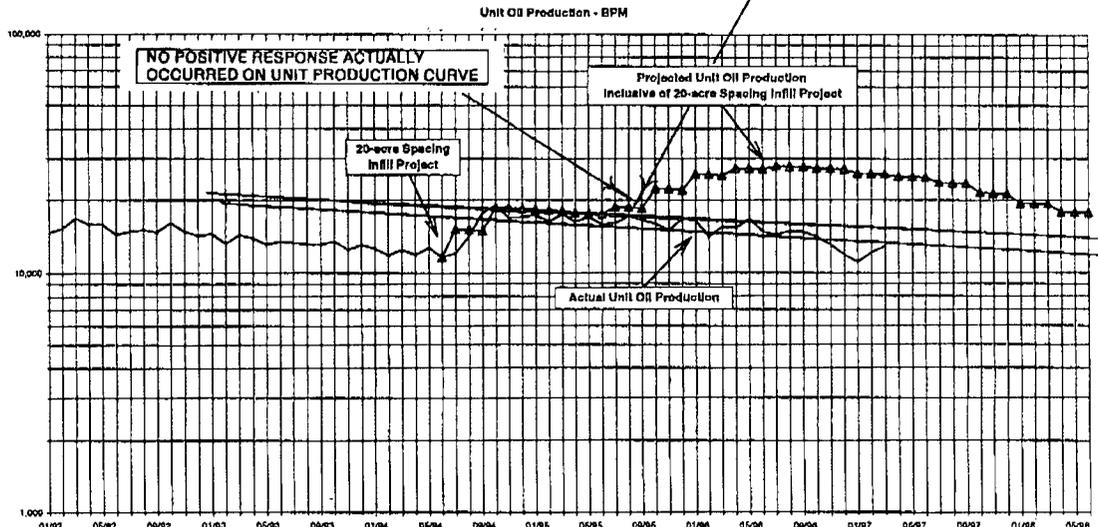
Management Trust Company 8057-06
P.O. Box 10621
Midland, TX 79702

Samedan Oil Corporation
P.O. Box 909
Ardmore, OK 73402

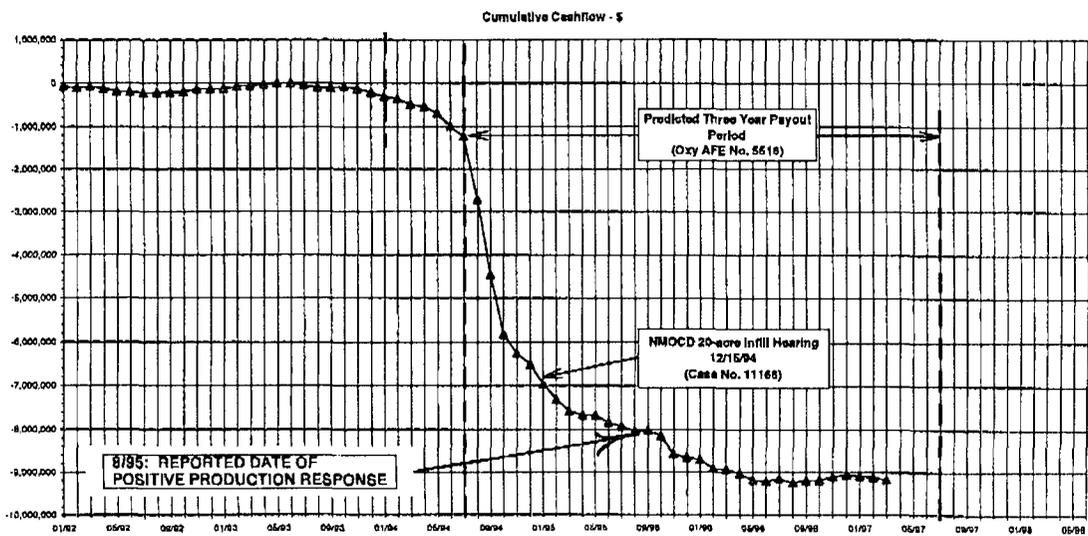
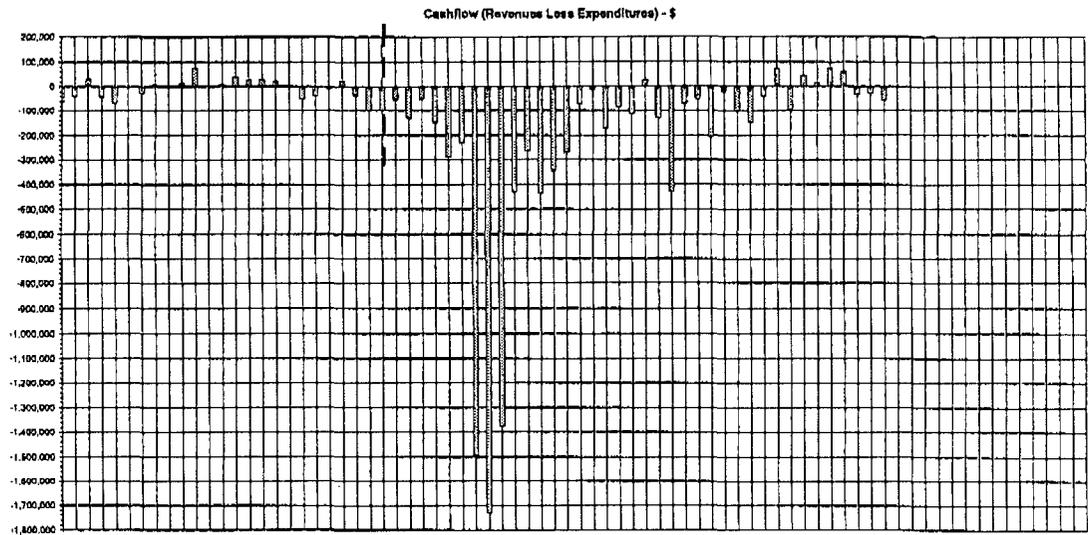
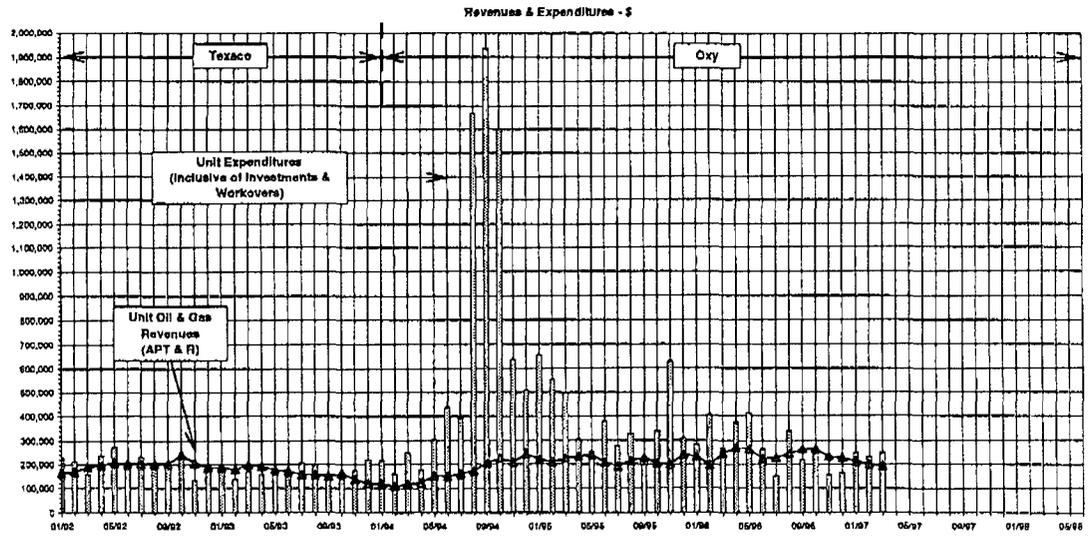
Charles T. Scott, Jr.
53 W. Jackson
Chicago, IL 60604

**Oil Revenue and Production History
Myers Langlie Mattix Unit
Inclusive of 20-Acre Spacing Infill Project
Using DHOO Royalty Rate**

**8/95: REPORTED DATE OF
POSITIVE PRODUCTION RESPONSE**



**Financial Performance
Myers Langile Mattix Unit
Inclusive of 20-Acre Spacing Infill Project
Using DHOO Royalty Rate & Actual Production**





**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2049 South Pecos Street
Santa Fe, New Mexico 87608
(808) 827-7121

February 6, 1997

Oxy USA, Inc.
P.O. Box 50250
Midland, Texas 79710-0250

Attention: Mr. Rick Foppiano

Re: Positive Production Response - Myers Langlie-Mattix Waterflood Project.

Dear Mr. Foppiano:

Pursuant to your request dated November 1, 1996, please be advised that the Division hereby certifies that a positive production response occurred within the Myers Langlie-Mattix Waterflood Project on August 1, 1995.

All Langlie-Mattix Pool producing wells within the following described area, which currently number nineteen as shown on Exhibit 'A' of Division Order R-4680-A, shall be eligible for the recovered oil tax rate:

PROJECT AREA

TOWNSHIP 23 SOUTH RANGE 36 EAST NMPM

Section 36: SE/4 SE/4 NE/4 and NE/4 NE/4 SE/4

TOWNSHIP 23 SOUTH RANGE 37 EAST NMPM

Section 31: SW/4 SW/4 NE/4, S/2 S/2 NW/4, E/2 SW/4, E/2 W/2 SW/4 (equivalent), NW/4 NW/4 SW/4 (equivalent), NW/4 NW/4 SE/4, S/2 N/2 SE/4 and S/2 SE/4

Section 32: SW/4 NE/4 SW/4, S/2 NW/4 SW/4, SW/4 SW/4 and W/2 SE/4 SW/4

TOWNSHIP 24 SOUTH RANGE 37 EAST NMPM

Section 5: W/2 NW/4 (equivalent), W/2 E/2 NW/4 (equivalent), NW/4 SW/4, W/2 NE/4 SW/4, N/2 SW/4 SW/4 and NW/4 SE/4 SW/4

Section 6: NE/4 NW/4 NW/4 (equivalent), N/2 NE/4 NW/4 (equivalent), N/2 N/2 NE/4 (equivalent), SE/4 NE/4 NE/4 (equivalent), E/2 SE/4 NE/4, E/2 NE/4 SE/4 and NE/4 SE/4 SE/4

Oxy USA, Inc. shall notify the Division:

- a) of the change in status of any of the producing wells shown on Exhibit 'A' of R-4680-A;

*Positive Production Response
Oxy USA, Inc.
Myers Langlie-Matrix Waterflood
February 6, 1997
Page 2*

b) in the event new producing wells are drilled within the project area;

c) of changes in operations within the unit which may affect the certification and resulting tax rate granted herein.

The Division Director shall notify the Secretary of the New Mexico Taxation and Revenue Department of the certification granted herein.

Sincerely,


William J. LeMay
Division Director

xc: File: EOR-23



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

(123)456-7890

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7151

P. 004

February 6, 1997

Department of Taxation and Revenue
P.O. Box 630
Santa Fe, New Mexico 87509-0630

Attention: Mr. John Chavez, Secretary

*RE: Certification of a Positive Production Response, Oxy USA, Inc.,
Myers Langlie-Mattix Waterflood Project.*

Dear Secretary Chavez:

Enclosed is a copy of a Division Certification which was issued on February 6, 1997. This document certifies that a positive production response has occurred within the Myers Langlie-Mattix Waterflood Project Area which is currently operated by Oxy USA, Inc.. In addition, this positive production response has occurred within the five year time limit as described within the "New Mexico Enhanced Oil Recovery Act". The Division has determined that all wells within the certified area producing from the Eumont Oil Pool are eligible for the recovered oil tax rate. These wells are shown on Exhibit "A" to the Division Certification.

For your convenience we have also enclosed a summary page showing all pertinent data. If additional information is required please advise.

Sincerely,

by 
William J. LeMay
Director

WJL/BES

Enclosures

POSITIVE PRODUCTION RESPONSE DATA

MYERS LANGLIE-MATTIX WATERFLOOD PROJECT

NAME OF PROJECT

Myers Langlie-Mattix Waterflood Project

OPERATOR

Oxy USA, Inc.
P.O. Box 50250
Midland, Texas 75710-0250
Attention: Mr. Richard E. Foppiano

POOL

Langlie- Mattix (Seven Rivers-Queen-Grayburg) Pool

OCD ORDER NO. APPROVING WATERFLOOD PROJECT & DATE

R-4680-A, March 31, 1995

PROJECT AREA

TOWNSHIP 23 SOUTH RANGE 36 EAST NMPM

Section 36: SE/4 SE/4 NE/4 and NE/4 NE/4 SE/4

TOWNSHIP 23 SOUTH RANGE 37 EAST NMPM

Section 31: SW/4 SW/4 NE/4, S/2 S/2 NW/4, E/2 SW/4, E/2 W/2 SW/4 (equivalent),
NW/4 NW/4 SW/4 (equivalent), NW/4 NW/4 SE/4, S/2 N/2 SE/4 and S/2 SE/4

Section 32: SW/4 NE/4 SW/4, S/2 NW/4 SW/4, SW/4 SW/4 and W/2 SE/4 SW/4

TOWNSHIP 24 SOUTH RANGE 37 EAST NMPM

Section 5: W/2 NW/4 (equivalent), W/2 E/2 NW/4 (equivalent), NW/4 SW/4, W/2 NE/4
SW/4, N/2 SW/4 SW/4 and NW/4 SE/4 SW/4

Section 6: NE/4 NW/4 NW/4 (equivalent), N/2 NE/4 NW/4 (equivalent), N/2 N/2 NE/4
(equivalent), SE/4 NE/4 NE/4 (equivalent), E/2 SE/4 NE/4, E/2 NE/4 SE/4
and NE/4 SE/4 SE/4

DATE WATER INJECTION COMMENCED

April 15, 1995

DATE CERTIFIED PROJECT TO TAXATION & REVENUE

May 1, 1995

*Positive Production Response
Oxy USA, Inc.
Myers Langlie-Mattix Waterflood
February 6, 1997
Page 2*

DATE POSITIVE PRODUCTION RESPONSE OCCURRED

August 1, 1995

CURRENT NUMBER OF WELLS WITHIN PROJECT AREA

Injection: 17

Production: 19

GALLEGOS LAW FIRM

A Professional Corporation

460 St. Michael's Drive
Building 300
Santa Fe, New Mexico 87505
Telephone No. 505-983-6686
Telefax No. 505-986-1367
Telefax No. 505-986-0741

J.E. GALLEGOS *

April 17, 1997
(Our File No. 97-1.75)

VIA TELECOPY 827-8177

William J. LeMay, Director
Oil Conversation Division
2040 South Pacheco
Santa Fe, NM 87505

Re: **Myers Langlie-Mattix Unit**
Case No. 11168, Order R-4680A

Dear Mr. LeMay:

In connection with the above proceeding by OXY USA, Inc., as operator of the unit, for certification under the New Mexico Enhanced Oil Recovery Act reference is made to Section 7-29A-4 (A.)(1). That provision of the Act calls for notification to the secretary of Taxation and Revenue upon occurrence of a positive production response for the project.

We do not find any copy of such notification in checking the file in Case No. 11168. Please advise whether a notification was issued and, if so, furnish a copy of the document.

This firm inquires in behalf of Doyle Hartman who is a working interest owner in the Myers Langlie-Mattix Unit.

Sincerely yours,

GALLEGOS LAW FIRM, P.C.

By 
J. E. GALLEGOS

JEG:gl
fxc: Doyle Hartman
Thomas Kellahin
ioc: Michael J. Condon

* New Mexico Board of Legal Specialization
Recognized Specialist in the area of
Natural Resources, Oil and Gas Law



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7151

197 APR 22 AM 10 41

GALLEGOS LAW FIRM P.C.

April 18, 1997

GALLEGOS LAW FIRM
460 St. Michael's Drive, Bldg. 300
Santa Fe, New Mexico 87505

Re: Myers Langlie-Mattix EOR Project; Operated by OXY, U.S.A., Inc.

Gentlemen:

Enclosed are copies of the documents you requested. If I may be of further assistance, please don't hesitate to call or write.

Very truly yours,

Benjamin E. Stone
Petroleum Engineering Specialist

/BES

Enclosures

JEG
MTL

STATE OF NEW MEXICO - TAXATION AND REVENUE DEPARTMENT



**ENHANCED OIL RECOVERY
APPLICATION AND REPORTING INSTRUCTIONS**
(FORM RPD - 41163)

Name of Individual, Firm or Organization		OGRID Number
Contact Person		Telephone Number
Mailing Address		
City	State	Zip Code
Please check one: <input type="checkbox"/> Well Operator <input type="checkbox"/> Working Interest Owner <input type="checkbox"/> Purchaser		
Name of Project		Date Positive Production Response Occurred
Project Operator(s)		

ONGARD PRODUCTION UNIT NUMBERS FOR QUALIFYING WELLS

Please attach a copy of the Oil Conservation Division's Certificate of Positive Production Response.

DEPARTMENT USE ONLY	
CERTIFICATE OF APPROVAL TO USE ENHANCED OIL RECOVERY TAX RATE	
<p>We are approving use of the reduced tax rate for the above ONGARD PUNs based on the information that you have provided. Only production from wells within the project area are qualified to use the reduced rate. Production from wells outside the project area must be reported and paid at the normal rate on a separate line entry. This Department reserves the right to determine compliance with the provisions on the Enhanced Oil Recovery Act.</p>	
<p>Approval for use of the reduced rate begins with sales month _____.</p>	
<p>Please use Special Tax Rate Code _____ on your Form(s) OGT-2 as it applies to the specific Production Unit Number(s) listed above.</p>	
Approved By	Date

ENHANCED OIL RECOVERY APPLICATION AND REPORTING INSTRUCTIONS

(Sections 7-29A-1 through 7-29A-5 NMSA 1978)

The Enhanced Oil Recovery Act provides for a reduced oil and gas severance tax rate on crude oil that is severed and sold from an enhanced recovery project or the expansion of an existing project. The reduced severance tax rate is one and seven-eighths percent (1.875%) of the taxable value determined under Section 7-29-4.1 NMSA 1978, provided that the annual average price of west Texas intermediate crude oil, determined by the department by averaging the posted prices in effect on the last day of each month of the twelve-month period ending on May 31 prior to the fiscal year in which the tax rate is to be imposed, was less than twenty-eight dollars (\$28.00) per barrel. In order to qualify for the reduced tax rate, the project or expansion must be approved by the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (OCD) prior to beginning operation of the project. Only those projects that were approved after the effective date of this act are eligible for the reduced rate. The reduced tax rate applies to the crude oil produced from a project beginning the first day of the month after OCD certifies that a positive production response has occurred. Application for certification of positive production response must be filed within five years from the date of approval of a secondary recovery project and within seven years from the date of approval of a tertiary recovery project. If active operation of the project is terminated, the operator must notify both OCD and TRD within thirty days. The project must be in compliance with rules and regulations adopted by OCD concerning enhanced oil recovery projects.

1. Who may use the reduced severance tax rate: The tax filer who is responsible for paying the production taxes on oil, and on other liquid hydrocarbons removed at or near the wellhead, produced from the area certified to be affected by the enhanced recovery project or expansion.

2. Who must file the application: Any tax filer that is applying the reduced severance tax rate. If the special tax rate code for enhanced oil recovery is used without receiving prior approval, the tax filer may be assessed the additional severance tax at the regular rate.

3. How and where to file the application: Complete this form and send it, along with a copy of OCD's Certification of a Positive Production Response, to the Taxation and Revenue Department, P. O. Box 2308, Santa Fe, NM 87504-2308. A separate application must be filed for each qualifying enhanced oil recovery project.

4. When to apply for the enhanced oil recovery special tax rate: When OCD certifies that a positive production response has occurred. After validating the production unit numbers and wells on your application, the Department will mail a certification of approval to use the enhanced oil recovery tax rate and will provide the special tax rate code to be used when reporting. Please do not use the reduced rate before you receive approval.

5. How to report the reduced tax rate: Enter the applicable code in the special tax rate code column and calculate the tax due amount using the reduced tax rate (the appropriate school, conservation, ad valorem production tax rates plus the reduced severance tax rate times net taxable value). Complete the other columns per the OGT-2 instructions. The recovered oil tax rate is effective beginning the first day of the month following the date that OCD certifies that a positive production response has occurred and may be applied only to the crude oil produced from wells within the project area. If you are remitting taxes on a production unit number that has some wells that qualify and some wells that do not qualify, you must report two separate line entries; one line with the special tax rate code, one line without.

6. Claim for refund: If the reduced severance tax rate was not applied when reporting production taxes for an eligible well after the effective date, the taxpayer may file a claim for refund by submitting amended returns in accordance with Section 7-1-26 NMSA 1978.

Mail or deliver the completed form to:

New Mexico Taxation and Revenue Department
Oil and Gas Section
1200 South St. Francis Drive
P. O. Box 2308
Santa Fe, NM 87504-2308
Telephone: (505) 827-0806



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

April 18, 1997

GALLEGOS LAW FIRM
460 St. Michael's Drive, Bldg. 300
Santa Fe, New Mexico 87505

Re: Myers Langlie-Mattix EOR Project; Operated by OXY, U.S.A., Inc.

Gentlemen:

Enclosed are copies of the documents you requested. If I may be of further assistance, please don't hesitate to call or write.

Very truly yours,

Benjamin E. Stone
Petroleum Engineering Specialist

/BES

Enclosures

GALLEGOS LAW FIRM

A Professional Corporation

460 St. Michael's Drive
Building 300
Santa Fe, New Mexico 87505
Telephone No. (505) 983-6686
Telefax No. (505) 986-0741 or (505) 986-1367

CLIENT: HARTMAN
CLIENT NO.: 97-1.75

DATE: April 17, 1997

TO: William J. LeMay

COMPANY: Oil Conversation Division

TELEFAX NO.: (505) 827-8177

FROM: J. E. Gallegos

MESSAGE:

NUMBER OF PAGES INCLUDING COVER SHEET: 2

IMPORTANT

THE INFORMATION CONTAINED IN THIS FACSIMILE MESSAGE IS CONFIDENTIAL AND INTENDED SOLELY FOR THE USE OF THE INDIVIDUAL OR ENTITY NAMED ABOVE. IF THE READER OF THIS MESSAGE IS NOT THE INTENDED RECIPIENT, OR THE EMPLOYEE OR AGENT RESPONSIBLE FOR DELIVERING IT TO THE INTENDED RECIPIENT, YOU ARE HEREBY NOTIFIED THAT ANY DISSEMINATION, DISTRIBUTION, COPYING, OR UNAUTHORIZED USE OF THIS COMMUNICATION IS STRICTLY PROHIBITED. IF YOU HAVE RECEIVED THIS FACSIMILE IN ERROR, PLEASE NOTIFY THE SENDER IMMEDIATELY BY TELEPHONE, AND RETURN THE FACSIMILE TO THE SENDER AT THE ABOVE ADDRESS VIA THE UNITED STATES POSTAL SERVICE. THANK YOU.

GALLEGOS LAW FIRM

A Professional Corporation

460 St. Michael's Drive
Building 300
Santa Fe, New Mexico 87505
Telephone No. 505-983-6686
Telefax No. 505-986-1367
Telefax No. 505-986-0741

J.E. GALLEGOS*

April 17, 1997
(Our File No. 97-1.75)

VIA TELECOPY 827-8177

William J. LeMay, Director
Oil Conversation Division
2040 South Pacheco
Santa Fe, NM 87505

Re: **Myers Langlie-Mattix Unit**
Case No. 11168, Order R-4680A

Dear Mr. LeMay:

In connection with the above proceeding by OXY USA, Inc., as operator of the unit, for certification under the New Mexico Enhanced Oil Recovery Act reference is made to Section 7-29A-4 (A.)(1). That provision of the Act calls for notification to the secretary of Taxation and Revenue upon occurrence of a positive production response for the project.

We do not find any copy of such notification in checking the file in Case No. 11168. Please advise whether a notification was issued and, if so, furnish a copy of the document.

This firm inquires in behalf of Doyle Hartman who is a working interest owner in the Myers Langlie-Mattix Unit.

Sincerely yours,

GALLEGOS LAW FIRM, P.C.

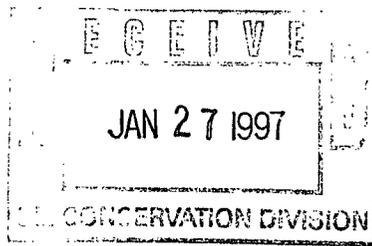
By


J. E. GALLEGOS

JEG:gl

fxc: Doyle Hartman
Thomas Kellahin
ioc: Michael J. Condon

* New Mexico Board of Legal Specialization
Recognized Specialist in the area of
Natural Resources-Oil and Gas Law



OXY USA Inc.
P.O. Box 50250, Midland, TX 79710-0250

January 23, 1997

Mr. David Catanach
New Mexico Oil Conservation Division
P. O. Box 6429
Santa Fe, New Mexico 87505

Re: Application of OXY USA Inc. for Certification of Positive Production Response for the Myers Langlie-Mattix (Queen) Unit Waterflood Project, Langlie-Mattix Seven Rivers Queen Grayburg Pool, Lea County, New Mexico.

Dear David:

As promised, enclosed are two decline curves. The first one shows a computer-fit exponential line based on the historical production from the project area between 9/94 and 7/95, inclusive. The second decline curve shows a computer-generated exponential line based on the historical production from the project area from 8/95 to the most recent. Although the decline rates are about the same (~30%), there has been a pronounced shift upward of the exponential decline curve.

I apologize for creating this ambiguity. The graphs I submitted in the application used the monthly numbers and a very compressed vertical scale, which made the shift in the decline curve in 8/95 very hard to see. If you still have concerns about the response date, feel free to call me at 915/685-5913.

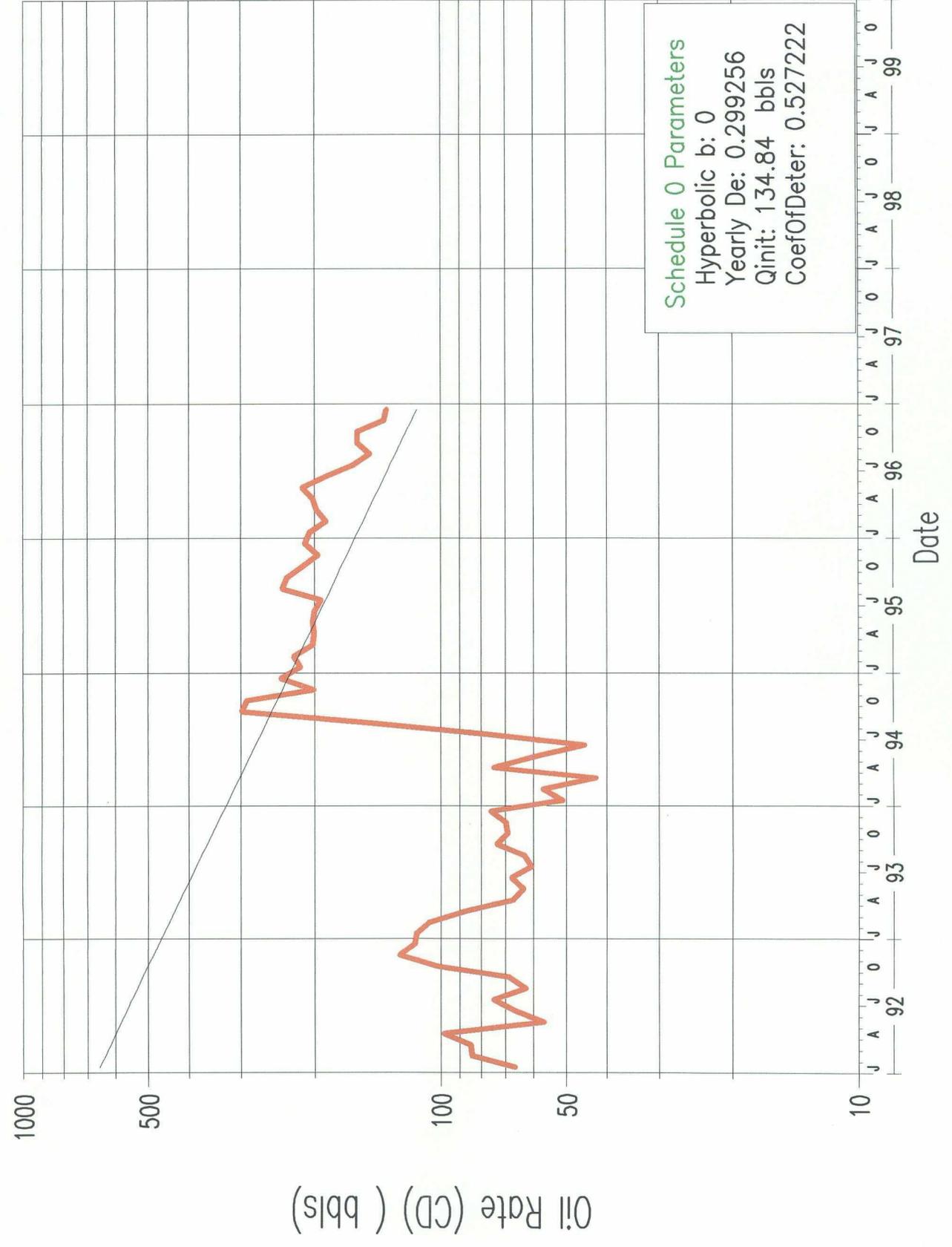
Sincerely,

Richard E. Foppiano
Regulatory Affairs Advisor
Western Region - Midland

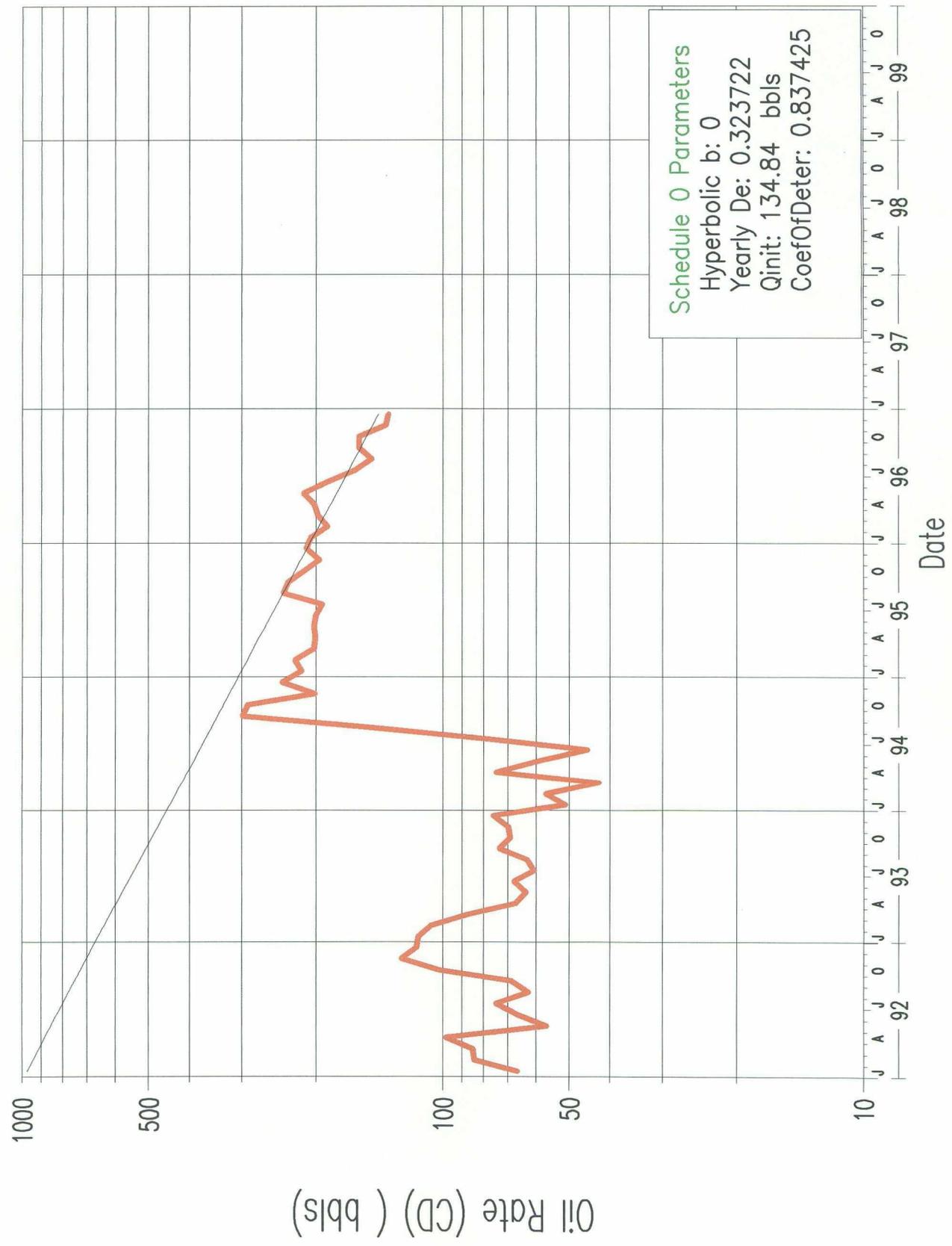
REF/ref
attachments

cc (w/attachments): Sharon Haggard
David Stewart
Scott Gengler

OXY/Myers Langlie Mattix Queen Unit
 Project Area Production Decline Curve



OXY/Myers Langlie Mattix Queen Unit
 Project Area Production Decline Curve
 Based on Data from 8/95 to 12/96



OXY/Myers Langlie Mattix Queen Unit
 Monthly and Daily Oil Volumes
 Digitize Wells (51)

DATE	Oil Vol Prod bbls	OIL RATE (CD) bbls
9201	2060	66
9202	2436	84
9203	2625	85
9204	2951	98
9205	1752	57
9206	1982	66
9207	2314	75
9208	1938	63
9209	2060	69
9210	3162	102
9211	3766	126
9212	3581	116
9301	3544	114
9302	2978	106
9303	2689	87
9304	2012	67
9305	1962	63
9306	2028	68
9307	1877	61
9308	1955	63
9309	2198	73
9310	2138	69
9311	2093	70
9312	2353	76
9401	1584	51
9402	1594	57
9403	1319	43
9404	2241	75
9405	1838	59
9406	1358	45
9407	2412	78
9408	4567	147
9409	8950	298
9410	8985	290
9411	6037	201
9412	7468	241
9501	6700	216
9502	6283	224
9503	6260	202
9504	6009	200
9505	6272	202
9506	6005	200
9507	5992	193
9508	7418	239
9509	6992	233
9510	6606	213
9511	5900	197
9512	6542	211
9601	6369	205
9602	5443	188
9603	6145	198

OXY/Myers Langlie Mattix Queen Unit
Monthly and Daily Oil Volumes
Digitize Wells (51)

DATE	Oil Vol Prod bbls	OIL RATE (CD) bbls
9604	6060	202
9605	6632	214
9606	5639	188
9607	5012	162
9608	4574	148
9609	4747	158
9610	4895	158
9611	4090	136
9612	4180	135
9701	0	0

Ben Stone

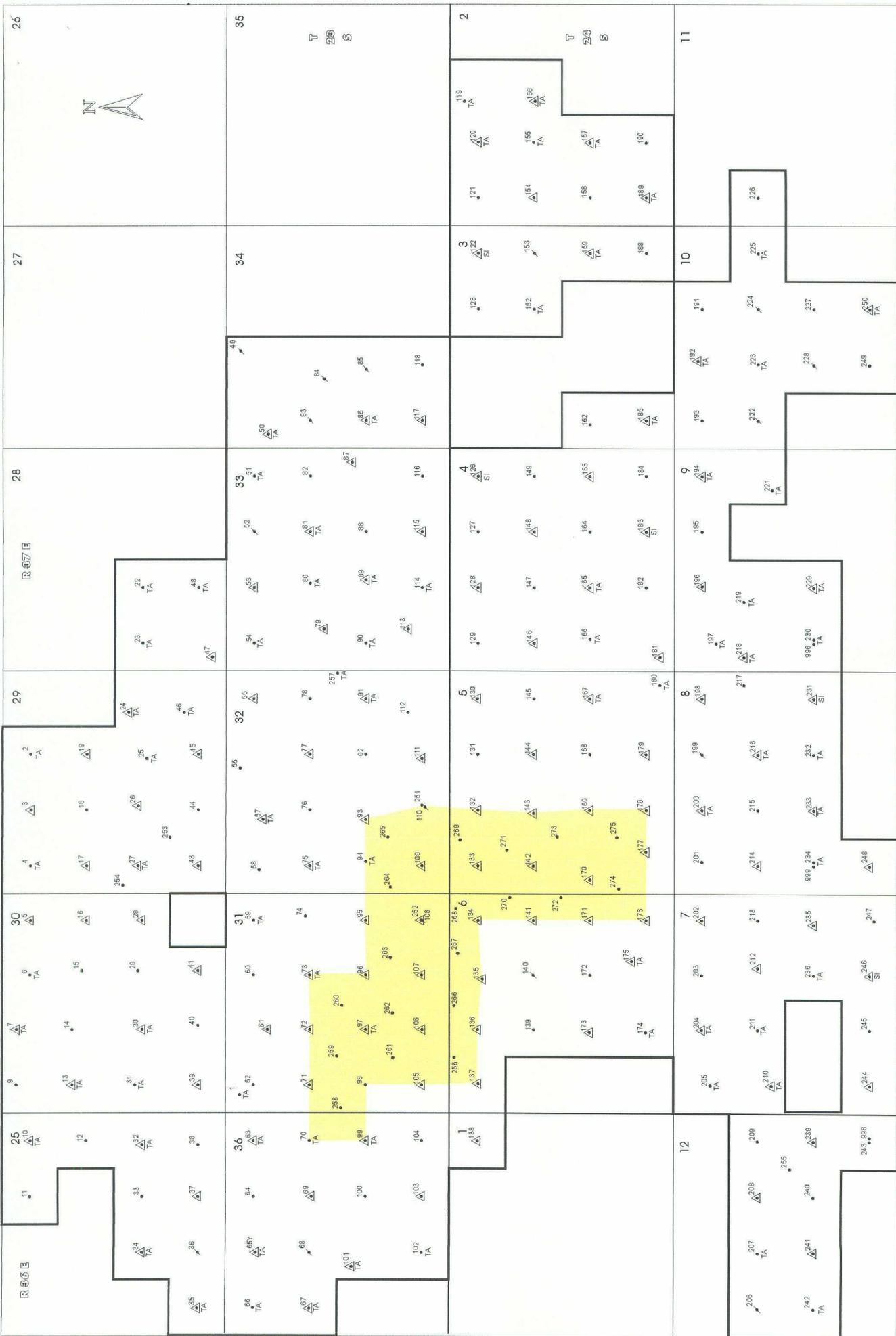
From: Rick_Foppiano[SMTP:Rick_Foppiano@oxy.com]
Sent: Monday, January 20, 1997 8:04 AM
To: BenStone
Subject: EOR Response Certification Application

Ben:

I hate to bug you but I am getting worried again. I filed an application on November 1, 1996 for response certification on the OXY/Myers Langlie Mattix Unit in Lea County, and I haven't heard anything back. I sent it certified mail, but I am even beginning to wonder if it made it. Could you check on it for me and let me know the status?

Thanks for your help...

Rick Foppiano
OXY USA Inc.
Midland, Texas



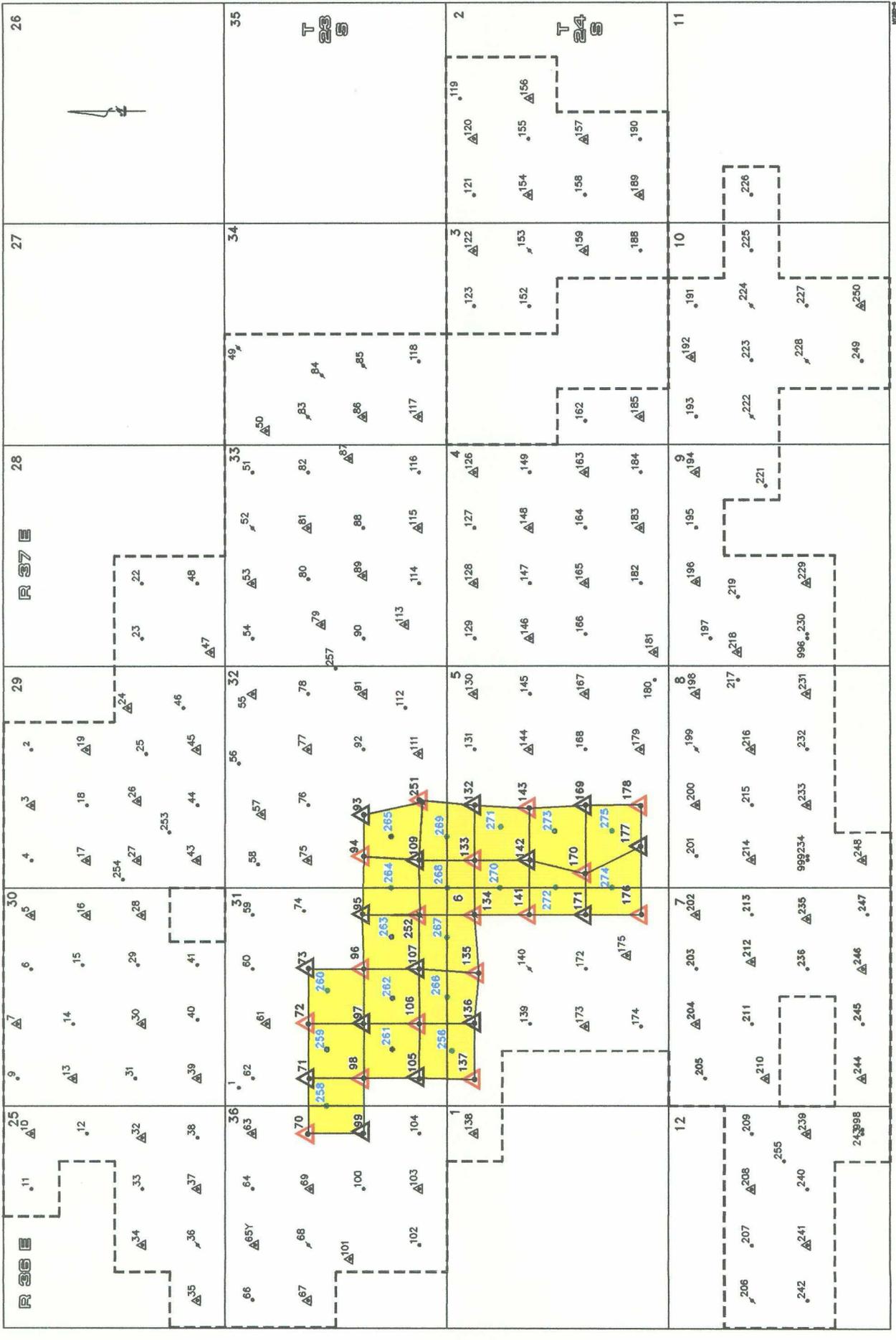
M1290-0

OXY USA INC. - OPERATOR
MYERS LANGLIE MATTIX QUEEN UNIT
 Lea County, New Mexico
PLAT FOR CERTIFICATION OF
POSITIVE PRODUCTION RESPONSE

PROJECT AREA APPROVED
BY OCD ORDER #R-4680-A

- PRODUCER
- ▲ WATER INJECTOR
- PLUGGED & ABANDONED

Scale: None
 Revised: 11/4/96
 Wells Revised: 9/96

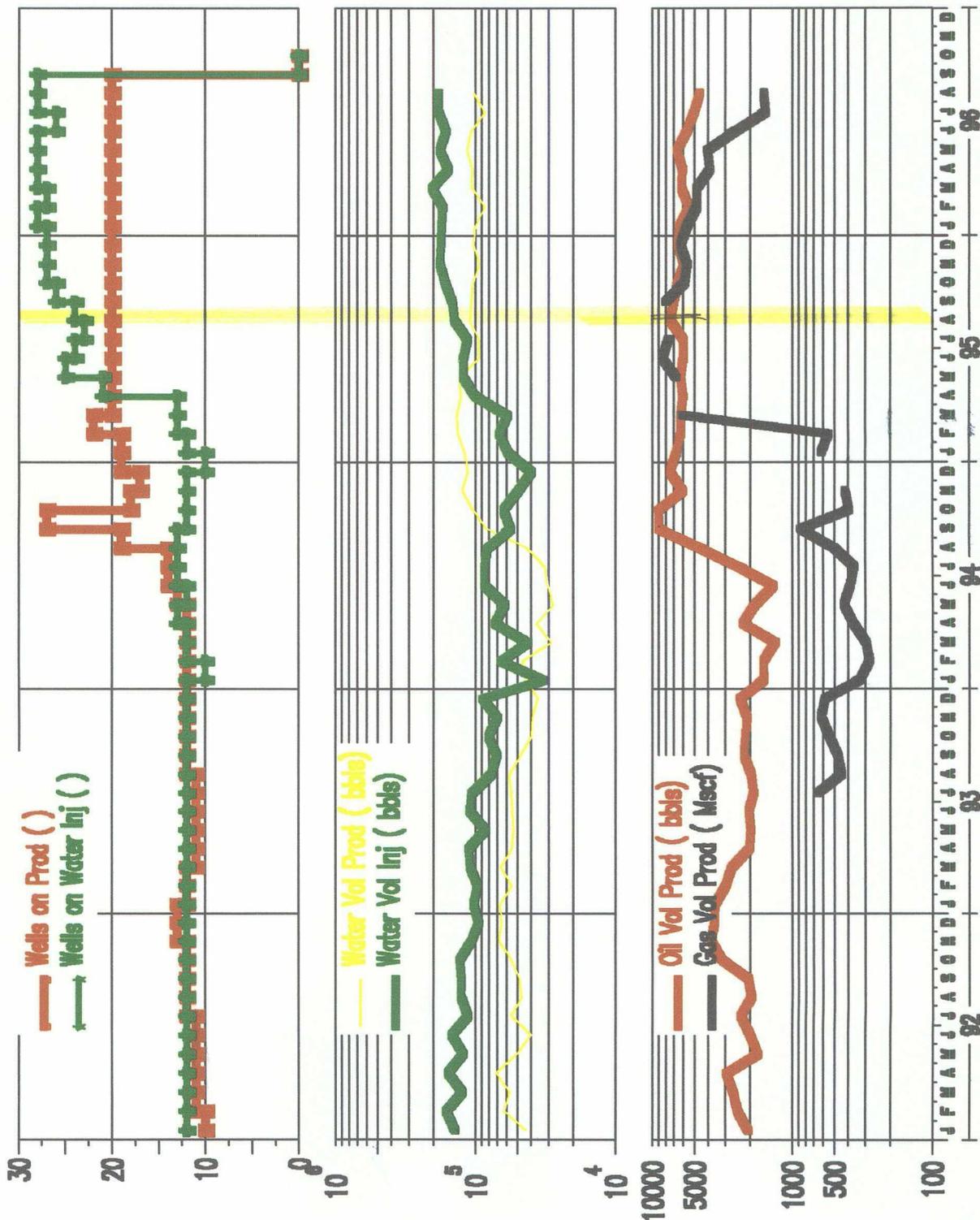


MYERS LANGLIE MATTIX QUEEN UNIT
 Lee County, New Mexico
1994 DEVELOPMENT PLANS

CONVERT TO INJECTION
DRILL & EQUIP. PRODUCER
PROJECT AREA

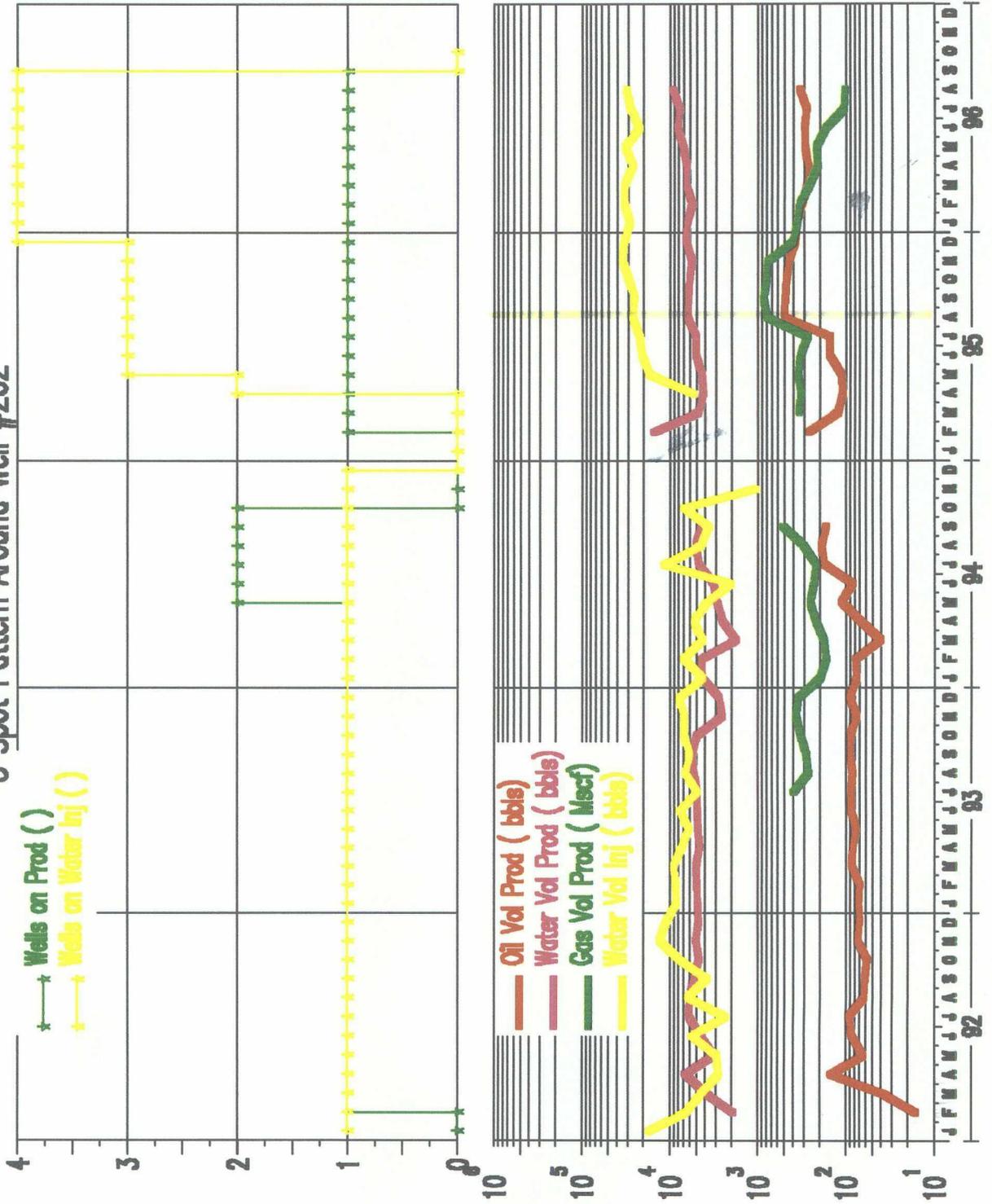
PRODUCER
WATER INJECTOR
PLUGGED & ABANDONED

OXY/Myers Langlie Mattix Queen Unit Project Area Production & Injection Data



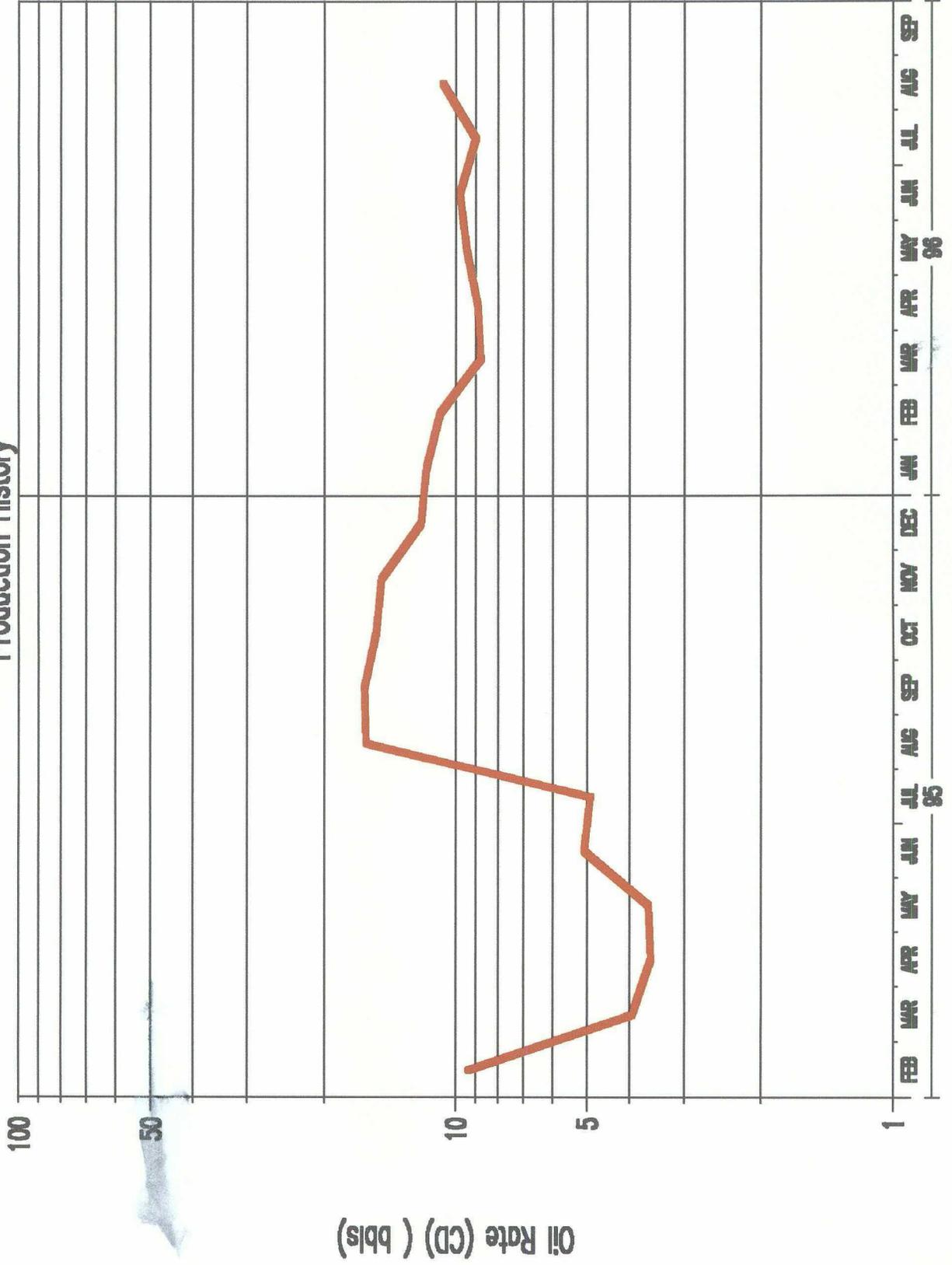
OXY/Myers Langlie Mattix Queen Unit Production/Injection History

5 Spot Pattern Around Well #262



OXY/Myers Langlie Mattix Queen Unit
Well #262

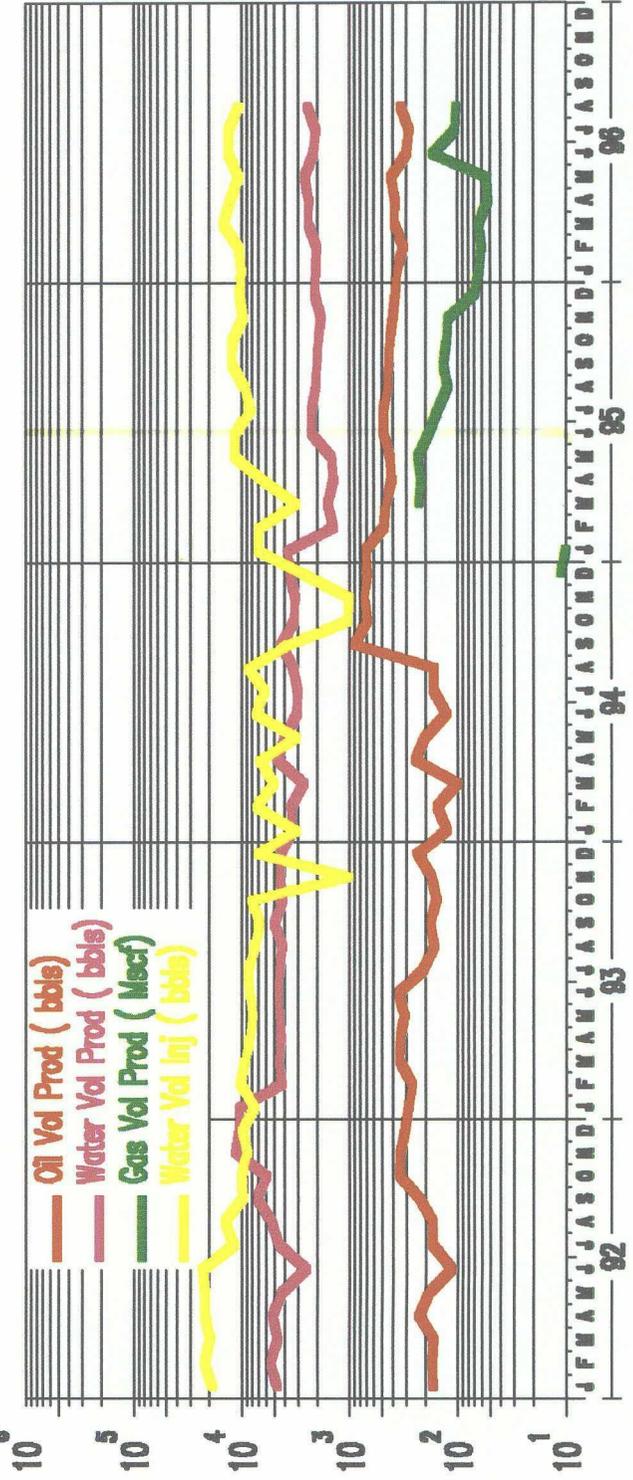
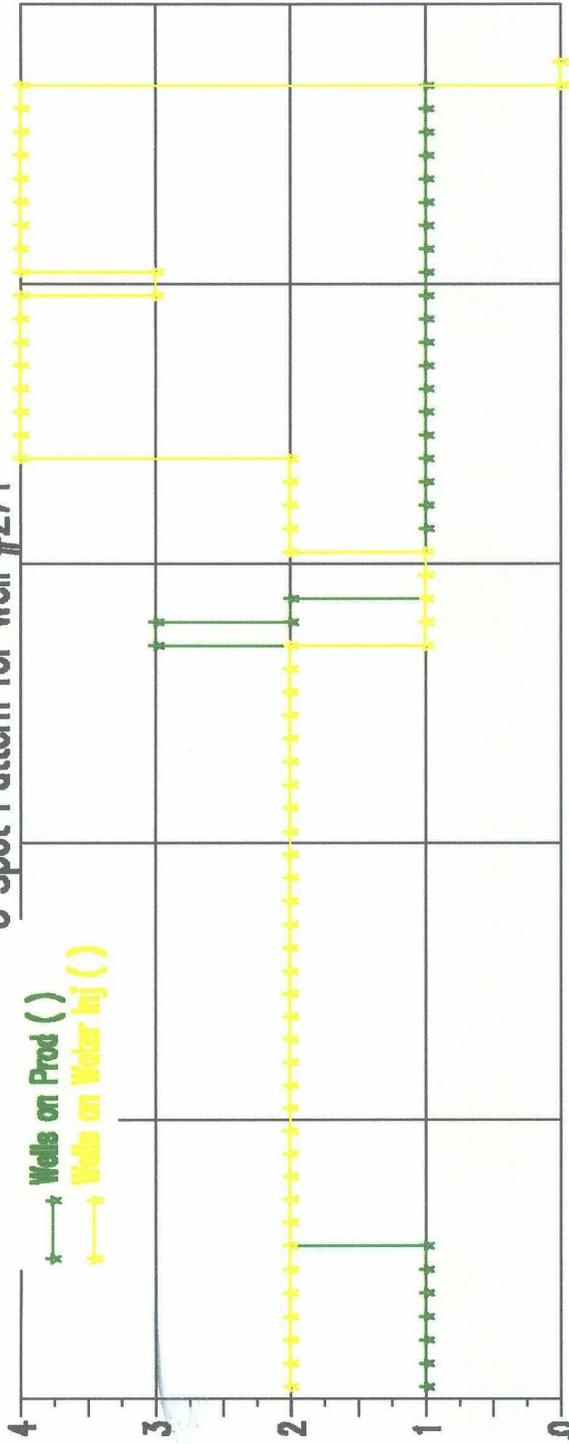
Production History



OXY/Myers Langlie Mattix Queen Unit

Production/Injection History

5 Spot Pattern for Well #271



CXY/Myers Langlie Mattix Queen Unit
 Project Area Production & Injection Data
 Digitize Wells (54)

DATE	Oil Vol Prod bbls	Water Vol Prod bbls	Gas Vol Prod Mscf	Water Vol Inj bbls	WELLS ON PROD	WELLS ON WATER INJ
9201	2060	43614	66	140414	10	12
9202	2436	61830	0	161945	11	12
9203	2625	56766	0	124284	11	12
9204	2951	70975	0	157560	11	12
9205	1752	50651	0	122467	11	12
9206	1982	40132	0	147682	11	12
9207	2314	55606	162	113095	12	12
9208	1938	46458	0	126632	12	12
9209	2060	48355	0	126083	12	12
9210	3162	54898	0	129755	12	12
9211	3766	67640	0	106823	13	12
9212	3581	64602	0	94599	13	12
9301	3544	66253	0	103310	12	12
9302	2978	54884	0	96506	12	12
9303	2689	65917	0	109535	11	12
9304	2012	54368	0	112086	11	12
9305	1962	52958	0	84967	11	12
9306	2028	54050	0	110087	11	12
9307	1877	55132	658	106325	11	12
9308	1955	57010	444	77330	12	12
9309	2198	47670	470	70363	12	12
9310	2138	39805	543	80796	12	12
9311	2093	39007	620	69866	12	12
9312	2353	35607	580	88961	12	12
9401	1584	43301	328	32575	12	10
9402	1594	45923	280	65740	12	12
9403	1319	28702	298	42293	12	12
9404	2241	36566	366	72713	12	13
9405	1838	27732	427	61714	13	12
9406	1358	30320	384	85935	14	13
9407	2412	31418	363	85900	14	13
9408	4567	42419	505	82468	19	13
9409	8950	83813	874	56143	27	12
9410	8985	104306	392	63144	18	12
9411	6037	123853	419	49755	17	12
9412	7468	113148	15686	39774	19	10
9501	6700	118982	622	58391	19	12
9502	6283	132198	553	67537	22	13
9503	6260	135385	6032	59257	20	13
9504	6009	125541	10252	100748	20	21
9505	6272	130984	6765	122137	20	25
9506	6005	94543	8453	122677	20	24
9507	5992	94368	7681	114107	20	23
9508	7418	109100	10195	140830	20	24
9509	6992	106317	8032	146749	20	26
9510	6606	103251	5865	164425	20	27
9511	5900	93767	5619	179342	20	27
9512	6542	102908	6253	177816	20	27
9601	6369	100165	5606	175124	20	28
9602	5443	85390	4793	170979	20	27
9603	6145	105528	4792	204528	20	28

OXY/Myers Langlie Mattix Queen Unit
 Project Area Production & Injection Data
 Digitize Wells (54)

DATE	Oil Vol Prod bbls	Water Vol Prod bbls	Gas Vol Prod Mscf	Water Vol Inj bbls	WELLS ON PROD	WELLS ON WATER INJ
9604	6060	104082	3864	156807	20	28
9605	6632	113997	4030	180538	20	28
9606	5639	107367	2538	162672	20	26
9607	5012	85585	1545	183846	20	28
9608	4574	102743	1599	183566	20	28
9609	0	0	0	0	0	0
9610	0	0	0	0	0	0
9611	0	0	0	0	0	0
9612	0	0	0	0	0	0
9701	0	0	0	0	0	0
9702	0	0	0	0	0	0
9703	0	0	0	0	0	0
9704	0	0	0	0	0	0
9705	0	0	0	0	0	0
9706	0	0	0	0	0	0
9707	0	0	0	0	0	0
9708	0	0	0	0	0	0
9709	0	0	0	0	0	0
9710	0	0	0	0	0	0
9711	0	0	0	0	0	0
9712	0	0	0	0	0	0
9801	0	0	0	0	0	0
9802	0	0	0	0	0	0
9803	0	0	0	0	0	0
9804	0	0	0	0	0	0
9805	0	0	0	0	0	0
9806	0	0	0	0	0	0
9807	0	0	0	0	0	0
9808	0	0	0	0	0	0
9809	0	0	0	0	0	0
9810	0	0	0	0	0	0
9811	0	0	0	0	0	0
9812	0	0	0	0	0	0
9901	0	0	0	0	0	0
9902	0	0	0	0	0	0
9903	0	0	0	0	0	0
9904	0	0	0	0	0	0
9905	0	0	0	0	0	0
9906	0	0	0	0	0	0
9907	0	0	0	0	0	0
9908	0	0	0	0	0	0
9909	0	0	0	0	0	0
9910	0	0	0	0	0	0
9911	0	0	0	0	0	0
9912	0	0	0	0	0	0
10001	0	0	0	0	0	0
10002	0	0	0	0	0	0
10003	0	0	0	0	0	0
10004	0	0	0	0	0	0
10005	0	0	0	0	0	0

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

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF CONSIDERING:

CASE NO. 11168
Order No. R-4680-A

APPLICATION OF OXY USA INC. TO AUTHORIZE THE EXPANSION OF A
PORTION OF ITS MYERS LANGLIE-MATTIX UNIT WATERFLOOD PROJECT
AND QUALIFY SAID EXPANSION FOR THE RECOVERED OIL TAX RATE
PURSUANT TO THE "NEW MEXICO ENHANCED OIL RECOVERY ACT." LEA
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 A.M. on December 15, 1994, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 31st day of March, 1995, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) By Order No. R-4660, issued in Case No. 5086 and dated November 16, 1973, the Division approved the application of Skelly Oil Company for unitization of the following described 9,923.68 acres, more or less, of State, Federal, and Fee lands in Lea County, New Mexico, also known as the Myers Langlie-Mattix Unit Area:

TOWNSHIP 23 SOUTH, RANGE 36 EAST, NMPM

Section 25: N/2 NE/4, SE/4 NE/4, NE/4
SW/4, S/2 SW/4, and SE/4
Section 36: N/2, E/2 SW/4, and SE/4

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM

Section 28: SW/4 NW/4 and SW/4
Sections 29 through 33: All
Section 34: W/2

TOWNSHIP 24 SOUTH, RANGE 36 EAST, NMPM

Section 1: Lot 1 (NE/4 NE/4 equivalent)
Section 12: S/2 N/2, N/2 SW/4, N/2
SE/4, and SE/4 SE/4

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM

Section 2: Lots 2, 3, and 4, SW/4
NE/4, S/2 NW/4, and SW/4
Section 3: Lots 1 and 2, S/2 NE/4, W/2
SW/4, and E/2 SE/4
Sections 4 and 5: All
Section 6: Lots 1, 2, 3, and 4, S/2
NE/4, SE/4 NW/4, E/2
SW/4, and SE/4
Section 7: All
Section 8: N/2, N/2 S/2, and SW/4
SW/4
Section 9: N/2 and N/2 SW/4
Section 10: W/2 NE/4, SE/4 NE/4,
NW/4, E/2 SW/4, and W/2
SE/4
Section 11: SW/4 NW/4.

(3) By Order No. R-4680, issued in Case No. 5087 and dated November 20, 1973, the Division authorized Skelly Oil Company to institute a waterflood project (therein designated the Skelly Myers Langlie Mattix Unit Waterflood Project) by the injection of water into the Lower Seven Rivers and Queen formations of the Langlie-Mattix (Seven Rivers-Queen-Grayburg) Pool within the above-described Unit, Lea County, New Mexico.

(4) OXY USA, Inc. is the current operator of both the Myers Langlie-Mattix Unit ("Unit") and the (Skelly) Myers Langlie Mattix Unit Waterflood Project ("Waterflood Project").

(5) The applicant, OXY USA, Inc. ("OXY"), pursuant to the New Mexico "Enhanced Oil Recovery Act" and to Division General Rule 701(G), seeks approval of an expansion of its (Skelly) Myers Langlie-Mattix Unit Waterflood Project by means of a significant change in process used for the displacement of crude oil with water including the approval of the conversion of 16 producers to injection wells, to reactivate a plugged injector and an Order, pursuant to the "Rules and Procedures for Qualification of Enhanced Oil Recovery ("EOR") Projects and Certification for the Recovered Oil Tax Rate", as promulgated by Division Order R-9708, qualifying a portion of its Myers Langlie-Mattix Unit Waterflood Project, located in portions of Section 36, Township 23 South, Range 36 East, NMPM, and in Sections 31 and 32, Township 23 South, Range 37 East, NMPM, and in Sections 5 and 6, Township 24 South, Range 37 East, NMPM, Langlie-Mattix Pool, Lea County, New Mexico, for the recovered oil tax rate under the "Enhanced Oil Recovery Act" (Law 1992, Chapter 38, Sections 1 through 5).

(6) Waterflood operations were initiated by Skelly Oil Company during the 1970's on an 80-acre five-spot injection pattern. Ultimate primary oil recovery from the Unit has been 9,000,000 barrels of oil. As of October 31, 1994, total oil production from the Unit was 15,200,000 barrels.

(7) The Unit currently has 93 active producers and 62 injectors and is producing at a rate of approximately 613 barrels of oil per day and 7,032 barrels of water per day. Evidence indicates the remaining recoverable reserves in the Unit under the current 80-acre five-spot pattern is approximately 688,000 barrels of oil.

(8) The applicant now seeks to qualify the following described 760 acres, more or less, hereinafter referred to as the "EOR Expansion Area", being a portion of the (Skelly) Myers Langlie-Mattix Unit Waterflood Project in Lea County, New Mexico, for the recovered oil tax rate:

Township 23 South, Range 36 East, NMPM

*Section 36: SE/4 SE/4 NE/4
NE/4 NE/4 SE/4*

Township 23 South, Range 37 East, NMPM

*Section 31: SW/4 SW/4 NE/4
S/2 S/2 NW/4
E/2 SW/4
E/2 W/2 SW/4 (equivalent)
NW/4 NW/4 SW/4 (equivalent)
NW/4 NW/4 SE/4
S/2 N/2 SE/4
S/2 SE/4*

Section 32: SW/4 NE/4 SW/4
S/2 NW/4 SW/4
SW/4 SW/4
W/2 SE/4 SW/4

Township 23 South, Range 37 East, NMPM

Section 5: W/2 E/2 NW/4 (equivalent)
W/2 NW/4 (equivalent)
W/2 NE/4 SW/4
NW/4 SW/4
N/2 SW/4 SW/4
NW/4 SE/4 SW/4

Section 6: N/2 N/2 NE/4 (equivalent)
SE/4 NE/4 NE/4 (equivalent)
E/2 SE/4 NE/4
N/2 NE/4 NW/4 (equivalent)
NE/4 NW/4 NW/4 (equivalent)
E/2 NE/4 SE/4
NE/4 SE/4 SE/4.

(9) Within the subject 760-acre, more or less, EOR Expansion Area, the applicant is proposing a significant change in the process used for the displacement of crude oil by expanding its current waterflood pattern by further instituting a 20-acre infill drilling program and to initiate a 40-acre five-spot water injection pattern. Such action will require the applicant to drill and equip nineteen new infill producing wells (as further described in **Exhibit "A"**, attached hereto and made a part hereof), convert sixteen current producing wells to injectors (as further described in **Exhibit "B"**, attached hereto and made a part hereof), reactivate a previously plugged and abandoned injection well (see also **Exhibit "B"**), and utilize fifteen existing injection wells (as further described in **Exhibit "C"**, attached hereto and made a part of this order as reference only), plus an extensive upgrade of the tank battery and surface injection facilities.

(10) While the nineteen new producers (**Exhibit "A"**) have been drilled in the EOR Expansion Area as infill wells, none of those producers will be recovering enough primary oil to pay for their costs. Instead, these producers are an integral part of the EOR expansion being necessary in order to close the 40-acre five-spot injection pattern and improve sweep efficiency within the EOR Expansion Area.

(11) Costs for the proposed change in operations within the EOR Expansion Area is estimated to be \$3,660,000.00 for the drilling and associated equipment for the nineteen infill producers, \$690,000.00 to convert and reactivate the seventeen proposed new injection wells, and \$750,000.00 to upgrade battery and injection facilities. Total expansion costs are estimated to be \$5,100,000.

(12) The estimated *amount* of recoverable oil attributable to a "Positive Production Response from the Expanded Use" of enhanced oil recovery *technology* for a portion of this existing Waterflood Project is 1,600,000 barrels of additional oil.

(13) This EOR expansion project is similar to the one earlier requested by OXY for its Skelly Penrose "B" Unit Waterflood Project, which was approved by Division Order No. R-9955, as amended.

(14) For ease and simplicity the EOR Expansion Area should also be defined in terms of the nineteen unit wells which would actually qualify for the recovered oil tax rate, as described in **Exhibit "A"**.

(15) The evidence and testimony presented in this case indicates that:

- (a) the reduction in the waterflood injection well pattern in the EOR Expansion Area should result in a substantial increase in the amount of crude oil ultimately recovered therefrom;
- (b) the EOR Expansion Area has been so depleted that it is prudent to implement a waterflood injection well pattern reduction to maximize the ultimate recovery of crude oil from said area; and,
- (c) the proposed expansion is economically and technically feasible and has not been prematurely filed.

(16) The EOR Expansion Area within the (Skelly) Myers Langlie-Mattix Unit Waterflood Project, as defined in Finding Paragraph No. (8) above, and those nineteen corresponding wells within said Area (see **Exhibit "A"**) should be qualified as an "Enhanced Oil Recovery Project" pursuant to the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5).

(17) To be eligible for the EOR credit, the operator should advise the Division when water injection into each additional injection well commences and at such time request the Division certify the subject expansion project to the New Mexico Taxation and Revenue Department.

(18) The application should be approved and the EOR expansion should be governed by the provisions of the "Rules and Procedures for Qualifications of Enhanced Oil Recovery Projects" and "Certification for Recovered Oil Tax Rate" as promulgated by Division Order No. R-9708.

(19) At such time as a positive production response occurs and within five years from the date of the Certificate of Qualification, the applicant must apply to the Division for certification of positive production response, which application shall identify the area

actually benefitting from enhanced recovery operations, and identifying the specific wells which the operator believes are eligible for the credit. The Division may review the application administratively or set it for hearing. Based upon evidence presented, the Division will certify to the Department of Taxation and Revenue those lands and wells which are eligible for the credit.

(20) The injection of water into the proposed seventeen new injection wells should be accomplished through 2 3/8 inch internally fiberglass-lined tubing installed in a packer set within 100 feet of the uppermost injection perforation or casing shoe; the casing-tubing annulus should be filled with an inert fluid and a gauge or approved leak-detection device should be attached to the annulus in order to determine leakage in the casing, tubing or packer.

(21) Prior to commencing injection operations into the seventeen wells shown on Exhibit "B", attached hereto and made a part hereof, the casing in each well should be pressure tested throughout the interval from the surface down to the proposed packer setting depth, to assure the integrity of such casing.

(22) The seventeen injection wells or pressurization system should be initially equipped with a pressure control device or acceptable substitute which will limit the surface injection pressure to no more than 1800 psi.

(23) The Division Director should have the authority to administratively authorize a pressure limitation in excess of the pressure limitation described above upon a showing by the operator that such higher pressure will not result in the fracturing of the injection formation or confining strata.

(24) The operator should give advance notification to the supervisor of the Hobbs District Office of the Division of the date and time of the installation of injection equipment and of the mechanical integrity pressure tests in order that the same may be witnessed.

(25) The proposed waterflood expansion should be approved and governed by the provisions of Rule Nos. 701 through 708 of the Oil Conservation Division Rules and Regulations.

(26) The injection authority granted herein for the proposed seventeen new injection wells should terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject wells, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, OXY USA, Inc. ("OXY") is hereby authorized to expand its (Skelly) Myers Langlie-Mattix Unit Waterflood Project, Myers Langlie-Mattix Unit ("Unit"), Langlie-Mattix (Seven Rivers-Queen-Grayburg) Pool, Lea County, New Mexico, pursuant to Division General Rule 701.G., by converting 16 existing wells to injectors and by reactivating a plugged injector, as further described in Exhibit "B", attached hereto and made a part hereof.

(2) The applicant shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface.

(3) The injection of water into the seventeen wells shown on Exhibit "B" shall be accomplished through 2 3/8 inch internally fiberglass-lined tubing installed in a packer set within 100 feet of the uppermost injection perforation or casing shoe; the casing-tubing annulus shall be filled with an inert fluid and a gauge or approved leak-detection device shall be attached to the annulus in order to determine leakage in the casing, tubing or packer.

(4) Prior to commencing injection operations into the wells shown on Exhibit "B", the casing in each well shall be pressure tested throughout the interval from the surface down to the proposed packer setting depth, to assure the integrity of such casing.

(5) The seventeen injection wells or pressurization system shall be initially equipped with a pressure control device or acceptable substitute which will limit the surface injection pressure to no more than 1800 psi.

(6) The Division Director shall have the authority to administratively authorize a pressure limitation in excess of the 1800 psi herein authorized upon a showing by the operator that such higher pressure will not result in the fracturing of the injection formation or confining strata.

(7) The operator shall give advance notification to the supervisor of the Hobbs District Office of the Division of the date and time of the installation of injection equipment and of the mechanical integrity pressure tests in order that the same may be witnessed.

(8) The operator shall immediately notify the supervisor of the Hobbs district office of the Division of the failure of the tubing, casing or packer in any of the wells shown on Exhibit "B" and shall take such steps as may be timely and necessary to correct such failure or leakage.

(9) The subject wells shall be governed by all provisions of Division Order No. R-4680 and Rule Nos. 702-706 of the Oil Conservation Division Rules and Regulations.

(10) The injection authority granted herein shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject wells, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

IT IS FURTHER ORDERED THAT:

(11) The application of OXY to qualify the following described 760 acres, more or less, hereinafter referred to as the "EOR Expansion Area", being a portion of its (Skelly) Myers Langlie-Mattix Unit Waterflood Project, for the recovered oil tax rate under the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5), is hereby approved:

Township 23 South, Range 36 East, NMPM

Section 36: SE/4 SE/4 NE/4
NE/4 NE/4 SE/4

Township 23 South, Range 37 East, NMPM

Section 31: SW/4 SW/4 NE/4
S/2 S/2 NW/4
E/2 SW/4
E/2 W/2 SW/4 (equivalent)
NW/4 NW/4 SW/4 (equivalent)
NW/4 NW/4 SE/4
S/2 N/2 SE/4
S/2 SE/4

Section 32: SW/4 NE/4 SW/4
S/2 NW/4 SW/4
SW/4 SW/4
W/2 SE/4 SW/4

Township 23 South, Range 37 East, NMPM

Section 5: W/2 E/2 NW/4 (equivalent)
W/2 NW/4 (equivalent)
W/2 NE/4 SW/4
NW/4 SW/4
N/2 SW/4 SW/4
NW/4 SE/4 SW/4

*Section 6: N/2 N/2 NE/4 (equivalent)
SE/4 NE/4 NE/4 (equivalent)
E/2 SE/4 NE/4
N/2 NE/4 NW/4 (equivalent)
NE/4 NW/4 NW/4 (equivalent)
E/2 NE/4 SE/4
NE/4 SE/4 SE/4.*

(12) The EOR Expansion Area shall also be defined in terms of the nineteen unit wells that are producing which would actually qualify for the recovered oil tax rate, as described in **Exhibit "A"**, attached hereto and made a part hereof.

(13) The operator shall advise the Division when water injection actually commences into any of the seventeen "new" injection wells.

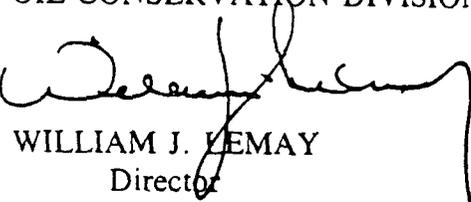
(14) To be eligible for the EOR credit, prior to commencing injection operations, the operator must request from the Division a Certificate of Qualification, which certificate will specify the project area as described above.

(15) At such time as a positive production response occurs and within five years from the date of the Certificate of Qualification, the applicant must apply to the Division for certification of positive production response, which application shall identify the area actually benefitting from enhanced recovery operations, and identifying the specific wells which the operator believes are eligible for the credit. The Division may review the application administratively or set it for hearing. Based upon evidence presented, the Division will certify to The Department of Taxation and Revenue those lands and wells which are eligible for the credit.

(16) Said EOR Expansion Area shall be governed by the provisions of the "Rules and Procedures for Qualifications of Enhanced Oil Recovery Projects" and "Certification for Recovered Oil Tax Rate" as promulgated by Division Order No. R-9708.

(17) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY
Director

S E A L

EXHIBIT "A"

CASE NO. 11168
ORDER NO. R-4680-A

OXY USA, INC. MYERS LANGLEE-MATTIX UNIT
WATERFLOOD PROJECT

"PRODUCING WELLS WITHIN THE EOR PROJECT AREA ELIGIBLE FOR THE EOR TAX CREDIT"

Well No.	API No.	Footage Location	Lot/Unit	S-T-R
256	30-025-29589	105' FNL - 1310' FWL	4/D	6-24S-37E
258	30-025-32588	2560' FSL - 120' FWL	3/L	31-23S-37E
259	30-025-32534	2620' FNL - 1340' FWL	F	31-23S-37E
260	30-025-32589	2535' FSL - 2563' FWL	K	31-23S-37E
261	30-035-32559	1340' FSL - 1300' FWL	3/L	31-23S-37E
262	30-025-32590	1350' FSL - 2380' FWL	K	31-23S-37E
263	30-025-32555	1398' FSL - 1564' FEL	J	31-23S-37E
264	30-025-32535	1400' FSL - 160' FWL	L	32-23S-37E
265	30-025-32536	1460' FSL - 1340' FWL	K	32-23S-37E
266	30-025-32537	100' FNL - 2556' FWL	3/C	6-24S-37E
267	30-025-32591	190' FNL - 1460' FEL	2/B	6-24S-37E
268	30-025-32592	139' FNL - 372' FEL	1/A	6-24S-37E
269	30-025-32556	238' FNL - 1274' FWL	4/D	5-24S-37E

EXHIBIT "A"
CASE NO. 11168
ORDER NO. R-4680-A
PAGE 2

Well No.	API No.	Footage Location	Lot/Unit	S-T-R
270	30-025-32593	1410' FNL - 90' FEL	H	6-24S-37E
271	30-025-32565	1340' FNL - 1030' FWL	E	5-24S-37E
272	30-025-32566	2620' FNL - 90' FEL	H	6-24S-37E
273	30-025-32594	2533' FNL - 1350' FWL	F	5-24S-37E
274	30-035-32567	1300' FSL - 120' FWL	M	5-24S-37E
275	30-025-32557	1340' FS & WL	K	5-24S-37E

EXHIBIT "B"

CASE NO. 11168
ORDER NO. R-4680-A

OXY USA, INC. MYERS LANGLIE-MATTIX UNIT WATERFLOOD PROJECT
APPROVED WATERFLOOD EXPANSION INJECTION WELLS

WELLS TO BE CONVERTED FROM PRODUCERS TO INJECTORS:

WELL NO.	API NO.	FOOTAGE LOCATION	LOT/UNIT	S-T-R	INJECTION INTERVAL
70	30-025-09475	1980' FNL - 660' FEL	H	36-23S-36E	3465' - 3609' (OPENHOLE)
72	30-025-10902	1980' FN & WL	F	31-23S-37E	3570' - 3670'
94	30-025-26908	1980' FSL - 760' FWL	L	32-23S-37E	3440' - 3677'
96	30-025-10907	1979' FSL - 1980' FEL	J	31-23S-37E	3447' - 3618' (OPENHOLE)
98	30-025-10906	1980' FSL - 660' FEL	3/L	31-23S-37E	3450' - 3608' (OPENHOLE)
106	30-025-10911	660' FSL - 1980' FWL	N	31-23S-37E	3546' - 3627'
133	30-025-11008	660' FN & WL	4/D	5-24S-37E	3503' - 3623'
135	30-025-25989	760' FNL - 2080' FEL	2/B	6-24S-37E	3502' - 3686'
137	30-025-11036	660' FNL - 626' FWL	4/D	6-24S-37E	3454' - 3588' (OPENHOLE)
141	30-025-11027	1962' FNL - 660' FEL	H	6-24S-37E	3517' - 3640'
143	30-025-11011	1960' FNL - 1905' FWL	F	5-24S-37E	3437' - 3680'

WELL NO.	API NO.	FOOTAGE LOCATION	LOT/UNIT	S-T-R	INJECTION INTERVAL
170	30-025-11004	1980' FSL - 330' FWL	L	5-24S-37E	3445' - 3793'
176	30-025-11025	660' FS & EL	P	6-24S-37E	3516' - 3590'
178	30-025-11007	660' FSL - 1980' FWL	N	5-24S-37E	3442' - 3570'
251	30-025-28246	660' FSL - 2096' FWL	N	32-23S-37E	3354' - 3699'
252	30-025-28808	685' FSL - 660' FEL	P	31-23S-37E	3523' - 3730'

The following well was Plugged and Abandoned by Texaco Exploration and Production Inc. in 1992, Division Order No. R-4680 originally authorized this well to be utilized as a water injection well on the Skelly Myers Langlie-Matrix Unit Waterflood Project:

Myers Langlie-Matrix Unit Well No. 134 (API No. 30-025-11026), located 660' FN & EL (Lot 1/Unit A) of Section 6, Township 24 South, Range 37 East, NMPPM, Lea County New Mexico. The proposed injection interval will be through perforations from 3546' to 3655'.

EXHIBIT "C"
CASE NO. 11168
ORDER NO. R-4680-A

OXY USA, INC. MYERS LANGLEY-MATTIX UNIT WATERFLOOD PROJECT

EXISTING INJECTION WELLS TO BE UTILIZED FOR THE FOR PROJECT AREA:

WELL NO.	API NO.	FOOTAGE LOCATION	LOT/UNIT	S-T-R	DIVISION ORDER AUTHORIZING INJECTION
71	30-025-10901	1980' FNL - 660' FWL	2/E	31-23S-37E	R-4680
73	30-025-10904	1980' FN & EL	G	31-23S-37E	R-4680
93	30-025-25680	1980' FSL - 1750' FWL	K	32-23S-37E	WFX-460
95	30-025-10912	1980' FSL - 660' FEL	I	31-23S-37E	R-4680
97	30-025-10909	1980' FS & WL	K	31-23S-37E	R-4680
99	30-025-09482	1980' FSL - 660' FEL	I	36-23S-36E	R-4680
105	30-025-10908	660' FS & WL	4/M	31-23S-37E	R-4680
107	30-025-10910	660' FSL - 1980' FEL	O	31-23S-37E	R-4680
109	30-025-03205	660' FS & WL	M	32-23S-37E	R-4680
132	30-025-11010	660' FNL - 1980' FWL	3/C	5-24S-37E	R-4680
136	30-025-11019	660' FNL - 1980' FWL	3/C	6-24S-37E	R-4680
142	30-025-11009	1962' FNL - 660' FWL	E	5-24S-37E	R-4680
169	30-025-11005	1980' FS & WL	K	5-24S-37E	R-4680
171	30-025-11030	1980' FSL - 660' FEL	I	6-24S-37E	R-4680
177	30-025-11006	660' FSL - 990' FWL	M	5-24S-37E	R-4680



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

May 22, 1995

OXY USA, Inc.

P.O. Box 50250
Midland, TX 79710

Attention: Rick Foppiano

**CERTIFICATION OF ENHANCED OIL RECOVERY PROJECT
FOR RECOVERED OIL TAX RATE**

The New Mexico Oil Conservation Division hereby certifies that the following Enhanced Oil Recovery Project has been approved by the Division as a secondary project, pursuant to the provisions of the *New Mexico Enhanced Oil Recovery Act* (Laws of 1992, Chapter 38). In order to qualify for the *Recovered Oil Tax Rate*, you must apply for certification of positive production response within five years from the date of this certification. Only production from that portion of the project area identified herein which is actually developed for enhanced recovery will qualify for the reduced tax rate.

If operation of this project is terminated for any reason, the operator of the project must notify this Division and the Secretary of the Taxation and Revenue Department not later than the thirtieth day after termination.

NAME OF PROJECT: (Skelly) Myers Langlie Mattix Unit Waterflood Project

OCD ORDER NO. R-4680-A

OPERATOR: OXY USA, Inc.
ADDRESS: Attention: Rick Foppiano
P.O. Box 50250
Midland, TX 79710

CERTIFICATION DATE: May 1, 1995

PROJECT AREA:

TOWNSHIP 23 SOUTH, RANGE 36 EAST, NMPM

Section 36: SE/4 SE/4 NE/4 and NE/4 NE/4 SE/4

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM

Section 31: SW/4 SW/4 NE/4, S/2 S/2 NW/4, E/2 SW/4, E/2 W/2 SW/4 (equivalent), NW/4 NW/4 SW/4 (equivalent), NW/4 NW/4 SE/4, S/2 N/2 SE/4 and S/2 SE/4

Section 32: SW/4 NE/4 SW/4, S/2 NW/4 SW/4, SW/4 SW/4 and W/2 SE/4 SW/4

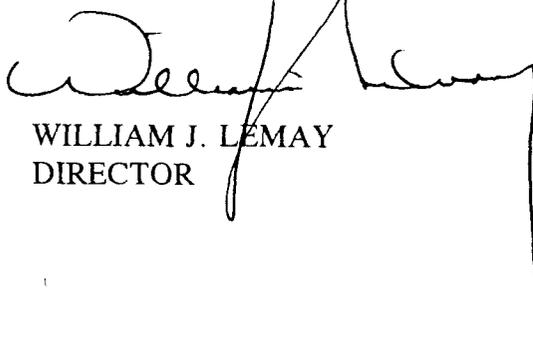
TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM

Section 5: W/2 NW/4 (equivalent), W/2 E/2 NW/4 (equivalent), NW/4 SW/4, W/2 NE/4 SW/4, N/2 SW/4 SW/4 and NW/4 SE/4 SW/4

Section 6: NE/4 NW/4 NW/4 (equivalent), N/2 NE/4 NW/4 (equivalent), N/2 N/2 NE/4 (equivalent), SE/4 NE/4 NE/4 (equivalent), E/2 SE/4 NE/4, E/2 NE/4 SE/4 and NE/4 SE/4 SE/4

APPROVED BY:

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
DIRECTOR

S E A L

cc: Secretary, Taxation and Revenue
Kellahin and Kellahin, Attorneys at Law



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

May 22, 1995

OXY USA, Inc.

P.O. Box 50250
Midland, TX 79710

Attention: Rick Foppiano

**CERTIFICATION OF ENHANCED OIL RECOVERY PROJECT
FOR RECOVERED OIL TAX RATE**

The New Mexico Oil Conservation Division hereby certifies that the following Enhanced Oil Recovery Project has been approved by the Division as a secondary project, pursuant to the provisions of the *New Mexico Enhanced Oil Recovery Act* (Laws of 1992, Chapter 38). In order to qualify for the *Recovered Oil Tax Rate*, you must apply for certification of positive production response within five years from the date of this certification. Only production from that portion of the project area identified herein which is actually developed for enhanced recovery will qualify for the reduced tax rate.

If operation of this project is terminated for any reason, the operator of the project must notify this Division and the Secretary of the Taxation and Revenue Department not later than the thirtieth day after termination.

NAME OF PROJECT: (Skelly) Myers Langlie Mattix Unit Waterflood Project

OCD ORDER NO. R-4680-A

OPERATOR: OXY USA, Inc.
ADDRESS: Attention: Rick Foppiano
P.O. Box 50250
Midland, TX 79710

CERTIFICATION DATE: May 1, 1995

PROJECT AREA:

TOWNSHIP 23 SOUTH, RANGE 36 EAST, NMPM

Section 36: SE/4 SE/4 NE/4 and NE/4 NE/4 SE/4

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM

Section 31: SW/4 SW/4 NE/4, S/2 S/2 NW/4, E/2 SW/4, E/2 W/2 SW/4 (equivalent), NW/4 NW/4 SW/4 (equivalent), NW/4 NW/4 SE/4, S/2 N/2 SE/4 and S/2 SE/4

Section 32: SW/4 NE/4 SW/4, S/2 NW/4 SW/4, SW/4 SW/4 and W/2 SE/4 SW/4

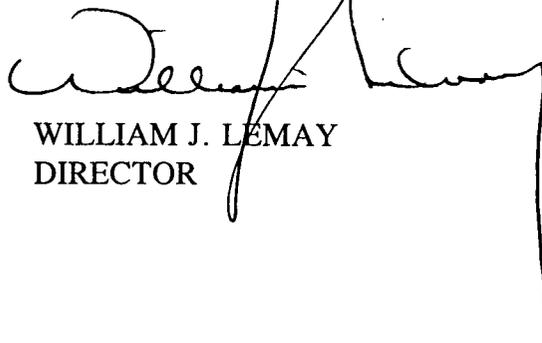
TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM

Section 5: W/2 NW/4 (equivalent), W/2 E/2 NW/4 (equivalent), NW/4 SW/4, W/2 NE/4 SW/4, N/2 SW/4 SW/4 and NW/4 SE/4 SW/4

Section 6: NE/4 NW/4 NW/4 (equivlalent), N/2 NE/4 NW/4 (equivlalent), N/2 N/2 NE/4 (equivlalent), SE/4 NE/4 NE/4 (equivlalent), E/2 SE/4 NE/4, E/2 NE/4 SE/4 and NE/4 SE/4 SE/4

APPROVED BY:

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
DIRECTOR

S E A L

cc: Secretary, Taxation and Revenue
Kellahin and Kellahin, Attorneys at Law



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

May 22, 1995

Department of Taxation and Revenue
P.O. Box 630
Santa Fe, NM 87509-0630

Attention: John Chavez, Secretary

**RE: Certification of EOR Project
OXY USA, Inc.
(Skelly) Myers Langlie Mattix Unit Waterflood Project**

Dear Secretary Chavez:

Enclosed is a copy of the certification issued to OXY USA, Inc. for its (Skelly) Myers Langlie Mattix Unit Waterflood Project EOR project, certified by this Division on May 1, 1995, to be a qualified Enhanced Oil Recovery Project. If the operator applies for certification of positive production response within five years from that date, this project will be eligible for the *Recovered Oil Tax Rate* as provided in Laws of 1992, Chapter 38.

Only oil production from that portion of the lands identified in the certification which is actually developed for enhanced recovery will be eligible for the reduced tax rate. At the time positive production response is certified, we will identify for you the specific lands and wells within the project which qualify for the *Recovered Oil Tax Rate*.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay", written over a horizontal line.

William J. LeMay
Director

WJL/BES

Enclosures

EOR N/R

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

JASON KELLAHIN (RETIRED 1991)

April 5, 1995

HAND DELIVERED

RECEIVED

APR 4 1995

Oil Conservation Division

Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Attn: Ben Stone

Re: OXY USA Inc.
Request for Certification of Qualification
for recovered oil tax rate for an enhanced
oil recovery project

Dear Mr. Stone:

On behalf of Oxy USA Inc. and in accordance with Division Order R-4680-A (copy enclosed) issued March 31, 1995, I hereby request from the Division a Certificate of Qualification for the following described project:

Project Name:

(Skelly) Myers Langle-Mattix Unit Waterflood Project

Oil Conservation Division
April 5, 1995
Page 2

Project Operator:

Oxy USA Inc.
Box 50250
Midland, Texas 79710

Project Area:

An area within the vertical limits of the Langlie-Mattix (Seven Rivers-Queen-Grayburg) Pool as identified on Exhibit "A" attached.

Project wells eligible for credit:

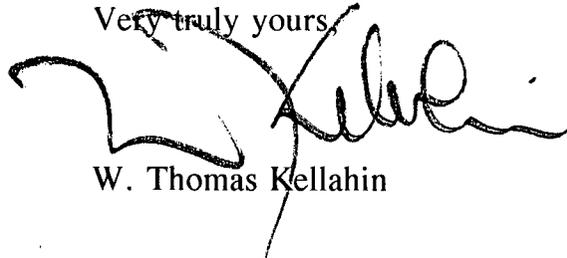
Nineteen producing wells shown on Exhibit "B" attached.

Project injection wells:

Seventeen producing wells to be converted in injection wells as identified on Exhibit "C" attached and fifteen existing injection wells as identified on Exhibit "D" attached.

Please let me know if you require anything further.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over the typed name below.

W. Thomas Kellahin

cc: Oxy USA Inc. (Midland)
Attn: Rick Foppiano

EXHIBIT "A"

PROJECT AREA

The Project area is known as the EOR Expansion Area, being a portion of the (Skelly) Myers Langlie-Mattix Unit Waterflood Project in Lea County, New Mexico consisting of the following described project area:

T23S, R36E NMPM

**Sec. 36: SE/4SE/4NE/4
NE/4NE/4SE/4**

T23S, R37E, NMPM

**Sec. 31: S/2S/2NW/4
SW/4SW/4NE/4
E/2SW/4
E/2W/2SW/4
NW/4NW/4SW/4
S/2SE/4
S/2N/2SE/4
NW/4NW/4SE/4**

**Sec. 32: S/2NW/4SW/4
SW/4NE/4SW/4
W/2SE/4SW/4
SW/4SW/4**

T24S, R37E, NMPM

**Sec 5: W/2NW/4
W2/2E/2NW/4
NW/4SW/4
W/2NE/4SW/4
N/2SW/4SW/4
NW/4SE/4SW/4**

**Sec 6: NE/4NW/4NW/4
N/2NE/4NW/4
N/2N/2NE/4
SE/4NE/4NE/4
E/2SE/4NE/4
E/2NE/4SE/4
NE/4SE/4SE/4**

EXHIBIT "B"

Page 1 of 2

OXY USA, INC. MYERS LANGLIE-MATTIX UNIT
WATERFLOOD PROJECT

"PRODUCING WELLS WITHIN THE EOR PROJECT AREA ELIGIBLE FOR THE EOR TAX CREDIT"

Well No.	API No.	Footage Location	Lot/Unit	S-T-R
256	30-025-29589	105' FNL - 1310' FWL	4/D	6-24S-37E
258	30-025-32588	2560' FSL - 120' FWL	3/L	31-23S-37E
259	30-025-32534	2620' FNL - 1340' FWL	F	31-23S-37E
260	30-025-32589	2535' FSL - 2563' FWL	K	31-23S-37E
261	30-035-32559	1340' FSL - 1300' FWL	3/L	31-23S-37E
262	30-025-32590	1350' FSL - 2380' FWL	K	31-23S-37E
263	30-025-32555	1398' FSL - 1564' FEL	J	31-23S-37E
264	30-025-32535	1400' FSL - 160' FWL	L	32-23S-37E
265	30-025-32536	1460' FSL - 1340' FWL	K	32-23S-37E
266	30-025-32537	100' FNL - 2556' FWL	3/C	6-24S-37E
267	30-025-32591	190' FNL - 1460' FEL	2/B	6-24S-37E
268	30-025-32592	139' FNL - 372' FEL	1/A	6-24S-37E
269	30-025-32556	238' FNL - 1274' FWL	4/D	5-24S-37E

EXHIBIT "B

Well No.	API No.	Footage Location	Lot/Unit	S-T-R
270	30-025-32593	1410' FNL - 90' FEL	H	6-24S-37E
271	30-025-32565	1340' FNL - 1030' FWL	E	5-24S-37E
272	30-025-32566	2620' FNL - 90' FEL	H	6-24S-37E
273	30-025-32594	2533' FNL - 1350' FWL	F	5-24S-37E
274	30-035-32567	1300' FSL - 120' FWL	M	5-24S-37E
275	30-025-32557	1340' FS & WL	K	5-24S-37E

OXY USA, INC. MYERS LANGLEIE-MATTIX UNIT WATERFLOOD PROJECT
APPROVED WATERFLOOD EXPANSION INJECTION WELLS

WELLS TO BE CONVERTED FROM PRODUCERS TO INJECTORS:

WELL NO.	API NO.	FOOTAGE LOCATION	LOT/UNIT	S-T-R	INJECTION INTERVAL
70	30-025-09475	1980' FNL - 660' FEL	H	36-23S-36E	3465' - 3609' (OPENHOLE)
72	30-025-10902	1980' FN & WL	F	31-23S-37E	3570' - 3670'
94	30-025-26908	1980' FSL - 760' FWL	L	32-23S-37E	3440' - 3677'
96	30-025-10907	1979' FSL - 1980' FEL	J	31-23S-37E	3447' - 3618' (OPENHOLE)
98	30-025-10906	1980' FSL - 660' FEL	3/L	31-23S-37E	3450' - 3608' (OPENHOLE)
106	30-025-10911	660' FSL - 1980' FWL	N	31-23S-37E	3546' - 3627'
133	30-025-11008	660' FN & WL	4/D	5-24S-37E	3503' - 3623'
135	30-025-25989	760' FNL - 2080' FEL	2/B	6-24S-37E	3502' - 3686'
137	30-025-11036	660' FNL - 626' FWL	4/D	6-24S-37E	3454' - 3588' (OPENHOLE)
141	30-025-11027	1962' FNL - 660' FEL	H	6-24S-37E	3517' - 3640'
143	30-025-11011	1960' FNL - 1905' FWL	F	5-24S-37E	3437' - 3680'

EXHIBIT C

Page 2 of 2

WELL NO.	API NO.	FOOTAGE LOCATION	LOT/UNIT	S-T-R	INJECTION INTERVAL
170	30-025-11004	1980' FSL - 330' FWL	L	5-24S-37E	3445' - 3793'
176	30-025-11025	660' FS & EL	P	6-24S-37E	3516' - 3590'
178	30-025-11007	660' FSL - 1980' FWL	N	5-24S-37E	3442' - 3570'
251	30-025-28246	660' FSL - 2096' FWL	N	32-23S-37E	3354' - 3699'
252	30-025-28808	685' FSL - 660' FEL	P	31-23S-37E	3523' - 3730'

The following well was Plugged and Abandoned by Texaco Exploration and Production Inc. in 1992, Division Order No. R-4680 originally authorized this well to be utilized as a water injection well on the Skelly Myers Langlie-Mattix Unit Waterflood Project:

Myers Langlie-Mattix Unit Well No. 134 (API No. 30-025-11026), located 660' FN & EL (Lot 1/Unit A) of Section 6, Township 24 South, Range 37 East, NMPM, Lea County New Mexico. The proposed injection interval will be through perforations from 3546' to 3655'.

EXHIBIT D

OXY USA, INC. MYERS LANGLEIE-MATTIX UNIT WATERFLOOD PROJECT

EXISTING INJECTION WELLS TO BE UTILIZED FOR THE EOR PROJECT AREA:

WELL NO.	API NO.	FOOTAGE LOCATION	LOT/UNIT	S-T-R	DIVISION ORDER AUTHORIZING INJECTION
71	30-025-10901	1980' FNL - 660' FWL	2/E	31-23S-37E	R-4680
73	30-025-10904	1980' FN & EL	G	31-23S-37E	R-4680
93	30-025-25680	1980' FSL - 1750' FWL	K	32-23S-37E	WFX-460
95	30-025-10912	1980' FSL - 660' FEL	I	31-23S-37E	R-4680
97	30-025-10909	1980' FS & WL	K	31-23S-37E	R-4680
99	30-025-09482	1980' FSL - 660' FEL	I	36-23S-36E	R-4680
105	30-025-10908	660' FS & WL	4/M	31-23S-37E	R-4680
107	30-025-10910	660' FSL - 1980' FEL	O	31-23S-37E	R-4680
109	30-025-03205	660' FS & WL	M	32-23S-37E	R-4680
132	30-025-11010	660' FNL - 1980' FWL	3/C	5-24S-37E	R-4680
136	30-025-11019	660' FNL - 1980' FWL	3/C	6-24S-37E	R-4680
142	30-025-11009	1962' FNL - 660' FWL	E	5-24S-37E	R-4680
169	30-025-11005	1980' FS & WL	K	5-24S-37E	R-4680
171	30-025-11030	1980' FSL - 660' FEL	I	6-24S-37E	R-4680
177	30-025-11006	660' FSL - 990' FWL	M	5-24S-37E	R-4680

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

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF CONSIDERING:

CASE NO. 11168
Order No. R-4680-A

APPLICATION OF OXY USA INC. TO AUTHORIZE THE EXPANSION OF A
PORTION OF ITS MYERS LANGLIE-MATTIX UNIT WATERFLOOD PROJECT
AND QUALIFY SAID EXPANSION FOR THE RECOVERED OIL TAX RATE
PURSUANT TO THE "NEW MEXICO ENHANCED OIL RECOVERY ACT," LEA
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 A.M. on December 15, 1994, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 31st day of March, 1995, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) By Order No. R-4660, issued in Case No. 5086 and dated November 16, 1973, the Division approved the application of Skelly Oil Company for unitization of the following described 9,923.68 acres, more or less, of State, Federal, and Fee lands in Lea County, New Mexico, also known as the Myers Langlie-Mattix Unit Area:

TOWNSHIP 23 SOUTH, RANGE 36 EAST, NMPM

Section 25: N/2 NE/4, SE/4 NE/4, NE/4
SW/4, S/2 SW/4, and SE/4
Section 36: N/2, E/2 SW/4, and SE/4

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM

Section 28: SW/4 NW/4 and SW/4
Sections 29 through 33: All
Section 34: W/2

TOWNSHIP 24 SOUTH, RANGE 36 EAST, NMPM

Section 1: Lot 1 (NE/4 NE/4 equivalent)
Section 12: S/2 N/2, N/2 SW/4, N/2
SE/4, and SE/4 SE/4

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM

Section 2: Lots 2, 3, and 4, SW/4
NE/4, S/2 NW/4, and SW/4
Section 3: Lots 1 and 2, S/2 NE/4, W/2
SW/4, and E/2 SE/4
Sections 4 and 5: All
Section 6: Lots 1, 2, 3, and 4, S/2
NE/4, SE/4 NW/4, E/2
SW/4, and SE/4
Section 7: All
Section 8: N/2, N/2 S/2, and SW/4
SW/4
Section 9: N/2 and N/2 SW/4
Section 10: W/2 NE/4, SE/4 NE/4,
NW/4, E/2 SW/4, and W/2
SE/4
Section 11: SW/4 NW/4.

(3) By Order No. R-4680, issued in Case No. 5087 and dated November 20, 1973, the Division authorized Skelly Oil Company to institute a waterflood project (therein designated the Skelly Myers Langlie Mattix Unit Waterflood Project) by the injection of water into the Lower Seven Rivers and Queen formations of the Langlie-Mattix (Seven Rivers-Queen-Grayburg) Pool within the above-described Unit, Lea County, New Mexico.

(4) OXY USA, Inc. is the current operator of both the Myers Langlie-Mattix Unit ("Unit") and the (Skelly) Myers Langlie Mattix Unit Waterflood Project ("Waterflood Project").

(5) The applicant, OXY USA, Inc. ("OXY"), pursuant to the New Mexico "Enhanced Oil Recovery Act" and to Division General Rule 701(G), seeks approval of an expansion of its (Skelly) Myers Langlie-Mattix Unit Waterflood Project by means of a significant change in process used for the displacement of crude oil with water including the approval of the conversion of 16 producers to injection wells, to reactivate a plugged injector and an Order, pursuant to the "Rules and Procedures for Qualification of Enhanced Oil Recovery ("EOR") Projects and Certification for the Recovered Oil Tax Rate", as promulgated by Division Order R-9708, qualifying a portion of its Myers Langlie-Mattix Unit Waterflood Project, located in portions of Section 36, Township 23 South, Range 36 East, NMPM, and in Sections 31 and 32, Township 23 South, Range 37 East, NMPM, and in Sections 5 and 6, Township 24 South, Range 37 East, NMPM. Langlie-Mattix Pool, Lea County, New Mexico, for the recovered oil tax rate under the "Enhanced Oil Recovery Act" (Law 1992, Chapter 38, Sections 1 through 5).

(6) Waterflood operations were initiated by Skelly Oil Company during the 1970's on an 80-acre five-spot injection pattern. Ultimate primary oil recovery from the Unit has been 9,000,000 barrels of oil. As of October 31, 1994, total oil production from the Unit was 15,200,000 barrels.

(7) The Unit currently has 93 active producers and 62 injectors and is producing at a rate of approximately 613 barrels of oil per day and 7,032 barrels of water per day. Evidence indicates the remaining recoverable reserves in the Unit under the current 80-acre five-spot pattern is approximately 688,000 barrels of oil.

(8) The applicant now seeks to qualify the following described 760 acres, more or less, hereinafter referred to as the "EOR Expansion Area", being a portion of the (Skelly) Myers Langlie-Mattix Unit Waterflood Project in Lea County, New Mexico, for the recovered oil tax rate:

Township 23 South, Range 36 East, NMPM

Section 36: SE/4 SE/4 NE/4
NE/4 NE/4 SE/4

Township 23 South, Range 37 East, NMPM

Section 31: SW/4 SW/4 NE/4
S/2 S/2 NW/4
E/2 SW/4
E/2 W/2 SW/4 (equivalent)
NW/4 NW/4 SW/4 (equivalent)
NW/4 NW/4 SE/4
S/2 N/2 SE/4
S/2 SE/4

*Section 32: SW/4 NE/4 SW/4
S/2 NW/4 SW/4
SW/4 SW/4
W/2 SE/4 SW/4*

Township 23 South, Range 37 East, NMPM

*Section 5: W/2 E/2 NW/4 (equivalent)
W/2 NW/4 (equivalent)
W/2 NE/4 SW/4
NW/4 SW/4
N/2 SW/4 SW/4
NW/4 SE/4 SW/4*

*Section 6: N/2 N/2 NE/4 (equivalent)
SE/4 NE/4 NE/4 (equivalent)
E/2 SE/4 NE/4
N/2 NE/4 NW/4 (equivalent)
NE/4 NW/4 NW/4 (equivalent)
E/2 NE/4 SE/4
NE/4 SE/4 SE/4.*

(9) Within the subject 760-acre, more or less, EOR Expansion Area, the applicant is proposing a significant change in the process used for the displacement of crude oil by expanding its current waterflood pattern by further instituting a 20-acre infill drilling program and to initiate a 40-acre five-spot water injection pattern. Such action will require the applicant to drill and equip nineteen new infill producing wells (as further described in **Exhibit "A"**, attached hereto and made a part hereof), convert sixteen current producing wells to injectors (as further described in **Exhibit "B"**, attached hereto and made a part hereof), reactivate a previously plugged and abandoned injection well (see also **Exhibit "B"**), and utilize fifteen existing injection wells (as further described in **Exhibit "C"**, attached hereto and made a part of this order as reference only), plus an extensive upgrade of the tank battery and surface injection facilities.

(10) While the nineteen new producers (**Exhibit "A"**) have been drilled in the EOR Expansion Area as infill wells, none of those producers will be recovering enough primary oil to pay for their costs. Instead, these producers are an integral part of the EOR expansion being necessary in order to close the 40-acre five-spot injection pattern and improve sweep efficiency within the EOR Expansion Area.

(11) Costs for the proposed change in operations within the EOR Expansion Area is estimated to be \$3,660,000.00 for the drilling and associated equipment for the nineteen infill producers, \$690,000.00 to convert and reactivate the seventeen proposed new injection wells, and \$750,000.00 to upgrade battery and injection facilities. Total expansion costs are estimated to be \$5,100,000.

(12) The estimated **amount** of recoverable oil attributable to a "Positive Production Response from the Expanded Use" of enhanced oil recovery technology for a portion of this existing Waterflood Project is 1,600,000 barrels of additional oil.

(13) This EOR expansion project is similar to the one earlier requested by OXY for its Skelly Penrose "B" Unit Waterflood Project, which was approved by Division Order No. R-9955, as amended.

(14) For ease and simplicity the EOR Expansion Area should also be defined in terms of the nineteen unit wells which would actually qualify for the recovered oil tax rate, as described in **Exhibit "A"**.

(15) The evidence and testimony presented in this case indicates that:

- (a) the reduction in the waterflood injection well pattern in the EOR Expansion Area should result in a substantial increase in the amount of crude oil ultimately recovered therefrom;
- (b) the EOR Expansion Area has been so depleted that it is prudent to implement a waterflood injection well pattern reduction to maximize the ultimate recovery of crude oil from said area; and,
- (c) the proposed expansion is economically and technically feasible and has not been prematurely filed.

(16) The EOR Expansion Area within the (Skelly) Myers Langlie-Mattix Unit Waterflood Project, as defined in Finding Paragraph No. (8) above, and those nineteen corresponding wells within said Area (see **Exhibit "A"**) should be qualified as an "Enhanced Oil Recovery Project" pursuant to the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5).

(17) To be eligible for the EOR credit, the operator should advise the Division when water injection into each additional injection well commences and at such time request the Division certify the subject expansion project to the New Mexico Taxation and Revenue Department.

(18) The application should be approved and the EOR expansion should be governed by the provisions of the "Rules and Procedures for Qualifications of Enhanced Oil Recovery Projects" and "Certification for Recovered Oil Tax Rate" as promulgated by Division Order No. R-9708.

(19) At such time as a positive production response occurs and within five years from the date of the Certificate of Qualification, the applicant must apply to the Division for certification of positive production response, which application shall identify the area

actually benefitting from enhanced recovery operations, and identifying the specific wells which the operator believes are eligible for the credit. The Division may review the application administratively or set it for hearing. Based upon evidence presented, the Division will certify to the Department of Taxation and Revenue those lands and wells which are eligible for the credit.

(20) The injection of water into the proposed seventeen new injection wells should be accomplished through 2 3/8 inch internally fiberglass-lined tubing installed in a packer set within 100 feet of the uppermost injection perforation or casing shoe; the casing-tubing annulus should be filled with an inert fluid and a gauge or approved leak-detection device should be attached to the annulus in order to determine leakage in the casing, tubing or packer.

(21) Prior to commencing injection operations into the seventeen wells shown on Exhibit "B", attached hereto and made a part hereof, the casing in each well should be pressure tested throughout the interval from the surface down to the proposed packer setting depth, to assure the integrity of such casing.

(22) The seventeen injection wells or pressurization system should be initially equipped with a pressure control device or acceptable substitute which will limit the surface injection pressure to no more than 1800 psi.

(23) The Division Director should have the authority to administratively authorize a pressure limitation in excess of the pressure limitation described above upon a showing by the operator that such higher pressure will not result in the fracturing of the injection formation or confining strata.

(24) The operator should give advance notification to the supervisor of the Hobbs District Office of the Division of the date and time of the installation of injection equipment and of the mechanical integrity pressure tests in order that the same may be witnessed.

(25) The proposed waterflood expansion should be approved and governed by the provisions of Rule Nos. 701 through 708 of the Oil Conservation Division Rules and Regulations.

(26) The injection authority granted herein for the proposed seventeen new injection wells should terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject wells, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, OXY USA, Inc. ("OXY") is hereby authorized to expand its (Skelly) Myers Langlie-Mattix Unit Waterflood Project, Myers Langlie-Mattix Unit ("Unit"), Langlie-Mattix (Seven Rivers-Queen-Grayburg) Pool, Lea County, New Mexico, pursuant to Division General Rule 701.G., by converting 16 existing wells to injectors and by reactivating a plugged injector, as further described in Exhibit "B", attached hereto and made a part hereof.

(2) The applicant shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface.

(3) The injection of water into the seventeen wells shown on Exhibit "B" shall be accomplished through 2 3/8 inch internally fiberglass-lined tubing installed in a packer set within 100 feet of the uppermost injection perforation or casing shoe; the casing-tubing annulus shall be filled with an inert fluid and a gauge or approved leak-detection device shall be attached to the annulus in order to determine leakage in the casing, tubing or packer.

(4) Prior to commencing injection operations into the wells shown on Exhibit "B", the casing in each well shall be pressure tested throughout the interval from the surface down to the proposed packer setting depth, to assure the integrity of such casing.

(5) The seventeen injection wells or pressurization system shall be initially equipped with a pressure control device or acceptable substitute which will limit the surface injection pressure to no more than 1800 psi.

(6) The Division Director shall have the authority to administratively authorize a pressure limitation in excess of the 1800 psi herein authorized upon a showing by the operator that such higher pressure will not result in the fracturing of the injection formation or confining strata.

(7) The operator shall give advance notification to the supervisor of the Hobbs District Office of the Division of the date and time of the installation of injection equipment and of the mechanical integrity pressure tests in order that the same may be witnessed.

(8) The operator shall immediately notify the supervisor of the Hobbs district office of the Division of the failure of the tubing, casing or packer in any of the wells shown on Exhibit "B" and shall take such steps as may be timely and necessary to correct such failure or leakage.

(9) The subject wells shall be governed by all provisions of Division Order No. R-4680 and Rule Nos. 702-706 of the Oil Conservation Division Rules and Regulations.

(10) The injection authority granted herein shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject wells, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

IT IS FURTHER ORDERED THAT:

(11) The application of OXY to qualify the following described 760 acres, more or less, hereinafter referred to as the "EOR Expansion Area", being a portion of its (Skelly) Myers Langlie-Mattix Unit Waterflood Project, for the recovered oil tax rate under the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5), is hereby approved:

Township 23 South, Range 36 East, NMPM

Section 36: SE/4 SE/4 NE/4
NE/4 NE/4 SE/4

Township 23 South, Range 37 East, NMPM

Section 31: SW/4 SW/4 NE/4
S/2 S/2 NW/4
E/2 SW/4
E/2 W/2 SW/4 (equivalent)
NW/4 NW/4 SW/4 (equivalent)
NW/4 NW/4 SE/4
S/2 N/2 SE/4
S/2 SE/4

Section 32: SW/4 NE/4 SW/4
S/2 NW/4 SW/4
SW/4 SW/4
W/2 SE/4 SW/4

Township 23 South, Range 37 East, NMPM

Section 5: W/2 E/2 NW/4 (equivalent)
W/2 NW/4 (equivalent)
W/2 NE/4 SW/4
NW/4 SW/4
N/2 SW/4 SW/4
NW/4 SE/4 SW/4

*Section 6: N/2 N/2 NE/4 (equivalent)
SE/4 NE/4 NE/4 (equivalent)
E/2 SE/4 NE/4
N/2 NE/4 NW/4 (equivalent)
NE/4 NW/4 NW/4 (equivalent)
E/2 NE/4 SE/4
NE/4 SE/4 SE/4.*

(12) The EOR Expansion Area shall also be defined in terms of the nineteen unit wells that are producing which would actually qualify for the recovered oil tax rate, as described in **Exhibit "A"**, attached hereto and made a part hereof.

(13) The operator shall advise the Division when water injection actually commences into any of the seventeen "new" injection wells.

(14) To be eligible for the EOR credit, prior to commencing injection operations, the operator must request from the Division a Certificate of Qualification, which certificate will specify the project area as described above.

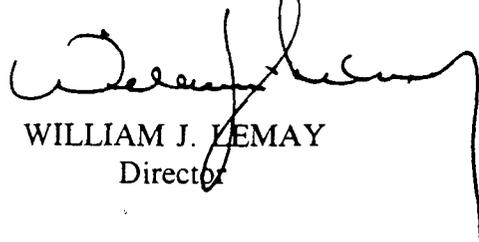
(15) At such time as a positive production response occurs and within five years from the date of the Certificate of Qualification, the applicant must apply to the Division for certification of positive production response, which application shall identify the area actually benefitting from enhanced recovery operations, and identifying the specific wells which the operator believes are eligible for the credit. The Division may review the application administratively or set it for hearing. Based upon evidence presented, the Division will certify to The Department of Taxation and Revenue those lands and wells which are eligible for the credit.

(16) Said EOR Expansion Area shall be governed by the provisions of the "Rules and Procedures for Qualifications of Enhanced Oil Recovery Projects" and "Certification for Recovered Oil Tax Rate" as promulgated by Division Order No. R-9708.

(17) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

EXHIBIT "A"

CASE NO. 11168
 ORDER NO. R-4680-A

OXY USA, INC. MYERS LANGLE-MATTIX UNIT
 WATERFLOOD PROJECT

"PRODUCING WELLS WITHIN THE EOR PROJECT AREA ELIGIBLE FOR THE EOR TAX CREDIT"

Well No.	API No.	Footage Location	Lot/Unit	S-T-R
256	30-025-29589	105' FNL - 1310' FWL	4/D	6-24S-37E
258	30-025-32588	2560' FSL - 120' FWL	3/L	31-23S-37E
259	30-025-32534	2620' FNL - 1340' FWL	F	31-23S-37E
260	30-025-32589	2535' FSL - 2563' FWL	K	31-23S-37E
261	30-035-32559	1340' FSL - 1300 FWL	3/L	31-23S-37E
262	30-025-32590	1350' FSL - 2380' FWL	K	31-23S-37E
263	30-025-32555	1398' FSL - 1564' FEL	J	31-23S-37E
264	30-025-32535	1400' FSL - 160' FWL	L	32-23S-37E
265	30-025-32536	1460' FSL - 1340' FWL	K	32-23S-37E
266	30-025-32537	100' FNL - 2556' FWL	3/C	6-24S-37E
267	30-025-32591	190' FNL - 1460' FEL	2/B	6-24S-37E
268	30-025-32592	139' FNL - 372' FEL	1/A	6-24S-37E
269	30-025-32556	238' FNL - 1274' FWL	4/D	5-24S-37E

Well No.	API No.	Footage Location	Lot/Unit	S-T-R
270	30-025-32593	1410' FNL - 90' FEL	H	6-24S-37E
271	30-025-32565	1340' FNL - 1030' FWL	E	5-24S-37E
272	30-025-32566	2620' FNL - 90' FEL	H	6-24S-37E
273	30-025-32594	2533' FNL - 1350' FWL	F	5-24S-37E
274	30-035-32567	1300' FSL - 120' FWL	M	5-24S-37E
275	30-025-32557	1340' FS & WL	K	5-24S-37E

EXHIBIT "B"

CASE NO. 11168
ORDER NO. R-4680-A

OXY USA, INC. MYERS LANGLEI-MATTIX UNIT WATERFLOOD PROJECT
APPROVED WATERFLOOD EXPANSION INJECTION WELLS

WELLS TO BE CONVERTED FROM PRODUCERS TO INJECTORS:

WELL NO.	API NO.	FOOTAGE LOCATION	LOT/UNIT	S-T-R	INJECTION INTERVAL
70	30-025-09475	1980' FNL - 660' FEL	H	36-23S-36E	3465' - 3609' (OPENHOLE)
72	30-025-10902	1980' FN & WL	F	31-23S-37E	3570' - 3670'
94	30-025-26908	1980' FSL - 760' FWL	L	32-23S-37E	3440' - 3677'
96	30-025-10907	1979' FSL - 1980' FEL	J	31-23S-37E	3447' - 3618' (OPENHOLE)
98	30-025-10906	1980' FSL - 660' FEL	3/L	31-23S-37E	3450' - 3608' (OPENHOLE)
106	30-025-10911	660' FSL - 1980' FWL	N	31-23S-37E	3546' - 3627'
133	30-025-11008	660' FN & WL	4/D	5-24S-37E	3503' - 3623'
135	30-025-25989	760' FNL - 2080' FEL	2/B	6-24S-37E	3502' - 3686'
137	30-025-11036	660' FNL - 626' FWL	4/D	6-24S-37E	3454' - 3588' (OPENHOLE)
141	30-025-11027	1962' FNL - 660' FEL	H	6-24S-37E	3517' - 3640'
143	30-025-11011	1960' FNL - 1905' FWL	F	5-24S-37E	3437' - 3680'

WELL NO.	API NO.	FOOTAGE LOCATION	LOT/UNIT	S-T-R	INJECTION INTERVAL
170	30-025-11004	1980' FSL - 330' FWL	L	5-24S-37E	3445' - 3793'
176	30-025-11025	660' FS & EL	P	6-24S-37E	3516' - 3590'
178	30-025-11007	660' FSL - 1980' FWL	N	5-24S-37E	3442' - 3570'
251	30-025-28246	660' FSL - 2096' FWL	N	32-23S-37E	3354' - 3699'
252	30-025-28808	685' FSL - 660' FEL	P	31-23S-37E	3523' - 3730'

The following well was Plugged and Abandoned by Texaco Exploration and Production Inc. in 1992, Division Order No. R-4680 originally authorized this well to be utilized as a water injection well on the Skelly Myers Langlie-Matrix Unit Waterflood Project:

Myers Langlie-Matrix Unit Well No. 134 (API No. 30-025-11026), located 660' FN & EL (Lot 1/Unit A) of Section 6, Township 24 South, Range 37 East, NMPM, Lea County New Mexico. The proposed injection interval will be through perforations from 3546' to 3655'.

EXHIBIT "C"
CASE NO. 11168
ORDER NO. R-4680-A

OXY USA, INC. MYERS LANGLEE-MATTIX UNIT WATERFLOOD PROJECT

EXISTING INJECTION WELLS TO BE UTILIZED FOR THE EOR PROJECT AREA:

WELL NO.	API NO.	FOOTAGE LOCATION	LOT/UNIT	S-T-R	DIVISION ORDER AUTHORIZING INJECTION
71	30-025-10901	1980' FNL - 660' FWL	2/E	31-23S-37E	R-4680
73	30-025-10904	1980' FN & EL	G	31-23S-37E	R-4680
93	30-025-25680	1980' FSL - 1750' FWL	K	32-23S-37E	WFX-460
95	30-025-10912	1980' FSL - 660' FEL	I	31-23S-37E	R-4680
97	30-025-10909	1980' FS & WL	K	31-23S-37E	R-4680
99	30-025-09482	1980' FSL - 660' FEL	I	36-23S-36E	R-4680
105	30-025-10908	660' FS & WL	4/M	31-23S-37E	R-4680
107	30-025-10910	660' FSL - 1980' FEL	O	31-23S-37E	R-4680
109	30-025-03205	660' FS & WL	M	32-23S-37E	R-4680
132	30-025-11010	660' FNL - 1980' FWL	3/C	5-24S-37E	R-4680
136	30-025-11019	660' FNL - 1980' FWL	3/C	6-24S-37E	R-4680
142	30-025-11009	1962' FNL - 660' FWL	E	5-24S-37E	R-4680
169	30-025-11005	1980' FS & WL	K	5-24S-37E	R-4680
171	30-025-11030	1980' FSL - 660' FEL	I	6-24S-37E	R-4680
177	30-025-11006	660' FSL - 990' FWL	M	5-24S-37E	R-4680

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

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF CONSIDERING:

CASE NO. 11168
Order No. R-4680-A

APPLICATION OF OXY USA INC. TO AUTHORIZE THE EXPANSION OF A
PORTION OF ITS MYERS LANGLIE-MATTIX UNIT WATERFLOOD PROJECT
AND QUALIFY SAID EXPANSION FOR THE RECOVERED OIL TAX RATE
PURSUANT TO THE "NEW MEXICO ENHANCED OIL RECOVERY ACT," LEA
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 A.M. on December 15, 1994, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 31st day of March, 1995, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) By Order No. R-4660, issued in Case No. 5086 and dated November 16, 1973, the Division approved the application of Skelly Oil Company for unitization of the following described 9,923.68 acres, more or less, of State, Federal, and Fee lands in Lea County, New Mexico, also known as the Myers Langlie-Mattix Unit Area:

TOWNSHIP 23 SOUTH, RANGE 36 EAST, NMPM

Section 25: N/2 NE/4, SE/4 NE/4, NE/4
SW/4, S/2 SW/4, and SE/4
Section 36: N/2, E/2 SW/4, and SE/4

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM

Section 28: SW/4 NW/4 and SW/4
Sections 29 through 33: All
Section 34: W/2

TOWNSHIP 24 SOUTH, RANGE 36 EAST, NMPM

Section 1: Lot 1 (NE/4 NE/4 equivalent)
Section 12: S/2 N/2, N/2 SW/4, N/2
SE/4, and SE/4 SE/4

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM

Section 2: Lots 2, 3, and 4, SW/4
NE/4, S/2 NW/4, and SW/4
Section 3: Lots 1 and 2, S/2 NE/4, W/2
SW/4, and E/2 SE/4
Sections 4 and 5: All
Section 6: Lots 1, 2, 3, and 4, S/2
NE/4, SE/4 NW/4, E/2
SW/4, and SE/4
Section 7: All
Section 8: N/2, N/2 S/2, and SW/4
SW/4
Section 9: N/2 and N/2 SW/4
Section 10: W/2 NE/4, SE/4 NE/4,
NW/4, E/2 SW/4, and W/2
SE/4
Section 11: SW/4 NW/4.

(3) By Order No. R-4680, issued in Case No. 5087 and dated November 20, 1973, the Division authorized Skelly Oil Company to institute a waterflood project (therein designated the Skelly Myers Langlie Mattix Unit Waterflood Project) by the injection of water into the Lower Seven Rivers and Queen formations of the Langlie-Mattix (Seven Rivers-Queen-Grayburg) Pool within the above-described Unit, Lea County, New Mexico.

(4) OXY USA, Inc. is the current operator of both the Myers Langlie-Mattix Unit ("Unit") and the (Skelly) Myers Langlie Mattix Unit Waterflood Project ("Waterflood Project").

(5) The applicant, OXY USA, Inc. ("OXY"), pursuant to the New Mexico "Enhanced Oil Recovery Act" and to Division General Rule 701(G), seeks approval of an expansion of its (Skelly) Myers Langlie-Mattix Unit Waterflood Project by means of a significant change in process used for the displacement of crude oil with water including the approval of the conversion of 16 producers to injection wells, to reactivate a plugged injector and an Order, pursuant to the "Rules and Procedures for Qualification of Enhanced Oil Recovery ("EOR") Projects and Certification for the Recovered Oil Tax Rate", as promulgated by Division Order R-9708, qualifying a portion of its Myers Langlie-Mattix Unit Waterflood Project, located in portions of Section 36, Township 23 South, Range 36 East, NMPM, and in Sections 31 and 32, Township 23 South, Range 37 East, NMPM, and in Sections 5 and 6, Township 24 South, Range 37 East, NMPM, Langlie-Mattix Pool, Lea County, New Mexico, for the recovered oil tax rate under the "Enhanced Oil Recovery Act" (Law 1992, Chapter 38, Sections 1 through 5).

(6) Waterflood operations were initiated by Skelly Oil Company during the 1970's on an 80-acre five-spot injection pattern. Ultimate primary oil recovery from the Unit has been 9,000,000 barrels of oil. As of October 31, 1994, total oil production from the Unit was 15,200,000 barrels.

(7) The Unit currently has 93 active producers and 62 injectors and is producing at a rate of approximately 613 barrels of oil per day and 7,032 barrels of water per day. Evidence indicates the remaining recoverable reserves in the Unit under the current 80-acre five-spot pattern is approximately 688,000 barrels of oil.

(8) The applicant now seeks to qualify the following described 760 acres, more or less, hereinafter referred to as the "EOR Expansion Area", being a portion of the (Skelly) Myers Langlie-Mattix Unit Waterflood Project in Lea County, New Mexico, for the recovered oil tax rate:

Township 23 South, Range 36 East, NMPM

Section 36: SE/4 SE/4 NE/4
NE/4 NE/4 SE/4

Township 23 South, Range 37 East, NMPM

Section 31: SW/4 SW/4 NE/4
S/2 S/2 NW/4
E/2 SW/4
E/2 W/2 SW/4 (equivalent)
NW/4 NW/4 SW/4 (equivalent)
NW/4 NW/4 SE/4
S/2 N/2 SE/4
S/2 SE/4

Section 32: SW/4 NE/4 SW/4
S/2 NW/4 SW/4
SW/4 SW/4
W/2 SE/4 SW/4

Township 23 South, Range 37 East, NMPM

Section 5: W/2 E/2 NW/4 (equivalent)
W/2 NW/4 (equivalent)
W/2 NE/4 SW/4
NW/4 SW/4
N/2 SW/4 SW/4
NW/4 SE/4 SW/4

Section 6: N/2 N/2 NE/4 (equivalent)
SE/4 NE/4 NE/4 (equivalent)
E/2 SE/4 NE/4
N/2 NE/4 NW/4 (equivalent)
NE/4 NW/4 NW/4 (equivalent)
E/2 NE/4 SE/4
NE/4 SE/4 SE/4.

(9) Within the subject 760-acre, more or less, EOR Expansion Area, the applicant is proposing a significant change in the process used for the displacement of crude oil by expanding its current waterflood pattern by further instituting a 20-acre infill drilling program and to initiate a 40-acre five-spot water injection pattern. Such action will require the applicant to drill and equip nineteen new infill producing wells (as further described in **Exhibit "A"**, attached hereto and made a part hereof), convert sixteen current producing wells to injectors (as further described in **Exhibit "B"**, attached hereto and made a part hereof), reactivate a previously plugged and abandoned injection well (see also **Exhibit "B"**), and utilize fifteen existing injection wells (as further described in **Exhibit "C"**, attached hereto and made a part of this order as reference only), plus an extensive upgrade of the tank battery and surface injection facilities.

(10) While the nineteen new producers (**Exhibit "A"**) have been drilled in the EOR Expansion Area as infill wells, none of those producers will be recovering enough primary oil to pay for their costs. Instead, these producers are an integral part of the EOR expansion being necessary in order to close the 40-acre five-spot injection pattern and improve sweep efficiency within the EOR Expansion Area.

(11) Costs for the proposed change in operations within the EOR Expansion Area is estimated to be \$3,660,000.00 for the drilling and associated equipment for the nineteen infill producers, \$690,000.00 to convert and reactivate the seventeen proposed new injection wells, and \$750,000.00 to upgrade battery and injection facilities. Total expansion costs are estimated to be \$5,100,000.

(12) The estimated amount of recoverable oil attributable to a "Positive Production Response from the Expanded Use" of enhanced oil recovery technology for a portion of this existing Waterflood Project is 1,600,000 barrels of additional oil.

(13) This EOR expansion project is similar to the one earlier requested by OXY for its Skelly Penrose "B" Unit Waterflood Project, which was approved by Division Order No. R-9955, as amended.

(14) For ease and simplicity the EOR Expansion Area should also be defined in terms of the nineteen unit wells which would actually qualify for the recovered oil tax rate, as described in Exhibit "A".

(15) The evidence and testimony presented in this case indicates that:

- (a) the reduction in the waterflood injection well pattern in the EOR Expansion Area should result in a substantial increase in the amount of crude oil ultimately recovered therefrom;
- (b) the EOR Expansion Area has been so depleted that it is prudent to implement a waterflood injection well pattern reduction to maximize the ultimate recovery of crude oil from said area; and,
- (c) the proposed expansion is economically and technically feasible and has not been prematurely filed.

(16) The EOR Expansion Area within the (Skelly) Myers Langlie-Mattix Unit Waterflood Project, as defined in Finding Paragraph No. (8) above, and those nineteen corresponding wells within said Area (see Exhibit "A") should be qualified as an "Enhanced Oil Recovery Project" pursuant to the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5).

(17) To be eligible for the EOR credit, the operator should advise the Division when water injection into each additional injection well commences and at such time request the Division certify the subject expansion project to the New Mexico Taxation and Revenue Department.

(18) The application should be approved and the EOR expansion should be governed by the provisions of the "Rules and Procedures for Qualifications of Enhanced Oil Recovery Projects" and "Certification for Recovered Oil Tax Rate" as promulgated by Division Order No. R-9708.

(19) At such time as a positive production response occurs and within five years from the date of the Certificate of Qualification, the applicant must apply to the Division for certification of positive production response, which application shall identify the area

actually benefitting from enhanced recovery operations, and identifying the specific wells which the operator believes are eligible for the credit. The Division may review the application administratively or set it for hearing. Based upon evidence presented, the Division will certify to the Department of Taxation and Revenue those lands and wells which are eligible for the credit.

(20) The injection of water into the proposed seventeen new injection wells should be accomplished through 2 3/8 inch internally fiberglass-lined tubing installed in a packer set within 100 feet of the uppermost injection perforation or casing shoe; the casing-tubing annulus should be filled with an inert fluid and a gauge or approved leak-detection device should be attached to the annulus in order to determine leakage in the casing, tubing or packer.

(21) Prior to commencing injection operations into the seventeen wells shown on Exhibit "B", attached hereto and made a part hereof, the casing in each well should be pressure tested throughout the interval from the surface down to the proposed packer setting depth, to assure the integrity of such casing.

(22) The seventeen injection wells or pressurization system should be initially equipped with a pressure control device or acceptable substitute which will limit the surface injection pressure to no more than 1800 psi.

(23) The Division Director should have the authority to administratively authorize a pressure limitation in excess of the pressure limitation described above upon a showing by the operator that such higher pressure will not result in the fracturing of the injection formation or confining strata.

(24) The operator should give advance notification to the supervisor of the Hobbs District Office of the Division of the date and time of the installation of injection equipment and of the mechanical integrity pressure tests in order that the same may be witnessed.

(25) The proposed waterflood expansion should be approved and governed by the provisions of Rule Nos. 701 through 708 of the Oil Conservation Division Rules and Regulations.

(26) The injection authority granted herein for the proposed seventeen new injection wells should terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject wells, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, OXY USA, Inc. ("OXY") is hereby authorized to expand its (Skelly) Myers Langlie-Mattix Unit Waterflood Project, Myers Langlie-Mattix Unit ("Unit"), Langlie-Mattix (Seven Rivers-Queen-Grayburg) Pool, Lea County, New Mexico, pursuant to Division General Rule 701.G., by converting 16 existing wells to injectors and by reactivating a plugged injector, as further described in Exhibit "B", attached hereto and made a part hereof.

(2) The applicant shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface.

(3) The injection of water into the seventeen wells shown on Exhibit "B" shall be accomplished through 2 3/8 inch internally fiberglass-lined tubing installed in a packer set within 100 feet of the uppermost injection perforation or casing shoe; the casing-tubing annulus shall be filled with an inert fluid and a gauge or approved leak-detection device shall be attached to the annulus in order to determine leakage in the casing, tubing or packer.

(4) Prior to commencing injection operations into the wells shown on Exhibit "B", the casing in each well shall be pressure tested throughout the interval from the surface down to the proposed packer setting depth, to assure the integrity of such casing.

(5) The seventeen injection wells or pressurization system shall be initially equipped with a pressure control device or acceptable substitute which will limit the surface injection pressure to no more than 1800 psi.

(6) The Division Director shall have the authority to administratively authorize a pressure limitation in excess of the 1800 psi herein authorized upon a showing by the operator that such higher pressure will not result in the fracturing of the injection formation or confining strata.

(7) The operator shall give advance notification to the supervisor of the Hobbs District Office of the Division of the date and time of the installation of injection equipment and of the mechanical integrity pressure tests in order that the same may be witnessed.

(8) The operator shall immediately notify the supervisor of the Hobbs district office of the Division of the failure of the tubing, casing or packer in any of the wells shown on Exhibit "B" and shall take such steps as may be timely and necessary to correct such failure or leakage.

(9) The subject wells shall be governed by all provisions of Division Order No. R-4680 and Rule Nos. 702-706 of the Oil Conservation Division Rules and Regulations.

(10) The injection authority granted herein shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject wells, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

IT IS FURTHER ORDERED THAT:

(11) The application of OXY to qualify the following described 760 acres, more or less, hereinafter referred to as the "EOR Expansion Area", being a portion of its (Skelly) Myers Langlie-Mattix Unit Waterflood Project, for the recovered oil tax rate under the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5), is hereby approved:

Township 23 South, Range 36 East, NMPM

Section 36: SE/4 SE/4 NE/4
NE/4 NE/4 SE/4

Township 23 South, Range 37 East, NMPM

Section 31: SW/4 SW/4 NE/4
S/2 S/2 NW/4
E/2 SW/4
E/2 W/2 SW/4 (equivalent)
NW/4 NW/4 SW/4 (equivalent)
NW/4 NW/4 SE/4
S/2 N/2 SE/4
S/2 SE/4

Section 32: SW/4 NE/4 SW/4
S/2 NW/4 SW/4
SW/4 SW/4
W/2 SE/4 SW/4

Township 23 South, Range 37 East, NMPM

Section 5: W/2 E/2 NW/4 (equivalent)
W/2 NW/4 (equivalent)
W/2 NE/4 SW/4
NW/4 SW/4
N/2 SW/4 SW/4
NW/4 SE/4 SW/4

*Section 6: N/2 N/2 NE/4 (equivalent)
SE/4 NE/4 NE/4 (equivalent)
E/2 SE/4 NE/4
N/2 NE/4 NW/4 (equivalent)
NE/4 NW/4 NW/4 (equivalent)
E/2 NE/4 SE/4
NE/4 SE/4 SE/4.*

(12) The EOR Expansion Area shall also be defined in terms of the nineteen unit wells that are producing which would actually qualify for the recovered oil tax rate, as described in **Exhibit "A"**, attached hereto and made a part hereof.

(13) The operator shall advise the Division when water injection actually commences into any of the seventeen "new" injection wells.

(14) To be eligible for the EOR credit, prior to commencing injection operations, the operator must request from the Division a Certificate of Qualification, which certificate will specify the project area as described above.

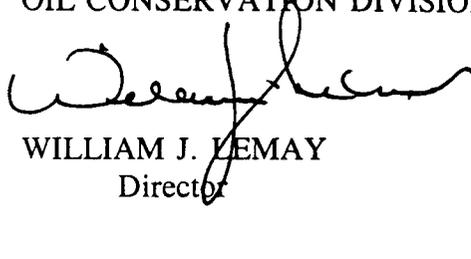
(15) At such time as a positive production response occurs and within five years from the date of the Certificate of Qualification, the applicant must apply to the Division for certification of positive production response, which application shall identify the area actually benefitting from enhanced recovery operations, and identifying the specific wells which the operator believes are eligible for the credit. The Division may review the application administratively or set it for hearing. Based upon evidence presented, the Division will certify to The Department of Taxation and Revenue those lands and wells which are eligible for the credit.

(16) Said EOR Expansion Area shall be governed by the provisions of the "Rules and Procedures for Qualifications of Enhanced Oil Recovery Projects" and "Certification for Recovered Oil Tax Rate" as promulgated by Division Order No. R-9708.

(17) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

S E A L

EXHIBIT "A"

CASE NO. 11168
ORDER NO. R-4680-A

OXY USA, INC. MYERS LANGLE-MATTIX UNIT
WATERFLOOD PROJECT

"PRODUCING WELLS WITHIN THE FOR PROJECT AREA ELIGIBLE FOR THE FOR TAX CREDIT"

Well No.	API No.	Footage Location	Lot/Unit	S-T-R
256	30-025-29589	105' FNL - 1310' FWL	4/D	6-24S-37E
258	30-025-32588	2560' FSL - 120' FWL	3/L	31-23S-37E
259	30-025-32534	2620' FNL - 1340' FWL	F	31-23S-37E
260	30-025-32589	2535' FSL - 2563' FWL	K	31-23S-37E
261	30-035-32559	1340' FSL - 1300' FWL	3/L	31-23S-37E
262	30-025-32590	1350' FSL - 2380' FWL	K	31-23S-37E
263	30-025-32555	1398' FSL - 1564' FEL	J	31-23S-37E
264	30-025-32535	1400' FSL - 160' FWL	L	32-23S-37E
265	30-025-32536	1460' FSL - 1340' FWL	K	32-23S-37E
266	30-025-32537	100' FNL - 2556' FWL	3/C	6-24S-37E
267	30-025-32591	190' FNL - 1460' FEL	2/B	6-24S-37E
268	30-025-32592	139' FNL - 372' PEL	1/A	6-24S-37E
269	30-025-32556	238' FNL - 1274' FWL	4/D	5-24S-37E

EXHIBIT "A"
CASE NO. 11168
ORDER NO. R-4680-A
PAGE 2

Well No.	API No.	Footage Location	Lot/Unit	S-T-R
270	30-025-32593	1410' FNL - 90' FEL	H	6-24S-37E
271	30-025-32565	1340' FNL - 1030' FWL	E	5-24S-37E
272	30-025-32566	2620' FNL - 90' FEL	H	6-24S-37E
273	30-025-32594	2533' FNL - 1350' FWL	F	5-24S-37E
274	30-035-32567	1300' FSL - 120' FWL	M	5-24S-37E
275	30-025-32557	1340' FS & WL	K	5-24S-37E

EXHIBIT "B"

CASE NO. 11168

ORDER NO. R-4680-A

OXY USA, INC. MYERS LANGLEI-MATTIX UNIT WATERFLOOD PROJECT
 APPROVED WATERFLOOD EXPANSION INJECTION WELLS

WELLS TO BE CONVERTED FROM PRODUCERS TO INJECTORS:

WELL NO.	API NO.	FOOTAGE LOCATION	LOT/UNIT	S-T-R	INJECTION INTERVAL
70	30-025-09475	1980' FNL - 660' FEL	H	36-23S-36E	3465' - 3609' (OPENHOLE)
72	30-025-10902	1980' FN & WL	F	31-23S-37E	3570' - 3670'
94	30-025-26908	1980' FSL - 760' FWL	L	32-23S-37E	3440' - 3677'
96	30-025-10907	1979' FSL - 1980' FEL	J	31-23S-37E	3447' - 3618' (OPENHOLE)
98	30-025-10906	1980' FSL - 660' FEL	3/L	31-23S-37E	3450' - 3608' (OPENHOLE)
106	30-025-10911	660' FSL - 1980' FWL	N	31-23S-37E	3546' - 3627'
133	30-025-11008	660' FN & WL	4/D	5-24S-37E	3503' - 3623'
135	30-025-25989	760' FNL - 2080' FEL	2/B	6-24S-37E	3502' - 3686'
137	30-025-11036	660' FNL - 626' FWL	4/D	6-24S-37E	3454' - 3588' (OPENHOLE)
141	30-025-11027	1962' FNL - 660' FEL	H	6-24S-37E	3517' - 3640'
143	30-025-11011	1960' FNL - 1905' FWL	F	5-24S-37E	3437' - 3680'

WELL NO.	API NO.	FOOTAGE LOCATION	LOT/UNIT	S-T-R	INJECTION INTERVAL
170	30-025-11004	1980' FSL - 330' FWL	L	5-24S-37E	3445' - 3793'
176	30-025-11025	660' FS & EL	P	6-24S-37E	3516' - 3590'
178	30-025-11007	660' FSL - 1980' FWL	N	5-24S-37E	3442' - 3570'
251	30-025-28246	660' FSL - 2096' FWL	N	32-23S-37E	3354' - 3699'
252	30-025-28808	685' FSL - 660' FEL	P	31-23S-37E	3523' - 3730'

The following well was Plugged and Abandoned by Texaco Exploration and Production Inc. in 1992, Division Order No. R-4680 originally authorized this well to be utilized as a water injection well on the Skelly Myers Langlie-Mattix Unit Waterflood Project:

Myers Langlie-Mattix Unit Well No. 134 (API No. 30-025-11026), located 660' FN & EL (Lot 1/Unit A) of Section 6, Township 24 South, Range 37 East, NMPM, Lea County New Mexico. The proposed injection interval will be through perforations from 3546' to 3655'.

EXHIBIT "C"
CASE NO. 11168
ORDER NO. R-4680-A

OXY USA, INC. MYERS LANGLE-MATTIX UNIT WATERFLOOD PROJECT

EXISTING INJECTION WELLS TO BE UTILIZED FOR THE EOR PROJECT AREA:

WELL NO.	API NO.	FOOTAGE LOCATION	LOT/UNIT	S-T-R	DIVISION ORDER AUTHORIZING INJECTION
71	30-025-10901	1980' FNL - 660' FWL	2/E	31-23S-37E	R-4680
73	30-025-10904	1980' FN & EL	G	31-23S-37E	R-4680
93	30-025-25680	1980' FSL - 1750' FWL	K	32-23S-37E	WFX-460
95	30-025-10912	1980' FSL - 660' FEL	I	31-23S-37E	R-4680
97	30-025-10909	1980' FS & WL	K	31-23S-37E	R-4680
99	30-025-09482	1980' FSL - 660' FEL	I	36-23S-36E	R-4680
105	30-025-10908	660' FS & WL	4/M	31-23S-37E	R-4680
107	30-025-10910	660' FSL - 1980' FEL	O	31-23S-37E	R-4680
109	30-025-03205	660' FS & WL	M	32-23S-37E	R-4680
132	30-025-11010	660' FNL - 1980' FWL	3/C	5-24S-37E	R-4680
136	30-025-11019	660' FNL - 1980' FWL	3/C	6-24S-37E	R-4680
142	30-025-11009	1962' FNL - 660' FWL	E	5-24S-37E	R-4680
169	30-025-11005	1980' FS & WL	K	5-24S-37E	R-4680
171	30-025-11030	1980' FSL - 660' FEL	I	6-24S-37E	R-4680
177	30-025-11006	660' FSL - 990' FWL	M	5-24S-37E	R-4680