

REF Comments

**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 PURPOSES OF  
CONSIDERING:**

**CASE NO. 12722  
ORDER NO. R-**

**APPLICATION OF OCCIDENTAL PERMIAN LIMITED  
PARTNERSHIP ("OXY") TO AUTHORIZE THE EXPANSION  
OF ITS NORTH HOBBS GRAYBURG-SAN ANDRES UNIT  
PRESSURE MAINTENANCE PROJECT, AMEND DIVISION  
ORDER R-6199-A, AN INCREASED INJECTION PRESSURE,  
INCREASED GAS OIL RATIO, EXCEPTION FROM ONE  
YEAR COMMENCEMENT OF INJECTION, AND TO QUALIFY  
THIS EXPANSION FOR THE RECOVERED OIL TAX RATE  
PURSUANT TO THE "NEW MEXICO ENHANCED OIL  
RECOVERY ACT," LEA COUNTY, NEW MEXICO**

**DRAFT DATED 9/21/01  
OXY'S PROPOSED  
ORDER OF THE DIVISION**

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Case No. 13661 Exhibit No. 3  
Submitted by:  
OCCIDENTAL PERMIAN LTD PARTNERSHIP  
Hearing Date: March 16, 2006

**BY THE DIVISION:**

This cause came on for hearing at 8:15 a.m. on September 6, 2001, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this \_\_\_ day of September, 2001, 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.

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(2) The applicant, Occidental Permian Limited Partnership ("OXY") seeks to amend Division Order R-6199 concerning the expansion of its North Hobbs Grayburg-San Andres Unit Pressure Maintenance Project as follows: (i) to convert a portion of this project (Phase I CO2 Project Area) from water injection to a tertiary recovery project by the injection of carbon dioxide (CO2) and produced water and the reinjection of CO2, produced water, and produced gases including methane, natural gas liquids and hydrogen sulfide (H2S) including existing and new wellbores; (ii) an increase in the authorized surface injection pressure; (iii) an increase in the gas oil ratios; (iv) an exception from Rule 704.A(2); (v) an exception from the one year commencement of injection; and to qualify Phase I CO2 Project Area of the Unit for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5. This project is identified as "Phase One CO2 Project Area" and consists of the following acreage in Lea County, New Mexico;

*Do we  
need to  
explain the  
oxy amende  
their  
request on  
this at the  
hearing?*

**T18S, R37E NMPM**

Sec 13: SE/4 and W/2  
 Sec 14: All  
 Sec 23-25: All  
 Sec 26: E/2NE/4 and NW/4NE/4  
 Sec 36: NE/4, E/2NW/4 and N/2SE/4

**T18S, R38E NMPM**

Sec 17: S/2NW/4 and SW/4  
 Sec 18: NE/4 and S/2  
 Sec 19: All  
 Sec 20: S/2 and NW/4  
 Sec 21: SW/4  
 Sec 28: W/2  
 Sec 29-30: All  
 Sec 31: N/2 and N/2S/2  
 Sec 32: N/2 and N/2S/2  
 Sec 33: NW/4

(3) OXY intends to utilize wellbores as follows: to convert existing water injection wells to CO2/water injectors; convert existing producers to injectors; reactivate temporarily abandoned wellbores for injection and/or production; re-enter previously plugged wells and convert to injection; and to drill new producers and/or injectors.