

# **North Hobbs Unit CO2 Flood Public Relations Plan Highlights**

## **NMOCD**

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Discussions with City Officials.

Discussions with County Officials.

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July 18, 2001

# Big CO2 project planned

## Oxy Permian plans to invest \$130 million in flood project

NEWS-STAFF REPORT

Oxy Permian is planning a major carbon dioxide (CO2) flood project at its North Hobbs Unit that would extend the life of the field's oil production operations while providing a significant boost to the local economy.

"This multi-phase project will be the largest CO2 flood project undertaken in the Permian Basin over the past 15 years," said Gary Bullock, Oxy Permian's team leader for this project.

Phase 1, which will encompass approximately 1,500 acres northwest of and adjacent to the city of Hobbs, will require the reactivation of numerous shut-in wells.

"We estimate that this tertiary recovery project will extend the life of the North Hobbs Unit by more than 20 years," Bullock said, adding that Phase 1 would result in the ultimate recovery of an additional 75 million barrels over the life of the field.

Houston-based Oxy Permian and its working interest owners will invest approximately \$130 million on well work and facility construction to complete the Phase 1 implementation. Between 200-300 contract employees will be employed during Phase 1 construction activities, which are scheduled to begin in early 2002.

Plans call for an additional phase in 2008 that could add approximately 28 million barrels of oil. Oxy Permian expects to spend about \$10 million annually on lease operating expenses.

Oxy Permian representatives have been work-

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From the front page

## Oxy

from PAGE 1

ing closely with the New Mexico Oil Conservation Division on this project. Bullock also met recently with Hobbs city and Lea County officials to brief them on the overall scope of the project.

Pat Oenbring, Oxy Permian's president and general manager, said the company anticipates finalizing project plans and significant project contracts as well as receiving all necessary government and partner approvals in sufficient time to allow construction to begin in 2002.

"The North Hobbs Unit CO2 project is Oxy Permian's largest capital investment project for 2002," Oenbring said. "It represents a significant step in OP's aggressive program of CO2 project development in West Texas and New Mexico."

The project will make important contributions to the economy of Hobbs and Lea County not only in the form of construction jobs but also through the purchase of local goods and services and expansion of the local tax base.

The CO2 flooding process involves injecting carbon dioxide into oil reservoirs where it acts

as a solvent that causes the oil to flow more freely so that it can be pumped to the surface. With more than three decades of experience in the Permian Basin, Oxy's CO2 team is the industry leader in developing and operating this type of project safely and efficiently.

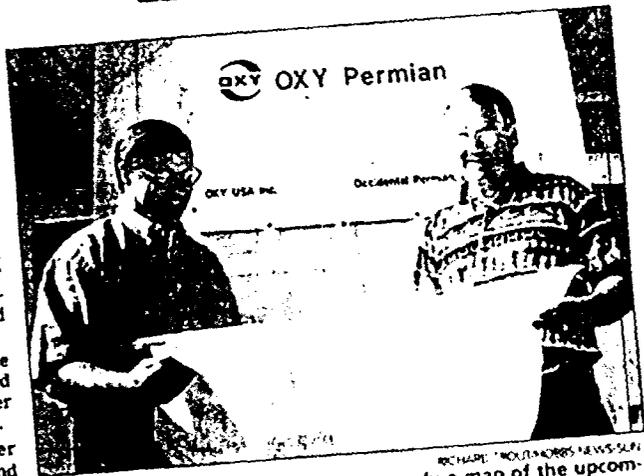
Bullock said the oilfield at the North Hobbs Unit was discovered in 1928 and produced oil "under its own energy" until about 1975.

"At that point in time, water flood operations were started and have been ongoing since," he said. "This is a natural progression to the third phase of an oilfield, what we call tertiary recovery in which we'll be using CO2 as an injectant to recover additional oil. What that gets us is probably another 20 years of field life and 75 million barrels."

The bulk of the North Hobbs oilfield is located northwest of West County Road.

About midway through the construction process is when the North Hobbs Unit will begin injecting CO2 to extract more oil, Bullock said.

"We'll begin injecting CO2



RECORDED: HOBBS NEWS-SUN  
Gary Bullock (left) and David Nelson study a map of the upcoming CO2 flood project to take place at Oxy Permian's North Hobbs Unit. Bullock is the project's team leader and Nelson is its production engineer.

probably by the end of 2002, but we won't be quite through with construction at that time," he said. "So, a couple of years for construction, but in the meantime, around the midpoint of construction, we'll begin injecting CO2."

Oxy Permian has a CO2 flood project under construction near Snyder, Texas, and completed a CO2 flood project west of Lubbock a few years ago, Bullock

said.

The Permian Basin extends north and south from Lubbock to the area of Sanderson, Texas, and east and west from near Abilene, Texas, to Carlisbad.

Oxy Permian, a wholly owned subsidiary of Los Angeles-based Occidental Petroleum Corporation (NYSE: OXY), is the largest oil producer in the Permian Basin

*Our view*

# Oxy Permian's project is big

**THE ISSUE:** *Oxy Permian this week announced the largest CO2 flood project undertaken in the area in 15 years.*

**WE SAY:** *The announcement may be just the confidence builder our oil-based economy needed at this time.*

**T**he numbers speak for themselves.  
\$130 million.

Seventy-five million barrels of oil.

Between 200 and 300 contract employees.

The major carbon dioxide flood project announced by Oxy Permian this week is certainly big news for Hobbs and Lea County. It is, as Gary Bullock, Oxy Permian's team leader for the project, pointed out, the largest CO2 flood project undertaken in the Permian Basin in the last 15 years.

In a nutshell, here's what we know about the North Hobbs Unit CO2 Project announced this week by Oxy Permian, a wholly owned subsidiary of Occidental Petroleum Corporation of Los Angeles:

■ At a cost of \$130 million for well work and facility construction during Phase I, it'll be Oxy Permian's largest capital investment project during 2002.

■ The project will extend the life of the North Hobbs Unit by more than 20 years, ultimately resulting in the recovery of an additional 75 million barrels of oil.

■ Phase I construction will employ somewhere between 200 and 300 contract employees beginning early next year.

■ An additional phase in 2008 will bring in 28 million more barrels of oil.

■ And Oxy Permian expects to spend \$10 million annually on lease operating expenses.

For Hobbs and its oil-dependent economy, that's just heaping good news on top of good news.

As we know, the Oil Patch is presently literally bursting at the seams with activity. In fact, we're told there are currently more jobs out there than we have people to perform them.

And, as long as oil prices remain in the \$20-plus range, local oilmen don't see things slowing down any time soon.

The announcement of the Oxy Permian CO2 project couldn't have come at a better time. For one thing, it comes just as some so-called experts not necessarily in the oilfield are predicting an imminent decline in activity. And, for another, the long-range aspect of this project may be just the assurance some people need to move back into the area.

It'll definitely bring more people into town.

They'll buy and rent houses. They'll stay in motels. They'll frequent our restaurants and grocery stores. They'll buy clothing, shoes, furniture, cars ... everything. And their kids will go to our schools.

It's just the shot in the arm Hobbs needed. Thanks, Oxy Permian.

## HOBBS News-Sun

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