



Occidental Permian Ltd.

580 WestLake Park Blvd.
Houston, TX 77079
PO Box 4294
Houston, TX 77210-4294
281-552-1000

July 21, 2003

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 281-552-1161.

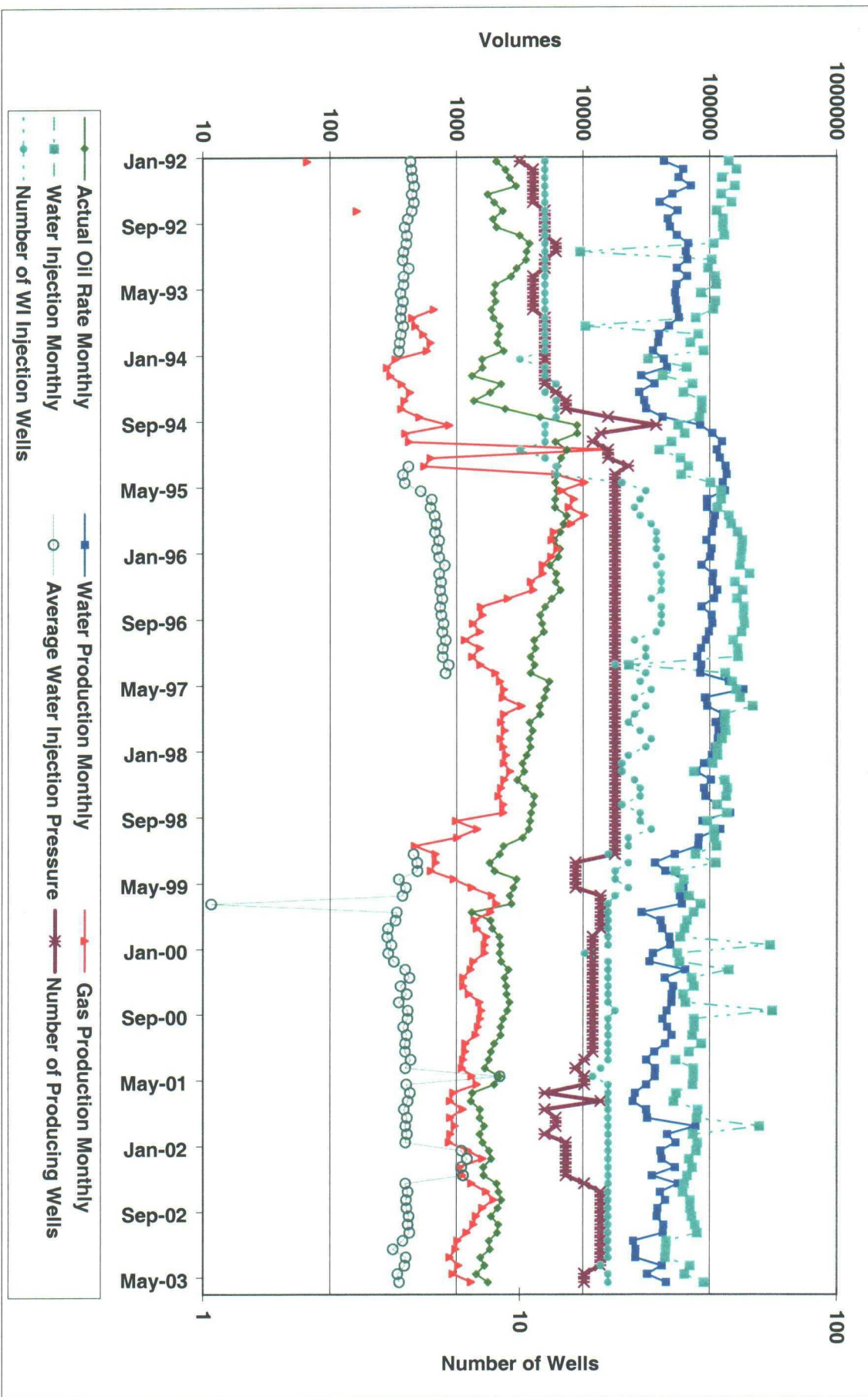
Sincerely,

A handwritten signature in dark ink, appearing to read "Karen Ellis".

Karen Ellis
Tax Incentive Analyst – Regulatory Affairs
281-552-1161
email karen_ellis@oxy.com

Attachment

MYERS LANGLE-MATTIX (QUEEN) UNIT
 WATERFLOOD
 MAY 1, 1995
 EOR PROJECT R-4680-A
 JANUARY 1992-MAY 2003



MYERS LANGLEIE-MATTIX (QUEEN) UNIT
WATERFLOOD
MAY 1, 1995
EOR PROJECT R-4680-A
JANUARY 1992-MAY 2003

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
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 LANGLEIE-MATTIX (QUEEN) UNIT
WATERFLOOD
MAY 1, 1995
EOR PROJECT R-4680-A
JANUARY 1992-MAY 2003

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

MYERS LANGLEIE-MATTIX (QUEEN) UNIT
WATERFLOOD
MAY 1, 1995
EOR PROJECT R-4680-A
JANUARY 1992-MAY 2003

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 WI Injection Wells	Average Water Injection Pressure	Cum Oil
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 2003

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
Jan-02	58	1800	1318	40849	40	1228	2512	77859	14	19	1086	267455

MYERS LANGLEIE-MATTIX (QUEEN) UNIT
WATERFLOOD
MAY 1, 1995
EOR PROJECT R-4680-A
JANUARY 1992-MAY 2003

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
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				

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.

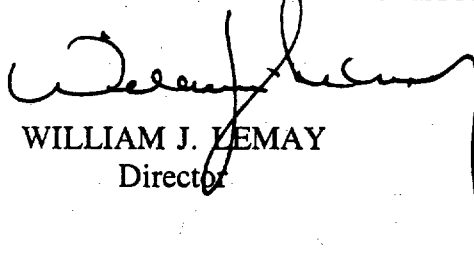
(15) At such time as a positive production response occurs and within five years from the date of the Certificate of Qualification, the applicant must apply to the Division for certification of positive production response, which application shall identify the area actually benefitting from enhanced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

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-AOXY USA, INC. MYERS LANGLE-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 "B"
CASE NO. 11168
ORDER NO. R-4680-A
PAGE 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 "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