

State of New Mexico  
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham  
Governor

Sarah Cottrell Propst  
Cabinet Secretary

Todd E. Leahy, JD, PhD  
Deputy Secretary

DYLAN M FUGE  
DIRECTOR (ACTING)



Administrative Order PMX-321  
February 28, 2023

ADMINISTRATIVE ORDER  
OF THE OIL CONSERVATION DIVISION

Under the provisions of the Division (OCD) Order R-6199, as amended, Occidental Permian LTD, "Applicant" (OGRID No. 157984) has made application to the Oil Conservation Division (OCD) for permission to inject CO<sub>2</sub> and produced gas into the wells- **North Hobbs G/SA Unit No.341 and North Hobbs G/SA Unit No. 411** (API: 30-025-05497 & 30-025-05539). The two referenced injectors are in the North Hobbs Unit - Grayburg-San Andres Unit ("G/SA") Phase I Tertiary Recovery Project located within the Hobbs; Grayburg-San Andres Pool (Pool Code 31920) in Lea County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of 19.15.26.8(B) NMAC and may be approved administratively by the OCD Director without notice and hearing, per Ordering Paragraph (1) of Commission Order No. R-6199-F, dated May 22, 2014. The wells are eligible for conversion to injection under the terms of that rule and Ordering paragraph (1). The applicant has presented satisfactory evidence that all requirements prescribed in 19.15.26.8 NMAC have been met and the operator is in compliance with 19.15.5.9 NMAC.

This administrative application in the North Hobbs G/SA Unit may be approved administratively by the OCD Director without notice and hearing, under the provision of Order No. R-6199-F.

The applicant has provided documentation of well type, API Number, casing program, and total depth (TD) of existing wells within the one-half mile area of review (AOR) that were drilled prior to issuing of Order No. R- 6199-F. The operator provided additional information for the AOR of the proposed wells location identifying any changes to the existing wells and any new penetrating wells completed since the order was approved.

The proposed expansion of the above-referenced pressure maintenance project, will prevent waste, is in the best interests of conservation, will not impair correlative rights, and should be approved.

IT IS THEREFORE ORDERED THAT:

Occidental Permian LTD (OGRID 157984), as operator, is hereby authorized to inject water, carbon dioxide (CO<sub>2</sub>), and produced gas into the Grayburg and San Andres formations within the following described wells for purposes of enhanced recovery.

API	Well Name	Unit	Section	Township	Range	Footages N/S (ft)	Footages E/W (ft)	Injection Interval	Type
30-025-05497	North Hobbs G/SA Unit 341	O	25	18S	37E	660' FSL	650 FEL	4090- 4500 ft MD	Perfs
30-025-05539	North Hobbs G/SA Unit 411	A	36	18S	37E	330 FNL	330 FEL	4190 ft- 4500 ft	perfs

The approved injection interval for the wells are into the Grayburg and San Andres formations from an approximate perforated depths quoted in the above table. The approved maximum surface tubing injection pressure shall be 1,100 pounds per square inch – gauge (psig) for water injection, 1,250 psig for CO<sub>2</sub> only, and 1,770 psig for gas injection, as approved in Ordering Paragraph (7) of Order No. R-6199-F dated May 22, 2014.

The operator shall set the injection packer as close as practical to the uppermost injection perforation or casing shoe (of any open hole completion), so long as the packer set point remains below the top of the Grayburg formation, as approved in Ordering Paragraph (11) of Order No. R-6199-F.

Prior to commencing injection, the operator will have an approved hydrogen sulfide (H<sub>2</sub>S) contingency plan in place that includes the wells in this Administrative Order as required in Ordering Paragraph (22) of Commission Order No. R-6199-F.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the injected fluid enters only the approved injection interval and is not permitted to escape to other formations or onto the surface.

The casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge or an approved leak detection device in order to determine leakage in the casing, tubing, or packer. The casing shall be pressure tested from the surface to the packer setting depth to assure casing integrity.

The wells shall pass an initial mechanical integrity test ("MIT") prior to initially commencing injection and prior to resuming injection each time any injection packer is unseated. All MIT testing procedures and schedules shall follow the requirements in Ordering Paragraphs (16) and (17) of Order No. R-6199-F. The OCD Director retains the right to require at any time wireline verification of completion and packer setting depths in this well.

Prior to placing the subject wells on injection, a cement bond log or equivalent (CBL) shall be run on the wells, results submitted through OCD E-Permitting, and notice provided to the OCD Engineering email, as stipulated in Ordering Paragraph (14) of Order No. R-6199-F.

The wellhead injection pressure on the well shall be limited as listed above. In addition, the injection wells or header systems shall be equipped with a pressure limiting device in workable condition which shall, at all times, limit surface tubing pressures to the maximum allowable pressures for the wells.

Subject to the limitations within the hearing order permitting this project, the Director of the Division may authorize an increase in tubing pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injected fluids from the approved injection interval. Such proper showing shall be demonstrated by sufficient evidence including but not limited to an acceptable Step-Rate Test.

The operator shall notify the OCD of the date and time of the installation of injection equipment and of any MIT so that the same may be inspected and witnessed. The operator shall provide written notice of the date of commencement of injection to OCD. The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Rules 19.15.26.13 and 19.15.7.24 NMAC.

Without limitation on the duties of the operator as provided in Rules 19.15.29 and 19.15.30 NMAC, or otherwise, the operator shall immediately notify the OCD of any failure of the tubing, casing or packer in the approved injection well, or of any leakage or release of water, oil or gas from around any produced or plugged and abandoned wells in the area, and shall take such measures as may be timely and necessary to correct such failure or leakage.

The injection authority granted under this order is not transferable except upon division approval. The division may require the operator to demonstrate mechanical integrity of any injection well that will be transferred prior to approving transfer of authority to inject.

The division may revoke this injection permit after notice and hearing if the operator is in violation of 19.15.5.9 NMAC.

Compliance with this order doesn't relieve the operator of the obligation to comply with other applicable federal, state or local laws or rules, or to exercise due care for the protection of fresh water, public health and the environment.

**PROVIDED FURTHER THAT**, jurisdiction is retained by the OCD for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh or protectable waters or (2) consistent with the requirements in this order, whereupon the OCD, after notice and hearing, terminate the disposal authority granted herein. The subject well shall be governed by all provisions of Order No. R-6199, as amended, and associated administrative orders.

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 well, provided however, the OCD, upon written request by the operator, may grant an extension thereof for good cause shown.

  
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DYLAN M FUGE  
DIRECTOR (ACTING)

3/3/2023

\_\_\_\_\_  
DATE

cc: Bureau of Land Management – Carlsbad Field Office  
Well File - 30-025-05539 & 30-025-05539  
DMF/mgm

**District I**  
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**State of New Mexico**  
**Energy, Minerals and Natural Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
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CONDITIONS

Action 197074

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Operator: OCCIDENTAL PERMIAN LTD P.O. Box 4294 Houston, TX 772104294	OGRID: 157984
	Action Number: 197074
	Action Type: [IM-SD] Admin Order Support Doc (ENG) (IM-AAO)

CONDITIONS

Created By	Condition	Condition Date
mgebremichael	None	3/14/2023