

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey, Division Director
Oil Conservation Division



Administrative Order IPI-450
October 1, 2013

Mr. David Stewart
OXY USA Inc.
PO Box 50250
Midland, TX 79710

RE: Injection Pressure Increase
Disposal Permit: SWD-1245-A
Pool: SWD; Bell Canyon and Cherry Canyon formations
Sundance 4 Federal Well No. 32Y API 30-015-38527
Unit D, Sec 4, T24S, R31E, NMPM, Eddy County, New Mexico

Dear Mr. Stewart:

Reference is made to your request on behalf of OXY USA Inc. (OGRID 16696) received by the Division on August 2, 2013, to increase the maximum allowed surface tubing pressure on the above named well.

This well was permitted by the Division for water disposal in the Bell Canyon and Cherry Canyon formations of the Delaware Mountain Group by Division administrative Order SWD-1245-A approved August 11, 2011. That permit allowed disposal into the Delaware Mountain Group from approximately 4249 feet to 5882 feet. The Division allowed a maximum disposal pressure of 850 psi with administrative Order SWD-1245-A.

It is our understanding that this well will not take a sufficient volume of fluid at the current pressure limit and a higher pressure limit is needed. It is also understood that an increase will not result in the fracturing of the formation and confining strata.

Based on a step rate test for this well run June 20, 2013, through 2 7/8-inch tubing, you are hereby authorized to inject at the following maximum surface tubing pressure:

Sundance 4 Federal Well No. 32Y API 30-015-38527 930 psi

This approval is based on the provision that the tubing size, packer setting depth and completion interval for this well does not change. Any future requested pressure increase will require resubmission of additional data and a new step-rate test. The Division Director retains the right to require at any time wireline verification of completion and packer setting depths in this well. This approval is subject to your

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OXY USA, Inc.

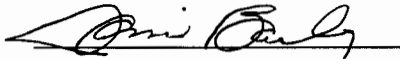
October 1, 2013

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being in compliance with all other Division rules, including but not limited to Division Rule 19.15.5.9 NMAC.

The Division Director may rescind this permitted injection pressure increase if it becomes apparent that the injected fluid is not being confined to the permitted disposal interval or is endangering any fresh water aquifer.

Sincerely,



JAMI BAILEY

Director

JB/prg

cc: Oil Conservation Division – Artesia
Bureau of Land Management - Carlsbad
File: SWD-1245-A