

State of New Mexico
Energy, Minerals and Natural Resources Department

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Oil Conservation Division



Administrative Order PMX-312
February 2, 2022

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION

Under the provisions of Division Order R-6199, as amended, Occidental Permian LTD, “Applicant” (OGRID No. 157984) has made application to the Oil Conservation Division (OCD) for permission to construct a new diagonal injection well in its North Hobbs 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 well, the **North Hobbs G/SA Unit No. 978** (API: 30-025-Pending) is being proposed for injection of produced water, CO₂, and produced gas within the project.

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 proposed well is 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 well 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, as operator, is hereby authorized to inject water, CO₂, and produced gas into the following diagonal well for the purpose of tertiary recovery through plastic-lined tubing set into a packer:

| API | Well Name | Unit | Section | Township | Range | Footages N/S (ft) | Footages E/W (ft) | Injection Interval | Type |
|--------------------|---------------------------------|------|---------|----------|-------|-------------------------|-------------------------|---------------------------|-------|
| 30-025- Pending | North Hobbs G/SA Unit 978 | I | 31 | 18S | 38E | 1662 FSL | 901 FEL | 4,240 - 4,738 ft MD | Perfs |
| | BH | L | 32 | 18S | 38E | 2198 FSL | 203 FWL | | |

The approved injection interval for the well is into the Grayburg and San Andres formations from an approximate perforated depth of 4,240 feet to 4,738 feet measured depth in the diagonal well. The approved maximum surface tubing injection pressure shall be 1,100 pounds per square inch – gauge (psig) for water injection, 1,250 psig for CO₂ 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.

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.

After installing tubing, 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 well 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 well on injection, a cement bond log or equivalent (CBL) shall be run on the well, 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 well or header system 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 approved for the specific injection fluid for this well.

Subject to the limitations within the hearing order permitting this project, the OCD Director may authorize an increase in tubing pressure upon a proper showing by the operator 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 appropriate Inspections Supervisor of the date and time of the installation of injection equipment and of any MIT test so that the same may be inspected and witnessed. The operator shall provide written notice of the date of commencement of injection on OCD Form C-103, submitted electronically through OCD E-Permitting and notice provided to the OCD Engineering email. The operator shall submit monthly reports through OCD E-Permitting of the injection operations on OCD 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 appropriate Inspections Supervisor and OCD Engineering Bureau, by email, 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 well 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 OCD approval. The OCD may require the operator to demonstrate mechanical integrity of any injection well that will be transferred prior to approving transfer of authority to inject.

Compliance with this order does not 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, safety, 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.



Adrienne Sandoval
Director

cc: Bureau of Land Management – Carlsbad Field Office
OCD/KAM

WELLBORE DIAGRAM

(updated: 1/03/2022)

Revision 0

WELL# NORTH HOBBS G/SA UNIT #978

API# TBD

Zone: San Andres

Spud: TBD

GL elev

3633.90

NORTH HOBBS G/SA UNIT #978

CEMENT

DEVIATION SURVEYS

DEPTH

DEGREE

Surface Casing

Cement with 515 sx 14.8 PPG Class C

CIRCULATED TO SURFACE

13-1/2" hole

9-5/8" 32# set at +/- 1600'

Production Casing

Cement with 750 sx 14.8 PPG Class C, Two stage cement Job

CIRCULATED TO SURFACE ON BOTH STAGES

8-3/4" Hole

Packer (Retrievable) 7 " X 2 7/8 AS1X NICKEL COTED CARBIDE SLIPS
@4190' (Aprox. 50' above top perf)

Perfs 4240' MD - 4738' MD

7" 23# set at +/- 4738' MD