NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

February 2, 2006

Occidental Permian Ltd.
P.O. Box 4294
Houston, Texas 77210-4294

Attention: Mr. Mark Stephens

Re: Request for Activation of Injection Status
North Hobbs Grayburg San Andres Unit Well No. 321
API No. 30-025-05463
1650' FNL & 1650' FEL (Unit G)
Section 23, T-18S, R-37E, NMPM,
Lea County, New Mexico

Dear Mr. Stephens:

The Division has received and reviewed your request dated January 31, 2006 to reactivate the North Hobbs Grayburg San Andres Unit ("NHGSAU") Well No. 321 as an injection well within the NHGSAU Pressure Maintenance Project.

By Order No. R-6199-B dated October 22, 2001, the Division authorized Occidental Permian Ltd. to implement a tertiary recovery injection project within the NHGSAU Pressure Maintenance Project by the injection of water, CO_2 and produced gas into the Grayburg and San Andres formations, Hobbs Grayburg-San Andres Pool. The order further approved sixty (60) wells to be utilized for injection, including thirty-six (36) existing wells that were to be converted from producers to injection wells at a later time. It is our understanding that the NHGSAU Well No. 321, which has been temporarily abandoned for a period of time, is now going to be reactivated as an injection well.

Pursuant to Order No. R-6199-B, the NHGSAU Well No. 321 has already been permitted for injection. Occidental Permian, Ltd. is therefore authorized to utilize this well as an injection well within the NHGSAU Pressure Maintenance Project.

Injection and operation of this well shall be in conformance with all provisions contained within Division Order No. R-6199-B.

In accordance with the provisions of R-6199-B, the NHGSAU Well No. 321 is authorized to inject water, CO_2 and produced gas into the Grayburg-San Andres formation at the following-described surface injection pressures:

Water:	1100 psi
CO_2:	1250 psi
Produced Gas:	1770 psi

Sincerely,

Mark E. Fesmire, P.E.
Director

Xc: OCD-Hobbs
Case File-12722