

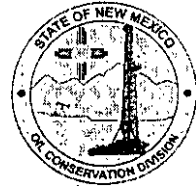
State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Tony Delfin
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



Administrative Order WFX-957
July 20, 2016

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Commission Order R-4934 as amended, issued on July 18, 2013, Occidental Permian LTD ("applicant") has made application to the Division for authorization to add a "water-alternating-gas" ("WAG") injection wells within the South Hobbs G/SA Unit Tertiary Recovery Project which produces from the Unitized Interval 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 Division Rule 19.15.26.8B. NMAC and satisfactory information has been provided that affected parties as defined in said rule have been notified and no objections remain outstanding. The subject wells are eligible for conversion to injection under the terms of that rule. The applicant has presented satisfactory evidence that all requirements prescribed in Rule 19.15.26.8 NMAC have been met and the operator is in compliance with Rule 19.15.5.9 NMAC.

This administrative application in the South Hobbs G/SA Unit may be approved administratively by the Director without notice and hearing, under the provision of Commission Order R-4934-F.

The applicant has also provided documentation of well type, API Number, casing programs, and TD of new wells that were drilled subsequent to issuing of Commission Order R-4934-F.

The proposed expansion of the above-referenced enhanced recovery 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 (CO₂), and produced gas into the Grayburg and San Andres formations within the following described wells for purposes of enhanced recovery.

API Number	Well Name		Unit	Section	Twp	Rng	Footage F/S	Footage E/W	Injection Interval; Type of Interval
30-025- 43282	South Hobbs G/SA Unit Well No. 263	SHL	L	4	19S	38E	1960 FSL	829 FWL	4734 - 4970 ; perfs
		BHL	L	4	19S	38E	2257 FSL	249 FWL	
30-025- 43096	South Hobbs G/SA Unit Well No. 264	SHL	L	4	19S	38E	1967 FSL	929 FWL	4694 - 4935 ; perfs
		BHL	K	4	19S	38E	2029 FSL	1428 FWL	
30-025- 43104	South Hobbs G/SA Unit Well No. 267	SHL	D	9	19S	38E	165 FNL	667 FWL	4808 - 5052 ; perfs
		BHL	M	4	19S	38E	746 FSL	160 FWL	
30-025- 43100	South Hobbs G/SA Unit Well No. 268	SHL	C	9	19S	38E	179 FNL	1840 FWL	4805 - 5078 ; perfs
		BHL	N	4	19S	38E	751 FSL	1357 FWL	

The approved maximum surface tubing injection pressure shall be the following as established in Ordering Paragraph (6) of Commission Order No. R-4934-F:

- a) 1100 psi while injecting water:
- b) 1250 psi while injecting CO₂:
- c) and 1770 for injecting produced gas.

The operator shall inject through internally-coated, 2 7/8-inch tubing for the wells in the application, with the injection packer set as close as possible to the uppermost injection perforations, provided that the packer remains below the top of the Grayburg formation, as required in Ordering Paragraph (10) of Commission Order R-4934-F.

The operator shall run a CBL (or equivalent) across the 7-inch casing and through the 9-5/8-inch casing to surface for the wells in this application, which shall be supplied to the Hobbs District Office, per Commission Order R-4934-F.

Prior to commencing injection, the operator will have an approved hydrogen sulfide (H₂S) contingency plan in place that includes the wells in this Administrative Order as required in Ordering Paragraph (20) of Commission Order No. R-4934-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 casing shall be pressure tested from the surface to the packer setting depth to assure casing integrity.

The wells shall each pass an initial mechanical integrity test ("MIT") prior to initially commencing injection and prior to resuming injection each time any injection packer is unseated. MIT shall be conducted on the wells once every two years. All MIT procedures and schedules shall follow the requirements as set forth in Division Order R-4934-F. The Division Director retains the right to require at any time wireline verification of completion and packer setting depths in this well.

The wellhead injection pressure on these wells 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 these 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 supervisor of the Division's District I office 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 the Division's District I office. 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 Division's District I office of any failure of the tubing, casing or packer in the approved injection wells, 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 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 and safety and the environment.

PROVIDED FURTHER THAT, jurisdiction is retained by the Division 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 Division may, after notice and hearing, terminate the disposal authority granted herein. The subject well shall be governed by all provisions of Commission Order No. R-4934, as amended.

The injection authority granted herein shall terminate two (2) years after the effective date of this order if the operator has not commenced injection operations into the subject well, provided however, the Division, upon written request by the operator received prior to the two-year deadline, may grant an extension thereof for good cause shown.



DAVID R. CATANACH
Director

DRC/mam

cc: New Mexico Oil Conservation Division – Hobbs Office
Bureau of Land Management – Carlsbad
Case File 14981
Well File API No. 30-025-43103
Well File API No. 30-025-43096
Well File API No. 30-025-43100
Well File API No. 30-025-43104