

State of New Mexico
Energy, Minerals and Natural Resources Department

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Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



Administrative Order PMX-276
October 19, 2017

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Division Order R-6199, as amended, Occidental Permian LTD (OGRID No. 157984) has made application to the Division for permission to add 3 additional injection wells to its North Hobbs Grayburg-San Andres Unit Phase I Tertiary Recovery Project located within the Hobbs; Grayburg-San Andres Pool (31920) in Lea County, New Mexico. These wells, North Hobbs G/SA Unit Well No. 111, North Hobbs G/SA Unit Well No. 944, and North Hobbs G/SA Unit Well No. 923 H are both being proposed for injection of water, CO₂, or produced gas within this project.

THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of 19.15.26.8B NMAC and may be approved administratively by the Division Director without notice and hearing, per Ordering Paragraph (1) of Division Order No. R-6199-F dated May 22, 2014. The proposed 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.

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 wells for the purpose of secondary recovery through plastic-lined tubing set into a packer:

API Number	Well Name	Unit	Section	Twp	Rng	Footage F/S	Footage E/W	Injection Interval; Type of Interval
30-025-07375	North Hobbs G/SA Unit Well No. 111	D	20	18S	38E	330' FNL	330' FWL	4181' - 4217'; perms

30-025-35999	North Hobbs G/SA Unit Well No. 944	SHL	I	29	18S	38E	1528' FSL	854' FEL	4996' (MD) - 6450' (MD); open hole
		BHL	H	32	18S	38E	1505' FSL	917' FEL	4025' (TVD) - 4039' (TVD); open hole
30-025-36011	North Hobbs G/SA Unit Well No. 923 H	SHL	K	29	18S	38E	2114' FSL	1568' FWL	5161' (MD) - 7037' (MD); open hole
		BHL	F	32	18S	38E	1468' FNL	1683' FWL	4049' (TVD) - 4068' (TVD); open hole

The approved injection interval for these wells (Subject wells) is into the Grayburg and San Andres formations from an approximate perforated true vertical depth of 4025 feet to a maximum perforated true vertical depth of 4217 feet. The approved maximum surface tubing injection pressure shall be **1100 psig for water injection, 1250 psig for CO2 only, and 1750 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 Division Order No. R-6199-F dated May 22, 2014.

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 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 Paragraph (16) and Ordering Paragraph (17) of Order No. R-6199-F, dated May 22, 2014. The Division Director retains the right to require at any time wireline verification of completion and packer setting depths in these wells.

Prior to placing any of the subject wells on injection, a cement bond log or equivalent (CBL) shall be run on said well and copies supplied to the Hobbs District Office, as stipulated in Ordering Paragraph (14) of Order No. R-6199-F, dated May 22, 2014.

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 wells 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 test so that the same may be inspected and witnessed. The operator shall provide written notice of the date of commencement of injection to the 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 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 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 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.

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 wells shall be governed by all provisions of Division Order No. R-6199 and associated administrative orders.

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Occidental Permian LTD

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David R. Catanach

DAVID R. CATANACH

Director

DRC/mam

cc: New Mexico Oil Conservation Division – Hobbs
Bureau of Land Management – Carlsbad
Well File – 30-025-07375
Well File – 30-025-35999
Well File – 30-025-36011
Case File 12722