



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

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

ADMINISTRATIVE ORDER NO PMX-151-B

***APPLICATION OF OCCIDENTAL PERMIAN LIMITED PARTNERSHIP TO EXPAND ITS
PRESSURE MAINTENANCE PROJECT IN THE NORTH HOBBS-GRAYBURG SAN ANDRES
POOL IN LEA COUNTY, NEW MEXICO***

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Division Order No R-6199, as amended, Occidental Permian Limited Partnership has made application to the Division on June 28, 2006 for permission to expand its North Hobbs Grayburg San Andres Unit Pressure Maintenance Project in the Hobbs-Grayburg San Andres Pool in Lea County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

- (1) The application has been filed in due form.
- (2) Satisfactory information has been provided that all offset operators have been duly notified of the application.
- (3) No objection has been received within the waiting period as prescribed by Rule 701(B).
- (4) The proposed injection well, which was originally permitted by Order No. PMX-151 dated January 27, 1988, and which has been temporarily abandoned for a period of time, is eligible to be reactivated as an injection well within the pressure maintenance project under the terms of Rule 701.
- (5) The proposed expansion of the above referenced pressure maintenance project will not cause waste nor impair correlative rights.
- (6) The application should be approved.

IT IS THEREFORE ORDERED THAT:

The applicant, Occidental Permian Limited Partnership, is hereby authorized to inject water, CO₂ and produced gas into the Grayburg and San Andres formations at approximately 4000 feet to approximately 4370 feet through 2 7/8-inch fiberglass-lined tubing set in a packer located within 100

feet of the uppermost injection perforations in the following-described well for purposes of pressure maintenance:

North Hobbs Grayburg San Andres Unit Well No. 332
API No. 30-025-29195
1430' FSL & 2535' FEL, (Unit J)
Section 19, Township 18 South, Range 38 East, NMPM

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the injected fluid enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface.

Prior to commencing injection operations, the casing shall be pressure tested from the surface to the packer setting depth to assure the integrity of said casing.

The casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing or packer.

As specified in Division Order R-6199-B, the injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than:

1100 psig for water injection
1250 psig for CO2 injection
1770 psi for produced gas injection

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator that such higher pressure will not result in migration of the injected fluid from the Grayburg and San Andres formations.

The operator shall immediately notify the supervisor of the Hobbs District Office of the Division of the failure of the tubing, casing or packer in said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

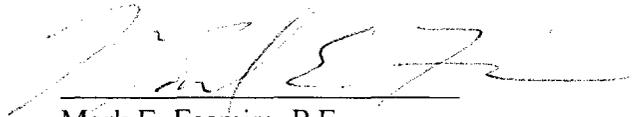
The subject well shall be governed by all provisions of Division Order No. R-6199, as amended, and Rules 702-706 of the Division Rules and Regulations not inconsistent herewith.

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 water or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the injection authority granted herein.

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 Division, upon written request by the operator, may grant an extension thereof for good cause shown.

DONE at Santa Fe, New Mexico, on this 14th day of July, 2006.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



Mark E. Fesmire, P.E.
Director

MEF/drc

cc: Oil Conservation Division – Hobbs
Case File 12722