



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

November 3, 2006

COPY

Occidental Permian Ltd. Partnership
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. 518
API No. 30-025-38114
Surface Location: 275' FSL & 1030' FWL (Unit M)
Bottomhole Location: 275' FSL & 1380' FWL (Unit N)
Section 18, T-18S, R-38E, NMPM,
Lea County, New Mexico

Dear Mr. Stephens:

The Division has received and reviewed your request dated October 25, 2006 to complete as an injection well the proposed North Hobbs Grayburg San Andres Unit ("NHGSAU") Well No. 518 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, CO₂ 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 twenty-four (24) wells that were to be drilled at a later time. It is our understanding that the NHGSAU Well No. 518, which was originally identified by Order No. R-6199-B as the NHGSAU Well No. 118, will be drilled and completed as an injection well in the near future.

Pursuant to Order No. R-6199-B, the NHGSAU Well No. 518 has already been permitted for injection. Occidental Permian, Ltd. is therefore authorized to complete this well as an injection well within the NHGSAU Pressure Maintenance Project.

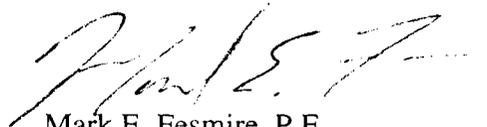
Injection and operation of this well shall be in conformance with all provisions contained within Division Order No. R-6199-B.

Injection into the NHGSAU Well No. 518 shall be through the perforated interval from approximately 4,000 feet to 4,600 feet through 2 7/8-inch fiberglass-lined tubing installed in a packer located at a depth of 3,900 feet.

In accordance with the provisions of R-6199-B, the NHGSAU Well No. 518 is authorized to inject water, CO₂ 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