State of New Mexico
Energy, Minerals and Natural Resources Department

Administrative Order PMX-337

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION

Under the provisions of Division Order No. R-6199, as amended, Occidental Permian LTD (OGRID No. 157984; "Operator") has made application to the Oil Conservation Division ("OCD") for permission to drill an injection well in its North Hobbs Grayburg-San Andres ("G/SA") Unit Phase I Tertiary Recovery Project located within the Hobbs; Grayburg-San Andres Pool (Pool Code 31920) in Lea County, New Mexico. The **North Hobbs G/SA Unit No. 431** ("Well") is being proposed for injection of produced water, carbon dioxide ("CO2") and produced gas within the project.

THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of 19.15.26.8(B) NMAC and may be approved administratively by the OCD Director without notice and hearing, per Ordering Paragraph (1) of Commission Order No. R-6199-F, dated May 22, 2014. The proposed well is eligible for injection under the terms of that rule and Ordering Paragraph (1). The Operator 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 Operator has provided documentation of well type, casing program, and total depth of existing wells within the one-half mile area of review ("AOR") that were drilled prior to issuing of Order No. R- 6199-F. The Operator provided additional information for the AOR of the well location identifying any changes to the existing wells and any new penetrating wells completed since the order was approved.

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 is hereby authorized to inject water, CO2 (purchased and produced), and produced gas into the following well for the purpose of tertiary recovery through tubing set into a packer:

Well API	Well Name	Unit	Section	Township	Range	Footages N/S (ft)	Footages E/W (ft)	Injection Interval (ft)	Type
30-025-07537	North Hobbs G/SA Unit No. 431	I	32	18S	38E	2316 FSL	334 FEL	4086 to 4190	Perfs

The approved injection interval for the Well is the stratigraphic equivalent of the Grayburg and San Andres formations as determined by the Borehole Compensated Sonic-Gamma Ray Log (dated July 9, 1969) for the Shell A State Well No. 7 (currently the North Hobbs G/SA Unit Well No. 424; API 30-025-23130) at a depth of 3698 feet to a depth of 4500 feet (Order No. R-6198-A). The maximum allowable surface injection pressures shall be as approved in Ordering Paragraph (7) of Order No. R-6199-F:

a. 1,100 pounds per square inch – gauge ("psig") for water injection,

b. 1,250 psig for CO_2 only, and

c. 1,770 psig for gas injection.

The Well 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 this Well.

Subject to the limitations within the hearing order permitting this project, the Director may authorize an increase in maximum allowable surface injection pressures upon a proper showing by the Operator of the proposed 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 Tests and a hearing before OCD to amend the pressures for the specific fluid type approved in Order No. R-6199-F. The Operator may also modify the injection fluid types and corresponding surface injection pressures with proper demonstration that the modifications will not result in migration of the injected fluids from the approved injection interval.

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 Order No. R-6199-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.

Any new or existing well (active or plugged and re-entered) approved for injection under Order No. R-6199-F, shall complete the following specific requirements prior to the installation of the tubing and packer set.

a. Operator shall conduct a successful pressure test of the production casing from surface to packer depth following procedures provided in

19.15.16.10(I) NMAC.

b. Operator shall obtain a new cement bond log ("CBL") from surface to the top of the top perforation (or top of open hole) of the approved injection interval. A copy of the CBL shall be submitted electronically to the OCD using the same process in submitting geophysical logs.

c. Operator shall install a one-way automatic safety valve at the surface of the Well to prevent flow-back of the injected gas.

d. Operator shall use internally-lined, corrosion resistant tubing set into a corrosion resistant packer.

e. Operator shall utilize the special type of cement on all new injection wells that is designed to withstand the corrosive environment.

If either the pressure test of the casing or the CBL demonstrates inadequate cement to protect shallow ground water, the Operator shall be required to conduct corrective action on the well until the integrity issue is addressed and approved by the OCD.

After installing tubing, the casing-tubing annulus shall be loaded with an inert fluid (containing biocide with a corrosion inhibitor) 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 Well 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 procedures and schedules shall follow the requirements in Ordering Paragraphs (16) and (17) of Order No. R-6199-F and Rule 19.15.26.11(A) NMAC. The Director retains the right to require at any time wireline verification of completion and packer setting depths in this well.

The Operator shall notify the Inspections Supervisor 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 using Form C-103 and submitting using OCD E-permitting. The Operator shall submit monthly reports of the injection operations on 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 appropriate Inspections Supervisor and Engineering Bureau by email, of any failure of the tubing, casing or packer in the approved injection well, 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 OCD approval. The OCD 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 OCD may revoke this injection authority 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 OCD 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 OCD may, after notice and hearing, terminate the injection authority granted herein. The Well shall be governed by all provisions of Order No. R-6199 and associated administrative orders.

The injection authority granted herein shall terminate one (1) year after the effective date of this order if the Operator has not commenced injection operations into the Well, provided however, the OCD, upon written request by the operator received prior to the one-year deadline, may grant an extension thereof for good cause shown.

GERASIMOS RAZATOS
Division Director (Acting)

Date: 8/21/2024

GR/th

cc: Well File

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CONDITIONS

Action 376553

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Operator: OCCIDENTAL PERMIAN LTD P.O. Box 4294 Houston, TX 772104294	OGRID: 157984
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CONDITIONS

Created By	Condition	Condition Date
anthony.harris	None	8/22/2024