



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-233

***APPLICATION OF OCCIDENTAL PERMIAN LIMITED PARTNERSHIP TO EXPAND ITS
PRESSURE MAINTENANCE PROJECT IN THE 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 July 27, 2005 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 was filed in due form.
- (2) Satisfactory information was provided to demonstrate that all offset operators and surface owners were provided notice of this application.
- (3) No objection has been received within the waiting period as prescribed by Rule 701(B).
- (4) The proposed injection well is eligible for conversion to injection 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.

IT IS THEREFORE ORDERED THAT:

The applicant, Occidental Permian Limited Partnership, is hereby authorized to inject water into the Grayburg-San Andres formation, Hobbs Grayburg-San Andres Pool, through the perforated interval from approximately 4,000 feet to 4,451 feet using 2-7/8-inch fiberglass-lined tubing set in a packer located at a depth of approximately 3,900 feet in the following described well for purposes of pressure maintenance to wit:

North Hobbs Grayburg San Andres Unit Well No. 632 (API No. 30-025-37214)

Surface Location: 2118' FSL & 1355' FEL (Unit J)

Bottomhole Location: 2460' FSL & 1356' FEL (Unit J)

Section 31, Township 18 South, Range 38 East;

Injection Interval: 4,000 feet to 4,451 feet (Perforated)

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 into the well, 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 or other acceptable device to facilitate detection of leakage in the casing, tubing or packer.

The well or pressurization system shall be equipped so as to limit the surface injection pressure on the subject well to no more than 800 psi.

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injected fluid from the Hobbs Grayburg-San Andres Pool. Such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

The operator shall notify the supervisor of the Hobbs district office of the Division of the date and time of the installation of injection equipment in the injection well and of the mechanical integrity test so that these operations may be inspected and witnessed.

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.

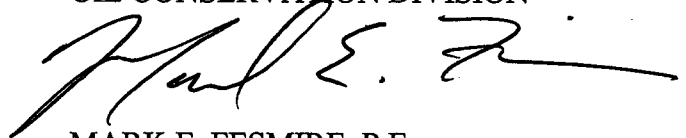
PROVIDED FURTHER THAT, jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh water or (2) consistent with

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 subject 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 16th day of August, 2005.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



MARK E. FESMIRE, P.E.
Director

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MEF/DRC

cc: Oil Conservation Division – Hobbs
Case File No. 12722