

State of New Mexico
Energy, Minerals and Natural Resources Department

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Director, Oil Conservation Division



February 26, 2020

Ms. Kelley Montgomery
Occidental Permian LTD
5 Greenway Plaza, Suite 110
Houston, Texas 77210-4294

Transmitted via email: kelly_montgomery@oxy.com

RE: Path Forward on South Hobbs G/SA Unit Operations (Order No. R-4934-F dated July 18, 2013, Case No. 14981) Impacting an Irrigation Well Located in Unit F of Section 5 in Township 19 South, Range 38 East, NMPM (Latitude 32.690683, Longitude -103.173158) in Lea County, New Mexico.

Ms. Montgomery,

The Oil Conservation Division (OCD) appreciates Oxy's continuing efforts to determine the cause of surging groundwater and gaseous emissions from a water well (the Levey well; Office of the State Engineer designation L-1458) located amongst your enhanced recovery operations within the Grayburg/San Andreas formation in Hobbs, New Mexico. Based upon a review of available information, Oxy to date completed the following actions;

- Suspended injection into the South Hobbs G/SA Unit #290 (API #30-025-44612) located approximately 900 feet southeast of the L-1458 well.
- Located, re-entered, and re-plugged South Hobbs G/SA Unit #28 (API #30-025-07630) situated approximately 200 feet northeast of the L-1458 well.
- Checked the Bradenhead pressures on a group of production and injection wells in the area.
- Plugged South Hobbs G/SA Unit #183 (API #30-025-28980) located approximately 550 feet southwest of the L-1458 well.

It is Oxy's belief that a casing leak within South Hobbs G/SA Unit #183 was the source of pressure and flow observed at the L-1458 well. Per your email of January 21st, 2020, Oxy is now requesting to restart injection into the South Hobbs G/SA Unit #290.

The OCD provides the following path forward:

1. Oxy must install two groundwater monitoring wells, one in close proximity to the L-1458 well and the other near South Hobbs G/SA Unit #183. Oxy must submit the proposed locations to the OCD for approval before drilling. OCD staff must be onsite during the drilling and installation of the monitoring wells, and Oxy must coordinate with OCD staff at least 72 hours

Levey Water Well located in Unit F, Sec 5, T19S, R38E, NMPM
South Hobbs G/SA Unit, Occidental Permian LTD
February 26, 2020
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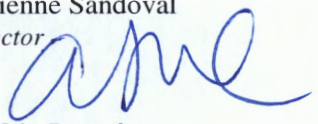
before drilling begins. Well construction will be determined by OCD and Oxy based upon the hydrogeology encountered.

2. Once installed, both monitoring wells need to be properly developed and sampled. Those groundwater samples must be analyzed by a third-party laboratory for concentrations of dissolved carbon dioxide using Standard Method 4500 CO₂ C, dissolved sulfide using EPA Method 376.2, chloride using either Standard Method 4500 CL B or EPA Method 300, pH using EPA Method 150.1, volatile organic compounds using EPA Method 8260 (full list), and total petroleum hydrocarbons using EPA Method 8015 (extended range). The results of the laboratory analysis must be submitted to OCD for review.
3. At that time, Oxy may request the OCD allow injection into South Hobbs G/SA Unit #290 to resume.
4. If injection is allowed to restart, the monitoring wells and the L-1458 well must be monitored at least twice weekly for the development of pressure or the presence of gases (carbon dioxide, hydrogen sulfide, and explosivity) using calibrated field instruments. If pressure develops or gases appear, injection into South Hobbs G/SA Unit #290 must again be suspended.
5. If pressure or gases do not appear in the monitoring wells or the L-1458 well, a second set of groundwater samples must be gathered from the monitoring wells and submitted for analyzed as above. This second set of samples should be gathered 28 days after resuming injection.
6. Regular reports on the ongoing effort need to be provided to the OCD on at least a weekly basis or if field situations dictate.

Based upon the results derived, additional actions may be required. If you have any questions and for the scheduling of field activities, please contact Brad Billings at (505) 476-3482 office, (505) 670-6549 cell, or by email at Bradford.Billings@state.nm.us.

Respectfully

Adrienne Sandoval
Director



cc: Jake Perry, Oxy
Dusty Wilson, Oxy

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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
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CONDITIONS

Action 284090

CONDITIONS

Operator: OCCIDENTAL PERMIAN LTD P.O. Box 4294 Houston, TX 772104294	OGRID:	157984
	Action Number:	284090
	Action Type:	[UF-GWA] Ground Water Abatement (GROUND WATER ABATEMENT)

CONDITIONS

Created By	Condition	Condition Date
michael.buchanan	Accepted for the record. Letter requesting Path Forward on S. Hobbs G/SA Unit Operations (Order No. R-4934-F) dated February 26, 2020. Impacting and irrigation well Located in Unit F of Section 5 in Township 19 South, Range 38 East, NMPM	3/21/2024