

State of New Mexico
Energy, Minerals and Natural Resources Department

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Oil Conservation Division



Administrative Order PMX-300

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION

Under the provisions of Order R-6199, as amended, Occidental Permian LTD, “Applicant” (OGRID No. 157984) has made application to the Oil Conservation Division (OCD) for permission to convert one active producing oil well to an injection well in its North Hobbs Grayburg-San Andres Unit (“G/SA”) Phase I Tertiary Recovery Project located within the Hobbs; Grayburg-San Andres Pool (Pool Code 31920) in Lea County, New Mexico. The well, the **North Hobbs G/SA Unit #234 (API: 30-025-29275)** is being proposed for injection of produced water, 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 conversion to injection under the terms of that rule and Ordering paragraph (1). The applicant 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.

This administrative application in the North Hobbs G/SA Unit may be approved administratively by the OCD Director without notice and hearing, under the provision of Order No. R-6199-F.

The applicant has provided documentation of well type, API Number, casing program, and total depth (TD) 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, as operator, is hereby authorized to inject water, CO₂, and produced gas into the following well for the purpose of tertiary recovery through plastic-lined tubing set into a packer:

API	Well Name	Unit	Section	Township	Range	Footages N/S (ft)	Footages E/W (ft)	Injection Interval	Type
30-025- 29275	North Hobbs G/SA Unit #234	K	33	18S	38E	1372 FNL	2563 FWL	4,046- 4,251 ft	Perfs

The approved injection interval for the well is into the Grayburg and San Andres formations from an approximate perforated depth of 4,046 feet to a maximum perforated depth of 4,251 feet. The approved maximum surface tubing injection pressure shall be 1,100 pounds per square inch – gauge (psig) for water injection, 1,250 psig for CO₂ only, and 1,770 psig for gas injection, as approved in Ordering Paragraph (7) of Order No. R-6199-F dated May 22, 2014.

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.

After installing tubing, the casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge or an approved leak detection device in order to determine leakage in the casing, tubing, or packer.

Any existing well (active or plugged) approved for injection under this order, and as provided for in Order No. R-6199-F, shall complete the following requirements prior to the installation of the tubing and packer set.

- a. Conduct a successful pressure test of the production casing from surface to packer depth following procedures provided in 19.15.16.10(I) NMAC; and
- b. 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 Engineering Bureau email attached to a Form C-103.

If either the pressure test fails or the CBL demonstrates inadequate cement to protect shallow Underground Sources of Drinking Water, the operator shall be required to conduct corrective action on the well until the integrity issue is addressed and approved by the OCD.

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 testing procedures and schedules shall follow the requirements in Ordering Paragraphs (16) and (17) of Order No. R-6199-F. The OCD Director retains the right to require at any time wireline verification of completion and packer setting depths in this well.

The wellhead injection pressure on the well shall be limited as listed above. In addition, the injection well or header system shall be equipped with a pressure limiting device in workable condition which shall, at all times, limit surface tubing pressures to the maximum allowable pressures approved for the specific injection fluid for this well.

Subject to the limitations within the hearing order permitting this project, the Director of the OCD may authorize an increase in tubing pressure upon a proper showing by the operator 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 Test.

The operator shall notify the appropriate 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 on OCD Form C-103, submitted electronically through OCD E-Permitting and notice provided to the OCD Engineering email . The operator shall submit monthly reports of the injection operations on OCD Form C-115, through OCD E-Permitting, 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 OCD 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.

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, 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, after notice and hearing, terminate the disposal authority granted herein. The subject well shall be governed by all provisions of Order No. R-6199, as amended, and associated administrative orders.

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



Date: 3/22/2022

Adrienne E. Sandoval
Division Director

AES/jat

cc: Well File - 30-025-29275