



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

ADMINISTRATIVE ORDER NO PMX-221

***APPLICATION OF OCCIDENTAL PERMIAN LIMITED PARTNERSHIP TO
EXPAND ITS NORTH HOBBS (GRAYBURG/SAN ANDRES) UNIT PRESSURE
MAINTENANCE PROJECT IN THE NORTH 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 May 22, 2003, for permission to expand its North Hobbs Grayburg San Andres Unit Pressure Maintenance Project in the North Hobbs-Grayburg San Andres Pool in Lea County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

- (1) The application has been filed in due form.
- (2) Satisfactory information has been provided that all offset operators have been duly notified of the 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.
- (6) The application should be approved.

IT IS THEREFORE ORDERED THAT:

The applicant, Occidental Permian Limited Partnership, is hereby authorized to inject water, CO₂, and produced gas into the Grayburg and San Andres formations at

approximately 4000 feet to approximately 4415 feet through 2 7/8-inch fiberglass lined tubing set in a packer located within 100 feet of the top of the injection interval in the following described well for purposes of pressure maintenance:

North Hobbs Grayburg San Andres Unit No. 536
API No. 30-025-36286
SHL: 641' FSL & 2419' FEL, (Unit O)
BHL: 486' FSL & 2573' FEL, (Unit O)
Section 30, Township 18 South, Range 38 East, NMPM

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, 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 at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing or packer.

As specified in Division Order R-6199-B, the injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than:

1100 psig for water injection;
1250 psig for CO2 injection; or
1770 psig for CO2/Produced Gas injection
(Do not exceed 2400 psig Bottom Hole Pressure)

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator that such higher pressure will not result in migration of the injected fluid from the Grayburg and San Andres formations.

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

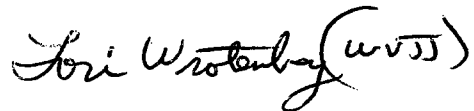
herewith.

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 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 20th day of June 2003.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Handwritten signature of Lori Wrotenbery in cursive script, with the initials "LW" and "WVJJ" visible.

LORI WROTENBERY
Director

LW/wvjj

cc: Oil Conservation Division – Hobbs
Bureau of Land Management – Carlsbad
State Land Office – Oil and Gas Division