

State of New Mexico
Energy, Minerals and Natural Resources Department

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Oil Conservation Division



Administrative Order WFX-956
July 14, 2016

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Commission Order R-6199 as amended, issued on May 22, 2014, Occidental Permian LTD ("applicant") has made application to the Division for authorization to add a "water-alternating-gas" ("WAG") injection well within the North Hobbs G/SA Unit Tertiary Recovery Project which produces from the Unitized Interval within the Hobbs; Grayburg-San Andres Pool (Pool Code 31920) in Lea County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of Division Rule 19.15.26.8B. NMAC and satisfactory information has been provided that affected parties as defined in said rule have been notified and no objections remain outstanding. The subject well is eligible for conversion to injection under the terms of that rule. The applicant has presented satisfactory evidence that all requirements prescribed in Rule 19.15.26.8 NMAC have been met and the operator is in compliance with Rule 19.15.5.9 NMAC.

This administrative application in the North Hobbs G/SA Unit may be approved administratively by the Director without notice and hearing, under the provision of Commission Order R-6199-F.

The applicant has also provided a written statement that no substantive changes in the wells within the ½ mile Area of Review around the proposed well have occurred since Commission Order R-6199-F was issued.

The proposed expansion of the above-referenced enhanced recovery 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 (OGRID 157984), as operator, is hereby authorized to inject water, carbon dioxide (CO₂), and produced gas into the Grayburg and San Andres formations within the following described well for purposes of enhanced recovery.

API Number	Well Name		Unit	Section	Twp	Rng	Footage F/S	Footage E/W	Injection Interval; Type of Interval
30-025- 43282	North Hobbs G/SA Unit Well No. 693	SHL	L	33	18S	38E	1880 FSL	1298 FWL	4000'- 4500'; perfs
		BHL	O	33	18S	38E	220 FSL	2542 FEL	

The approved maximum surface tubing injection pressure shall be the following as established in Ordering Paragraph (7) of Commission Order No. R-6199-F:

- a) **1100 psi while injecting water:**
- b) **1250 psi while injecting CO₂:**
- c) **and 1770 for injecting produced gas.**

The operator shall inject through internally-coated, 2 7/8-inch tubing with the injection packer set as close as possible to the uppermost injection perforations, provided that the packer remains below the top of the Grayburg formation, as required in Ordering Paragraph (11) of Commission Order R-6199-F.

The operator shall run a CBL (or equivalent) across the 7-inch casing and through the 9-5/8-inch casing to surface, which shall be supplied to the Hobbs District Office, per Commission Order R-6199-F.

Prior to commencing injection, the operator will have an approved hydrogen sulfide (H₂S) contingency plan in place that includes the wells in this Administrative Order as required in Ordering Paragraph (22) of Commission 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. The casing shall be pressure tested from the surface to the packer setting depth to assure casing integrity.

The well shall each pass an initial mechanical integrity test ("MIT") prior to initially commencing injection and prior to resuming injection each time any injection packer is unseated. MIT shall be conducted on the subject well once every two years. All MIT procedures and schedules shall follow the requirements as set forth in Division Order R-6199-F. The Division 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 this well shall be limited as listed above. In addition,

the injection well or header systems 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 for this well.

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

The operator shall notify the supervisor of the Division's District I office of the date and time of the installation of injection equipment and of any MIT so that the same may be inspected and witnessed. The operator shall provide written notice of the date of commencement of injection to the Division's District I office. The operator shall submit monthly reports of the disposal operations on Division 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 Division's District I office of any failure of the tubing, casing or packer in the approved injection wells, or of any leakage or release of water, oil or gas from around any produced or plugged and abandoned wells 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 division approval. The division 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 division may revoke this injection permit 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 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 or protectable waters or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the disposal authority granted herein. The subject well shall be governed by all provisions of Commission Order No. R-6199, as amended.

The injection authority granted herein shall terminate two (2) years 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 received prior to the two-year deadline, may grant an extension thereof for good cause shown.



DAVID R. CATANACH
Director

DRC/mam

cc: New Mexico Oil Conservation Division – Hobbs Office
State Land Office – Oil, Gas and Minerals Division
Case File 15103
Well Files API No. 30-025-43282