



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

July 8, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Occidental Permian Ltd.
P.O. Box 4294
Houston, Texas 77210-4294

Attention: Mr. Mark Stephens

Re: Request for Activation of Injection Status
North Hobbs Grayburg San Andres Unit Well No. 637
API No. 30-025-37101
1268' FNL & 1455' FEL (Unit B)
Section 24, T-18S, R-37E, NMPM,
Lea County, New Mexico

Dear Mr. Stephens:

The Division has received and reviewed your request dated June 22, 2005 to drill and complete the North Hobbs Grayburg San Andres Unit ("NHGSAU") Well No. 637 as an injection well within the NHGSAU Pressure Maintenance Project.

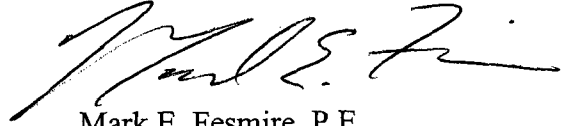
By Order No. R-6199-B dated October 22, 2001, the Division authorized Occidental Permian Ltd. to implement a tertiary recovery injection project within the NHGSAU Pressure Maintenance Project by the injection of water, CO₂ and produced gas into the Grayburg and San Andres formations, Hobbs Grayburg-San Andres Pool. The order further approved sixty (60) wells to be utilized for injection, including twenty-one (21) wells that were to be drilled and converted at a later time. It is our understanding that the NHGSAU Well No. 637, which was initially identified as the NHGSAU Well No. 312 by Order No. R-6199-B, is now going to be drilled and completed as an injection well.

Pursuant to Order No. R-6199-B, the NHGSAU Well No. 637 has already been permitted for injection. Occidental Permian, Ltd. is therefore authorized to drill and complete this well as an injection well within the NHGSAU Pressure Maintenance Project.

Injection and operation of this well shall be in conformance with all provisions contained within Division Order No. R-6199-B.

Occidental Permian, Ltd.
Injection Well Activation
NHGS AU Pressure Maintenance Project
July 8, 2005
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Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Fesmire". The signature is fluid and cursive, with the first name "Mark" being the most prominent.

Mark E. Fesmire, P.E.
Director

Xc: OCD-Hobbs
 Case File-12722