State of New Mexico
Energy, Minerals and Natural Resources Department

Administrative Order PMX-267
March 25, 2013

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION

Under the provisions of Division Order R-6199, as amended, Occidental Permian LTD (OGRID No. 157984) has made application to the Division for permission to add 2 additional injection wells to its North Hobbs Grayburg-San Andres Unit Phase I Tertiary Recovery Project located within the Hobbs; Grayburg-San Andres Pool (31920) in Lea County, New Mexico. These wells, NHGSAU Wells No. 241 and 422, are both being proposed for injection of water, CO2, or produced gas within this project. NHGSAU Well No. 422 was previously approved July 11, 2000, for injection of water at depths of 4130 feet to 4254 feet under administrative Order PMX-204.

THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of 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 proposed wells are eligible for conversion to injection under the terms of that rule. 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.

IT IS THEREFORE ORDERED THAT:

Occidental Permian LTD, as operator, is hereby authorized to inject water, CO2, and re-cycled produced gas, subject to conditions outlined below, into the following wells for the purpose of tertiary recovery through plastic or fiberglass lined tubing set into packer:

API	Well #	UL	Sec	Twp	N/S	Rng	W/E	Feet	NS	Ft	EW	MD Top, Feet	MD Bottom, Feet
30-025-05478 ✓	422	H	24	18	S	37	E	2310	N	330	E	3900	4310
30-025-~~05478~~ 07364	241	N	19	18	S	38	E	330	S	2310	W	4000	4246

Into these wells, the approved maximum surface tubing injection pressure shall be:

a. While injecting only water: 1100 psi
b. While injecting only CO2: 1250 psi
c. While injecting produced gas: 1770 psi

The operator is approved to set multiple injection packers in these wells so as to more effectively isolate injection intervals, provided that the top packer shall be no more than 100 feet above the top of the permitted injection interval or above the top of the Unitized Interval, whichever is less.

The operator shall cause the casing-tubing annulus to be filled and maintained full of corrosion resistant, inert packer fluid. The operator shall install and maintain sensors capable of detecting gas releases from these wells or surface equipment and automatic shutoff valves capable of minimizing any such gas release.

Prior to commencing injection, the operator shall receive written affirmation from the Division's environmental bureau that these wells are included in the H2S contingency plan for the North Hobbs Unit as per Division rule 19.15.11.9 NMAC. These wells and surface locations shall include adequate flagging and warning signs as per Division rule 19.15.11.10 NMAC.

The operator shall record, and have available for Division review, continuous readings of injection rates, tubing and casing pressures. The MIT testing frequency for these wells shall be every 2 years, or as directed by the Hobbs district office.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the injected fluids enter only the approved injection intervals and are not permitted to escape to other formations or onto the surface.

After installing tubing, all 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 in all wells approved herein shall be pressure tested from the surface to the packer setting depths to assure casing integrity.

The wells 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 Division Rule 19.15.26.11A. NMAC. The Division Director retains the right to require at any time wireline verification of completion and packer setting depths in these wells.

The wellhead injection pressure on these wells shall be limited as listed above. In addition, the injection wells 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 for these wells.

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 office 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 to the Division's district office. The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Division Rules 19.15.26.13 and 19.15.7.24 NMAC.

Without limitation on the duties of the operator as provided in Division Rules 19.15.29 and 19.15.30 NMAC, or otherwise, the operator shall immediately notify the Division's district office of any failure of the tubing, casing or packer in any of the approved injection wells, 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 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.

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.

JAMI BAILEY
Director

JB/wvjj

cc: Oil Conservation Division – Hobbs
Case No. 12722