

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

May 30, 2006

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. 112
API No. 30-025-07358
990' FNL & 990' FWL (Unit D)
Section 19, T-18S, R-38E, NMPM,
Lea County, New Mexico

Dear Mr. Stephens:

The Division has received and reviewed your request dated May 10, 2006 to return to injection status the North Hobbs Grayburg San Andres Unit ("NHGSAU") Well No. 112 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-four (24) wells that were to be drilled at a later time. It is our understanding that the NHGSAU Well No. 112, which was originally permitted as an injection well by Division Order No. PMX-89 dated August 26, 1980, was identified by Order No. R-6199-B as an existing injection well. It is further our understanding that Oxy now proposes to resume injection operations into this well.

Pursuant to Division Orders No. PMX-89 and R-6199-B, the NHGSAU Well No. 112 has already been permitted for injection. Occidental Permian, Ltd. is therefore authorized to resume injection operations into the NHGSAU Well No. 112.

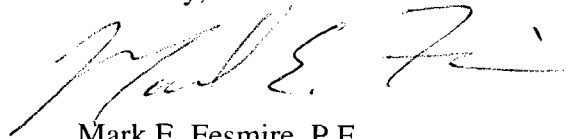
Injection and operation of this well shall be in conformance with all provisions contained within Division Order No. R-6199-B.

Injection into the NHGSAU Well No. 112 shall be through the perforated and open-hole interval from approximately 4,000 feet to 4,285 feet through 2 7/8-inch fiberglass-lined tubing installed in a packer located at a depth of approximately 3,900 feet.

In accordance with the provisions of R-6199-B, the NHGSAU Well No. 112 is authorized to inject water, CO₂ and produced gas into the Grayburg-San Andres formation at the following-described surface injection pressures:

Water	1100 psi
CO ₂	1250 psi
Produced Gas	1770 psi

Sincerely,



Mark E. Fesmire, P.E.
Director

Xc: OCD-Hobbs
Case File-12722
PMX-89