

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

August 7, 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. 241
API No. 30-025-05436
660' FSL & 1980' FWL (Unit N)
Section 13, T-18S, R-37E, NMPM,
Lea County, New Mexico

Dear Mr. Stephens:

The Division has received and reviewed your request dated July 27, 2006 to reactivate the North Hobbs Grayburg San Andres Unit ("NHGSAU") Well No. 241 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 thirty-six (36) existing wells that were to be converted from producers to injection wells at a later time. It is our understanding that the NHGSAU Well No. 241, which has been a temporarily abandoned producing well for a period of time, is now going to be reactivated and converted to an injection well.

Pursuant to Order No. R-6199-B, the NHGSAU Well No. 241 has already been permitted for injection. Occidental Permian, Ltd. is therefore authorized to utilize this well as an injection well within the NHGSAU Pressure Maintenance Project.

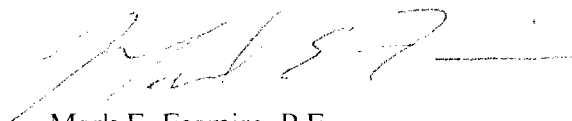
Injection and operation of this well shall be in conformance with all provisions contained within Division Order No. R-6199-B.

Injection into the NHGSAU Well No. 241 shall be through the perforated/open hole interval from 4,000 feet to 4,320 feet. 2 7/8-inch fiberglass-lined tubing shall be installed in a packer set at a depth of 3,900 feet.

In accordance with the provisions of R-6199-B, the NHGSAU Well No. 241 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