

State of New Mexico
Energy, Minerals and Natural Resources Department

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Heather Riley, Division Director
Oil Conservation Division



Administrative Order PMX-278
July 9, 2018

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Commission Order R-4934 as amended, issued on July 18, 2013, Occidental Permian LTD ("applicant") has made application to the Division for authorization to add a "water-alternating-gas" ("WAG") injection wells within the South 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 wells are 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 South Hobbs G/SA Unit may be approved administratively by the Director without notice and hearing, under the provision of Commission Order R-4934-F.

The applicant has also provided documentation of well type, API Number, casing programs, and TD of new wells that were drilled subsequent to issuing of Commission Order R-4934-F.

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 wells 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- 28356	North Hobbs G/SA Unit Well No. 153	C	9	19S	38E	1105` FNL	1485` FWL	4152`-4300`; perfs
30-025- 44311	South Hobbs G/SA Unit Well No. 277	J	9	19S	38E	1573` FSL	1711` FEL	4040`-5430`; perfs
30-025- 44313	South Hobbs G/SA Unit Well No. 292	L	5	19S	38E	2231` FSL	1130` FWL	4000`-5340`; perfs

The approved injection interval for these wells (Subject wells) is into the Grayburg and San Andres formations as approved in Ordering Paragraph (2) of Order No. R-4934-F. The approved maximum surface tubing injection pressure shall be **1100 psig for water injection, 1250 psig for CO2 only, and 1750 psig for gas injection**, as approved in Ordering Paragraph (6) of commission Order No. R-4934-F.

The operator shall inject through internally-coated, 2^{-7/8}-inch tubing for the wells in the application, 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 (10) of Commission Order R-4934-F.

The operator shall run a CBL (or equivalent) across the 5^{-1/2}-inch casing and through the 8^{-5/8}-inch casing to surface for the wells in this application, which shall be supplied to the Hobbs District Office, per Commission Order R-4934-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-4934-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 wells 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 wells once every two years. All MIT procedures and schedules shall follow the requirements as set forth in Division Order R-4934-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 these wells shall be limited as listed above. In addition, the injection wells 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 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 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 wells shall be governed by all provisions of Division Order No. R-4934 and associated administrative orders.


HEATHER RILEY
Director

HR/mam

cc: New Mexico Oil Conservation Division – Hobbs
Bureau of Land Management – Carlsbad
Well File – 30-025-28356
Well File – 30-025-44311
Well File – 30-025-44313
Case File 14981