



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jim Noel
Cabinet Secretary

Karen W. Garcia
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



November 9, 2010

Oxy Permian, Ltd.
Attn: Ms. Mendy Johnson
P.O. Box 50250
Midland, TX 79710-0250

Re: South Hobbs Grayburg-San Andres Pressure Maintenance Project
SOUTH HOBBS G/SA UNIT COOP Well No. 10 (API No. 30-025-28969)
Unit K, Section 34, T18S, R38E, NMPM, Lea County
Permitted Grayburg/San Andres Injection


You have submitted a request on behalf of Oxy for clarification of the allowable packer setting depth.

Your sundry states the new packer setting depth is 4000 feet while the existing permit states the allowable packer setting depth is "approximately 4041 feet". Your sundry also states the well's top open perforation is currently 4142 feet.

Records indicate the top of the Grayburg-San Andres unitized interval is approximately 3810 feet. The packer seat is well within the Grayburg-San Andres unitized interval.

Your new packer seat at **4000** feet is hereby **approved**.

Sincerely,



MARK E. FESMIRE, P.E.
Acting Director

cc: Oil Conservation Division – Hobbs
File: API No. 30-025-28969
PMX-130



The top perforation in the SHU COOP 10 (API # 30-025-28969) is at 4142'. However, an injection profile from March 15, 2010 indicated that 92% of total injection was leaving the wellbore into a casing leak from 4100-4107'. After we squeezed off this leak in September, we set the injection packer at 4000' (100' above the leak and 142' above the top perforation).

The South Hobbs Unit encompasses the Grayburg and San Andres formations based on the North Hobbs Unit 32-424 (Formerly the Shell State "A" No. 7 API # 30-025-23130). A cross section containing both the NHU 32-424 and the SHU COOP 10 is attached. From this cross-section the top of the South Hobbs Unit interval is 3810'.

1.4 Unitized Formation is the subsurface portion of the Unit Area known as the Grayburg and San Andres formation of Permian age in the stratigraphic interval between the depths of 3,698 feet and 5,347 feet below the Kelly Bushing on the Borehole Compensated Sonic Log - Gamma Ray dated July 9, 1969, of the Shell Oil Company State "A" No. 7 located 1,930 feet FNL and 660 feet FEL of Section 32-18S-38E, Lea County, New Mexico.