

**RAILROAD COMMISSION OF TEXAS
OFFICE OF GENERAL COUNSEL**

**OIL AND GAS DOCKET
NOS. 8A-0246698 & 8A-0246699**

**IN THE SLAUGHTER FIELD
HOCKLEY COUNTY, TEXAS**

**FINAL ORDER
APPROVING THE APPLICATION OF OCCIDENTAL PERMIAN LTD.
FOR AUTHORITY PURSUANT TO STATEWIDE RULES 36 AND 46
TO INJECT FLUIDS CONTAINING HYDROGEN SULFIDE
ON THE WEST RKM UNIT, SLAUGHTER FIELD
HOCKLEY COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on June 16, 2006, the presiding examiners have made and filed a report and proposal for decision containing findings of fact and conclusions of law, which was served on all parties of record; that the proposed application is in compliance with all statutory requirements; and that this proceeding was duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas.

The Commission, after review and due consideration of the examiners' report and proposal for decision, the findings of fact and conclusions of law contained therein, and any exceptions and replies filed thereto, hereby adopts as its own the findings of fact and conclusions of law contained therein, and incorporates said findings of fact and conclusions of law as if fully set out and separately stated herein.

Therefore, it is ordered by the Railroad Commission of Texas that the application of Occidental Permian Ltd. to inject gas containing hydrogen sulfide into the following wells on the West RKM Unit, Slaughter Field, Hockley County, Texas, be and it is hereby approved pursuant to Statewide Rule 36(c)(10)(A).

Well Nos. 100W, 105W, 110W, 112W, 117W, 120W, 124W, 126, 127W, 129W, 134W, 137W, 139W, 141, 142, 143, 157W, 165W, 169, 195, 196, 197, 198, 199, 200, 206, 207, 208, 209, 212, 213, 214 and 215

It is further ordered by the Railroad Commission of Texas that Occidental Permian Ltd. is hereby authorized to inject fluids containing salt water, fresh water, carbon dioxide, hydrogen sulfide and hydrocarbon gases into Well Nos. 100W, 105W, 110W, 112W, 117W, 120W, 124W, 126, 127W, 129W, 134W, 137W, 139W, 141, 142, 143, 157W, 165W, 169, 195, 196, 197, 198, 199, 200, 206, 207, 208, 209, 212, 213, 214 and 215 on the West RKM Unit, Slaughter Field, subject to the following terms and conditions:

SPECIAL CONDITIONS:

- 1) That the injection program be conducted in the San Andres interval from 4,600 feet to 5,200 feet.
- 2) That injection volume for each well does not exceed 5,000 barrels of saltwater per day, 120 barrels of fresh water per day and 10,000 MCF per day of gas containing carbon dioxide, hydrogen sulfide and methane.

- 3) Fluid injection must be through tubing set on a packer. The maximum surface injection pressure for gas injection shall not exceed 2,700 psig for Well Nos. 110W, 124W, 134W, 137W, 139W, 141, 142, 143, 169, 195, 196, 197, 198, 199 and 212. The maximum surface injection pressure for gas injection shall not exceed 3,450 psig for Well Nos. 100W, 105W, 112W, 117W, 120W, 126, 127W, 129W, 157W, 165W, 200, 206, 207, 208, 209, 213, 214 and 215.

STANDARD CONDITIONS:

- 1) The District Office must be notified 48 hours prior to:
 - a) running tubing and setting packer
 - b) beginning any workover or remedial operation, and
 - c) conducting any required pressure tests or surveys.
- 2) The wellhead must be equipped with a pressure observation valve on the tubing and for each annulus.
- 3) Prior to beginning injection, and subsequently after any workover, an annulus pressure test must be performed. The test pressure must equal the maximum authorized injection pressure or 500 psig., whichever is less, but must be at least 200 psig. The test must be performed and the results submitted in accordance with the instructions of Form H-5.
- 4) A new Form W-2 must be filed in duplicate with the District Office within 30 days after completion or conversion to show the current completion status of the well. The date of the injection permit and project number, and the date that injection commenced or will commence must be included on the new Form W-2.
- 5) The injection pressure and injection volume must be monitored at least monthly and reported annually on Form H-10 to the Commission's Austin Office.
- 6) Written notice of the intent to transfer the permit must be submitted to the Director of Underground Injection Control at least 15 days prior to the date the transfer will occur (File Form P-4).
- 7) A well herein authorized cannot be converted to a producing well and have an allowable assigned without filing an amended Form W-1 and receiving Commission approval.
- 8) Should it be determined that such injection fluid is not confined to the approved strata, then the permission given herein is suspended and the fluid injection must be stopped until the fluid migration from such strata is eliminated.

If the operator of any lease or unit offsetting the West RKM Unit experiences the break-through of CO₂ as a result of injection operations pursuant to the authority granted by this permit, the permittee, upon receiving notice of the break-through, will immediately initiate an investigation to determine the source of the break-through. If the source is not identified and

break-through is not eliminated or minimized within forty-five (45) days after receiving such notice, the permittee shall cease CO₂ injection in the two nearest permitted CO₂ injection wells. Permittee may thereafter return those wells to CO₂ injection at reduced volumes and/or pressures in an effort to determine the source of break-through. The offset operator shall monitor indicators of break-through on its affected leases and/or units to assist in identification of the source. CO₂ injection may continue in either or both of the two nearest permitted CO₂ injectors only if significant break-through does not occur as a result. For purposes of this permit condition, significant CO₂ break-through means break-through requiring the venting or flaring of gas containing H₂S through equipment then existing on the lease.

Each exception to the examiners' proposal for decision not expressly granted herein is overruled. All requested findings of fact and conclusions of law which are not expressly adopted herein are denied. All pending motions and requests for relief not previously granted or granted herein are denied.

This order will not be final and effective until 20 days after a party is notified of the Commission's order. A party is presumed to have been notified of the Commission's order three days after the date on which the notice is actually mailed. If a timely motion for rehearing is filed by any party at interest, this order shall not become final and effective until such motion is overruled, or if such motion is granted, this order shall be subject to further action by the Commission. Pursuant to TEX. GOV'T CODE §2001.146(e), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law, is hereby extended until 90 days from the date the order is served on the parties.

Done this _____ day of _____, 2006.

RAILROAD COMMISSION OF TEXAS

CHAIRMAN ELIZABETH A. JONES

COMMISSIONER MICHAEL L. WILLIAMS

COMMISSIONER VICTOR G. CARRILLO

ATTEST:

Secretary