



August 11, 2009

HAND-DELIVERED

Mark E. Fesmire, P.E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Case 14378

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Re: Application of Chevron U.S.A. Inc. for amendment of Division Order No. R-4442, as amended, to revise the injection well completion requirements and increase the pressure limitations for carbon dioxide injection established by that order in its Vacuum Grayburg-San Andres Unit Tertiary Recovery Project, Lea County, New Mexico.

Dear Mr. Fesmire:

Enclosed in triplicate is the Application of Chevron U.S.A. Inc. in the above-referenced case as well as a copy of a legal advertisement. Chevron requests that this matter be set for hearing before a Division Examiner on September 17, 2009.

Very truly yours,

William F. Carr

Enclosures

cc: Mr. Scott Ingram (w/enclosures)
Chevron U.S.A. Inc.

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE APPLICATION OF CHEVRON U.S.A., INC. FOR
AMENDMENT OF DIVISION ORDER NO. R-4442, AS AMENDED, TO (1)
REVISE THE INJECTION WELL COMPLETION REQUIREMENTS FOR
INJECTION WELLS, AND TO (2) INCREASE THE AUTHORIZED INJECTION
PRESSURE IN ITS VACUUM GRAYBURG-SAN ANDRES UNIT TERTIARY
RECOVERY PROJECT AREA, LEA COUNTY, NEW MEXICO.**

CASE NO. 14378

APPLICATION

CHEVRON U.S.A. INC. ("Chevron") through its attorneys, Holland & Hart LLP makes application for an order amending Oil Conservation Division Order No. R-4442, as amended, to revise the injection well completion requirements and increase the pressure limitations for carbon dioxide injection established by that order in its Vacuum Grayburg-San Andres Unit Tertiary Recovery Project, and in support of its application states:

1. By Order No. R-4433, dated November 1, 1972, the Division granted the application of Texaco Exploration and Production, Inc. ("Texaco") for approval of the Vacuum Grayburg-San Andres Unit. This unit was expanded in 1981 and is currently comprised of approximately 1486 acres, more or less. The unit boundaries include the following acreage in Lea County, New Mexico:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, N.M.P.M.

Section 35: W/2 SW/4

TOWNSHIP 18 SOUTH, RANGE 34 EAST, N.M.P.M.

Sections 1 and 2: All
Section 11: NE/4 NE/4
Section 12: N/2 NW/4

2. Pursuant to the provisions of Division Order No. R-4442 dated November 1, 1972, as amended, Chevron, as successor to Texaco, operates the Vacuum Grayburg-San Andres Tertiary Recovery Project in the Vacuum Grayburg-San Andres Unit for the injection of water and carbon dioxide into the Vacuum-Grayburg-San Andres Pool.

3. Order No. R-4442-B authorizes tertiary recovery operations within the Vacuum Grayburg-San Andres Unit Pressure Maintenance Project and specifically provides:

Enhanced tertiary injection operations shall be accomplished through internally coated tubing installed in a packer set within approximately 100 feet of the uppermost injection perforations or casing shoe; the casing – tubing annulus shall be filled with an inert fluid and a gauge or approved leak-detection device shall be attached to the annulus in order to determine leakage in the casing; tubing or packer. (Order Paragraph 4, Order no. R-4442-B)

4. Chevron seeks an amendment of Order No. R-4442, as amended, to authorize the injection of fluids in this pressure maintenance project by cementing the casing-tubing annulus and injecting through the tubing.

5. Chevron further seeks amendment of Order No. R-4442, as amended, to increase the injection pressure limitation for carbon dioxide to a surface injection

pressure of 2150 pounds.

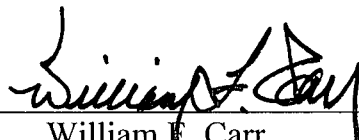
6. Chevron will provide notice of this application pursuant to Oil Conservation Division rules and regulations.

7. Approval of this application will afford Chevron the opportunity to produce its just and equitable share of the remaining reserves in the Vacuum Grayburg-San Andres Unit Area and will otherwise be in the best interest of the conservation, the protection of correlative rights and the prevention of waste.

WHEREFORE, Chevron U.S.A. Inc. requests that this matter be set for hearing before a duly appointed Examiner of the Oil Conservation Division on September 17, 2009 and after notice and hearing as required by law, the Division enters its Order granting this application.

Respectfully submitted,

HOLLAND & HART LLP

By: 

William F. Carr
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR CHEVRON U.S.A INC.

CASE 14378: Application of Chevron U.S.A. Inc. for amendment of Division Order No. R-4442, as amended, to revise the injection well completion requirements and increase the pressure limitations for carbon dioxide injection established by that order in its Vacuum Grayburg-San Andres Unit Tertiary Recovery Project, Lea County, New Mexico. The Vacuum Grayburg-San Andres Tertiary Recovery Project encompasses portions of Section 35 of Township 17 South, Range 34 East and portions of Sections 1, 2, 11 and 12 of Township 18 South Range 35 East, N.M.P.M. Applicant also seeks to increase the approved surface injection pressure for carbon dioxide injection in this project area to 2150 pounds. Said unit is located approximately 22 miles northwest of Hobbs, New Mexico.