

Grayburg San Andres Unit – learing to modify Injection (

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico
Consolidated Case No.'s 14401 & 14402 Exhibit No. 1

Submitted by:
CHEVRON U.S.A. INC.
Hearing Date: December 3, 2009

CVU & VGSAU Three Parts to the Hearing Application-



- Applying to amend current injection orders in 3 areas
- Injection well completion requirements: reason 9 injectors approved by District don't comply with current injection orders (casing/tubing annulus can't be monitored)
- Injection packer setting requirements: reason desire ability to set inj packer higher but still within unitized interval
- <u>ω</u> Verbiage around maximum CO₂ injection pressure: reason-desire to reference avg maximum BH Injection pressure rather than maximum surface injeressure in order to respond to reduced injection fluid density

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standard verbiage **CVU & VGSAU Injection Orders**

WAG injection operations shall be accomplished through internally coated

tubing installed a packer set within approximately 100 feet of the uppermost injection determine leakage in the casing, tubing or packer, a gauge or approved leak-detection device shall be attached to the annulus in order to perforations or casing shoe; the casing-tubing annulus shall be filled with an inert fluid and

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to inject CO2 and produced gases at a maximum surface injection pressure of 350 psi above in the fracturing of the injection formation or confining strata, and shall be further authorized administratively increased by the Division upon a showing that such increase will not result at the current maximum surface injection pressure, provided however, such pressure may be injection shall not occur at a surface injection pressure in excess of 1850 psi the current maximum surface injection pressure for water, provided however, such CO₂ Exhibit No. 12), the applicant is hereby authorized to inject water into each of these wells maximum surface injection pressure for water is less than 1500 psi (as shown on applicant's For those injection wells within the "EOR Project Area" whose current

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VGSAU uppermost injection perforations or casing shoe; the casing-tubing annulus shall be filled annulus in order to determine leakage in the casing, tubing or packer with an inert fluid and a gauge or approved leak-detection device shall be attached to the Enhanced tertiary injection operations shall be accomplished through

(5) For those injection wells within the enhanced oil tertiary recovery project with a current maximum surface injection pressure for water of less than 1500 psi, the applicant is hereby authorized to inject water into each of these wells at the current maximum surface injection pressure, provided however, such pressure may be administratively increased by the Division upon a showing that such increase will not result in the fracturing of the injection formation or confining strata. The applicant is further authorized to inject CO₂ and produced gases at a maximum surface injection pressure of 350 psi above the current maximum surface injection pressure for water, provided however, such CO₂ and produced gas injection may not occur at a surface injection pressure in excess of 1850 psi. Such pressure may be administratively increased by the Division upon a showing that such increase will not result in the fracturing of the injection formation or confining strata.

(W)

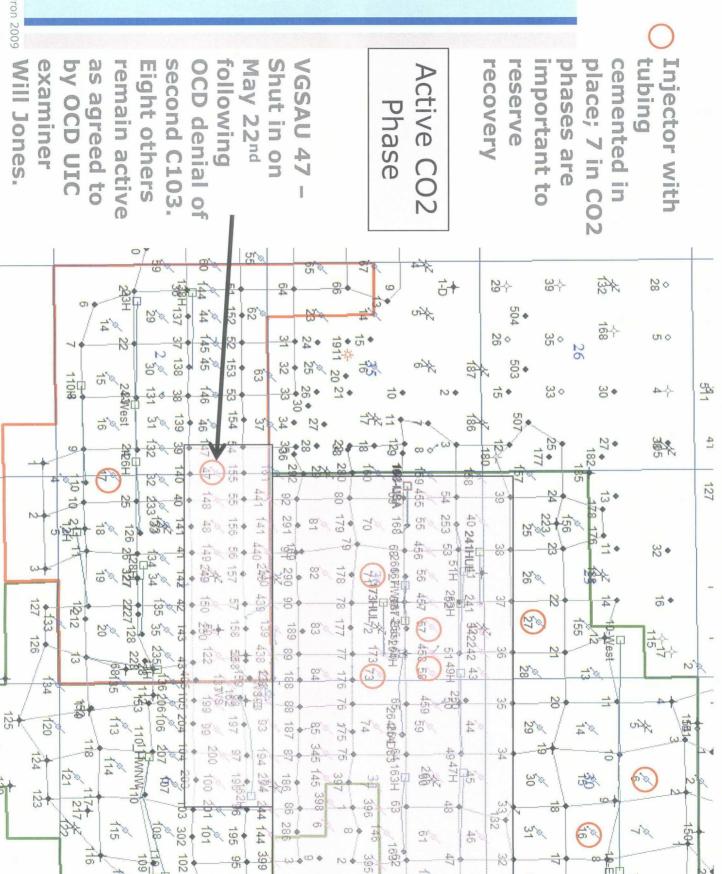


Injection well completion requirements



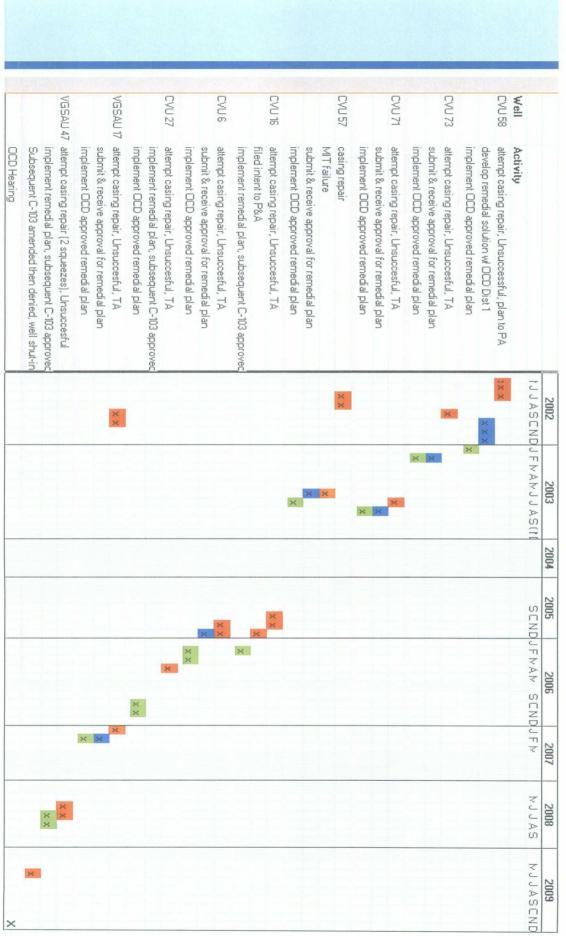
a gauge or approved leak-detection device shall be attached to the annulus in order to determine leakage in the casing, tubing or packer." the casing-tubing annulus shall be filled with an inert fluid and

- Issue around injectors with tubing cemented in place first surfaced in late May, 2009 with VGSAU 47
- CVU 58 First well remediated this way (2003) after 7 unsuccessful squeeze attempts, CVX and OCD District supervisor met and developed remedial plan and District personnel approved this plan and all subsequent C103's until the VGSAU 47
- OCD Santa Fe (7/15/09) conveyed position that OCD District offices "aren't authorized to grant a variation that violates an OCD order"
- Recent research found a total of 9 New Mexico Chevron injectors completed this way, all at Vacuum following CVU #58



Chevron - Vacuum Field Cemented Tubing Timeline





Remedial Options & Consequence of Losing wellbores



☐ Remedial Options

- 0 Due to the existing string size (7 wells - 2 7/8" and 2 wells - 2 3/8") remedial options are limited & would reduce injection by ~50% and are prohibitively costly
- 0 Chevron invested >\$1.0MM remediating these wells per OCD District office approved plans

Consequences of Losing wellbores

- 0 Losing the use of these wellbores would result in a loss of ${\sim}485$ BOPD, $2{,}210$ MBO proved reserves
- 0 Loss of ~\$19MM in State revenue at \$70 BBL
- 0

Integrity of Injection Wells With Cemented Tubing Proposal to Assess & Verify Mechanical



- Test wells to prove mechanical integrity at 5 times the currently required OCD frequency via annual blanking plug tests.
- Monitor for changes in the inj rate versus inj pressure data daily with SCADA
- Generate alarms prompting human response & evaluation
- Valid alarms will require shut in
- Will not resume injection until MIT is confirmed
- Proposed approach fully complies with EPA UIC regulations
- Approved method in other jurisdictions

2) EPA 40 CFR 146.8



§ 146.8 Mechanical integrity.

- (a) An injection well has mechanical integrity if:
- (1) There is no significant leak in the casing, tubing or packer, and
- (2) There is no significant fluid movement into an underground source of drinking water through vertical channels adjacent to the injection well bore.
- (b) One of the following methods must be used to evaluate the absence of significant leaks under paragraph (a)(1) of this section:
- (1) Following an initial pressure test, monitoring of the tubing-casing annulus pressure with sufficient frequency to be representative, as determined by the Director, while maintaining an annulus pressure different from atmospheric pressure measured at the surface.

- (2) Pressure test with liquid or gas; or
- (3) Records of monitoring showing the absence of significant changes in the relationship between injection pressure and injection flow rate for the following Class II enhanced recovery wells:
- (i) Existing wells completed without a packer provided that a pressure test has been performed and the data is available and provided further that one pressure test shall be performed at a time when the well is shut down and if the running of such a test will not cause further loss of significant amounts of oil or gas; or
- (ii) Existing wells constructed without a long string casing, but with surface casing which terminates at the

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Current Operational Overview

- Aging infrastructure Varied construction and maintenance practices
- Corrosive fluids and gases
- Historical legacy events
- Significant exposure in total fluid production, transportation and processing
- 300,000 BPD Total Fluid
- 225,000 MCFD
- Systematic elimination of undesirable events
- Standards in design
- Facility consolidations and reconstruction
- Flowline inspections and testing
- Supervisory Control And Data Acquisition (SCADA) deployment and leak detection development
- Trunk line evaluation, testing and inspection

Current Operational Overview



- Secondary and Tertiary floods
- Wells range in age up to 70 years old
- 140 injectors (CVU & VGSAU), 57 in CO₂ service
- Data acquisition

SCADA deployed in late 1980s

- Limited control
- Currently assess mechanical integrity by:
- Monitor annular pressure monthly
- Annual OCD witnessed Braidenhead testing
- 5 year OCD witnessed MIT

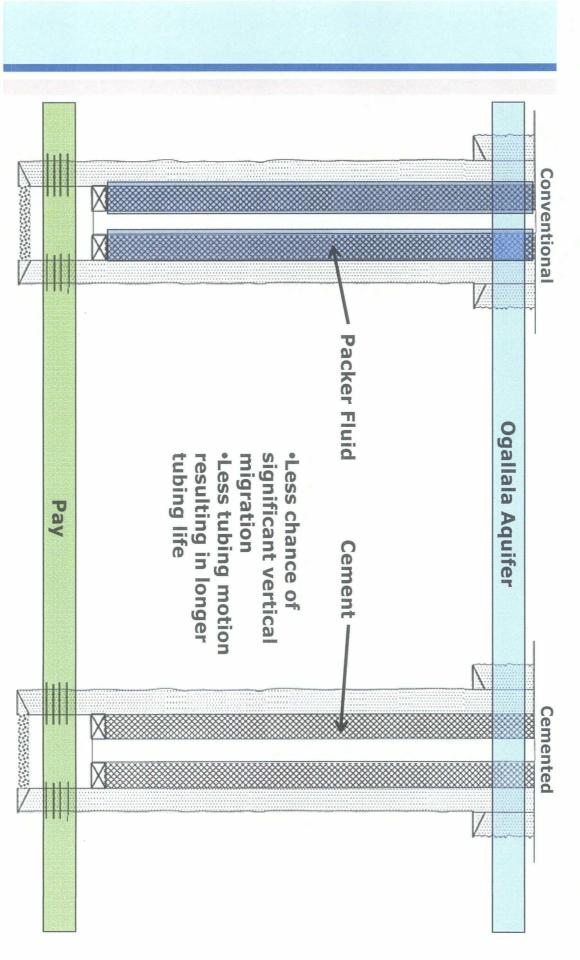
Chevron - Vacuum Wells With Tubing **Cemented in Place**



					Cemented		
well	Location	Surface csg	Prod csg size &	Tubing size &	tubing	<u>J</u> .	2009 tubing MIT test
name	(S-T-R)	size & depth	depth	depth	date	Packer?	results
		8 5/8" @ 405	4 1/2" @ 4800'	2 7/8" DL @ 4281'			10/9 - tested to 2500
CVU 58	36-17S-34E	36-17S-34E circ cement	circ cement	circ cement	Jan-03	yes	psi with good chart
		9 5/8" @ 409	4 1/2" @ 4800'	2 7/8" DL @ 4281'			10/21 - tested to 2000
CVU 73	36-17S-34E	36-17S-34E circ cement	circ cement	circ cement	Feb-03	yes	psi with good chart
		8 5/8" @ 399	4 1/2" @ 4800'	27/8" DL @ 4289'			10/14 - tested to 1750
CVU 71	36-17S-34E	36-17S-34E circ cement	circ cement	circ cement	Aug-03	yes	psi with good chart
		8 5/8" @ 396	4 1/2" @ 4800'	2 7/8" DL @ 4204'			10/9 - tested to 2500
CVU 57	36-17S-34E	36-17S-34E circ cement	circ cement	circ cement	Sep-03	yes	psi with good chart
		8 5/8" @ 413	4 1/2" @ 4870	2 7/8" FL @ 4345'			10/9 - tested to 2500
CVU 16	30-17S-35E TOC @ 11'	TOC @ 11'	circ cement	circ cement	Feb-06	yes	psi with good chart
		8 5/8" @ 410	4 1/2" @ 4830'	2 7/8" FL @ 4396'			10/9 - tested to 2500
CVU 6	30-17S-35E	30-17S-35E circ cement	circ cement	circ cement	Mar-06	yes	psi with good chart
		8 5/8" @ 420	4 1/2" @ 4800'	23/8" FL @ 4341'			10/12 - tested to 2000
CV U 27	25-17S-34E	25-17S-34E circ cement	circ cement	circ cement	Nov-06	yes	psi with good chart
	:	8 5/8" @ 364	4 1/2" @ 4800'	2 3/8" FL @ 4319'			10/12 - tested to 2000
VGSAU 17	VGSAU 17 2-18S-34E	circ cement	TOC @ 2706'	circ cement	Feb-07	yes	psi with good chart
		8 5/8" @ 355	4 1/2" @ 4800'	2 7/8" FL @ 4204			10/14 - tested to 2000
VGSAU 47	VGSAU 47 2-18S-34E	circ cement	TOC @ 2460'	circ cement	Jul-08	yes	psi with good chart

Wellbore Comparison





Mechanical Integrity Testing



Mechanical integrity Tests Performed on the Nine Project Wells in October 2009. All Wells Showed Mechanical Integrity

- Rigged up pump truck and flushed tubing with fresh water
- Rig up Slick Line Unit and run in hole with gauge ring to profile nipple verifying no restrictions.
- Run in hole with blanking plug on slick line. Set plug in profile nipple
- Opened well to pump truck to bleed off pressure on tubing to verify plug is set (tubing pressure bleed off to zero)
- Perform pressure test of tubing. Test pressure varied. Initial wells were tested at 2500 PSI. Reduced targeted test pressure to 2000 PSI.
- Ran charts to document test results.
- Retrieve blanking plug
- Return well to normal operations

Issues: CO₂ in Tubing – Check Valve Failures – No Local Isolation Valve – Risk of damaging liner or Profile Nipple

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Lessons Learned From Blanking Plug MIT



- Wells that are on CO_2 will need to be wagged to water for several days prior to testing. CO_2 cannot be effectively swept out of the tubing with a single flush
- □ Test fluid should be fresh water
- Existing wellhead installation will need to be modified to include an isolation valve, figure eight blinds and local bleed off valves on both sides of isolation valve. Modification will eliminate leaking check valve issues that were identified during initial testing.
- Schedule and execute tests of all project wells during same test period to enable efficient utilization of service company and site supervision
- Attempt to schedule same service company personnel with each test.

Proposed MIT Test Procedure



NMOCD District Office Notification and Witness Opportunity Required

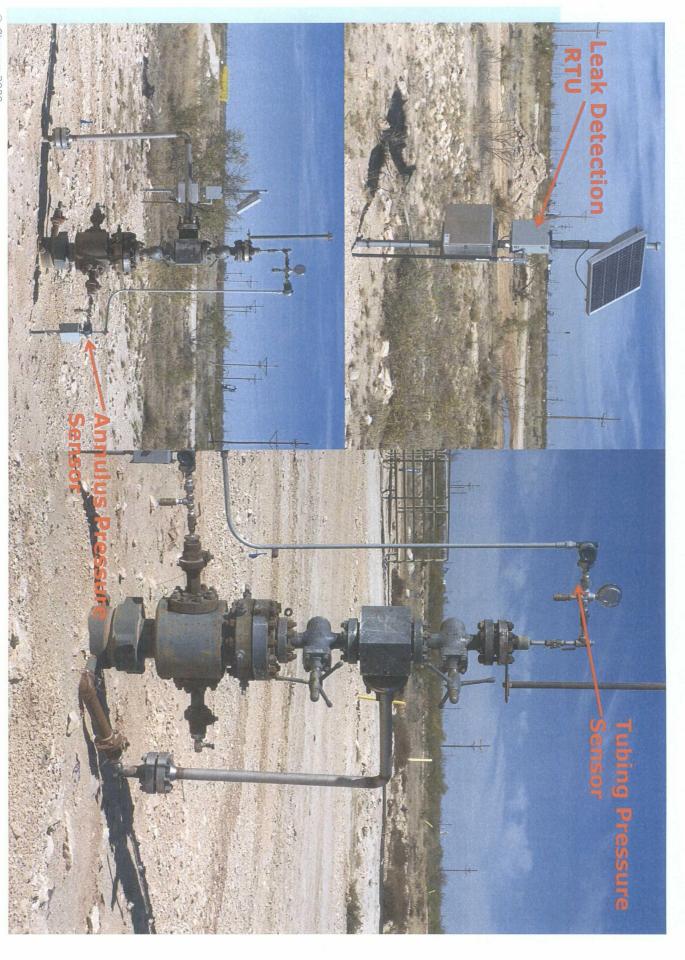
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Chart the test as per NMOCD process guidance (default will be 24 hour chart and 96 minute clock). Obtain signatures of tester and witnesses.	Perform pressure test of tubing and profile nipple seal to appropriate pressure based on differential pressure and gradient correction.	Open tubing and attempt back flow to pump truck (tubing should bleed off)	Run in hole with blanking plug and set in the profile nipple.	Rig up pump truck and flush the tubing with fresh water. Pump 150% tubing displacement.	Rig up Slick Line Unit and run in hole with appropriate sized gauge ring and bailer. Tag PBTD and document depth to top of fill. Stroke bailer to obtain fill sample.	Close isolation valve and position the figure eight blind in the closed position	Document normal operating injection pressure prior to initiation of test	Ensure well has been on water injection for minimum of five days prior to test date

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Return figure eight blind to open position

Return well to normal operations

Retrieve blanking plug



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Typical Injection Header and Programmable Logic Controller





Surveillance Alarm Monitoring - Initial



The Daily review of SCADA pressure and flow rate trend data	Surveillance and Alarm	Response

- data for the project wells
- Operating condition inclusion in daily alarm report ("Normal / Alarm")
- Call out alarm if deviation triggers have been exceeded for determined time period not to exceed 24 hours.

Alarm Response

- Review trend data with Operations Supervisor (OS) or Production Team Lead (PTL) the same day as alarm is received
- Conduct on sight investigation to verify integrity of measurement equipment (*Priority Level 1 Response ... same as reportable spill to surface*)
- Conduct on sight investigation to identify if surface leak may exist (*Priority Level 1 Response ... same as reportable spill to surface*)
- upon investigation findings Shut well in and make notifications to OS if subsurface leak is suspected based
- OS will provide notification to NMOCD District office of Possible loss of mechanical integrity (*Priority Level 1 Response ... same as reportable spill to surface*)
- OS will having blanking plug installed and conduct mechanical integrity as per procedure including NMOCD witness.

Slimhole injection wells Proposed plugging program - 2 7/8"



- Evaluate and prep location.
- MIRU Sunset Well Service, Inc. plugging equipment. RIH with 2-1/16" workstring and spot cement from original production casing shoe or top perforation to TOC $\pm 2,700$ ' on original production casing. WOC & TAG, displace hole w/MLF.
- ယ RIH w/wireline and perforate 100' below Base of Salt. POH w/wireline. Establish injection rate. Cement squeeze 200' inside 2-7/8" liner and 200' outside original production casing. WOC & TAG.
- 4. RIH w/wireline and perforate 100' below Top of Salt. POH w/wireline. Establish injection rate. Cement squeeze 200' inside 2-7/8" liner and 200' outside original production casing. WOC & TAG.
- <u>ب</u> RIH w/wireline and perforate 100' below surface casing shoe. POH w/wireline. Establish injection rate. Cement squeeze from surface and circulate cement to surface outside original production casing.
- <u>ა</u> RDMO Sunset Well Service, Inc. plugging equipment.
- Install dryhole marker, clean location and turnover for surface remediation operations.

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Slimhole injection wells Proposed plugging program – 2 3/8"

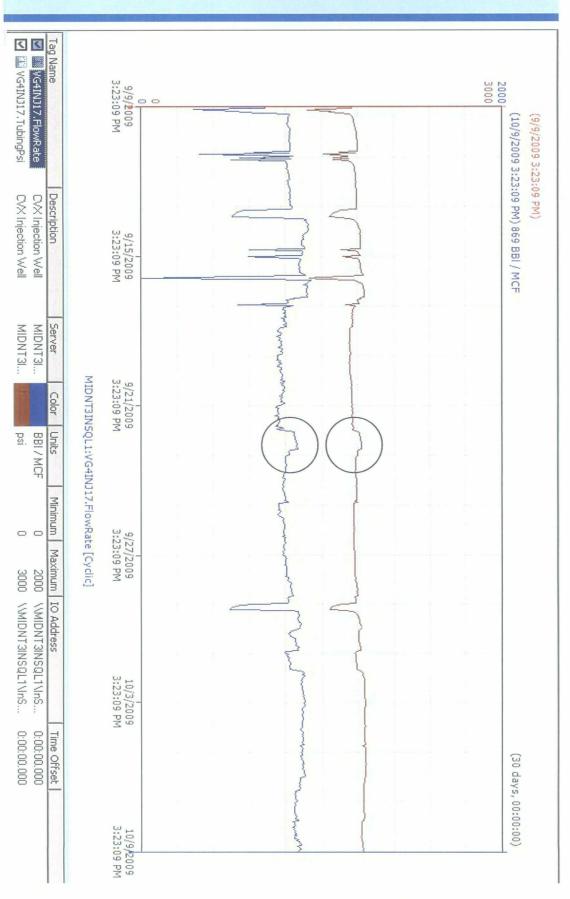


- 1. Evaluate and prep location.
- 2 MIRU CTU. RIH w/1-1/4" CT and spot cement plug from original production casing shoe or top perforation to TOC $\pm 2,700'$ on original production casing. WOC & TAG, displace hole w/MLF.
- ω Pressure test 2-3/8" liner to 2,000 psig. RDMO CTU. MIRU Sunset Well Service, Inc. plugging equipment.
- 4. RIH w/wireline and perforate 100' below Base of Salt. POH w/wireline. Establish injection rate. Cement squeeze 200' inside 2-3/8" liner and 200' outside original production casing. WOC & TAG.
- <u>.</u> RIH w/wireline and perforate 100' below Top of Salt. POH w/wireline. Establish injection rate. Cement squeeze 200' inside 2-3/8" liner and 200' outside original production casing. WOC & TAG.
- <u>.</u> RIH w/wireline and perforate 100' below surface casing shoe. POH w/wirleline. Establish injection rate. Cement squeeze from surface and circulate cement to surface outside original production casing.
- RDMO Sunset Well Service, Inc. plugging equipment
- ∞ Install dryhole marker, clean location and turnover for surface remediation operations.

NOTE: If 2-3/8" liner does not test and requires cement squeeze or cement spot plug then work will be done w/1-1/4" jointed tubing.

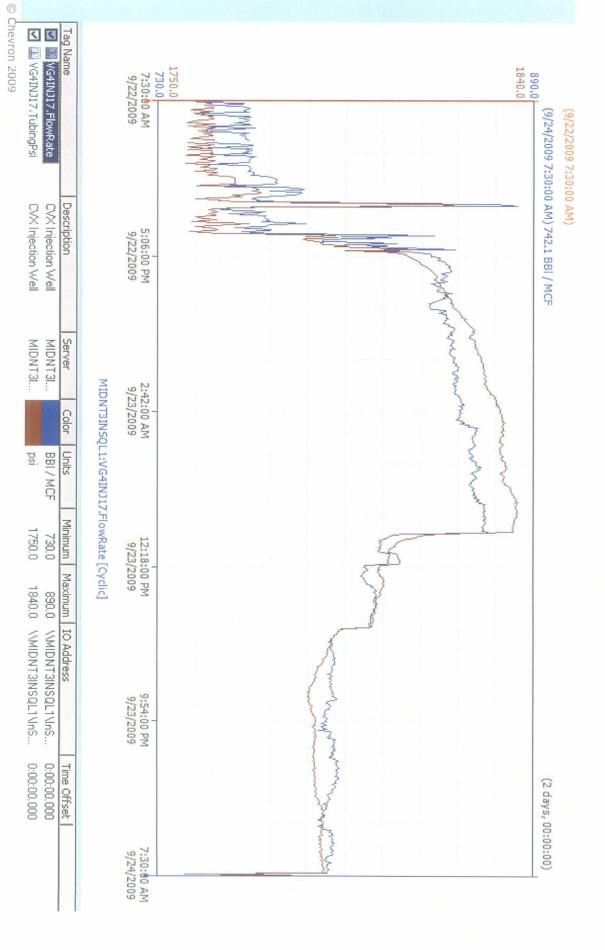
VGSAU 17 30 Day Rate and Pressure





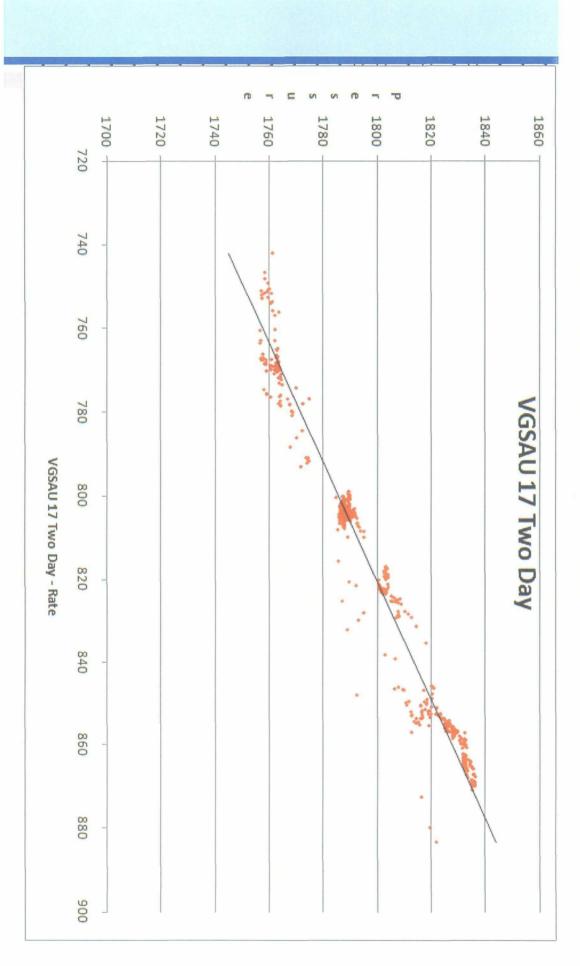
VGSAU 17 2 Day Rate and Pressure





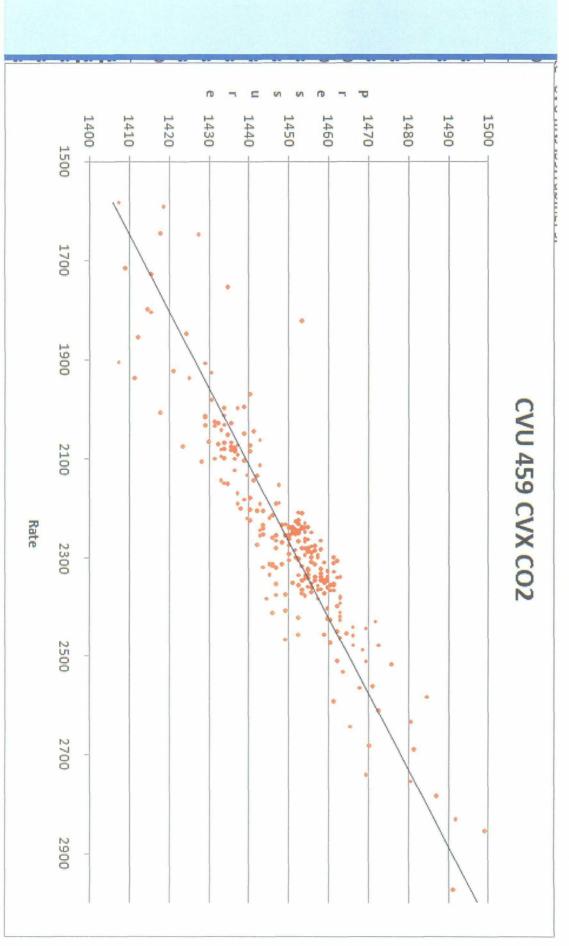
VGSAU 17 2 Day Rate Versus Pressure





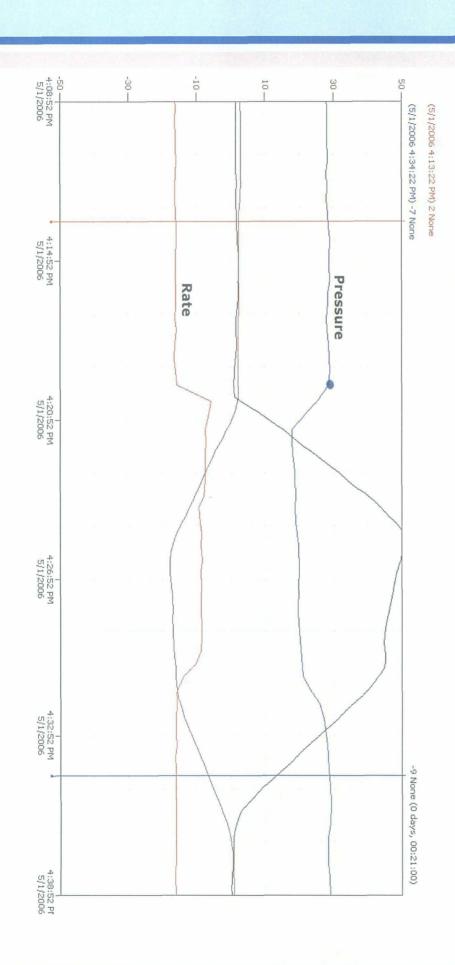
CVU 459 2 Day Rate Versus Pressure



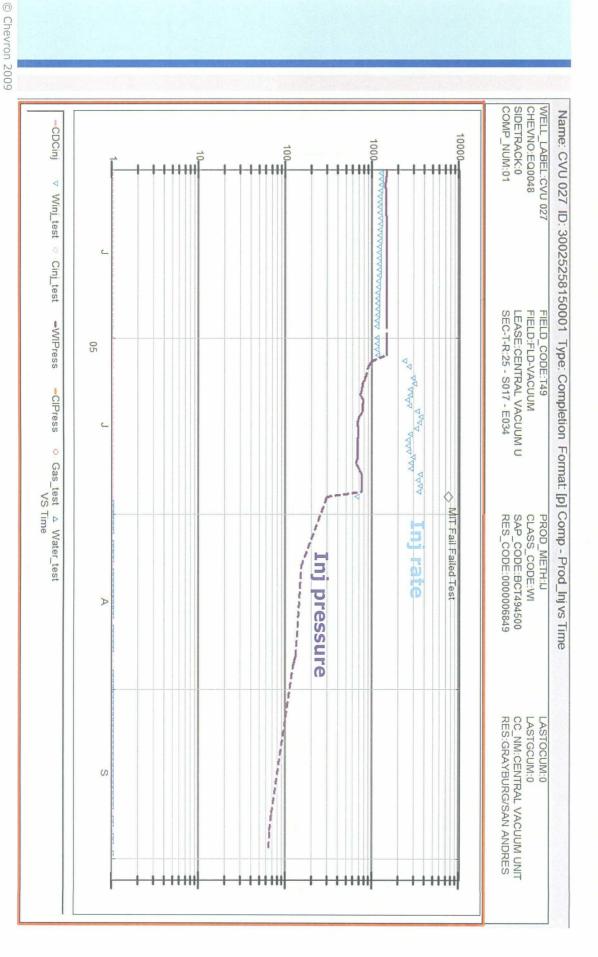


Typical Leak Profile Rate Rising – Pressure Falling









2) Injection packer setting requirements



perforations or casing shoe; " tubing installed in a packer set within approximately 100 feet of the uppermost injection "WAG injection operations shall be accomplished through internally coated

- Unce an injection packer is released for remedial actions, we often can't regain a packer seat at the same depth due to corrosion, must reset packer higher: This often requires the packer to be greater than the approved "100' of top perf"
- As a result, practical practice has evolved to the Operator shutting down operations, contacting the District office and asking for a waiver, which are commonly granted (verbal or written).
- This delay costs time & money and based on July 15th Santa Fe communication the District offices can't approve anyway

high packers 2) Chevron CVU & VGSAU wells with

hevron

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VGSAU 233	VGSAU 148	VGSAU 65	VGSAU 60	VGSAU 59	VGSAU 45	VGSAU 34	VGSAU 31	VGSAU 30	VGSAU 29	VGSAU 19	VGSAU 15	VGSAU 14	VGSAU 4	CVU 160	CVU 158	CVU 156	CVU 155	CVU 146	CVU 134	CVU 133	CVU 115	CVU 93	CVU 83	CVU 82	CVU 70	CV/U 56	CVU 46	CVU 31	CVU 28	CVU 14	Well	
105	101	121	106	121	193	165	212	252	164	211	294	103	123	104	291	102	285	120	190	165	193	118	121	143	103	151	121	108	139	136	top perf	Packer height above
297	213	288	299	228	207	208	126	96	218	270	106	202	256	358	198	369	184	352	296	376	283	270	310	317	397	332	373	341	406	442	<u>packer</u>	Unit top height above

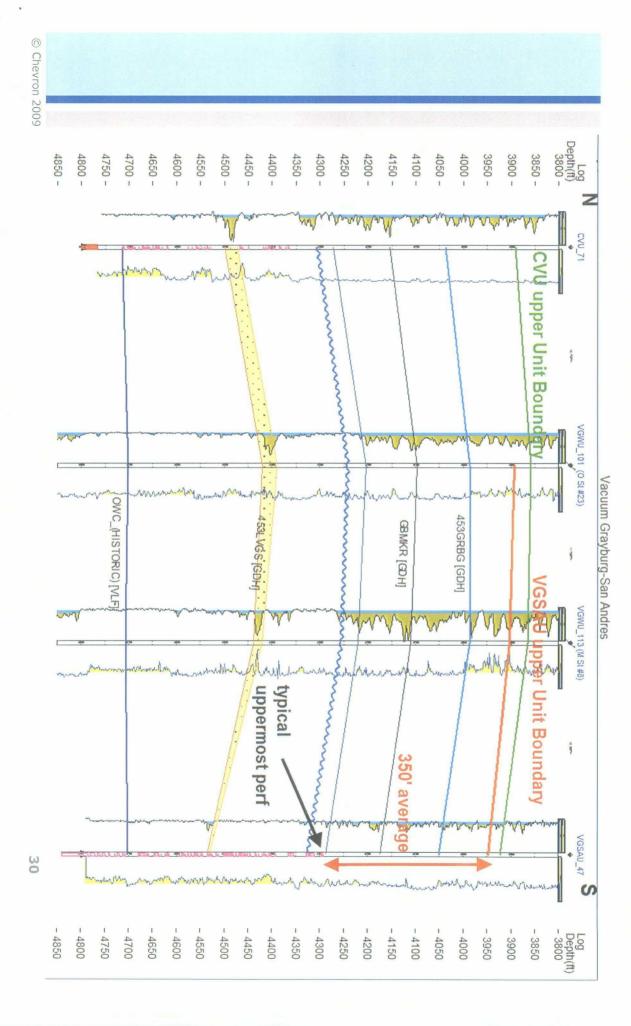
□ 31 wells with packers >100′ above top perf or casing shoe

☐ 38 more injectors with packer from 75′ to 100′ above top perf; next well work will likely result in packer being >100′ above top perf.

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2) Vacuum Field Unit Boundaries **N-S Cross Section with**





2) Injection packer setting requirements



tubing installed in a packer set within approximately 100 feet of the uppermost injection perforations or casing shoe; " WAG injection operations shall be accomplished through internally coated

- □ Since CVU & VGSAU upper Unit boundaries are ~350′ above top perf, propose to amend verbiage to allow setting the injection packer "as close as possible to the uppermost injection perforations or casing shoe, so long as it remains within the unitized interval"
- This change will still fully protect other formations and correlative rights
- Fed UIC regulations do not limit injection packer setting depths, they even allow injection without a packer

2) EPA 40 CFR 146.8



\$ 146.8 Mechanical integrity.

- (a) An injection well has mechanical integrity if:
- (1) There is no significant leak in the casing, tubing or packer, and
- (2) There is no significant fluid movement into an underground source of drinking water through vertical channels adjacent to the injection well bore.
- must be used to evaluate the absence of significant leaks under paragraph (a)(1) of this section:
- monitoring of the tubing-casing annulus pressure with sufficient frequency to be representative, as determined by the Director, while maintaining an annulus pressure different from atmospheric pressure measured at the surface.

- (2) Pressure test with liquid or gas;
- the absence of significant changes in the relationship between injection pressure and injection following Class II anhanced recovery wells:
- a packer provided that a pressure test has been performed and the data is available and provided further that one pressure test shall be performed at a time when the well is shut down and if the running of such a test will not cause further loss of significant amounts of oil or gas; or
- (ii) Existing wells constructed without a long string casing, but with surface casing which terminates at the

3) Maximum CO2 injection pressure



injection shall not occur at a surface injection pressure in excess of 1850 psi the current maximum surface injection pressure for water, provided however, such CO_2 to inject CO₂ and produced gases at a maximum surface injection pressure of 350 psi above and shall be further authorized

- Both CVU & VGSAU Injection orders tie maximum CO2 injection pressure back to a surface pressure, yet the OCD allows this value to tie to an average maximum BH pressure (i.e. ConocoPhillip's EVGSAU)
- Similar verbiage for our Units would allow Operations to mitigate BHIP drops created by injection stream density reductions due to Hc gas contamination, which greatly reduces our effective BHIP (impact is ~400 psi @ 87% CO2).

3) Buckeye Plant Recycle Gas Analysis

Chevron

MOBILE ANALYTICAL LABORATORIES, INC.

р.о. вох 69210 опрязь, техня 79769 рномя (432)33,7-4744

ANALYSIS REPORT

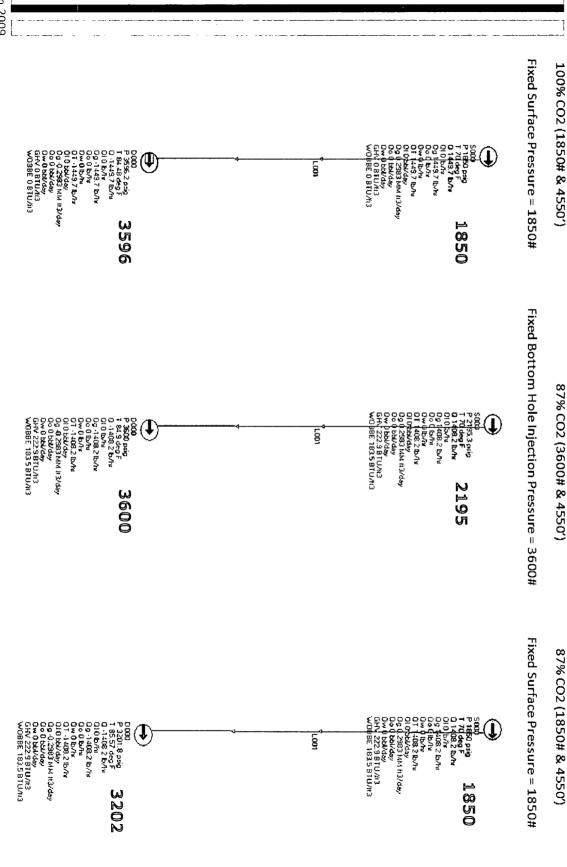
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FRACTIONAL ANALYSIS

DISTRIBUTION: NR. MARK GARNER	CALC, SP.GRAVITY 1.486	TOTALS	Has	HEXAMES PLUS	M-PENTANE	ISO-PENTAME	N=BUTANE	ISO-BUTANE	PROPANE	ETHANE	METHANE	CARBON DIOXIDE	NITROGEN	COMPONENT
SPOT	BTU/CI CP	100.000	0.415	0.641	0.299	0.294	0.816	0.261	1.726	2.506	4.208	87.032	1,782	#OT #
NOTES:	BTU/CU. ET. (14.650 CALC. GROSS WET CALC. GROSS DRY	1.313	0.000	0.278	0.108	0.107	0.256	0.091	0. <u>4</u> 73	0.000	0.000	0:000	0,,000	C3+
	PSIA, 60 DEG. F) 222 226	0,493	0,000	0.27B	0.108	0.107	0.000	0.000	0,000	0.000	0.000	0.000	0.000	+ S2 G5 G5



3) Pipephase calculation table





3) Recycled CO2 Bottom Hole Pressure Effects

	A CONTRACTOR OF THE PROPERTY O	1 becomes a second of the seco	
 Surface Pressure, Psi	1,850	1,850	2,195
 % CO2	100	87	87
 Bottom Hole	3,596	3,202	3,600
 Pressure, PSI			

with recycled CO2, allowing Chevron to efficiently manage the tertiary recovery of hydrocarbons from these Units: To maintain the desired & permitted bottom hole pressure

- Chevron requests a CO2 average (mid-perf) maximum bottom hole injection pressure of 3600psi,
- pressure to 2200psi (an increase of 350 psi over the current limit) or an increase in the maximum surface injection