

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John Bemis
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



Administrative Order IPI-281-A
March 23, 2013

Ms. Alyssa Davanzo
Chevron U. S. A. Inc.
15 Smith Road
Midland, TX 79705

RE: Injection Pressure Increase

Disposal Permit: R-9509 Pool: SWD; Cherry Canyon
East Loving SWD Well No. 1 API 30-015-26764
Unit A, Sec 15, T23S, R28E, NMPM, Eddy County, New Mexico

Dear Ms. Davanzo:

Reference is made to your request on behalf of Chevron U. S. A. Inc. (OGRID 4323) received by the Division on March 21, 2013, to increase the maximum allowed surface tubing pressure on the above named well.

This well was permitted by the Division for water disposal in the Cherry Canyon member of the Delaware Mountain Group by Division hearing Order R-9509 approved May 22, 1991. That permit allowed disposal into the Cherry Canyon member of the Delaware Mountain Group from approximately 4000 feet to 4450 feet. It is our understanding that the actual disposal perforations in this well are from 4216 feet to 4537 feet and the packer is set at 4060 feet. The productive formation depths in this area appear to be the Brushy Canyon from approximately 6000 feet to 6200 feet. The Division allowed 1150 psi maximum disposal pressure with administrative permit IPI-281 issued April 11, 2007.

It is our understanding that this well will not take a sufficient volume of fluid at the current pressure limit and a higher pressure limit is needed. It is also understood that an increase will not result in the fracturing of the formation and confining strata.

Based on a step rate test for this well run March 8, 2013, you are hereby authorized to inject at the following maximum surface tubing pressure:

East Loving SWD Well No. 1 API 30-015-26764 1400 psi

This approval is based on the provision that the tubing size, packer setting depth and completion interval for this well does not change. Any future requested pressure increase will require resubmission of

additional data and a new step-rate test. The Division Director retains the right to require at any time wireline verification of completion and packer setting depths in this well. This approval is subject to your being in compliance with all other Division rules, including but not limited to Division Rule 19.15.5.9 NMAC.

The Division Director may rescind this permitted injection pressure increase if it becomes apparent that the injected fluid is not being confined to the permitted disposal interval or is endangering any fresh water aquifer.

Sincerely,



JAMI BAILEY
Director

JB/wvjj

cc: Oil Conservation Division – Artesia
File: Case No. 10307