New Mexico Energy, Minerals and Natural Resources Department

October 12, 2011

Administrative Order WFX-890
Application No. pTGW1125155238

Attention: Carolyn Haynie
Chevron U.S.A. INC.
15 Smith Road
Midland, TX 79705

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION

Under the provisions of Division Order R-5530-E, Chevron USA, Inc. (OGRID No. 4323) has made application to the Division for permission to add a injection well to its Central Vacuum Unit Tertiary Recovery Project located within the Vacuum; Grayburg San Andres Pool (Pool No. 62180) in Lea County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

The application was filed in due form. No objections have been filed within the waiting period prescribed by Division Rule 19.15.26.8 (C). The proposed wells are eligible for conversion to injection under the terms of Rule 19.15.26.8. The operator is in compliance with Rule 19.15.5.9.

IT IS THEREFORE ORDERED THAT:

Chevron USA, Inc. is hereby authorized to inject water, CO2, and produced gases into the unitized interval of the Central Vacuum Unit Tertiary Recovery Project, through plastic-lined tubing set in a packer located within 100 feet of the top of the injection interval in the following-described well for purposes of tertiary recovery:

Central Vacuum Unit Well No. 271 (API No. 30-025-31709)
Previously Vacuum Glorieta West Unit Well No. 80
SHL: 2517' FNL, 2442' FEL, Unit G, Sec 36, T17S, R31E, NMPM
Permitted Vertical Injection Interval (Perforated): 4354' – 4616'
Maximum Surface Injection Pressure: 1500 PSIG Water, 1850 PSIG CO2

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface.

Prior to commencing injection operations into this well, the casing shall be pressure tested from the surface to the packer setting depth to assure casing integrity.

The casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing or packer.

The well shall pass an initial mechanical integrity test ("MIT") prior to initially commencing disposal and prior to resuming disposal each time the disposal packer is unseated. All MIT testing procedures and schedules shall follow the requirements in Division Rule 19.15.26.11A. NMAC.

The injection wells or systems shall be equipped with pressure limiting devices which will limit the wellhead pressure to the maximum surface injection pressure described above.

The Director of the Division may authorize increases in injection pressure upon a proper showing by the operator that higher pressure will not result in migration of the injected fluid from the permitted injection interval or harmful formation fracturing. Such proper showing shall consist of valid step-rate tests and possibly injection profiles or pressure transient testing run in accordance with and acceptable to this office.

The operator shall notify the supervisor of the District Office of the date and time of the installation of injection equipment and of all mechanical integrity tests so that the same may be inspected and witnessed.

The operator shall immediately notify the supervisor of the District Office of the failure of the tubing, casing or packer in said wells and shall take such steps as may be timely and necessary to correct such failure or leakage.

The subject wells shall be governed by all provisions of Division Order No. R-5530-E, as amended, and Rules 19.15.26.9 through 19.15.26.13 of the Division Rules and Regulations not inconsistent herewith.

PROVIDED FURTHER THAT, jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh water or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the injection authority granted herein.

The injection authority granted herein shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject well, provided however, the Division, upon written request by the operator received prior to the one year deadline, may grant an extension thereof for good cause shown.

Jami Bailey
Division Director

JB/tw
cc: New Mexico Oil Conservation Division – Hobbs