

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

**APPLICATION OF CHEVRON U.S.A. INC.
FOR AUTHORIZATION TO EXPAND AND
MAKE PERMANENT ITS CLOSED LOOP
GAS CAPTURE INJECTION AUTHORITY
INITIALLY APPROVED AS A PILOT
PROJECT UNDER ORDER NO. R-21336, LEA
COUNTY, NEW MEXICO.**

CASE NO. 23174

CHEVRON'S PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Chevron U.S.A. Inc. ("Chevron") as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

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STATEMENT OF THE CASE

Chevron seeks an order authorizing Chevron to expand and make permanent its closed loop gas capture injection authority in the Avalon shale within the Bone Spring formation that was previously approved as a pilot project in Case No. 21020 under Order No. R-21336 (the "pilot project"). Having completed the pilot project, Chevron now seeks authorization to enlarge

the closed loop gas capture injection project area and to conduct periodic injection for an indefinite period of time.

Under Order No. R-21336, the Division authorized Chevron to conduct a gas capture injection pilot project involving the intermittent injection of produced gas into the Avalon shale interval within the Bone Spring formation using the **Salado Draw 19 26 33 Federal Com 002H well** (API No. 30-025-42662) and the **Salado Draw EA 19 Federal P6 005H well** (API No. 30-025-42797).

As approved, the project area for the pilot project was comprised of 318.84 acres, more or less, within the W/2 W/2 and W/2 E/2 of Section 19, Township 26 South, Range 33 East, NMPM, Lea County, New Mexico. Chevron completed the pilot project and submitted to the Division a final report summarizing the pilot project.

Chevron now proposes to expand its closed loop gas capture injection to create a 1,120-acre, more or less, project area comprising W/2 and W/2 E/2 of Sections 18 and all of Section 19 within Township 26 South, Range 33 East (the "Project Area") and to make authorization to conduct intermittent, short-term injection within the project area permanent.

Chevron seeks authority to use the following producing horizontal wells within the proposed Project Area to occasionally inject produced gas into the Avalon shale interval within the Bone Spring formation [WC-025 G-06 S263319P; Bone Spring (Pool Code 97955)]:

- The **Salado Draw 19 26 33 Federal Com 002H well** (API No. 30-025-42662) with surface location 200' FNL & 948' FWL, (Unit D), Section 19, T26S, R33E;
- The **Salado Draw 19 Fed P6 005H well** (API No. 30-025-42797) with surface location 227' FNL & 1747' FEL, B-19, T26S, R33E;

- The **Porter Brown 001H well** (API No. 30-025-40802), with a surface location 340' FSL & 340' FEL, (Unit P) Section 19, T26S, R33E;
- The **Salado Draw 18-26-33 FED 001H well** (API No. 30-025-42659), with a surface location 200' FNL & 873' FWL, (Unit D) Section 19, T26S, R33E;
- The **Salado Draw 18-26-33 FED 003H well** (API No. 30-025-42278), with a surface location 200' FNL & 1943' FWL, (Unit C) Section 19, T26S, R33E;
- The **Salado Draw 18-26-33 FED 004H well** (API No. 30-025-42279), with a surface location 200' FNL & 1993' FWL, (Unit C) Section 19, T26S, R33E;
- The **Salado Draw EA 18 FED P6 005H well** (API No. 30-025-42795), with a surface location 266' FNL & 1778' FEL, (Unit B) Section 19, T26S, R33E;
- The **Salado Draw EA 18 FED P6 006H well** (API No. 30-025-42796), with a surface location 247' FNL & 1763' FEL, (Unit B) Section 19, T26S, R33E;
- The **Salado Draw 19-26-33 FED 001H well** (API No. 30-025-42661), with a surface location 200' FNL & 898' FWL, (Unit D) Section 19, T26S, R33E;
- The **Salado Draw 19-26-33 FED 003H well** (API No. 30-025-42280), with a surface location 200' FNL & 1968' FWL, (Unit C) Section 19, T26S, R33E;

- The **Salado Draw 19-26-33 FED 004H well** (API No. 30-025-42281), with a surface location 200' FNL & 2018' FWL, (Unit C) Section 19, T26S, R33E;
- The **Salado Draw EA 19 FED P6 006H well** (API No. 30-025-42798), with a surface location 207' FNL & 1732' FEL, (Unit B) Section 19, T26S, R33E; and
- The **Salado Draw EA 19 FED P6 007H well** (API No. 30-025-42799), with a surface location 188' FNL & 1716' FEL, (Unit B) Section 19, T26S, R33E.

Injection along the horizontal portion of the proposed wellbores will be between approximately 9,090 feet to 9,258 within the Avalon interval of the Bone Spring formation. The proposed average injection rate for each well is 1.5 MMscfd with a maximum injection rate of 2.0 MMscfd during injection. The source of gas for injection will be from Chevron's Salado Draw wells producing in the Avalon and Wolfcamp formations. Each of Chevron's proposed injection wells are operated by Chevron and Chevron holds 100% of the working interest in the wells. The proposed Project Area is comprised of all federal lands.

Approval of this application is in the best interests of conservation, the prevention of waste, and the protection of correlative rights.

APPLICANT'S PROPOSED EVIDENCE

WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Christine DeFriend, Petroleum Engineer	40 minutes	Approx. 8

Alexandra (“Zandra”) Fleming, Petroleum Geology	20 minutes	Approx. 6
Stefan Lattimer, Production Engineer	40 minutes	Approx. 12
Yula Tang, Reservoir Engineer	40 minutes	Approx. 8
Irvin Gutierrez, Petroleum Landman	20 minutes	Approx. 4

PROCEDURAL MATTERS

Chevron proposes to exclude the E/2 E/2 of Section 18 Township 26 South, Range 33 East, NMPM, Lea County, from the description of its proposed project area.

Respectfully submitted,

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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
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QUESTIONS

Action 161302

QUESTIONS

Operator: CHEVRON U S A INC 6301 Deauville Blvd Midland, TX 79706	OGRID: 4323
	Action Number: 161302
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
<i>Please assist us by provide the following information about your testimony.</i>	
Number of witnesses	Not answered.
Testimony time (in minutes)	Not answered.