

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 14379

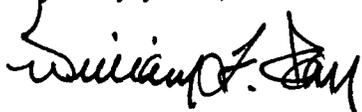
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Re: Application of Chevron U.S.A. Inc. for amendment of Division Order No. R-5330, as amended, to revise the injection well completion requirements and increase the pressure limitations for carbon dioxide injection established by that order in its Central Vacuum 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

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IN THE MATTER OF THE APPLICATION OF CHEVRON U.S.A., INC. FOR AMENDMENT OF DIVISION ORDER NO. R-5530, AS AMENDED, TO (1) REVISE THE INJECTION WELL COMPLETION REQUIREMENTS FOR INJECTION WELLS, AND TO (2) INCREASE THE AUTHORIZED INJECTION PRESSURE IN ITS CENTRAL VACUUM UNIT TERTIARY RECOVERY PROJECT AREA, LEA COUNTY, NEW MEXICO.

CASE NO. 14379

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-5530, as amended, to revise the injection well completion requirements and increase the pressure limitations for carbon dioxide injection established by that order in its Central Vacuum Unit Tertiary Recovery Project, and in support of its application states:

1. By Order No. R-5496, dated August 9, 1977, the Division granted the application of Texaco Exploration and Production, Inc. ("Texaco") for approval of the Central Vacuum Unit. This unit comprises approximately 3,046 acres, more or less of State of New Mexico and fee lands. The unit boundaries include the following acreage in Lea County, New Mexico:

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

Section 25: S/2, SE/4 NE/4
Section 36: All

TOWNSHIP 17 SOUTH, RANGE 35 EAST, N.M.P.M.

Section 30: All
Section 31: N/2, SW/4, SW/4 SE/4

TOWNSHIP 18 SOUTH, RANGE 4 EAST, N.M.P.M.

Section 12: N/2 NE/4

TOWNSHIP 18 SOUTH, RANGE 35 EAST, N.M.P.M.

Section 6: All
Section 7: N

2. Pursuant to the provisions of Division Order No. R-5530 dated September 20, 1977, as amended, Chevron, as successor to Texaco, operates the central Vacuum Unit Tertiary Recovery Project in the Central Vacuum Unit for the injection of water and carbon dioxide into the Vacuum-Grayburg-San Andres Pool .

3. Order No. R-5530-E authorizes tertiary recovery operations within the Central Vacuum Unit Tertiary Recovery Project and specifically provides:

WAG 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 3, Order No. R-5530-E)

4. Chevron seeks an amendment of Order No. R-5530, 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-5530, as amended, to

increase the injection pressure limitation for carbon dioxide to a surface injection pressure of 2150 pounds.

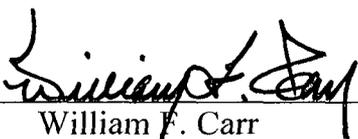
6. Chevron will provide notice of this application pursuant to Oil Conservation Division rules and regulations.

7. Approval of this application will afford Chevron the opportunity to produce its just and equitable share of the remaining reserves in the Central Vacuum Unit Pressure Maintenance Project 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 14379

Application of Chevron U.S.A. Inc. for amendment of Division Order No. R-5530, as amended, to revise the injection well completion requirements and increase the pressure limitations for carbon dioxide injection established by that order in its Central Vacuum Unit Tertiary Recovery Project, Lea County, New Mexico. The Central Vacuum Unit Pressure Maintenance Project encompasses portions of Sections 25 and 36 of Township 17 South, Range 34 East; portions of Sections 30 and 31 of Township 17 South, Range 35 East; portions of Section 12, Township 18 South, Range 34; and portions of sections 6 and 7 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 2 miles south of Buckeye, New Mexico.