



New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary-Designate

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

Daniel Sanchez
Acting Division Director
Oil Conservation Division



Administrative Order IPI-393
March 15, 2011

Chevron Midcontinent, L.P.
15 Smith Road
Midland, TX 79705

Attention: Anthony Zenos

RE: Injection Pressure Increase
Cardon Com SWD Well No. 1
Section 27 T32N R12W
San Juan County, New Mexico

Dear Mr. Zenos:

Reference is made to your request on behalf of Chevron Midcontinent, L.P. (OGRID 241333) received by the Division on February 7, 2011 to increase the surface injection pressure on the Cardon Com SWD Well No. 1 (API 30-045-24392) within the Quail Queen Unit Waterflood Project. This request is based upon step rate tests recently conducted on these wells. The results of the Cardinal Surveys step rate test indicate that an increase in the surface injection pressure for this well is justified and will not result in the fracturing of the injection formation and confining strata.

It is our understanding that the Cardon Com SWD Well No. 1 will not take a sufficient volume of water at the present pressure limits and a higher pressure limits are needed for waterflood operations.

Based on a step rate injection tests that were conducted in October, 2010 you are hereby authorized to increase the surface injection pressure on the Cardon Com SWD Well No. 1 located in Unit A of Section 27, Township 32 North, Range 17 West, NMPM, Lea County, New Mexico.



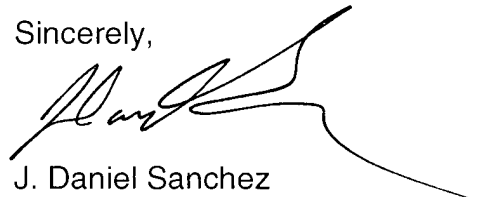
Chevron Midcontinent, L.P. is hereby authorized to utilize the maximum surface injection pressures on the well of **2,000 psi**, provided the tubing size, packer setting depth and perforation depths do not change. However, you are prohibited from injecting at pressures that would induce fracturing.

The operator is responsible for ensuring injected waters do not migrate upward inside or outside of this casing and enter formations above the permitted injection interval.

This approval is subject to your being in compliance with all other Division rules, including but not limited to Division Rule 5.9.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Daniel Sanchez', with a long horizontal flourish extending to the right.

J. Daniel Sanchez
Acting Director

JDS/tw

cc: Oil Conservation Division – Aztec
File: 30-045-24392