

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

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

Jami Bailey, Division Director
Oil Conservation Division



Administrative Order IPI-467
April 23, 2014

Chevron USA, Incorporated
1616 West Bender Blvd, Rm 121
Hobbs, NM 88214
Attn: Cindy Herrera-Murillo

RE: Injection Pressure Increase

Injection Authority: Administrative Order SWD-1462

Pool: SWD; Delaware (Pool code 96100)

Skeen 2 SWD Well No. 1 API 30-015-41744

Unit letter M, Sec 2, T26S, R27E, NMPM, Eddy County, New Mexico

Dear Ms. Herrera-Murillo:

Reference is made to your request on behalf of Chevron USA, Incorporated (OGRID 4323) received by the Division on March 29, 2014, 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 Bell Canyon, Cherry Canyon, and Brushy Canyon formations by Division Administrative Order SWD-1462 approved February 19, 2014. That permit allowed disposal through perforations from 2550 feet to 5285 feet at a maximum surface disposal pressure of 510 psi.

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 conducted on March 15, 2014, through 4 ½-inch tubing, you are hereby authorized to inject at the following maximum surface tubing pressure:

Skeen 2 SWD Well No. 1

API 30-015-41744

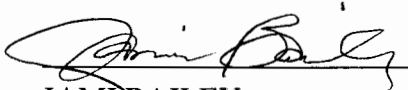
545 psi

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,

A handwritten signature in black ink, appearing to read "Jami Bailey", written over a horizontal line.

JAMI BAILEY
Director

JB/prg

cc: Oil Conservation Division – Artesia District Office
State Land Office – Oil, Gas and Minerals Division
Administrative Order SWD-1462