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

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IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 14401

APPLICATION OF CHEVRON U.S.A. INC. FOR AMENDMENT OF DIVISION ORDER NO. R-5530-E TO REVISE THE INJECTION WELL COMPLETION REQUIREMENTS AND TO CHANGE THE BASIS FOR THE CALCULATION OF THE AUTHORIZED INJECTION PRESSURE FOR CARBON DIOXIDE FROM SURFACE PRESSURE TO THE AVERAGE RESERVOIR PRESSURE IN ITS PREVIOUSLY APPROVED TERTIARY RECOVERY PROJECT IN THE CENTRAL VACUUM UNIT EOR PROJECT AREA, LEA COUNTY, NEW MEXICO.

CASE NO. 14402

APPLICATION OF CHEVRON U.S.A. INC. FOR AMENDMENT OF DIVISION ORDER NO. R-4442, AS AMENDED, TO REVISE THE INJECTION WELL COMPLETION REQUIREMENTS AND TO CHANGE THE BASIS FOR THE CALCULATION OF THE AUTHORIZED INJECTION PRESSURE FOR CARBON DIOXIDE FROM SURFACE PRESSURE TO THE AVERAGE RESERVOIR PRESSURE IN ITS PREVIOUSLY APPROVED TERTIARY RECOVERY PROJECT IN THE VACUUM GRAYBURG-SAN ANDRES TERTIARY RECOVERY PROJECT, LEA COUNTY, NEW MEXICO.

PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted by Holland & Hart, LLP on behalf of Chevron U.S.A., Inc. as required by Oil Conservation Rule 19.15.14.1204 B NMAC.

**APPEARANCES OF PARTIES**

**APPLICANT**

Chevron U.S.A., Inc.  
Attn: Scott Ingram  
15 Smith Road  
Midland, Texas 79705  
(432) 238-3479

**ATTORNEY**

William F. Carr, Esq.  
Holland & Hart, LLP  
Post Office Box 2208  
Santa Fe, New Mexico 87504-2208  
(505) 988-4421  
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**OTHER PARTY**

Oil Conservation Division

**ATTORNEY**

Gail MacQuesten Esq.  
Deputy General Counsel  
Department of Energy, Minerals  
and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

STATEMENT OF CASE

Case 14401

In Case 14401 Chevron U.S.A. Inc. seeks amendment of Division Order No. R-5530, as amended, to change the basis for the calculation of the authorized injection pressure for carbon dioxide from surface pressure to the average reservoir pressure in its previously approved tertiary recovery project in the Central Vacuum Unit EOR Project Area, 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.

Case 14402

In Case 14402 Chevron U.S.A. Inc. seeks amendment of Division Order No. R-4442, as amended, to change the basis for the calculation of the authorized injection pressure for carbon dioxide from surface pressure to the average reservoir pressure in its previously approved tertiary recovery project in the Vacuum Grayburg-San Andres Pressure Maintenance Project, Lea County, New Mexico. The Vacuum Grayburg-San Andres Tertiary Recovery Project encompasses portions of Section 35 of Township 17 South, Range 34 East and portions of Sections 1, 2, 11 and 12 of Township 18 South Range 35 East, N.M.P.M.

PROPOSED EVIDENCE

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Scott Ingram Earth Scientist / Project Manager	Approx. 15 min.	Approx. 7
Tejay Simpson Operations Supervisor (Practical Oilman)	Approx. 30 Min.	Approx. 9
Koby Carlson <i>i-field</i> Automation Specialist	Approx. 30 Min.	Approx. 6
Paul Brown Petroleum Engineer	Approx. 15 Min.	Approx. 7

Mr. Ingram will provide general background information on the current status of wells at the Central Vacuum Unit and the Vacuum Grayburg San-Andres Unit. He will review the provisions in the Division orders that govern the injection wells in these units. Mr. Ingram will review Chevron's remedial options to address the current problems with the completions in the injection wells that are the subject of this hearing and explain the consequences of these options. Mr. Ingram will present Chevron's recommended plan for the future monitoring of each of the subject wells to assure that fresh water in the area will be protected.

Mr. Simpson will review Chevron's current operations at each of these units and the mechanical integrity testing conducted by Chevron on each of the subject wells. Mr. Simpson will make recommendations on how future tests should be conducted on each well. Mr. Simpson will also review Chevron's plans for the eventual plugging and abandonment of each well when injection ceases.

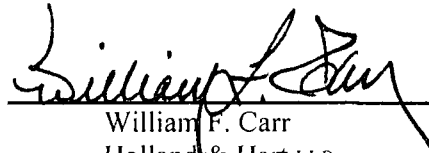
Mr. Carlson will review Chevron's Supervisory Control and Data Acquisition (SCADA) deployment and leak detection development plan for the subject wells and show how this system will be used to monitor each injection well.

Mr. Brown will identify the wells where packers have had to be set more than 100 feet above the top injection perforation and request that these wells be granted an exception to this completion requirement provided that the packer be set within the unitized interval in each unit. Also that the Injection orders be amended to allow the injection packer to be set more than 100 feet above the top injection perforation, as needed in additional wells in the future, provided that the packer be set within the unitized interval in each well. Mr. Brown will also testify in support of Chevron's requested change in the method used to determine injection pressures based on average maximum bottomhole pressure.

#### PROCEDURAL MATTERS

Chevron will request that these cases be consolidated for hearing with separate orders to be issued.

Respectfully Submitted:  
Holland & Hart LLP

A handwritten signature in black ink, appearing to read "William F. Carr", is written over a horizontal line.

William F. Carr  
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ATTORNEYS FOR CHEVRON U.S.A., INC.

CERTIFICATE OF SERVICE

I hereby certify that on this 23rd day of November 2009, I have caused to be delivered by Facsimile a copy of the **Pre-Hearing Statement** in the above mentioned case to the following counsel of record:

Gail MacQuesten Esq.  
Deputy General Counsel  
Department of Energy, Minerals  
and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505  
(505) 476-3451

  
William F. Carr