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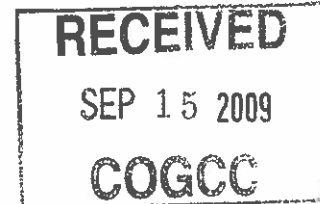
CHEYENNE

SALT LAKE CITY

September 15, 2009

**VIA COURIER SERVICE**

Mr. David Neslin, Director  
Colorado Oil and Gas Conservation Commission  
1120 Lincoln Street, Suite 801  
Denver, Colorado 80203



RE: Chevron U.S.A. Inc.  
Rule 805.b(2)B Variance Request  
Collection Station No. 47  
Rangely, Colorado

Dear Director Neslin:

Chevron operates a gathering system to collect and manage oil and produced water associated with its Weber Sand Unit near Rangely, Colorado. Prior to and since the effective date of the new COGCC rules, Chevron has been engaged in assessing these facilities to ascertain compliance requirements. In connection with that effort, Chevron has been aware of the cooperative project between industry and APCD (CDPHE) to establish VOC emission factors for produced water tanks in the Piceance and DJ Basins. That data and analysis is scheduled to be presented to CDPHE on 9/17. Pursuant to direct contact with CDPHE, Chevron proceeded with its own analytical effort to determine compliance requirements. Specifically, Chevron has been in contact with Mr. Scott Patefield of the CDPHE, keeping him informed of our progress on this matter. Mr. Patefield reviewed and approved the testing and the testing methodology that Chevron employed to assess the produced water storage tank at Collection Station 47. You should be apprised that both the industry project and Chevron's efforts indicate that accurately assessing VOC emissions from such tanks is not a simple matter, as various simulations, mass-balance calculations, and stack testing have provided variable results.

Three weeks ago, Chevron received the data showing that Collection Station No. 47 was the only facility in the gathering system that triggered the compliance requirements under Rule 805.b(2)B. That facility consists of two 3-phase separators, a produced water tank and an electric pump. This facility has been in continuous operation for more than 30 years and has not received any odor complaints. Accordingly, granting the variance requested herein will not violate the basic intent of the Oil and Gas Conservation Act, as expressed in Rule 805.b(2)B.

Chevron is engaged in a business review to examine its compliance options, including reconstruction of the facility using a closed loop design. Alternatively, Chevron may install a VRU to manage emissions. While the VRU could be installed in a shorter time frame, Chevron

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considers completion of the evaluation process for both construction options to be the prudent course of action.

As the foregoing demonstrates, Chevron has exercised diligence in its compliance efforts. However, Chevron will be unable to make a decision on the most prudent approach and to install control measures at this facility prior to the October 1, 2009 deadline. Without the variance requested herein, Chevron will be faced with shutting in the facility and would forego production of approximately 300 bbl/day, with an attendant loss of royalty and tax revenues to third parties. Accordingly, pursuant to Rule 502.b(1), Chevron respectfully requests a variance granting an extension of one calendar year from October 1, 2009, for compliance with Rule 805.b(2)B in order to allow for:

- review by APCD of both the Chevron and industry testing results, leading to adoption of a standard emission factor that can be used to accurately assess the production tank emissions;
- obtaining an APCD permit (once promulgated);
- completion of Chevron's business and technical analysis regarding possible facility reconstruction, and completion of any such reconstruction OR installation of alternative control measures (VRU).

Please be advised that, pursuant to Reg. 3 amendments by the AQCC, produced water tanks are subject to APEN requirements (at 2 TPY), but are currently permit-exempt, pending APCD's development of a "general permit" for produced water tanks. Accordingly, there is no specific "permit from the CDPHE/APCD" that is currently available for this facility per COGCC Rule 805.b(2)(B).

This letter is accompanied by a completed Sundry Notice Form 4 requesting the variance. Although the Rule 306.d(1)A.ii consultation obligation is between the COGCC and the CDPHE when an operator requests a variance from Rule 805, please be advised that Chevron is directly contacting Mr. Patefield of the APCD in connection with this request. We respectfully ask that this variance be approved no later than September 25, 2009, in order to prevent shut-in of production.

Very truly yours,

BEATTY & WOZNAK, P.C.



Kenneth A. Wonstolen  
Attorney for Chevron U.S.A. Inc.

KAW/tlp  
Enclosure  
cc: Ms. Debbie Baldwin (w/enclosure)

State of Colorado  
Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80203 Phone: (303)894-2100 Fax: (303)894-2109

## SUNDRY NOTICE

Submit original plus one copy. This form is to be used for general, technical and environmental sundry information. For proposed or completed operations, describe in full on Technical Information Page (Page 2 of this form.) Identify well or other facility by API Number or by OGCC Facility ID. Operator shall send an informational copy of all sundry notices for wells located in High Density Areas to the Local Government Designee (Rule 603b).

1. OGCC Operator Number: 16700	4. Contact Name: Bill Savage
2. Name of Operator: Chevron USA	
3. Address: 100 Chevron Road	Phone: 970-675-3839
City: Rangely State: CO Zip: 81648	Fax: 970-675-3800
5. API Number: N/A	OGCC Facility ID Number
6. Well/Facility Name: CS-47, 400bbl Prod. Water Tk.	7. Well/Facility Number: N/A
8. Location (Qtr/Sec, Twp, Rng, Meridian): SWNE, Sec.35, Twp.2N, Rng. 102W, Meridian: 6th	
9. County: Rio Blanco	10. Field Name: Rangely Weber Sand Unit
11. Federal, Indian or State Lease Number: N/A	

Survey Plat	
Directional Survey	
Surface Equest Diagram	
Technical Info Page	
Other	



## General Notice

<input type="checkbox"/> CHANGE OF LOCATION: Attach New Survey Plat (a change of surface qtr/qtr is substantive and requires a new permit)	
Change of Surface Footage from Exterior Section Lines:	<input type="checkbox"/> FNL/FSL <input type="checkbox"/> FEL/FWL
Change of Surface Footage to Exterior Section Lines:	<input type="checkbox"/> <input type="checkbox"/>
Change of Bottomhole Footage from Exterior Section Lines:	<input type="checkbox"/> <input type="checkbox"/>
Change of Bottomhole Footage to Exterior Section Lines:	<input type="checkbox"/> <input type="checkbox"/>
Bottomhole location Qtr/Sec, Twp, Rng, Mer	attach directional survey
Latitude	Distance to nearest property line
Longitude	Distance to nearest bldg, public rd, utility or RR
Ground Elevation	Distance to nearest lease line
	Is location in a High Density Area (rule 603b)? Yes/No
	Distance to nearest well same formation
	Surface owner consultation date:
GPS DATA:	
Date of Measurement	PDOP Reading
	Instrument Operator's Name
<input type="checkbox"/> CHANGE SPACING UNIT	
Formation	Formation Code
Spacing order number	Unit Acreage
	Unit configuration
<input type="checkbox"/> Remove from surface bond	
Signed surface use agreement attached	
<input type="checkbox"/> CHANGE OF OPERATOR (prior to drilling):	
Effective Date:	
Plugging Bond: <input type="checkbox"/> Blanket <input type="checkbox"/> Individual	
<input type="checkbox"/> CHANGE WELL NAME	
From:	
To:	
Effective Date:	
<input type="checkbox"/> ABANDONED LOCATION:	
Was location ever built? <input type="checkbox"/> Yes <input type="checkbox"/> No	
Is site ready for inspection? <input type="checkbox"/> Yes <input type="checkbox"/> No	
Date Ready for Inspection:	
<input type="checkbox"/> NOTICE OF CONTINUED SHUT IN STATUS	
Date well shut in or temporarily abandoned:	
Has Production Equipment been removed from site? <input type="checkbox"/> Yes <input type="checkbox"/> No	
MIT required if shut in longer than two years. Date of last MIT	
<input type="checkbox"/> SPUD DATE:	
<input type="checkbox"/> REQUEST FOR CONFIDENTIAL STATUS (6 mos from date casing set)	
<input type="checkbox"/> SUBSEQUENT REPORT OF STAGE, SQUEEZE OR REMEDIAL CEMENT WORK	
*submit cbl and cement job summaries	
Method used	Cementing tool setting/perf depth
Cement volume	Cement top
Cement bottom	Date
<input type="checkbox"/> RECLAMATION: Attach technical page describing final reclamation procedures per Rule 1004.	
Final reclamation will commence on approximately	
<input type="checkbox"/> Final reclamation is completed and site is ready for inspection.	

## Technical Engineering/Environmental Notice

<input type="checkbox"/> Notice of Intent	
Approximate Start Date:	
<input type="checkbox"/> Report of Work Done	
Date Work Completed:	
Details of work must be described in full on Technical Information Page (Page 2 must be submitted.)	
<input type="checkbox"/> Intent to Recomplete (submit form 2)	<input type="checkbox"/> Request to Vent or Flare
<input type="checkbox"/> Change Drilling Plans	<input type="checkbox"/> Repair Well
<input type="checkbox"/> Gross Interval Changed?	<input type="checkbox"/> Rule 502 variance requested
<input type="checkbox"/> Casing/Cementing Program Change	<input checked="" type="checkbox"/> Other: Rule 502.b(1) Variance
	for Spills and Releases
<input type="checkbox"/> E&P Waste Disposal	
<input type="checkbox"/> Beneficial Reuse of E&P Waste	
<input type="checkbox"/> Status Update/Change of Remediation Plans	

I hereby certify that the statements made in this form are, to the best of my knowledge, true, correct and complete.

Signed: W. Savage  
Print Name: William SavageDate: 09-14-09  
Title: HES Specialist

Email: wsavage@chevron.com

COGCC Approved: \_\_\_\_\_ Title \_\_\_\_\_ Date: \_\_\_\_\_

CONDITIONS OF APPROVAL, IF ANY: