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December 21, 2009

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

Re: OGCC Facility/Location number assigned to this matter: 413288

Pursuant to the variance granted by the Commission on September 29, 2009, Chevron U.S.A. Inc. submits this first quarterly report to update the Commission and CDPHE on progress toward meeting the requirements of Rule 805 b (2) B as applied to the produced water tank at Collection Station No. 47 that comprises part of Chevron's gathering system for its oil production operations for the Weber Sand Unit in Rangely Colorado.

Chevron has tentatively identified installation of a vapor recovery unit to reduce the facility's potential to emit VOCs above five tons per year. As required by the Commission's approval of Chevron's variance request, Chevron will complete its business and technical analysis to finalize this decision not later than February 1, 2010 and will advise the Commission and CDPHE of that decision, together with the installation and operating schedule for the selected emission control equipment. By such date, Chevron will also send all residents within ¼ mile of Collection Station No. 47 a letter that describes the emission control equipment upgrade that will be installed to comply with the COGCC regulations and states that the emission controls will be installed no later than October 1, 2010, pursuant to the conditions of the Rule 805 variance conditions.

Please do not hesitate to call me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "T. Loftus", written over the word "Sincerely,".

Thomas A. Loftus

cc: Ms. Debbie Baldwin, COGCC Environmental Manager  
1120 Lincoln Street Suite 801  
Denver, CO 80203

Mr. Kent Kuster  
Oil and Gas Consultation Coordinator  
Colorado Department of Public Health and Environment  
4300 Cherry Creek Dr. S  
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