



Chevron USA, Inc.
Mid Continent / Alaska Business Unit
Rangely Asset
100 Chevron Road
Rangely, CO 81648

Diane L Peterson
Regulatory Specialist
(970) 675-3842

February 14, 2012

State of Colorado
Oil and Gas Conservation Commission
1120 Lincoln Street
Denver, Colorado 80203

Re: Rangely Weber Sand Unit, Emerald 96X, Bottomhole Location Exception Request under Rule 318 d (3).

Dear Mr. Neslin:

Pursuant to Rule 318(c), Chevron U.S.A. Inc. ("Chevron"), as Unit operator of the Rangely Weber Sand Unit, requests a Bottomhole setback exception for our new well, the three Emerald wells will be drilling to the Weber Sands to approximately 6,800 feet in depth with proposed bottomhole locations within the 600 foot setback from the unit boundary required under Rule 318(d)(3). The offset leaseholder has been informed of the location of this well and its proposed bottom hole location. A copy of the notification letter and request for waiver isre attached.

The pertinent portion of Rule 318(d)(3) provides:

In a unit operation, approved by federal or state authorities, the rules herein set forth shall not apply except that no well in excess of two thousand five hundred (2,500) feet in depth shall be located less than six hundred (600) feet from the exterior or interior (if there be one) boundary of the unit area

The Emerald 96X proposed to be drilled as follows:

<u>Legal Surface Location:</u>	1543 FNL 799 FWL (SW NW) Section 36, T2N, R103W, 6th PM
<u>Depth:</u>	6,638 feet
<u>Formation:</u>	Weber sand
<u>Proposed bottom hole location</u>	240 feet <i>inside</i> the unit boundary
<u>Legal BHL:</u>	2402 FNL 1652 FWL (SE NW) Section 36, T2N, R103W, 6th PM

This well will be drilled directionally from an approved surface location to this bottom hole locations, which is a viable 20-acre locations based on the dimensions of the reservoir outline defined by -1150' SS. The Rangely Field was originally developed on 40-acre spacing, and as such, the unit as defined in 1957 did not conform to the oil-water contact. The Field was subsequently approved for 20 acre spacing. Because of recent activity in the West flank of the Field, both in the drilling of 20 acre producers and injectors, recoverable oil in the this area of the field appears to have been underestimated. In addition, production history studies of the water and CO2 flood indicate oil may have migrated back to the edges of the reservoir as the peripheral water drive moved updip with flood evolution.

Chevron's opinion is that based on performance of the new 20-acre wells, new locations are needed to bound the injection within the Unit, prevent waste, and efficiently recover the reserves within this portion of the Unit. The reservoir was originally a solution gas drive reservoir with minimal water encroachment (limited aquifer), and the remaining reserves would be mobilized by the injection (water and CO2) within the Unit.

Please note that the lease holders directly adjacent to the boundary are:

- *Chevron Oil Company, PO Box 2100, Houston Texas 77252*
- *Equity Oil Company, 1700 Broadway Street, Suite 2300, Denver, CO 80203*
- *Asamera Oil Inc, PO Box 118 Denver, CO 80201*

- *General Crude Oil Co., PO Box 2252, Houston Texas 77001*
- *Pogo Producing Company PO Box 2211, Denver, CO 80201*
- *D&D Resource, Inc, 131 River Road, Ste 26 Rangely, CO 81648*
- *William McMilian, 1791 South 8th Street, Colorado Springs, Co 80906*
- *Amax Resources, 716 North Teton, Suite 200, Colorado Springs, Colorado 80903*
- *Continental Resources Inc, PO Box 1032, Enid, Oklahoma, 73702*

Your approval is requested for an exception to Rule 318(d)(3)'s 600' setback from the unit boundary for the bottomhole location for the Emerald 96X.

Thank you for your consideration. Please let me know if I can answer any questions or provide more information.

Sincerely,

A handwritten signature in blue ink that reads "Diane L Peterson". The signature is written in a cursive, flowing style.

Diane L Peterson
Regulatory Specialist
Chevron USA Inc.

Enclosure:
Emerald 96X Directional drilling plans
Emerald 96X Plat
Copies of offset lease holders notification letters

T2N, R103W, 6th P.M.

CHEVRON U.S.A., INC.

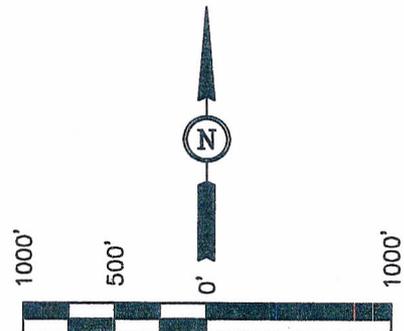
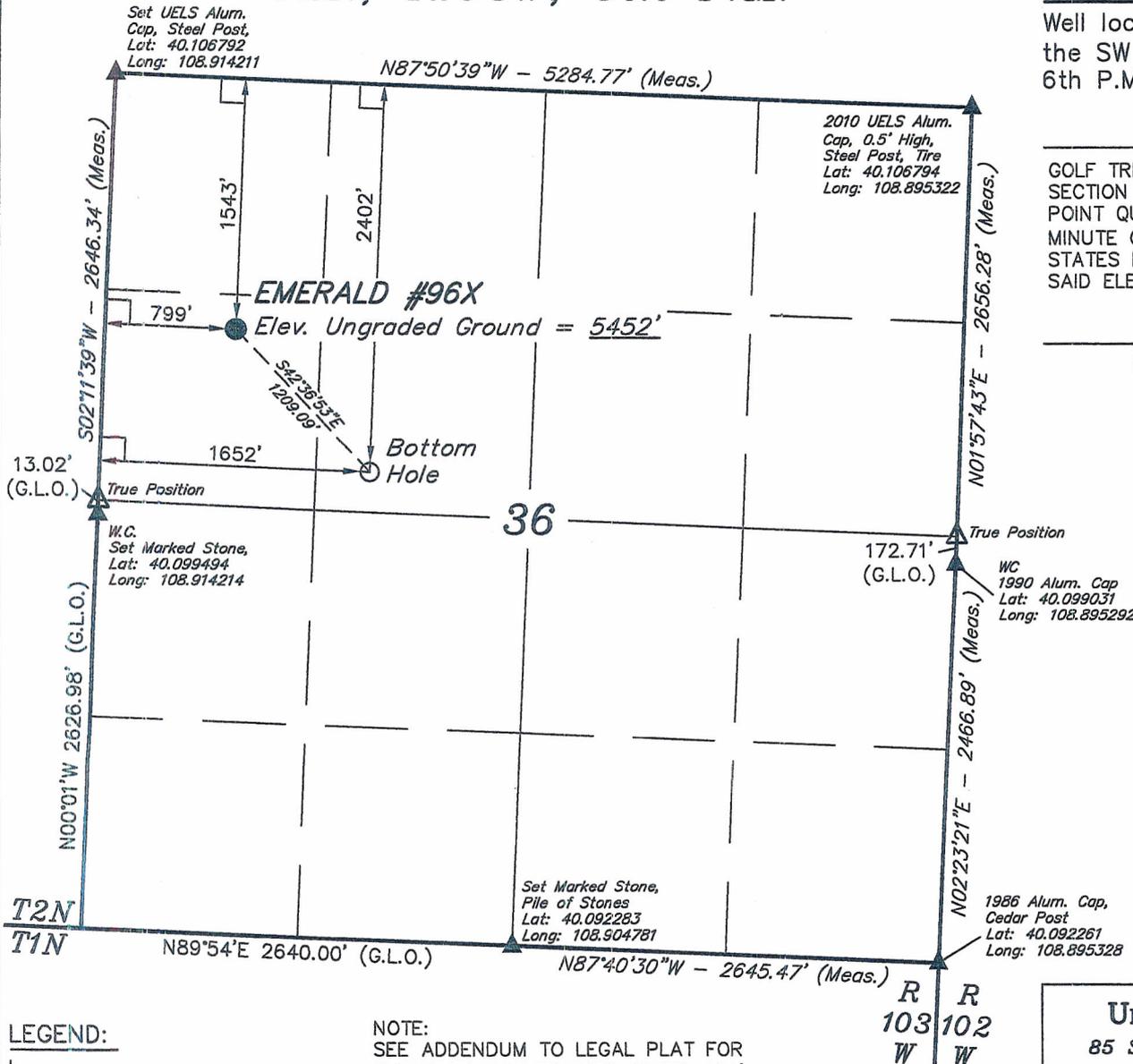
Well location, EMERALD #96X, located as shown in the SW 1/4 NW 1/4 of Section 36, T2N, R103W, 6th P.M., Rio Blanco County, Colorado.

BASIS OF ELEVATION

GOLF TRIANGULATION STATION LOCATED IN THE SE 1/4 OF SECTION 30, T2N, R102W, 6th P.M., TAKEN FROM THE BANTY POINT QUADRANGLE, COLORADO, RIO BLANCO COUNTY, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 5311 FEET.

BASIS OF BEARINGS

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.



CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

Robert J. Han
 REGISTERED LAND SURVEYOR
 REGISTRATION NO. 17492
 STATE OF COLORADO
 11-29-11

LEGEND:

- └─┘ = 90° SYMBOL
- = PROPOSED WELL HEAD.
- ▲ = SECTION CORNERS LOCATED.
- △ = SECTION CORNERS RE-ESTABLISHED. (Not Set on Ground.)

NOTE:
 SEE ADDENDUM TO LEGAL PLAT FOR EXISTING IMPROVEMENTS WITHIN 400' OF THE PROPOSED WELL DISTURBANCE.

PDOP = 0.9

NAD 83 (TARGET BOTTOM HOLE)	NAD 83 (SURFACE LOCATION)
LATITUDE = 40°06'00.73" (40.100203)	LATITUDE = 40°06'09.21" (40.102558)
LONGITUDE = 108°54'29.92" (108.908311)	LONGITUDE = 108°54'40.88" (108.911356)
NAD 27 (TARGET BOTTOM HOLE)	NAD 27 (SURFACE LOCATION)
LATITUDE = 40°06'00.83" (40.100231)	LATITUDE = 40°06'09.31" (40.102586)
LONGITUDE = 108°54'27.52" (108.907644)	LONGITUDE = 108°54'38.48" (108.910689)

UINTAH ENGINEERING & LAND SURVEYING
 85 SOUTH 200 EAST - VERNAL, UTAH 84078
 (435) 789-1017

SCALE 1" = 1000'	DATE SURVEYED: 09-30-11	DATE DRAWN: 11-16-11
PARTY J.F. K.P. S.B.	REFERENCES G.L.O. PLAT	
WEATHER COLD	FILE CHEVRON U.S.A., INC.	

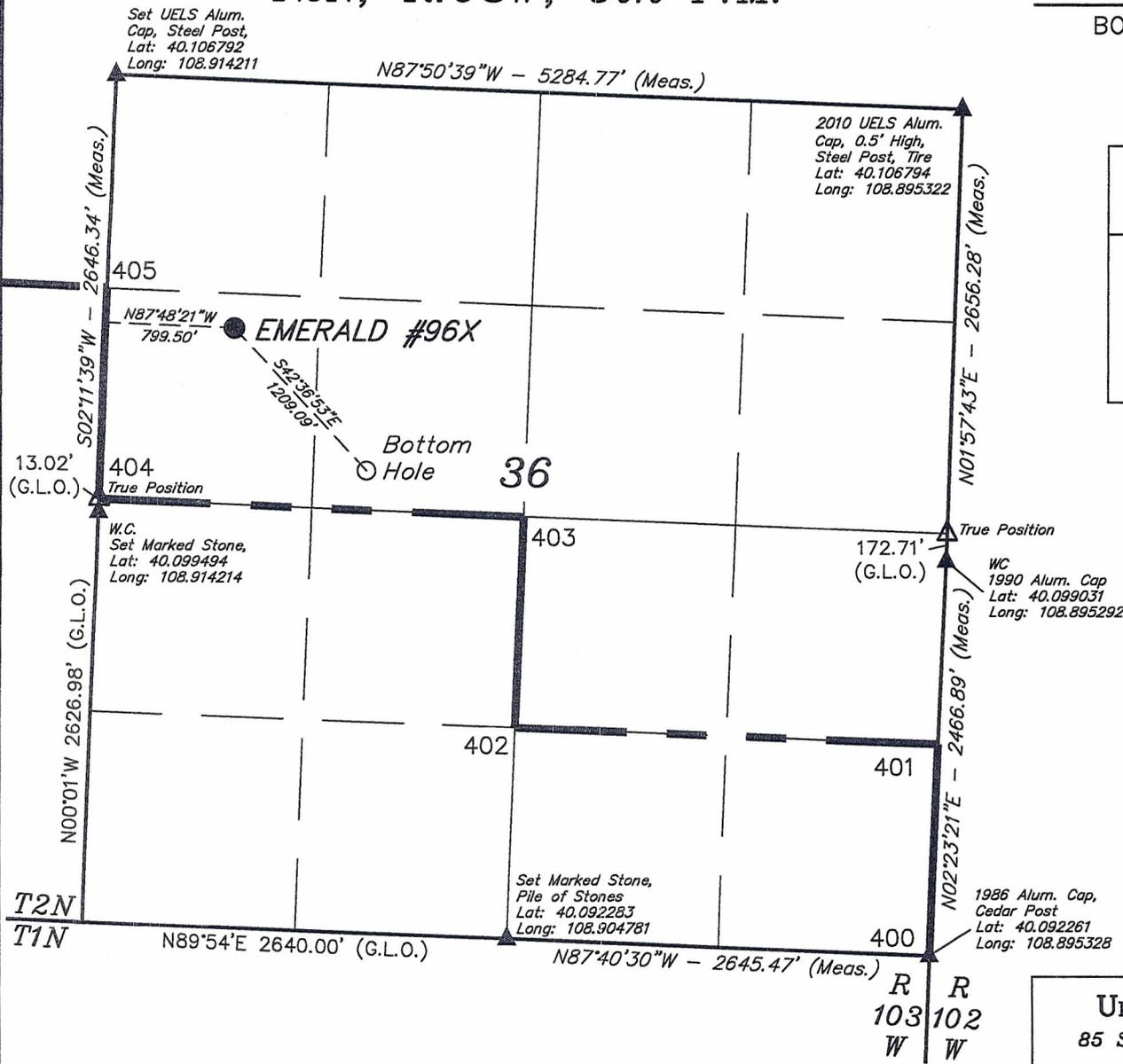
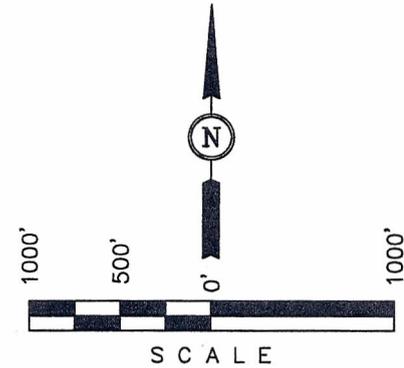
T2N, R103W, 6th P.M.

CHEVRON U.S.A., INC.

BOUNDARY LINE PLAT FOR EMERALD #96X

BOUNDARY LINE LATITUDE & LONGITUDE (NAD 83)

400,	40°05'32.14147"N,	108°53'43.17868"W
401,	40°05'45.18049"N,	108°53'43.11043"W
402,	40°05'45.23676"N,	108°54'17.19974"W
403,	40°05'58.25759"N,	108°54'17.19045"W
404,	40°05'58.29275"N,	108°54'51.19341"W
405,	40°06'11.36853"N,	108°54'51.18596"W



LEGEND:

- ▲ = SECTION CORNERS LOCATED.
- △ = SECTION CORNERS RE-ESTABLISHED. (Not Set on Ground.)

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