

HOLLAND & HART<sup>LLP</sup>



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December 28, 2011

**HAND DELIVERED**

Jami Bailey  
Director  
Oil Conservation Division  
New Mexico Energy, Minerals and  
Natural Resources Department  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

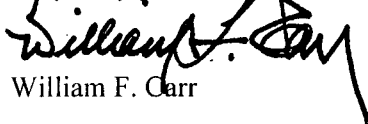
Re: West Bravo Dome Carbon Dioxide Gas Unit Agreement  
Harding County, New Mexico  
2012 Plan of Development

Dear Ms. Bailey:

Pursuant to Article 4.2 of the Unit Agreement for the Development and Operation of the West Bravo Dome Carbon Dioxide Gas Unit and Division Order No. R-7707, Hess Corporation, unit operator, hereby submits the 2012 Plan of Development.

If you have questions concerning the enclosed, please advise.

Very truly yours,

  
William F. Carr

cc: Brent Lohnes  
Manager  
Permian Operations  
Hess Corporation  
Post Office Box 840  
Seminole, Texas 79360

James S. Hughart  
Hess Corporation  
Hess Tower  
1501 McKinney  
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2011 DEC 28 P 3:05



**Brent Lohnes**  
Manager,  
Permian Operations  
(432) 758-6720 Wk  
(432) 758-8609 Fax

**HESS CORPORATION**  
100 N. W. 7<sup>th</sup> St. PO Box 840  
Seminole, TX. 79360

December 1, 2011

State of New Mexico  
Commissioner of Public Lands  
P. O. Box 1148  
Santa Fe, New Mexico 87504-1148

Attention: Director of the Oil and Gas Division

State of New Mexico  
Energy and Minerals Department  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501-2088

RE: Plan of Development: January 1, 2012 through December 31, 2012  
West Bravo Dome Carbon Dioxide Gas Unit (WBDGU)  
Harding County, New Mexico

Gentlemen:

With respect to the West Bravo Dome Carbon Dioxide Gas Unit (the "Unit") and in accordance with New Mexico Oil Conservation Order Number 7707, Hess Corporation, as Unit operator, hereby submits five (5) copies of the Plan of Development (POD) for January 1, 2012 through December 31, 2012.

Presently, there are fifty-six (56) producing carbon dioxide (CO<sub>2</sub>) gas wells in the Unit which began production between December, 2008 and July, 2010.

In 1984, the Unit originally contained 50,020.78 acres consisting of Federal, State and fee tracts. The unit was contracted effective on November 15, 1994 to 34,655.33 acres. By Certificate of Effectiveness dated March 23, 2009, Hess adjusted the total unit acreage to 34,619.11 acres to account for slight errors in the size of tracts 2005 and 2011 and title failure to 38 acres under tract 2045. **Effective January 1, 2011, the Unit was enlarged from 34,619 acres to 76,950 acres. The unit presently contains 122 tracts consisting of 20 Federal tracts (10.28%), 40 State tracts (20.79%) and 62 fee tracts (68.93%).**

In 2011, Hess has maintained the field with an average daily production rate of approximately 50 million cubic feet of CO2 gas per day. No drilling will occur this year. However, we anticipate drilling approximately 20 wells in calendar year 2012. To this end, we have begun road and well pad construction on the wells and plan to have them completed by the end of this year. Because of the unit expansion mentioned above, Hess completed a division order title opinion for the newly expanded unit and set up a new division of interest (DOI) under which we began royalty payments in February.

The plan of development for 2011 will include the following:

- Drill approximately 20 new unit wells beginning in March, 2012. Transact related infrastructure work to commence production from the new wells.
- Make production payments.
- Drill a second water disposal well.
- Monitor and maintain existing wells in accordance with State regulations.
- Prepare a drilling plan for 2013 subject to end use CO2 requirements.

If there are questions regarding this proposed Plan of Development for 2011, please contact me at (432) 209-1074.

Yours truly,

HESS CORPORATION



Brent Lohnes  
Manager, Permian Operations

Cc: Mr. Brian Davis – Bureau of Land Management