



OXY USA Inc.
P. O. Box 303
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April 10, 2012

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

Jami Bailey
Division Director
New Mexico Oil Conservation Division
1220 South St. Francis
Santa Fe, New Mexico 87505
Attn: Ed Martin, District IV Supervisor

Re: 2012 Plan of Development
Bravo Dome Carbon Dioxide Gas Unit
Union, Harding and Quay Counties, New Mexico

Ladies and Gentlemen,

In accordance with Article 4 of the Bravo Dome Carbon Dioxide Gas Unit Agreement, OXY USA Inc, as Unit operator, herewith submits the 2012 Bravo Dome Unit Plan of Development. This Plan is tentative pending approval by Unit Working Interest Owners and Permitting from State Of New Mexico.

Current CO₂ production is approximately 290 mmscfd from 586 producing wells. 2011 Project included 38 new drills and tied in 8 existing CO₂ wells to the Unit. Current cumulative Unit sales are approximately 3.15 TCF.

The 2012 Plan of Development for the Bravo Dome Unit. Oxy will include the drilling of 20 – 30 CO₂ wells in the Unit. Most of these new wells will be infill wells in the current producing area. The remainder of the new drills will be expansion wells inside the Unit

Oxy will be evaluating lower producing wells in the Unit for Plug and Abandonment in 2012.

The long range plans (2013 – 2015) continue to add well capacity to the existing compression/dehydration facility based on CO₂ demand. These plans include drilling approximately 20-30 wells per year to offset Unit decline. A mixture of both infill and expansion wells are included in these plans however, there will be more of an emphasis on extension wells in future years. Unit production is expected to peak in 2011 and decline at 8.5% per year without additional drilling. We are currently planning additional drilling projects each year to offset this Unit decline and maintain production in the 300 – 320 mmscfd range.

Current OXY manpower operating the Bravo Dome Unit consists of 14 Oxy employees. There are also 8 full time contractors working in the Bravo Dome Unit operations. All of these employees and contractors are New Mexico residents.

2011 Unit Accomplishments

1. Drilled and completed 38 new wells
2. Connected 8 existing CO2 wells to collection system
3. Maximized compressor reliability and runtime, at above 98%

2012 Unit Priorities

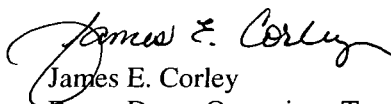
- 1) Evaluation/Completion of new well drills for 2012 to increase current production.
- 2) Spend approximately \$500,000 on preventative compressor maintenance to maintain reliability.
- 3) Maximize compressor runtime.
- 4) Final stage of Upgrading existing Field Automation Equipment \$1.2mm

Five-Year Priorities

- 1) Drill extension/infill wells and extend collection system each year to offset Unit decline and maintain production in the 300 – 320 mmscf/d range.
- 2) Evaluate possible expansion of Western Bravo Dome Unit Acreage.

The items detailed in this 2012 Plan of Development are subject to Unit working interest owners and the NMOCD approvals, continued strong CO2 demand and favorable project economics. Oxy and other working interest owners plan to continue to develop the Bravo Dome Unit to the best interest of all parties involved. The Plan of Development hereby submitted shall be revised if Unit development plans change. If you have any questions, please contact Eddie Corley at (575) 374-3052 or at the above letterhead address.

Sincerely,



James E. Corley
Bravo Dome Operations Team Leader

cc: Mr. Jesse Juen
State Director
Bureau of Land Management
P.O. Box 27115
Santa Fe, NM 87502-0115