



OXY USA Inc.
P. O. Box 303
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2007 MAY 18 PM 1 05

May 15, 2007

Patrick H. Lyons
Commissioner of Public Lands
State of New Mexico
P.O. Box 1148
Santa Fe, New Mexico 87504-1148
Attn: Jami Bailey, Director, Oil, Gas and Minerals Division

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

Re: 2007 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 2007 Bravo Dome Unit Plan of Development. This Plan is tentative pending approval by Unit Working Interest Owners.

Current CO₂ production is approximately 280 mmscfd from 426 producing wells. Development projects in 2006 added 14 producing wells to the Unit. Attachment I is a listing of the wells drilled in 2006. Four wells were plugged and abandoned during 2006 as noted in Attachment II. Current cumulative Unit sales are approximately 2.65 TCF.

The 2007 Plan of Development for the Bravo Dome Unit is two fold. Oxy expects to begin detailed engineering and procurement activities on a proposed \$30 million booster compression project to be located at the existing compressor station. These boosters will likely be commissioned and running by 2nd Quarter of 2008. Preliminary estimates indicate that these boosters could increase Unit deliverability by 80 – 100 mmscfd to around 392 mmscfd, which is near existing Unit facility capacity. Secondly, OXY plans to drill 60 new wells in 2007. 15 of these new wells will be in the current producing area. Six of which will be extension wells, one will be a re-entry well and eight will be infill wells. The 15 wells to be drilled in the current producing area are expected to increase Unit production by an estimated 14mmscfd in 2007. Attachment III is a listing of these proposed 2007 wells. (pending permitting) The remaining 45 wells will be drilled in the western expansion area. Also in the western expansion area, we will be re-completing 5 existing wells. These western area wells are expected to begin production in early 2008 as the booster compression is commissioned. Attachment IV shows the proposed wells to be drilled in the western expansion area in 2007. Current plans are for drilling activities to begin in mid June and be completed by late October 2007. Attachment V is a map of the Unit showing all wells to be drilled or re-completed with in the Unit in 2007.

Along with the drilling and completion of the wells in 2007, we will be constructing 11.8 miles of 30" steel pipeline, approximately 16 miles of 24" steel pipeline and approximately 70 miles of various sizes of fiberglass collection lines to gather the gas and transport to the compression facility.

The longer-range plans (2008 – 2010) continue this strategy to add well capacity to the existing compression/dehydration facility. 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 2008 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 380 – 390 mmscfd range.

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Current OXY manpower operating the Bravo Dome Unit consists of 12 Oxy employees. There are also 5 full time contractors working in the Bravo Dome Unit operations. All of these employees and contractors are New Mexico residents.

2006 Unit Accomplishments

- 1) Spent \$5.2MM to drill 14 infill and extension wells resulting in additional Unit production of 15 mmscfd.
- 2) Completed evaluation of facility booster compression for existing compressor station.
- 3) Maximized compressor reliability and runtime.

2007 Unit Priorities

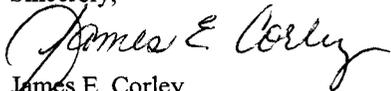
- 1) Drilling of 15 extension and infill wells to maintain current facility through put of 270 – 290 mmcf
- 2) Continue engineering and procurement of 24,000hp facility booster compression expansion.
- 3) Drill and complete 45 new wells and re-complete 8 existing wells in the west area expansion.
- 4) Install main 30" steel, 24" steel and fiberglass collection system for west expansion area.
- 5) Spend approximately \$150,000 on preventative compressor maintenance to maintain reliability.
- 6) Maximize compressor runtime.

Five-Year Priorities

- 1) Complete installation of booster compression at the central compression facility to increase throughput by 80 – 100 mmscfd.
- 2) Tie in new trunk line and collections system to existing facility.
- 3) Drill extension/infill wells and extend collection system each year to offset Unit decline and maintain production in the 380 – 390 mmscfd range.

The items detailed in this 2007 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 (505) 374-3052 or at the above letterhead address.

Sincerely,



James E. Corley
Bravo Dome Operations Team Leader

cc: Mr. Jim Lovato
District Manager
Bureau of Land Management
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

Attachment I – Unit Wells Drilled in 2006

Attachment II – Unit Wells Plugged in 2006

Attachment III – Current Producing Area Wells Proposed to be Drilled in 2007

Attachment IV – West Expansion Wells Proposed to be Drilled in 2007

Attachment V – Unit Map with all Wells Proposed to be Drilled or Re-Completed in 2007

**Bravo Dome Unit
2007 Plan of Development
Attachment I**

2006 BDU Wells Drilled

<u>WELL NAME</u>	<u>LEGAL DESCRIPTION</u>	<u>UL</u>	<u>SECTION</u>	<u>TWN</u>	<u>RANGE</u>	<u>County</u>
1833-052	1650' FSL X 1650' FEL	J	05	T-18-N	R-33-E	Harding
1835-292	1650' FNL X 1650' FWL	G	29	T-18-N	R-35-E	Union
1835-302	1650' FSL X 1650' FWL	K	30	T-18-N	R-35-E	Union
1933-152	1650' FNL X 1650' FWL	F	15	T-19-N	R-33-E	Harding
1933-181	1699' FSL X 1654' FEL	J	18	T-19-N	R-33-E	Harding
1933-362	1650' FSL X 1650' FWL	K	36	T-19-N	R-33-E	Harding
1935-322	1650' FSL X 1650' FWL	K	32	T-19-N	R-35-E	Union
1935-342	1656' FNL X 1838' FWL	F	34	T-19-N	R-35-E	Union
2034-082	1650' FSL X 1650' FEL	J	08	T-20-N	R-34-E	Union
2034-292	1650' FSL X 1650' FWL	K	29	T-20-N	R-34-E	Union
2035-322	1650' FSL X 1650' FEL	J	32	T-20-N	R-35-E	Union
2133-312	1650' FSL X 1650' FWL	K	31	T-21-N	R-33-E	Harding
2333-131	1650' FSL X 1650' FWL	K	13	T-23-N	R-33-E	Union
2333-241	1650' FSL X 1650' FWL	K	24	T-23-N	R-33-E	Union
1933-171	1669' FSL X 2150' FEL	J	17	T-19-N	R-33-E	Harding

**Bravo Dome Unit
2007 Plan of Development
Attachment II**

2006 BDU Wells Plugged

<u>WELL NAME</u>	<u>LEGAL DESCRIPTION</u>	<u>UL</u>	<u>SECTION</u>	<u>TWN</u>	<u>RANGE</u>	<u>County</u>
1833-121F	1980' FNL X 1980' FWL	F	12	T-18-N	R-33-E	Harding
1934-231K	1980' FSL X 1980' FWL	K	23	T-19-N	R-34-E	Union
2233-021C	762' FNL X 2544' FWL	C	02	T-22-N	R-33-E	Union
2333-261A	660' FNL X 330' FEL	A	26	T-23-N	R-33-E	Union

BRAVO DOME 2007 PLAN OF DEVELOPMENT

ATTACHMENT III

<u>Well Name</u>	<u>SURVEYED FOOTAGES</u>	<u>SECTION</u>	<u>UL</u>	<u>TWN</u>	<u>RANGE</u>	<u>COUNTY</u>
1835-272K	1977' FSL X 1980' FWL	27	K	T-18-N	R-35-E	UNION
2333-121F	1983' FNL X 1977' FWL	12	F	T-23-N	R-33-E	UNION
2034-112K	1976' FSL X 1885' FWL	11	K	T-20-N	R-34-E	UNION
2034-092K	1700' FSL X 1708' FWL	9	K	T-20-N	R-34-E	UNION
2033-122K	1700' FSL X 1685' FWL	12	K	T-20-N	R-33-E	HARDING
2034-072K	1700' FSL X 1700' FWL	7	K	T-20-N	R-34-E	UNION
2032-011F	1701' FNL X 1830' FWL	1	F	T-20-N	R-32-E	HARDING
1933-102K	1700' FSL X 1700' FWL	10	K	T-19-N	R-33-E	HARDING
1933-232K	1700' FSL X 1700' FWL	23	K	T-19-N	R-33-E	HARDING
1932-351G	1700' FNL X 1700' FEL	35	G	T-19-N	R-32-E	HARDING
2032031F	1700' FNL X 1700' FWL	3	F	T-20-N	R-32-E	HARDING
2032021G	1700' FNL X 1700' FEL	2	G	T-20-N	R-32-E	HARDING
1933-301G	1700' FNL X 1700' FEL	30	G	T-19-N	R-33-E	HARDING
1833-081G	1700' FNL X 1700' FEL	8	G	T-18-N	R-33-E	HARDING
1833-162K	1700' FSL X 1700' FWL	16	K	T-18-N	R-33-E	HARDING

BRAVO DOME 2007 PLAN OF DEVELOPMENT

ATTACHMENT IV

<u>Well Name</u>	<u>SURVEYED FOOTAGES</u>	<u>SECTION</u>	<u>UL</u>	<u>TWN</u>	<u>RANGE</u>	<u>COUNTY</u>
1932-251G	1652' FNL X 1699' FEL	25	G	T-19-N	R-32-E	HARDING
1932-261J	1700' FSL X 1700' FEL	26	J	T-19-N	R-32-E	HARDING
1932-231G	2060' FNL X 1707' FEL	23	G	T-19-N	R-32-E	HARDING
1932-242G	1700' FNL X 1700' FEL	24	G	T-19-N	R-32-E	HARDING
1932-151G	1700' FNL X 1700' FEL	15	G	T-19-N	R-32-E	HARDING
1932-141G	1700' FNL X 1700' FEL	14	G	T-19-N	R-32-E	HARDING
1932-161G	1700' FNL X 1700' FEL	16	G	T-19-N	R-32-E	HARDING
1932-081G	1700' FNL X 1700' FEL	8	G	T-19-N	R-32-E	HARDING
1932-091G	1700' FNL X 1700' FEL	9	G	T-19-N	R-32-E	HARDING
1932-211F	1980' FNL X 1697' FWL	21	F	T-19-N	R-32-E	HARDING
1932-221F	1700' FNL X 1700' FWL	22	F	T-19-N	R-32-E	HARDING
1932-281G	1700' FNL X 1700' FEL	28	G	T-19-N	R-32-E	HARDING
1932-291G	2060' FNL X 1700' FEL	29	G	T-19-N	R-32-E	HARDING
1932-301F	1700' FNL X 1700' FWL	30	F	T-19-N	R-32-E	HARDING
1932-331G	1700' FNL X 1700' FEL	33	G	T-19-N	R-32-E	HARDING
1932-342K	2255' FSL X 2107' FWL	34	K	T-19-N	R-32-E	HARDING
1932-101G	1699' FNL X 1699' FEL	10	G	T-19-N	R-32-E	HARDING
1932-191G	1700' FNL X 1700' FEL	19	G	T-19-N	R-32-E	HARDING
1931-131G	1700' FNL X 1700' FEL	13	G	T-19-N	R-31-E	HARDING
1931-011G	2000' FNL X 2147' FEL	1	G	T-19-N	R-31-E	HARDING
1932-171F	1700' FNL X 1700' FWL	17	F	T-19-N	R-32-E	HARDING
1932-051G	1700' FNL X 1700' FEL	5	G	T-19-N	R-32-E	HARDING
1932-061G	1700' FNL X 1700' FEL	6	G	T-19-N	R-32-E	HARDING
1932-042F	1700' FNL X 1700' FWL	4	F	T-19-N	R-32-E	HARDING
1831-111G	1700' FNL X 1700' FEL	11	G	T-18-N	R-31-E	HARDING
1831-122F	1980' FNL X 1737' FWL	12	F	T-18-N	R-31-E	HARDING
1831-141G	1700' FNL X 1700' FEL	14	G	T-18-N	R-31-E	HARDING
1832-011G	1700' FNL X 1700' FEL	1	G	T-18-N	R-32-E	HARDING
1832-142G	1700' FNL X 1700' FEL	14	G	T-18-N	R-32-E	HARDING
1832-041K	1700' FSL X 1700' FWL	4	K	T-18-N	R-32-E	HARDING
1832-091G	1700' FNL X 1700' FEL	9	G	T-18-N	R-32-E	HARDING
1832-171G	1700' FNL X 1700' FEL	17	G	T-18-N	R-32-E	HARDING
1832-161G	1700' FNL X 1700' FEL	16	G	T-18-N	R-32-E	HARDING
1832-031G	1700' FNL X 1700' FEL	3	G	T-18-N	R-32-E	HARDING
1832-151G	1700' FNL X 1700' FEL	15	G	T-18-N	R-32-E	HARDING
1832-021G	1700' FNL X 1700' FEL	2	G	T-18-N	R-32-E	HARDING
1832-111G	1700' FNL X 1700' FEL	11	G	T-18-N	R-32-E	HARDING
1831-021G	1700' FNL X 1700' FEL	2	G	T-18-N	R-31-E	HARDING
1832-071G	1700' FNL X 1700' FEL	7	G	T-18-N	R-32-E	HARDING
1832-181G	1700' FNL X 1700' FEL	18	G	T-18-N	R-32-E	HARDING

BRAVO DOME 2007 PLAN OF DEVELOPMENT

ATTACHMENT IV

<u>Well Name</u>	<u>SURVEYED FOOTAGES</u>	<u>SECTION</u>	<u>UL</u>	<u>TWN</u>	<u>RANGE</u>	<u>COUNTY</u>
1831-011G	1700' FNL X 1700' FEL	1	G	T-18-N	R-31-E	HARDING
1832-061F	1700' FNL X 1700' FWL	6	F	T-18-N	R-32-E	HARDING
1832-051G	1698' FNL X 1980' FEL	5	G	T-18-N	R-32-E	HARDING
1932-321J	1700' FSL X 1700' FEL	32	J	T-19-N	R-32-E	HARDING
1932-201F	1700' FNL X 1700' FWL	20	F	T-19-N	R-32-E	HARDING

BRAVO DOME CO2 GAS UNIT

2007 PLAN OF DEVELOPMENT

Attachment V

- Producing well
- Existing well
- Proposed (DRILL) well
- Proposed (recomplete) well

