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HOLLAND & HART<sup>LLP</sup>



William F. Carr  
wcarr@hollandhart.com

December 14, 2007

**HAND-DELIVERED**

Mark E. Fesmire, P.E.  
Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

Re: West Bravo Dome Carbon Dioxide Gas Unit Agreement  
Harding County, New Mexico  
2008 Plan of Development

Dear Mr. Fesmire:

Pursuant to Article 4.2 of the Unit Agreement for the Development and Operation of the West Bravo Dome Carbon Dioxide Gas Unit, Hess Corporation hereby submits the 2008 Plan of Development.

If you have questions concerning the enclosed, please advise.

Very truly yours,

*Ocean Munds-Dry for*  
William F. Carr

Enc.

cc: James S. Hughart  
Hess Corporation

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Holland & Hart<sup>LLP</sup>

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## HESS CORPORATION

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Project Manager  
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Hess Corporation  
500 Dallas Street  
Houston, TX 77002

December 1, 2007

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, 2008 through December 31, 2008  
West Bravo Dome Carbon Dioxide Gas Unit (WBDGU)  
Harding County, New Mexico

Gentlemen:

With respect to the West Bravo Dome Carbon Dioxide Gas Unit (WBDGU) 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 for January 1, 2008 through December 31, 2008.

Presently, there are twenty (20) shut-in carbon dioxide (CO<sub>2</sub>) gas wells in the Unit which are capable of production. Lack of available electrical power and pipeline infrastructure to gather CO<sub>2</sub> and a sustained viable market has resulted in no CO<sub>2</sub> gas production since unitization. The Unit originally contained 50,020.78 acres consisting of 18 Federal tracts (22,624.65 acres). The unit was contracted effective on November 15, 1994 and now contains 34,655.33 acres consisting of 15 Federal tracts (6,834.47 acres) 24 State of New Mexico tracts (13,201.18 acres) and 46 patented tracts (14,619.68).

In early 2007, Hess management authorized development of the WBDGU and a large adjacent fee lease. Commencing in the middle of May of this year, Hess drilled 18 carbon dioxide gas wells in the area, 7 of which were in the WBDGU. Specifically, these were:

1. Well name: WBDGU 1829 011G  
Location: T18N, R29E, Sec. 1; 2310' FNL, 1650' FEL  
Lease Type and Name: State – Lease # LG-4601  
Surface Owner: T. E. Mitchell & Son, Inc.
2. Well Name: WBDGU 1829 021H  
Location: T18N, R29E, Sec. 2; 2000' FNL, 1100' FEL  
Lease Type and Name: State – Lease # LG-4602-4  
Surface Owner: State (T. E. Mitchell & Son, Inc. – surface lessee)
3. Well Name: WBDGU 1829 161G  
Location: T18N, R29E, Sec. 16; 1900' FNL, 1700' FEL  
Lease Type and Name: State - Lease # LG-4603-1  
Surface Owner: State (JMB Trust – surface lessee).
4. Well Name: WBDGU 1829 091G  
Location: T18N, R29E, Sec. 9; 1850' FNL, 1980' FEL  
Lease Type and Name: Fee – Sun Exploration & Production Company  
Surface Owner: JMB Trust
5. Well Name: WBDGU 1829 041GX (the “X” denotes replacement hole, as the original hole was lost - skidded rig 10' to the north of original hole)  
Location: T18N, R29E, Sec. 4; 1940' FNL, 1650' FEL  
Lease Type and Name: Fee – Bessie Brown  
Surface Owner: Glen & Betty Lou White
6. Well Name: WBDGU 1829 051G  
Location: T18N, R29E, Sec. 5; 2100' FEL, 2100' FNL  
Lease Type and Name: Fee – T. J. Stickel  
Surface Owner: Glen & Betty Lou White
7. Well Name: WBDGU 1929 321G  
Location: T19N, R29E, Sec. 32; 2100' FEL, 2100' FNL  
Lease Type and Name: Fee – Samantha S. Galentine  
Surface Owner: Glen and Betty Lou White

Three additional WBDGU wells were to be drilled in 2007 but were deferred due to Federal permitting delays. These wells could not be permitted in time to be drilled within the narrow drilling window of April – September and may be drilled in 2009. Other actions in 2007 included: acquisition of a 20 acre site for construction of a plant to process CO<sub>2</sub> from the WBDGU and additional wells in the area; negotiation of 6 surface use agreements from landowners affected by Hess operations; extensive work with a private contractor (Mustang Engineering) toward the design of surface facilities, gathering pipelines, compression and third party electric lines and substations. Finally, Hess has received the consent from a large fee landowner to allow its acreage to be unitized within an expanded WBDGU. Hess is making preparations to apply for this expansion, which will occur next year.

The plan of development for 2008 will include the following:

- Evaluate additional drilling well locations for subsequent years (2009 and beyond).
- Possibly drill the 3 wells on Federal leases that were deferred in 2007 due to permitting delays.
- Expand the WBDGU by taking in additional leasehold.
- Construct the production infrastructure for the field and related area.
- Complete the 7 WBDGU wells drilled in 2007 and begin production on these and 20 shut-in wells (target – 4<sup>th</sup> quarter).
- Re-complete an existing WBDGU well within the unitized interval.
- Make unit payments which escalate at 5% yearly until the unit is in production.
- Monitor and maintain existing wells in accordance with State Regulations.

If there are questions regarding this proposed Plan of Development for 2008, please contact me at (713) 609-4087.

Yours truly,

HESS CORPORATION



Joaquin M. Martinez  
Project Manager, West Bravo Dome Development

Cc: Mr. Brian Davis – Bureau of Land Management