

**HOLLAND & HART** LLP



**William F. Carr**  
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December 13, 2010

**HAND DELIVERED**

Mark E. Fesmire, P.E.  
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  
2011 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 and Division Order No. R-7707, Hess Corporation, unit operator, hereby submits the 2011 Plan of Development.

If you have questions concerning the enclosed, please advise.

Very truly yours,

William F. Carr

cc: Joaquin Martinez  
Manager  
Permian Operations  
Hess Corporation  
Post Office Box 840  
Seminole, Texas 79360

James S. Hughart  
Hess Corporation  
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**Joaquin Martinez**  
Manager,  
Permian Operations  
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**HESS CORPORATION**  
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Seminole, TX. 79360

December 1, 2010

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, 2011 through December 31, 2011  
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 (POD) for January 1, 2011 through December 31, 2011.

Presently, there are thirty three (33) producing carbon dioxide (CO<sub>2</sub>) gas wells in the Unit which began production between December, 2008 and July, 2010. Of these wells, 17 are communitized with non-unit acreage due to spacing patterns. Likewise, there are also 7 wells located on non-unitized leasehold which have been communitized with unit acreage due to spacing patterns.

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. The unit presently consists of 15 Federal tracts (6,834.47 acres), 24 State of New Mexico tracts (13,201.18 acres) and 46 patented tracts (14,583.46 acres).

This year, Hess drilled 14 new wells in West Bravo Dome Field and transacted related infrastructure permitting and obtained appropriate right's-of-way. Of these new wells, 4 were unit wells and 3 were drilled on non-unit acreage but have been communitized with unit acreage pursuant to spacing patterns. Also, 3 of the 4 unit wells have been communitized with non-unit acreage. Hess is supplementing division order title opinions to account for the new wells drilled in 2010. Hess has recently applied for approval from the Bureau of Land Management (BLM), the State Land Office (SLO) and the Oil Conservation Division (OCD) to expand the unit from 34,619 acres to 76,950 acres. Formal approval is expected from all 3 agencies in November or December and the effective date of the expanded unit should be December 1, 2010 or January 1, 2011.

The plan of development for 2011 will include the following:

- Complete a division of interest for the new expanded unit covering a total of 114 tracts.
- Make production payments.
- Prepare for up to 21 new wells which will be drilled in 2011 or 2012 depending on financial considerations and end use requirements for CO2. Transact related infrastructure permitting and obtain right's of way as appropriate.
- Prepare for drilling a second water disposal well or convert an existing non-producing CO2 well to water disposal in 2011 or 2012.
- Monitor and maintain existing and new wells in accordance with State regulations.
- Prepare a drilling plan for 2011.

If there are questions regarding this proposed Plan of Development for 2011, please contact me at (432) 758-6720.

Yours truly,

HESS CORPORATION



Joaquin Martinez  
Manager, Permian Operations

Cc: Mr. Brian Davis – Bureau of Land Management