(iii)

OXY USA INC.

PO Box 4294
Houston, TX 77210-4294

July 8, 2004

New Mexico Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

EXPRESS MAIL

2004 JUL 9 AM 10 50

Attention: Mr. Mike Stogner, Chief Hearing Officer/Engineer

Re: ***Application for Administrative Approval of Unorthodox Well Locations***
Administrative Application Reference No. pSEM0-415530509
Bravo Dome Carbon Dioxide Gas Unit
Harding, Union and Quay Counties, New Mexico

Dear Mr. Stogner:

As requested in your letter to David Stewart dated June 23, 2004, enclosed is additional data to support our request for these unorthodox locations. The Bravo Dome Unit is a unitized area much like a secondary or tertiary recovery unit, and these locations encroach on interior lines and not the unit boundary. At the same time we have some situations where the drillsite is located in a spacing unit that contains an unratified tract, or it encroaches on a spacing unit that contains an unratified tract. Reviewing each location and applying the notice requirements for unorthodox locations described in 19.15.14.1207 A (2) yields a list of "affected persons" consisting of the working interest owners in the unit, and they are listed on the attached service list. Historically we have been requested to give notice of NSL applications to lessors of any unratified tract within a ¼ mile of a proposed unorthodox location, and that was not necessary in these cases because the wells are located more than ¼ mile from any unratified tract. Finally, since state lands are involved, the New Mexico State Land Office is included even though their leases are part of the unit.

I hereby attest that on or before the date of this letter all parties on the attached list were sent, certified mail-return receipt requested, a copy of the enclosed application along with a cover letter (copy attached) and a plat. I hope this additional data and notice addresses your concerns. If not, please let me know. Thank you for your consideration of our request.

Sincerely,

Richard E. Foppiano

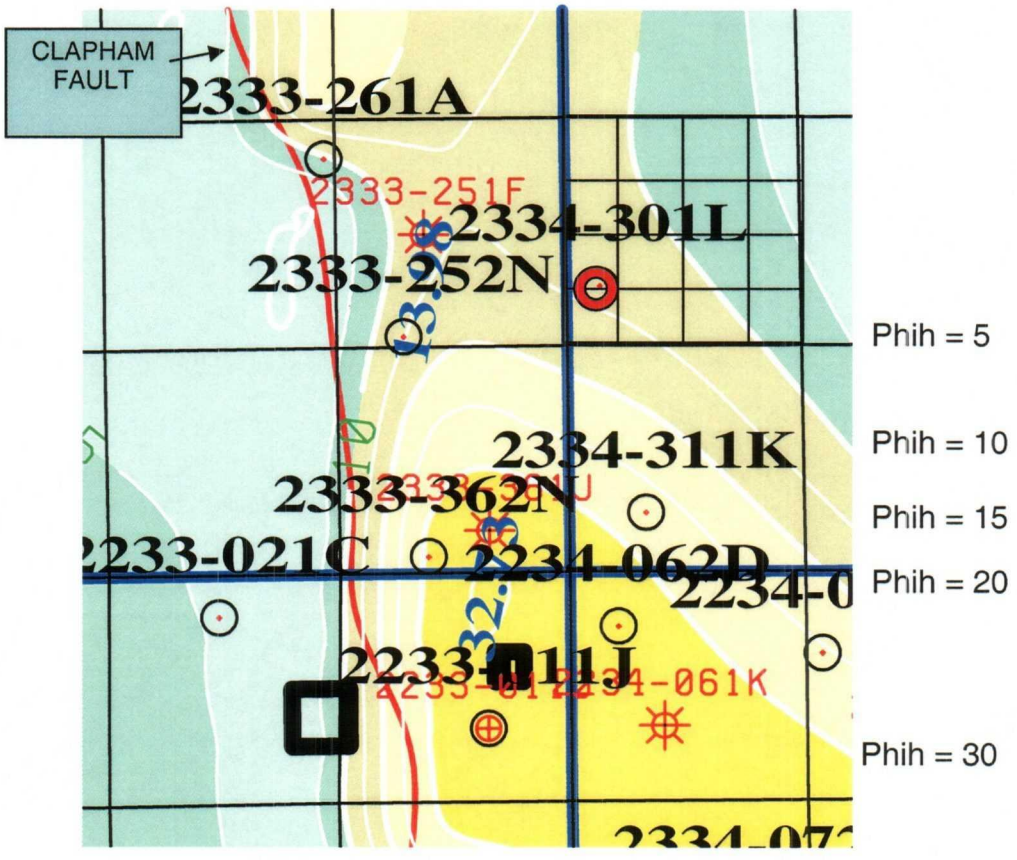
Richard E. Foppiano
Regulatory Team Leader

REF/ref
Enclosures

Cc: Danny Holcomb
Roy Johnson (NMOCD)
Alan Schwarz
David Stewart

Bravo Dome Carbon Dioxide Gas Unit Well Number 2334–301L

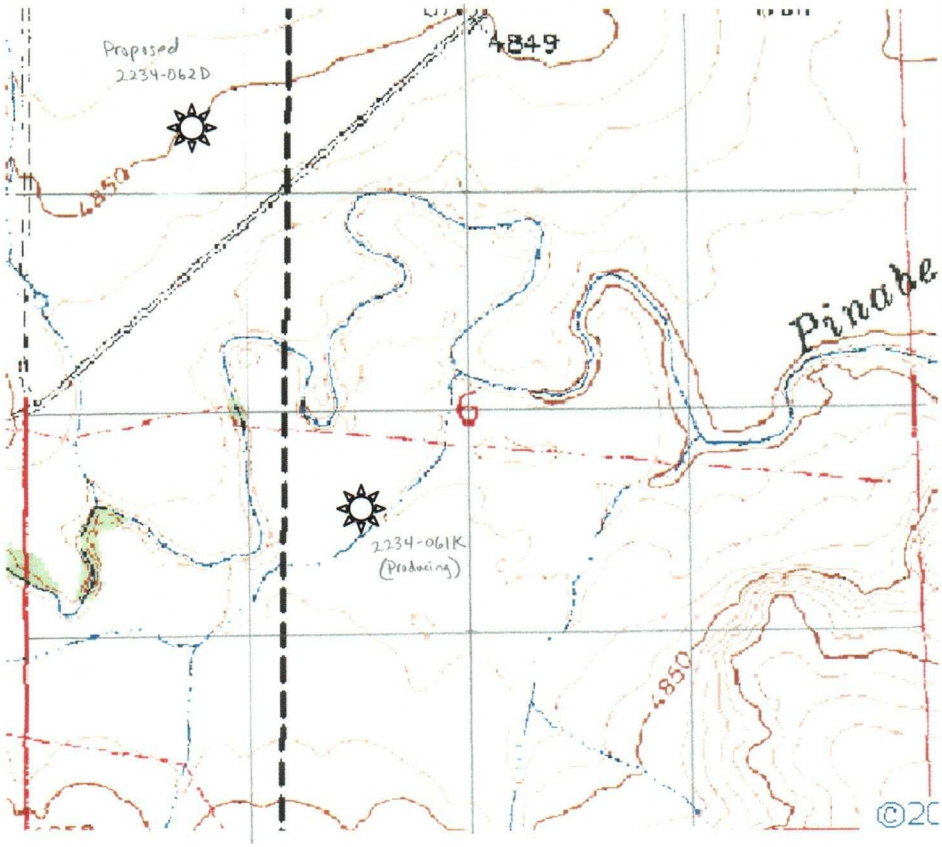
Geological Justification: Due to poorer phi-H in the east half and northwest quarter of this section, there will likely only be one well ever drilled in this section. The only standard location within acceptable phi_H in this section is within unit letter K. Initial rate from a K location is estimated at 1,644 mcfd. Initial rate from an L location is estimated at 2,035 mcfd. Therefore, to prevent waste from this section with only one well location candidate, the L location recovers more total reserves than the K location. We request your approval to drill this L location.



Bravo Dome Carbon Dioxide Gas Unit Well Number 2234-062D

Topographical Justification: There is an existing producing well in unit letter K of this section. Due to topography reasons, there are no suitable drilling locations in unit letters F, G or J. The Pinabetes Creek (and its flood plain) runs through unit letters L, F, G and H. Unit letter J has no suitable drilling locations due to its proximity to the existing well and due to topo related pipeline restrictions. Since no suitable drilling locations were available in standard locations, a suitable drilling location was chosen in unit letter D which is outside the Pinabetes flood plain. For these topo reasons, we request your approval to drill this D location.

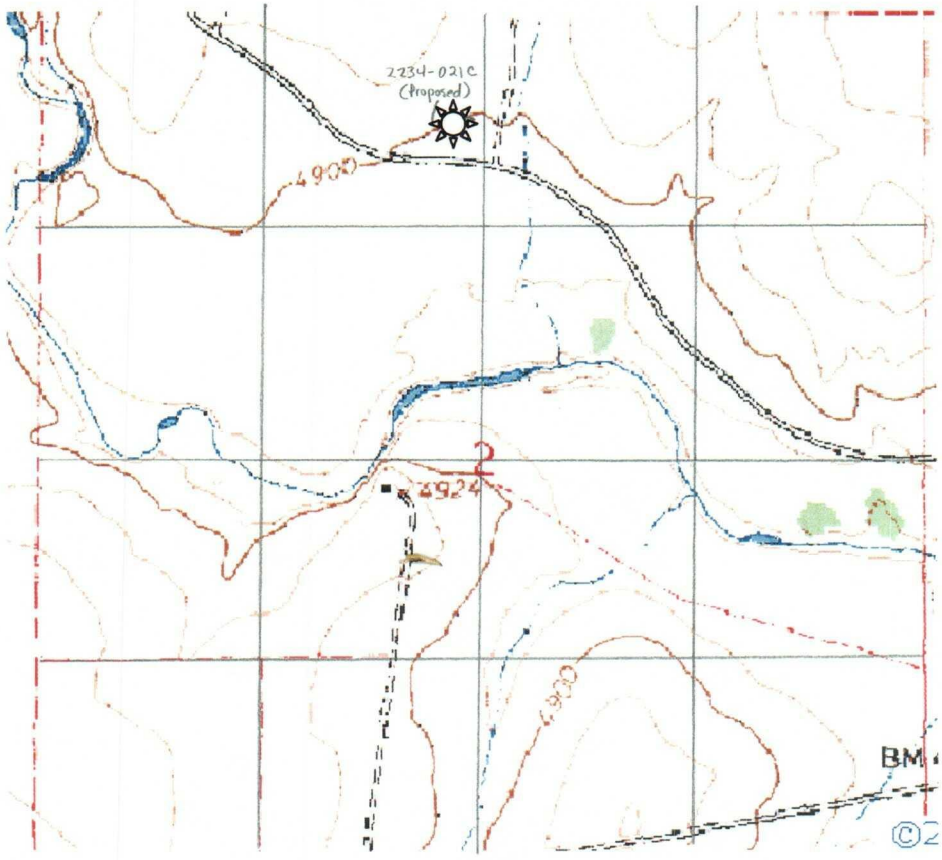
Current estimate for initial rate for this D location is 2,166 mcfpd.



Bravo Dome Carbon Dioxide Gas Unit Well Number 2233-021C

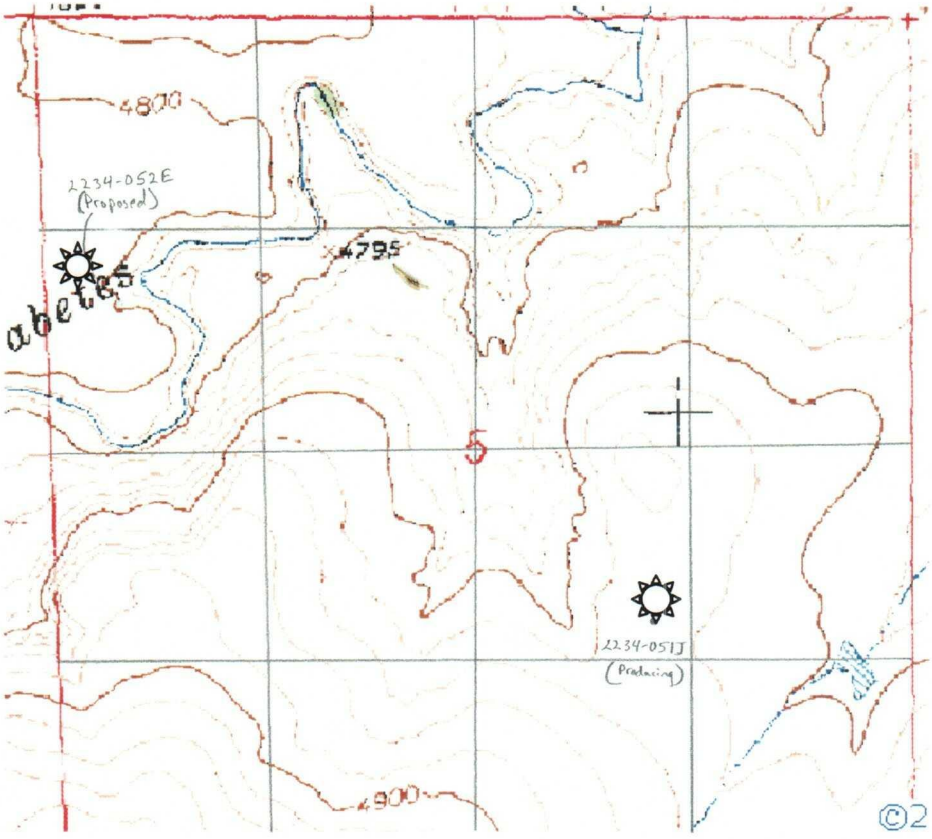
Topographical Justification: The Pinabetes Creek runs through unit letters E, F, G and I in this section. There is a house located within unit letter K of this section. There is a feeder draw running northeast-southwest through unit letter J. As a result of the creeks in this section, a well location in unit letter C was chosen. The C location is outside the Pinabetes flood plain. Any standard location in unit letters F and G would be inside the flood plain. Due to these topo reasons, we request your approval to drill the C location.

Current estimate of initial rate for this C location is 1,722 mcfpd.



Bravo Dome Carbon Dioxide Gas Unit Well Number 2234-052E

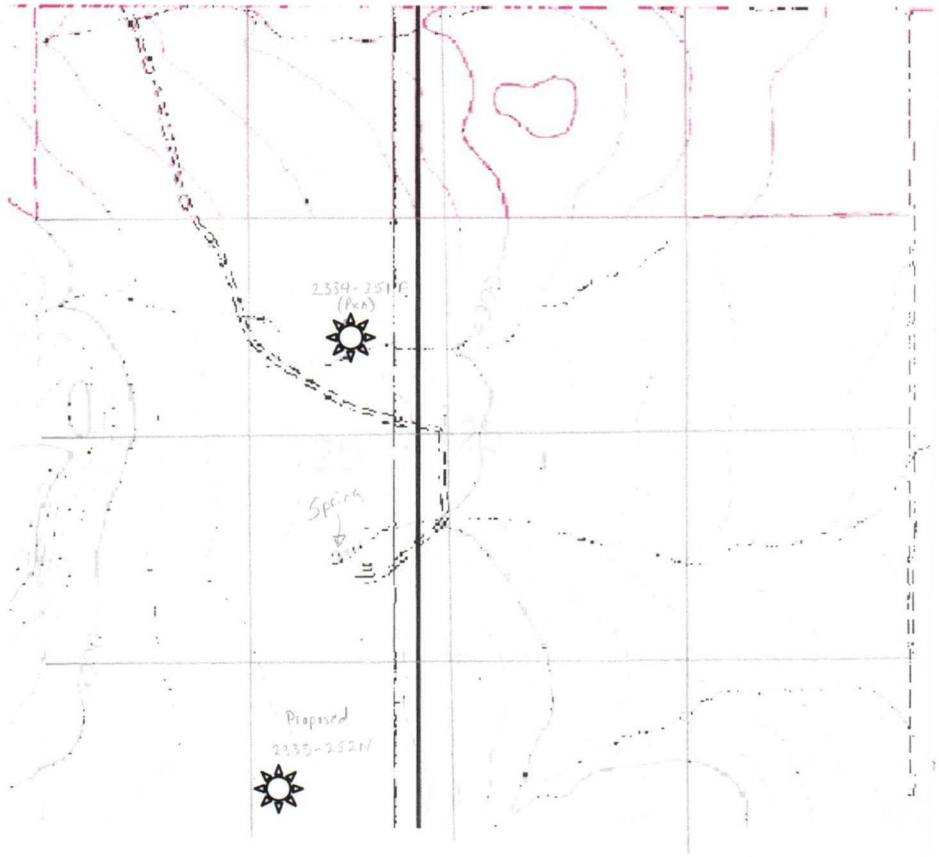
Topographical Justification: There is an existing producing well in unit letter J of this section. Due to topography reasons, there are no suitable drilling locations in unit letters F, G or K. The Pinabetes Creek (and its flood plain) runs through unit letters E, D, C, B, A. Due to topo related pipeline constraints in unit letters south of this creek, any second well in this section would need to be drilled in unit letters C, D or northern E. With these topo restrictions, the location was chosen in unit letter E. Initial production rate for this E well is forecast to be 1444 mcfd vs 0 mcfd if no second well is drilled. Therefore, in order to prevent waste in this section, we request your approval to drill the E location.



Bravo Dome Carbon Dioxide Gas Unit Well Number 2333-252N

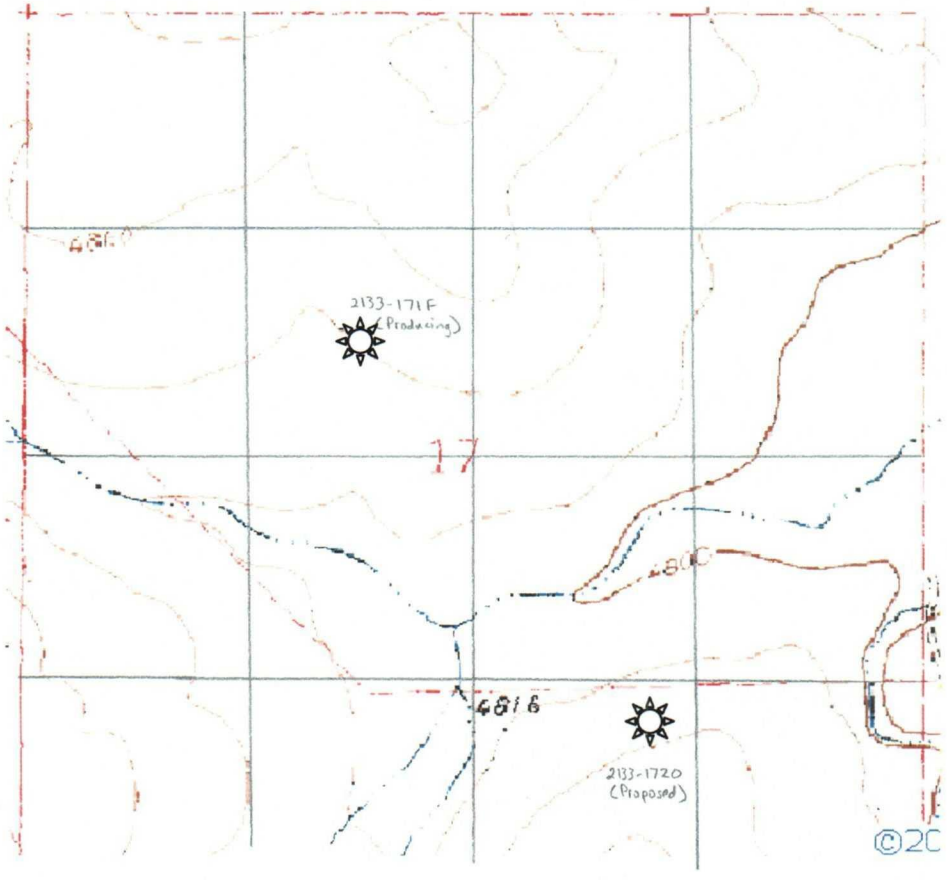
Topographical Justification: An existing well (2333-251F) was drilled and plugged by the previous operator in this section. It never produced. There is a wet spring in the west half of unit letter K with a draw that runs eastward through the middle of unit letters K, J and I. There is a second draw that runs east-west through unit letters E, F and G. Due to this topography, we request approval to drill in the N location.

Current estimate for initial rate in the N location is 2,192 mcfpd.



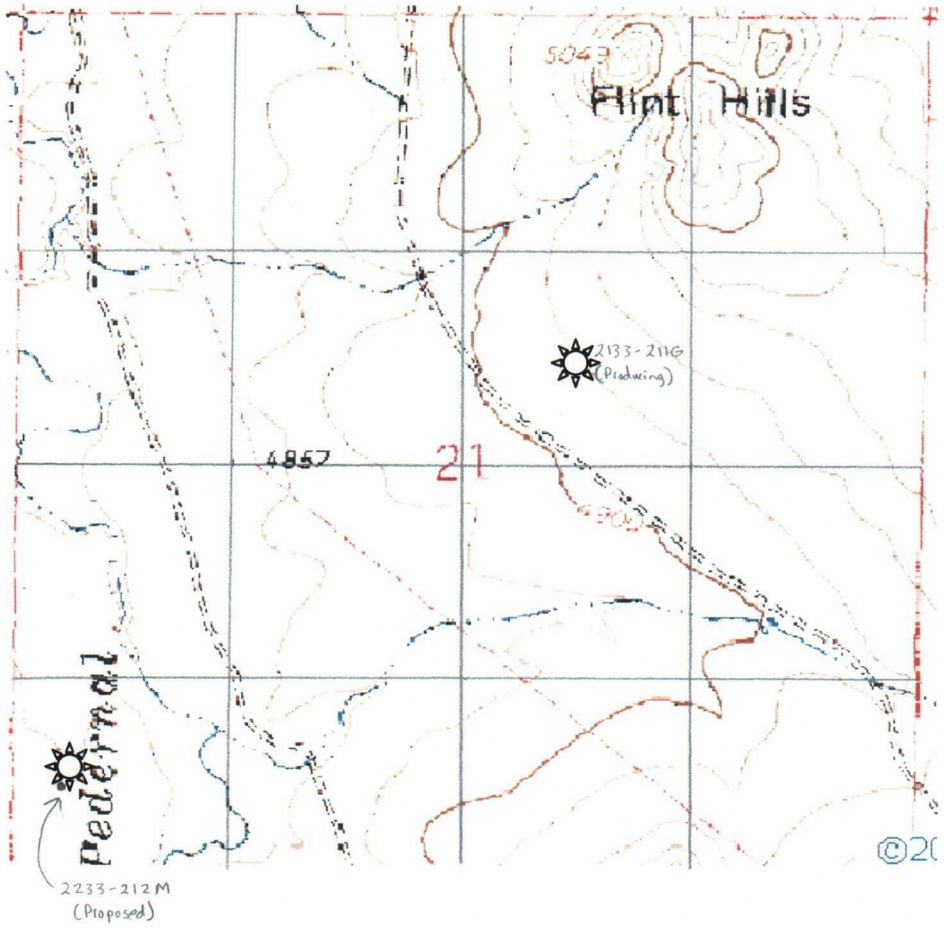
Bravo Dome Carbon Dioxide Gas Unit Well Number 2133-172O

Topographical Justification: There is an existing producing well in unit letter F of this section. A second well in this section was initially chosen to be in unit letter J. However, due to topography reasons this second well was moved to unit letter O. There is a creek that runs through unit letters E, L, K, J and I. In order to avoid this creek, we request your approval to drill the O location.



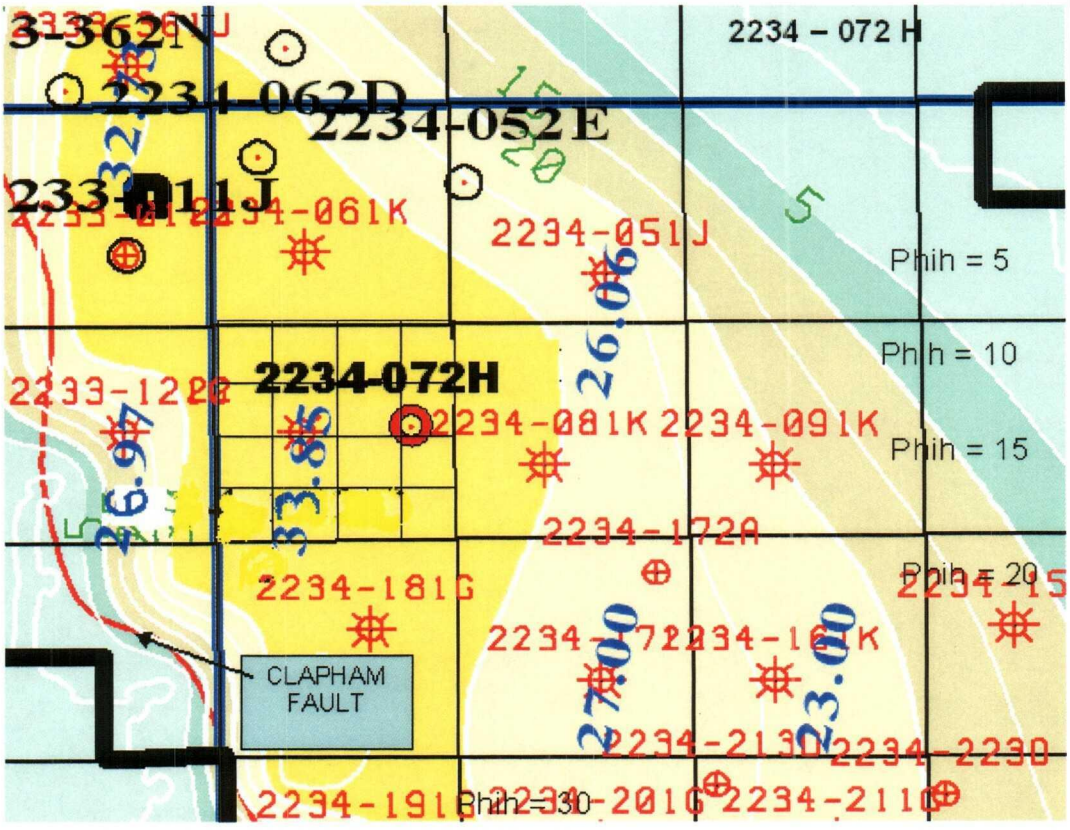
Bravo Dome Carbon Dioxide Gas Unit Well Number 2133-212M

Topographical Justification: There is an existing producing well in unit letter G of this section. A second well in this section was initially chosen to be in unit letter K. However, due to topography reasons this second well was moved to unit letter M. There is a creek that runs through unit letters D, E, L, M, N, K, J and I. In order to stay on the west side of this creek, the M location was chosen. The M location also allows this well to be equa-distant between wells in offsetting sections. By maintaining this equa-distant spacing, we forecast that an M location would recover more reserves than any other location in this section. Therefore, for topo reasons and in order to prevent waste in this section, we request approval to drill the M location.



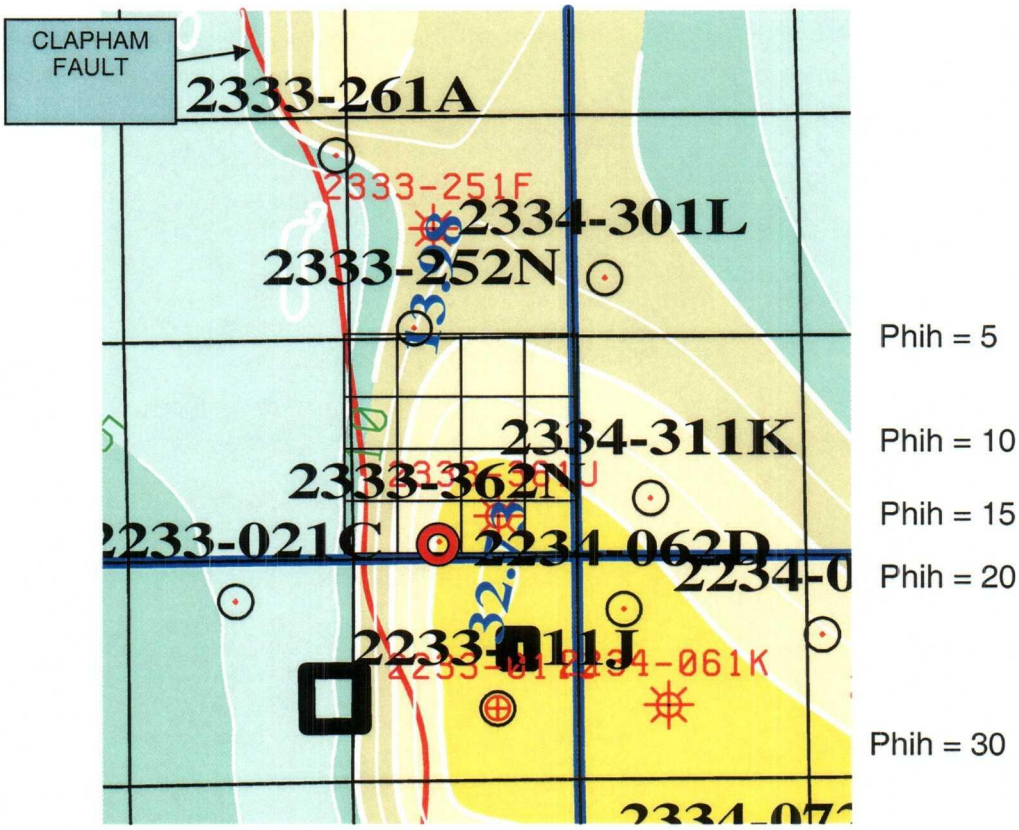
Bravo Dome Carbon Dioxide Gas Unit Well Number 2234–072H

Geological Justification: There is an existing producing well in unit letter F of this section. The second well in this section was chosen to be in unit letter H to remain equa-distant between the existing wells in sections 7 and 8. By maintaining this equa-distant spacing, we forecast that an H location would recover more reserves than a standard location in this section. Current estimate for initial rate for this H location is 2,166 mcfpd. Therefore, to prevent waste in this section, we request approval to drill the H location.



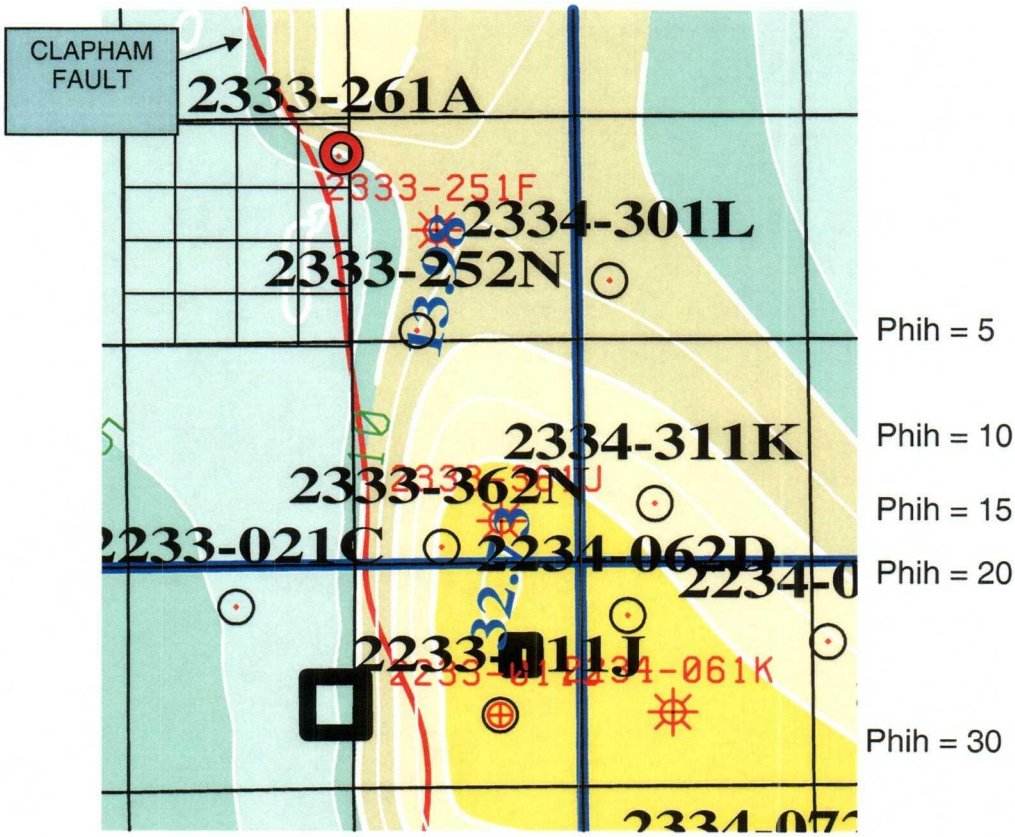
Bravo Dome Carbon Dioxide Gas Unit Well Number 2333–362N

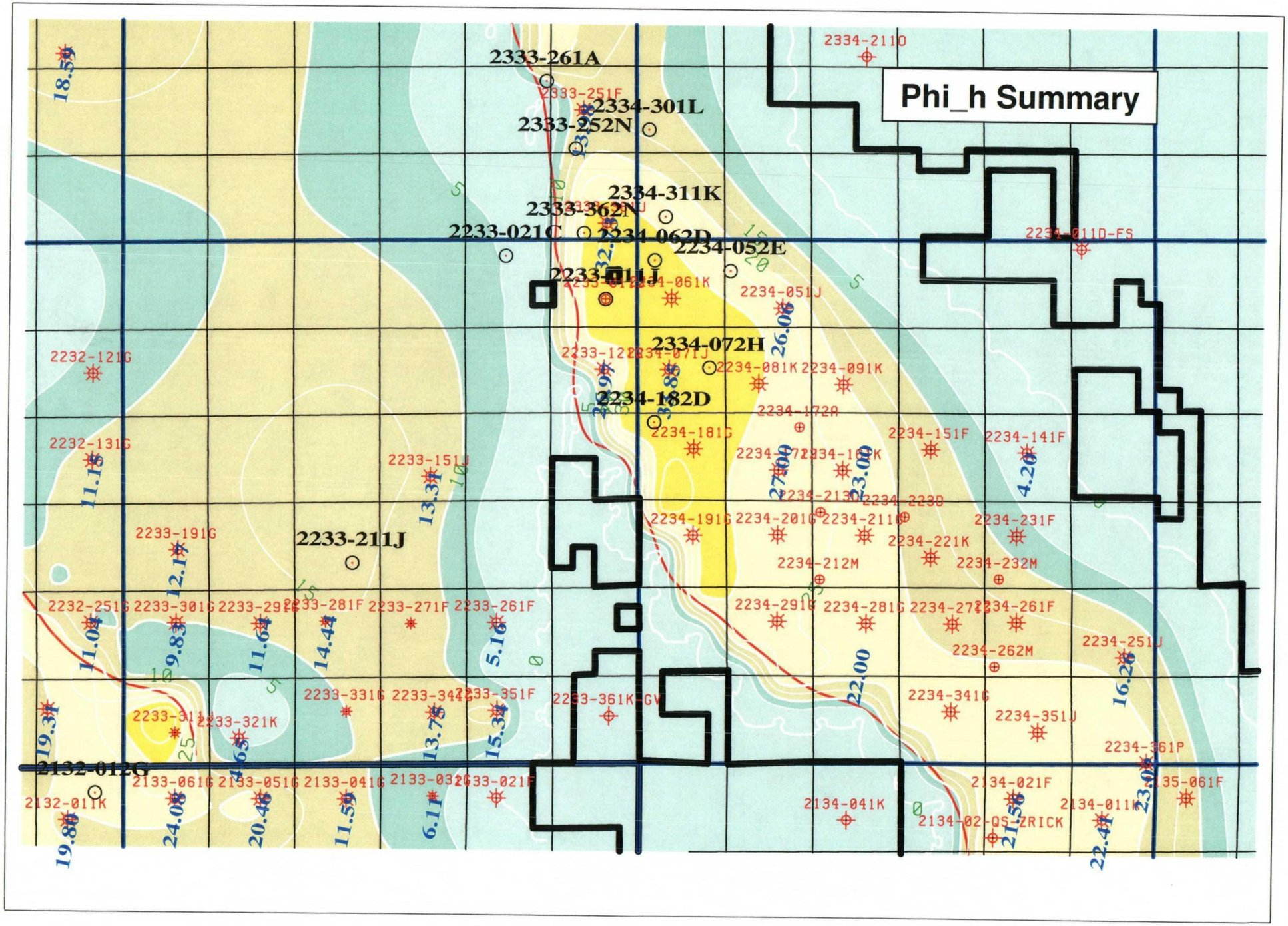
Geological Justification: The Clapham Fault runs north-south up the western edge of this section. An existing well (2333-361J) was drilled and plugged by the previous operator. It never produced. The best phi-H in this section is in the southeast quarter and the east half of the southwest quarter. Since a second well in this section must be a minimum of 1320 feet away from the J location well (in the event it is ever re-entered), there are no standard locations available to drill in the best phi-H. Therefore, the N location was chosen as the best candidate due to it being in the best phi-H and nearest the fault. This N location is forecasted to have an initial rate of 3,915 mcfd. This rate is higher than any forecasted rates for other second wells within standard locations. Therefore, to prevent waste in this section, we request your approval to drill this N location.

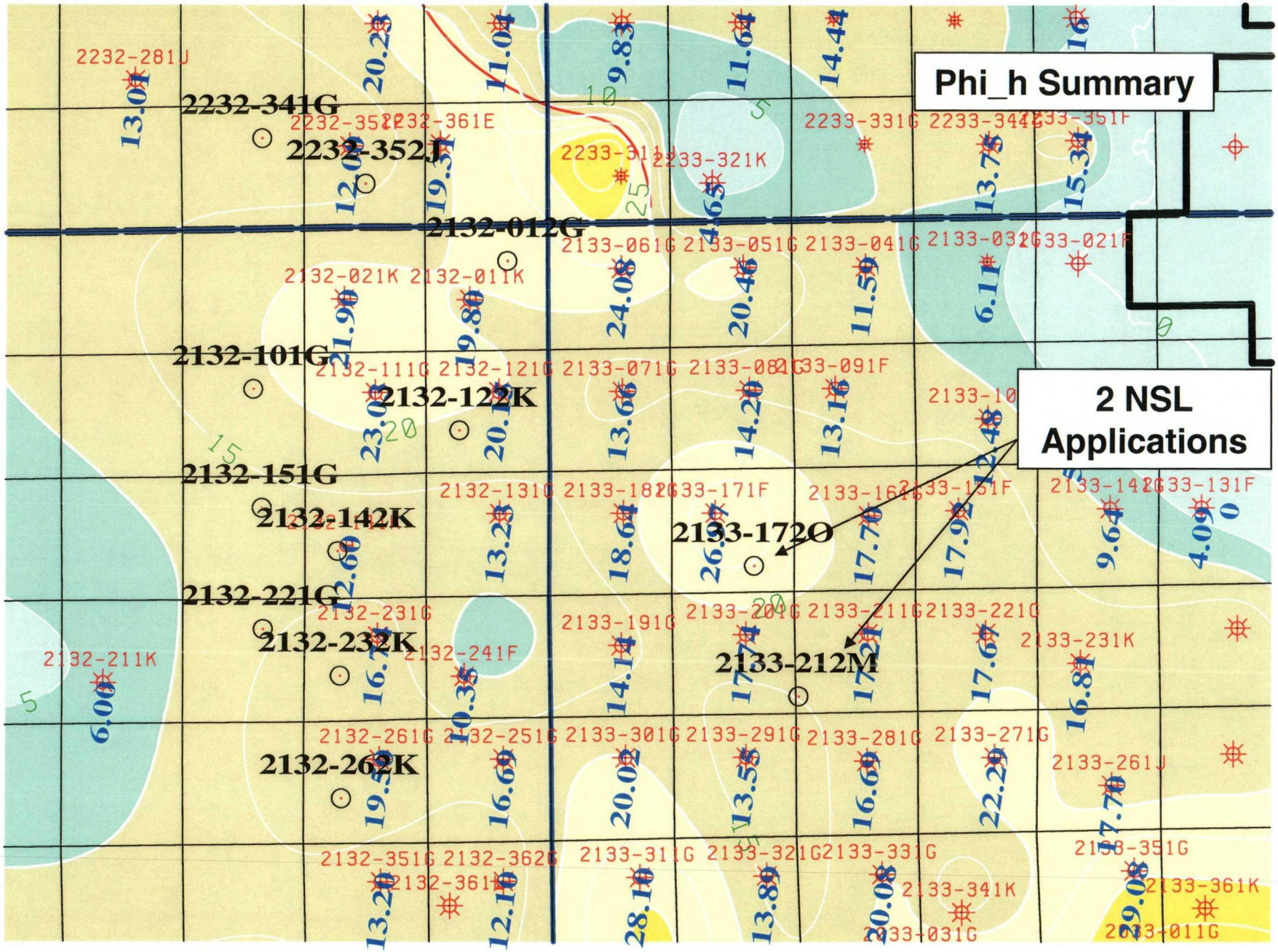


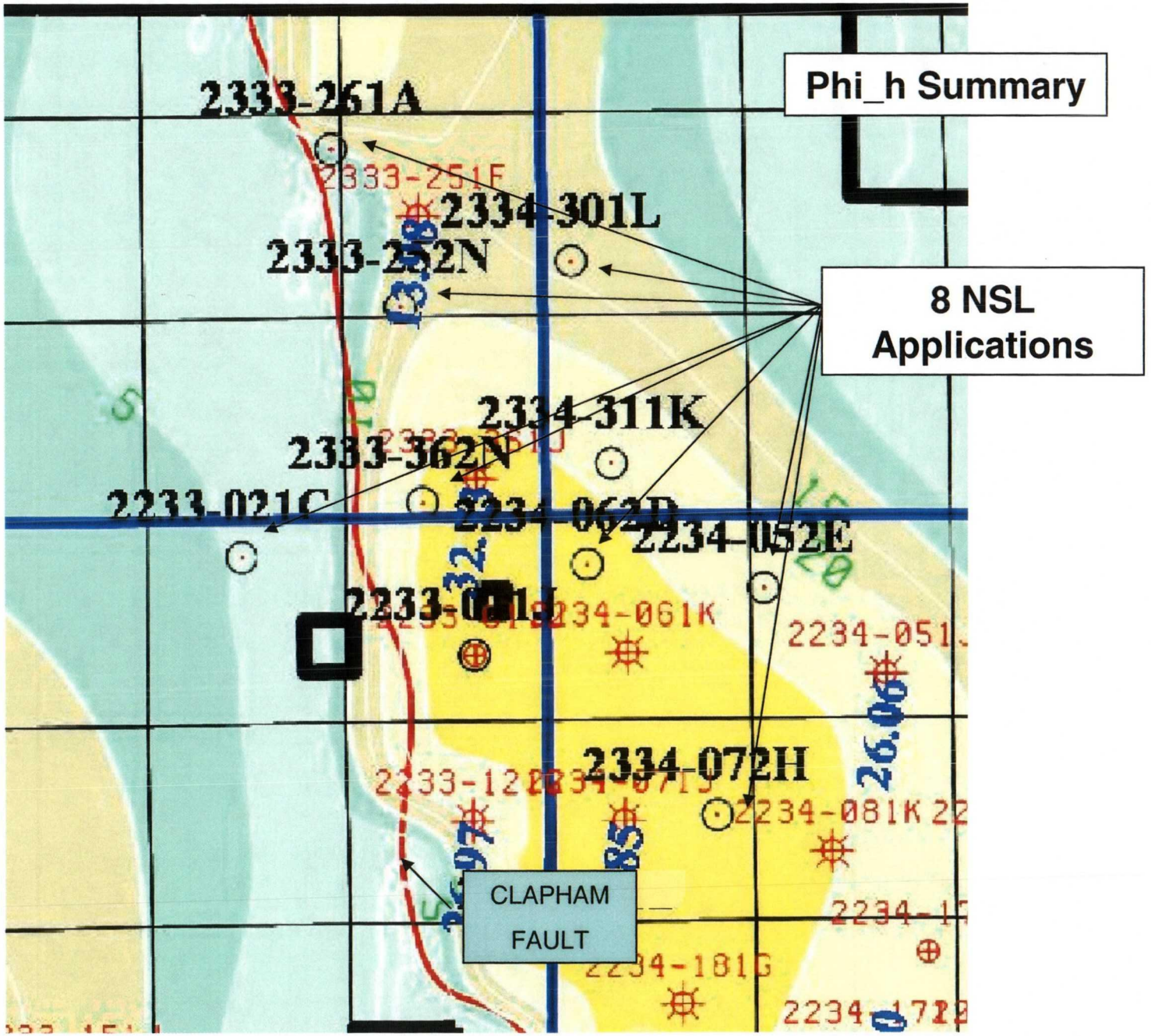
Bravo Dome Carbon Dioxide Gas Unit Well Number 2333–261A

Geological Justification: The Clapham Fault runs northwest-southeast up the far eastern edge of this section. There are no productive wells on the west side of this fault as it runs to the south. In fact, the Graben area (gasless water zone) that was excluded from the Unit in 1994 lies a few miles south of this section along the west side of this same fault. Based on current information, there is no drillable standard location within this section due to this fault. If any well is going to be drilled in this section, it must be drilled in the A location which is the only area east of the fault. Estimated reserves for this A location well are 5.2 bcf vs 0 bcf if no well is drilled in this section. Current estimate for initial rate is 1,723 mcfpd. Therefore, in order to prevent waste in this section, we request your approval to drill this A location.




Phi_h Summary
2333-261A
2333-251F
2334-301L
2333-252N
2334-311K
2333-362N
2233-021C
2234-062D
2234-052E
2233-111J
2234-061K
2234-051J
2334-072H
2232-121G
2234-081K
2234-091K
2234-182D
2234-172R
2232-131G
2234-181G
2234-151F
2234-141F
2233-151J
2234-191G
2234-201G
2234-211G
2234-231F
2233-191G
2233-211J
2234-221K
2234-212M
2234-232M
2232-251G
2233-301G
2233-291G
2233-281F
2233-271F
2233-261F
2234-291G
2234-281G
2234-271G
2234-261F
2234-262M
2234-251J
2233-331G
2233-341G
2233-351F
2233-361K-GV
2233-321K
2234-341G
2234-351J
2234-361P
2132-012G
2133-061G
2133-051G
2133-041G
2133-031G
2133-021F
2134-041K
2134-021F
2135-061F
2132-011K
2134-011K
2134-02-QS-ZRICK
2234-011D-FS


Phi_h Summary
2 NSL Applications
2232-341G
2232-352J
2132-012G
2132-101G
2132-122K
2132-151G
2132-142K
2133-172O
2132-221G
2132-232K
2133-212M
2132-262K
2232-281J
2232-361E
2233-321K
2132-021K
2132-011K
2132-111G
2132-121G
2133-071G
2132-131G
2132-231G
2132-241F
2133-191G
2133-201G
2133-211G
2133-221G
2133-231K
2132-211K
2132-261G
2132-251G
2133-301G
2133-291G
2133-281G
2133-271G
2133-261J
2132-351G
2132-362G
2133-311G
2133-321G
2133-331G
2133-341K
2133-361K
2133-031G
2133-011G


Phi_h Summary
8 NSL Applications
2333-261A
2333-251F
2334-301L
2333-252N
2334-311K
2333-362N
2233-021C
2234-062D
2234-052E
2233-061L
2234-061K
2234-051
2334-072H
2233-121
2234-071J
2234-081K
CLAPHAM FAULT
2234-181G
2234-171

Proposed Well - NSL											
Well Name & Number	Location	Unit	S-T-R	County	Spacing Unit Size	Distance to closest well in same spacing unit	Distance to Outer Boundary of Section	Distance Qtr/Qtr	Unitization status of drillsite spacing unit	Adjoining Spacing Units - Unitization Status	Affected Persons for Notice
BDCDGU 2133-172	1002 S 1650 E	O	17-21N-33E	HARDING	640	2829	1002	324	100% ratified	20-21N-33E - less than 100% ratified	Lessees (WIO) in BD Unit & lessee in unratified tract (OXY)
BDCDGU 2133-212	660 S 330 W	M	21-21N-33E	HARDING	640	3989	330	330	100% ratified	20-21N-33E - less than 100% ratified 28-21N-33E - 100% ratified 29-21N-33E - 100% ratified	Lessees (WIO) in BD Unit & lessee in unratified tract (OXY) & operator (OXY)
BDCDGU 2233-021	762 N 2544 W	C	2-22N-33E	UNION	640	N/A	762	165	less than 100% ratified	35-23N-33E - 100% ratified	Lessees (WIO) in BD Unit
BDCDGU 2234-052	1650 N 330 W	E	5-22N-34E	UNION	640	3848	330	330	less than 100% ratified	6-22N-34E - 100% ratified	Lessees (WIO) in BD Unit
BDCDGU 2234-062	990 N 990 W	D	6-22N-34E	UNION	640	2447	990	332	100% ratified	31-23N-34E - 100% ratified 36-23N-34E - 100% ratified 1-22N-33E - less than 100% ratified	Lessees (WIO) in BD Unit & lessee in unratified tract (OXY) & operator (OXY)
BDCDGU 2234-072	2310 N 990 E	H	7-22N-34E	UNION	640	2333	990	335	100% ratified	8-22N-34E - less than 100% ratified	Lessees (WIO) in BD Unit & lessee in unratified tract (OXY)
BDCDGU 2333-252	504 S 1454 W	N	25-23N-33E	UNION	640	2845	504	129	100% ratified	36-23N-33E - 100% ratified 35-23N-33E - 100% ratified 26-23N-33E - 100% ratified	Operator (OXY)
BDCDGU 2333-261	660 N 330 E	A	26-23N-33E	UNION	640	N/A	330	330	100% ratified	25-23N-33E - all ratified 24-23N-33E - all ratified 23-23N-33E - all ratified	Operator (OXY)
BDCDGU 2333-362	660 S 1980 W	N	36-23N-33E	UNION	640	1867	660	659	100% ratified	1-22N-33E - less than 100% ratified	Lessees (WIO) in BD Unit & lessee in unratified tract (OXY)
BDCDGU 2334-301	1650 S 660 W	L	30-23N-34E	UNION	640	N/A	660	352	100% ratified	25-23N-33E - 100% ratified	Operator (OXY)

Bravo Dome CO2 Unit
NSL Applications – Service List

Brent Curtis Coon
P. O. Box 82
Dumas, TX 79029

Amerada Hess Corporation
Attn: Joint Venture Accounting, 16th Floor
P. O. Box 2040
Houston, TX 77252-2040

Rim Carbon Dioxide Inc
5 Inverness Drive E
Englewood, CO 80112-5519

Louis Dreyfus Natural Gas Corp
Joint Interest
14000 Quail Springs Parkway, Suite 600
Oklahoma City, OK 73134-2600

Ralph W. Coon
P. O. Box 312
Dumas, TX 79029

Richard S. Coon
2322 Lakeview Drive
Amarillo, TX 79109-1510

Beard Oil Company
5600 N May Avenue, Suite 320
Oklahoma City, OK 73112-4275

Ed French
P. O. Box 540
Chillicothe, TX 79225

Clyde H. Tyler Estate
1805 Altura Avenue
Las Cruces, NM 88001

Edna Rosenwald Elias Johnston
760 Juan Tabo NE NO A-1
Albuquerque, NM 87123

Allen B. Floersheim
P. O. Box A
Roy, NM 87743

Donald Floersheim Estate
17095 133rd St.
Little Falls, MN 56345

Milton Floersheim
1224 Scenic Drive
Raton, NM 87740

Myron Floersheim
169 Colemans Bluff Drive
Woodstock, GA 30188

Alan Rosenwald
600 Veron Avenue
Glencoe, IL 60022

Eleanor Seligman
2525 Vista Larga Avenue NE
Albuquerque, NM 87106

Stanly Floersheim
1157 Hancock Drive NE
Atlanta, GA 30306

Robert J. McDaniel
11423 Albion St
Denver, CO 80233

Rozlyn Hayward
318 North 17th St
Grand Junction, CO 81501

Rixey Lee McDaniel
4103 Rocky Bend Drive
Sugar Land, TX 77479

Bravo Dome CO2 Unit
NSL Applications – Service List

John Iverson
2600 Lambda Lane
Flower Mount, TX 75028

George Childress
15330 Ella Blvd., Apt. 1017
Houston, TX 77090

Charlotte Wiggs
12634 Kingsridge Lane
Houston, TX 77024

Helen Rixey Emens
504 Sunrise Rd.
Roswell, NM 88201

Kinder Morgan CO2 Company LP
Attn: Russell Martin
One Allen Center
500 Dallas, Suite 1000
Houston, TX 77002

Carl Florsheim Jr.
7714 Hendrix Road NE #ME
Albuquerque, NM 87110-1520

XTO Energy Inc.
Attn: Betty Moots
810 Houston Street, Suite 2000
Ft. Worth, TX 76102-6298

Chaparral CO2 LLC
701 Cedar Lake Blvd.
Oklahoma City, OK 73114

Robert O. Clark
111 Leech Court
Glasgow, KY 42141-2223

Dallam-Hartley Counties Hospital
P. O. Box 1418
Dalhart, TX 79022-1418

Exxon Corporation
P. O. Box 4707
Houston, TX 77210-4707

Oxy USA Bravo Dome
Joint Interest Department
P. O. Box 27570
Houston, TX 77227-7570

New Mexico State Land Office
P. O. Box 1148
Santa Fe, NM 87504-1148