



OXY USA Inc.
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Alan J. Schwartz, CPL
Land Negotiator
(713) 366-5222
(713) 985-1276 (DIRECT FAX)
ALAN_SCHWARTZ@OXY.COM

July 14, 2004

Re: Non-Standard Locations
2004 Proposed Drilling Program
Bravo Dome Carbon Dioxide Gas Unit
Harding, Union and Quay Counties, New Mexico

(vi)

RECEIVED

JUL 19 2004

OIL CONSERVATION
DIVISION

VIA FEDERAL EXPRESS

Mr. Roy Johnson
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87504

Dear Roy:

As we discussed yesterday, enclosed is a large-scale map indicating a portion of the Bravo Dome Unit Area. The map, which to the best of our information is accurate, shows twelve (12) new locations (red dots) we have selected that are non-standard locations (NSL).

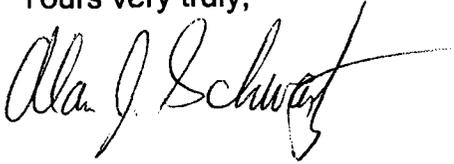
As you requested, we have reviewed all tracts within the drillsite section as well as all of the closest sections that offset each proposed location. Therefore, we have reviewed as many as four (4) full sections for each location. The map also indicates, with "hachuring marks", all tracts in these offsetting sections that were found to contain an unratified or unleased interest. The 'single hachure' represents a tract containing both ratified and unratified leases, while the 'cross hachure' (found only in Section 35, T-22-N, R-32-E) represents a tract where the lease is 100% unratified. For any successful well drilled within a section containing both ratified and unratified leases, we will form (or have already formed) a 640-acre pooled unit as allowed by the leases, and royalties will be paid accordingly.

As you will note, we show that there are very few tracts with unratified/unleased interests that are affected by our proposed locations, and notices will be forthcoming to the lessors in those tracts. In addition, please recall two (2) windows in the Unit. Both are in T-22-N, R-33-E, in Section 1 and Section 2. Although we are in the process of attempting to acquire leases on both, a notice will be sent to all current mineral owners in those two windows. By separate cover, we will furnish you with copies of each notice we send.

Mr. Roy Johnson
New Mexico Oil Conservation Division
July 14, 2004
Page 2

In the interim, after you have had the opportunity to look over the map, please feel free to call me and we will address any questions, concerns or comments you might have regarding our proposed locations, the map or the data represented thereon. I can be reached at (713) 366-5222 between 6:30 AM and 4:15 PM (Central).

Yours very truly,

A handwritten signature in black ink, appearing to read "Alan J. Schwab". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Enclosure

NMOCD3.doc

August ____, 2004

OXY USA Inc.
P. O. Box 50250
Midland, Texas 79710-0250
Attention: David Stewart
david_stewart@oxy.com

Administrative Order NSL-_____

Dear Mr. Stewart:

Reference is made to the following: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") on June 1, 2004 (*administrative application reference No. pSEMO-415530509*); and (ii) the records of the Division in Santa Fe, including the files in Division Cases No. 8190 and 11497 and Division Administrative Orders NSL-3966(SD), as amended, NSL-3688(SD), NSL-4762(SD), and NSL-4873(SD): all concerning OXY USA, Inc.'s ("OXY") request for eleven (11) unorthodox Bravo Dome carbon dioxide gas (CO₂) well locations all within existing standard 640-acre, more or less, gas spacing and proration units for the Bravo Dome Carbon Dioxide (640-acre) Gas Pool (96010) within its Bravo Dome Carbon Dioxide Gas Unit (BDCDGU), Union and Harding Counties, New Mexico:

(a) all of Section 30, Township 23 North, Range 34 East, NMPM, comprising 640 acres, which is currently undedicated to any BDCDGU well will become dedicated to the proposed BDCDGU "2334" Well No. 301 (API No. 30-059-20458) to be drilled at an unorthodox CO₂ gas well location 1650 feet from the South line and 660 feet from the West line (Unit L) of said Section 30;

(b) all of Section 36, Township 23 North, Range 33 East, NMPM, comprising 640 acres, which is currently dedicated to the BDCDGU "2333" Well No. 361 (API No. 30-059-20033), located at a standard CO₂ gas well location 1980 feet from the South and East lines (Unit J) of said Section 36, is to be simultaneously dedicated to said Well No. 361 and to the proposed BDCDGU "2333" Well No. 362 (API No. 30-059-20457) to be drilled at an unorthodox CO₂ gas well location 660 feet from the South line and 1980 feet from the West line (Unit N) of said Section 36;

(c) all of Section 26, Township 23 North, Range 33 East, NMPM, comprising 640 acres, which is currently undedicated to any BDCDGU well will become dedicated to the proposed BDCDGU "2333" Well No. 261 (API No. 30-059-20456) to be drilled at an unorthodox CO₂ gas well location 660 feet from the North line and 330 feet from the East line (Unit A) of said Section 26;

(d) all of Section 25, Township 23 North, Range 33 East, NMPM, comprising 640 acres, which is currently dedicated to the BDCDGU "2333" Well No. 251 (**API No. 30-059-20127**), located at a standard CO₂ gas well location 1980 feet from the North and West lines (Unit F) of said Section 25, is to be simultaneously dedicated to said Well No. 251 and to the proposed BDCDGU "2333" Well No. 252 (API No. 30-059-20455) to be drilled at an unorthodox CO₂ gas well location 504 feet from the South line and 1454 feet from the West line (Unit N) of said Section 25;

(e) all of Section 7, Township 22 North, Range 34 East, NMPM, comprising 640 acres, which is currently dedicated to the BDCDGU "2234" Well No. 071 (**API No. 30-059-20128**), located at a standard CO₂ gas well location 1980 feet from the North and West lines (Unit F) of said Section 7, is to be simultaneously dedicated to said Well No. 071 and to the proposed BDCDGU "2234" Well No. 072 (API No. 30-059-20453) to be drilled at an unorthodox CO₂ gas well location 2310 feet from the North line and 990 feet from the East line (Unit H) of said Section 7;

(f) all of Section 6, Township 22 North, Range 34 East, NMPM, comprising 640 acres, which is currently dedicated to the BDCDGU "2234" Well No. 061K (**API No. 30-059-20322**), located at a standard CO₂ gas well location 2075 feet from the South line and 2031 feet from the West line (Unit K) of said Section 6, is to be simultaneously dedicated to said Well No. 061K and to the proposed BDCDGU "2234" Well No. 062 (API No. 30-059-20452) to be drilled at an unorthodox CO₂ gas well location 990 feet from the North and West lines (Unit D) of said Section 6;

(g) all of Section 5, Township 22 North, Range 34 East, NMPM,

comprising 640 acres, which is currently dedicated to the BDCDGU "2234" Well No. 051 (**API No. 30-059-20259**), located at a standard CO₂ gas well location 1650 feet from the South and East lines (Unit J) of said Section 5, is to be simultaneously dedicated to said Well No. 051 and to the proposed BDCDGU "2234" Well No. 052 (API No. 30-059-20464) to be drilled at an unorthodox CO₂ gas well location 1650 feet from the North line and 330 feet from the West line (Unit E) of said Section 5;

(h) all of Section 2, Township 22 North, Range 33 East, NMPM, comprising 640 acres, which is currently undedicated to any BDCDGU well will become dedicated to the proposed BDCDGU "2233" Well No. 021 (API No. 30-059-20462) to be drilled at an unorthodox CO₂ gas well location 762 feet from the North line and 2544 feet from the West line (Unit C) of said Section 2;

(i) all of Section 21, Township 21 North, Range 33 East, NMPM, comprising 640 acres, which is currently dedicated to the BDCDGU "2133" Well No. 211 (**API No. 30-021-20269**), located at a standard CO₂ gas well location 1926 feet from the North Line and 2008 feet from the East line (Unit G) of said Section 21, is to be simultaneously dedicated to said Well No. 211 and to the proposed BDCDGU "2133" Well No. 212 (API No. 30-059-20334) to be drilled at an unorthodox CO₂ gas well location 660 feet from the South line and 330 feet from the West line (Unit M) of said Section 21;

(j) all of Section 17, Township 21 North, Range 33 East, NMPM, comprising 640 acres, which is currently dedicated to the BDCDGU "2133" Well No. 171 (**API No. 30-021-20136**), located at a standard CO₂ gas well location 1980 feet from the North and West lines (Unit F) of said Section 17, is to be simultaneously dedicated to said Well No. 171 and to the proposed BDCDGU "2133" Well No. 172 (API No. 30-021-20333) to be drilled at an unorthodox CO₂ gas well location 1002 feet from the South line and 1650 feet from the East line (Unit O) of said Section 17;

From the information provided by the applicant, the royalty interests in all of the affected off-setting acreage to the proposed unorthodox locations have either been notified by certified mail or have ratified the Bravo Dome Carbon Dioxide Gas Unit (BDCDGU) Agreement.

Administrative Order NSL-_____

OXY USA Inc.

August __, 2004

Page 4

By authority granted me under the provisions of Rule 5 of the "*Special Rules and Regulations for the Bravo Dome 640-Acre Area*," as promulgated by Division Order No. R-7556, dated June 19, 1984, as amended by Division Order No. R-7556-A, dated June 10, 1987, Decretory Paragraph No. (4) of Division Order No. R-10576, and Division Rule 104.F(2) the above-described BDCDGU "2334" Well No. 301, and BDCDGU "2333" Well Nos. 261, 252, 261, and BDCDGU "2234" Well Nos. 052, 062, 072, and BDCDGU "2233" Well No. 021, and BDCDGU "2133" Well Nos. 172 and 212, all to be drilled at unorthodox CO₂ gas well locations are hereby approved.

Jurisdiction of this matter shall be further retained for the entry of any such subsequent orders, as the Division may deem necessary.

Sincerely,

Mark Fesmire
Director

MF/MES/kv

cc: Roy Johnson, District Supervisor - Santa Fe
New Mexico State Land Office - Santa Fe
Danny J. Holcomb, Operations Manager (OXY) - Amistad, New Mexico
File: NSL-_____