



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

August 12, 2004

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

OXY USA, Inc.
P. O. Box 50250
Midland, Texas 79710-0250

Attention: David Stewart
david_stewart@oxy.com

Administrative Order NSL-5096

Dear Mr. Stewart:

Reference is made to the following: (i) your initial application submitted to the New Mexico Oil Conservation Division ("Division") on June 1, 2004 (*administrative application reference No. pSEM0-415530509*); (ii) the Division's initial response by letter dated June 23, 2004 from Mr. Michael E. Stogner's, Engineer/Hearing Officer in Santa Fe, requesting additional information to complete your application; (iii) Mr. Richard E. Foppiano's response on your behalf by letter dated July 8, 2004 with attachments; (iv) Mr. Foppiano's e-mail correspondence of Monday, July 12, 2004; (v) Mr. Stogner's reply to Mr. Foppiano by e-mail on Tuesday morning, July 13, 2004; (vi) Mr. Alan J. Schwartz's e-mail letter to Mr. Roy Johnson, Supervisor District IV – Santa Fe, concerning this matter dated July 14, 2004; (vii) Mr. Schwartz's e-mail correspondence to Mr. Johnson on Monday, July 19, 2004; (viii) Mr. Stogner's telephone conversation with Mr. J. E. Gallegos on Thursday, July 29, 2004; (ix) Mr. J. E. Gallegos's telefax letter, on behalf of Poole Leasing Inc. and Poole Chemical Inc., of objection to Mr. Stogner on July 30, 2004; (x) your telefax and e-mail correspondence with Messrs. Stogner and Johnson on August 2 and 3, 2004 addressing Mr. Gallegos's concerns; (xi) Mr. Danny Holcomb's e-mail correspondence with Mr. Johnson on Wednesday, August 4, 2004; (xii) Mr. Stogner's response to Mr. Gallegos by hand-written note on August 11, 2004; and (xiii) 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, and NSL-4873 (SD): all concerning OXY USA, Inc.'s ("OXY") request for:

- (a) five (5) unorthodox "infill" Bravo Dome carbon dioxide gas (CO₂) well locations, all within existing standard 640-acre, more or less, gas spacing 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;

(b) three (3) "initial" Bravo Dome carbon dioxide gas (CO₂) wells, each well to be drilled at an unorthodox location on a proposed 640-acre, more or less, gas spacing unit within the Bravo Dome Carbon Dioxide (640-acre) Gas Pool in Union County, New Mexico; and

(c) two (2) "replacement" Bravo Dome carbon dioxide gas (CO₂) wells, each well to be drilled at an unorthodox location on a 640-acre, more or less, gas spacing unit within the Bravo Dome Carbon Dioxide (640-acre) Gas Pool in Union County, New Mexico.

All of Section 17, Township 21 North, Range 33 East, NMPM, Harding County, New Mexico, 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 Section 17, is to be simultaneously dedicated to Well No. 171 and to OXY's proposed BDCDGU "2133" Well No. 172 (API No. 30-021-20333) to be drilled at an unorthodox infill CO₂ gas well location 1002 feet from the South line and 1650 feet from the East line (Unit O) of Section 17.

All of Section 21, Township 21 North, Range 33 East, NMPM, Harding County, New Mexico, 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 Section 21, is to be simultaneously dedicated to Well No. 211 and to OXY's proposed BDCDGU "2133" Well No. 212 (API No. 30-021-20334) to be drilled at an unorthodox infill CO₂ gas well location 660 feet from the South line and 330 feet from the West line (Unit M) of Section 21.

All of Section 5, Township 22 North, Range 34 East, NMPM, Union County, New Mexico, comprising 634.56 acres, which is currently dedicated to the BDCDGU "2234" Well No. 51 (API No. 30-059-20259), located at a standard CO₂ gas well location 1650 feet from the South and East lines (Unit J) of Section 5, is to be simultaneously dedicated to Well No. 51 and to OXY's proposed BDCDGU "2234" Well No. 52 (API No. 30-059-20464) to be drilled at an unorthodox infill CO₂ gas well location 1650 feet from the North line and 330 feet from the West line (Unit E) of Section 5.

All of Section 6, Township 22 North, Range 34 East, NMPM, Union County, New Mexico, comprising 639.88 acres, which is currently dedicated to the BDCDGU "2234" Well No. 61 (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 Section 6, is to be simultaneously dedicated to Well No. 61 and to OXY's proposed BDCDGU "2234" Well No. 62 (API No. 30-059-20452) to be drilled at an unorthodox infill CO₂ gas well location 990 feet from the North and West lines (Lot 4/Unit D) of Section 6.

All of Section 7, Township 22 North, Range 34 East, NMPM, Union County, New Mexico, comprising 641.00 acres, which is currently dedicated to the BDCDGU "2234" Well No. 71 (API No. 30-059-20128), located at a standard CO₂ gas well location 1980 feet from the North and West lines (Unit F) of Section 7, is to be simultaneously dedicated to Well No. 71 and to OXY's proposed BDCDGU "2234" Well No. 72 (API No. 30-059-20453) to be drilled at an unorthodox infill CO₂ gas well location 2310 feet from the North line and 990 feet from the East line (Unit H) of Section 7.

All of Section 2, Township 22 North, Range 33 East, NMPM, Union County, New Mexico, comprising 640.36 acres, is to be dedicated to OXY's proposed BDCDGU "2233" Well No. 021 (API No. 30-059-20462) to be drilled as an initial well within this unit at an unorthodox CO₂ gas well location 762 feet from the North line and 2544 feet from the West lines (Lot 2/Unit C) of Section 2.

All of Section 26, Township 23 North, Range 33 East, NMPM, Union County, New Mexico, comprising 640 acres, is to be dedicated to OXY's proposed BDCDGU "2333" Well No. 261 (API No. 30-059-20456) to be drilled as an initial well within this unit at an unorthodox CO₂ gas well location 660 feet from the North line and 330 feet from the East line (Unit A) of Section 26.

All of Section 30, Township 23 North, Range 34 East, NMPM, Union County, New Mexico, comprising 638.92 acres, is to be dedicated to OXY's proposed BDCDGU "2334" Well No. 301 (API No. 30-059-20458) to be drilled as an initial well within this unit at an unorthodox CO₂ gas well location 1650 feet from the South line and 660 feet from the West line (Lot 3/Unit L) of Section 30;

All of Section 25, Township 23 North, Range 33 East, NMPM, Union County, New Mexico, comprising 640 acres, is to be dedicated to OXY's proposed BDCDGU "2333" Well No. 252 (API No. 30-059-20455) to be drilled as a replacement well at an unorthodox CO₂ gas well location 504 feet from the South line and 1454 feet from the West line (Unit N) of Section 25; the Division's records indicate that the BDCDGU "2333" Well No. 251 (API No. 30-059-20127), drilled in 1981 by Amoco Production Company ("Amoco") at a standard CO₂ gas well location 1980 feet from the North and West lines (Unit F) of Section 25, never produced and was subsequently plugged and abandoned by Amoco in October, 1999.

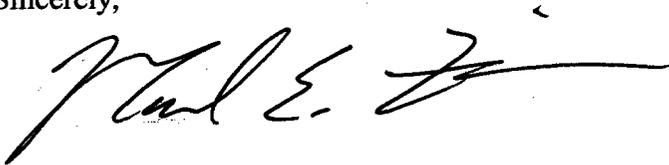
All of Section 36, Township 23 North, Range 33 East, NMPM, Union County, New Mexico, comprising 640 acres, is to be dedicated to OXY's proposed BDCDGU "2333" Well No. 362 (API No. 30-059-20457) to be drilled as a replacement well at an unorthodox CO₂ gas well location 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 36; the Division's records indicate that the BDCDGU "2333" Well No. 361 (API No. 30-059-20033), drilled in 1979 by Amoco at a standard CO₂ gas well location 1980 feet from the South and East lines (Unit J) of Section 36, never produced and was also plugged and abandoned by Amoco in October, 1999.

From the information provided by the applicant, the royalty interests in all of the affected offsetting 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.

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, Secretary Paragraph No. (4) of Division Order No. R-10576, and Division Rule 104.F (2), the above-described BDCDGU "2133" Wells No. 172 and 212, BDCDGU "2233" Well No. 21, BDCDGU "2234" Well Nos. 52, 62, and 72, BDCDGU "2333" Well Nos. 252, 261, and 362, and BDCDGU "2334" Well No. 301, 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 E. Fesmire, P. E.
Director

MF/ms

cc: Roy Johnson, District Supervisor – NMOCD, Santa Fe
New Mexico State Land Office - Santa Fe
Danny J. Holcomb, Operations Manager (OXY USA, Inc.) - Amistad, New Mexico
W. Thomas Kellahin, Legal Counsel for OXY USA, Inc. – Santa Fe
Richard E. Foppiano, Regulatory Team Leader (OXY USA, Inc.) – Houston
Alan J. Schwartz, Land Negotiator (OXY USA, Inc.) - Houston