



OXY USA Inc.
APR 03 2018 PM 03:47
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March 28, 2018

APR 03 2018 PM 02:47

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

R-10253

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
1220 South St. Francis
Santa Fe, New Mexico 87505
Attention: William Jones, P.E.

Re: 2018 Plan of Development
Bravo Dome Carbon Dioxide Gas Unit
Union, Harding and Quay Counties, New Mexico

Ladies and Gentlemen,

In accordance with Article 4 of the Bravo Dome Carbon Dioxide Gas Unit Agreement, OXY USA, Inc, as Unit Operator herewith submits the 2018 Bravo Dome Unit Plan of Development (POD). This POD is tentative pending approval by Unit Working Interest Owners and Permitting from the State of New Mexico.

For 2017, unit production averaged 210 mmscfpd. The estimate for the 2018 average production is 194 mmscfp reflecting the historical decline trend. Current well count shows 571 producing wells and 2 water disposal wells. Cumulative Unit Sales at the end of 2017 were 3.53 TCF.

For 2018, no new CO₂ wells are planned for the developed portion of the unit. Exploratory type of work is being carried out on the far northwest-undeveloped portion of the unit and it might lead to a few test wells in the near future. As in 2017, Oxy will be evaluating marginal producing wells in the Unit to permanently abandon. In 2017, seven wells were plugged.

The long-range plans (2019 – 2023) is to continue to add rate capacity to the existing compression/dehydration facility based on CO₂ demand. These plans include possibly drilling approximately 10-20 wells per year to offset Unit decline. A mixture of both infill and expansion wells are included in these plans with emphasis on extension wells in the future. Unit production after the modifications to the compression train carried out in the 2008-2009 period peaked at 325 mmscfpd

during the first quarter of 2010 and since then it has been declining at an average rate of 8.5% per year.

Current Oxy work force operating the Bravo Dome Unit consists of eleven Oxy employees. There are also seven full time contractors working in the Bravo Dome Unit operations. All of these employees and contractors are New Mexico residents.

2017 Unit Accomplishments

- 1) Spent approximately \$650,000 on tying the western collection line (LEG 10) to the booster compressors in order to lower the collection pressure of approximately 66 wells.
- 2) Maximize compressor runtime.
- 3) Evaluated wells to maximize well production.
- 4) Plug and abandon seven wells.

2018 Unit Priorities

- 1) Manage field operations to maximize CO₂ production.
- 2) Continue to Maximize Compressor runtime.
- 3) Evaluate low producing wells as possible P & A candidates.

Five-Year Priorities

- 1) Evaluate possible Drill extension/infill wells and extend collection system as needed to offset Unit decline.
- 2) Evaluate possible exploratory wells in the undeveloped North West Area of the Unit.

The items detailed in this 2018 Plan of Development are subject to Unit working interest owners and the NMOCD approvals, continued strong CO₂ demand and favorable project economics. Oxy and other working interest owners plan to continue to develop the Bravo Dome Unit to the best interest of all parties involved. The Plan of Development hereby submitted shall be revised if Unit development plans change.

If you have any questions, please contact Chuck Terry at (575) 374-3055 or at the above letterhead address.

Sincerely,



Chuck Terry
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