



April 23, 2010

HAND DELIVERY

Mark E. Fesmire, P.E., JD
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

RECEIVED OOD
2010 APR 23 P 1:25

Re: **CASE 8352 (Reopened)**: Application of OXY USA, Inc. to reopen Case No. 8352 to contract the West Bravo Dome Carbon Dioxide Gas Area to exclude acreage in the Bravo Dome Carbon Dioxide Gas Unit and for the adoption of permanent Special Rules and Regulations for the acreage excluded from the West Bravo Dome Carbon Dioxide Gas Area including provisions for 160-acre spacing units, Harding County, New Mexico.

Dear Mr. Fesmire:

Enclosed is the application of OXY USA, Inc. in the above-referenced matter. OXY USA, Inc. requests that this application be set for hearing on June 10, 2010.

Very truly yours,

William F. Carr
Attorney for OXY USA, Inc.

cc: Elizabeth Bush-Ivie w/enc.
Earl E. DeBrine, Jr., Esq. w/enc.
W. Thomas Kellahin, Esq. w/enc.

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

IN THE MATTER OF THE APPLICATION OF OXY USA, INC. TO REOPEN CASE NO. 8352 TO CONTRACT THE WEST BRAVO DOME CARBON DIOXIDE GAS AREA TO EXCLUDE ACREAGE IN THE BRAVO DOME CARBON DIOXIDE GAS UNIT AND FOR THE ADOPTION OF PERMANENT SPECIAL POOL RULES AND REGULATIONS FOR THE ACREAGE EXCLUDED FROM THE WEST BRAVO DOME CARBON DIOXIDE GAS AREA INCLUDING PROVISIONS FOR 160-ACRE SPACING UNITS, HARDING COUNTY, NEW MEXICO.

CASE NO. 8352 (REOPENED)

APPLICATION

OXY USA, Inc. ("OXY") (OGRID No. 16696) through its attorneys, Holland & Hart LLP makes application to reopen Case No. 8352 for the contraction of the West Bravo Dome Carbon Dioxide Carbon Dioxide Gas Area created by Order No. R-7337 and the adoption of permanent Special Pool Rules and Regulations for the lands removed from the West Bravo Dome Carbon Dioxide Area including provisions for 160-acre spacing.

1. The Bravo Dome Carbon Dioxide Unit was approved by Oil Conservation Division Order No. R-6446-A entered in Case No. 6967, dated September 12, 1980, and originally contained over one million acres of State, Federal and Fee lands.

2. OXY is the operator of the Bravo Dome Carbon Dioxide Unit which produces carbon dioxide from the Tubb formation, Bravo Dome Carbon Dioxide Gas Pool, located in Harding, Quay and Union Counties, New Mexico.

3. By Order No. R-7556 entered on June 19, 1984, Case No. 8190, the Division promulgated Special Pool Rules and Regulations for the Bravo Dome Carbon Dioxide Gas Unit Area and created a "Bravo Dome 640-acre Area" and a "Bravo Dome 160-acre Area.

4. Rule 2 of the Special Rules and Regulations for the Bravo Dome Carbon Dioxide Gas Unit 640-acre Area authorizes 640-acre spacing expressly but provides that nothing contained therein "shall be construed as prohibiting the drilling of a well on each of the quarter section in the Unit."

5. These Rules were adopted on a permanent basis by Order No. R-7556-A entered on June 10, 1987.

6. Certain lands in the southwestern portion of the Bravo Dome Unit Area, as it was originally proposed, were not contiguous with the remainder of the unit and therefore could not be included in the Unit Area. These lands were combined by agreement of certain owners therein and committed to the West Bravo Dome Carbon Dioxide Unit Agreement. The West Bravo Dome Carbon Dioxide Gas Unit was approved by Order No. R-7707 entered in Case No. 8351 on November 1, 1984.

7. By Order No. R-7737, entered in Case No. 8352 on November 19, 1984, the Oil Conservation Commission granted the application of Cities Service Oil & Gas Corporation, operator of the West Bravo Dome Carbon Dioxide Gas Unit, for adoption of temporary Special Rules and Regulations for the "West Bravo Dome Carbon Dioxide Gas Area" that provided for 640-acre spacing units. The "West Bravo Dome Carbon Dioxide Gas Area" is described as follows:

Township 20 North, Range 29 East, NMPM
Sections 31 through 33: All

Township 19 North, Range 29 East, NMPM
Sections 1 through 12: All
Sections 14 through 36: All

Township 18 North, Range 29 East, NMPM
Sections 1 through 36: All

Township 17 North, Range 29 East, NMPM
Sections 1 through 12: All
Sections 14 through 22: All
Sections 28 through 30: All
[Sections 18, 19, 29 and 30 are partial sections]

Township 18 North, Range 30 East, NMPM
Sections 1 through 3: All
Sections 6 and 7: All
Section 10 through 36: All

Township 19 North, Range 30 East, NMPM

Sections 21 through 28: All
Sections 30 through 32: All
Sections 34 through 36: All

Township 18 North, Range 31 East, NMPM

Sections 1 through 36: All

Township 19 North, Range 31 East, NMPM

Sections 19 through 36: All

8. In addition to lands in the West Bravo Dome Carbon Dioxide Gas Unit, the “West Bravo Dome Carbon Dioxide Gas Area,” as defined in Order No. R-7737, also includes the following described acreage located within the Bravo Dome Carbon Dioxide Gas Unit Area (hereinafter referred to as the “Bravo Dome Temporary Spacing Area”):

Township 18 North, Range 30 East, NMPM

Sections 1 and 2: All
Section 3: E/2 E/2, SW/4 SE/4
Section 10: E/2 NE/4
Section 11: N/2
Sections 12 – 14: All
Section 23: E/2, E/2 W/2
Section 24: All
Section 25: E/2, E/2 W/2, W/2 NW/4,
NW/4 SW/4
Section 26: NE/4, E/2 NW/4, N/2 S/2
Section 36: All

Township 18 North, Range 31 East, NMPM

Sections 1 - 36: All

Township 19 North, Range 29 East, NMPM

Section 1: NE/4, E/2 NW/4

Township 19 North, Range 30 East, NMPM

Section 20: W/2 NE/4, S/2 SE/4
Sections 21 through 28: All
Section 29: NE/4
Section 32: NE/4 NE/4
Section 33: NW/4, W/2 NE/4, NE/4 NE/4,
NW/4 SE/4, NE/4 SW/4
Section 34: N/2, E/2 SE/4
Sections 35 and 36: All

Township 19 North, Range 31 East, NMPM

Sections 19 – 36: All

9. Pursuant to Order No. R-7737, Case No. 8352 was reopened in 1987 to allow operators “to appear and show cause why the West Bravo Dome Carbon Dioxide Gas Area should not be developed on less than 640-acre spacing and proration units.” Order No. R-7737, Finding 33.

10. When the case was reopened in 1987, the Division determined the evidence was insufficient to establish permanent special rules and regulations for the area, including 640-acre spacing, and the hearing on these temporary rules was continued to allow operators to gather well performance data and production history. Order No. R-7737-A, Finding 11.

11. The case was again reopened in 1991 and, since there had been no production of carbon dioxide from the area, the temporary rules were continued until two years after first production from this area.. Order No. R-7737-B, Findings 5 and 6, Order Paragraph 2.

12. In 2007 OXY commenced drilling in the Bravo Dome Temporary Spacing Area. These wells were completed in 2008 but have not been put on production. Although the wells have not yet produced, performance data and production history on wells in the Bravo Dome Temporary Spacing Area and additional performance data and production history from wells in the Bravo Dome Unit 640-acre Area establish that carbon dioxide wells in the Bravo Dome Temporary Spacing Area do not drain 640-acres and that 160-acre spacing rules more accurately reflect the producing capabilities of wells in this area.

13. OXY therefore makes application for an order reopening Order No. R-7737-B, contracting the “West Bravo Dome Carbon Dioxide Gas Area” to exclude the acreage in the Bravo Dome Temporary Spacing Area, and adopting permanent 160-acre spacing rules for the Bravo Dome Temporary Spacing Area.

14. Pursuant to Division Rule 15, notice of this application is being provided to all division-designated operators in the pool and to the owners of the mineral estate in existing spacing units with producing wells in the area that is affected by this application.

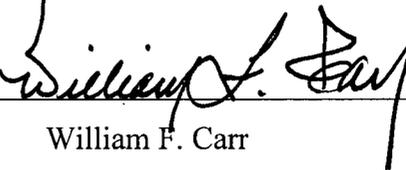
15. Approval of this application and the adoption of 160-acre spacing for the Bravo Dome Temporary Spacing Area, will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, OXY USA INC. hereby requests that this application be set for hearing and that, after notice and hearing as required by law and the Rules of the Division, Case No. 8352 be re-opened on June 10, 2010 and that the Division enter its order adopting permanent spacing rules for the Bravo Dome Temporary Spacing Area that provide for 160-acre spacing and proration units.

Respectfully submitted,

Holland & Hart, LLP

By:



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ATTORNEYS FOR OXY USA, INC.

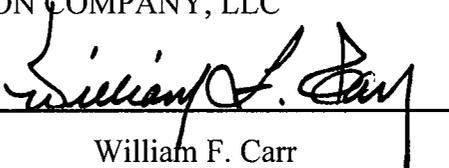
CERTIFICATE OF SERVICE

I hereby certify that on this 23rd day of April 2010, I have caused to be delivered by Facsimile or e-mail a copy of the Application of OXY USA Inc. in the above mentioned case to the following counsel:

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ATTORNEYS FOR RELIANT EXPLORATION AND
PRODUCTION COMPANY, LLC


William F. Carr

LEGAL ADVERTISEMENT

CASE 8352 (Reopened): Application of OXY USA, Inc. to reopen Case No. 8352 to contract the West Bravo Dome Carbon Dioxide Gas Area to exclude acreage in the Bravo Dome Carbon Dioxide Gas Unit and for the adoption of permanent Special Rules and Regulations for the acreage excluded from the West Bravo Dome Carbon Dioxide Gas Area including provisions for 160-acre spacing units, Harding County, New Mexico. Applicant seeks to reopen Case No. 8352 to contract the West Bravo Dome Carbon Dioxide Gas Area to exclude the following acreage in the Bravo Dome Carbon Dioxide Gas Unit (“Bravo Dome Temporary Spacing area”):

Township 18 North, Range 30 East, NMPM

Sections 1 and 2:	All
Section 3:	E/2 E/2, SW/4 SE/4
Section 10:	E/2 NE/4
Section 11:	N/2
Sections 12 – 14:	All
Section 23:	E/2, E/2 W/2
Section 24:	All
Section 25:	E/2, E/2 W/2, W/2 NW/4, NW/4 SW/4
Section 26:	NE/4, E/2 NW/4, N/2 S/2
Section 36:	All

Township 18 North, Range 31 East, NMPM

Sections 1 - 36: All

Township 19 North, Range 29 East, NMPM

Section 1: NE/4, E/2 NW/4

Township 19 North, Range 30 East, NMPM

Section 20:	W/2 NE/4, S/2 SE/4
Sections 21 through 28:	All
Section 29:	NE/4
Section 32:	NE/4 NE/4
Section 33:	NW/4, W/2 NE/4, NE/4 NE/4, NW/4 SE/4, NE/4 SW/4
Section 34:	N/2, E/2 SE/4
Sections 35 and 36:	All

Township 19 North, Range 31 East, NMPM

Sections 19 – 36: All

Applicant also seeks the adoption of permanent Special Rules and Regulations for the Bravo Dome Temporary Spacing Area that include provisions for 160-acre spacing and proration units. The West Bravo Dome Carbon Dioxide Gas Unit area is located approximately 15 to 17 miles east-northeast of Mosquero, New Mexico.