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OXY USA Inc.
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May 12, 2008

Patrick H. Lyons
Commissioner of Public Lands
State of New Mexico
P.O. Box 1148
Santa Fe, New Mexico 87504-1148
Attn: Jami Bailey, Director, Oil, Gas and Minerals Division

Mark Fesmire
Director
New Mexico Oil Conservation Division
1220 South St. Francis
Santa Fe, New Mexico 87505
Attn: Ed Martin, District IV Supervisor

Re: 2008 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 2008 Bravo Dome Unit Plan of Development. This Plan is tentative pending approval by Unit Working Interest Owners and Permitting from State Of New Mexico.

Current CO₂ production is approximately 280 mmscfd from 468 producing wells. Development projects in 2007 added 42 producing wells to the Unit. Attachment I is a listing of the wells drilled in 2007. Current cumulative Unit sales are approximately 2.75 TCF.

The 2008 Plan of Development for the Bravo Dome Unit Will have 2 Phases. Oxy has begun construction of a \$30 million booster compression project to be located at the existing compressor station. These boosters will likely be commissioned and running by 3rd Quarter of 2008. Preliminary estimates indicate that these boosters will increase Unit deliverability by 80 – 100 mmscfd to around 392 mmscfd, which is near existing Unit facility capacity. OXY plans to drill 90 new wells in 2008, in 2 Phases. Phase I will consist of 60 wells. 20 of these new wells will be in the current producing area, and 40 will be drilled in the Western Expansion Area. Phase II will consist of 30 wells, 21 of which will be expansion wells, 3 will be exploration wells and 6 will be infill wells. Attachment II is a listing of these proposed 2008 wells (pending permitting). These western area wells are expected to begin production in late 2008 as the booster compression is commissioned. Attachment III shows the proposed wells to be drilled in the western expansion area in 2008. Current plans are for drilling activities to begin in mid April and be completed by late October 2008. Attachment II is a map of the Unit showing all wells to be drilled or re-completed with in the Unit in 2008.

Along with the drilling and completion of the wells in 2008, we will be constructing approximately 18 miles of 24" fiberglass pipeline and approximately 56 miles of various sizes of fiberglass collection lines to gather the gas and transport to the compression facility.

The longer-range plans (2009 – 2010) continue this strategy to add well capacity to the existing compression/dehydration facility. These plans include drilling approximately 20-30 wells per year to offset Unit decline. A mixture of both infill and expansion wells are included in these plans; however, there will be more of an emphasis on extension wells in future years. Unit production is expected to peak in 2008 and decline at 8.5% per year without additional drilling. We are currently planning additional drilling projects each year to offset this Unit decline and maintain production in the 380 – 390 mmscfd range.

We are also in the study phase of more development of the West Bravo Dome area. This would consist of the drilling of wells, construction of gathering lines and construction of a new compression and dehydration facility.

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This study has just begun and will be several months in the planning stages. Possible start up of such a facility would be in 2009 – 2010.

Current OXY manpower operating the Bravo Dome Unit consists of 12 Oxy employees. There are also 7 full time contractors working in the Bravo Dome Unit operations. All of these employees and contractors are New Mexico residents.

2007 Unit Accomplishments

- 1) Spent \$5.2MM to drill 14 infill and extension wells resulting in additional Unit production of 30 mmscfd
- 2) Spent \$47.9MM to construct roads, locations, pipelines and drill 30 wells in the Leg 10 West area
- 3) Started construction of facility booster compression for existing compressor station.
- 4) Maximized compressor reliability and runtime, at above 99%

2008 Unit Priorities

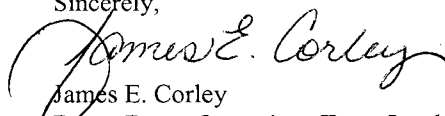
- 1) Drilling of 60 extension and infill wells in Phase I and 30 in Phase II
- 2) Complete construction of Booster Compression Facility to achieve Plant output of 392mmscfd.
- 3) Re-complete 13 existing wells in the west area expansion.
- 4) Spend approximately \$750,000 to upgrade existing Field Automation Equipment.
- 5) Spend approximately \$150,000 on preventative compressor maintenance to maintain reliability.
- 6) Maximize compressor runtime.
- 7) Evaluate possible Westside expansion wells and compression facility.

Five-Year Priorities

- 1) Drill extension/infill wells and extend collection system each year to offset Unit decline and maintain production in the 380 – 390 mmscfd range.
- 2) Evaluate possible expansion of Western Bravo Dome Unit Acreage.

The items detailed in this 2008 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 Eddie Corley at (505) 374-3052 or at the above letterhead address.

Sincerely,


James E. Corley
Bravo Dome Operations Team Leader

cc: Mr. Jim Lovato
District Manager
Bureau of Land Management
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

Attachment I – Unit Wells Drilled in 2007

Attachment II – Unit Map with all Wells Proposed to be drilled or Re-Completed in 2008

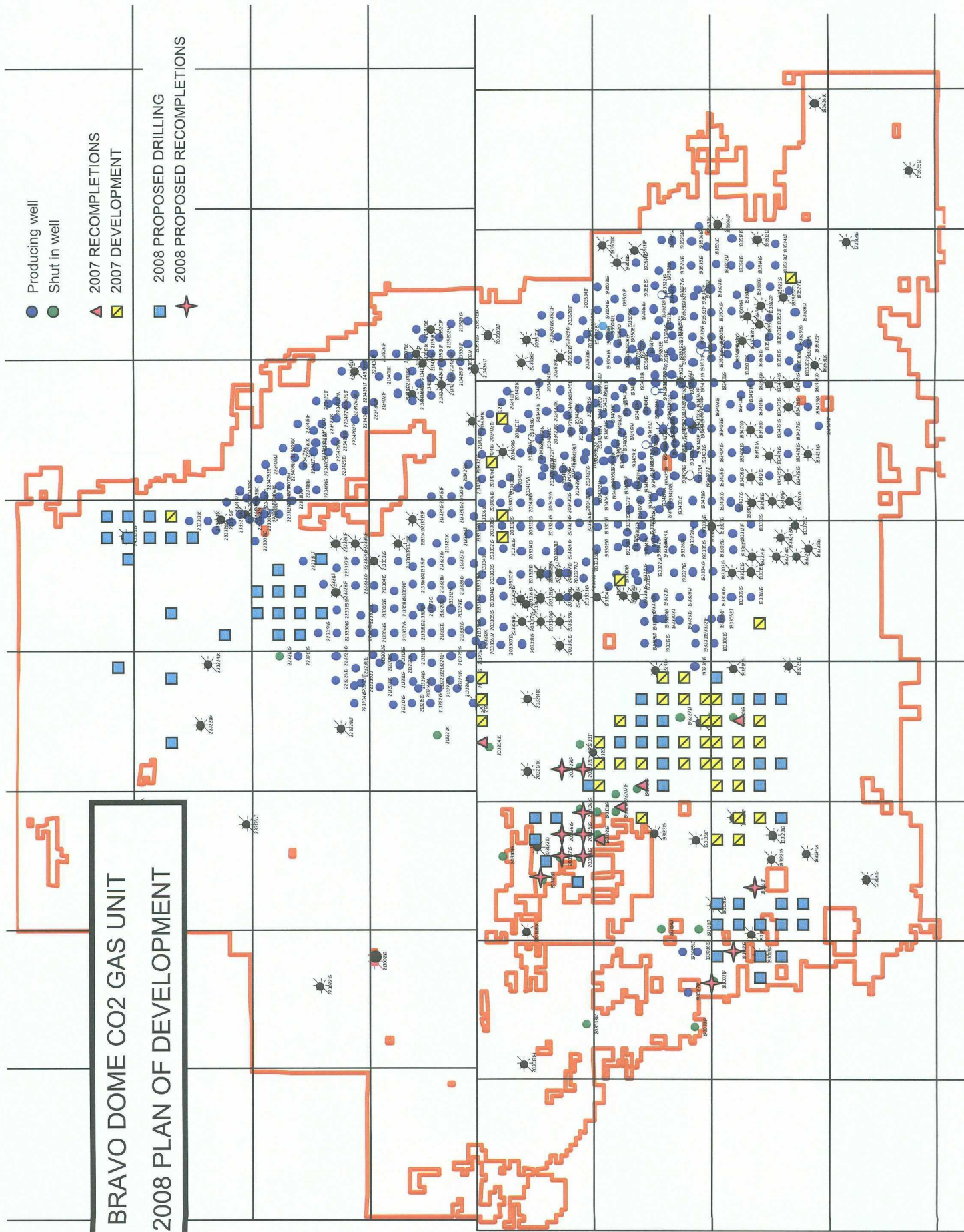
Attachment III – West Expansion Wells Proposed to be drilled in 2008

**Bravo Dome Unit
2008 Plan of Development
Attachment I**

2007 BDU Wells Drilled

<u>WELL NAME</u>	<u>LEGAL DESCRIPTION</u>	<u>UL</u>	<u>SECTION</u>	<u>TWN</u>	<u>RANGE</u>	<u>County</u>
2333-121	1983' FNL X 1977' FWL	F	12	T-23-N	R-33-E	Union
2034-112	1976' FSL X 1885' FWL	K	11	T-20-N	R-34-E	Union
2034-092	1700' FSL X 1708' FWL	K	09	T-20-N	R-34-E	Union
2034-072	1700' FSL X 1700' FWL	K	07	T-20-N	R-34-E	Union
2033-122	1700' FSL X 1685' FWL	K	12	T-20-N	R-33-E	Harding
2032-011	1701' FNL X 1830' FWL	F	01	T-20-N	R-32-E	Harding
2032-021	1700' FNL X 1700' FEL	G	02	T-20-N	R-32-E	Harding
2032-031	1700' FNL X 1700' FWL	F	03	T-20-N	R-32-E	Harding
1932-251	1652' FNL X 1700' FEL	G	25	T-19-N	R-32-E	Harding
1932-351	1700' FNL X 1700' FEL	G	35	T-19-N	R-32-E	Harding
1932-342	2255' FSL X 2107' FWL	K	34	T-19-N	R-32-E	Harding
1932-331	1700' FNL X 1700' FEL	G	33	T-19-N	R-32-E	Harding
1932-321	1700' FSL X 1700' FEL	J	32	T-19-N	R-32-E	Harding
1832-051	1698' FNL X 1980' FEL	G	05	T-18-N	R-32-E	Harding
1832-081	1700' FNL X 1700' FEL	G	08	T-18-N	R-32-E	Harding
1832-161	1700' FNL X 1700' FEL	G	16	T-18-N	R-32-E	Harding
1832-091	1700' FNL X 1700' FEL	G	09	T-18-N	R-32-E	Harding
1832-041	1700' FSL X 1700' FWL	K	04	T-18-N	R-32-E	Harding
1832-151	1700' FNL X 1700' FEL	G	15	T-18-N	R-32-E	Harding
1832-031	1700' FNL X 1700' FEL	G	03	T-18-N	R-32-E	Harding
1832-021	1700" FNL X 1700' FEL	G	02	T-18-N	R-32-E	Harding
1835-272	1977' FSL X 1980' FWL	K	27	T-18-N	R-35-E	Union
1933-102	1700' FSL X 1700' FWL	K	10	T-19-N	R-33-E	Harding
1833-162	1700' FSL X 1700' FWL	K	16	T-18-N	R-33-E	Harding
1932-261	1700' FSL X 1700' FEL	J	26	T-19-N	R-32-E	Harding
1932-231	2060' FNL X 1707' FEL	G	23	T-19-N	R-32-E	Harding
1932-242	1700' FNL X 1700' FEL	G	24	T-19-N	R-32-E	Harding
1932-101	1699' FNL X 1699' FEL	G	10	T-19-N	R-32-E	Harding
1932-042	1700' FNL X 1700' FWL	F	04	T-19-N	R-32-E	Harding
1932-051	1700' FNL X 1700' FEL	G	05	T-19-N	R-32-E	Harding
1932-061	1700' FNL X 1700' FEL	G	06	T-19-N	R-32-E	Harding
1932-081	1700' FNL X 1700' FEL	G	08	T-19-N	R-32-E	Harding
1931-131	1700' FNL X 1700' FEL	G	13	T-19-N	R-31-E	Harding
1932-171	1700' FNL X 1700' FWL	F	17	T-19-N	R-32-E	Harding
1932-291	2060' FNL X 1700' FEL	G	29	T-19-N	R-32-E	Harding
1932-281	1700' FNL X 1700' FEL	G	28	T-19-N	R-32-E	Harding
1831-021	1700' FNL X 1700' FEL	G	02	T-18-N	R-31-E	Harding
1831-131	1700' FNL X 1700' FEL	G	13	T-18-N	R-31-E	Harding
1831-111	1700' FNL X 1700' FEL	G	11	T-18-N	R-31-E	Harding
1831-122	1980' FNL X 1737' FWL	F	12	T-18-N	R-31-E	Harding
1932-071	1700' FNL X 1700' FEL	G	07	T-18-N	R-32-E	Harding
1832-061	1700' FNL X 1700' FWL	F	06	T-18-N	R-32-E	Harding

2008 PLAN OF DEVELOPMENT



**Bravo Dome Unit
2008 Plan of Development
Attachment III**

2008 Proposed BDU Wells *

<u>WELL NAME</u>	<u>LEGAL DESCRIPTION</u>	<u>UL</u>	<u>SECTION</u>	<u>TWN</u>	<u>RANGE</u>	<u>County</u>
1932-211	1980' FNL X 1697' FWL	F	21	T-19-N	R-32-E	Harding
1932-221	1700' FNL X 1700' FWL	F	22	T-19-N	R32-E	Harding
1932-141	1700' FNL X 1700' FEL	G	14	T-19-N	R-32-E	Harding
1932-151	1700' FNL X 1700' FEL	G	15	T-19-N	R-32-E	Harding
1932-161	1700' FNL X 1700' FEL	G	16	T-19-N	R-32-E	Harding
1932-091	1700' FNL X 1700' FEL	G	09	T-19-N	R-32-E	Harding
1932-201	1700' FNL X 1700' FWL	F	20	T-19-N	R-32-E	Harding
1932-191	1700' FNL X 1700' FEL	G	19	T-19-N	R-32-E	Harding
2031-331	1893' FNL X 1752' FEL	G	33	T-20-N	R-31-E	Harding
2031-221	1680' FNL X 1700' FEL	G	22	T-20-N	R-32-E	Harding
2031-233	1889' FNL X 1704' FEL	G	23	T-20-N	R-31-E	Harding
2031-251	1930' FNL X 1700' FEL	G	25	T-20-N	R-31-E	Harding
2032-311	1700' FSL X 1700' FEL	J	31	T-20-N	R-32-E	Harding
2433-261	1700' FNL X 1700' FEL	G	26	T-24-N	R-33-E	Union
2433-251	1900' FNL X 1698' FEL	G	25	T-24-N	R-33-E	Union
2433-362	1834' FNL X 1778 FEL	G	36	T-24-N	R-33-E	Union
2433-341	1674' FNL X 1900' FEL	G	34	T-24-N	R-33-E	Union
2433-352	1836' FNL X 1922' FEL	G	35	T-24-N	R-33-E	Union
2333-022	1979' FNL X 1703' FEL	G	02	T-23-N	R-33-E	Union
2333-011	1700' FNL X 1700' FEL	G	01	T-23-N	R-33-E	Union
2333-111	1700' FNL X 1700' FEL	G	11	T-23-N	R-33-E	Union
2333-141	1700' FNL X 1980' FWL	F	14	T-23-N	R-33-E	Union
2332-091	1980' FNL X 1703' FEL	G	09	T-23-N	R-32-E	Union
2432-361	1886' FNL X 1980' FEL	G	36	T-24-N	R-32-E	Union
2333-081	1700' FNL X 1700' FEL	G	08	T-23-N	R-33-E	Union
2332-111	1695' FNL X 1839' FEL	G	11	T-23-N	R-33-E	Union
1832-142	1700' FNL X 1700' FEL	G	14	T-18-N	R-32-E	Harding
1832-011	1700' FNL X 1700' FEL	G	01	T-18-N	R-32-E	Harding
1832-111	1700' FNL x 1700' FEL	G	11	T-18-N	R-32-E	Harding
1832-171	1700' FNL X 1700' FEL	G	17	T-18-N	R-32-E	Harding
1832-201	1700' FNL X 1700' FEL	G	20	T-18-N	R-32-E	Harding
1832-221	1700' FSL X 1700' FWL	K	22	T-18-N	R-32-E	Harding
1832-181	1700' FNL X 1700' FEL	G	18	T-18-N	R-32-E	Harding
1831-241	1700' FNL X 1700' FEL	G	21	T-18-N	R-31-E	Harding
1831-052	1694' FNL X 1974' FEL	G	05	T-18-N	R-31-E	Harding
1830-011	1980' FNL X 1810' FEL	G	01	T-18-N	R-30-E	Harding
1831-071	1900' FNL X 1650' FWL	F	07	T-18-N	R-31-E	Harding
1831-182	1737' FNL X 1959' FWL	G	18	T-18-N	R-31-E	Harding
1830-241	1700' FSL X 1700' FEL	J	24	T-18-N	R-30-E	Harding
1830-132	1900' FSL X 1980' FWL	K	13	T-18-N	R-30-E	Harding
1831-191	1700' FSL X 1700' FEL	J	19	T-18-N	R-31-E	Harding
1831-301	1700' FNL X 1700' FEL	G	30	T-18-N	R-31-E	Harding
1831-291	1700' FNL X 1700' FEL	G	29	T-18-N	R-31-E	Harding
1831-201	1700' FSL X 1700' FEL	J	20	T-18-N	R-31-E	Harding

**Bravo Dome Unit
2008 Plan of Development
Attachment III**

2233-221	1839' FNL X 1681' FWL	F	33	T-22-N	R-33-E	Union
2233-161	1980' FNL X 1701' FEL	G	16	T-22-N	R-33-E	Union
2233-081	1700' FSL X 1700' FEL	J	08	T-22-N	R-33-E	Union
2233-171	1700' FNL X 1700' FEL	G	17	T-22-N	R-33-E	Union
2233-071	1807' FSL X 1914' FEL	J	07	T-22-N	R-33-E	Union
2233-181	1654' FSL X 1980' FEL	J	18	T-22-N	R-33-E	Union
2233-201	1700' FNL X 1700' FEL	G	20	T-22-N	R-33-E	Union