

HOLLAND & HART^{LLP}



8351

William F. Carr
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December 9, 2008

HAND DELIVERED

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

RECEIVED
2008 DEC 9 PM 3 12

Re: West Bravo Dome Carbon Dioxide Gas Unit Agreement
Harding County, New Mexico
2009 Plan of Development

Dear Mr. Fesmire:

Pursuant to Article 4.2 of the Unit Agreement for the Development and Operation of the West Bravo Dome Carbon Dioxide Gas Unit, Hess Corporation hereby submits the 2009 Plan of Development.

If you have questions concerning the enclosed, please advise.

Very truly yours,

William F. Carr

Enc.

cc: James S. Hughart
Hess Corporation
500 Dallas Street
Houston, TX 77002

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HESS CORPORATION
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Seminole, TX 79360

Joaquin Martinez
Manager.
Permian Operations
(432) 758-6720 Wk
(432) 758-6768 Fax

December 1, 2008

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

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501-2088

RE: Plan of Development: January 1, 2009 through December 31, 2009
West Bravo Dome Carbon Dioxide Gas Unit (WBDGU)
Harding County, New Mexico

Gentlemen:

With respect to the West Bravo Dome Carbon Dioxide Gas Unit (WBDGU) and in accordance with New Mexico Oil Conservation Order Number 7707, Hess Corporation, as unit operator, hereby submits five (5) copies of the Plan of Development (POD) for January 1, 2009 through December 31, 2009.

Presently, there are twenty (27) shut-in carbon dioxide (CO₂) gas wells in the Unit which are capable of production. Seven (7) of the wells were drilled last year and 20 wells were drilled in the early 1980's. Lack of available electrical power and pipeline infrastructure to gather CO₂ and a sustained viable market has resulted in no CO₂ gas production since unitization. The Unit originally contained 50,020.78 acres consisting of 18 Federal tracts (22,624.65 acres). The unit was contracted effective on November 15, 1994 and now contains 34,655.33 acres consisting of 15 Federal tracts (6,834.47 acres) 24 State of New Mexico tracts (13,201.18 acres) and 46 patented tracts (14,619.68).

As reported in last year's POD, Hess management authorized development of the WBDGU and a large adjacent fee lease to provide CO₂ gas for a tertiary recovery oil project in Gaines County, Texas.

Between May and September of 2007, Hess drilled 18 carbon dioxide gas wells in the area, 7 of which were in the WBDGU. In 2008, Hess began construction of approximately 50 miles of gathering lines for 27 unit wells and other wells in the area, a gas plant located in Section 5, T18N, R30E and a 12 mile sales line from the plant to an interconnect with the Sheep Mountain Pipeline in Section 31, T19N, R32E. In conjunction with construction of this infrastructure, Hess brought in electric power, obtained rights-of-way from fee surface owners and the New Mexico State Land Office, permits from the New Mexico Department of Transportation covering road crossings, and surface use agreements from non-unit landowners, where appropriate. Hess has finished production testing of the 27 unit and other wells and drilled a disposal well to dispose of water from the plant. Other actions in 2008 included: acquisition of a 2+ acre site for pipe storage and undertaking extensive abstracting and title examination covering the 35,655 acre unit and adjacent leases in the area. Finally, Hess met in early 2008 with officials of the New Mexico State Land Office and the United States Bureau of Land Management to preview plans to expand the WBDGU from its present size to approximately 77,000 acres. Based upon favorable reception, Hess is proceeding with its unit expansion plans and expects to submit the revised unit for approval by December 2008 or early 2009.

The plan of development for 2009 will include the following:

- If not already completed, finish construction of the production infrastructure and begin production of CO2.
- Evaluate additional drilling well locations for subsequent years (2009 and beyond)
- Possibly drill 3 wells on Federal leases that were deferred in 2007 due to permitting delays.
- Finish division order title work for the existing WBDGU and proposed expanded unit.
- Await approval of the proposed expanded WBDGU from appropriate agencies.
- Make unit production payments.
- Monitor and maintain existing wells in accordance with State Regulations

If there are questions regarding this proposed Plan of Development for 2009, please contact me at (432) 758-6720.

Yours truly,

HESS CORPORATION



Joaquin Martinez
Manger, Permian Operations

Cc: Mr. Brian Davis – Bureau of Land Management