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**OXY USA Inc.**

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July 13, 2010 2010 JUL 20 P 1: 08

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: 2010 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 2010 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 325 mmscfd from 512 producing wells. Current cumulative Unit sales are approximately 2.99 TCF.

The 2010 Plan of Development for the Bravo Dome Unit. Oxy has completed construction and commissioning of a \$44 million booster compression project located at the existing compressor station. Final work was completed in the 1<sup>st</sup> Q of 2010. These boosters increased the throughput of the Facility from 250mmscfd to 325mmscfd.

Oxy plans to Plug and Abandon 6 wells in 2010 that have reached the end of production life. These wells are:

WELL # 1834-072K  
WELL# 1835-302K  
WELL# 1933-102K  
WELL# 1935-042L  
WELL# 2033-282J  
WELL# 1833-162K

Oxy does not have any current plans for drilling of any new CO2 wells for 2010.

The longer-range plans (2011 – 2013) continue to add well capacity to the existing compression/dehydration facility based on CO2 demand. 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 2010 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 325 – 350 mmscfd range.

Current OXY manpower operating the Bravo Dome Unit consists of 14 Oxy employees. There are also 8 full time contractors working in the Bravo Dome Unit operations. All of these employees and contractors are New Mexico residents.

***2009 Unit Accomplishments***

- 1) Completed construction of facility booster compression for existing compressor station.
- 2) First Commissioned Booster facility in 3<sup>rd</sup> Q of 2008. Completed commissioning booster facility 1Q 2009. Added process filters and compressor wash system to improve runtime 1Q 2010
- 3) Maximized compressor reliability and runtime, at above 99%

***2010 Unit Priorities***

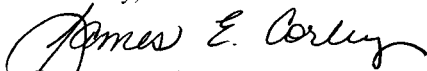
- 1) Evaluation of possible new well drills for 2011 to maintain current production.
- 2) Spend approximately \$250,000 on preventative compressor maintenance to maintain reliability.
- 3) Maximize compressor runtime.

***Five-Year Priorities***

- 1) Drill extension/infill wells and extend collection system each year to offset Unit decline and maintain production in the 325 – 350 mmscfd range.
- 2) Evaluate possible expansion of Western Bravo Dome Unit Acreage.
- 3) Spend approximately \$3mm to upgrade existing Field Automation equipment.

The items detailed in this 2010 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 (575) 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