

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION

DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. ~~14022~~
ORDER NO. R-7707-A

APPLICATION OF HESS CORPORATION FOR APPROVAL OF ENLARGEMENT OF
THE WEST BRAVO DOME CARBON DIOXIDE GAS UNIT, HARDING COUNTY,
NEW MEXICO.

HESS CORPORATION'S
PROPOSED ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing on September 16, 2010 at Santa Fe, New Mexico, before
Examiners _____ and David K. Brooks.

NOW, on this ___ day of September 2010, the Division Director, having
considered the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case
and its subject matter.

(2) The applicant, Hess Corporation, seeks approval of the Enlargement of the West
Bravo Dome Carbon Dioxide Gas Unit to ~~include all formations underlying~~ the following-
described 76,949.58 acres, more or less, of Federal, State of New Mexico and fee lands in
Harding County, New Mexico:

TOWNSHIP 20 NORTH, RANGE 29 EAST, NMPM

Section 21: SW/4SW/4, E/2W/2, W/2SE/4, SE/4SE/4
Section 27: W/2SW/4, SE/4SW/4
Section 28: S/2NE/4, NW/4NE/4, NW/4, S/2
Section 29: S/2
Section 30: Lots 1-4, E/2W/2, SW/4NE/4, SE/4
Section 31: Lots 1-4, E/2W/2, E/2 (All)
Section 32 through 33: All
Section 34: W/2NE/4, SE/4NE/4, NW/4, S/2
Section 35: SW/4

TOWNSHIP 19 NORTH, RANGE 29 EAST, NMPM

Section 1: Lot 4, SW/4NW/4, S/2
Section 2: Lots 1-4, S2N2, S/2 (All)
Section 3: Lots 1-4, S/2N/2, S/2 (All)
Section 4: Lots 1-4, S/2N/2, S/2 (All)
Section 5: Lots 1-4, S/2N/2, S/2 (All)
Section 6: Lots 1-7, SE/4NW/4, S/2NE/4, E/2SW/4, SE/4 (All)
Section 7: Lots 1-4, E/2W/2, E/2 (All)
Section 8 through 17: All
Section 18: Lots 1-4, E/2W/2, E/2 (All)
Section 19: Lots 1-4, E/2W/2, E/2 (All)
Section 20 through 22: All
Section 23 through 29: All
Section 30: Lots 1-4, E/2W/2, E/2 (All)
Section 31: Lots 1-2, E/2W/2, E/2
Section 32 through 36: All

TOWNSHIP 19 NORTH, RANGE 30 EAST, NMPM

Section 5: Lots 3, 4 S/2NW/4, SW/4
Section 6: Lots 1-7, SE/4NW/4, S/2NE/4, SE/4SW/4, SW/4SE/4
Section 7: Lots 1-4, E/2NW/4, W/2NE/4, SE/4NE/4, NE/4SW/4,
NW/4SE/4, SE/4SE/4
Section 8: N/2SW/4, SW/4SW/4
Section 17: SW/4
Section 18: Lots 1-4, E/2W/2, W/2NE/4, SE/4NE/4, SE/4
Section 19: Lots 1-4, E/2W/2, E/2 (All)
Section 20: W/2, E/2NE/4, N/2SE/4
Section 29: W/2, SE/4
Section 30: Lots 1-4, E/2W/2, E/2 (All)
Section 31: Lots 1-4, E/2W/2, E/2 (All)
Section 32: W/2, W/2E/2, SE/4NE/4, E/2SE/4
Section 33: NW/4SW/4, SE/4NE/4, NE/4SE/4, S/2S/2
Section 34: SW/4, W/2SE/4

TOWNSHIP 18 NORTH, RANGE 29 EAST, NMPM

Section 1: Lots 1-4, S/2N/2, S/2 (All)
Section 2: Lots 1-4, S/2N/2, S/2 (All)
Section 3: Lots 1-4, S/2N/2, S/2 (All)
Section 4: Lots 1-4, S/2N/2, S/2 (All)
Section 5: Lots 1-4, S/2N/2, S/2 (All)
Section 6: Lots 1-3, S/2NE/4, SE/4NW/4, E/2SW/4, SE/4
Section 7: E/2NW, E/2

Section 8 through 16: All
Section 17: W/2, NE/4, W/2SE/4, NE/4SE/4
Section 18: E/2
Section 19: E/2E/2
Section 20 through 28: All
Section 29: E/2, E/2W/2, W/2NW, NW/4SW/4
Section 32: E/2, E/2NW/4
Section 33 through 36: All

TOWNSHIP 18 NORTH, RANGE 30 EAST, NMPM

Section 3: Lots 2, 3, 4, SW/4NE/4, NW/4SE/4, S/2NW/4, SW/4
Section 4: Lots 1-4, S/2N/2, S/2 (All)
Section 5: Lots 1-4, S/2N/2, S/2 (All)
Section 6: Lots 1-7, SE/4NW/4, S/2NE/4, E/2SW/4, SE/4 (All)
Section 7: Lots 1-4, E/2W/2, E/2 (All)
Section 8: All
Section 9: All
Section 10: W/2NE/4, SE/4, W/2
Section 11: S/2
Section 15 through 17: All
Section 18: Lots 1-4, E/2W/2, E/2 (All)
Section 19: Lots 1-4, E/2W/2, E/2 (All)
Section 20 through 22: All
Section 23: W/2W/2
Section 25: SW/4SW/4
Section 26: W/2NW/4, S/2S/2
Section 27 through 29: All
Section 30: Lots 1-4, E/2W/2, E/2 (All)
Section 31: Lots 1-4, E/2W/2, E/2 (All)
Section 32 through 35: All

TOWNSHIP 17 NORTH, RANGE 29 EAST, NMPM

Section 1: Lots 1-4, SE/4NE/4
Section 2: Lots 1-4, SW/4NE/4, S/2NW/4
Section 3: Lots 1-4, S/2N/2, NW/4SE/4, SW/4
Section 4: Lots 1-4, S/2N/2, S/2 (All)
Section 5: Lot 1, SE/4NE/4
Section 9: NE/4NW/4

TOWNSHIP 17 NORTH, RANGE 30 EAST, NMPM

Section 1: W/2SW/4
Section 2: Lots 1-4, S/2N/2, S/2 (All)
Section 3: Lots 1-4, SW/4NE/4, S/2NW/4, S/2

Section 4: Lots 1-4, S/2N/2, N/2S/2, S/2SW/4
Section 5: Lots 1-4, S/2N/2, SE/4, E/2SW/4
Section 6: Lots 1-7, SE/4NW/4, S/2NE/4, E/2SW/4, W/2SE/4
Section 8: N/2
Section 9: N/2, NE/4SW/4, SE/4
Section 10: All
Section 11: N/2, W/2SW/4
Section 12: W/2NW/4
Section 14: NW/4NW/4
Section 15: N/2N/2, NW/4SE/4, N/2SW/4

3. By Order No. R-7707 dated November 1, 1984, the Oil Conservation Division granted the application of Cities Service Oil & Gas Corporation for approval of the West Bravo Dome Carbon Dioxide Unit ("the Unit") unitizing all carbon dioxide in the Tubb formation under certain lands in Harding County, New Mexico.

4. The Unit is governed by the Unit Agreement for the Bravo Dome Carbon Dioxide Gas Unit ("the Unit Agreement") which provides for enlargement and contraction of the Unit Area. Article ___ of the Unit agreement provides:

"The Unit Area may be enlarged from time to time to include acreage reasonably proved to be productive of Unitized Substances upon such terms as may be determined by Working Interest Owners and the owners of such acreage and upon approval by the Commissioner and the A O with regard to State and Federal lands, respectively...."

5. Pursuant to the Unit Agreement, from time to time, the Unit Areas has been enlarged (May 1, 1986) and contracted (July 14, 1995) and now contains 34,619 acres, more or less, of Federal, State and Fee lands.

6. Hess Corporation became the operator of the unit on August 1, 1994 and now seeks and order approving the enlargement of the Unit Area by adding approximately 42,331 acres of additional Federal, State and Fee lands.

7. Hess Corporation, owns 100% of the working interest in the proposed enlarged Unit Area, has sufficient interest within the proposed expanded Unit Area to provide effective control of unit operations and has determined that the Unit Area should be enlarged.

8. On August 6, 2010, the Bureau of Land Management advised Hess Corporation that it concurred with the proposed enlargement of the pursuant to the terms and conditions of the West Bravo Dome Carbon Dioxide Unit Agreement.

9. On August 10, 2010, the Commissioner of Public Lands granted preliminary approval of the proposed enlargement of the West Bravo Dome Carbon Dioxide Unit Area and found that the proposed enlargement of the Unit Area (i) will tend to promote the conservation of

oil and gas and the better utilization of reservoir energy, (ii) will result in the State of New Mexico receiving its fair share of the recoverable oil or gas in place under its lands and the proposed unit area, and (iii) in other respects is in the best interest of the trust.

10. All acreage in the enlarged Unit Area has been reasonably proven productive of carbon dioxide and the allocation of unitized substances to the separately owned tracts on a straight acreage basis as required by the Unit Agreement will therefore be fair, reasonable and will protect the correlative rights of all owners in the enlarged Unit Area.

11. Hess presented testimony that demonstrates that:

- A. Sufficient working interest and royalty interest within the Unit area have been voluntarily committed to afford effective control of unit operations to the Unit Plan;
- B. The unit covers an area that can be reasonable developed under a unit plan;

12. No interested party appeared or otherwise objected to the proposed unit agreement.

13. The approval of the proposed enlargement of the Unit Area for the West Bravo Dome Carbon Dioxide Unit will serve to prevent waste and protect correlative rights within the lands assigned to the unit area.

IT IS THEREFORE ORDERED THAT:

(1) The application of Hess Corporation for enlargement of the West Bravo Dome Carbon Dioxide Gas Unit is hereby approved ~~for all formations~~ underlying the following-described 76,949.58 acres, more or less, of Federal, State of New Mexico and fee lands in Harding County, New Mexico:

TOWNSHIP 20 NORTH, RANGE 29 EAST, NMPM

Section 21: SW/4SW/4, E/2W/2, W/2SE/4, SE/4SE/4
Section 27: W/2SW/4, SE/4SW/4
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Section 29: S/2
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Section 31: Lots 1-4, E/2W/2, E/2 (All)
Section 32 through 33: All
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Section 35: SW/4

TOWNSHIP 19 NORTH, RANGE 29 EAST, NMPM

Section 1: Lot 4, SW/4NW/4, S/2

Section 2: Lots 1-4, S2N2, S/2 (All)
Section 3: Lots 1-4, S/2N/2, S/2 (All)
Section 4: Lots 1-4, S/2N/2, S/2 (All)
Section 5: Lots 1-4, S/2N/2, S/2 (All)
Section 6: Lots 1-7, SE/4NW/4, S/2NE/4, E/2SW/4, SE/4 (All)
Section 7: Lots 1-4, E/2W/2, E/2 (All)
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Section 19: Lots 1-4, E/2W/2, E/2 (All)
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Section 23 through 29: All
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Section 31: Lots 1-2, E/2W/2, E/2
Section 32 through 36: All

TOWNSHIP 19 NORTH, RANGE 30 EAST, NMPM

Section 5: Lots 3, 4 S/2NW/4, SW/4
Section 6: Lots 1-7, SE/4NW/4, S/2NE/4, SE/4SW/4, SW/4SE/4
Section 7: Lots 1-4, E/2NW/4, W/2NE/4, SE/4NE/4, NE/4SW/4,
NW/4SE/4, SE/4SE/4
Section 8: N/2SW/4, SW/4SW/4
Section 17: SW/4
Section 18: Lots 1-4, E/2W/2, W/2NE/4, SE/4NE/4, SE/4
Section 19: Lots 1-4, E/2W/2, E/2 (All)
Section 20: W/2, E/2NE/4, N/2SE/4
Section 29: W/2, SE/4
Section 30: Lots 1-4, E/2W/2, E/2 (All)
Section 31: Lots 1-4, E/2W/2, E/2 (All)
Section 32: W/2, W/2E/2, SE/4NE/4, E/2SE/4
Section 33: NW/4SW/4, SE/4NE/4, NE/4SE/4, S/2S/2
Section 34: SW/4, W/2SE/4

TOWNSHIP 18 NORTH, RANGE 29 EAST, NMPM

Section 1: Lots 1-4, S/2N/2, S/2 (All)
Section 2: Lots 1-4, S/2N/2, S/2 (All)
Section 3: Lots 1-4, S/2N/2, S/2 (All)
Section 4: Lots 1-4, S/2N/2, S/2 (All)
Section 5: Lots 1-4, S/2N/2, S/2 (All)
Section 6: Lots 1-3, S/2NE/4, SE/4NW/4, E/2SW/4, SE/4
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Section 8 through 16: All
Section 17: W/2, NE/4, W/2SE/4, NE/4SE/4
Section 18: E/2
Section 19: E/2E/2

Section 20 through 28: All
Section 29: E/2, E/2W/2, W/2NW, NW/4SW/4
Section 32: E/2, E/2NW/4
Section 33 through 36: All

TOWNSHIP 18 NORTH, RANGE 30 EAST, NMPM

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Section 4: Lots 1-4, S/2N/2, S/2 (All)
Section 5: Lots 1-4, S/2N/2, S/2 (All)
Section 6: Lots 1-7, SE/4NW/4, S/2NE/4, E/2SW/4, SE/4 (All)
Section 7: Lots 1-4, E/2W/2, E/2 (All)
Section 8: All
Section 9: All
Section 10: W/2NE/4, SE/4, W/2
Section 11: S/2
Section 15 through 17: All
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TOWNSHIP 17 NORTH, RANGE 29 EAST, NMPM

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Section 3: Lots 1-4, S/2N/2, NW/4SE/4, SW/4
Section 4: Lots 1-4, S/2N/2, S/2 (All)
Section 5: Lot 1, SE/4NE/4
Section 9: NE/4NW/4

TOWNSHIP 17 NORTH, RANGE 30 EAST, NMPM

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Section 3: Lots 1-4, SW/4NE/4, S/2NW/4, S/2
Section 4: Lots 1-4, S/2N/2, N/2S/2, S/2SW/4
Section 5: Lots 1-4, S/2N/2, SE/4, E/2SW/4
Section 6: Lots 1-7, SE/4NW/4, S/2NE/4, E/2SW/4, W/2SE/4
Section 8: N/2

Section 9: N/2, NE/4SW/4, SE/4
Section 10: All
Section 11: N/2, W/2SW/4
Section 12: W/2NW/4
Section 14: NW/4NW/4
Section 15: N/2N/2, NW/4SE/4, N/2SW/4

(2) Notwithstanding any of the provisions contained in the unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation that is now, or may hereinafter be, vested in the Division to supervise and control operations for the unit and production of carbon dioxide gas there from.

(3) The unit operator shall file with the Division, within 30 days thereafter, copies of the unit agreement reflecting the subscription of those interests having joined or ratified in the Enlarged Unit Area..

(4) All: (i) plans of development and operation; (ii) creations, expansions or contractions of participating areas; and (iii) expansions or contractions of the unit area shall be submitted to the Division Director for approval.

(5) This order shall become effective upon approval of the expansion of the Unit Area by the Commissioner of Public Lands for the State of New Mexico and the Authorized Officer of the Bureau of Land Management for the United States of America.

(6) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

MARK E. FESMIRE, P. E.

Director

SEAL