OXY USA Inc.
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February 25, 2005

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: ~~Roy Johnson, District IV Supervisor~~ Will Jones 3/31/05

Re: 2005 Plan of Development
Bravo Dome Carbon Dioxide Gas Unit
Union, Harding and Quay Counties, New Mexico

CO#6967

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 Bravo Dome Unit 2005 Plan of Development. The 2005 drilling portion of this plan is tentative pending approval by the Unit Working Interest Owners.

Current CO2 production is approximately 314 mmscfd from 416 producing wells. Development projects in 2004 added 27 producing wells to the Unit. Attachment I is a listing of the 2004 drilled wells. No wells were plugged during 2004. Current cumulative Unit sales are approximately 2.43 TCF.

The 2005 Plan of Development for the Bravo Dome Unit is to increase production by an estimated 14 mmscfd through a 14 well extension and infill drilling program to be completed during the summer months of 2005. Seven of these wells are extension wells and seven are infill wells. Drilling is scheduled to begin in May and all wells should be completed by August, 2005. Attachment II is a listing of these proposed 2005 wells (pending NMOCD approvals).

The longer range plan (2006 – 2009) continues this strategy to add well capacity to the existing compression / dehydration facility. These plans include drilling approximately 15-30 wells per year to offset unit decline. A mixture of both infill and expansion wells are included in the plans. In addition to continued drilling activity, the Unit has evaluated installation of 24,000hp of booster compression at the existing compressor station to lower wellhead pressures to the 50 psi range. This installation appears to be favorable, however, there is currently no electric power available to run any new boosters. Tri-State G&T is working to install new electrical infrastructure in the Unit area by 1Q 2007. When power is available, Unit booster options will be re-evaluated. These booster projects could increase Unit deliverability by 90 mmscfd to around 420 mmscfd, which is near existing Unit facility capacity. Unit production is expected to peak in 2008 and decline at 8.5% without additional drilling. We are currently planning additional drilling projects each year to offset this Unit decline and maintain production in the 400 mmscfd range.

The keys to success for implementing this strategy are:
- -Capital cost of future development programs must meet economic criteria
- -Electric power must be available and power costs must be stable
- -There are no other significant changes which impact operating costs or conditions
- -Developing and producing CO2 for less than the cost to purchase CO2 from competitors
- -Continued strong oil prices that will help to maintain CO2 demand
- -Plant and pipeline reliability must remain high

Bravo Dome Unit operating costs are dominated by electric power consumption. Power consumption is 85 - 90% of total operating costs and is dependent on the volume and reservoir pressure of the CO2 gas produced. Current Oxy

manpower operating the Bravo Dome Unit is 11 employees. Currently, there are 4 full time contractors working at the Unit. All of these employees and contractors are New Mexico residents.

2004 UNIT ACCOMPLISHMENTS

1) Spent $8.1MM to drill 27 infill and extension wells resulting in additional production of 22 mmscfd
2) Evaluated installation of booster compression at the existing compressor station
3) Installed one new capillary soap injection string to increase well production
4) Performed remedial acid jobs on 52 wells to increase production
5) Maximized compressor reliability/runtime

2005 UNIT PRIORITIES

1) Drill 14 new wells and lay new gathering lines at a cost of $4.4MM to add approximately 14 mmscfd in production
2) Spend approximately $150,000 on preventative compressor maintenance in order to maintain compressor reliability and runtime
3) Complete determination of areas for future drilling programs
4) Maximize compressor reliability/runtime

FIVE YEAR PRIORITIES

1) Install booster compression at the central compressor station to increase plant throughput by 90 mmscfd
2) Drill extension wells and lay new gathering lines each year to offset unit decline and maintain production in the 400 mmscfd range
3) Maintain effective cost control to sustain competitive position

The items detailed in this 2005 Plan of Development are subject to Unit working interest owner and NMOCD approvals, continued strong CO2 demand and favorable project economics. Oxy and the 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 Danny Holcomb at 505-374-3010 or at the above letterhead address.

Sincerely,

Danny J. Holcomb

Danny J. Holcomb
Bravo Dome Team Leader

cc: Edwin Singleton
District Manager
Bureau of Land Management
435 Montano Road NE
Albuquerque, New Mexico 87107-4935

Attachment I – Unit Wells Drilled in 2004
Attachment II – Unit Wells Proposed to be Drilled in 2005

Bravo Dome Unit
2005 Plan of Development
Attachment I

2004 BDU Wells Drilled

WELL NAME	LEGAL DESCRIPTION	UL	SECTION	TWN	RANGE	County
1833-061	1650' FNL X 1650' FEL	G	06	T-18-N	R-33-E	Harding
1933-311	1711' FNL X 1793' FEL	G	31	T-19-N	R-33-E	Harding
1933-321	1650' FNL X 1650' FWL	F	32	T-19-N	R-33-E	Harding
2132-012	1650' FNL X 1650' FEL	G	01	T-21-N	R-32-E	Harding
2132-101	1880' FNL X 1979' FEL	G	10	T-21-N	R-32-E	Harding
2132-122	1681' FSL X 1650' FWL	K	12	T-21-N	R-32-E	Harding
2132-142	1650' FSL X 1650 FWL	K	14	T-21-N	R-32-E	Harding
2132-151	1650' FNL X 1650' FEL	G	15	T-21-N	R-32-E	Harding
2132-221	1650' FNL X 1650' FEL	G	22	T-21-N	R-32-E	Harding
2132-232	1650' FSL X 1658' FWL	K	23	T-21-N	R-32-E	Harding
2132-262	1650' FSL X 1653' FWL	K	26	T-21-N	R-32-E	Harding
2133-172	1002' FSL X 1650' FEL	O	17	T-21-N	R-33-E	Harding
2133-212	660' FSL X 330' FWL	M	21	T-21-N	R-33-E	Harding
2232-341	1650' FNL X 1650' FEL	G	34	T-22-N	R-32-E	Union
2232-352	1664' FSL X 2578' FEL	J	35	T-22-N	R-32-E	Union
2233-011	1931' FSL X 1995' FEL	J	01	T-22-N	R-33-E	Union
2233-021	762' FNL X 2544' FWL	C	02	T-22-N	R-33-E	Union
2233-211	1650' FSL X 1650' FEL	J	21	T-22-N	R-33-E	Union
2234-052	1650' FNL X 330' FWL	E	05	T-22-N	R-34-E	Union
2234-062	990' FNL X 990' FWL	D	06	T-22-N	R-34-E	Union
2234-072	2310' FNL X 990' FEL	H	07	T-22-N	R-34-E	Union
2234-182	330' FNL X 990' FWL	D	18	T-22-N	R-34-E	Union
2333-252	504' FSL X 1454' FWL	N	25	T-23-N	R-33-E	Union
2333-261	660' FNL X 330' FEL	A	26	T-23-N	R-33-E	Union
2333-362	660' FSL X 1980' FWL	N	36	T-23-N	R-33-E	Union
2334-301	1650' FSL X 660' FWL	L	30	T-23-N	R-34-E	Union
2334-311	1650' FSL X 1650' FWL	K	31	T-23-N	R-34-E	Union

Bravo Dome Unit
2005 Plan of Development
Attachment II

2005 Proposed BDU Wells

WELL NAME	LEGAL DESCRIPTION	UL	SECTION	TWN	RANGE	County
1834-072	1980' FSL X 1980' FWL	K	07	T-18-N	R-34-E	Union
1835-052	1621' FNL X 941' FWL	E	05	T-18-N	R-35-E	Union
1932-361	1650' FNL X 1650' FEL	G	36	T-19-N	R-32-E	Harding
1933-162	1980' FSL X 1650' FWL	K	16	T-19-N	R-33-E	Harding
1933-191	1980' FNL X 1718' FEL	G	19	T-19-N	R-33-E	Harding
1933-202	1650' FSL X 1650' FEL	J	20	T-19-N	R-33-E	Harding
1934-172	1650' FSL X 1980' FEL	J	17	T-19-N	R-34-E	Union
2033-222	1980' FSL X 1980' FEL	J	22	T-20-N	R-33-E	Harding
2033-272	2080' FSL X 1880' FEL	J	27	T-20-N	R-33-E	Harding
2033-282	1930' FSL X 1980' FEL	J	28	T-20-N	R-33-E	Harding
2132-341	1650' FSL X 1650' FEL	J	34	T-21-N	R-32-E	Harding
2233-012	1980' FNL X 2205' FWL	F	01	T-22-N	R-33-E	Union
2333-363	1880' FNL X 1980' FEL	G	36	T-23-N	R-33-E	Union
2334-312	1980' FNL X 1980' FEL	G	31	T-23-N	R-34-E	Union