New Mexico Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Attention: Mr. Mike Stogner, Chief Hearing Officer/Engineer

Re: Application for Administrative Approval of Unorthodox Well Locations
Administrative Application Reference No. pSEMO-415530509
Bravo Dome Carbon Dioxide Gas Unit
Harding, Union and Quay Counties, New Mexico

Dear Mr. Stogner:

As requested in your letter to David Stewart dated June 23, 2004, enclosed is additional data to support our request for these unorthodox locations. The Bravo Dome Unit is a unitized area much like a secondary or tertiary recovery unit, and these locations encroach on interior lines and not the unit boundary. At the same time we have some situations where the drillsite is located in a spacing unit that contains an unratified tract, or it encroaches on a spacing unit that contains an unratified tract. Reviewing each location and applying the notice requirements for unorthodox locations described in 19.15.14.1207 A (2) yields a list of “affected persons” consisting of the working interest owners in the unit, and they are listed on the attached service list. Historically we have been requested to give notice of NSL applications to lessors of any unratified tract within a ¼ mile of a proposed unorthodox location, and that was not necessary in these cases because the wells are located more than ¼ mile from any unratified tract. Finally, since state lands are involved, the New Mexico State Land Office is included even though their leases are part of the unit.

I hereby attest that on or before the date of this letter all parties on the attached list were sent, certified mail-return receipt requested, a copy of the enclosed application along with a cover letter (copy attached) and a plat. I hope this additional data and notice addresses your concerns. If not, please let me know. Thank you for your consideration of our request.

Sincerely,

Richard E. Foppiano
Regulatory Team Leader

REF/ref
Enclosures

Cc: Danny Holcomb
Roy Johnson (NMOCOCD)
Alan Schwarz
David Stewart
Geological Justification: Due to poorer phi-H in the east half and northwest quarter of this section, there will likely only be one well ever drilled in this section. The only standard location within acceptable phi_H in this section is within unit letter K. Initial rate from a K location is estimated at 1,644 mcfd. Initial rate from an L location is estimated at 2,035 mcfd. Therefore, to prevent waste from this section with only one well location candidate, the L location recovers more total reserves than the K location. We request your approval to drill this L location.
Bravo Dome Carbon Dioxide Gas Unit Well Number 2234-062D

Topographical Justification: There is an existing producing well in unit letter K of this section. Due to topography reasons, there are no suitable drilling locations in unit letters F, G or J. The Pinabetes Creek (and its flood plain) runs through unit letters L, F, G and H. Unit letter J has no suitable drilling locations due to its proximity to the existing well and due to topo related pipeline restrictions. Since no suitable drilling locations were available in standard locations, a suitable drilling location was chosen in unit letter D which is outside the Pinabetes flood plain. For these topo reasons, we request your approval to drill this D location.

Current estimate for initial rate for this D location is 2,166 mcfpd.
Bravo Dome Carbon Dioxide Gas Unit Well Number 2233-021C

Topographical Justification: The Pinabetes Creek runs through unit letters E, F, G and I in this section. There is a house located within unit letter K of this section. There is a feeder draw running northeast-southwest through unit letter J. As a result of the creeks in this section, a well location in unit letter C was chosen. The C location is outside the Pinabetes flood plain. Any standard location in unit letters F and G would be inside the flood plain. Due to these topo reasons, we request your approval to drill the C location.

Current estimate of initial rate for this C location is 1,722 mcfpd.
Bravo Dome Carbon Dioxide Gas Unit Well Number 2234-052E

**Topographical Justification:** There is an existing producing well in unit letter J of this section. Due to topography reasons, there are no suitable drilling locations in unit letters F, G or K. The Pinabetes Creek (and its flood plain) runs through unit letters E, D, C, B, A. Due to topo related pipeline constraints in unit letters south of this creek, any second well in this section would need to be drilled in unit letters C, D or northern E. With these topo restrictions, the location was chosen in unit letter E. Initial production rate for this E well is forecast to be 1444 mcfd vs 0 mcfd if no second well is drilled. Therefore, in order to prevent waste in this section, we request your approval to drill the E location.
Bravo Dome Carbon Dioxide Gas Unit Well Number 2333-252N

**Topographical Justification:** An existing well (2333-251F) was drilled and plugged by the previous operator in this section. It never produced. There is a wet spring in the west half of unit letter K with a draw that runs eastward through the middle of unit letters K, J and I. There is a second draw that runs east-west through unit letters E, F and G. Due to this topography, we request approval to drill in the N location.

Current estimate for initial rate in the N location is 2,192 mcfpd.
Bravo Dome Carbon Dioxide Gas Unit Well Number 2133-172O

**Topographical Justification:** There is an existing producing well in unit letter F of this section. A second well in this section was initially chosen to be in unit letter J. However, due to topography reasons this second well was moved to unit letter O. There is a creek that runs through unit letters E, L, K, J and I. In order to avoid this creek, we request your approval to drill the O location.
Bravo Dome Carbon Dioxide Gas Unit Well Number 2133-212M

**Topographical Justification:** There is an existing producing well in unit letter G of this section. A second well in this section was initially chosen to be in unit letter K. However, due to topography reasons this second well was moved to unit letter M. There is a creek that runs through unit letters D, E, L, M, N, K, J and I. In order to stay on the west side of this creek, the M location was chosen. The M location also allows this well to be equa-distant between wells in offsetting sections. By maintaining this equa-distant spacing, we forecast that an M location would recover more reserves than any other location in this section. Therefore, for topo reasons and in order to prevent waste in this section, we request approval to drill the M location.
Bravo Dome Carbon Dioxide Gas Unit Well Number 2234–072H

**Geological Justification:** There is an existing producing well in unit letter F of this section. The second well in this section was chosen to be in unit letter H to remain equa-distant between the existing wells in sections 7 and 8. By maintaining this equa-distant spacing, we forecast that an H location would recover more reserves than a standard location in this section. Current estimate for initial rate for this H location is 2,166 mcfpd. Therefore, to prevent waste in this section, we request approval to drill the H location.
Bravo Dome Carbon Dioxide Gas Unit Well Number 2333–362N

**Geological Justification:** The Clapham Fault runs north-south up the western edge of this section. An existing well (2333-361J) was drilled and plugged by the previous operator. It never produced. The best phi-H in this section is in the southeast quarter and the east half of the southwest quarter. Since a second well in this section must be a minimum of 1320 feet away from the J location well (in the event it is ever re-entered), there are no standard locations available to drill in the best phi-H. Therefore, the N location was chosen as the best candidate due to it being in the best phi-H and nearest the fault. This N location is forecasted to have an initial rate of 3,915 mcfd. This rate is higher than any forecasted rates for other second wells within standard locations. Therefore, to prevent waste in this section, we request your approval to drill this N location.
Bravo Dome Carbon Dioxide Gas Unit Well Number 2333–261A

Geological Justification: The Clapham Fault runs northwest-southeast up the far eastern edge of this section. There are no productive wells on the west side of this fault as it runs to the south. In fact, the Graben area (gasless water zone) that was excluded from the Unit in 1994 lies a few miles south of this section along the west side of this same fault. Based on current information, there is no drillable standard location within this section due to this fault. If any well is going to be drilled in this section, it must be drilled in the A location which is the only area east of the fault. Estimated reserves for this A location well are 5.2 bcf vs 0 bcf if no well is drilled in this section. Current estimate for initial rate is 1,723 mcfpd. Therefore, in order to prevent waste in this section, we request your approval to drill this A location.
### Proposed Well - NSL

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Bravo Dome CO2 Unit
NSL Applications – Service List

Brent Curtis Coon
P. O. Box 82
Dumas, TX 79029

Ralph W. Coon
P. O. Box 312
Dumas, TX 79029

Rim Carbon Dioxide Inc
5 Inverness Drive E
Englewood, CO 80112-5519

Ed French
P. O. Box 540
Chillicothe, TX 79225

Beard Oil Company
5600 N May Avenue, Suite 320
Oklahoma City, OK 73112-4275

Richard S. Coon
2322 Lakeview Drive
Amarillo, TX 79109-1510

Clyde H. Tyler Estate
1805 Altura Avenue
Las Cruces, NM 88001

Edna Rosenwald Elias Johnston
760 Juan Tabo NE NO A-1
Albuquerque, NM 87123

Allen B. Floersheim
P. O. Box A
Roy, NM 87743

Donald Floersheim Estate
17095 133rd St.
Little Falls, MN 56345

Milton Floersheim
1224 Scenic Drive
Raton, NM 87740

Myron Floersheim
169 Colemans Bluff Drive
Woodstock, GA 30188

Alan Rosenwald
600 Veron Avenue
Glencoe, IL 60022

Eleanor Seligman
2525 Vista Larga Avenue NE
Albuquerque, NM 87106

Stanly Floersheim
1157 Hancock Drive NE
Atlanta, GA 30306

Robert J. McDaniel
11423 Albion St
Denver, CO 80233

Rozlyn Hayward
318 North 17th St
Grand Junction, CO 81501

Rixey Lee McDaniel
4103 Rocky Bend Drive
Sugar Land, TX 77479

Amerada Hess Corporation
Attn: Joint Venture Accounting, 16th Floor
P. O. Box 2040
Houston, TX 77252-2040

Louis Dreyfus Natural Gas Corp
Joint Interest
14000 Quail Springs Parkway, Suite 600
Oklahoma City, OK 73134-2600

Milton Floersheim
1224 Scenic Drive
Raton, NM 87740

Myron Floersheim
169 Colemans Bluff Drive
Woodstock, GA 30188

Eleanor Seligman
2525 Vista Larga Avenue NE
Albuquerque, NM 87106

Robert J. McDaniel
11423 Albion St
Denver, CO 80233

Rixey Lee McDaniel
4103 Rocky Bend Drive
Sugar Land, TX 77479
Bravo Dome CO2 Unit
NSL Applications – Service List

John Iverson
2600 Lambda Lane
Flower Mount, TX 75028

Charlotte Wiggs
12634 Kingsridge Lane
Houston, TX 77024

Kinder Morgan CO2 Company LP
Attn: Russell Martin
One Allen Center
500 Dallas, Suite 1000
Houston, TX 77002

XTO Energy Inc.
Attn: Betty Moots
810 Houston Street, Suite 2000
Ft. Worth, TX 76102-6298

Robert O. Clark
111 Leech Court
Glasgow, KY 42141-2223

Exxon Corporation
P. O. Box 4707
Houston, TX 77210-4707

New Mexico State Land Office
P. O. Box 1148
Santa Fe, NM 87504-1148

George Childress
15330 Ella Blvd., Apt. 1017
Houston, TX 77090

Helen Rixey Emens
504 Sunrise Rd.
Roswell, NM 88201

Carl Florsheim Jr.
7714 Hendrix Road NE #ME
Albuquerque, NM 87110-1520

Chaparral CO2 LLC
701 Cedar Lake Blvd.
Oklahoma City, OK 73114

Dallam-Hartley Counties Hospital
P. O. Box 1418
Dalhart, TX 79022-1418

Oxy USA Bravo Dome
Joint Interest Department
P. O. Box 27570
Houston, TX 77227-7570

New Mexico State Land Office
P. O. Box 1148
Santa Fe, NM 87504-1148