



Douglas W. Hurlbut, CPL
Senior Landman Advisor

OXY USA WTP Limited Partnership
Box 50250, Midland, TX 79710

Phone (432) 685-5729
Fax (432) 685-5742

April 4, 2005

CERTIFIED – RETURN RECEIPT REQUESTED

WORKING INTEREST OWNERS

REVISED

RE: OXY Fat Cactus Fed Com #1
E/2 Section 15, T19S-R27E
Eddy County, New Mexico

Gentlemen:

OXY USA WTP Limited Partnership does hereby propose the drilling of the referenced well at an approxiamte location of 660' FNL and 1400' FEL of Section 15, T19S-R27E, as a 10,650' Morrow Test with an E/2 proration unit. This location as proposed could change slightly due to the rules and regulations of the BLM.

A drilling title opinion, Operating Agreement and Communitization Agreement are currently being prepared and will be mailed out to the parties under separate cover.

It would be appreciated if you would please review the enclosed and should you elect to participate in the test well, please have this AFE signed and returned to me. If you elect not to participate then we would be interest in a farmout or term assignment of interest under mutually acceptable terms.

Should you have any questions, please advise.

Very truly yours,

OXY USA WTP Limited Partnership

Douglas W. Hurlbut

DWH/rar

Enclosure

An Occidental Oil & Gas Company

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 13534 Exhibit No. 2
Submitted by:
OXY USA WTP LTD. PARTNERSHIP
Hearing Date: August 11, 2005

WORKING INTEREST OWNERS:

Pogo Producing Company
Attention: Terry Gant
P.O. Box 10340
Midland, Texas 79702

Yates Petroleum Corporation
Yates Drilling Company
Myco Industries, Inc.
Abo Petroleum Corporation
Attention: Mr. Rob Bullock
105 South Fourth Street
Artesia, New Mexico 88210-2118

BP America Production Company
Attention: Melanie Bell
501 Westlake Park Boulevard
Houston, Texas 77079

Requested By: Bob Doty
Prepared By: Joe Fleming

OXY USA INC.
DETAILED WELL ESTIMATE

LEASE - WELL NO. Oxy Fat Cactus Fed Com #1 DATE: 28-Mar-05
LOCATION 660' FNL, 1400' FEL DEPTH: 10650'
S 15 T 19S R 27E COUNTY Eddy STATE New Mexico AFE NO.

DESCRIPTION	GRADE	\$/FT	QUAN.	W	ESTIMATE PRODUCER	ESTIMATE DRY HOLE	ACTUAL COST
TANGIBLES							
Casing							
Surface: 13-3/8", 48#, H-40	A	28.25	400		11,300	10,906	
Intermediate: 9-5/8", 36#, K-55	A	21.50	2125		45,688	47,700	
Production: 5-1/2", 17#, P-110/S	A	10.50	10650		111,825		
Wellhead Connections					25,000		
Tubing 2-7/8", 6.5#, N-80	A	4.50	10500		47,250		
Line Pipe & Fittings					7,500		
Packer and Accessories					9,000		
TANK BATTERY							
Stock Tanks 2 500 bbl	A				10,000		
Separator, Heater Treater, Dehydrator	A				20,000		
Meter Run & Housing	A				5,000		
Labor & Transportation					20,000		
Total Tangibles					312,563	58,606	
INTANGIBLES							
Contract Drilling Labor					435,000	435,000	
Drilling Consultants					40,000	40,000	
Mobilization					25,000	25,000	
Service Rig Work					24,000		
Subsurface Casing Equipment					5,000	2,000	
D.S.T., Electric, Radioactivity Logs, etc.					35,000	30,000	
Acidizing, Fracing					75,000		
Perforating					25,000		
Misc. Company & Contract Labor					45,000	25,000	
Road Building, Location					20,000	20,000	
Cement & Cementing Services					45,000	30,000	
Cement Squeeze Jobs							
Drilling Mud, Chemicals					35,000	35,000	
Diamond Coring & Analyses, Bits, Reamers					35,000	35,000	
Mud Logging Unit					20,000	20,000	
Rental of Miscellaneous Equipment					55,000	55,000	
Contract Hauling					35,000	25,000	
Water, Fuel					55,000	55,000	
Miscellaneous Incidentals					150,000	150,000	
Archeological Services					2,500	2,500	
Total Intangibles					1,161,500	984,500	
Total Estimated Cost - 100%					1,474,063	1,043,106	

Oxy USA WTP LP
Authorization for Expenditure Form

DATE PREPARED: 03/28/2005 0:00

RMT/PMT: Frontier

Control No. 8199

PROJECT NAME: DRILL AND EQUIP

LEASE/UNIT: OXY Fat Cactus Fed Com #1

OPERATOR: Oxy USA WTP LP

LEGAL LOCATION: 680' FNL & 1400' FEL, Section 16, T19S, R27E, Eddy County, NM

BUDGET CATEGORY: Exploitation

PROJECT DESCRIPTION:

It is proposed to drill and equip the OXY Fat Cactus Fed Com #1 as a Morrow producer in Eddy County, New Mexico. Your approval is requested.

ACCOUNTING USE ONLY:

Lease/Pit Name: OXY Fat Cactus Fed Com #1
AFE Type: D&E O&G WELL
Production Coordinator No.: 14201441
State/County: New Mexico/Eddy
Operator Name: Oxy USA WTP LP
Lease/Plant CC: _____
Company/Division No.: 24177
Oxy Wt: (%) 31.2500
AFE Category: Original
Project AFE No. 99104056
Organization Rollup Key: NFC
Overhead Type: Drilling
OSI INPUT ONLY:
Oracle AFE No.: _____

COMPLETE FOR NEW WELLS:

☒ PRODUCER ☐ WATER DISPOSAL
☐ O&G WELL ☒ GAS WELL
☐ DEVELOPMENT WELL ☐ EXPLORATORY WELL
☐ SINGLE COMPLETION ☐ DUAL COMPLETION
Regulatory Horizon Name: _____
Regulatory District Number: _____

PROJECT QUALIFIED FOR EOR TAX CREDITS? ☐ YES ☐ NO

IF YES, WHAT % QUALIFIES? _____

EXPENSE/CAPITAL/ PXA	DESCRIPTION	ESTIMATED COST	
		100%	OXY NET
CAPITAL CAPITAL	TANGIBLES	\$312,963	\$97,676
	INTANGIBLES	\$1,161,500	\$362,989
TOTAL PROJECT COST		\$1,474,463	\$460,665

PROJECT CONTACTS:	NAME	TITLE	PHONE NUMBER
	<u>Scott Gangler</u>	<u>Engineering Advisor</u>	<u>432 685-5625</u>
	<u>David Evans</u>	<u>Land</u>	<u>432 685-5769</u>
	<u>Bob Doty</u>	<u>Geology</u>	<u>432 685-5681</u>

PROJECT APPROVED BY: _____ **PAUL A. MARTINEZ**
(signature)

NOTICE TO NONOPERATOR: Costs shown on this form are estimates only. Nonoperators should not consider these estimates as establishing any limit on the monies which will be required to perform the proposed operation.

APPROVAL: YES _____ NO _____
Company Name: _____
BY: _____ DATE _____
(print name)
BY: _____
(signature)

QXX USA INC.
ATTN: LAND-BETTY CHATWELL
P.O. BOX 50250
MIDLAND, TX 79710-0250

Check type of mail or service:

- ☐ Certified
☐ COO
☐ Delivery Confirmation
☐ Express Mail
☐ Insured
☐ Recorded Delivery (International)
☐ Registered
☐ Return Receipt for Merchandise
☐ Signature Confirmation

Affix Stamp Here

(If issued as a
 certificate of mailing,
 or for additional
 copies of this bill)
 Postmark and
 Date of Receipt

Line	Article Number	Addressee Name, Street, and PO Address	Postage	Handling Charge	Actual Value if Registered	Insured Value	Due Sender if COO	DC Fee	SC Fee	SH Fee	RD Fee	RR Fee
1	700425100001181465246	Pogo Producing Company Attention: Terry Gant P.O. Box 10340 Midland, Texas 79702										
2												
3												
4												
5	700425100001181465253	BP America Production Company Attention: Melanie Bell 501 Westlake Park Boulevard Houston, Texas 77070										
6												
7												
8	700425100001181465260	Yates Petroleum Corporation Yates Drilling Company Myco Industries, Inc. Also Petroleum Corporation Attention: Mr. Rob Bullock 105 South Fourth Street Artesia, New Mexico 88210-211A										
9												
10												
11												
12												
13												
14												
15												



The full declaration of value is required on all domestic and international registered mail. The maximum indemnity payable for the reconstruction of nonnegotiable documents under Express Mail document reconstruction insurance is \$500 per piece subject to additional limitations for multiple pieces lost or damaged in a single catastrophic occurrence. The maximum indemnity payable on Express Mail merchandise insurance is \$500, but optional Express Mail Service merchandise insurance is available for up to \$5,000 to some, but not all countries. The maximum indemnity payable is \$25,000 for registered mail. See Domestic Mail Manual R800, S913, and S821 for limitations of coverage on insured and COO mail. See International Mail Manual for limitations of coverage on international mail. Special handling charges apply only to Standard Mail (A) and Standard Mail (B) parcels.

Postmaster, Per (Name of receiving employee)

Park

Total Number of Pieces Listed by Sender

3

Total Number of Pieces Received at Post Office

3

Complete by Typewriter, Ink, or Ball Point Pen

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return this card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

BP America Production Company
Attention: Melanie Bell
501 Westlake Park Boulevard
Houston, Texas 77079

2. Article Number:

(Transfer from service)

7004 2510 0001 1866 5253

PS Form 3811, August 2001

Domestic Return Receipt

102595-02-44-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature:

Melanie Bell ☐ Agent ☐ Addressee

B. Received by (Printed Name):

C. Date of Delivery:

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

3. Service Type:

☒ Certified Mail ☐ Express Mail☐ Registered ☐ Return Receipt for Merchandise☐ Insured Mail ☐ C.O.D.4. Restricted Delivery? (Extra Fee) ☐ Yes

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return this card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Yates Petroleum Corporation
Yates Drilling Company
Myco Industries, Inc.
Abo Petroleum Corporation
Attention: Mr. Rob Bullock
105 South Fourth Street
Artesia, New Mexico 88210-2118

2. Article Number:

(Transfer from service)

7004 2510 0001 1866 5260

PS Form 3811, August 2001

Domestic Return Receipt

102595-02-44-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature:

Rob Bullock ☐ Agent ☐ Addressee

B. Received by (Printed Name):

C. Date of Delivery:

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

3. Service Type:

☒ Certified Mail ☐ Express Mail☐ Registered ☐ Return Receipt for Merchandise☐ Insured Mail ☐ C.O.D.4. Restricted Delivery? (Extra Fee) ☐ Yes

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- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Pogo Producing Company
Attention: Terry Gant
P.O. Box 10340
Midland, Texas 79702

2. Article Number:

(Transfer from service)

7004 2510 0001 1866 5246

PS Form 3811, August 2001

Domestic Return Receipt

102595-02-44-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature:

Terry Gant ☐ Agent ☐ Addressee

B. Received by (Printed Name):

C. Date of Delivery:

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

3. Service Type:

☒ Certified Mail ☐ Express Mail☐ Registered ☐ Return Receipt for Merchandise☐ Insured Mail ☐ C.O.D.4. Restricted Delivery? (Extra Fee) ☐ Yes