

**Oxy USA WTP LP
Authorization for Expenditure Form**

DATE PREPARED: 06/14/2005 0:00

RMT/PMT: Frontier

Control No. 7804

PROJECT NAME: Drill & Equip OXY Peso State #1

LEASE/UNT: OXY Peso State #1

OPERATOR: Oxy USA WTP LP

LEGAL LOCATION: 1980 FNL & 1530 FWL Sec 24, T16S, R27E Eddy Co., NM

BUDGET CATEGORY: Exploitation

PROJECT DESCRIPTION:

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

ACCOUNTING USE ONLY:

User/Plt Name: OXY Peso State #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 WI: (%) 30.0000
 AFE Category: Original
 Project AFE No. 99104056
 Organization Rollup Key: NRC
 Overhead Type: Drilling

OSI INPUT ONLY:
 Oracle AFE No.:

COMPLETE FOR NEW WELLS:

PRODUCER OIL WELL WATER DISPOSAL
 DEVELOPMENT WELL GAS 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	\$361,518	\$108,456
	INTANGIBLES	\$1,643,000	\$482,900
TOTAL PROJECT COST		\$2,004,518	\$601,356

PROJECT CONTACTS:

NAME	TITLE	PHONE NUMBER
<u>Scott Gensler</u>	<u>Production Engineer</u>	<u>685-5825</u>
<u>David Evans</u>	<u>Land</u>	<u>685-5789</u>
<u>Bob Doty</u>	<u>Geology</u>	<u>685-5681</u>

PROJECT APPROVED BY: _____
(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)

BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Case No. 13719 Exhibit No. 3
 Submitted by:
OXY USA WTP LIMITED PARTNERSHIP
 Hearing Date: June 22, 2006

OXY USA INC.
 DETAILED WELL ESTIMATE

LEASE - WELL NO. OXY Peso State #1 DATE: 21-Feb-06
 LOCATION 1980 FNL & 1530 FWL DEPTH: 10,500
 S 24 T 18-S R 27-E COUNTY Eddy STATE New Mexico AFE NO. _____

DESCRIPTION	GRADE	\$/FT	QUAN.	W	ESTIMATE PRODUCER	ESTIMATE BCP	ESTIMATE ACP	REVISED BCP	REVISED EST PROD
TANGIBLES									
Casing									
Surface 13-3/8", 48#, H-40 ST&C	A	30.00	400		12,000	12,000			
Intermediate 9-5/8", 36#, K-55 ST&C	A	23.50	2500		58,750	58,750			
Production 5-1/2", 17#, N-80 LT&C	A	12.00	10500		126,000				
Wellhead Connections					12,500	4,000			
Tubing 2-7/8", 6.5#, L-80		5.17	10400		53,768				
Sucker Rods									
Bottom Hole Pump									
Engine or Motor									
Pumping Unit									
Electrical Equipment									
Line Pipe & Fittings					5,000				
Packer and Accessories					8,500				
TANK BATTERY									
Stock Tanks 2 500 bbl					25,000				
Separator, Heater Treater, Dehydrator					30,000				
Meter Run & Housing					5,000				
Labor & Transportation					25,000				
Total Tangibles					361,518	74,750			
INTANGIBLES									
Contract Drilling Labor					720,000	720,000			
Rig Supervision					48,000	43,000			
Service Rig Work @ \$1800/day					31,500				
Subsurface Casing Equipment					7,000	3,000			
D.S.T., Electric, Radioactivity Logs, etc.					25,000	25,000			
Acidizing, Fracing					120,000				
Perforating					25,000				
Misc. Company & Contract Labor					75,000	50,000			
Road Building, Location					30,000	30,000			
Cement & Cementing Services					65,000	45,000			
Cement Squeeze Jobs									
Drilling Mud, Chemicals					50,000	50,000			
Diamond Coring & Analyses, Bits, Reamers					55,000	55,000			
Directional drilling									
Mud Logging Unit					25,000	25,000			
Rental of Miscellaneous Equipment					50,000	50,000			
Contract Hauling					35,000	25,000			
Water					28,000	20,000			
Fuel					50,000	50,000			
Miscellaneous Incidentals & solids control					200,000	200,000			
Archaeological Services					3,500	3,500			
Total Intangibles					1,643,000	1,394,500			
Total Estimated Cost - 100%					2,004,518	1,469,250			