

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

DATE PREPARED: 08/09/2006

Control No. 8748

LOCATION (RMT/PMT) Frontier

PROJECT NAME: Drill & Equip OXY Flameskimmer State #1

LEASE/UNIT: OXY Flameskimmer State #1

OPERATOR: Oxy USA WTP LP

LEGAL LOCATION: 1650' FSL & 1980' FWL Section 9, 17S 29E (or legal Morrow location in NE/4 SW/4)

BUDGET CATEGORY: Exploitation

PROJECT DESCRIPTION:

This AFE is to request funds to drill the OXY Flameskimmer #1 well as a Morrow producer in Eddy County, NM. Your approval is requested.

ACCOUNTING USE ONLY:

Lse/Pit Name: OXY Flameskimmer State #1
 AFE Type: O&E O&G WELL
 Production Coordinator No.: 14201441
 State/County: NM/Eddy
 Operator Name: Oxy USA WTP LP
 Lease/Plant CC: _____
 Company/Division No.: 24177
 Oxy Wt: (%) 25.00
 AFE Category: Original
 Project AFE No. 99104064
 Organization Rollup Key: NRC
 Overhead Type: Drilling
 Well Category: Eddy Co. Trend (>10,000)

OSI INPUT ONLY:
 Oracle AFE No.: _____

COMPLETE FOR NEW WELLS:

PRODUCER INJECTOR WATER DISPOSAL
 OIL 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	Tangibles	\$398,700	\$99,675
Capital	Intangibles	\$1,853,000	\$463,250
TOTAL PROJECT COST		\$2,251,700	\$562,925

PROJECT CONTACTS:

NAME	TITLE	PHONE NUMBER
<u>David Evans</u>	<u>Landman</u>	<u>432-685-5825</u>
<u>Bob Doty</u>	<u>Geologist</u>	<u>432-685-5769</u>
<u>Scott Gengler</u>	<u>Production Engineer</u>	<u>432-685-5825</u>

PROJECT APPROVED BY: _____ Tom Menges
(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)

WRITTEN/VERBAL APPROVAL RECEIVED ON _____

BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Case No. 13813 Exhibit No. 3
 Submitted by:
OXY USA WTP LTD PARTNERSHIP.
 Hearing Date: November 9, 2006