



OXY USA INC.
AUTHORITY FOR EXPENDITURE

Region: Western

AFE NO:

Lease/Plant Name: Myers Langlie Mattix Unit	
Description: Install 40 Acre Five Spot Waterflood Pilot	
Partnership/Funding: Funded	
Location: Lea County, New Mexico	
Field: Langlie Mattix	Region AFE No: 5518
Operator Name: OXY USA INC.	PF/Plant/Loc Code: 1424
Oper. AFE No:	Lease/Plant CC No: 73050700-6
State/County No: 30025	Co./Div No: 327 77
Capital Proj. No: 99999	See Rec Proj. No: 040
Budget Appr No: 940700	Offshore Zone:

Remarks:

It is proposed to install a 40 acre fivespot waterflood pilot project on the Myers Langlie Mattix Unit. The Myers Langlie Mattix Unit is currently producing on an 80 acre fivespot waterflood pattern. Due to poor sweep efficiencies and lateral discontinuity, it is believed that a high amount of mobile oil saturation is recoverable by reducing the 80 acre fivespot waterflood to a 40 acre fivespot waterflood. To help quantify the amount of mobile oil saturation that is recoverable by the 40 acre fivespot waterflood pattern, it is proposed to drill and equip 18 producers, convert 16 wells to water injection, and replace the injection tubing in three current water injection wells.

The recovery of 1,606,000 barrels of incremental reserves from the pilot area will result in net cash production of \$8,726,000 which will payout the \$4,094,426 OXY USA Inc. capital expenditure 371% (BFIT). Payout period is 3.0 years.

Estimated Cost Detail

	Labor		
	Materials	Incidentals	Total
Gross Cost	1,852,250	3,222,400	5,074,650
Net Cost@ 80.68390 % W.I.	1,494,468	2,599,958	4,094,426

CONCURRENCES

Geol.	Geop.	Land	Exploit.	Engr.	Oper. Prod	Oper. G.P.	FP&A	Acctg.
OXY APPROVAL: _____							Date: _____	
PARTNER APPROVAL: _____							Date: _____	
COMPANY: _____								

Prepared By: Scott E. Gengler
Phone #: 915-685-5825

Date: 11-MAR-94

April 28, 1994

Dear Working Interest Owners:

This AFE recommends performing work on our jointly owned property. The estimates shown on this AFE are based on current costs for materials and services and the actual charges may vary from these estimates.

If the work performed meets with your approval, please sign on the "Partner Approval" line and return this AFE to OXY USA INC., Attn: Armando Morales Jr., P.O. BOX 50250, Midland, Texas 79710.

PHONE (915) 685-5716 FAX (915) 685-5754

EXHIBIT

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Detail of Estimated Cost

Reg AFE No	5518
Asset name	Myers Langlie Mattix Unit
Activity	Install 40 Acre Five Spot Waterflood Pilot

Description	Material	Labor and Inci.	Total
MLMU #72 Convert to Water Injection	12,650	17,000	29,650
MLMU #94 Convert to Water Injection	18,400	18,500	36,900
MLMU #96 Convert to Water Injection	18,500	17,000	35,500
MLMU #97 Replace Injection Tubing	14,100	16,500	30,600
MLMU #98 Convert to Water Injection	18,500	17,000	35,500
MLMU #99 Deepen, Run Liner, and Replace Inj Tbg	44,500	36,500	81,000
MLMU #106 Convert to Water Injection	12,900	17,000	29,900
MLMU #133 Convert to Water Injection	18,650	17,000	35,650
MLMU #134 Reenter and Complete As A Wtr Inj Well	19,000	23,000	42,000
MLMU #135 Convert to Water Injection	12,700	17,000	29,700
MLMU #137 Convert to Water Injection	12,500	17,000	29,500
MLMU #141 Convert to Water Injection	12,450	17,000	29,450
MLMU #143 Convert to Water Injection	12,250	17,000	29,250
MLMU #170 Convert to Water Injection	12,250	17,000	29,250
MLMU #176 Convert to Water Injection	12,750	17,000	29,750
MLMU #177 Replace Injection Tubing	14,100	16,500	30,600
MLMU #178 Convert to Water Injection	12,350	17,000	29,350
MLMU #251 Convert to Water Injection	18,600	17,000	35,600
MLMU #252 Convert to Water Injection	18,800	17,000	35,800
MLMU #258 Drill and Equip Producer	78,700	137,700	216,400
MLMU #259 Drill and Equip Producer	78,700	137,700	216,400
MLMU #260 Drill and Equip Producer	78,700	137,700	216,400
MLMU #261 Drill and Equip Producer	78,700	137,700	216,400
MLMU #262 Drill and Equip Producer	79,150	138,150	217,300
MLMU #263 Drill and Equip Producer	79,150	138,150	217,300
MLMU #264 Drill and Equip Producer	79,150	138,150	217,300
MLMU #265 Drill and Equip Producer	78,700	137,700	216,400
MLMU #266 Drill and Equip Producer	79,150	138,150	217,300
MLMU #267 Drill and Equip Producer	44,000	138,600	182,600
MLMU #268 Drill and Equip Producer	44,000	138,600	182,600
MLMU #269 Drill and Equip Producer	78,700	137,700	216,400
MLMU #270 Drill and Equip Producer	44,000	138,600	182,600
Gross Expense Cost			
Net Expense Cost			

Working Interest	0.806839
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Prepared by	Scott E. Gengler
Phone	915-685-5825

Date	Mar-11-94
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WORKING INTEREST OWNER ACCUMULATED AFR APPROVAL

Lease/Facility: MYERS LANGLIE MATTIX
Proposed Work: CONVERT D/E, INSTALL W/F PILOT
Required Approval: 65/3
OXY USA Inc.'s Interest: 8068392
Add: 3 808264
6 8082805
7 8096844
8 8096915
9 8096986
10 8117781
12 8805652

From: Tim Keys 10/25/94 2:32PM
To: Jim Maury, Mike Gooding
Subject: MYERS LANGLIE MATTIX UNIT

----- Message Contents -----

TO DATE, THIRTEEN WIO'S FOR A TOTAL OF .8805652 HAVE APPROVED THE
INSTALLATION OF THE 40 ACRE FIVE SPOT WATERFLOOD PILOT FOR THE SUBJECT
UNIT:

WIO	INTEREST
OXY USA INC.	.8068390
LOWE PARTNERS	. ?
SAMPSON RESOURCES	.0010297
AMERADA HESS	.0638753
MARALO INC.	.0059616
JAMES A. DAVIDSON	.0013410
JAMES E. BURR	.0000838
MICHAEL CLOUGH	.0000022
CHARLES H. BROWN JR.	.0000071
ANN CLAY BROWN	.0000072
P.C. LIMITED	.0014039
NANCY HARRISON	.0000071
MARY ELLEN GILBERT	.0000071

LAMAR HUNT	ELECTED NON-CONSENT*
HEADINGTON MINERALS	ELECTED NON-CONSENT *

* THERE IS NO NON-CONSENT PROVISION FOR THIS UNIT.