

Oxy USA WTP LP
Authorization for Expenditure Form

DATE PREPARED: 08/09/2006 16:34

RMT/PMT Frontier

PROJECT NAME: Drill Oxy Bat Hawk State Com #1

LEASE/UNIT: Oxy Bat Hawk State Com

OPERATOR: Oxy USA WTP LP

LEGAL LOCATION: 1650 FNL & 1980 FWL, section 29 (N2), 16S 32E, Lea Co., NM

BUDGET CATEGORY: Exploitation

PROJECT DESCRIPTION:

This AFE is to request funds to drill Oxy Bat Hawk State Com #1 well in the Morrow Formation at the above location or a legal location in the same governmental quarter-quarter section. The proposed spacing unit is the north-half of section 29. The well will be permitted as a Wildcat (Morrow) well, Lea County, NM.

Control No. TBA

ACCOUNTING USE ONLY:

Lse/Pit Name: Oxy Bat Hawk State Com
AFE Type: D&E O&G WELL
Production Coordinator No.: 14201441
State/County: New Mexico/Lea
Operator Name: Oxy USA WTP LP
Lease/Plant CC: TBA
Company/Division No.: 25077
Oxy WI: (%) 41.5700
AFE Category: Original
Project AFE No. TBA
Organization Rollup Key: NRC
Overhead Type: Drilling
OSI INPUT ONLY:
Oracle AFE No.:

COMPLETE FOR NEW WELLS:

☒ PRODUCER ☐ OIL WELL ☐ GAS WELL ☐ WATER DISPOSAL
☒ DEVELOPMENT WELL ☐ EXPLORATORY WELL
☐ SINGLE COMPLETION ☐ DUAL COMPLETION
Regulatory Horizon Name: Morrow
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	\$445,390	\$185,594
Capital	Intangibles	\$1,941,750	\$809,127
TOTAL PROJECT COST		\$2,387,140	\$994,721

PROJECT CONTACTS:

NAME

TITLE

PHONE NUMBER

Scott Gengler

Production Engineer

(432) 685-5825

David Evans

Land

(432) 685-5769

Bob Doty

Geology

(432) 685-5681

PROJECT APPROVED BY:

Tom Menges

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. 13774 Exhibit No. 3

Submitted by:

OXY USA WTP LTD PARTNERSHIP.

Hearing Date: September 28, 2006

Requested By: Bob Doty
Prepared By: Joe Fleming

OXY USA INC.
DETAILED WELL ESTIMATE

LEASE - WELL NO. Oxy Bat Hawk State Com #1
LOCATION 1650 FNL & 1980 FWL or legal loc in SE/4 NW/4
S 29 T 16S R 32E COUNTY EDDY STATE New Mexico

DATE: 09-Aug-06
DEPTH: 12800'
AFE NO.

DESCRIPTION	GRADE	\$/FT	QUAN.	W	ESTIMATE PRODUCER	ESTIMATE DRY HOLE	ACTUAL COST
TANGIBLES							
Casing							
Surface: 13-3/8", 48#, H-40	A	30.00	600		18,000	17,010	
Intermediate: 9-5/8", 36#, K-55	A	21.50	4500		96,750	103,500	
Production: 5-1/2", 17#, N-80 LT&C	A	15.00	8800		132,000		
Production: 5-1/2", 17#, HP-110 LT&C	A	15.50	3600		55,800		
Wellhead Connections					16,000		
Tubing 2-3/8", 4.7#, N-80	A	4.20	12700		53,340		
Line Pipe & Fittings					5,000		
Packer and Accessories					8,500		
TANK BATTERY							
Stock Tanks 2 500 bbl	A				15,000		
Separator, Heater Treater, Dehydrator	A				20,000		
Meter Run & Housing	A				5,000		
Labor & Transportation					20,000		
Total Tangibles					445,390	120,510	
INTANGIBLES							
Contract Drilling Labor					904,750	904,750	
Drilling Consultants		47			64,000	64,000	
Mobilization					55,000	55,000	
Service Rig Work		10			29,000		
Subsurface Casing Equipment					7,500	2,000	
D.S.T., Electric, Radioactivity Logs, etc.					30,000	20,000	
Acidizing, Fracing					125,000	0	
Perforating					25,000		
Misc. Company & Contract Labor					75,000	50,000	
Road Building, Location					25,000	25,000	
Cement & Cementing Services					55,000	25,000	
Cement Squeeze Jobs							
Drilling Mud, Chemicals					65,000	65,000	
Diamond Coring & Analyses, Bits, Reamers					60,000	60,000	
Mud Logging Unit					30,000	30,000	
Rental of Miscellaneous Equipment					100,000	75,000	
Contract Hauling					38,000	30,000	
Water, Fuel					150,000	150,000	
Miscellaneous Incidentals					100,000	60,000	
Archeological Services					3,500	2,500	
Total Intangibles					1,941,750	1,618,250	
Total Estimated Cost - 100%					2,387,140	1,738,760	