

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

DATE PREPARED: 05/04/2006 0:00

Control No. 8221

RMT/PMT Frontier

PROJECT NAME: Drill & Equip OXY Big Spender State Com #1

LEASE/UNIT: OXY Big Spender State Com #1

OPERATOR: Oxy USA WTP LP

LEGAL LOCATION: 660' FNL (North 1/2), 700' FWL, Sec. 16 T24S, R28E, Eddy Co., NM

BUDGET CATEGORY: Exploitation

**PROJECT DESCRIPTION:**

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

**ACCOUNTING USE ONLY:**

Use/Plt Name: OXY Big Spender State 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: (%) 14.7000

AFE Category: Original

Project AFE No. 99104064

Organization Rollup Key: NRC

Overhead Type: Drilling

OSI INPUT ONLY:

Oracle AFE No.: \_\_\_\_\_

**COMPLETE FOR NEW WELLS:**

☒ PRODUCER ☐ 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 CAPITAL	TANGIBLES	\$512,500	\$75,338
	INTANGIBLES	\$1,983,000	\$291,501
TOTAL PROJECT COST		\$2,495,500	\$366,839

**PROJECT CONTACTS:**

NAME

TITLE

PHONE NUMBER

Scott Gengler

Production Engineer

685-5825

David Evans

Land

685-5769

Bob Doty

Geology

685-5681

PROJECT APPROVED BY:

(signature)

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. 13772 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 Big Spender State Com #1 DATE: 24-Apr-06  
LOCATION 1980 FNL, 660' FWL DEPTH: 13000'  
S 16 T 24S R 28E COUNTY EDDY STATE New Mexico AFE NO.

DESCRIPTION	GRADE	\$/FT	QUAN.	W	ESTIMATE PRODUCER	ESTIMATE DRY HOLE	ACTUAL COST
<b>TANGIBLES</b>							
<b>Casing</b>							
Surface: 13-3/8", 48#, H-40	A	30.00	650		19,500	10,906	
Intermediate: 9-5/8", 36#, K-55	A	24.00	2600		62,400	47,700	
Protection: 7", 26#, K-55 & S-95	A	23.00	9800		225,400		
Production: 4-1/2", 11.6#, P-110/S	A	9.00	3500		31,500		
Wellhead Connections					20,000		
Tubing 2-3/8", 4.7#, N-80	A	5.25	12800		67,200		
Line Pipe & Fittings					7,500		
Packer and Accessories					9,000		
<b>TANK BATTERY</b>							
Stock Tanks 2 500 bbl	A				20,000		
Separator, Heater Treater, Dehydrator	A				25,000		
Meter Run & Housing	A				5,000		
Labor & Transportation					20,000		
<b>Total Tangibles</b>					<b>512,500</b>	<b>58,606</b>	
<b>INTANGIBLES</b>							
Contract Drilling Labor					990,000	990,000	
Drilling Consultants		50			60,000	60,000	
Mobilization					45,000	45,000	
Service Rig Work		15			30,000		
Subsurface Casing Equipment					10,000	2,000	
D.S.T., Electric, Radioactivity Logs, etc.					30,000	30,000	
Acidizing, Fracing					140,000		
Perforating					20,000		
Misc. Company & Contract Labor					50,000	25,000	
Road Building, Location					20,000	20,000	
Cement & Cementing Services					65,000	25,000	
Cement Squeeze Jobs							
Drilling Mud, Chemicals					50,000	45,000	
Diamond Coring & Analyses, Bits, Reamers					65,000	65,000	
Mud Logging Unit					25,000	14,500	
Rental of Miscellaneous Equipment					100,000	100,000	
Contract Hauling					30,000	23,500	
Water, Fuel					175,000	175,000	
Miscellaneous Incidentals					75,000	30,000	
Archeological Services					3,000	3,000	
<b>Total Intangibles</b>					<b>1,983,000</b>	<b>1,653,000</b>	
<b>Total Estimated Cost - 100%</b>					<b>2,495,500</b>	<b>1,711,606</b>	