



**OXY USA INC.  
AUTHORITY FOR EXPENDITURE**

Region: 14

AFE NO:

**se/Plant Name:** OXY ESPERANZA "FEE" NO.1  
**Description:** DRILL & EQUIP  
**Partnership/Funding:** 2000 PLANNED CAPITAL  
**Location:** 1650'FNL & 1650'FWL, SEC. 9, T25S, R26E, EDDY CO., NM.

<b>Field:</b>	WHITE CITY (PENN)	<b>Region AFE No:</b>	16700
<b>Operator Name:</b>	OXY USA INC.	<b>Production Foreman No:</b>	1446
<b>Oper AFE No:</b>		<b>Lease/Plant CC No:</b>	0
<b>State/County No:</b>	30015	<b>Co/Div No:</b>	20177
<b>Capital Proj No:</b>	40560	<b>Budget Appr No:</b>	200002

**Remarks:**

OXY USA, Inc. proposed to drill and equip the OXY ESPERANZA FEE NO.1 as a Morrow producer in the White City (Penn) Field, Eddy County, New Mexico. Geologic interpretation has identified the proposed location to be in a Morrow producing trend.

Your approval is requested.

**Estimated Cost Detail**

		<b>Materials:</b>	<b>Labor Incidentals:</b>	<b>Total:</b>
<b>Gross Cost</b>		245490	583400	828890
<b>Oxy Net Cost@</b>	53.12500% WI	130417	309931	440348

**CONCURRENCES**

<b>Asset Team Leader</b>	<b>Business Team Leader</b>	<b>Operations Team Leader</b>	<b>Engineering</b>	<b>Geology</b>	<b>Land</b>	<b>Acctg Team Lead</b>
<b>OXY APPROVAL:</b>			<b>DATE:</b>			
<b>W.I. OWNER APPROVAL:</b>			<b>DATE:</b>			
<b>COMPANY:</b>						

Prepared By: Gary Womack

Date: 29-Nov-99

Phone number: (915) 685-5772

Requested By: T.E.C.A.T.E.  
Prepared By: G. WOMACK

**OXY USA INC.**  
**DETAILED WELL ESTIMATE**

LEASE - WELL NO. OXY ESPERANZA NO.1 DATE: 10-Feb-00  
LOCATION 1100' FNL & 660' FWL DEPTH: 11,600  
S 9 T 25-S R 26-E COUNTY Eddy STATE New Mexico AFE NO.

DESCRIPTION	GRADE	\$/FT	QUAN.	W	ESTIMATE PRODUCER	ESTIMATE DRY HOLE	ACTUAL COST
<b>TANGIBLES</b>							
Casing							
Surface 13-3/8", 48#, ST&C	A	16.50	400		6,600	6,600	
Intermediate 9-5/8", 36#, ST&C	A	11.50	5500		63,250	63,250	
Production 5-1/2", 17#, LT&C	A	6.15	11700		71,955		
Wellhead Connections					12,000	4,000	
Tubing 2-3/8", 4.7#, N-80		2.45	11300		27,685		
Sucker Rods							
Bottom Hole Pump							
Engine or Motor							
Pumping Unit							
Electrical Equipment							
Line Pipe & Fittings					5,000		
Packer and Accessories					9,000		
<b>TANK BATTERY</b>							
Stock Tanks 2 500 bbl					10,000		
Separator, Heater Treater, Dehydrator					20,000		
Normal Run & Housing					5,000		
Labor & Transportation					15,000		
<b>Total Tangibles</b>					<b>245,490</b>	<b>73,850</b>	
<b>INTANGIBLES</b>							
Contract Drilling Labor			11600		220,400	220,400	
Mobilization					25,000	25,000	
Service Rig Work @ \$1800/day		10			18,000		
Subsurface Casing Equipment					6,500	4,500	
D.S.T., Electric, Radioactivity Logs, etc.					20,000	20,000	
Acidizing, Fracing					20,000		
Perforating					15,000		
Misc. Company & Contract Labor					15,000	10,000	
Road Building, Location					20,000	20,000	
Cement & Cementing Services					27,000	15,000	
Cement Squeeze Jobs							
Drilling Mud, Chemicals					40,000	40,000	
Diamond Coring & Analyses, Bits, Reamers					47,000	47,000	
Mud Logging Unit					15,000	15,000	
Rental of Miscellaneous Equipment					25,000	20,000	
Contract Hauling					20,000	12,000	
Water, Fuel					22,000	22,000	
Miscellaneous Incidentals					25,000	20,000	
Archaeological Services					2,500	2,500	
<b>Total Intangibles</b>					<b>583,400</b>	<b>493,400</b>	
<b>Total Estimated Cost - 100%</b>					<b>828,890</b>	<b>567,250</b>	