



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1471

AUTHORITY FOR EXPENDITURE
NEW DRILLING, RECOMPLETION & RE-ENTRY

AFE NO. 03-280-0
AFE DATE 6/26/03

AFEND (rev 6/98)
6-27-03

AFE Type:	Well Objective:	Well Type:
<input checked="" type="checkbox"/> New Drilling	<input type="checkbox"/> Oil	<input checked="" type="checkbox"/> Development
<input type="checkbox"/> Recompletion	<input checked="" type="checkbox"/> Gas	<input type="checkbox"/> Exploratory
<input type="checkbox"/> Re-entry	<input type="checkbox"/> Injector	

AFE STATUS:

<input checked="" type="checkbox"/>	Original
<input type="checkbox"/>	Revised
<input type="checkbox"/>	Final
<input type="checkbox"/>	Supplemental

LEASE NAME	Delhagen BAJ Com. #1	PROJ'D DEPTH	4,955'
COUNTY	Chaves	STATE	New Mexico
FIELD	Pecos Slope	HORIZON	Abo/Basement
LOCATION	Section 6, T10S-R25E, 990' N & 1,330' W		
DIVISION CODE	100	DIVISION NAME	Oil & Gas Division
DISTRICT CODE		DISTRICT NAME	
BRANCH CODE		BRANCH NAME	

PROGNOSIS: **New well drilled to 4,955' to test the Abo formation.**

INTANGIBLE DRILLING COSTS:		DRY HOLE	COMP'D WELL
920-100	Staking, Permit & Legal Fees	1,500	1,500
920-110	Location, Right-of-Way	25,000	25,000
920-120	Drilling, Footage		
920-130	Drilling, Daywork 19 days @ \$7,200/day + \$15,000 for mob	161,000	161,000
920-140	Drilling Water, Fasline Rental	25,000	25,000
920-150	Drilling Mud & Additives	15,000	15,000
920-160	Mud Logging Unit, Sample Bags	8,500	8,500
920-170	Cementing - Surface Casing	25,000	25,000
920-180	Drill Stem Testing, OHT	0	0
920-190	Electric Logs & Tape Copies	15,000	15,000
920-200	Tools & Equip. Rntl., Trkg. & Welding & mud motor rental	22,000	22,000
920-205	Control of Well-Insurance	1,000	1,000
920-210	Supervision & Overhead	11,000	11,000
920-230	Coring, Tools & Service		
920-240	Bits, Tool & Supplies Purchase	20,000	20,000
920-350	Cementing - Production Casing		15,000
920-410	Completion Unit - Swabbing		10,000
920-420	Water for Completion		5,000
920-430	Mud & Additives for Completion		1,000
920-440	Cementing - Completion		
920-450	Elec. Logs, Testing, Etc. - Completion		10,000
920-460	Tools & Equip. Rental, Etc. - Completion		40,000
920-470	Stimulation for Completion		90,000
920-480	Supervision & O/H - Completion		5,000
920-490	Additional LOC Charges - Completion		2,000
920-510	Bits, Tools & Supplies - Completion		1,000
920-500	Contingency for Completion	0	0
TOTAL INTANGIBLE DRILLING COSTS		330,000	509,000

TANGIBLE EQUIPMENT COSTS:		DRY HOLE	COMP'D WELL
930-010	Christmas Tree & Wellhead	1,500	10,000
930-020	Casing 8 5/8" @ 900'	7,500	7,500
	5 1/2" @ 4,955'		29,000
930-030	Tubing 2 7/8" @ 4,700'		14,300
930-040	Packer & Special Equipment		
940-010	Pumping Equipment		
940-020	Storage Facilities		8,000
940-030	Separation Equip., Flowlines, Misc.		20,000
940-040	Trucking & Construction Costs		8,000
TOTAL TANGIBLE EQUIPMENT COSTS		9,000	96,800

TOTAL COSTS 339,000 605,800

IT IS RECOGNIZED THAT THE AMOUNTS PROVIDED FOR HEREIN ARE ESTIMATED ONLY AND APPROVAL OF THIS AFE SHALL EXTEND TO THE ACTUAL COSTS INCURRED IN CONDUCTING THE OPERATIONS SPECIFIED WHETHER MORE OR LESS THAN HEREIN SET OUT.

Prepared By CM Jeremiah Mullen	Operations Approval
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YATES PETROLEUM CORPORATION	52.79743%
BY: <i>[Signature]</i> DATE	
YATES DRILLING COMPANY	14.67634%
BY: <i>[Signature]</i> DATE	
MYCO INDUSTRIES, INC.	14.67634%
BY: <i>[Signature]</i> DATE	
ABO PETROLEUM CORPORATION	14.67634%
BY: <i>[Signature]</i> DATE	

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 13123 Exhibit No. 3
Submitted by:
YATES PETROLEUM CORPORATION
Hearing Date: August 7, 2003

DELHAGEN BAJ COM #1
Sec. 6, T10S-R25E
Chaves County, New Mexico

AFE #03-280-0
Date: 6/26/03
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OWNER

SHARE

FIRST ROSWELL COMPANY

2.07939%

By: _____ Date: _____

HEIRS AND DEVISEES OF JIMMIE WALKER

0.77977%

By: _____ Date: _____

BILLY JOE MCCLAIN AND BONNIE B. MCCLAIN

0.31439%

By: _____ Date: _____

TOTAL

100.00000%