



Re-Entry
AUTHORITY FOR EXPENDITURE
 NEW DRILLING

AFE NO. **92-442-0**
 AFE DATE **10/22/92**

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

Objective		Type of Well	
<input type="checkbox"/>	Oil	<input type="checkbox"/>	Development
<input checked="" type="checkbox"/>	Gas	<input checked="" type="checkbox"/>	Exploratory

AFE STATUS:

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

LEASE NAME	Pan Am Pardue ALZ Fed #1	PROJ'D DEPTH	10350'
COUNTY	Eddy	STATE	New Mexico
LEGAL DESC.	1140' FSL, 1350'FWL	LOCATION	Sec. 27-21S-24E
FIELD		HORIZON	Morrow
DIVISION CODE	100	DIVISION NAME	Oil & Gas Division
DISTRICT CODE		DISTRICT NAME	
BRANCH CODE		BRANCH NAME	

INTANGIBLE DRILLING COSTS:

		DRY HOLE	COMP'D WELL
920-100	Staking, Permit & Legal Fees	5,000	5,000
920-110	Location, Right-of-Way	10,000	10,000
920-120	Drilling, Footage Mobilization / Demobilization	25,000	25,000
920-130	Drilling, Daywork	60,000	54,000
920-140	Drilling Water, Fasline Rental	12,000	12,000
920-150	Drilling Mud & Additives	12,000	12,000
920-160	Mud Logging Unit, Sample Bags		
920-170	Cementing - Surface Casing		
920-180	Drill Stem Testing, OHT		
920-190	Electric Logs & Tape Copies	15,000	15,000
920-200	Tools & Equip. Rntl., Trkg. & Welding	15,000	15,000
920-210	Supervision & Overhead	3,000	3,000
920-220	Contingency		
920-230	Coring, Tools & Service		
920-240	Bits, Tool & Supplies Purchase		2,500
920-350	Cementing - Production Casing		20,000
920-410	Completion Unit - Swabbing		15,000
920-420	Water for Completion		2,000
920-430	Mud & Additives for Completion		500
920-440	Cementing - Completion	3,000	
920-450	Elec. Logs, Testing, Etc. - Completion		7,500
920-460	Tools & Equip. Rental, Etc. - Completion		10,000
920-470	Stimulation for Completion		40,000
920-480	Supervision & O/H - Completion		4,000
920-490	Additional LOC Charges - Completion	2,000	1,000
920-510	Bits, Tools & Supplies - Completion		1,000
920-500	Contingency for Completion		
TOTAL INTANGIBLE DRILLING COSTS		162,000	254,500

TANGIBLE EQUIPMENT COSTS:

930-010	Christmas Tree & Wellhead	5,000	15,000
930-020	Casing 10350' x 6.90/ft.		71,500
930-030	Tubing 10300' 2 7/8" 6.5 N80 x 4.20/ft.		43,000
930-040	Packer & Special Equipment		6,500
940-010	Pumping Equipment		
940-020	Storage Facilities		15,000
940-030	Separation Equip., Flowlines, Misc.		25,000
940-040	Trucking & Construction Costs		5,000
TOTAL TANGIBLE EQUIPMENT COSTS		5,000	181,000

TOTAL COSTS **167,000** **435,500**

APPROVAL OF THIS AFE COSTITUTES APPROVAL OF OPERATOR'S OPTION TO CHARGE THE JOINT ACCOUNT WITH TUBULAR GOODS FROM THE OPERATOR'S WAREHOUSE STOCK AT THE RATES STATED ABOVE.

Prepared By	<i>Pravin Talwar 10-23-92</i>	Operations Approval	<i>S</i>
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OWNER		SHARE
Santa Fe Energy Operating Partners, L.P.		12.50
BY	DATE	
BY	DATE	
BY	<i>ATES Petroleum Corp.</i>	
BY	<i>10/22/92</i>	

EXHIBIT C