

PRIDE ENERGY COMPANY

(918) 524-9200 • Fax (918) 524-9292 • www.pride-energy.com

Physical Address: Kensington Tower
2250 East 73rd Street, Suite 550
Tulsa, OK 74136

Mailing Address: P.O. Box 701950
Tulsa, OK 74170-1950
Email Address: johnp@pride-energy.com

July 15, 2003

Yates Petroleum Corporation
105 South 4th Street
Artesia, NM 88210

RE: State "X" #1
W ½ of Section 12, Township 12 South, Range 34 East
Lea County, New Mexico

Gentlemen:

In reference to the above, Pride Energy Company hereby proposes the re-entering of the State "X" #1 wellbore, located in the center of the SW ¼ NW ¼, being 1980' fml and 660' fwl of Section 12, T12S, R34E, Lea County, New Mexico, to a depth of 13,019, to test the Atoka/Morrow &/or Austin Cycle Mississippian.

A stand-up 320-acre unit is being proposed, consisting of the W ½ of Section 12-T12S-R34E. Enclosed are two copies of our Authorization for Expenditure reflecting estimated costs of \$239,852 for a dry hole and \$628,291 as a completed well. If Yates is interested in participating, please so indicate by signing the enclosed AFE and returning to the address above. If Yates is not interested in participating, perhaps we can farm-in or purchase Yates interest.

If you have any questions, please feel free to contact me at 918-524-9200.

Sincerely,

John W. Pride

John W. Pride
Pride Energy Company

Oil Conservation Commission
Case No. 13153 (de novo)
Pride Energy Exhibit No. 4

Certified Mail, Return Receipt #7002-2410-0007-1841-6005

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. - Print your name and address on the reverse so that we can return the card to you. - Attach this card to the back of the mailpiece, or on the front if space permits.		A. Signature <i>Kathy Donaghe</i> ☐ Agent ☒ Addressee B. Received by (Printed Name) <i>KATHY DONAGHE</i> C. Date of Delivery <i>7/16/03</i> D. Is delivery address different from item 1? ☐ Yes ☒ No If YES, enter delivery address below: JUL 2 4 2003	
1. Article Addressed to: <i>Yates Petroleum Corp. 105 S. 4th St. Artesia NM 88210</i>		3. Service Type ☒ Certified Mail ☐ Express Mail ☐ Registered ☐ Return Receipt for Merchandise ☐ Insured Mail ☐ C.O.D.	
2. Article Number (Transfer from service label) <i>7002 2410 0007 1841 6005</i>		4. Restricted Delivery? (Extra Fee) ☐ Yes	

jp3303.hq

Pride Energy Company POB 701950 2250 E 73rd Street, Suite 550 Tulsa OK 74170-1950 918-524-8200 Office 918-524-9292 Facsimile	Authorization for Expenditure July 15, 2003 Proposed Depth: 13,019 Feet Primary Objectives: Atoka/Morrow &/or Austin Cycle Miss.	State "X" #1 C SW/4 NW/4 Section 12-12S-34E Lea County, New Mexico
--	--	---

Drilling Intangibles

Water, Fresh	10	days at	\$ 500	per day		\$ 5,000.00
Location and Road						\$ 9,500.00
Drilling Rig						\$ 75,000.00
	10	days at	\$ 7,500	per day		\$ 30,000.00
Daywork						\$ 6,000.00
Mobilization						\$ 11,000.00
Fuel	10	gpd at	\$ 800.00	per day		\$ 26,038.00
Bits	2	bits at	\$ 5,500	per bit		\$ 8,346.00
Mud, Chemicals and Drayage	13019	feet at	\$ 2.00	per foot		\$ 21,000.00
Mud Disposal bpf 0.30	80	bbls/load	\$ 130.00	per load		\$ 4,000.00
Open Hole Logging	3000	feet at	\$ 7.00	per foot		\$ 4,500.00
Equipment Rental	10	days at	\$ 400	per day		\$ 2,200.00
Cementing, Intermediate						\$ 4,000.00
Casing Crews, Intermediate						\$ 2,000.00
Trucking						\$ 6,000.00
Other Services						\$ 1,667.00
Geological / Engineering	10	days at	\$ 600	per day		\$ 21,425.00
Administrative Overhead	10	days at	\$ 167	per day		\$ 1,667.00
Contingency					10%	\$ 21,425.00
Total Drilling Intangibles						\$ 235,676.00

Drilling Tangibles

Wellhead Equipment					3,000 psi wp	\$ 3,000.00
Float Equipment						\$ 800.00
Contingency					10%	\$ 380.00
Total Drilling Tangibles						\$ 4,180.00

Completion Intangibles

Location & Road						\$ 4,000.00
Casing Crew, Production						\$ 8,000.00
Cementing, Production						\$ 18,000.00
Completion Rig	6	days at	\$ 2,500	per day		\$ 15,000.00
Perforating, GR-CBL, Cmt. Retainer						\$ 35,000.00
Formation Treatments						\$ 85,000.00
Equipment Rentals	6	days at	\$ 300	per day		\$ 1,800.00
Water or Diesel						\$ 3,000.00
Supplies						\$ 2,000.00
Trucking						\$ 3,000.00
Roustabout Work	3	days at	\$ 1,000	per day		\$ 3,000.00
Other Services						\$ 3,000.00
Engineering and Supervision	8	days at	\$ 600	per day		\$ 4,800.00
Administrative Overhead	8	days at	\$ 167	per day		\$ 1,336.00
Contingency					10%	\$ 18,694.00
Total Completion Intangibles						\$ 205,630.00

Completion Tangibles

Production Casing 5 1/2"	13019	feet at	\$ 7.00	per foot	17 ppf & 20 ppf	\$ 91,133.00
Float Equipment						\$ 2,000.00
Wellhead Equipment					5,000 psi wp	\$ 8,000.00
Production Tubing 2 7/8"	13019	feet at	\$ 3.00	per foot	0.5 ppf, N-80, EUE, 8 rd thd	\$ 39,057.00
Downhole Equipment						\$ 10,000.00
Production Equipment						\$ 15,000.00
Flowlines						\$ 1,000.00
Contingency					10%	\$ 16,619.00
Total Completion Tangibles						\$ 182,809.00

						Dry Hole Cost: \$ 239,856.00
proved	Company	Date				Completion Cost: \$ 388,439.00
						Total Completed Well Cost: \$ 628,295.00