

Pride Energy Company P.O. Box 701950 2250 E 73rd Street, Suite 550 Tulsa OK 74170-1950 918-524-9200 Office 918-524-9292 Facsimile	Authorization for Expenditure September 14, 2004 Proposed Depth: 13,019 Feet Primary Objectives: <i>Atoka/Morrow &/or Austin Cycle Miss.</i>	State "X" #1 C SW/4 NW/4 Section 12-12S-34E Lea County, New Mexico
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Drilling Intangibles			
Water, Fresh	10	days at \$ 500	per day \$ 5,000.00
Location and Road			\$ 10,000.00
Drilling Rig	10	days at \$ 8,500	\$ 85,000.00
			\$ 40,000.00
	10	days at \$1,000.00	\$ 10,000.00
	2	bits \$ 5,500	\$ 11,000.00
Bits			\$ 10,000.00
Mud, Chemicals and Drayage			\$ 5,000.00
Mud Disposal	3000	feet at \$ 7.00	\$ 21,000.00
Open Hole Logging	10	days at \$ 400	\$ 4,000.00
Equipment Rental			\$ -
Cementing, Intermediate			\$ -
Casing Crews, Intermediate			\$ 4,000.00
Trucking			\$ 2,000.00
Other Services			\$ 8,000.00
Geological/Engineering			\$ 5,000.00
Administrative Overhead			\$ 22,000.00
Contingency			10% \$ 242,000.00
Total Drilling Intangibles			\$ 242,000.00

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			\$ 28,000.00
Completion Rig	6	days at \$ 3,000	\$ 18,000.00
Perforating, GR-CBL, Cmt. Retainer			\$ 35,000.00
Formation Treatments			\$ 85,000.00
Equipment Rentals	6	days at \$ 300	\$ 1,800.00
Water or Diesel			\$ 3,000.00
Supplies			\$ 2,000.00
Trucking			\$ 3,000.00
Roustabout Work	3	days at \$ 1,000	\$ 3,000.00
Other Services			\$ 3,000.00
Engineering and Supervision	8	days at \$ 800	\$ 6,400.00
Administrative Overhead			\$ -
Contingency			10% \$ 20,020.00
Total Completion Intangibles			\$ 220,220.00

Completion Tangibles			
Production Casing 5 1/2"	13019	feet at \$ 13.50	per foot 17 ppt & 20 ppt \$ 175,758.50
Float Equipment			\$ 2,000.00
Wellhead Equipment			5,000 psi wp \$ 8,000.00
Production Tubing 2 3/8"	13019	feet at \$ 3.00	per foot 4.7 ppt, N-80, EUE, 8 rd thd \$ 39,057.00
Downhole Equipment			\$ 10,000.00
Production Equipment			\$ 25,000.00
Flowlines			\$ 1,000.00
Contingency			10% \$ 26,081.35
Total Completion Tangibles			\$ 286,894.85

Approved _____ Working Interest: _____	Company _____ _____	Date _____ _____	Dry Hole Cost: \$ 246,180.00 Completion Cost: \$ 507,114.85 Total Completed Well Cost: \$ 753,294.85
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WORKING INTEREST APPROVAL
OWNER

YATES PETROLEUM CORPORATION

By: *Rayon Yates*

Date: 10-13-04

SHARE

35.000000%

YATES DRILLING COMPANY

By: *Randy Williams*

Date: 10-13-04

5.000000%

MYCO INDUSTRIES, INC.

By: *Randy Williams*

Date: 10-13-04

5.000000%

ABO PETROLEUM CORPORATION

By: *John A. Yates*

Date: 10-13-04

5.000000%

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Case Nos. 13531 Exhibit No. 3

Submitted by:

Yates Petroleum Corporation

Hearing Date: January 5, 2006

jp3873.sp