



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

AUTHORITY FOR EXPENDITURE
NEW DRILLING, RECOMPLETION & RE-ENTRY

AFE NO. **07-414-0**
AFE DATE **10/22/2007**
AFEND (rev 6/98)
10-22-07

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	Patsy State Unit #6	PROJ'D DEPTH	11,300'
COUNTY	Chaves	STATE	New Mexico
FIELD		HORIZON	Mississippian
LOCATION	Section 2 T12S-R31E, 990' S & 1,650' W		
DIVISION CODE	100	DIVISION NAME	Oil & Gas Division
DISTRICT CODE		DISTRICT NAME	
BRANCH CODE		BRANCH NAME	

PROGNOSIS: **New well drilled to 11,300' to test multiple zones.**

INTANGIBLE DRILLING COSTS:		DRY HOLE	COMP'D WELL
920-100	Staking, Permit & Legal Fees	4,000	4,000
920-105	Environmental Permitting/Pit Closure	140,000	140,000
920-110	Location, Right-of-Way	60,000	60,000
920-120	Drilling, Footage		
920-130	Drilling, Daywork 43 days @ \$15,500/day + \$53,000 mob & R.H.	770,000	770,000
920-135	Drilling, Power & Fuel \$2,000/day rig fuel	86,000	86,000
920-140	Drilling Water, Fasline Rental	45,000	45,000
920-150	Drilling Mud & Additives	85,000	85,000
920-160	Mud Logging Unit, Sample Bags	30,000	30,000
920-170	Cementing - Surface Casing	45,000	45,000
920-180	Drill Stem Testing, OHT		
920-190	Electric Logs & Tape Copies	80,000	80,000
920-200	Tools & Equip. Rntl., Trkg. & Welding	100,000	100,000
920-205	Control of Well-Insurance	5,000	5,000
920-210	Supervision & Overhead	43,000	43,000
920-230	Coring, Tools & Service		
920-240	Bits, Tool & Supplies Purchase	65,000	65,000
920-350	Cementing - Production Casing		60,000
920-410	Completion Unit - Swabbing		100,000
920-420	Water for Completion		5,000
920-430	Mud & Additives for Completion		
920-440	Cementing - Completion		
920-450	Elec. Logs, Testing, Etc. - Completion		45,000
920-460	Tools & Equip. Rental, Etc. - Completion		40,000
920-470	Stimulation for Completion		125,000
920-480	Supervision & O/H - Completion		6,000
920-490	Additional LOC Charges - Completion		
920-510	Bits, Tools & Supplies - Completion		1,000
920-500	Contingency for Completion		
TOTAL INTANGIBLE DRILLING COSTS		1,558,000	1,940,000

TANGIBLE EQUIPMENT COSTS:		DRY HOLE	COMP'D WELL
930-010	Christmas Tree & Wellhead	2,500	25,000
930-020	Casing 11 3/4" @ 400'	12,800	12,800
	8 5/8" @ 3,650'	70,500	70,500
	5 1/2" @ 11,300'		173,000
930-030	Tubing 2 7/8" @ 11,100'		72,000
930-040	Packer & Special Equipment		
940-010	Pumping Equipment		
940-020	Storage Facilities		25,000
940-030	Separation Equip., Flowlines, Misc.		60,000
940-040	Trucking & Construction Costs		25,000
TOTAL TANGIBLE EQUIPMENT COSTS		85,800	463,300

TOTAL COSTS **1,643,800** **2,403,300**

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 RB	Jeremiah Mullen	Operations Approval
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YATES PETROLEUM CORPORATION	41.965224%
BY <i>[Signature]</i>	DATE

YATES DRILLING COMPANY	5.995032%
BY <i>[Signature]</i>	DATE

ABO PETROLEUM CORPORATION	5.995032%
BY <i>[Signature]</i>	DATE

MYCO INDUSTRIES, INC.	5.995032%
BY <i>[Signature]</i>	DATE

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 14061... Exhibit No. 4
Submitted by:
YATES PETROLEUM INCORPORATED
Hearing Date: January 10, 2008

Patsy State Unit #6
Sec. 2, T12S-R31E
Chaves County, New Mexico

AFE #07-414-0
Date: 10/22/07
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	SHARE
CHESAPEAKE EXPLORATION LIMITED PARTNERSHIP	24.503987
By: _____ DATE _____	
ENERGEN RESOURCES CORPORATION	3.045693
By: _____ DATE _____	
OCCIDENTAL PERMIAN LTD.	12.500000
By: _____ DATE _____	
TOTAL	100.000000