



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

**AUTHORITY FOR EXPENDITURE**  
NEW DRILLING, RECOMPLETION & RE-ENTRY

AFE NO. **07-319-0**  
AFE DATE **7/26/2007**

AFEND (rev 6/98)  
**1-26-07**

AFE Type:		Well Objective:		Well Type:	
<input checked="" type="checkbox"/>	New Drilling	<input checked="" type="checkbox"/>	Oil	<input checked="" type="checkbox"/>	Development
<input type="checkbox"/>	Recompletion	<input 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	<b>Amazing BAZ Federal #3</b>	PROJ'D DEPTH	<b>8,600'</b>
COUNTY	<b>Lea</b>	STATE	<b>New Mexico</b>
FIELD		HORIZON	<b>Bone Springs</b>
LOCATION	<b>Section 30, T22S-R32E, 330' S &amp; 330' E</b>		
DIVISION CODE	<b>100</b>	DIVISION NAME	<b>Oil &amp; Gas Division</b>
DISTRICT CODE		DISTRICT NAME	
BRANCH CODE		BRANCH NAME	

PROGNOSIS: **New well drilled to 8,600' to test multiple zones.**

INTANGIBLE DRILLING COSTS:		DRY HOLE	COMP'D WELL
920-100	Staking, Permit & Legal Fees	5,000	5,000
920-105	Environmental Permitting/Pit Closure	40,000	40,000
920-110	Location, Right-of-Way	50,000	50,000
920-120	Drilling, Footage		
920-130	Drilling, Daywork <b>18 days @ 16,500/day + \$53K for mob &amp; R.H.</b>	371,000	371,000
920-135	Drilling, Power & Fuel <b>\$1,650/day rig fuel</b>	29,700	29,700
920-140	Drilling Water, Fasline Rental	20,000	20,000
920-150	Drilling Mud & Additives	15,000	15,000
920-160	Mud Logging Unit, Sample Bags	10,000	10,000
920-170	Cementing - Surface Casing	70,000	70,000
920-180	Drill Stem Testing, OHT		
920-190	Electric Logs & Tape Copies	55,000	55,000
920-200	Tools & Equip. Rntl., Trkg. & Welding	100,000	100,000
920-205	Control of Well-Insurance	3,000	3,000
920-210	Supervision & Overhead	18,000	18,000
920-230	Coring, Tools & Service		
920-240	Bits, Tool & Supplies Purchase	30,000	30,000
920-350	Cementing - Production Casing		70,000
920-410	Completion Unit - Swabbing		65,000
920-420	Water for Completion		30,000
920-430	Mud & Additives for Completion		
920-440	Cementing - Completion		
920-450	Elec. Logs, Testing, Etc. - Completion		15,000
920-460	Tools & Equip. Rental, Etc. - Completion		45,000
920-470	Stimulation for Completion		300,000
920-480	Supervision & O/H - Completion		10,000
920-490	Additional LOC Charges - Completion		
920-510	Bits, Tools & Supplies - Completion		1,500
920-500	Contingency for Completion		
<b>TOTAL INTANGIBLE DRILLING COSTS</b>		<b>816,700</b>	<b>1,353,200</b>

TANGIBLE EQUIPMENT COSTS:			
930-010	Christmas Tree & Wellhead	3,000	15,000
930-020	Casing <b>13 3/8" @ 900'</b>	31,100	31,100
	<b>8 5/8" @ 4,500'</b>	90,000	90,000
	<b>5 1/2" @ 8,600'</b>		95,000
930-030	Tubing <b>2 7/8" @ 8,400'</b>		54,500
930-040	Packer & Special Equipment		
940-010	Pumping Equipment		185,000
940-020	Storage Facilities		30,000
940-030	Separation Equip., Flowlines, Misc.		100,000
940-040	Trucking & Construction Costs		20,000
<b>TOTAL TANGIBLE EQUIPMENT COSTS</b>		<b>124,100</b>	<b>620,600</b>

**TOTAL COSTS** **940,800** **1,973,800**

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.

RB Prepared By	Jeremiah Mullen	Operations Approval	
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BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Case No. 14058... Exhibit No. 4  
Submitted by:  
**YATES PETROLEUM INCORPORATED**  
Hearing Date: **January 10, 2008**