



207 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1331

S. P. YATES
PRESIDENT
MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC. TREAS.

January 12, 1984

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Grynberg Petroleum Company
5000 South Quebec, Suite 500
Denver, Colorado 80237

Re: #1-20 Grynberg State
Township 9 South, Range 27 East
Section 20: NW/4SW/4
Chaves County, New Mexico

Gentlemen:

Enclosed are our executed Authorities for Expenditure for drilling the captioned well, one for the Pre-Permian test and one for the Abo test.

Also enclosed are our checks for our advance payment as required by the Oil Conservation Commission Case # 7984, Order # R-7393.

Yates Petroleum Corporation check No. 52281	\$150,994.38
Yates Drilling Company check No. 10842	21,570.62
Abo Petroleum Corporation check No. 5126	21,570.62
Myco Industries, Inc. check No. 6503	21,570.62

Please note the interests on these AFEs have been changed to show our correct interests.

Thank you.

<p>BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico</p> <p>Case No. <u>8901</u> <u>2</u> <u>Grynberg Pet</u> Date <u>1/19/86</u></p>

Very truly yours,

YATES PETROLEUM CORPORATION

Janet Richardson
Janet Richardson
Landman

JR/mw

cc: Oil Conservation Commission
Santa Fe, New Mexico.

LEASE/WELL NAME #1-20 Grynberg St., 660 FWL, 1980 FSI

LOCATION Section 20, Township 9 South, Range 27 East, Chaves County, New Mexico

DESCRIPTION Costs for Pre-Permian test 6,350 feet

INTANGIBLE COSTS:	DRY-HOLE	COMPLETION	TOTAL
Location: staking, permits, site constr., rat & mouse hole, clean-up, etc.	\$ 9,000	\$ 1,000	\$ 10,000
Drilling: Footage 6,350 @ 14.50/ft. Day-Work days @ /day	92,075	-0-	\$ 92,075
Completion: Day-Work 5 days @ 1100/day	-0-	5,500	5,500
Mobilization & Demobilization: move-in, moveout, rig-down, etc.	-0-	-0-	-0-
1. Mud & Water: chemicals, fresh & salt water, hauling, diesel, etc.	32,200	1,000	33,200
2. Logs: cement bond, mud log, temp. survey, etc.	25,200	2,800	28,000
3. Drill Stem Test & Coring	6,000	-0-	6,000
Production tests	-0-	1,200	1,200
Cementing	6,500	9,000	15,500
Casing Services	-0-	2,500	2,500
4. Perforation & Stimulation	-0-	35,000	35,000
Rental: equipment, tools, etc.	1,000	500	1,500
Trucking: hauling, forklift, etc.	1,200	500	1,700
Fuel	-0-	-0-	-0-
Services: company superv., consulting	5,060	1,900	6,960
Cost to Abandon: plugging	5,000	-0-	5,000
Supplies & Expense	1,000	500	1,500
Overhead	2,825	2,825	5,650
Contingency: 10%	18,700	6,420	25,120
TOTAL INTANGIBLE	\$205,760	\$ 70,645	\$276,405
TANGIBLE COSTS:			
Well Head Equip.: tree, fittings, guide, casing hd., tubing hd., etc.	\$ 1,800	\$ 5,000	\$ 6,800
Sub-Surface Equip.: packer, rods, etc.	-0-	-0-	-0-
Lease Surface Equip.: separator, tank, meter, flowlines, connections, pump, unit, etc.	-0-	12,500	12,500
Casing 8-5/8", 24#, K-55	8,250	-0-	8,250
4-1/2", 10.5#, J-55	-0-	22,225	22,225
Tubing 2-3/8", 4.7#, J-55, EUE	-0-	12,700	12,700
Contingency:	1,000	5,250	6,250
TOTAL TANGIBLE	11,050	57,675	68,725
TOTAL COSTS	216,810	128,320	345,130

SIGNATURES

Jack J. Grynberg

Yates Petroleum Corporation

Yates Drilling Company

MYCO Industries, Inc.

Abo Petroleum Corporation

DATE

12/9/83

1-12-84

1-12-84

1-12-84

1-12-84

SHARE

37.50%

43.75%

6.25%

6.25%

6.25%