



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

AUTHORITY FOR EXPENDITURE
NEW DRILLING, RECOMPLETION & RE-ENTRY

AFE NO.
AFE DATE

04-542-0

10/29/04

AFEND (rev 8/98)

10-29-04

AFE Type:

<input checked="" type="checkbox"/>	New Drilling
<input type="checkbox"/>	Recompletion
<input type="checkbox"/>	Re-entry

Well Objective:

<input checked="" type="checkbox"/>	Oil
<input checked="" type="checkbox"/>	Gas
<input type="checkbox"/>	Injector

Well Type:

<input checked="" type="checkbox"/>	Development
<input type="checkbox"/>	Exploratory

AFE STATUS:

<input checked="" type="checkbox"/>	Original
<input type="checkbox"/>	Revised
<input type="checkbox"/>	Final
<input type="checkbox"/>	Supplemental

LEASE NAME
COUNTY
FIELD
LOCATION

Guitar BFL Com. #1

Eddy

PROJ'D DEPTH

12,000'

STATE

New Mexico

HORIZON

Morrow

Section 17 T25S-R26E, 990' N & 1980' E

DIVISION CODE
DISTRICT CODE
BRANCH CODE

100

DIVISION NAME
DISTRICT NAME
BRANCH NAME

Oil & Gas Division

PROGNOSIS: New well drilled to 12,000' to test all formations

INTANGIBLE DRILLING COSTS:

DRY HOLE COMPD WELL

920-100	Staking, Permit & Legal Fees	3,000	3,000
920-110	Location, Right-of-Way	35,000	35,000
920-120	Drilling, Footage		
920-130	Drilling, Daywork & fuel 50 days @ \$11,300/day + \$45K for mob	647,000	647,000
920-140	Drilling Water, Fasline Rental	35,000	35,000
920-150	Drilling Mud & Additives	45,000	45,000
920-160	Mud Logging Unit, Sample Bags	30,000	30,000
920-170	Cementing - Surface Casing & deep intermediate	75,000	75,000
920-180	Drill Stem Testing, OHT		
920-190	Electric Logs & Tape Copies	60,000	60,000
920-200	Tools & Equip. Rntl., Trkg. & Welding	125,000	125,000
920-205	Control of Well-Insurance	5,000	5,000
920-210	Supervision & Overhead	50,000	50,000
920-230	Coring, Tools & Service		
920-240	Bits, Tool & Supplies Purchase	80,000	80,000
920-350	Cementing - Production Casing		40,000
920-410	Completion Unit - Swabbing		30,000
920-420	Water for Completion		5,000
920-430	Mud & Additives for Completion		1,000
920-440	Cementing - Completion		
920-450	Elec. Logs, Testing, Etc. - Completion		20,000
920-460	Tools & Equip. Rental, Etc. - Completion		50,000
920-470	Stimulation for Completion		100,000
920-480	Supervision & O/H - Completion		1,500
920-490	Additional LOC Charges - Completion		10,000
920-510	Bits, Tools & Supplies - Completion		1,500
920-500	Contingency for Completion		
TOTAL INTANGIBLE DRILLING COSTS		1,190,000	1,449,000

TANGIBLE EQUIPMENT COSTS:

930-010	Christmas Tree & Wellhead	5,000	30,000
930-020	Casing 13 3/8" @ 400'	11,000	11,000
	9 5/8" @ 1,800'	27,000	27,000
	7" @ 8,600'	108,000	108,000
	4 1/2" 12,000'		85,500
930-030	Tubing 2 3/8" @ 11,800'		49,000
930-040	Packer & Special Equipment		
940-010	Pumping Equipment		
940-020	Storage Facilities		15,000
940-030	Separation Equip., Flowlines, Misc.		75,000
940-040	Trucking & Construction Costs		15,000
TOTAL TANGIBLE EQUIPMENT COSTS		151,000	415,500

TOTAL COSTS

1,341,000 1,864,500

APPROVAL OF THIS AFE CONSTITUTES APPROVAL OF OPERATOR'S OPTION TO CHARGE THE JOINT ACCOUNT WITH
TUBULAR GOODS FROM THE OPERATOR'S WAREHOUSE STOCK AT THE RATES STATED ABOVE.

Prepared By SV	Jeremiah Mullen	Operations Approval	
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YATES PETROLEUM CORPORATION	
BY	DATE
YATES DRILLING COMPANY	
BY	DATE
ABO PETROLEUM CORPORATION	
BY	DATE
MYCO INDUSTRIES, INC.	
BY	DATE

20.551875%

10.793125%

10.793125%

10.793125%

BEFORE THE OIL CONSERVAITON DIVISION
Santa Fe, New Mexico
Case No. 13398 Exhibit 4
Submitted by:
Yates Petroleum Corporation
Hearing Date: January 6, 2005

GUITAR BFL COM #1
T25S-R26E- SECTION 17
990' FNL & 1980' FEL
EDDY COUNTY, NEW MEXICO

AFE # 04-542-0
DATE: 11/8/04
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		SHARE
MURCHISON OIL & GAS, INC.		37.500000%
BY:	DATE	
EARL B. GUITAR, SR. & ANITA GRISSOM GUITAR, REVOCABLE LIVING TRUST, ANITA GRISSOM GUITAR, SOLE TRUSTEE		2.343750%
BY:	DATE	
JAMES M. ALEXANDER & JERRI ALEXANDER		0.781250%
BY:	DATE	
BY:	DATE	
MARTHA JANE ALEXANDER RHODES		0.781250%
BY:	DATE	
JERI ALEXANDER LOTT		0.781250%
BY:	DATE	
JAMES KELLY POLK		0.781250%
BY:	DATE	
RUTH ANN POLK CAUDLE		0.781250%
BY:	DATE	
JANIS LEE POLK HARBOUR		0.781250%
BY:	DATE	
MARILYN GUITAR GALUSHA TRUST, MARILYN GUITAR GALUSHA, TRUSTEE		0.584375%
BY:	DATE	
PRESSLEY HUDSON GUITAR		0.584375%
BY:	DATE	
JOHN GUITAR WITHERSPOON, JR.		0.293750%
BY:	DATE	
BRETT GUITAR WITHERSPOON		0.293750%
BY:	DATE	
WENDE WITHERSPOON MORGAN		0.293750%
BY:	DATE	
WHITTEN GUITAR WITHERSPOON		0.293750%
BY:	DATE	
KELLY WOODS LEACH		0.193750%
BY:	DATE	
TOTAL		100.000000%