



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

AUTHORITY FOR EXPENDITURE
NEW DRILLING, RECOMPLETION & RE-ENTRY

AFE Type:

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

Well Objective:

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

Well Type:

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

AFE NO.

AFE DATE

05-055-0

2/1/2005

AFEND (rev 6/98)

AFE STATUS:

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

LEASE NAME

COUNTY

FIELD

LOCATION

Patsy State Unit #1

Chaves

Section 15 T12S-R31E, 990' N & 660' E

PROJ'D DEPTH

STATE

HORIZON

11,375'

New Mexico

Mississippian

DIVISION CODE

100

DIVISION NAME

Oil & Gas Division

DISTRICT CODE

DISTRICT NAME

BRANCH CODE

BRANCH NAME

PROGNOSIS: New well drilled to 11,375' to test the Atoka and Morrow formations.

INTANGIBLE DRILLING COSTS:

		DRY HOLE	COMP'D WELL
920-100	Staking, Permit & Legal Fees	4,000	4,000
920-110	Location, Right-of-Way	45,000	45,000
920-120	Drilling, Footage		
920-130	Drilling, Daywork & fuel 46 days @ \$12,000/day + \$50,000 for Mob	638,000	638,000
920-140	Drilling Water, Fasline Rental	25,000	25,000
920-150	Drilling Mud & Additives	70,000	70,000
920-160	Mud Logging Unit, Sample Bags	25,000	25,000
920-170	Cementing - Surface Casing	35,000	35,000
920-180	Drill Stem Testing, OHT 1 dst	7,500	7,500
920-190	Electric Logs & Tape Copies	60,000	60,000
920-200	Tools & Equip. Rntl., Trkg. & Welding	60,000	60,000
920-205	Control of Well-Insurance	9,000	9,000
920-210	Supervision & Overhead	40,000	40,000
920-230	Coring, Tools & Service		
920-240	Bits, Tool & Supplies Purchase	60,000	60,000
920-350	Cementing - Production Casing		70,000
920-410	Completion Unit - Swabbing		15,000
920-420	Water for Completion		5,000
920-430	Mud & Additives for Completion		
920-440	Cementing - Completion		
920-450	Elec. Logs, Testing, Etc. - Completion		20,000
920-460	Tools & Equip. Rental, Etc. - Completion		30,000
920-470	Stimulation for Completion		100,000
920-480	Supervision & O/H - Completion		15,000
920-490	Additional LOC Charges - Completion		20,000
920-510	Bits, Tools & Supplies - Completion		1,000
920-500	Contingency for Completion	100,000	150,000
TOTAL INTANGIBLE DRILLING COSTS		1,178,500	1,504,500

TANGIBLE EQUIPMENT COSTS:

930-010	Christmas Tree & Wellhead	2,500	22,000
930-020	Casing 13 3/8" @ 400'	11,000	11,000
	9 5/8" @ 3,700'	56,000	56,000
	5 1/2" @ 11,375'		120,000
930-030	Tubing 2 7/8" @ 11,200'		63,000
930-040	Packer & Special Equipment		
940-010	Pumping Equipment		
940-020	Storage Facilities		15,000
940-030	Separation Equip., Flowlines, Misc.		30,000
940-040	Trucking & Construction Costs		15,000
TOTAL TANGIBLE EQUIPMENT COSTS		69,500	332,000

TOTAL COSTS

1,248,000 1,836,500

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	Jeremiah Mullen	Operations Approval	
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BY	DATE	
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BY	DATE	
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BY	DATE	
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BY	DATE	
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BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Case No. 13415 Exhibit No. 3

Submitted by:

Yates Petroleum Corporation

Hearing Date: February 17, 2005