

## **AUTHORITY FOR EXPENDITURE**

**NEW DRILLING, RECOMPLETION & RE-ENTRY** 

AFE	NO.
AFE	DATE

00-175-0 3/13/2000

AFFND (rev 8/98)

ARTESIA, NEW MEXICO 88210 TELEPHONE (505) 748-1471

FE Type:	Well Objective
New Drilling	Oil
Recompletion	X Gas
Re-entry	Injector

	Well Type:		
		Development	
X		Exploratory	

AFE STATUS:	
X Original	
Revised	
Final	
Supplemental	

Hearing Date: April 20, 2000

LEASE NAME	Caprock "AV	'D" State #1		PROJ'D DEPTH	12,500'		
COUNTY	Lea			STATE	NM		
FIELD	Wildcat			HORIZON	Atoka /	Morrow	
LOCATION	660' FNL & 5	10' FEL of Sec. 13,	T11S, R32E				
DIVISION CODE	100	DIVISION NAME		Oil & Gas Division			
DISTRICT CODE		DISTRICT NAME					
BRANCH CODE		<b>BRANCH NAME</b>					
PROGNOSIS: Re	enter, drill ou	t cement plugs in 1	12 3/4" casing & 11"	hole and tie back	the 8 5/8"	casing. Clean	out plugs in
the 8 5/8" casing	to 3,650' then	move a drilling rig	in and clean out the	plugs in the 7 7/8	" hole to 1	0,462' and de	epen the
well to 12,500'. Lo	g the well and	I run 4 1/2" casing	and attempt a comp	letion in the Atoka	or Morro	w zones.	
INTANGIBLE DRIL	LING COSTS:					DRY HOLE	COMP'D WELL
920-100	Staking, Pern	nit & Legal Fees					500
920-110	Location, Rig	ht-of-Way					7,500
920-120	Drilling, Foots	age	MOB for dri	ling rig		_	30,000
920-130	Drilling, Dayw	ork 7 da	iys @ \$7500/day, & 2	1 days @ \$5500/d	ay		168,000
920-140	Drilling Water	, Fasline Rental		BOPs, lights, etc.			15,000
920-150	Drilling Mud 8	k Additives					25,000
000 400	Mondia	Hait Camala Dana		•••••••			44 000

920-160 Mud Logging Unit, Sample Bags 12,000 cement 8 5/8" casing 920-170 Cementing - Surface Casing 15,000 920-180 Drill Stem Testing, OHT 25,000 920-190 **Electric Logs & Tape Copies** 30,000 Tools & Equip. Rntl., Trkg. & Welding includes 2 7/8" AOH workstring 920-200 920-205 Control of Well-Insurance Supervision & Overhead .... 7,500 920-210 8 5/8" casing patch 920-230 Coring, Tools & Service 7,500 Bits, Tool & Supplies Purchase 20,000 920-240 920-350 Cementing - Production Casing 20,000 Completion Unit - Swabbing 10,000 920-410 920-420 Water for Completion 3,500 920-430 Mud & Additives for Completion 920-440 Cementing - Completion 920-450 Elec. Logs, Testing, Etc. - Completion 5,000 920-460 Tools & Equip. Rental, Etc. - Completion 11,500 920-470 Stimulation for Completion 35,000 920-480 Supervision & O/H - Completion 5,000 4,000 920-490 Additional LOC Charges - Completion 920-510 Bits, Tools & Supplies - Completion 920-500 Contingency for Completion 10,000 TOTAL INTANGIBLE DRILLING COSTS 0 478,000 930-010 Christmas Tree & Wellhead 5000 psi wellhead 25,000 930-020 1,550' of 8 5/8", 24.00 #/ft., J-55, ST&C Casing 14,000

TANGIBLE EQUIPMENT COSTS: 12,500' of 4 1/2", 11.60 #/ft., HC P-110, LT&C 56,000 12,500' of 2 3/8", 4.70#/ft., N-80, 8rd EUE 930-030 Tubing 30,000 930-040 Packer & Special Equipment 10,000 940-010 **Pumping Equipment** 940-020 10,000 **Storage Facilities** 940-030 Separation Equip., Flowlines, Misc. 20,000 940-040 20,000 Trucking & Construction Costs TOTAL TANGIBLE EQUIPMENT COSTS 0 185,000 **TOTAL COSTS** 663,000

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.

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Prepared By	man W. Winglo B Operations Approval	100 14 Maroo
7/		
BY /	DATE	
BY	DATE	
ВҮ	DATE	BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Case No. 12373 Exhibit No. 3
		Submitted by:  Vates Petroleum Corporation

DATE



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BY

## **AUTHORITY FOR EXPENDITURE**

NEW DRILLING,	RECOMPLETION	& RE-ENTE
E Type:	Well Objective:	Well Type:

Type: Well Objective:		
New Drilling	Oil	
Recompletion	X Gas	
December	Injector	

	Well Type:		
		Development	
	X	Exploratory	
•			

AFE NO.	00-175-0
AFE DATE	3/13/2000
AFE STATUS:	AFEND (rev 6/98)

	New Drilling Oil Development	Original	
105 SOUTH FOU	RTH STREET    Page model in   Y   Case   Y   Evolution   Y	-1 ~	
ARTESIA, NEW N	V Do outs	Final	
TELEPHONE (50	5) /48-14/1	Supplemental	
LEASE NAME	Caprock "AVD" State #1 PROJ'D DEPTH 12,50	00,	
COUNTY	Lea STATE NM		
FIELD		a / Morrow	
LOCATION	Surface: 660' FNL & 510' FEL of Sec. 13, T11S, R32E Bottom Hole: 660' N & 6	660' E	
DIVISION CODE	100 DIVISION NAME Oil & Gas Division		
DISTRICT CODE	DISTRICT NAME		
BRANCH CODE	BRANCH NAME		
PROGNOSIS   Re	enter, drill out cement plugs in 12 3/4" casing & 11" hole and tie back the 8 5/	/8" casing Clean	out plugs in
	o 3,650' then move a drilling rig in and clean out the plugs in the 7 7/8" hole t		
	an S shape trajectory to 660' N & E at 10,600' (Atoka top) then vertically drill		
NTANGIBLE DRIL		DRY HOLE	COMP'D WELL
920-100	Staking, Permit & Legal Fees	DRITIOLE	500
920-110	Location, Right-of-Way		7,500
920-120		-	30,000
920-130	Drilling, Footage MOB for drilling rig Drilling, Daywork 7 days @ \$7500/day, & 34 days @ \$5500/day		245,000
920-140			17,000
920-150	Drilling Mud & Additives		30,000
920-160			19,000
920-170	Mud Logging Unit, Sample Bags  Cementing - Surface Casing cement 8 5/8" casing		12,000
920-180	Drill Stem Testing, OHT		15,000
920-190	Flectric Logs & Tane Copies		25,000
920-200	Tools & Equip. Rntl., Trkg. & Welding & directional services		85,000
920-205	Control of Well-Insurance	<u> </u>	
920-210	Supervision & Overhead		7,500
920-230	Coring, Tools & Service 8 5/8" casing patch		7,500
920-240	Bits, Tool & Supplies Purchase		50,000
920-350	Cementing - Production Casing		20,000
920-410	Completion Unit - Swabbing		10,000
920-420	Water for Completion		3,500
920-430	Mud & Additives for Completion		
920-440	Cementing - Completion		
920-450	Elec. Logs, Testing, Etc Completion		5,000
920-460	Tools & Equip. Rental, Etc Completion		11,500
920-470	Stimulation for Completion		35,000
920-480	Supervision & O/H - Completion		5,000
920-490	Additional LOC Charges - Completion		4,000
920-510	Bits, Tools & Supplies - Completion		40.000
920-500	Contingency for Completion		10,000
	TOTAL INTANGIBLE DRILLING COSTS	0	655,000
TANGIBLE EQUIPI	MENT COSTS:		
930-010	Christmas Tree & Wellhead 5000 psi wellhead	[	25,000
930-020	Casing 1,550' of 8 5/8", 24.00 #/ft., J-55, ST&C		14,000
700 020		·	,
	12,500' of 4 1/2", 11.60 #/ft., HC P-110, LT&C	\	56,000
930-030	Tubing 12,500' of 2 3/8", 4.70#/ft., N-80, 8rd EUE	` <del> </del>	30,000
930-040	Packer & Special Equipment		10,000
940-010	Pumping Equipment		
940-020	Storage Facilities		10,000
940-030	Separation Equip., Flowlines, Misc.		20,000
940-040	Trucking & Construction Costs		20,000
	TOTAL TANGIBLE EQUIPMENT COSTS	0	185,000
	TOTAL TANGIBLE EQUIT WILLTO COSTO	· <u></u>	
TOTAL COSTS		0	840,000
	THIS AFE CONSTITUTES APPROVAL OF OPERATOR'S OPTION TO CHARGE LAR GOODS FROM THE OPERATOR'S WAREHOUSE STOCK AT THE RATES		
Prepared By	Operations Approval		
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		AFE NO.	00-175-0
ATE	AUTHORITY FOR EXPENDITURE	AFE DATE	3/13/2000
		ALE DATE [	
	MARTINI	AFE CTATUS:	AFEND (rev 6/98)
LUIT	7 Toll Objection Type.	AFE STATUS:	
105 SOUTH FOL	IRTH STREET X New Drilling Oil Development	Original	
ARTESIA, NEW I	Pecompletion   Y Gas   Y Evnjoratory	X Revised	
	Do antino I I Iminatar I	Final	
TELEPHONE (50	5) 746-1471 [TIO S.II.Y]	Supplemental	
		Supplemental	
EASE NAME	Caprock "AVD" State #1 PROJ'D DEPTH	12,500'	
		NM	
COUNTY			
TIELD	Wildcat HORIZON	Atoka / Morrow	<del></del>
OCATION	660' FNL & 660' FEL of Sec. 13, T11S, R32E		
W (1010N 00DE	100 DIVISION NAME Oil & Gas Division		
IVISION CODE			
DISTRICT CODE	DISTRICT NAME		
RANCH CODE	BRANCH NAME		
DOCNOSIS: No	w well drilled to 12,500'.		
ROGINOSIS. TIVE	w well diffied to 12,300.		
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NTANGIBLE DRIL	LING COSTS:	DRY HOLE	COMP'D WELL
920-100	Staking, Permit & Legal Fees	2,000	2,000
920-100	I P. Diela - I Mar.	15,000	15,000
920-120	Drilling, Footage 12,500 @ @ \$28.00/It	350,000	350,000
920-130	Drilling, Daywork 5 days @ \$5,500/day	27,500	27,500
920-140	Drilling Water, Fasline Rental	17,000	17,000
920-150	Drilling Mud & Additives	30,000	30,000
920-160	Mud Logging Unit, Sample Bags	19,000	19,000
920-170	Comenting Surface Casing	25,000	25,000
	•••••••••••••••••••••••••••••••••••••••		
920-180	Drill Stem Testing, OHT	15,000	15,000
920-190	Electric Logs & Tape Copies	25,000	25,000
920-200	Tools & Equip. Rntl., Trkg. & Welding	20,000	20,000
920-205	Control of Well-Insurance		
920-210	Supervision & Overhead		20,000
920-230	Coring, Tools & Service		
	***************************************		1,000
920-240	Bits, Tool & Supplies Purchase		
920-350	Cementing - Production Casing		20,000
920-410	Completion Unit - Swabbing		10,000
920-420	Water for Completion		3,500
920-430	Mud & Additives for Completion		
920-440	Cementing - Completion		
920-450	Elec. Logs, Testing, Etc Completion		5,000
	Tools & Equip. Rental, Etc Completion		11,500
920-460	***************************************		
920-470	Stimulation for Completion		35,000
920-480	Supervision & O/H - Completion		5,000
920-490	Additional LOC Charges - Completion		4,000
920-510	Bits, Tools & Supplies - Completion	1	
920-500	Contingency for Completion		10,000
020 000	•		
	TOTAL INTANGIBLE DRILLING COSTS	545,500	670,500
TANCIBLE EQUIE	DMENT COSTS:		
rangible Equip		F 0001	25 000
930-010	Christmas Tree & Wellhead 5000 psi wellhead	5,000	25,000
930-020	Casing 13 3/8" @ 400'	7,000	7,000
	8 5/8" @ 3,900'	39,000	39,000
	4 1/2" @ 12,500'		56,000
930-030	Tubing 2 3/8" @ 12,500'		30,000
930-040	Packer & Special Equipment		10,000
	Packer & Special Equipment		10,000
940-010	Pumping Equipment		45.55
<b>940</b> -020	Storage Facilities		10,000
940-030	Separation Equip., Flowlines, Misc.		20,000
940-040	Trucking & Construction Costs		20,000
	TOTAL TANGIBLE EQUIPMENT COSTS	51,000	217,000
TOTAL COSTS		596,500	887,500
01712 00010			
APPROVAL O	F THIS AFE CONSTITUTES APPROVAL OF OPERATOR'S OPTION TO CI	HARGE THE JOINT ACCO	HTIW TNUC
	ULAR GOODS FROM THE OPERATOR'S WAREHOUSE STOCK AT THE F		
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	Operations		
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