



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

AFE NO.

04-130-0

AFE DATE

3/23/2004

AFEND (rev 8/98)

AFE STATUS:

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

LEASE NAME

Lacy J State Unit #1

COUNTY

Lea

FIELD

LOCATION

Section 8 T12S-R34E, 1,500' S & 1,290' E

PROJ'D DEPTH

12,550'

STATE

New Mexico

HORIZON

Mississippian

DIVISION CODE

100

DIVISION NAME

Oil & Gas Division

DISTRICT CODE

DISTRICT NAME

BRANCH CODE

BRANCH NAME

PROGNOSIS: New well drilled to 12,550' to test the Atoka, Morrow, and Austin formations.

INTANGIBLE DRILLING COSTS:

		DRY HOLE	COMP'D 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 @ \$9,000/day + \$25,000 mob	504,000	504,000
920-140	Drilling Water, Fasline Rental	25,000	25,000
920-150	Drilling Mud & Additives	74,000	74,000
920-160	Mud Logging Unit, Sample Bags	30,000	30,000
920-170	Cementing - Surface Casing	35,000	35,000
920-180	Drill Stem Testing, OHT	7,500	7,500
920-190	Electric Logs & Tape Copies	58,000	58,000
920-200	Tools & Equip. Rntl., Trkg. & Welding	66,000	66,000
920-205	Control of Well-Insurance	9,000	9,000
920-210	Supervision & Overhead	45,000	45,000
920-230	Coring, Tools & Service		
920-240	Bits, Tool & Supplies Purchase	65,000	65,000
920-350	Cementing - Production Casing		50,000
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		25,000
920-460	Tools & Equip. Rental, Etc. - Completion		40,000
920-470	Stimulation for Completion		120,000
920-480	Supervision & O/H - Completion		13,000
920-490	Additional LOC Charges - Completion		2,500
920-510	Bits, Tools & Supplies - Completion		1,000
920-500	Contingency for Completion 10 percent	100,000	150,000
TOTAL INTANGIBLE DRILLING COSTS		1,056,500	1,378,000

TANGIBLE EQUIPMENT COSTS:

930-010	Christmas Tree & Wellhead	5,000	22,000
930-020	Casing 13 3/8" @ 400'	7,000	7,000
	9 5/8" @ 4,200'	58,000	58,000
	5 1/2" @ 12,550'		113,000
930-030	Tubing 2 7/8" @ 12,350'		42,500
930-040	Packer & Special Equipment		
940-010	Pumping Equipment		
940-020	Storage Facilities		15,000
940-030	Separation Equip., Flowlines, Misc.		35,000
940-040	Trucking & Construction Costs		15,000
TOTAL TANGIBLE EQUIPMENT COSTS		70,000	307,500

TOTAL COSTS

1,126,500 1,685,500

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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BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Case No. 13244 Exhibit No. 5  
Submitted by:  
YATES PETROLEUM CORPORATION  
Hearing Date: April 1, 2004