



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.

05-496-0

AFE DATE

11/30/2005

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	Pitney State Unit #1	PROJ'D DEPTH	13,700'
COUNTY	Lea	STATE	New Mexico
FIELD		HORIZON	Mississippian
LOCATION	Section 23, T12S-R35E, 660' S & 1,980' E		

DIVISION CODE	100	DIVISION NAME	Oil & Gas Division
DISTRICT CODE		DISTRICT NAME	
BRANCH CODE		BRANCH NAME	

PROGNOSIS: New well drilled to 13,700' to test the Morrow and Atoka 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	60,000	60,000
920-120	Drilling, Footage		
920-130	Drilling, Daywork & fuel 54 days @ \$17,500/day + \$75K for mob	1,081,000	1,081,000
920-140	Drilling Water, Fasline Rental	30,000	30,000
920-150	Drilling Mud & Additives	165,000	165,000
920-160	Mud Logging Unit, Sample Bags	30,000	30,000
920-170	Cementing - Surface Casing	70,000	70,000
920-180	Drill Stem Testing, OHT		
920-190	Electric Logs & Tape Copies	100,000	100,000
920-200	Tools & Equip. Rntl., Trkg. & Welding	75,000	75,000
920-205	Control of Well-Insurance	9,000	9,000
920-210	Supervision & Overhead	53,000	53,000
920-230	Coring, Tools & Service		
920-240	Bits, Tool & Supplies Purchase	80,000	80,000
920-350	Cementing - Production Casing		75,000
920-410	Completion Unit - Swabbing		36,000
920-420	Water for Completion		10,000
920-430	Mud & Additives for Completion		
920-440	Cementing - Completion		
920-450	Elec. Logs, Testing, Etc. - Completion		30,000
920-460	Tools & Equip. Rental, Etc. - Completion		35,000
920-470	Stimulation for Completion		100,000
920-480	Supervision & O/H - Completion		5,000
920-490	Additional LOC Charges - Completion	140,000	140,000
920-510	Bits, Tools & Supplies - Completion		1,000
920-500	Contingency for Completion	100,000	150,000
TOTAL INTANGIBLE DRILLING COSTS		1,996,000	2,338,000

TANGIBLE EQUIPMENT COSTS:

930-010	Christmas Tree & Wellhead	5,000	25,000
930-020	Casing 13 3/8" @ 400'	13,800	13,800
	9 5/8" @ 4,450'	126,000	126,000
	5 1/2" @ 13,700'		222,000
930-030	Tubing 2 7/8" @ 13,500'		79,500
930-040	Packer & Special Equipment		
940-010	Pumping Equipment		
940-020	Storage Facilities		20,000
940-030	Separation Equip., Flowlines, Misc.		60,000
940-040	Trucking & Construction Costs		20,000
TOTAL TANGIBLE EQUIPMENT COSTS		144,800	566,300

TOTAL COSTS	2,140,800	2,904,300
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IT IS RECOGNIZED THAT THE AMOUNTS PROVIDED FOR HEREIN ARE ESTIMATED ONLY AND APPROVAL OF THIS AFE SHALL EXTEND TO THE ACTUAL COSTS INCURRED IN CONDUCTING THE OPERATIONS SPECIFIED WHETHER MORE OR LESS THAN HEREIN SET OUT.

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. 13611 Exhibit No. 2  
Submitted by:  
**YATES PETROLEUM CORPORATION**  
Hearing Date: January 5, 2006