

AUTHORITY FOR EXPENDITURE
ESTIMATED WELL COSTS

ENERGEN RESOURCES

NMOCD CASE NO.: 13,733
JUNE 22, 2006
ENERGEN RESOURCES CORP.
EXHIBIT NO. 2

AFE NUMBER SJoB-148		PROPERTY NUMBER 32515B		DATE 1/28/2006	
WELL NAME AND NUMBER			FIELD OR AREA		
McCrodan C-1			Blanco Mesaverde		
OPERATOR			COUNTY		STATE
Energen Resources			Rio Arriba		New Mexico
PROJECT DESCRIPTION AND LOCATION			SECTION: 2	TOWNSHIP 25N	RANGE 3W
Abandon the Gallup/Dakota and Recomplete to the Mesaverde (Point look-out)			PROPOSED FORMATION		PROPOSED DEPTH
			Mesaverde		
☒ SINGLE	☐ OIL	☒ GAS	☐ EXPL.	☒ WORKOVER	☐ CAPITAL
☐ DUAL	☐ BAY	☒ DEV.	☐ STRAT.	☐ NEW	☐ EXPENSE
☐ LAND	☐ MARSH	☐ GULF	DATE TO START	DAYS TO DRILL/COMPLETE	☐ YES ☒ NO
			3/1/2006	5	☐ ORIGINAL ☐ SUPPLEMENT
TANGIBLES - 940			DRY HOLE COSTS COMPLETION COSTS TOTAL COSTS		
TUBULAR GOODS					
101	Conductor Pipe	In.	Fl.	\$/Fl.	\$0.00
106	Surface Casing	In.	Fl.	\$/Fl.	\$0.00
104	Production	In.	Fl.	\$/Fl.	\$0.00
104	First Inter.	In.	Fl.	\$/Fl.	\$0.00
104	Second Inter.	In.	Fl.	\$/Fl.	\$0.00
104	Prod. Liner	In.	Fl.	\$/Fl.	\$0.00
105	Rods	In.	Fl.	\$/Fl.	\$0.00
105	Rods	In.	Fl.	\$/Fl.	\$0.00
107	Tubing	In.	Fl.	\$/Fl.	\$0.00
EQUIPMENT					
201	Wellhead				\$3,500.00
102,103	Tbg & Csg Acc, liner hgr, Prod Pkr.				\$0.00
202,203	Production				\$0.00
205,206	Equipment				\$0.00
204	Other				\$0.00
TOTAL TANGIBLES			\$0.00	\$3,500.00	\$3,500.00
INTANGIBLES - 960			DRILLING COSTS		
103	Turnkey		Fl.	\$/Fl.	\$0.00
103	Footage		Da.	\$/Da.	\$0.00
103	Day Work		Da.	\$/Da.	\$0.00
208	Comp Rig	60	Hr.	285.00	\$17,100.00
208	Service unit				\$0.00
105	Rental Tools, Services, Chokes, Etc.				\$5,000.00
107,205	Rig Moving Cost				\$3,500.00
105	Other				\$0.00
CEMENTING (INCL. FLOAT EQUIP. ETC.)					
102	Surface				\$0.00
102	Intermediates				\$0.00
201	Production				\$0.00
201	Production Liners				\$0.00
102	Tieback String				\$0.00
201	Squeeze Cement (incl. Ret. & Pkrs.)				\$10,000.00
201	Other				\$0.00
FORMATION TREATMENT					
207	Acidizing				\$0.00
207	Fracturing Equipment & Materials				\$85,000.00
204	Frac. Fluid				\$25,000.00
203,205	Tank Rental & Hauling				\$2,000.00
SPECIAL SERVICES					
206	Perforation (set B.P. & Pkrs. Wireline Etc.)				\$3,000.00
150	Mud Logging Data Units				\$0.00
150	Formation Logging				\$1,500.00
160,250	Cores, DST's, Well Testing, etc.				\$0.00
150	Drilling Logs (CBL, Tracer, Inspection, W.L.)				\$3,000.00
203	Packer & Retr. B.P.				\$1,500.00
206	Whipstocking & Sidetracking				\$0.00
206	Compressors				\$0.00
DRILLING FLUIDS					
104	Mud & Chemicals				\$0.00
106	Water & Brine				\$2,000.00
108	Other (Gas & Air)				\$10,000.00
MATERIALS & SERVICES OTHER					
101	Bits & Reamers				\$0.00
106	Fuel				\$0.00
107,205	Hauling				\$0.00
201	Tubular Inspection				\$0.00
105,203	Testing (Manifolds, BOP, Tbg Etc)				\$0.00
105,203	Misc. Csg Exp (Run Csg, Sandblasting, Etc.)				\$0.00
203	Tank Rentals				\$0.00
203	Equipment Rental				\$0.00
203	Misc. Exp.				\$0.00
LOCATION, ACCESS, CLEANUP					
030	Road/Site/Construction				\$2,000.00
060,090	Safety/Environmental				\$0.00
020	SUPERVISION & LEGAL ETC.				\$7,000.00
TOTAL INTANGIBLES			\$0.00	\$177,600.00	\$177,600.00
Plus 5 % Contingency			\$0.00	\$8,880.00	\$8,880.00
TOTAL INTANGIBLES WITH 5% CONTINGENCY			\$0.00	\$186,480.00	\$186,480.00
TOTAL TANGIBLES			\$0.00	\$3,500.00	\$3,500.00
GRAND TOTAL			\$0.00	\$189,980.00	\$189,980.00
Partner Name: _____					
W.I. % for Dry Hole _____ W.I. % for Completion _____					
Date: January 26, 2006			Partner's Approval _____		
Prepared by: Patricia White Sanchez			Company Name: _____		
Approved by: _____			Date: _____		

AFE for the McCrodan C #1
Mesaverde Formation Well
Section 2-T25N-R3W
Rio Arriba County, New Mexico