

YATES ENERGY CORPORATION
AUTHORIZATION FOR EXPENDITURE

LEASE NAME & WELL NUMBER: THORNBUSH FEDERAL NO. 3

LEGAL LOCATION: NE/4SW/4 of SECTION 1, T-18S, R-31E

COUNTY: EDDY STATE: NEW MEXICO DEPTH: 5,600' FORMATION: SAN ANDRES/DELAWARE

Item	TO CASING POINT	COMPLETION	TOTAL WELL
<u>INTANGIBLE COSTS:</u>			
Location:			
Survey, etc.	\$ 800	\$ 0	\$ 800
Permit & Archaeological Services	1,500	0	1,500
Surface tenant costs	1,000	500	1,500
Road, pad & clean-up	7,500	2,500	10,000
Drilling:			
Footage -5,600' @ \$10.0/ft.	56,000	0	56,000
Daywork - 1.0/1.0 days @ \$3,800/day	3,800	3,800	7,600
Drilling Fluids:			
Mud, oil & chemicals (mud sweeps only)	7,500	0	7,500
Brine & Water	12,500	1,000	13,500
Cement:			
8-5/8" x 11" x 350', circulate	6,000	0	6,000
4-1/2" x 7-7/8" x 5600', circulate	0	23,000	23,000
Services:			
OH Logs: GR-CN-LDT & DLL w/MSFL	12,200	0	12,200
Pulling unit	0	10,800	10,800
GR-CNL-CBL Log & Perforate	0	5,000	5,000
Acid: 1 @ 250 gal. & 1 @ 3000 gal.	0	6,500	6,500
Frac treatment (25 foot interval)	0	35,000	35,000
Csg. crews	0	2,500	2,500
Hauling:			
Oil, water, etc.	500	500	1,000
Equipment	500	1,000	1,500
Rental:			
H2S, BOP, pipe racks, etc.	1,000	2,500	3,500
Water storage & test tanks	500	1,000	1,500
Supplies:			
Sample sx., pipe dope, etc.	560	560	1,120
Insurance:			
Normal, pro-rated	1,200	700	1,900
Supervision:			
Geological & Mud Logger (3/6)	3,600	0	3,600
Engineering (5/9)	2,750	4,500	7,250
Overhead (12/9)	1,800	1,350	3,150
Contingencies:			
Welding, packers, taxes (6%), misc. tools, etc.	8,170	7,160	15,330
	<u>TOTAL INTANGIBLES</u>	<u>\$109,870</u>	<u>\$239,250</u>
<u>TANGIBLE COSTS:</u>			
Casing:			
Surface: 350' of 8-5/8" @ \$10./ft.	3,500	0	3,500
Production: 5,600' of 4-1/2" @ \$4.5/ft.	0	25,200	25,200
Tubing:			
5,600' of 2-3/8" @ \$2.25/ft.	0	12,600	12,600
Wellheads:			
Drilling and completion assembly	1,000	5,100	6,100
Tank Btty:			
2 -300 Bbl (0) 1 -300 Bbl. FO (W)	0	10,000	10,000
4' x 20' Heater-treater	0	6,500	6,500
Lift Equipment:			
Pumping unit with power & elec. system	0	22,500	22,500
Rods, pump, anchor, misc.	0	10,600	10,600
Flowline:			
500 @ \$3.50/ft. incl. valves, etc.	0	1,800	1,800
Labor & dirt work:	0	2,500	2,500
Miscellaneous:			
Packer, tools, tax (6%), etc.	1,270	8,290	9,560
	<u>TOTAL INTANGIBLES</u>	<u>\$105,090</u>	<u>\$110,860</u>
	<u>TOTAL WELL</u>	<u>\$214,960</u>	<u>\$350,110</u>

Prepared by: Jim O'Briant January 8, 1991

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

APPROVED BY: _____
COMPANY: _____
DATE: _____

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