



105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 748-1471

AUTHORITY FOR EXPENDITURE
NEW DRILLING, RECOMPLETION & RE-ENTRY

AFE NO. 99-455-0
AFE DATE 11/4/99
AFEND (rev 6/98)

AFE Type:	Well Objective:	Well Type:
<input checked="" type="checkbox"/> New Drilling	<input type="checkbox"/> Oil	<input type="checkbox"/> Development
<input type="checkbox"/> Recompletion	<input checked="" type="checkbox"/> Gas	<input checked="" type="checkbox"/> Exploratory
<input type="checkbox"/> Re-entry	<input type="checkbox"/> Injector	

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

LEASE NAME East	Sand Springs Unit #1	PROJ'D DEPTH	12,500'
COUNTY	Lea	STATE	New Mexico
FIELD	Wildcat	HORIZON	Mississippi/Abo
LOCATION	Section 5, T11S-R35E, 1,000' N & 660' W		

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

PROGNOSIS: New well drilled to 12,500' to test Mississippi and Abo formations. AFE for Mississippi completion only.

INTANGIBLE DRILLING COSTS:		DRY HOLE	COMP'D WELL
920-100	Staking, Permit & Legal Fees	3,000	3,000
920-110	Location, Right-of-Way	24,000	24,000
920-120	Drilling, Footage 12,500' @ \$22.00/ft	275,000	275,000
920-130	Drilling, Daywork 4 days @ \$5,600/day	24,000	24,000
920-140	Drilling Water, Fasline Rental	17,000	17,000
920-150	Drilling Mud & Additives	28,000	28,000
920-160	Mud Logging Unit, Sample Bags	18,000	18,000
920-170	Cementing - Surface Casing	26,000	26,000
920-180	Drill Stem Testing, OHT 2 dst's	11,000	11,000
920-190	Electric Logs & Tape Copies	30,000	30,000
920-200	Tools & Equip. Rntl., Trkg. & Welding	12,000	12,000
920-205	Control of Well-Insurance	4,250	4,250
920-210	Supervision & Overhead	19,000	19,000
920-230	Coring, Tools & Service		
920-240	Bits, Tool & Supplies Purchase	35,000	35,000
920-350	Cementing - Production Casing		22,000
920-410	Completion Unit - Swabbing		15,000
920-420	Water for Completion		4,000
920-430	Mud & Additives for Completion		1,500
920-440	Cementing - Completion		
920-450	Elec. Logs, Testing, Etc. - Completion		10,000
920-460	Tools & Equip. Rental, Etc. - Completion		10,000
920-470	Stimulation for Completion		15,000
920-480	Supervision & O/H - Completion		3,000
920-490	Additional LOC Charges - Completion		2,000
920-510	Bits, Tools & Supplies - Completion		1,000
920-500	Contingency for Completion		
TOTAL INTANGIBLE DRILLING COSTS		526,250	609,750

TANGIBLE EQUIPMENT COSTS:			
930-010	Christmas Tree & Wellhead	2,200	22,000
930-020	Casing 11 3/4" @ 400'	6,700	6,700
	8 5/8" @ 4,200'	46,200	46,200
	5 1/2" @ 12,500'		83,000
930-030	Tubing 2 7/8" @ 12,300'		39,000
930-040	Packer & Special Equipment		
940-010	Pumping Equipment		
940-020	Storage Facilities		15,000
940-030	Separation Equip., Flowlines, Misc.		30,000
940-040	Trucking & Construction Costs		15,000
TOTAL TANGIBLE EQUIPMENT COSTS		55,100	256,900

TOTAL COSTS	581,350	866,650
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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.

RB	Prepared By Cory Frederick	Operations Approval	
	YATES PETROLEUM CORPORATION		70.00%
	YATES DRILLING COMPANY		10.00%
BY		DATE	
	ABO PETROLEUM CORPORATION		10.00%
BY		DATE	
	MYCO INDUSTRIES, INC.		10.00%
BY			
BY			

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 12282 Exhibit No. 2
Submitted by: Yates Petroleum Corporation
Hearing Date: November 18, 1999

