Well Name: DHY "B" #1
County & State: Eddy, New Mexico
Proposed Depth: 8950'
Well Type: Oil Lease No:

Footage Location: 1980' FSL & 990' FWL
Legal Location: Sec 11-T19S-R26E
Main Objective: WOLFCAMP/BONESPRING
Est. Starting Date: ASAP

	DRILLING	COMPLETION	TOTAL COST
INTANGIBLE COSTS:			
Move in drilling rig............................			$0.00
Location, Road & Damages........................			$0.00
Surface damage, survey & right of way			$0.00
Drilling: Daywork			$0.00
Legal Services..........................			$0.00
Supervision & Engineering.......................		$3,000.00	$3,000.00
Geologist..		$0.00	$0.00
Casing Inspection and run 5-1/2" casing..........	$0.00	$0.00	$0.00
Water (Drilling & Completion)..................			$0.00
		$3,000.00	$3,000.00
Welding..			$0.00
Rental Tools & Equipment(mud cleaning equip.)....			$0.00
Bits..		$500.00	$500.00
Pit Lining and fence...........................			$0.00
Reverse Circulation Equip.......................		$2,500.00	$2,500.00
Misc. Cost & Contingencies.....................		$5,000.00	$5,000.00
			$0.00
Completion:			
Well Service Unit 10 days @ $1500/day..........		$15,000.00	$15,000.00
Cement service to place cement across Bonespring		$10,000.00	$10,000.00
CIBP, Perforating & Bond Log....................		$6,000.00	$6,000.00
Tool rentals (PKR, RBP & anchors)..............		$3,000.00	$3,000.00
Acidizing: (Bonespring).......................		$6,000.00	$6,000.00
Fracturing: (Bonespring).....................		$30,000.00	$30,000.00
Welding..		$500.00	$500.00
Supervision & Engineering......................		$4,000.00	$4,000.00
Administration Drilling & Comp.................	$0.00	$0.00	$0.00
Misc. Cost & Contingencies.....................		$5,000.00	$5,000.00
Subtotal to calculate taxes....................	$0.00	$93,500.00	$93,500.00
Gross Receipts Taxes - 6%	$0.00	$5,610.00	$5,610.00
Total Intangible Costs:	$0.00	$99,110.00	$99,110.00
TANGIBLE COSTS:			
Wellhead: Starting head and tree...............			$0.00
13-3/8" casing 550' @$18 per foot..............	$0.00		
8-5/8" casing 2550 @ $8 per foot...............	$0.00		
5-1/2" casing 9600' @ $5.25 per ft.............			$0.00
Tubing: 9000' 2-7/8" J-55 used/tested @ $2.25.		$20,250.00	$20,250.00
7/8" and 3/4" rods(used tested)................................		$7,500.00	$7,500.00
2-7/8" X 5-1/2" TAC.............................		$600.00	$600.00
Pumping Unit(rebuilt 320 Lufkin)...........		$25,000.00	$25,000.00
Battery and walk way...........................		$15,000.00	$15,000.00
Flowlines, Valves & Fittings....................		$2,500.00	$2,500.00
4' x20' Heater Treater.........................		$6,000.00	$6,000.00
Installation of Battery		$5,000.00	$5,000.00
Electricity......................................		$0.00	$0.00
Subtotal to calculate taxes	$0.00	$81,850.00	$81,850.00
Gross Receipts Taxes - 6%......................	$0.00	$4,911.00	$4,911.00
Total Tangible Costs:	$0.00	$86,761.00	$86,761.00
TOTAL WELL COSTS:	$0.00	$185,871.00	$185,871.00

It is recognized that the amounts herein are estimates only and approval of this shall extend to the actual costs incurred in the operation specified above, whether more or less than set out herein.

YATES PETROLEUM CORPORATION 18.055568%
YATES DRILLING COMPANY 2.777780%

By: *[signature]* Date: 2-21-95

MYCO INDUSTRIES, INC. 2.777780%

By: *[signature]* Date: 3-3-95

ABO PETROLEUM CORPORATION 2.777780%

By: *[signature]* Date: 2-21-95