



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

AUTHORITY FOR EXPENDITURE
NEW DRILLING, RECOMPLETION & RE-ENTRY

AFE NO. 04-608-0
AFE DATE 12/2/04
AFEND (rev 8/00) 12-2-04

AFE Type:	Well Objective:	Well Type:
<input checked="" type="checkbox"/> New Drilling	<input type="checkbox"/> Oil	<input checked="" type="checkbox"/> Development
<input type="checkbox"/> Recompletion	<input checked="" type="checkbox"/> Gas	<input 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	Rushing NJ Deep Com. #3	PROJ'D DEPTH	9,200'
COUNTY	Eddy	STATE	New Mexico
FIELD		HORIZON	Morrow
LOCATION	Section 6, T19S-R25E, 990' S & 1,350' E		
DIVISION CODE	100	DIVISION NAME	Oil & Gas Division
DISTRICT CODE		DISTRICT NAME	
BRANCH CODE		BRANCH NAME	

PROGNOSIS: **New well drilled to 9,200' to test the Morrow formation.**

INTANGIBLE DRILLING COSTS:		DRY HOLE	COMP'D WELL
920-100	Staking, Permit & Legal Fees	3,000	3,000
920-110	Location, Right-of-Way	45,000	45,000
920-120	Drilling, Footage		
920-130	Drilling, Daywork & fuel 30 days @ \$10,700/day + \$25,000 for mob	367,000	367,000
920-140	Drilling Water, Fasline Rental	40,000	40,000
920-150	Drilling Mud & Additives	60,000	60,000
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		
920-190	Electric Logs & Tape Copies	40,000	40,000
920-200	Tools & Equip. Rntl., Trkg. & Welding	30,000	30,000
920-205	Control of Well-Insurance	2,000	2,000
920-210	Supervision & Overhead	29,000	29,000
920-230	Coring, Tools & Service		
920-240	Bits, Tool & Supplies Purchase	40,000	40,000
920-350	Cementing - Production Casing		55,000
920-410	Completion Unit - Swabbing		30,000
920-420	Water for Completion		30,000
920-430	Mud & Additives for Completion		
920-440	Cementing - Completion		
920-450	Elec. Logs, Testing, Etc. - Completion		40,000
920-460	Tools & Equip. Rental, Etc. - Completion		50,000
920-470	Stimulation for Completion		80,000
920-480	Supervision & O/H - Completion		5,000
920-490	Additional LOC Charges - Completion		1,500
920-510	Bits, Tools & Supplies - Completion		1,000
920-500	Contingency for Completion	50,000	100,000
TOTAL INTANGIBLE DRILLING COSTS		750,000	1,092,500

TANGIBLE EQUIPMENT COSTS:		DRY HOLE	COMP'D WELL
930-010	Christmas Tree & Wellhead	3,500	18,000
930-020	Casing 9 5/8" @ 900'	13,500	13,500
	5 1/2" @ 9,200'		97,000
930-030	Tubing 2 7/8" @ 9,000'		51,000
930-040	Packer & Special Equipment		7,500
940-010	Pumping Equipment		
940-020	Storage Facilities		15,000
940-030	Separation Equip., Flowlines, Misc.		40,000
940-040	Trucking & Construction Costs		15,000
TOTAL TANGIBLE EQUIPMENT COSTS		17,000	257,000

TOTAL COSTS 767,000 1,349,500

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 SV Jeremiah Mullen	Operations Approval
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YATES PETROLEUM CORPORATION	59.450717%
BY <i>[Signature]</i> DATE	
PRINCIPAL PROPERTIES	1.749557%
BY DATE	
GOLD COAST RESOURCES, INC.	20.994681%
BY DATE	
ANDREWS OIL, LP	3.499113%
BY DATE	

RUSHING NJ DEEP COM #3
T19S-R25E- SECTION 6
EDDY COUNTY, NEW MEXICO

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	SHARE
SIAN PROPERTIES	1.749557%
BY: _____ DATE _____	
E. L. LATHAM CO., LLC	5.909614%
BY: _____ DATE _____	
BILLY J. WALCOTT (DEC.)	0.115082%
BY: _____ DATE _____	
ROY G. BARTON, JR., TRUSTEE OF THE ROY G. BARTON, SR. & OPAL BARTON REVOCABLE TRUST	6.531679%
BY: _____ DATE _____	
TOTAL	100.000000%