



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

AUTHORITY FOR EXPENDITURE
NEW DRILLING, RECOMPLETION & RE-ENTRY

AFE NO. **05-359-0**
AFE DATE **8/31/2005**

AFEND (rev 6/98)

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	Van Dyke State Unit #1	PROJ'D DEPTH	11,750'
COUNTY	Lea	STATE	New Mexico
FIELD		HORIZON	Mississippian
LOCATION	Section 17 T10S-R33E, 660' S & 1,980' E		

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

PROGNOSIS: **New well drilled to 11,750' to test the Atoka and Morrow formations.**

INTANGIBLE DRILLING COSTS:	DRY HOLE	COMP'D WELL
920-100 Staking, Permit & Legal Fees	4,000	4,000
920-110 Location, Right-of-Way	45,000	45,000
920-120 Drilling, Footage		
920-130 Drilling, Daywork & fuel 41 days @ \$16,000/day + \$45,000 for Mob	743,000	743,000
920-140 Drilling Water, Fasline Rental	30,000	30,000
920-150 Drilling Mud & Additives	90,000	90,000
920-160 Mud Logging Unit, Sample Bags	25,000	25,000
920-170 Cementing - Surface Casing	50,000	50,000
920-180 Drill Stem Testing, OHT 1 dst	7,500	7,500
920-190 Electric Logs & Tape Copies	60,000	60,000
920-200 Tools & Equip. Rntl., Trkg. & Welding	60,000	60,000
920-205 Control of Well-Insurance	9,000	9,000
920-210 Supervision & Overhead	40,000	40,000
920-230 Coring, Tools & Service		
920-240 Bits, Tool & Supplies Purchase	65,000	65,000
920-350 Cementing - Production Casing		70,000
920-410 Completion Unit - Swabbing		25,000
920-420 Water for Completion		5,000
920-430 Mud & Additives for Completion		
920-440 Cementing - Completion		
920-450 Elec. Logs, Testing, Etc. - Completion		20,000
920-460 Tools & Equip. Rental, Etc. - Completion		30,000
920-470 Stimulation for Completion		100,000
920-480 Supervision & O/H - Completion		15,000
920-490 Additional LOC Charges - Completion	140,000	140,000
920-510 Bits, Tools & Supplies - Completion		1,000
920-500 Contingency for Completion	100,000	150,000
TOTAL INTANGIBLE DRILLING COSTS	1,468,500	1,784,500

TANGIBLE EQUIPMENT COSTS:	DRY HOLE	COMP'D WELL
930-010 Christmas Tree & Wellhead	2,500	25,000
930-020 Casing 13 3/8" @ 400'	13,800	13,800
9 5/8" @ 3,850'	102,500	102,500
5 1/2" @ 11,750'		176,500
930-030 Tubing 2 7/8" @ 11,550'		68,000
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	118,800	445,800

TOTAL COSTS 1,587,300 2,230,300

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.

Prepared By	Jeremiah Mullen	Operations Approval	
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BY _____ DATE _____

BY _____ DATE _____

BY _____ DATE _____

BY _____ DATE _____

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 13536 Exhibit No. 2
Submitted by:
Yates Petroleum Corporation
Hearing Date: September 8, 2005