



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

AUTHORITY FOR EXPENDITURE
NEW DRILLING, RECOMPLETION & RE-ENTRY

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 NO. 04-547-0
AFE DATE 11/3/2004
AFEND (rev 8/98)

AFE STATUS:

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

LEASE NAME	Wynona State Unit #1	PROJ'D DEPTH	12,450'
COUNTY	Lea	STATE	New Mexico
FIELD		HORIZON	Mississippian
LOCATION	Section 20 T12S-R34E, 900' N & 660' E		

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

PROGNOSIS: New well drilled to 12,450' to test the Atoka, Morrow, and Austin 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	55,000	55,000
920-120	Drilling, Footage		
920-130	Drilling, Daywork & fuel 50 days @ \$9,000/day + \$25,000 mob	503,500	503,500
920-140	Drilling Water, Fasline Rental	25,000	25,000
920-150	Drilling Mud & Additives	100,000	100,000
920-160	Mud Logging Unit, Sample Bags	30,000	30,000
920-170	Cementing - Surface Casing	45,000	45,000
920-180	Drill Stem Testing, OHT	7,500	7,500
920-190	Electric Logs & Tape Copies	65,000	65,000
920-200	Tools & Equip. Rntl., Trkg. & Welding	66,000	66,000
920-205	Control of Well-Insurance	5,000	5,000
920-210	Supervision & Overhead	50,000	50,000
920-230	Coring, Tools & Service		
920-240	Bits, Tool & Supplies Purchase	60,000	60,000
920-350	Cementing - Production Casing		65,000
920-410	Completion Unit - Swabbing		10,000
920-420	Water for Completion		6,000
920-430	Mud & Additives for Completion		
920-440	Cementing - Completion		
920-450	Elec. Logs, Testing, Etc. - Completion		30,000
920-460	Tools & Equip. Rental, Etc. - Completion		40,000
920-470	Stimulation for Completion		120,000
920-480	Supervision & O/H - Completion		13,000
920-490	Additional LOC Charges - Completion		2,500
920-510	Bits, Tools & Supplies - Completion		1,000
920-500	Contingency for Completion	100,000	150,000
TOTAL INTANGIBLE DRILLING COSTS		1,116,000	1,453,500

TANGIBLE EQUIPMENT COSTS:		DRY HOLE	COMP'D WELL
930-010	Christmas Tree & Wellhead	5,000	22,000
930-020	Casing 13 3/8" @ 400'	11,000	11,000
	9 5/8" @ 4,200'	71,000	71,000
	7" @ 12,450'		187,000
930-030	Tubing 2 7/8" @ 12,250'		70,000
930-040	Packer & Special Equipment		
940-010	Pumping Equipment		
940-020	Storage Facilities		15,000
940-030	Separation Equip., Flowlines, Misc.		35,000
940-040	Trucking & Construction Costs		15,000
TOTAL TANGIBLE EQUIPMENT COSTS		87,000	426,000
TOTAL COSTS		1,203,000	1,879,500

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
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BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 13514 Exhibit No. 2
Submitted by:
Yates Petroleum Corporation
Hearing Date: June 30, 2005