



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

AUTHORITY FOR EXPENDITURE
NEW DRILLING, RECOMPLETION & RE-ENTRY

AFE NO. **06-003-0**
AFE DATE **1/4/2005**

AFEND (rev 0/98)

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:

Original

Revised

Final

Supplemental

LEASE NAME	Hoyt State Unit #1	PROJ'D DEPTH	12,800'
COUNTY	Lea	STATE	New Mexico
FIELD		HORIZON	Mississippian
LOCATION	Section 15 T10S-R35E, 1,650' S & 1,650' E		

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

PROGNOSIS: **New well drilled to 12,800' to test multiple zones.**

INTANGIBLE DRILLING COSTS:		DRY HOLE	COMP'D WELL
920-100	Staking, Permit & Legal Fees	4,000	4,000
920-110	Location, Right-of-Way	75,000	75,000
920-120	Drilling, Footage		
920-130	Drilling, Daywork & fuel 50 days @ \$18,000/day + \$45,000 mob	1,000,000	1,000,000
920-140	Drilling Water, Fasline Rental	30,000	30,000
920-150	Drilling Mud & Additives	100,000	100,000
920-160	Mud Logging Unit, Sample Bags	27,000	27,000
920-170	Cementing - Surface Casing	50,000	50,000
920-180	Drill Stem Testing, OHT	7,500	7,500
920-190	Electric Logs & Tape Copies	60,000	60,000
920-200	Tools & Equip. Rntl., Trkg. & Welding	125,000	125,000
920-205	Control of Well-Insurance	9,000	9,000
920-210	Supervision & Overhead	45,000	45,000
920-230	Coring, Tools & Service		
920-240	Bits, Tool & Supplies Purchase	65,000	65,000
920-350	Cementing - Production Casing		95,000
920-410	Completion Unit - Swabbing		100,000
920-420	Water for Completion		20,000
920-430	Mud & Additives for Completion		
920-440	Cementing - Completion		
920-450	Elec. Logs, Testing, Etc. - Completion		70,000
920-460	Tools & Equip. Rental, Etc. - Completion		80,000
920-470	Stimulation for Completion		150,000
920-480	Supervision & O/H - Completion		19,000
920-490	Additional LOC Charges - Completion	160,000	160,000
920-510	Bits, Tools & Supplies - Completion		3,000
920-500	Contingency for Completion	100,000	150,000
TOTAL INTANGIBLE DRILLING COSTS		1,857,500	2,444,500

TANGIBLE EQUIPMENT COSTS:		DRY HOLE	COMP'D WELL
930-010	Christmas Tree & Wellhead	5,000	25,000
930-020	Casing 13 3/8" @ 400'	13,800	13,800
	9 5/8" @ 4,300'	116,000	116,000
	5 1/2" @ 12,800'		197,000
930-030	Tubing 2 7/8" @ 12,600'		74,000
930-040	Packer & Special Equipment		
940-010	Pumping Equipment		
940-020	Storage Facilities		20,000
940-030	Separation Equip., Flowlines, Misc.		50,000
940-040	Trucking & Construction Costs		30,000
TOTAL TANGIBLE EQUIPMENT COSTS		134,800	525,800
TOTAL COSTS		1,992,300	2,970,300

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. **13638** Exhibit No. 2
Submitted by:
YATES PETROLEUM CORPORATION
Hearing Date: **February 2, 2006**