

BY

AUTHORITY FOR EXPENDITURE NEW DRILLING, RECOMPLETION & RE-ENTRY

10-240-0
8/30/2010
AFEND (rev 6/98)

105 South Fol	JRTH STREET	Reasonalation	 ∤ }	Can		velopment	-		
ARTESIA, NEW	MEXICO88210	Recompletion	 -	Gas	_	ploratory		Revised	
TELEPHONE (50	05) 748-1471	X Re-entry		Injector			L	Final	
								Supplemental	
LEASE NAME	Dee 36 SE State C	'om #7U			ם החסוינ	DEDTU	7.500	0' TVD (11,255' MD)	
		om. #/H			{) DEPTH			
COUNTY							Mexico		
FIELD					HORIZ		Cisc	0	
LOCATION	Section 36, 19S-24	4E, (SL: 940' S 8	990' V	V) (BHL: 9	40' S & 660	D, E)			
DIVISION CODE	100 DIV	ISION NAME			Oil & Ga	s Division			
DISTRICT CODE		TRICT NAME			On a Ga	3 DIVISION			
BRANCH CODE		ANCH NAME		····					
PÚVIACU CODE	BR/	ANCH NAIVIE	L						
PROGNOSIS: Re	-enter existing well	and drill horizo	ntal to	approx. 7,	500' TVD (11,255' MD)			
This well was form	nerly known as the	Dee 36 SW State	Com.	#2.				·	
<u> </u>									
INTANGIBLE DRIL								DRY HOLE C	OMP'D WELL
920-100	Staking, Permit & L	egal Fees						1,500	1,500
920-105	Environmental Perr	mitting/Pit Closur	3						
920-110	Location, Right-of-\	Way			•••••			28,000	28,000
920-120	Drilling, Footage	* *************************************		****************		***************************************	••••••	·· 	
920-130	Drilling, Daywork	12 da	vs @ \$	14.500/day	y + \$70K fo	or mob		261,000	261,000
920-135	Drilling, Power & Fr		/day ri					30,000	30,000
920-140	Drilling Water, Fast	**********	day II	9 140,				6,000	
	-								6,000
920-150	Drilling Mud & Addi							11,000	11,000
920-160	Mud Logging Unit,						,.,	11,000	11,000
920-170	Cementing - Surface								
920-180	Drill Stem Testing,			,					
920-190	Electric Logs & Tap								
920-200	Surface Drilling Too	ols & Equip, Rntl.		Close loo	and cutti	ngs dispos	ai	135,000	135,000
920-205	Control of Well-Inst		.,					1,500	1,500
920-210	Supervision & Over					***************************************		17,000	17,000
920-220	Contingency for Dri	****************		••••••					17,000
920-225	Down-hole Drilling	Tool & Equip Do				s & whipsto	1-	400,000	400.000
			ntai	w/airec	tional too	is & whipsto	эск	190,000	190,000
920-230	Coring, Tools & Se								
920-240	Bits, Tool & Supplie							25,000	25,000
920-350	Cementing - Produ	-			•••••				45,000
920-410	Completion Unit - S	Swabbing	,.,						40,000
920-420	Water for Completi	on							50,000
920-430	Mud & Additives fo	r Completion							
920-440	Cementing - Comp	letion							
920-450	Elec. Logs, Testing	.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			• • • • • • • • • • • • • • • • • • • •			·· 	30,000
920-460	Surface Completion				•••••				
					••••••				150,000
920-465	Down-hole Comple		. Renta	31				.,	40,000
920-470	Stimulation for Con								900,000
920-480	Supervision & O/H			******************					5,000
920-490	Additional LOC Cha								
920-510	Bits, Tools & Suppl	lies - Completion							1,500
920-500	Contingency for Co	mpletion							
	TOTAL INTANIOIDI		······		••••••••			747.000	4.070.500
	TOTAL INTANGIBI	LE DRILLING CC	1212					717,000	1,978,500
TANGIBLE EQUIP	MENT COSTS:								
930-010	Christmas Tree & V	Vellhead						2,500	15,000
930-020						***************************************		"	
***************************************	Casing								
	A 11	2" @ 11,255'						·· 	270,000
		2 @ 11,233						·	270,000
020 020	Tubing	'8'' @ 11,000'							77.500
930-030	Tubing 2 3/	o @ 11,000							77,500
930-040	Packer & Special E		•••••						
940-010	Pumping Equipmer	nt							15,000
940-015	Electrification								
940-020	Storage Facilities	***************************************						.,	
940-030	Separation Equip.,	Flowlines, Misc.							
940-040	Trucking & Constru	uction Costs							
	_							2.500	277 500
	TOTAL TANGIBLE	. EQUIPNIENT C	010					2,500	377,500
TOTAL COSTS								719,500	2,356,000
	***************************************	***************************************			***************************************	***************************************			
								L OF THIS AFE SHALL	
TO THE ACTUAL	COSTS INCURRED IN	CONDUCTING THE	IE OPE	RATIONS S	PECIFIED V	VHETHER MO	ORE OF	R LESS THAN HEREIN S	ET OUT.
Prepared By		······································			perations	T			
1	ah Mullen			1	Approval				
Oil Joerenn	an wunen				,pprovar	I			
		l						75000	200
Language of the Zalandara	OLEUM GORPOR	MUON				,		89.750000	1/6
BY HOUNG	(Hates			DATE	11/22	2/2010			
	// //								
RANDY LEE	CONE				- 1- 1			0.375000	J%
BY									
1		_ Vator I	Potrol	um Car	poration	,			
TOM R. CON	E				-	,		1.875000)7
BY			Case 1	No. 1459	78				
		<u>—</u>	F	xhibit 2		<u></u>			
KENNETH G.	CONE			-				3,12500	J%

Dee 36 SE State Com #7H Sec. 36: T19S, R24E Eddy County, New Mexico AFE# 10-240-0 Date: 8/30/2010

Page 2

KENNETH G. CONE, TRUSTEE OF THE TRUSTS CREATED UNDER THE WILL AND CODICIL OF KATHLEEN CONE, DECEASED FOR THE BENEFIT OF THE CHILDREN OF KENNETH G. CONE	1.125000%
BY DATE	
CATHIE CONE McCOWN	1.875000%
BY DATE	
AUVENSHINE'S CHILDREN'S TESTAMENTARY TRUST, CATHIE CONE McCOWN, TRUSTEE	1.125000%
BY	
BANK OF OKLAHOMA, N.A., SUCCESSOR TRUSTEE OF THE TRUST CREATED UNDER THE WILL AND CODICIL OF	
KATHLEEN CONE, DECEASED FOR THE BENEFIT OF THE	0.750000%
BY DATE	0.7000070

Total:

100.000000%



BY

BY

KENNETH G. CONE

	ADRICATION OF THE PARTY OF THE	AFE NO.	10-240-0
MATE	AUTHORITY FOR EXPENDITURE	AFE DATE	8/30/2010
	ROLEUM NEW DRILLING, RECOMPLETION & RE-ENTRY RPORRTION AFE Type: Well Objective: Well Type: AF		AFEND (rev 6/98)
LUP		E STATUS:	8-30-10
105 SOUTH FO	DURTH STREET New Drilling X Oil X Development X	Original	
ARTESIA, NEW	MEXICO88210 Recompletion Gas Exploratory	Revised	
TELEPHONE (505) 748-1471 X Re-entry Injector	Final _	
		Supplemental	
	DEC UD DEDTU	. TVD (44 OFFI MD)	
LEASE NAME		' TVD (11,255' MD)	
COUNTY		Mexico	
FIELD	HORIZON Cisco Section 36, 19S-24E, (SL: 940' S & 990' W) (BHL: 940' S & 660' E)) 	
LOCATION	Section 36, 195-24E, (SL: 940-S & 990-W) (BHL: 940-S & 660-E)		
DIVISION CODE	100 DIVISION NAME Oil & Gas Division		
DISTRICT CODE	DISTRICT NAME		
BRANCH CODE	BRANCH NAME	<u></u>	
PROGNOSIS: FR	e-enter existing well and drill horizontal to approx. 7,500' TVD (11,255' MD)		
This well was to	rmerly known as the Dee 36 SW State Com. #2.		
11113 WCH Was 10	Therif known as the Dec 30 Off State Conf. #2.		
L			
INTANGIBLE DR		DRY HOLE	COMP'D WELL
920-100	Staking, Permit & Legal Fees	1,500	1,500
920-105	Environmental Permitting/Pit Closure		
920-110	Location, Right-of-Way	28,000	28,000
920-120	Drilling, Footage		
920-130	Drilling, Daywork 12 days @ \$14,500/day + \$70K for mob	261,000	261,000
920-135	Drilling, Power & Fuel \$2500/day rig fuel	30,000	30,000
920-140	Drilling Water, Fasline Rental	6,000	6,000
920-150	Drilling Mud & Additives	11,000	11,000
920-160	Mud Logging Unit, Sample Bags	11,000	11,000
920-170	Cementing - Surface Casing		
920-180	Drill Stem Testing, OHT		
920-190	Electric Logs & Tape Copies		
920-200	Surface Drilling Tools & Equip. Rntl. Close loop and cuttings disposal	135,000	135,000
920-205	Control of Well-Insurance	1,500	1,500
920-210	Supervision & Overhead	17,000	17,000
920-220	Contingency for Drilling		
920-225	Down-hole Drilling Tool & Equip. Rental w/directional tools & whipstock	190,000	190,000
920-230 920-240	Coring, Tools & Service		
920-240	Bits, Tool & Supplies Purchase	25,000	25,000
920-330	Cementing - Production Casing		45,000
920-420	Completion Unit - Swabbing		40,000
920-420	Water for Completion		50,000
	Mud & Additives for Completion		
920-440	Cementing - Completion		
920-450	Elec. Logs, Testing, Etc Completion		30,000
920-460	Surface Completion Tool & Equip. Rental		150,000
920-465	Down-hole Completion Tool & Equip. Rental		40,000
920-470	Stimulation for Completion		900,000
920-480 920-490	Supervision & O/H - Completion Additional LOC Charges - Completion		5,000
920-490	Bits, Tools & Supplies - Completion		
920-510			1,500
920-500	Contingency for Completion		
	TOTAL INTANGIBLE DRILLING COSTS	717,000	1,978,500
TANGIBLE EQU	IPMENT COSTS:		
930-010	Christmas Tree & Wellhood	2,500	15.000
930-020	Cacina	2,300	15,000
JJU-U2U	Casing		
	4 1/2" @ 11,255'	-	270,000
	7 1/4 (# 11)400		270,000
930-030	Tubing 2 3/8" @ 11,000'		77,500
930-030	Packer & Special Equipment		11,500
940-010	Pumping Equipment		15,000
940-015	Electrification		13,000
940-015	Storage Facilities		
940-020	Separation Equip., Flowlines, Misc.	·· 	
940-030	Trucking & Construction Costs	-	
U-10-040	Tracking a construction costs		
	TOTAL TANGIBLE EQUIPMENT COSTS	2,500	377,500
TOTAL COSTS		719,500	2,356,000
	ZED THAT THE AMOUNTS PROVIDED FOR HEREIN ARE ESTIMATED ONLY AND APPROVA		
TO THE ACTUA	AL COSTS INCURRED IN CONDUCTING THE OPERATIONS SPECIFIED WHETHER MORE OF	R LESS THAN HEREI	N SET OUT.
Prepared By	Operations	······································	
	miah Mullen Approval		
100,0			
YATEC DET	TROLEUM CORPORATION	89.7500	00%
BY	DATE		
DAKINY THE	E COME	0.3750	1007
KAINIDY LIFE		0.3/30	0 0 /0
BY 9 ks	nog (one DATE 1-3-2011		
TOM R. CO	DNE TO THE TOTAL PROPERTY OF THE TOTAL PROPE	1.8750	000%
	DATE	<u> </u>	× V /0

DATE

3.125000%