



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

AUTHORITY FOR EXPENDITURE
NEW DRILLING, RECOMPLETION & RE-ENTRY

AFE Type:

<input type="checkbox"/> New Drilling
<input type="checkbox"/> Recompletion
<input checked="" type="checkbox"/> Re-entry

Well Objective:

<input checked="" type="checkbox"/> Oil
<input type="checkbox"/> Gas
<input type="checkbox"/> Injector

Well Type:

<input checked="" type="checkbox"/> Development
<input type="checkbox"/> Exploratory

AFE NO.
AFE DATE

10-240-0
8/30/2010

AFE STATUS:

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

AFEND (rev 6/98)

8-30-10

LEASE NAME	Dee 36 SE State Com. #7H	PROJ'D DEPTH	7,500' TVD (11,255' MD)
COUNTY	Eddy	STATE	New Mexico
FIELD		HORIZON	Cisco
LOCATION	Section 36, 19S-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	

PROGNOSIS: Re-enter existing well and drill horizontal to approx. 7,500' TVD (11,255' MD)

This well was formerly known as the Dee 36 SW State Com. #2.

INTANGIBLE DRILLING COSTS:

		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
920-135	Drilling, Power & Fuel	\$2500/day rig fuel	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
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
920-230	Coring, Tools & Service		
920-240	Bits, Tool & Supplies Purchase	25,000	25,000
920-350	Cementing - Production Casing		45,000
920-410	Completion Unit - Swabbing		40,000
920-420	Water for Completion		50,000
920-430	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	Supervision & O/H - Completion		5,000
920-490	Additional LOC Charges - Completion		
920-510	Bits, Tools & Supplies - Completion		1,500
920-500	Contingency for Completion		
TOTAL INTANGIBLE DRILLING COSTS		717,000	1,978,500

TANGIBLE EQUIPMENT COSTS:

930-010	Christmas Tree & Wellhead	2,500	15,000
930-020	Casing		
	4 1/2" @ 11,255'		270,000
930-030	Tubing	2 3/8" @ 11,000'	77,500
930-040	Packer & Special Equipment		
940-010	Pumping Equipment		15,000
940-015	Electrification		
940-020	Storage Facilities		
940-030	Separation Equip., Flowlines, Misc.		
940-040	Trucking & Construction Costs		
TOTAL TANGIBLE EQUIPMENT COSTS		2,500	377,500

TOTAL COSTS 719,500 2,356,000

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	Operations
CM Jeremiah Mullen	Approval

YATES PETROLEUM CORPORATION	89.750000%
BY <i>John D. Yates</i> DATE 11/22/2010	
RANDY LEE CONE	0.375000%
BY	
TOM R. CONE	1.875000%
BY	
KENNETH G. CONE	3.125000%
BY	

Yates Petroleum Corporation
Case No. 14598
Exhibit 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	
BY	DATE

1.125000%

CATHIE CONE McCOWN	
BY	DATE

1.875000%

AUVENSHINE'S CHILDREN'S TESTAMENTARY TRUST, CATHIE CONE McCOWN, TRUSTEE	
BY	DATE

1.125000%

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 CHILDREN OF TOM R. CONE	
BY	DATE

0.750000%

Total : 100.000000%



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BY	DATE 1-3-2011
TOM R. CONE	1.875000%
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KENNETH G. CONE	3.125000%
BY	DATE