

MARTIN YATES, III  
1912 - 1985  
FRANK W. YATES  
1936 - 1986



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

S. P. YATES  
CHAIRMAN OF THE BOARD  
JOHN A. YATES  
PRESIDENT  
PEYTON YATES  
EXECUTIVE VICE PRESIDENT  
RANDY G. PATTERSON  
SECRETARY  
DENNIS G. KINSEY  
TREASURER

July 23, 1997

Marathon Oil Company  
Attn: Tim B. Robertson  
P.O. Box 552  
Midland, TX 79702-0552

RE: David Crockett 27 State No. 1  
W/2 Section 27, T-18-S, R-28-E, N.M.P.M.  
Eddy County, New Mexico

Gentlemen:

Please find enclosed your Authority for Expenditure executed by Yates Petroleum Corporation for the drilling of the captioned well.

Very truly yours,

YATES PETROLEUM CORPORATION

Robert Bullock  
Landman

RB/nf  
Enclosure(s)

BEFORE THE  
OIL CONSERVATION COMMISSION  
Case No. 11834 Exhibit No. — **5**  
Submitted By:  
Marathon Oil Company  
Hearing Date: August 21, 1997

RECEIVED

JUL 24 1997

MARATHON OIL COMPANY  
MCR LAND DEPARTMENT

Region Mid-Continent Region  
Field/Prospect Travis/Empire Morrow Text  
Lease/Facility David Crockett 27 State No. 1  
Location SW/4, S27-T18S-R28E; Eddy County, NM

WILDCAT  
DEVELOPMENT  
X DEVELOPMENT EXPL RECOMPLETION  
WORKOVER

Est. Total Depth 11,200' Est. Drilling Days 35 Est. Completion Days 10

SOURCE	QUANTITY	DESCRIPTION	ACCT. CAT.- FEATURE NO.	C O N D	ESTIMATED COST
DRILLING COSTS - TANGIBLE					
		Drive Pipe	81-7		
		Conductor Pipe	81-8		
Purchase	575	Surface Pipe - 13-3/8", 48#, 11-40, 8rd, STC	81-9		9,000
Purchase	2,700	Casing, Intermediate String No. 1 - 9-5/8"	81-11		30,000
		Casing, Intermediate String No. 2	81-12		
		Drilling Liner	81-19		
		Drilling Liner Hanger and Tieback Equipment	81-22		
Purchase		Drilling Wellhead Equipment	81-80		4,500
Purchase		Miscellaneous Materials	81-217		1,000
TOTAL DRILLING COSTS - TANGIBLE					\$ 44,500
DRILLING COSTS - INTANGIBLE					
Contract		Surveying, Location & Access	81-2		500
Contract		Well Location & Access	81-5		15,000
Contract		Daywork Drilling - \$5,650/24 hr. day inc. Fuel	81-36		27,500
Contract	11,200	Footage Basis Drilling - Dry Hole Drilling	81-37		230,000
		Turnkey Drilling	81-38		
		Drilling Rig Mob/Demob	81-39		
		Blowout Prevention Equipment	81-41		
		Drill Pipe & Collars	81-44		
		Drilling & Service Tools	81-45		
		Drilling Services	81-50		
		Snubbing Units, Company	81-62		
		Snubbing Units, Contract	81-68		
Contract		Mud System/Solids Control	81-40		4,000
Contract		Mud and Mud Services	81-71		25,000
		Bits	81-69		
		Stabilizers, Hole Openers, Underreamers	81-70		
		Oil	81-72		
		Grease	81-72		
		Fuel, Diesel (Not furnished by Contractor)	81-74		
Contract		Water	81-336		12,000
Contract		Casing Tools and Services	81-90		9,000
Contract		Cement and Cementing Service	81-91		25,000
Contract		Logging Services, Open Hole	81-93		30,000
		Logging Services, Cased Hole	81-94		
Contract		Mud Logging	81-95		10,000
Contract		Inspection, Pipe & Casing	81-97		3,500
		Directional Services	81-101		
		Coring	81-102		
Contract		Formation Testing, Open Hole	81-104		4,500
		Formation Testing, Cased Hole	81-105		
		Well Control Services	81-120		
Contract		Trucking/Transportation, Other	81-126		5,500
Contract		Well Test Equipment	81-127		2,500
		Fishing Tools and Services	81-133		
		Abandoning Tools and Services	81-136		
		Sidetracking, Milling Sections, Whipstocks	81-185		
Contract		Miscellaneous Materials	81-217		3,500
Contract		Contract Labor, Welding	81-233		1,000
Contract		Contract Labor, Other - \$400/24 Hr. Day	81-237		15,000
Contract		Contract Services, Living Quarters - \$100/Day	81-243		3,500
		Contract Services, Other	81-266		
Contract		Hydrogen Sulfide Testing - \$150/Day	91-320		4,000
		Spill Control Equipment	81-454		
Contract		Computer Hardware - \$25/Day	81-568		800
Contract		Communications, Field - \$50/Day	81-658		1,800
		Regulatory Compliance	81-685		
MOC		Company Labor & Burden - \$375/Day	81-750		13,000
		Overhead	81-770		
		Indirect Expense	81-779		
TOTAL DRILLING COSTS - INTANGIBLE					\$ 446,600
TOTAL DRILLING COSTS					\$ 491,100

Region Mid-Continent  
Field/Prospect Travis/Empire Morrow Test  
Lease/Facility David Crockett 27 State No. 1

SOURCE	QUANTITY	DESCRIPTION	ACCT. CAT.- FEATURE NO.	C O N D	ESTIMATED COST
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COMPLETION COSTS - TANGIBLE					
Purchase	11,200	Production Casing	82-15		91,000
		Production Liner	82-18		
		Production Liner Hanger & Tieback Equipment	82-21		
Purchase	10,600	Tubing - 2-3/8" O.D., 4.7#, L-80	82-23		36,000
		Wellhead Equipment (Drilling)	82-80		4,500
Purchase		Christmas Tree	82-87		9,000
Purchase		Packers	82-137		6,000
		Rod Pump	82-143		
		Electric Submersible Pump	82-149		
		Completion Wellhead Equipment	82-167		
TOTAL COMPLETION COSTS - TANGIBLE					\$ 146,500

COMPLETION COSTS - INTANGIBLE					
Contract		Location and Access	82-1		1,500
		Drilling Rig During Completion	82-34		11,000
Contract		Blowout Preventer	82-41		1,500
		Tools - Drilling & Service	82-45		
		Rig, Completion	82-48		
		Workover Units, Company	82-55		
Contract		Workover Units, Contract	82-56		7,500
		Snubbing Units, Company	82-62		
		Coiled Tubing Service Units, Contract	82-67		
		Snubbing Units, Contract	82-68		
		Underreamers, Stabilizers, Hole Openers	82-70		
		Lubricants	82-72		
		Fuel, Diesel	82-74		
		Casing Tools and Services	82-90		9,000
		Cement and Cementing Services	82-91		28,000
		Logging Services, Open Hole Wells	82-93		
Contract		Logging Services, Cased Hole Wells	82-94		3,500
Contract		Tubular Inspection, Testing & Cleaning	82-96		7,000
Contract		Formation Testing	82-103		3,000
Contract		Formation Treating	82-113		4,000
Contract		Transportation, Other	82-126		3,500
Contract		Test Equipment - Well Testing	82-127		7,500
		Fishing Tools and Services	82-133		
Contract		Completion and Packer Fluids	82-180		1,000
Contract		Perforating	82-182		16,000
Contract		Wireline Services	82-183		1,500
		Sidetracking, Milling Sections, Whipstocks	82-185		
Contract		Miscellaneous Materials	82-217		3,500
Contract		Miscellaneous Services	82-218		7,000
Contract		Contract Labor, Laborer	82-234		3,000
Contract		Contract Services, Other	82-240		7,400
Contract		Treating Chemicals, Other	82-291		1,000
Contract		Salt Water Disposal & Trans Fees	82-371		1,000
Contract		Rental Tools & Equip.	82-585		4,300
		Communications - Field	82-658		
		Regulatory Compliance	82-685		
MOC		Company Labor & Burden	82-750		3,800
		Overhead	82-770		
		Indirect Expense	82-779		3,800
TOTAL COMPLETION COSTS - INTANGIBLE					\$ 139,500

TOTAL COMPLETION COSTS					\$ 286,000
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Region Mid-Continent  
Field/Prospect Travis/Empire Morrow Test  
Lease/Facility David Crockett 27 State No. 1

SOURCE	QUANTITY	DESCRIPTION	ACCT. CAT. - FEATURE NO.	C O N D	ESTIMATED COST
=====					
SURFACE EQUIPMENT - TANGIBLE					
Purchase		Line Pipe	83-27		1,500
Purchase		Transportation, Other	83-126		2,500
		Pumping Unit	83-141		
		Pumping Equipment - Rod Pump	83-143		
		Flowing/Plunger Lift Equipment	83-146		
		Submersible Pump - Electric	83-149		
		Submersible Pump - Hydraulic	83-152		
		Gas Lift Equipment	83-155		
		Pumps	83-158		
Purchase		Tanks	83-170		10,000
Purchase		Metering Equipment	83-190		4,000
		Instrumentation	83-194		
		Electrical Equipment, Other	83-201		
Purchase		Valves	83-205		2,500
Purchase		Miscellaneous Materials	83-217		10,000
		Contract Labor, Electrical	83-229		
Contract		Contract Labor, Welding	83-233		1,000
Contract		Contract Labor, Other	83-237		4,000
Contract		Contract Services, Other	83-240		2,000
		Compressor Installation	83-365		
Purchase		Dehydration	83-376		10,000
		Crude Oil Treaters	83-378		
Purchase		Separator	83-380		10,000
		Vapor Recovery Units	83-386		
		Free Water Knockouts	83-388		
		Regulatory Compliance (Includes Permitting)	83-685		
MOC		Company Labor & Burden	83-750		2,000
TOTAL SURFACE EQUIPMENT - TANGIBLE					\$ 59,500

ENVIRON. COSTS	SUMMARY OF ESTIMATED DRILLING WELL COSTS		(	%)
*****				
Spill Cleanup 41 _____ %	Total Drilling Cost	\$ 491,100	\$	
Remediation 42 _____ %	Total Completion Cost	\$ 286,000	\$	
Air 43 _____ %	Total Surface Equipment	\$ 59,500	\$	
Water 44 _____ %	Grand Total Cost	\$ 836,600	\$	
Solid Waste 45 _____ %	Marathon's Share of Grand Total Cost to be Booked This Year		\$	
Other 47 _____ %	If Wildcat Well, Give Marathon's Share of Dry Hole Cost		\$	
Non-ENV _____ %				
Total 100%				

PARTICIPANT'S APPROVAL

Name of Company: Yates Petroleum Corporation 18.05556 %  
Signature: [Signature] Date: 6-27-97  
Title: Atty-in-Fact