



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

AUTHORITY FOR EXPENDITURE
NEW DRILLING, RECOMPLETION & RE-ENTRY

AFE NO. 98-250-0
AFE DATE 8/19/98
AFEND (rev 8/98)

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:

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

LEASE NAME	Riverside ASS Federal Com. #1	PROJ'D DEPTH	9,100'
COUNTY	Eddy	STATE	New Mexico
FIELD	Logan Draw Morrow	HORIZON	Morrow
LOCATION	Sec. 8 T17S-R27E, 1650' FSL & 660' FEL		

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

PROGNOSIS:

INTANGIBLE DRILLING COSTS:		DRY HOLE	COMP'D WELL
920-100	Staking, Permit & Legal Fees	1,000	1,000
920-110	Location, Right-of-Way	12,000	12,000
920-120	Drilling, Footage 9,100' @ \$19.50/ft	188,000	188,000
920-130	Drilling, Daywork 4 days @ \$6,500/day	28,000	28,000
920-140	Drilling Water, Fasline Rental	12,000	12,000
920-150	Drilling Mud & Additives	25,000	25,000
920-160	Mud Logging Unit, Sample Bags	12,500	12,500
920-170	Cementing - Surface Casing	16,000	16,000
920-180	Drill Stem Testing, OHT 1 dst	6,000	6,000
920-190	Electric Logs & Tape Copies	20,000	20,000
920-200	Tools & Equip. Rntl., Trkg. & Welding	12,000	12,000
920-205	Control of Well-Insurance	3,100	3,100
920-210	Supervision & Overhead	13,000	13,000
920-230	Coring, Tools & Service		
920-240	Bits, Tool & Supplies Purchase	200	200
920-350	Cementing - Production Casing		14,000
920-410	Completion Unit - Swabbing		12,000
920-420	Water for Completion		3,000
920-430	Mud & Additives for Completion		1,000
920-440	Cementing - Completion		
920-450	Elec. Logs, Testing, Etc. - Completion		10,500
920-460	Tools & Equip. Rental, Etc. - Completion		12,000
920-470	Stimulation for Completion		50,000
920-480	Supervision & O/H - Completion		4,000
920-490	Additional LOC Charges - Completion		1,000
920-510	Bits, Tools & Supplies - Completion		3,000
920-500	Contingency for Completion		
TOTAL INTANGIBLE DRILLING COSTS		348,800	459,300

TANGIBLE EQUIPMENT COSTS:			
930-010	Christmas Tree & Wellhead	2,000	30,000
930-020	Casing 8 5/8" @ 1,400'	13,300	13,300
	4 1/2" @ 9,100'		47,000
930-030	Tubing 2 3/8" @ 8,900'		21,000
930-040	Packer & Special Equipment		
940-010	Pumping Equipment		
940-020	Storage Facilities		15,000
940-030	Separation Equip., Flowlines, Misc.		30,000
940-040	Trucking & Construction Costs		15,000
TOTAL TANGIBLE EQUIPMENT COSTS		15,300	171,300

TOTAL COSTS	364,100	630,600
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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.

RB	Prepared By Cory Frederick	Operations Approval
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BEFORE THE
OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Case Nos. 12084 Exhibit No. 2

Submitted by: Yates Petroleum Corporation

Hearing Date: December 3, 1998

DATE	
DATE	
DATE	
DATE	