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



# 105 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210-2118

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

April 24, 2000

Attn: Mark Wheeler Nearburg Exploration Company, L.L.C. 3300 North A Street Building 2, Suite 120 Midland, Texas 79705

Re: AFE & JOA Signature Pages

Rio Pecos "24" #1 Well Eddy County, New Mexico

### Gentlemen:

Please find enclosed the AFE and JOA signature pages to the captioned well which have been fully executed on behalf of Yates Petroleum Corporation and Sharbro Oil Ltd. Co.

Thank you.

Very truly yours,

YATES PETROLEUM CORPORATION

Barbara Nelson Land Secretary

/bn

enclosure(s)



Exploration and Production Dallas, Texas

### **AUTHORITY FOR EXPENDITURE**

LEASE: Rio Pecos 24

WELL NUMBER: 1

PBTD: 9,700'

LOCATION: 1,980' FSL & 660' FEL, Section 24, T18S, R26E, Eddy County NM

FIELD: Wildcat Morrow

EXPLORATORY, DEVELOPMENT, WORKOVER: E

DESCRIPTION OF WORK: Drill and complete as a flowing Morrow gas producer.

DATE PREPARED: 1/28/00

EST. START DATE: 5/1/2000 EST. COMPLETION DATE: 6/15/2000

ACCOUNTING WELL NUMBER:

COMMUNICATIONS ACCOUNT NUMBER:

Drilling Footage 9,700 Ft @ 17.00 s/Ft   Drilling Daywork 2 2 5,800 s/day   12,296	INTANGIBLE COSTS:	acre 7	OCSGPT	ger t	COMPLETION	l	TOTAL WELL
Drilling Daywork   2   2   5,800 \$   3   3   3   3   3   3   3   3   3					0		<b> </b>
Drilling Turnkey					12.296		<del></del>
Rig Mobilization and Demobilization						ļ	<del></del>
Road & Location Expense	l limited and the limited and					i	
Damages	( - ( ( ( ( ( ( ( ( ( ( ( ( ( ( ( ( ( (				<u> </u>	ł	20.935
Directional Drilling - Tools and Service	1					1	
Drilling Fluids							
Fuel, Power, and Water   12,720   12,	1		26,500		0		26,500
Supplies - Bits					0	ļ	
Supplies - Casing Equipment					795	ĺ	
Supplies - Liner Equipment	1888	***	1,060		<del></del>		5,300
Supplies - Miscellaneous	1 (888)	UK UF		84.04			
Cement and Cmt. Services - Surface Csg	Supplies - Miscellaneous	14 HZ	0		0		0
Cement and Cmt. Services - Prod. Csg	Cement and Cmt. Services - Surface Csg	22.43	10,600		0		10,600
Cement and Cmt. Services - Other	Cement and Cmt. Services - Int. Csg	<i>***</i>	0	2.0	0		0
Rental - Drilling Tools and Equipment	Cement and Cmt. Services - Prod. Csg	26.0	0	44 (2)	21,200		21,200
Rental - Misc.   19,716   19,716   2,650   7,420   7	Cement and Cmt. Services - Other	44.93	0	44.03	0	1	0
Testing - Drill Stem / Production Open Hole Logging Mudlogging Services Special Service	Rental - Drilling Tools and Equipment	24.15	0	GAL HE	0		0
Testing - Drill Stem / Production	Rental - Misc.	44.00	19,716	84 IN	3,180		22,896
Mudlogging Services         11,925         0         11,925           Special Services         0         0         0           Plug and Abandon         12,000         (12,000)         0           Pulling and/or Swabbing Unit         0         15,264         15,264           Reverse Equipment         0         5,300         5,300           Wireline Services         0         19,080         19,080           Stimulation         0         0         12,720         12,720           Pump / Vacuum Truck Services         0         0         6,075         6,075           Transportation         0         1,590         0         2,650         4,240           Tubular Goods - Inspection & Testing         0         1,961         0         5,300         7,261           Unclassified         0         530         0         5,300         7,261           Unclassified         0         530         0         530           Telephone and Radio Expense         0         0         530           Engineer / Geologist / Landman         0         22,500         0         3,000         25,500           Company Labor - Field Supervision         0         1,500	Testing - Drill Stem / Production	44.77	4,770	44.74	2,650		
Special Services	Open Hole Logging	4+ A2	31,800	24	0		31,800
Special Services	Mudlogging Services	AM 41.	11,925	***	0		11,925
Pulling and/or Swabbing Unit Reverse Equipment Wireline Services  Stimulation Pump / Vacuum Truck Services Transportation Tubular Goods - Inspection & Testing Unclassified Telephone and Radio Expense Engineer / Geologist / Landman Company Labor - Field Supervision Contract Labor / Roustabout Legal and Professional Service Outline Goods SUBTOTAL Contingencies (10%)  Pulling and/or Swabbing Unit Discreption Size 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Special Services	44.NV	0	44.79	0		
Pulling and/or Swabbing Unit  Reverse Equipment  Wireline Services  Stimulation  Pump / Vacuum Truck Services  Transportation  Tubular Goods - Inspection & Testing  Unclassified  Telephone and Radio Expense  Engineer / Geologist / Landman  Company Labor - Field Supervision  Contract Labor / Roustabout  Legal and Professional Service  Outline Goods - Insurance  Overhead  SUBTOTAL  Contingencies (10%)  Pump / Vacuum Truck Services  Outline Goods - Inspection & 15,264  11,080  19,080  19,080  19,080  11,720  11,720  11,720  11,720  12,720	Plug and Abandon	44.24	12,000	94.34	(12,000)		0
Reverse Equipment  Wireline Services  Stimulation  Pump / Vacuum Truck Services  Transportation  Tubular Goods - Inspection & Testing  Unclassified  Telephone and Radio Expense  Engineer / Geologist / Landman  Company Labor - Field Supervision  Contract Labor / Roustabout  Legal and Professional Service  Outline Services  1,960  1,590  1,590  1,590  1,590  1,961	Pulling and/or Swabbing Unit	**					15,264
Wireline Services	Reverse Equipment	**	0	44.27	5,300		
Stimulation	Wireline Services	444 <b>86</b> 4	0	64.20			
Pump / Vacuum Truck Services	Stimulation	**	0	1514 <b>20</b> 0	12,720		
Tubular Goods - Inspection & Testing Unclassified  Telephone and Radio Expense  Engineer / Geologist / Landman  Company Labor - Field Supervision  Contract Labor / Roustabout  Legal and Professional Service  Insurance  Overhead  SUBTOTAL  Tubular Goods - Inspection & Testing  1,961	Pump / Vacuum Truck Services	***	0				
Tubular Goods - Inspection & Testing Unclassified Telephone and Radio Expense Engineer / Geologist / Landman Company Labor - Field Supervision Contract Labor / Roustabout Legal and Professional Service Insurance Overhead SUBTOTAL  Tibular Goods - Inspection & Testing Tibular State Tibular	Transportation	25	1,590		2,650		4,240
Telephone and Radio Expense	Tubular Goods - Inspection & Testing	W 454	1,961	44.19	5,300		7,261
Engineer / Geologist / Landman  Company Labor - Field Supervision  Contract Labor / Roustabout  Legal and Professional Service  Insurance  Overhead  SUBTOTAL  Engineer / Geologist / Landman  22,500  13,250  13,250  13,250  13,250  13,250  13,250  13,250  14,990  15,000  11,130  12,373  12,373  12,373  12,373  12,373  12,373  12,373	Unclassified	24 45	530	94.NV	0		530
Company Labor - Field Supervision         3,250         6,500         19,750           Contract Labor / Roustabout         1,590         9,540         11,130           Legal and Professional Service         5,000         6,500         11,130           Insurance         4,998         0         4,998           Overhead         7,000         3,500         10,500           SUBTOTAL         401,369         123,728         525,097           Contingencies (10%)         40,137         12,373         52,510	Telephone and Radio Expense		954		318		1,272
Contract Labor / Roustabout         1,590         22.60         9,540         11,130           Legal and Professional Service         5,000         22.60         0         5,000           Insurance         4,998         22.60         0         4,998           Overhead         3,500         10,500           SUBTOTAL         401,369         123,728         525,097           Contingencies (10%)         40,137         12,373         52,510	Engineer / Geologist / Landman		22,500		3,000		25,500
Legal and Professional Service         5,000           Insurance         4,998           Overhead         3,500           SUBTOTAL         401,369           Contingencies (10%)         40,137           123,728         525,097           12,373         52,510	Company Labor - Field Supervision	214 213	13,250	#4.tu	6,500		19,750
Insurance 4,998 Overhead 7,000 SUBTOTAL 401,369 Contingencies (10%) Overhead 4,998 Overhead 7,000 Overhead 401,369 Overhead 401,369 Overhead 123,728 Overhead 1	Contract Labor / Roustabout	24.44	1,590	***	9,540		11,130
Overhead         3,500         10,500           SUBTOTAL         401,369         123,728         525,097           Contingencies (10%)         40,137         12,373         52,510			5,000	24.54	0		5,000
SUBTOTAL     401,369     123,728     525,097       Contingencies (10%)     40,137     12,373     52,510	l l		4,998	80 FE	0		4,998
Contingencies (10%) 40,137 12,373 52,510	10000	ISM ESF		90.18°			
	SUBTOTAL	<u> </u>	401,369		123,728		525,097
ESTIMATED TOTAL INTANGIBLES 441,506 136,101 577,607	Contingencies (10%)	<u> </u>	40,137	!	12,373		52,510
ESTIMATED TOTAL INTANGIBLES 441,506 136,101 577,607		ļ		ı			
	ESTIMATED TOTAL INTANGIBLES		441,506		136,101	<u> </u>	577,607

Exploration and Production Dallas, Texas

### **AUTHORITY FOR EXPENDITURE**

LEASE: Rio Pecos 24

WELL NUMBER: 1

PBTD: 9,700'

LOCATION: 1,980' FSL & 660' FEL, Section 24, T18S, R26E, Eddy County NM

FIELD: Wildcat Morrow

EXPLORATORY, DEVELOPMENT, WORKOVER: E

DESCRIPTION OF WORK: Drill and complete as a flowing Morrow gas producer.

0∵ઙં

DATE PREPARED: 1/28/00

EST. START DATE: 5/1/2000 EST. COMPLETION DATE: 6/15/2000

ACCOUNTING WELL NUMBER: ->

COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COST	<u>s:</u>	<del> </del>	0.26	TO CSG PT	340 6	COMPLETION	[	TOTAL WELL
Conductor Casing	0 Ft	@ 0.00 \$/1	-t sasser	0		0	ł	0
Surface Csg	1,100 Ft	@ 24.00 \$/	-t #####	26,400	2/	0	}	26,400
Intermediate Csg	0 Ft	@ 0.00 \$/(	-t	0	*	0	<u> </u>	0
Protection Csg	0 Ft	@ 0.00 \$/8	-t 2387.840	0		0		0
Production Csg	9,700 Ft	@ 10.00 \$/[	t 🐝	0	120,340	97,000	}	97,000
Protection Liner	0 Ft	@ 0.00 \$/8	-t aucos	0	2.0	0	]	0
Production Liner	0 Ft	@ 0.00 \$/	₹t 🗼	0	بلدهه	0	1	0
Tubing	9,500 Ft	@ 3.25 \$/	t 🐷	0	use.ee	30,875	]	30,875
Rods	0 Ft	@ 0.00 \$/9	t 🗼	0	123,34	0		0
Artificial Lift Equipm	nent		2.	0	us.se	0		0
Tank Battery			2.0	0	uu 111	10,600		10,600
Separators/Heater	Treater/Gas	s Units/FWKO	×4	0		12,720		12,720
* Well Head Equipr	ment & Chri	stmas Tree	110 140	2,500	227.54	11,500		14,000
Subsurface Well Ed	quipment		2,	0	686.537	6,148		6,148
Flow Lines			2.4	.0	a <b>4</b> 4.69	13,250		13,250
Saltwater Disposal	Pump		24	0	440.25	0		0
Gas Meter			**	0	22.36	1,484		1,484
Lact Unit			**	0	***	0		0
Vapor Recovery Ur	uit	:	144	0	ue in	0		0
Other Well Equipm	ent		24	. 0	24.10	0		0
ROW and Damage	s		**	0	est pr	2,650		2,650
Surface Equipment	Installation	Costs	2,	0	uet.194	9,540	·	9,540
Elect. Installation			**	0	446.549	0		0
			\ <del></del>					•
ESTIMATED TOTA	al Tangib	ELES		28,900		195,767		224,667
							]	
ESTIMATED TOTA	AL WELL C	OSTS		470,406		331,868		802,274

THIS AFE IS ONLY AN ESTIMATE. BY SIGNING YOU AGREE TO PAY YOUR SHARE OF THE ACTUAL COSTS INCURRED.

PREPARED BY: HRW	01/28/00
REVIEWED BY: TRM	
APPROVED BY: Black	1/3//
APPROVED BY:	1/31/

Yates Petroleum Corporation

3.958388%

Sharbro Oil Ltd. Co.

1.5624804%

Manager

ATTEST OR WITNESS	POGO PRODUCING COMPANY
	Ву:
	Type or Print Name
	Title
	Date
	Tax ID or SS No.
STATE OF TEXAS \$	14x 15 01 05 No.
<b>\$</b>	
COUNTY OF MIDLAND §	
of, 2000, by	was acknowledged before me on this the day of POGO company, on behalf of said
Producing Company, a	company, on behalf of said
My Commission Expires:	Notary Public, State of Texas
	RB
	$oldsymbol{arphi}$
ATTEST OR WITNESS	YATES PETROLEUM CORPORATION
	By: / Lyton yaso
	Peyton Yates
	Type or Print Name
	Title Attorney-in-Fact
	Date 4-17-2000
	Tax ID or SS No.
STATE OF NEW MEXICO §	,*
COUNTY OF EDDY S	
of <u>April</u> , 2000, by <u>Pe</u> Yates Petroleum Corporation, a	was acknowledged before me on this the 17th day yton Yates , as Attorney-in-Fact or New Mexico corporation, or
behalf of said corporation.	t i The
My Commission Expires:	
ATTEST OR WITNESS	CIRRUS EXPLORATION COMPANY
	Ву:
	Type or Print Name
	Title
	Date
	Tax ID or SS No

EXHIBIT "F"
NOTICE OF JOINT OPERATING AGREEMENT LIEN,
SECURITY INTERESTS AND FINANCING STATEMENT
PAGE -4-

4010 7	CIRRUS EXPLORATION COMPANY	
4212 Interstate 40 W Amarillo, Texas 79106	Ву:	<b>-</b>
	Type or Print Name	-
	Title	_
	Date	
	Tax ID or SS No.	
STATE OF TEXAS \$ \$ COUNTY OF \$		
The foregoing instrument was	s acknowledged before me on this the, as company, on behalf of	_ day for
Cirrus Exploration Company, a company.	company, on behalf of	said
My Commission Expires:	Notary Public, State of Texas	
105 S. Fourth St. Artesia, New Mexico 88210	SHARBRO OIL LTD.  By: Acust Metho	КВ
	Frank Yates, Jr. Type or Print Name	
	Title Manager	•
	Date4-18-2000	-
	Tax ID or SS No.	-
STATE OF NEW MEXICO S COUNTY OF EDDY S		
of April , 2000, by Frank Yat a New Mexico limited liability com	s acknowledged before me on this the 18th tes, Jr., as Manager of Sharbro 0il Ltd. apany, on behalf of said company.  Notary Public, State of New Mexico	day Co.,
My Commission Expires: 1-8-2004		
2213 Scott Road Burbank, CA 91504	WINNIE CLAYTON TRUESDELL By:	
, 3.333	Winnie Clayton Truesdell Date	

Tax ID or SS No.

Exploration and Production Dallas, Texas



Page 2 of 2

### **AUTHORITY FOR EXPENDITURE**

LEASE: Rio Pecos 24

WELL NUMBER: 1

PBTD: 9,700'

LOÇATION: 1,650' FSL & FIELD: Wildcat Morrow

LOCATION: 1,650' FSL & 660' FEL, Section 24, T18S, R26E, Eddy County NM

EXPLORATORY, DEVELOPMENT, WORKOVER: E

DESCRIPTION OF WORK: Drill and complete as a flowing Morrow gas producer.

0,

DATE PREPARED: 1/28/00

EST. START DATE: 5/1/2000

EST. COMPLETION DATE: 6/15/2000

ACCOUNTING WELL NUMBER:

COMMUNICATIONS ACCOUNT NUMBER:

TANCIDI E COST	····			TO CSG PT	ant	COMPLETION		TOTAL WELL
TANGIBLE COST	<del>-</del>	0.00.00	6.76			0	,	1012 11222
Conductor Casing	0 Ft @		est to	0	2			26,400
Surface Csg	1,100 Ft @	*	39070	26,400	*	0		
Intermediate Csg	0 Ft @	£	##175	0	72	0		0
Protection Csg	0 Ft @	•	3500 340	. 0	-	0		0
Production Csg	9,700 Ft @		*/	0	us su	97,000		97,000
Protection Liner	0 Ft@		D#C-61#	0	·	0		0
Production Liner	0 Ft@	0.00 \$/Ft	**	0	44.14	0		0
Tubing	9,500 Ft @		***	0	CH. AM	30,875		30,875
Rods	0 Ft@	0.00 \$/Ft	•	0	699.544	0		0
Artificial Lift Equipm	nent		2	0	WEE 147	0		0
Tank Battery	-		24	0	us.tu	10,600		10,600
Separators/Heater	Treater/Gas	Units/FWKO	24	0	227.240	12,720		12,720
* Well Head Equipa	ment & Christ	mas Tree	1485 244	2,500	317.34	11,500		14,000
Subsurface Well E	quipment		21	0	ua se	6,148		6,148
Flow Lines	•		201	0	ve.ni	13,250		13,250
Saltwater Disposal	Pump		**	0	VALUE.	0		0
Gas Meter			**	0	ter 3 m	1,484		1,484
Lact Unit			21	O	SEE SEF	0		0
Vapor Recovery Ur	nit		3.4	0	un in	0		0
Other Well Equipm	ent		2.4	0		0		0
ROW and Damage	s		v	0	SEZ JU	2,650		2,650
Surface Equipment	t Installation C	osts	2/	0	WE JY	9,540		9,540
Elect installation			۸.,	0	44.417	, O		0
F07447FD 707	41 741/0/51							
ESTIMATED TOTA	AL TANGIBL	ES		. 28,900		195,767		224,667
ESTIMATED TOTA	AL WELL CO	STS		470,406		331,868		802,274

THIS AFE IS ONLY AN ESTIMATE. BY SIGNING YOU AGREE TO PAY YOUR SHARE OF THE ACTUAL COSTS INCURRED.

NPC APPROVAL			DATE
PREPARED BY:	HRW		02/10/00
REVIEWED BY:	TRM / / / /		
APPROVED BY:	Belshile		2/10/00
APPROVED BY:	```	•	

WI APPROVAL:

COMPANY

Gwendolyn Knox

0.3645834%

TITLE DATE

BY

4-10-00

Exploration and Production Dallas, Texas

### **AUTHORITY FOR EXPENDITURE**

LEASE: Rio Pecos 24

WELL NUMBER: 1

PBTD: 9,700'

LOCATION: 1,650' FSL & FIELD: Wildcat Morrow

LOCATION: 1,650' FSL & 660' FEL, Section 24, T18S, R26E, Eddy County NM

EXPLORATORY, DEVELOPMENT, WORKOVER: E

DESCRIPTION OF WORK: Drill and complete as a flowing Morrow gas producer.

DATE PREPARED: 1/28/00

EST. START DATE: 5/1/2000

EST. COMPLETION DATE: 6/15/2000

ACCOUNTING WELL NUMBER:

COMMUNICATIONS ACCOUNT NUMBER:

INTANGIBLE COSTS:	arre	TO CSG PT	art t	COMPLETION		TOTAL WELL
Drilling Footage 9,700 Ft @ 17.00 \$/Ft	54 N	174,794	•	0		174,794
Drilling Daywork 2 2 5,800 \$/day	av er	12,296	94.44	12,298		24,592
Drilling Turnkey	24.40	0		0		0
Rig Mobilization and Demobilization	944	0	44.0	0		0
Road & Location Expense	34.46	18,815	we.	2,120		20,935
Damages	HW 487	5,000	an es	0		5,000
Directional Drilling - Tools and Service	44.39	0	44.16	0		0
Drilling Fluids	awas	26,500	44.17	0		26,500
Fuel, Power, and Water	244.62	12,720	<b>**</b>	0		12,720
Supplies - Bits	20.00	0	Dia sa	795		795
Supplies - Casing Equipment		1,060	88.60	4,240		5,300
Supplies - Liner Equipment		0		0		0
Supplies - Miscellaneous	246	0	011.W	0		0
Cement and Cmt. Services - Surface Csg	2000	10,600	•	0		10,600
Cement and Cmt. Services - int. Csg	*******	0		0		0
Cement and Cmt. Services - Prod. Csg		0	00 cp	21,200		21,200
Cement and Cmt. Services - Other	34.02	0	44.77	0		0
Rental - Drilling Tools and Equipment	44.0	0	116.16	0		0
Rental - Misc.	a	19,716	88.00	3,180		22,896
Testing - Drill Stem / Production	GR HJ	4,770		2,650		7,420
Open Hole Logging	44.42	31,800	w.	0		31,800
Mudlogging Services	44.00	11,925	14	0		11,925
Special Services	644 PB	0	44.00	0		0
Plug and Abandon	****	12,000	uu su	(12,000)		0
Pulling and/or Swabbing Unit		0	04.87	15,264		15,264
Reverse Equipment		. 0	Mari	5,300		5,300
Wireline Services		0		19,080	ł	19,080
Stimulation		0	000	12,720		12,720
Pump / Vacuum Truck Services	447.002	0	44.68	6,075		6,075
Transportation		1,590	***	2,650	1	4,240
Tubular Goods - Inspection & Testing	200.230	1,961	114 ESC	5,300		7,261
Unclassified	44.64	530	44.84	0		530
Telephone and Radio Expense	C/rec	954	22.88	318		1,272
Engineer / Geologist / Landman		22,500		3,000		25,500
Company Labor - Field Supervision		13,250		6,500		19,750
Contract Labor / Roustabout	84.65	1,590	92 AV	9,540	1	11,130
Legal and Professional Service	44.00	5,000	882.FF	0	ĺ	5,000
insurance	44.00	4,998	80 FE	0		4,998
Overhead	44.50	7,000	60.10	3,500		10,500
SUBTOTAL		401,369		123,728		525,097
Contingencies (10%)		40,137	;	12,373		52,510
•	į					
ESTIMATED TOTAL INTANGIBLES		441,506	 	136,101	<u> </u>	577,607

Exploration and Production Dallas, Texas

### **AUTHORITY FOR EXPENDITURE**

LEASE: Rio Pecos 24

WELL NUMBER: 1

PBTD: 9,700'

LOCATION: 1,650' FSL & 660' FEL, Section 24, T18S, R26E, Eddy County NM

FIELD: Wildcat Morrow

EXPLORATORY, DEVELOPMENT, WORKOVER: E

DESCRIPTION OF WORK: Drill and complete as a flowing Morrow gas producer.

0

DATE PREPARED: 1/28/00

EST. START DATE: 5/1/2000

EST. COMPLETION DATE: 6/15/2000

ACCOUNTING WELL NUMBER:

COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COST	§:		6.76	TO CSG PT	457	COMPLETION	TOTAL WELL
Conductor Casing	0 Ft @	0.00 \$/Ft	1465.344	0		0	0
Surface Csg	1,100 Ft @	24.00 \$/Ft	550 J.D	26,400	<b>1</b> .	0	26,400
Intermediate Csg	0 Ft @	0.00 \$/Ft	24.12	0	4.	0	0
Protection Csg	0 Ft @	0.00 \$/Ft	38.34	0		0	0
Production Csg	9,700 Ft @	10.00 \$/Ft	v	0	w. w	97,000	97,000
Protection Liner	0 Ft@	0.00 \$/Ft	ON 234	0	1.	0	0
Production Liner	0 Ft@	0.00 \$/Ft	**	0		0	0
Tubing	9,500 Ft @	3.25 \$/Ft	44	0	137,000	30,875	 30,875
Rods	0 Ft@	0.00 \$/Ft	<b>1</b> 22	0	222.54	0	0
Artificial Lift Equipm	nent		2/	0	W. LE	0	0
Tank Battery			2	0	44.44	10,600	10,600
Separators/Heater	Treater/Gas Un	its/FWKO	2.4	0	037.00	12,720	12,720
* Well Head Equipr	nent & Christma	s Tree	345.34	2,500	1133.34	11,500	14,000
Subsurface Well Ed	quipment		2	0	801.3A	6,148	6,148
Flow Lines	•			0	- 146.53	13,250	13,250
Saltwater Disposal	Pump		2.0	0	44C 5 U	0	0
Gas Meter			· 2	0	use) ii	1,484	1,484
Lact Unit			2.7	0	1,121,3 pr	0	0
Vapor Recovery Ur	uit		<b>1</b>	0	us.in	0	0
Other Well Equipm	ent		**	0	un re	0	0
ROW and Damage	s			0	set Pi	2,650	2,650
Surface Equipment	Installation Cos	ts	2.	0	wat 1 ke	9,540	9,540
Elect. Installation				0	*****	0,0.0	0
					*************		
ESTIMATED TOTA	AL TANGIBLES	1		28,900		195,767	224,667
ESTIMATED TOTA	AL WELL COST	rs	]	470,406		331,868	802,274

THIS AFE IS ONLY AN ESTIMATE. BY SIGNING YOU AGREE TO PAY YOUR SHARE OF THE ACTUAL COSTS INCURRED.

HPC APPROVAL		DATE
PREPARED BY:	HRW	02/10/00
REVIEWED BY:	TRM // //	
APPROVED BY:	Belshilo	- 2/10/0
APPROVED BY:		

۷I	AΡ	PK	O	VA	L:

COMPANY

Jack Dill Knox

1.1708333%

W

BY TITLE

DATE

-00

Exploration and Production Dallas, Texas

#### **AUTHORITY FOR EXPENDITURE**

LEASE: Rio Pecos 24

WELL NUMBER: 1

PBTD: 9,700'

LOCATION: 1,980' FSL & 660' FEL, Section 24, T18S, R26E, Eddy County NM

FIELD: Wildcat Morrow

EXPLORATORY, DEVELOPMENT, WORKOVER: E

DESCRIPTION OF WORK: Drill and complete as a flowing Morrow gas producer.

DATE PREPARED: 1/28/00

EST. START DATE: 5/1/2000

EST. COMPLETION DATE: 6/15/2000

ACCOUNTING WELL NUMBER:

COMMUNICATIONS ACCOUNT NUMBER:

INTANGIBLE COSTS:	sort	TO CSG PT	aers	COMPLETION		TOTAL WELL
Drilling Footage 9,700 Ft @ 17.00 \$/Ft	64 M	174,794	264	0		174,794
Drilling Daywork 2 2 5,800 \$/day	1999 839	12,296	tin xu	12,296		24,592
Drilling Turnkey	1198.40	0	us m	0		0
Rig Mobilization and Demobilization	594 FE	0	25.00	0		0
Road & Location Expense	2514.600	18,815	概要	2,120		20,935
Damages	IN as	5,000	215.A2	0		5,000
Directional Drilling - Tools and Service	GM 198	0	44.37	0		0
Drilling Fluids	314.93	26,500	64.73	0		26,500
Fuel, Power, and Water	22.00	12,720	603 ARI	0		12,720
Supplies - Bits	599 445	0	27年/8年	795		795
Supplies - Casing Equipment	## W	1,060	aw 40	4,240		5,300
Supplies - Liner Equipment	654K ME	0	1913 253	0		0
Supplies - Miscellaneous	258.60	0	64 <b>M</b>	0		0
Cement and Cmt. Services - Surface Csg	39 AG	10,600	**	0		10,600
Cement and Cmt. Services - Int. Csg	84.70	0	*	0	Ĺ	0
Cement and Cmt. Services - Prod. Csg	164	0	86.72	21,200	Ĺ	21,200
Cement and Cmt. Services - Other	398.07	0	88.73	0		0
Rental - Drilling Tools and Equipment	999.480	0	an no	0		0
Rental - Misc.	644.03	19,716	54.40	3,180		22,896
Testing - Drill Stem / Production	G# #3	4,770	15 ME 18	2,650		7,420
Open Hole Logging	1514 800	31,800	24	0		31,800
Mudlogging Services	1510.500	11,925	***	0		11,925
Special Services	644 PM	0	88.50	0		0
Plug and Abandon	44.20	12,000	516.346	(12,000)		0
Pulling and/or Swabbing Unit	764	0	G13.277	15,264		15,264
Reverse Equipment	**	0	809.69	5,300		5,300
Wireline Services	## ###	0	64 RF	19,080	<u> </u>	19,080
Stimulation	704	0	66.20	12,720		12,720
Pump / Vacuum Truck Services	1514 880	0	55.46	6,075	-	6,075
Transportation	1514 <b>28</b> 5	1,590	HS 88	2,650		4,240
Tubular Goods - Inspection & Testing	254 250	1,961	A4.257	5,300		7,261
Unclassified	MM da	530	85 PG	0	]	530
Telephone and Radio Expense	444 840	954	12.40	318		1,272
Engineer / Geologist / Landman	4544. <b>2</b> 50	22,500	50 MI	3,000	ļ ļ	25,500
Company Labor - Field Supervision	244 255	13,250	#0 TW	6,500		19,750
Contract Labor / Roustabout	2W 665	1,590	45.20	9,540		11,130
Legal and Professional Service	54.80	5,000	22.70	0		5,000
Insurance	UH 275	4,998	w.m	0	-	4,998
Overhead	49 M 280	7,000	40.50	3,500		10,500
SUBTOTAL		401,369		123,728		525,097
Contingencies (10%)	İ	40,137		12,373		52,510
ESTIMATED TOTAL INTANGIBLES		441,506		136,101		577,607

Exploration and Production Dallas, Texas

#### **AUTHORITY FOR EXPENDITURE**

LEASE: Rio Pecos 24

WELL NUMBER: 1

PBTD: 9,700'

LOCATION: 1,980' FSL & 660' FEL, Section 24, T18S, R26E, Eddy County NM

FIELD: Wildcat Morrow

EXPLORATORY, DEVELOPMENT, WORKOVER: E

DESCRIPTION OF WORK: Drill and complete as a flowing Morrow gas producer.

0

DATE PREPARED: 1/28/00

EST. START DATE: 5/1/2000 EST. COMPLETION DATE: 6/15/2000

ACCOUNTING WELL NUMBER:

COMMUNICATIONS ACCOUNT NUMBER:

TANGIBLE COST	<u>s:</u>	<del></del>	eme	TO CSG PT	sate	COMPLETION		TOTAL WELL
Conductor Casing	0 Ft @	0.00 \$/Ft	PSS 100	0	**	0		0
Surface Csg	1,100 Ft @	24.00 \$/Ft	230,549	26,400	12.0	0		26,400
Intermediate Csg	0 Ft @	0.00 \$/Ft	588.88	0	**	0		0
Protection Csg	0 Ft @	0.00 \$/Ft	200.500	0	24	0		0
Production Csg	9,700 Ft @	0 10.00 \$/Ft	**	0	case 3 de	97,000		97,000
Protection Liner	0 Ft@	0.00 <b>\$/F</b> t	490.598	0	**	0		0
Production Liner	0 Ft @	0.00 \$/Ft	264	0	scar fits	0		0
Tubing	9,500 Ft @	3.25 \$/Ft	***	0	197.00	30,875		30,875
Rods	0 Ft @	0.00 <b>\$/F</b> t	**	0	222 340	0		0
Artificial Lift Equipm	nent		32.0	0	152 167	0		0
Tank Battery		,	264	0	este fas	10,600		10,600
Separators/Heater Treater/Gas Units/FWKO			***	0	AT 340	12,720		12,720
* Well Head Equipment & Christmas Tree		1983 245	2,500	323 See	11,500		14,000	
Subsurface Well Equipment		76.0	0	92E 170	6,148		6,148	
Flow Lines			764	0	15# 178	13,250		13,250
Saltwater Disposal	Pump		764	0	4411	0		0
Gas Meter			**	0	49.76	1,484		1,484
Lact Unit			76.4	0	52 1F	0		0
Vapor Recovery Ur	nit		264	0	ser en	0		0
Other Well Equipm	ent		764	0	49.78	0		0
ROW and Damage	es		**	0	98E 815	2,650		2,650
Surface Equipment	t Installation (	Costs	24	0	662 SW	9,540		9,540
Elect. Installation			#4	0	ass st1	0		0
ESTIMATED TOTA	AL TANGIBI	.ES		28,900		195,767		224,667
ESTIMATED TOTAL WELL COSTS				470,406		331,868	L	802,274

THIS AFE IS ONLY AN ESTIMATE. BY SIGNING YOU AGREE TO PAY YOUR SHARE OF THE ACTUAL COSTS INCURRED.

NPC APPROVAL		DATE
PREPARED BY: HI	RW	01/28/00
REVIEWED BY: TR	RM A	
APPROVED BY:	Beldele	1/3//
APPROVED BY:		1/3//
WI APPROVAL:	COMPANY	
	BY	

TITLE DATE