

## CHESAPEAKE OPERATING, INC.

AUTHORIZATION FOR EXPENDITURE				County, State: Lea, New Mexico	
Project Area: Lovington				Date: February 18, 2000	
Well Name: Teague 1-22				Total Depth: 12,850'	
Operator: Chesapeake Operating, Inc.				Formation: Lower Mississippi	
AFE #: 100073					
Spacing Unit: W#2 Section 22-18S-36E					
CODE	INTANGIBLE COSTS	WORK DESCRIPTION	DRY HOLE	PRODUCER	
233400	Location:	Roads, Location, Pits	\$35,000.00	\$35,000.00	
233401		Damages	\$5,000.00	\$5,000.00	
233402	Drilling:	Governmental Filings	\$1,000.00	\$1,000.00	
233403		Title Opinions	\$5,000.00	\$5,000.00	
233404		Seismic Costs	\$0.00	\$0.00	
233405		Reclamation	\$12,000.00	\$12,000.00	
233406		Top Drive	\$0.00	\$0.00	
233408		Pipeline Construction	\$0.00	\$0.00	
233410		Drilling Contractor: 36 days @ \$6,100/day	\$220,000.00	\$220,000.00	
233411		Directional Services	\$18,000.00	\$18,000.00	
233413		Rig Mobilization/Demobilization	\$25,000.00	\$25,000.00	
233414		Contract Labor	\$20,000.00	\$30,000.00	
233415	Completion:	Bits	\$55,000.00	\$55,000.00	
233416		Supplies and Utilities	\$2,000.00	\$3,000.00	
233426		Cement Conductor	\$0.00	\$0.00	
233417		Cement Surface Casing	\$5,000.00	\$5,000.00	
233420		Cement Intermediate Casing	\$15,000.00	\$15,000.00	
233424		Cement Production Casing	\$0.00	\$25,000.00	
233425		Cement Drilling Liner	\$0.00	\$0.00	
233452		Cement Production Liner	\$0.00	\$0.00	
233418		Mud Logging	\$12,000.00	\$12,000.00	
233419		Drilling Fluids, Mud, Chem.	\$35,000.00	\$35,000.00	
233421	General:	Drill String Inspection	\$3,000.00	\$3,000.00	
233423		Open Hole Logging	\$30,000.00	\$30,000.00	
233427		Fishing	\$0.00	\$0.00	
233428		Downhole Rental Equipment	\$35,000.00	\$35,000.00	
233430		Completion Unit	\$0.00	\$25,000.00	
233431		Cased Hole Logging/Perforating	\$0.00	\$15,000.00	
233433		Jetting	\$0.00	\$0.00	
233434		Formation Stimulation	\$0.00	\$75,000.00	
233437		Surface Equipment Rental	\$36,000.00	\$46,000.00	
233438		Transportation	\$3,000.00	\$5,000.00	
233441	General:	Frac Fluid Hauloff	\$0.00	\$0.00	
233442		Blowout/Emergencies	\$0.00	\$0.00	
233443		Company Supervision/Engineering	\$25,000.00	\$30,000.00	
233444		Consultants	\$22,000.00	\$22,000.00	
233446		Company Overhead	\$15,000.00	\$20,000.00	
233447		Insurance	\$6,000.00	\$6,000.00	
233449		Major Construction Overhead	\$0.00	\$2,000.00	
233450		Plug to Abandon	\$0.00	\$0.00	
		20% Contingency	\$128,000.00	\$163,000.00	
TOTAL	INTANGIBLES	Total Intangible Costs	\$768,000.00	\$978,000.00	
CODE	TANGIBLE COSTS	WORK DESCRIPTION			
230108	Tubulars:	Conductor:	\$0.00	\$0.00	
230100		Surface Casing: 475' 13 3/8"	\$8,000.00	\$8,000.00	
230101	Lease Equipment	Intermediate Casing: 4,300' 9 5/8"	\$56,000.00	\$56,000.00	
230102		Production Casing: 12,850' 5 1/2"	\$0.00	\$76,000.00	
230103		Drilling Liner:	\$0.00	\$0.00	
230109		Production Liner:	\$0.00	\$0.00	
230104		Float Equipment	\$2,000.00	\$3,000.00	
230105		Tubing: 12,250' 2 7/8"	\$0.00	\$43,000.00	
230106		Wellhead Equipment	\$0.00	\$7,000.00	
230107		Downhole Equipment	\$0.00	\$5,000.00	
230111		Artificial Lift-Pumping Unit	\$0.00	\$0.00	
230113		Production Equipment	\$0.00	\$30,000.00	
230115	General:	Compressor/Compression	\$0.00	\$0.00	
230116		Pipeline Equipment	\$0.00	\$0.00	
230120		Non-Controllable Equipment	\$0.00	\$0.00	
		20% Contingency	\$13,000.00	\$46,000.00	
TOTAL	TANGIBLES	Total Tangible Costs	\$79,000.00	\$274,000.00	
Total Costs			\$847,000.00	\$1,252,000.00	

Prepared by: DWA

Approved by: JML

OPERATOR'S APPROVAL:

Operations/Geology

DATE

2/18/00

OPERATOR'S APPROVAL:

Land/Accounting

DATE

2/18/00

NON-OPERATOR'S APPROVAL:

DATE

THE COSTS ITEMIZED ON THIS AFE ARE ESTIMATES ONLY. BY EXECUTION OF THE AFE, THE NON-OPERATOR AGREES TO PAY ITS PROPORTIONATE SHARE OF ALL ACTUAL COSTS INCURRED IN THE REFERENCED OPERATION.