



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

AUTHORITY FOR EXPENDITURE
NEW DRILLING, RECOMPLETION & RE-ENTRY

AFE NO.
AFE DATE

00-1659-0

12/21/00

AFEND (rev 6/98)

AFE Type:

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

Well Objective:

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

Well Type:

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

AFE STATUS:

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

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|---------------|---------------------------------|---------------|----------------------|
| LEASE NAME | Daisy AFS State #2 | PROJ'D DEPTH | 13,100' |
| COUNTY | Lea | STATE | New Mexico |
| FIELD | | HORIZON | Morrow/Mississippian |
| LOCATION | Section 3 T16S-R35E, 660' N & E | | |
| 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 | 3,000 | 3,000 |
| 920-110 | Location, Right-of-Way | 35,000 | 35,000 |
| 920-120 | Drilling, Footage | 0 | 0 |
| 920-130 | Drilling, Daywork 47 days @ \$9,400/day + \$30K for mob | 500,000 | 500,000 |
| 920-140 | Drilling Water, Fasline Rental | 40,000 | 40,000 |
| 920-150 | Drilling Mud & Additives | 52,000 | 52,000 |
| 920-160 | Mud Logging Unit, Sample Bags | 24,000 | 24,000 |
| 920-170 | Cementing - Surface Casing | 40,000 | 40,000 |
| 920-180 | Drill Stem Testing, OHT 1 dst | 7,500 | 7,500 |
| 920-190 | Electric Logs & Tape Copies | 30,000 | 30,000 |
| 920-200 | Tools & Equip. Rntl., Trkg. & Welding | 50,000 | 50,000 |
| 920-205 | Control of Well-Insurance | 4,500 | 4,500 |
| 920-210 | Supervision & Overhead | 30,000 | 30,000 |
| 920-230 | Coring, Tools & Service | | |
| 920-240 | Bits, Tool & Supplies Purchase | 40,000 | 40,000 |
| 920-350 | Cementing - Production Casing | | 45,000 |
| 920-410 | Completion Unit - Swabbing | | 20,000 |
| 920-420 | Water for Completion | | 5,000 |
| 920-430 | Mud & Additives for Completion | | 1,000 |
| 920-440 | Cementing - Completion | | 0 |
| 920-450 | Elec. Logs, Testing, Etc. - Completion | | 20,000 |
| 920-460 | Tools & Equip. Rental, Etc. - Completion | | 45,000 |
| 920-470 | Stimulation for Completion | | 100,000 |
| 920-480 | Supervision & O/H - Completion | | 8,000 |
| 920-490 | Additional LOC Charges - Completion | | 3,000 |
| 920-510 | Bits, Tools & Supplies - Completion | | 1,800 |
| 920-500 | Contingency for Completion | | |
| TOTAL INTANGIBLE DRILLING COSTS | | 856,000 | 1,104,800 |

TANGIBLE EQUIPMENT COSTS:

| | | | |
|--------------------------------|-------------------------------------|---------|-----------|
| 930-010 | Christmas Tree & Wellhead | 5,000 | 25,000 |
| 930-020 | Casing 11 3/4" @ 400' | 6,500 | 6,500 |
| | 8 5/8" @ 4,600' | | 51,000 |
| | 5 1/2" @ 13,100' | | 115,000 |
| 930-030 | Tubing 2 7/8" @ 12,900' | | 47,000 |
| 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 | | 11,500 | 304,500 |
| TOTAL COSTS | | 867,500 | 1,409,300 |

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.

RB

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| Prepared By | Cory Frederick | Operations Approval | |
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BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case Nos. 12535/12567/12569 Cons. Exhibit 4

Submitted by:
Yates Petroleum Corp./Ocean Energy Resources, Inc.
Hearing Date: January 11, 2001

TOM R. CONE

BY _____ DATE _____

MARILYN CONE, TRUSTEE OF THE D.C. TRUST

BY _____ DATE _____

KENNETH G. CONE

BY _____ DATE _____

KENNETH G. CONE, TRUSTEE OF THE
KENNETH G. CONE CHILDREN'S TRUST

BY _____ DATE _____

CLIFFORD CONE

BY _____ DATE _____

CLIFFORD CONE, TRUSTEE OF THE CLIFFORD CONE
FAMILY TRUST U/W/O KATHLEEN CONE

BY _____ DATE _____

THE LONG TRUSTS

BY _____ DATE _____

KEITH PRATT DANIELS

BY _____ DATE _____

LYNDA PRATT RAST

BY _____ DATE _____

THE BLANCO COMPANY

BY _____ DATE _____

LWJ PARTNERSHIP

BY _____ DATE _____

DAVID H. ARRINGTON OIL & GAS, INC.

BY _____ DATE _____

OCEAN ENERGY RESOURCES, INC.

BY _____ DATE _____