

YATES ENERGY CORPORATION

LEASE NAME & WELL NUMBER: PRICKLY PEAR FEDERAL NO. 2
 LEGAL LOCATION: SW/4NW/4 of SECTION 12, T-18S, R-31E
 COUNTY: EDDY STATE: NEW MEXICO DEPTH: 5,500' FORMATION: DELAWARE/GRAYBURG

Item		TO CASING POINT	COMPLETION	TOTAL WELL
<u>INTANGIBLE COSTS:</u>				
Location:	Survey, etc.	\$800	\$0	\$800
	Permit & Archaeological Services	1,500	0	1,500
	Surface tenant costs	1,000	500	1,500
	Road, pad & clean-up	7,500	2,500	10,000
Drilling:	Footage -5,500' @ \$11.5/ft.	63,250	0	63,250
	Daywork - 2.0/1.0 days @ \$4,000/day	8,000	4,000	12,000
Drilling Fluids:	Mud, oil & chemicals (mud sweeps only)	7,500	0	7,500
	Brine & Water	12,500	1,000	13,500
Cement:	8-5/8" x 11" x 350', circulate	6,000	0	6,000
	4-1/2" x 7-7/8" x 5500', circulate	0	23,000	23,000
Services:	OH Logs: GR-CNL-LD & DLL w/MSFL	12,200	0	12,200
	Pulling unit	0	10,800	10,800
	GR-CNL-CBL Log & Perforate	0	5,000	5,000
	Acid: 1 @ 250 gal. & 1 @ 3000 gal.	0	6,500	6,500
	Frac treatment (25 foot interval)	0	35,000	35,000
	Csg. crews	0	2,500	2,500
Hauling:	Oil, water, etc.	500	500	1,000
	Equipment	1,000	1,000	2,000
Rental:	Rotating Hd., PVT, H2S, BOP, pipe racks, etc.	2,400	2,500	4,900
	Water storage & test tanks	1,000	1,000	2,000
Supplies:	Sample sx., pipe dope, etc.	1,000	500	1,500
Insurance:	Normal, pro-rated	900	700	1,600
Supervision:	Geological & Mud Logger (3/9)	4,800	0	4,800
	Engineering (5/9)	2,750	4,500	7,250
	Overhead (14/9)	2,100	1,350	3,450
Contingencies:	Welding, packers, taxes (6%), misc. tools, etc.	9,100	7,170	16,270
	<u>TOTAL INTANGIBLES</u>	<u>\$145,800</u>	<u>\$110,020</u>	<u>\$255,820</u>
<u>TANGIBLE COSTS:</u>				
Casing:	Surface: 350' of 8-5/8" @ \$10./ft.	3,500	0	3,500
	Production: 5,500' of 4-1/2" @ \$4.5/ft.	0	24,750	24,750
Tubing:	5,500' of 2-3/8" @ \$2.25/ft.	0	12,400	12,400
Wellheads:	Drilling and completion assembly	1,000	5,100	6,100
Tank Btty:	2 -300 Bbl (0) 1 -300 Bbl. FG (W)	0	10,000	10,000
	4' x 20' Heater-treater	0	6,500	6,500
Lift Equip:	Pumping unit with power & elec. system	0	22,500	22,500
	Rods, pump, anchor, misc.	0	10,600	10,600
Flowline:	500 @ \$3.50/ft. incl. valves, etc.	0	1,800	1,800
	Labor & dirt work:	0	2,500	2,500
Miscellaneous:	Tools, tax (6%), etc.	1,270	8,250	9,520
	<u>TOTAL INTANGIBLES</u>	<u>\$5,770</u>	<u>\$104,400</u>	<u>\$110,170</u>
	<u>TOTAL WELL</u>	<u>\$151,570</u>	<u>\$214,420</u>	<u>\$365,990</u>

Prepared by: Jim O'Briant August 27, 1990

IT IS RECOGNIZED THAT THE AMOUNTS PROVIDED FOR
 HEREIN ARE ESTIMATED ONLY, AND APPROVAL OF THIS
 AUTHORIZATION SHALL EXTEND TO THE ACTUAL COSTS
 INCURRED IN CONDUCTING THE OPERATIONS SPECIFIED,
 WHETHER MORE OR LESS THAN HEREIN SET OUT.

APPROVED BY: _____

COMPANY: YEC

DATE: 10/21/7