



AUTHORITY FOR EXPENDITURE

AFE # 89-098-0

REVISION #

DATE 6-19-89

207 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

LEASE NAME Desana State Unit #1 LOCATION 1980/N+E, Sec. 17-18S-24E
 COUNTY Eddy STATE New Mexico FIELD _____
 HORIZON Morrow EST. T. D. 8300' EST. SPUD DATE _____
 EST. COMPLETION DATE _____ DRILLING CONTRACTOR _____

PRIMARY OBJECTIVE: OIL GAS OIL AND/OR GAS
 PURPOSE : DRILLING-NEW RECOMPLETION OTHER (SUPPLEMENTAL AFE, ETC.)
 TYPE WELL : DEVELOPMENT EXPLORATION

INTANGIBLE COSTS:		DRY HOLE	COMPLETION
9210	STAKING PERMIT & LEGAL FEES	\$ 700	\$ 700
9211	LOCATION, RIGHT-OF-WAY	13000	13000
9212	DRILLING, FOOTAGE <u>8300'</u> @ \$13.50/ft	112000	112000
9213	DRILLING, DAYWORK <u>3 days</u> @ \$3900/day	11700	11700
9214	DRILLING WATER	15000	15000
9215	DRILLING MUD & ADDITIVES	12000	12000
9216	MUD LOGGING UNIT	6700	6700
9217	SURFACE & INT. CEMENT, CSG., TOOLS & SERVICES	12000	12000
9218	DRILL STEM TESTING	3600	3600
9219	ELECTRIC LOGS - OPEN HOLE	10000	10000
9220	TOOL & EQUIP. RENTAL, TRUCKING, WELDING	4000	4000
9221	SUPERVISION & OVERHEAD	10000	10000
9223	CORING, TOOLS & SERVICES	-	-
9224	BITS, TOOLS & SUPPLIES	300	300
9235	PRODUCTION CEMENT, CASING, TOOLS & SERVICES	-	15000
9222	CONTINGENCY	15000	15000
9241	COMPLETION UNIT	-	5000
9242	WATER FOR COMPLETION	-	2200
9243	MUD ADDITIVES FOR COMPLETION	-	1500
9244	CEMENT, TOOLS, SERVICES & TEMP. SURV. FOR COMP.	-	2000
9245	ELECTRIC LOGS, PERFORATION TEST FOR COMPLETION	-	7000
9246	TOOLS, TRUCK, WELD. & EQUIP. RENTAL FOR COMP.	-	12000
9247	STIMULATION - COMPLETION	-	20000
9248	SUPERVISION & OVERHEAD - COMPLETION	-	3000
9249	ADDT'L LOCATION, ROAD WORK & SURFACE DAMAGES	-	-
9251	BITS, TOOLS, ETC. PURCHASED FOR COMPLETION	-	500
9250	CONTINGENCY - COMPLETION	-	6100
<u>TOTAL INTANGIBLES</u>		<u>226000</u>	<u>300300</u>

EQUIPMENT COSTS:			
9301	CHRISTMAS TREE AND WELL HEAD	1100	10800
9302	CASING <u>13-3/8" 54.5# J-55 @250'</u>	5900	5900
9302	<u>8-5/8" 24# J-55 @1100'</u>	9500	9500
9302	<u>5-1/2" 15 & 17# J-55 @8300'</u>	-	44500
9303	TUBING <u>2-7/8" 6.5# J-55 @8000'</u>	-	28000
9304	PACKER & SPECIAL EQUIPMENT	-	-
9350	CONTINGENCY	-	5000
<u>WELL EQUIPMENT</u>		<u>16500</u>	<u>103700</u>

LEASE & BATTERY EQUIPMENT COSTS:			
9401	PUMPING EQUIPMENT	-	-
9402	STORAGE <u>2-210b welded tnk/wlkwy+str/fbrgls tnk</u>	-	5200
9403	SEPARATION EQUIP., FLOWLINES, VALVES, FITTINGS	-	14900
9404	TRUCKING & CONSTRUCTION COSTS	-	5900
<u>TOTAL LEASE & BATTERY EQUIP.</u>		<u>-</u>	<u>26000</u>

TOTALS 242500 430000

APPROVAL OF THIS AFE CONSTITUTES APPROVAL OF THE OPERATOR'S OPTION TO CHARGE THE JOINT ACCOUNT WITH TUBULAR GOODS FROM OPERATOR'S WAREHOUSE STOCK AT THE RATES STATED ABOVE.

BY	<u>YATES PETROLEUM CORPORATION</u>	<u>DATE</u>	<u>SHARE</u>
BY	<u><i>Albert G. Springer III</i></u>	_____	_____
BY	<u>YATES DRILLING COMPANY</u>	_____	_____
BY	<u>ABO PETROLEUM CORPORATION</u>	<u>YATES PETROLEUM CORPORATION</u>	_____
BY	<u>MYCO INDUSTRIES, INC.</u>	<u>Case No. 9688</u>	_____
BY	_____	<u>6/21/89 Examiner Hearing</u>	_____
BY	_____	<u>Exhibit No. 8</u>	_____