



AUTHORITY FOR EXPENDITURE

AFE # 90-012-0

REVISION #

DATE 1-22-90

207 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210

LEASE NAME John AGU #1 LOCATION 660N/1980W, Sec. 14-20S-24E
 COUNTY Eddy STATE New Mexico FIELD
 HORIZON Morrow EST. T. D. 9400' 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	\$ 1000	\$ 1000
9211	LOCATION, RIGHT-OF-WAY	10000	10000
9212	DRILLING, FOOTAGE 9400' @ \$15.50/ft	145700	145700
9213	DRILLING, DAYWORK 4 days @ \$4000/day	16000	16000
9214	DRILLING WATER	18500	18500
9215	DRILLING MUD & ADDITIVES	21500	21500
9216	MUD LOGGING UNIT	6700	6700
9217	SURFACE & INT. CEMENT, CSG., TOOLS & SERVICES	10000	10000
9218	DRILL STEM TESTING	3600	3600
9219	ELECTRIC LOGS - OPEN HOLE	12000	12000
9220	TOOL & EQUIP. RENTAL, TRUCKING, WELDING	16000	16000
9221	SUPERVISION & OVERHEAD	12500	12500
9223	CORING, TOOLS & SERVICES	-	-
9224	BITS, TOOLS & SUPPLIES	300	300
9235	PRODUCTION CEMENT, CASING, TOOLS & SERVICES	-	15000
9222	CONTINGENCY	27800	29800
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.	-	8000
9247	STIMULATION - COMPLETION	-	20000
9248	SUPERVISION & OVERHEAD - COMPLETION	-	4500
9249	ADDT'L LOCATION, ROAD WORK & SURFACE DAMAGES	-	1500
9251	BITS, TOOLS, ETC. PURCHASED FOR COMPLETION	-	1000
9250	CONTINGENCY - COMPLETION	-	6100
<u>TOTAL INTANGIBLES</u>		<u>301600</u>	<u>377400</u>

EQUIPMENT COSTS:			
9301	CHRISTMAS TREE AND WELL HEAD	1200	14000
9302	CASING	-	-
9302	9-5/8" 36# J-55 @1200'	13000	13000
9302	7" 23# & 26# J-55&N-80 @9400'	-	110000
9303	TUBING 2-7/8" 6.5# J-55 @9150'	-	29000
9304	PACKER & SPECIAL EQUIPMENT	-	2900
9350	CONTINGENCY	900	1200
<u>WELL EQUIPMENT</u>		<u>15100</u>	<u>170100</u>

LEASE & BATTERY EQUIPMENT COSTS:			
9401	PUMPING EQUIPMENT (Electric submersible pump)	-	75000
9402	STORAGE 2-210b. welded tanks/walkway+stairs	-	13500
9403	SEPARATION EQUIP., FLOWLINES, VALVES, FITTINGS	-	21000
9404	TRUCKING & CONSTRUCTION COSTS	-	19500
<u>TOTAL LEASE & BATTERY EQUIP.</u>		<u>-</u>	<u>129000</u>
<u>TOTALS</u>		<u>\$316700</u>	<u>\$676500</u>

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.

YATES PETROLEUM CORPORATION	DATE	SHARE
BY <u>[Signature]</u>		45.337500%
BY <u>[Signature]</u>		
BY <u>[Signature]</u>		
YATES DRILLING COMPANY		
BY <u>[Signature]</u>		1.415625%
YATES PETROLEUM CORPORATION		
BY <u>[Signature]</u>		1.415625%

YATES PETROLEUM CORPORATION
Case No. 9869
02/21/90 Examiner Hearing
Exhibit No. 5

NAME	SHARE
MYCO INDUSTRIES, INC.	
By <u><i>Frank W. Yates</i></u> Date _____	1.415625%
<u><i>John A. Yates</i></u> Date _____	10.415625%
JOHN A. YATES	
D. C. TRUST	
By _____ Date _____	10.000000%
MARILYN CONE, Trustee	
_____ Date _____	10.000000%
CLIFFORD CONE	
_____ Date _____	10.000000%
CATHIE CONE AUVENSHINE	
_____ Date _____	10.000000%
KENNETH G. CONE	