

AUTHORIZATION FOR EXPENDITURE

Extra Expense Insurance	
☐	I elect to be covered by Operator's Extra Expense Insurance and pay my proportionate share of the premium. Operator has secured Extra Expense Insurance covering costs of well control, clean up and redrilling as estimated in Line Item 0180-0185.
☐	I elect to purchase my own well control insurance policy.
If neither box is checked above, non-operating working interest owner elects to be covered by Operator's well control insurance.	
Prepared by: <u>B. Talley</u>	Date: <u>3/6/2018</u>
Company Approval: <u>M. Whittier</u>	Date: <u>3/7/2018</u>
Joint Owner Interest: _____ Amount: _____	Signature: _____
Joint Owner Name: _____	

MEWBOURNE OIL COMPANY

AUTHORIZATION FOR EXPENDITURE

Well Name: Gazelle 22 B2MD Fed Com #2H		Prospect: Bone Spring	
Location: SL: 200' FSL & 706' FWL; BHL: 330' FNL & 380' FWL		County: Lea	ST: NM
Sec. 22	Blk: 	Survey: 	TWP: 23S RNG: 34E Prop. TVD: 10438 TMD: 15158

INTANGIBLE COSTS 0180		CODE	TCP	CODE	CC
Regulatory Permits & Surveys		0180-0100	\$20,000	0180-0200	
Location / Road / Site / Preparation		0180-0105	\$50,000	0180-0205	\$25,000
Location / Restoration		0180-0106	\$175,000	0180-0206	\$30,000
Daywork / Turnkey / Footage Drilling	25 days drlg / 3 days comp @ \$20,000/d	0180-0110	\$534,000	0180-0210	\$64,100
Fuel	1500 gal/day @ 2.63/gal	0180-0114	\$120,500	0180-0214	\$190,000
Mud, Chemical & Additives		0180-0120	\$200,000	0180-0220	
Horizontal Drillout Services				0180-0222	\$100,000
Cementing		0180-0125	\$95,000	0180-0225	\$25,000
Logging & Wireline Services		0180-0130	\$2,000	0180-0230	\$190,000
Casing / Tubing / Snubbing Service		0180-0134	\$20,000	0180-0234	\$60,000
Mud Logging		0180-0137	\$20,000		
Stimulation	24 Stg 9.3 MM gal / 9.3 MM lb			0180-0241	\$1,530,000
Stimulation Rentals & Other				0180-0242	\$100,000
Water & Other		0180-0145	\$40,000	0180-0245	\$415,000
Bits		0180-0148	\$72,000	0180-0248	\$4,000
Inspection & Repair Services		0180-0150	\$40,000	0180-0250	\$5,000
Misc. Air & Pumping Services		0180-0154		0180-0254	\$10,000
Testing & Flowback Services		0180-0158	\$15,000	0180-0258	\$30,000
Completion / Workover Rig				0180-0260	\$10,500
Rig Mobilization		0180-0164	\$120,000		
Transportation		0180-0165	\$20,000	0180-0265	\$20,000
Welding Services		0180-0168	\$5,000	0180-0268	\$15,000
Contract Services & Supervision		0180-0170	\$42,000	0180-0270	\$19,500
Directional Services	Includes Vertical Control	0180-0175	\$210,000		
Equipment Rental		0180-0180	\$198,700	0180-0280	\$30,000
Well / Lease Legal		0180-0184	\$5,000	0180-0284	
Well / Lease Insurance		0180-0185	\$4,800	0180-0285	
Intangible Supplies		0180-0188	\$8,000	0180-0288	\$10,000
Damages		0180-0190		0180-0290	
ROW & Easements		0180-0192		0180-0292	\$1,000
Pipeline Interconnect				0180-0293	
Company Supervision		0180-0195	\$134,400	0180-0295	\$62,400
Overhead Fixed Rate		0180-0196	\$10,000	0180-0296	\$20,000
Well Abandonment		0180-0198		0180-0298	
Contingencies	10% (TCP) 10% (CC)	0180-0199	\$216,100	0180-0299	\$296,700
TOTAL			\$2,377,500		\$3,263,200

TANGIBLE COSTS 0181		CODE	TCP	CODE	CC
Casing (19.1" - 30")		0181-0793			
Casing (10.1" - 19.0")	1720' - 13 3/8" 54.5# J-55 ST&C @ \$35.90/ft	0181-0794	\$36,500		
Casing (8.1" - 10.0")	4950' - 9 5/8" 40# N-80 LT&C @ \$27.61/ft	0181-0795	\$146,000		
Casing (6.1" - 8.0")	10700' - 7" 29# P-110 LT&C @ \$27.76/ft	0181-0796	\$317,300		
Casing (4.1" - 6.0")	5220' - 4 1/2" 13.5# P-110 LTC @ \$13.66/ft			0181-0797	\$76,200
Tubing	9950' - 2 7/8" 6.5# L-80 EUE 8rd @ \$4.74/ft			0181-0798	\$50,400
Drilling Head		0181-0860	\$40,000		
Tubing Head & Upper Section				0181-0870	\$30,000
Horizontal Completion Tools	Completion Liner Hanger			0181-0871	\$30,000
Sucker Rods				0181-0875	
Subsurface Equipment				0181-0880	
Artificial Lift Systems	Gas Lift Valves			0181-0884	\$15,000
Pumping Unit				0181-0885	
Surface Pumps & Prime Movers	1/2 VRU/SWD Pump/Circ Pump			0181-0886	\$35,000
Tanks - Oil	3 - 750 bbl			0181-0890	\$55,000
Tanks - Water	3 - 750 bbl			0181-0891	\$60,000
Separation / Treating Equipment	30"x10"x1k# 3 ph/36"x15"x1k# Hor 3ph/Gun bbl			0181-0895	\$45,000
Heater Treaters, Line Heaters	8"x20"x75# HT			0181-0897	\$23,000
Metering Equipment				0181-0898	\$14,000
Line Pipe & Valves - Gathering	1.1 Mile Gas & 0.7 Mile 4" Wtr			0181-0900	\$65,000
Fittings / Valves & Accessories				0181-0906	\$60,000
Cathodic Protection				0181-0908	\$8,000
Electrical Installation				0181-0909	\$50,000
Equipment Installation				0181-0910	\$35,000
Pipeline Construction	1.1 Mile Steel & 0.7 Mile Poly			0181-0920	\$115,000
TOTAL			\$539,800		\$766,600
SUBTOTAL			\$2,917,300		\$4,029,800
TOTAL WELL COST			\$6,947,100		

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