

MEWBOURNE OIL COMPANY

AUTHORIZATION FOR EXPENDITURE

Well Name: <u>Owl Draw 22 BO Federal Com #1H</u>		Prospect: <u>Wolfcamp Shale</u>	
Location: <u>SL: 330' FNL & 1650' FEL BHL: 330' FSL & 1980' FEL</u>		County: <u>Eddy</u>	ST: <u>NM</u>
Sec. <u>22</u>	Blk: <u> </u>	Survey: <u> </u>	TWP: <u>26S</u> RNG: <u>27E</u> Prop. TVD: <u>10,100</u> TMD: <u>14500'</u>

INTANGIBLE COSTS 0180	CODE	TCP	CODE	CC
Permits and Surveys	0180-0100	\$10,000	0180-0200	\$4,000
Location: Roads, Pits & Site Preparation	0180-0105	\$150,000	0180-0205	\$20,000
Location: Site Restoration, Excavation & Other	0180-0108	\$215,000	0180-0208	
Day Work, Footage, Turnkey Drilling 36 days drlg, 4 comp @ \$16500/Day + GRT	0180-0110	\$594,000	0180-0210	\$66,000
Fuel 900 gal/day @ \$3.50/gal	0180-0114	\$125,000		
Mud	0180-0120	\$175,000		
Chemicals and Additives	0180-0121		0180-0221	\$3,000
Cementing	0180-0125	\$100,000	0180-0225	
Logging, Wireline & Coring Services Gyro & cased hole logs	0180-0130	\$45,000	0180-0230	
Casing, Tubing & Snubbing Services	0180-0134	\$42,000	0180-0234	\$12,000
Mud Logging	0180-0137	\$30,000		
Stimulation			0180-0241	\$1,400,000
Stimulation Rentals & Other			0180-0242	\$250,000
Water & Other	0180-0145	\$70,000		
Bits	0180-0148	\$80,000	0180-0248	
Inspection & Repair Services	0180-0150	\$15,000	0180-0250	\$1,500
Misc. Air & Pumping Services	0180-0154		0180-0254	\$7,000
Testing	0180-0158	\$20,000	0180-0258	\$20,000
Completion / Workover Rig			0180-0260	\$15,000
Rig Mobilization	0180-0164	\$125,000		
Transportation	0180-0165	\$36,000	0180-0265	\$12,000
Welding and Construction	0180-0168	\$5,000	0180-0268	\$5,000
Engineering & Contract Supervision	0180-0170	\$48,600	0180-0270	\$5,400
Directional Services	0180-0175	\$200,000		
Equipment Rental	0180-0180	\$270,000	0180-0280	\$5,000
Well / Lease Legal	0180-0184	\$8,000	0180-0284	\$2,000
Well / Lease Insurance	0180-0185	\$4,500	0180-0285	\$1,000
Intangible Supplies	0180-0188	\$5,000	0180-0288	\$1,000
Damages	0180-0190	\$20,000	0180-0290	
Pipeline, Road, Electrical ROW & Easements	0180-0192		0180-0292	\$3,000
Pipeline Interconnect			0180-0293	
Company Supervision	0180-0195	\$80,000	0180-0295	\$25,000
Overhead Fixed Rate	0180-0196	\$9,000	0180-0296	\$7,000
Well Abandonment	0180-0198		0180-0298	
Contingencies 10% (TCP) 5% (CC)	0180-0199	\$248,200	0180-0299	\$93,200
TOTAL		\$2,730,300		\$1,958,100

TANGIBLE COSTS 0181	CODE	TCP	CODE	CC
Casing (19.1" - 30")	0181-0793			
Casing (10.1" - 19.0") 400' 13 3/8" 48# H40 STC @ \$37.00/ft + GRT	0181-0794	\$14,800		
Casing (8.1" - 10.0") 2500' 9 5/8" 36# J55 LTC @ \$25.00/ft + GRT	0181-0795	\$62,500		
Casing (6.1" - 8.0") 10400' 7" 26# P110 LTC/BTC @ \$28.00/ft + GRT	0181-0796	\$308,700		
Casing (4.1" - 6.0") 4200' 4 1/2" 13.5# P110 LTC @ \$14.00/ft + GRT			0181-0797	\$62,400
Tubing (2" - 4") 10000' 2 7/8" 8.5# L80 EUE 8rd @ \$6.35/ft + GRT			0181-0798	\$67,300
Drilling Head	0181-0860	\$15,000		
Tubing Head & Upper Section			0181-0870	\$10,000
Downhole Directional Equipment 30 stage packer/port system			0181-0871	\$425,000
Sucker Rods			0181-0875	\$45,000
Packer Pump & Subsurface Equipment 7" packer			0181-0880	\$10,000
Artificial Lift Systems Gas Lift (8 valves)			0181-0884	\$13,000
Pumping Unit			0181-0885	
Surface Pumps & Prime Movers water transfer pump			0181-0886	\$22,000
Tanks - Steel 4 - 500 bbl steel			0181-0890	\$60,000
Tanks - Others 2 - 500 bbl fiberglass			0181-0891	\$30,000
Separation & Gas Treating Equipment 2 - 36"x10"x500# 3-phase			0181-0895	\$30,000
Heater Treaters, Line Heaters 6"x20"x75# heater treater			0181-0897	\$30,000
Metering Equipment			0181-0898	\$13,000
Line Pipe - Gas Gathering and Transportation			0181-0900	\$25,000
Misc. Fittings, Valves, Line Pipe and Accessories			0181-0906	\$50,000
Cathodic Protection			0181-0908	
Electrical Installations			0181-0909	
Production Equipment Installation			0181-0910	\$35,000
Pipeline Construction			0181-0920	\$25,000
TOTAL		\$401,000		\$962,700
SUBTOTAL		\$3,131,300		\$2,910,800
TOTAL WELL COST		\$6,042,100		

Prepared by: J. Burnett Date: 2/20/2014Co. Approval: M. White Date: 2/21/2014

Joint Owner Interest: _____ Amount: _____

Joint Owner Name: _____ Joint Owner Approval: _____

Operator has secured Operator's Extra Expense Insurance covering costs of well control, clean up and redrilling as estimated in Line Item 0180-0185. Non-Operator may elect NOT to be covered by this Operator's Extra Expense Insurance only by signing below. **The undersigned elects NOT to be covered by Operator's Extra Expense Insurance for their well.**

Joint Owner Name: _____

Signature: _____

Form Rev: 4/2012