

**MEWBOURNE OIL COMPANY
AUTHORIZATION FOR EXPENDITURE**

Prospect: Paloma 21 Well Name & No: Paloma 21 Federal Com #1
 Field: _____ Location: 660' FSL & 660' FWL
 Section: 21 Block: _____ Survey: _____ Township: 20S Range: 36E
 County: Lea ST: NM Proposed Depth: 11,500'

DESCRIPTION		Cost To Casing Point AFE NO.	Completion Cost AFE NO.
INTANGIBLE COST 180			
300	Permits and Surveys	\$1,500	\$1,500
301	Location, Roads and Site Preparation includes pit restoration	\$160,000	\$2,000
302	Footage or Turnkey Drilling		
303	Day Work 43 days @ \$16,000/day/2 days comp	\$729,300	\$34,000
304	Fuel	\$95,000	\$1,000
305	Completion / Workover Rig		\$12,000
306	Mud and Chemicals	\$100,000	\$2,000
307	Cementing	\$65,000	\$16,000
308	Logging, Wireline and Coring Services	\$25,000	\$15,000
309	Casing, Tubing & Snubbing Services	\$20,000	\$12,000
310	Mud Logging 25 days @ \$1000/day	\$25,000	
311	Testing	\$1,500	\$5,000
312	Treating 70Q Binary + 70K IP		\$175,000
313	Water & Other	\$100,000	\$4,000
314	Bits 1-17 1/2", 1-12 1/4", 3- 8 3/4" 2- 6 1/8"	\$65,000	\$1,500
315	Inspection & Repair Services	\$8,000	\$1,000
316	Misc. Air and Pumping Services Jet hole	\$10,000	\$12,000
320	Rig Mobilization & Transportation	\$87,000	\$2,500
321	Welding and Construction	\$4,000	\$5,500
322	Engineering & Contract Supervision	\$30,000	\$2,000
330	Equipment Rental	\$95,000	\$3,500
334	Well / Lease Legal	\$10,000	\$2,500
335	Well / Lease Insurance	\$8,100	
350	Intangible Supplies	\$1,000	\$1,000
355	Damages	\$10,000	
360	Pipeline and Electrical ROW and Easements		\$6,000
367	Pipeline Interconnect		
375	Company Supervision	\$35,000	\$15,000
380	Overhead Fixed Rate	\$9,000	\$6,000
398	Well Abandonment	\$15,000	(\$15,000)
399	Contingencies 10% / 5%	\$170,900	\$16,200
Total Intangibles		\$1,880,300	\$339,200
TANGIBLE COST 181			
797	Conductor Casing 40' of 20" (included in location cost)		
797	Surface Casing 500' 13-3/8" 48# H40 ST&C @ \$62.54/ft	\$19,900	
797	Intermediate Casing 3500' 9-5/8" 40# HCK55/N80 LT&C @ \$53.00/ft	\$185,600	
797	Intermediate Casing 10,500' 7" 26# P110 LTC @ \$44.52/ft	\$467,500	
797	Production Casing 11,500' 4 1/2" 11.6# P110 LT&C @ \$20.14/ft		\$231,600
798	Tubing 11,000' 2 3/8" 4.7# N80 EUE 8rd @ \$7.36/ft		\$81,000
860	Drilling Head	\$20,000	
870	Tubing Head & Upper Section		\$12,000
875	Sucker Rods		
880	Packer Pump & Subsurface Equipment		
884	Artificial Lift Systems		
885	Pumping Unit		
886	Surface Pumps & Prime Movers		
890	Tanks - Steel		\$19,000
891	Tanks - Other		\$7,500
895	Separation Equipment		\$25,000
896	Gas Treating Equipment		
898	Metering Equipment		\$6,000
900	Line Pipe - Gas Gathering and Transportation		\$40,000
901	Line Pipe - Production		\$1,500
906	Miscellaneous Fittings, Valves & Accessories		\$15,000
909	Electrical Installations		
910	Production Equipment Installation		\$20,000
920	Pipeline Construction		\$40,000
Prepared by: <u>F. Lathan</u> Date Prepared: <u>6/30/2008</u> Total Tangibles		\$693,000	\$498,600
Company Approval: <u>M. Whitton</u> Date Approved: <u>7/1/2008</u> SUBTOTAL		\$2,573,300	\$837,800
Joint Owner Interest: <u>1.56250%</u> Joint Owner Amount: <u>\$53,298.44</u> TOTAL WELL COST		\$3,411,100	

Oil Conservation Division
 Case No. 4
 Exhibit No. 4

Joint Owner: Scott Wilson & Cynthia M. Wilson 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 335. 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.

By: _____ Name: JOA 7/1000L } \$700