

MEWBOURNE OIL COMPANY  
AUTHORIZATION FOR EXPENDITURE

Well Name: <b>Bradley 29 Federal Com #1H</b>		Prospect: <b>Bone Springs Horizontal</b>	
Location: <b>SL:1050' FSL &amp; 1905' FEL, BHL: 990' FSL &amp; 330' FWL</b>		County: <b>Eddy</b>	ST: <b>NM</b>
Section: <b>29</b>	BLK: <b></b>	Survey: <b></b>	TNP: <b>18S</b> RNG: <b>30E</b> Prop. Dpth: <b>11,050'</b>

INTANGIBLE COSTS 180	CODE	TCP	CODE	CC
Permits and Surveys	100		200	\$1,000
Location: Roads, Pits & Site Preparation	105		205	
Location: Excavation & Other	106	\$20,000		
Day Work, Footage, Turnkey Drilling (14 days + 2 @ \$11,000/day + GRT)	110	\$154,000	210	\$24,000
Fuel	114	\$32,000		
Mud	120	\$20,000		
Chemicals and Additives	121		221	\$1,000
Cementing	125		225	\$40,000
Logging, Wireline & Coring Services	130		230	
Casing, Tubing & Snubbing Services	134	\$7,000	234	\$10,000
Mud Logging	137	\$18,000		
Stimulation			241	\$200,000
Stimulation Rentals & Other			242	\$25,000
Water & Other	145	\$10,000		
Bits (1 - 17 1/2", 1 - 12 1/4", 4 - 8 3/4")	148	\$20,000	248	
Inspection & Repair Services	150		250	\$10,000
Misc. Air & Pumping Services	154		254	
Testing	158		258	\$1,000
Completion / Workover Rig			260	\$15,000
Rig Mobilization	164			
Transportation	165	\$5,000	265	\$5,000
Welding and Construction	168	\$1,000	268	\$2,000
Engineering & Contract Supervision	170		270	\$2,000
Directional Services	175	\$100,000		
Equipment Rental	180	\$15,000	280	\$10,000
Well / Lease Legal	184		284	\$1,000
Well / Lease Insurance	185		285	
Intangible Supplies	188	\$500	288	\$500
Damages	190		290	
Pipeline, Road, Electrical ROW & Easements	192		292	\$6,000
Pipeline Interconnect			293	
Company Supervision	195	\$35,000	295	\$10,000
Overhead Fixed Rate	196	\$4,500	296	\$4,000
Well Abandonment	198		298	
Contingencies ## (TCP) 5% (CC)	199	\$44,200	299	\$18,400
TOTAL		\$486,200		\$385,900

TANGIBLE COSTS 181				
Casing (19.1" - 30") 40' - 20" Conductor included in location cost	793			
Casing (10.1" - 19.0") 300' - 13 3/8", 48#, H40 ST&C @ \$24.90/ft + GRT	794			
Casing (8.1" - 10.0") 3300' - 9 5/8", 40#, J55/N80 LT&C @ \$20.75/ft + GRT	795			
Casing (6.1" - 8.0")	796			
Casing (4.1" - 6.0") 11,050' 5 1/2" 17# P110 LTC @ \$16.00/ft			797	\$176,800
Tubing (2" - 4") 7,700' 2 7/8" 6.5# N80 EUE 8rd @ \$5.00/ft			798	\$38,500
Drilling Head	860			
Tubing Head & Upper Section			865	\$18,000
Sucker Rods			875	\$22,000
Packer Pump & Subsurface Equipment			880	
Artificial Lift Systems			884	
Pumping Unit			885	\$65,000
Surface Pumps & Prime Movers			886	
Tanks - Steel			890	\$30,000
Tanks - Others			891	\$7,500
Separation Equipment			895	\$12,000
Gas Treating Equipment			896	
Heater Treaters, Line Heaters			897	\$12,000
Metering Equipment			898	\$7,000
Line Pipe - Gas Gathering and Transportatior			900	\$25,000
Misc. Fittings, Valves, Line Pipe and Accessories			906	\$15,000
Cathodic Protection			908	
Electrical Installations			909	
Production Equipment Installation			910	\$15,000
Pipeline Construction			920	\$30,000
TOTAL				\$473,800
SUBTOTAL		\$486,200		\$859,700
TOTAL WELL COST		\$1,345,900		

Prepared by: F. Lathan Date: 3/1/2010  
Co. Approval: *m. white* Date: 3/1/2010  
Joint Owner Interest: \_\_\_\_\_ Amount: \_\_\_\_\_  
Joint Owner: \_\_\_\_\_ 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 185. 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 thier well.