

**MEWBOURNE OIL COMPANY  
AUTHORIZATION FOR EXPENDITURE**

Prospect: Tombstone Well Name & No: Tombstone 5 Federal Com #2  
 Field: South Dagger Draw Location: 1650' FNL & 1450' FWL  
 Section: 5 Block: Survey: Township 20S Range 25E  
 County: Eddy State: NM Proposed Depth: 9700'

DESCRIPTION		Cost To Casing Point AFE NO.	Completion Cost AFE NO.
<b>INTANGIBLE COST 180</b>			
300	Permits and Surveys	\$1,500	\$500
301	Location, Roads and Site Preparation	\$25,000	\$1,000
302	Footage or Turnkey Drilling		
303	Day Work (22 days @ \$8,500/day + 2 days after TD)	\$187,000	\$17,000
304	Fuel	\$22,000	
305	Completion / Workover Rig		\$12,500
306	Mud and Chemicals	\$20,000	\$500
307	Cementing	\$10,000	\$16,000
308	Logging, Wireline and Coring Services + RFT	\$20,000	\$10,000
309	Casing, Tubing & Snubbing Services	\$5,000	\$8,500
310	Mud Logging	\$9,800	
311	Testing		
312	Treating (70Q Binary + 60K IP)		\$115,000
313	Water & Other	\$15,000	\$1,000
314	Bits Rental 17-1/2" + 3 New 8-3/4"	\$25,000	
315	Inspection & Repair Services	\$3,000	
316	Misc. Air and Pumping Services		
320	Rig Mobilization & Transportation	\$25,000	
321	Welding and Construction	\$2,500	\$1,500
322	Engineering & Contract Supervision	\$2,000	
330	Equipment Rental (H2S, Sep, PVT, and Rot. Head)	\$12,000	\$2,000
334	Well / Lease Legal	\$3,000	\$1,000
335	Well / Lease Insurance	\$3,000	
350	Intangible Supplies	\$2,000	\$1,000
355	Damages	\$3,000	
360	Pipeline and Electrical ROW and Easements		\$3,000
367	Pipeline Interconnect		
375	Company Supervision	\$15,000	\$10,000
380	Overhead Fixed Rate	\$8,000	\$5,000
398	Well Abandonment	\$12,000	(\$12,000)
399	Contingencies 10% / 5%	\$43,100	\$9,700
Total Intangibles		\$473,900	\$203,200
<b>TANGIBLE COST 181</b>			
797	Conductor Casing 80' 20" Conductor	\$8,500	
797	Surface Casing 1150' 9-5/8" 40# J-55 LT&C	\$21,900	
797	Intermediate Casing		
797	Intermediate Casing		
797	Production Casing 9700' 5-1/2" 17# L-80 LT&C		\$87,300
798	Tubing 9700' 2-7/8" 8.5# P110 EUE 8 Rnd		\$38,800
860	Drilling Head	\$5,000	
870	Tubing Head & Upper Section		\$8,500
875	Sucker Rods		
880	Packer Pump & Subsurface Equipment		\$8,500
884	Artificial Lift Systems		
885	Pumping Unit		
886	Surface Pumps & Prime Movers		
890	Tanks - Steel		\$4,000
891	Tanks - Other		\$3,000
895	Separation Equipment		\$12,000
896	Gas Treating Equipment		
898	Metering Equipment		\$2,500
900	Line Pipe - Gas Gathering and Transportation		\$8,000
901	Line Pipe - Production		\$1,000
906	Miscellaneous Fittings, Valves & Accessories		\$6,500
909	Electrical Installations		
910	Production Equipment Installation		\$10,000
920	Pipeline Construction		\$20,000
Total Tangibles		\$35,400	\$210,100
SUBTOTAL		\$609,300	\$413,300
TOTAL WELL COST		\$922,600	

Date Prepared 04/04/04

Prepared by: Terry Burke/NMY

Company Approval: *[Signature]*

Date Approved: 04/05/04

Joint Owner Approval:

Joint Owner Interest:

Joint Owner Amount: