

**MEWBOURNE OIL COMPANY  
AUTHORIZATION FOR EXPENDITURE**

Prospect: Esperanza 19 Well Name & No: Esperanza "19" Federal Com #2  
 Field: \_\_\_\_\_ Location: (Surface loc.) 599' FNL & 2043' FEL  
 Section: 19 Block: \_\_\_\_\_ Survey: \_\_\_\_\_ Township 21S Range: 27E  
 County: Eddy State: NM Proposed Depth: 11,700 TVD (11,972' MD)

DESCRIPTION		Cost To Casing Point AFE NO.	Completion Cost AFE NO.
<b>INTANGIBLE COST 180</b>			
300	Permits and Surveys	\$3,000	\$2,000
301	Location, Roads and Site Preparation	\$36,000	\$1,500
302	Footage or Turnkey Drilling		
303	Day Work (40 days @ \$8500/day + 2 days after TD)	\$340,000	\$17,000
304	Fuel	\$42,000	
305	Completion / Workover Rig		\$15,000
306	Mud and Chemicals	\$40,000	\$1,000
307	Cementing	\$25,000	\$30,000
308	Logging, Wireline and Coring Services	\$35,000	\$15,000
309	Casing, Tubing & Snubbing Services	\$4,500	\$8,000
310	Mud Logging	\$20,000	
311	Testing	\$1,000	\$1,000
312	Treating		\$100,000
313	Water & Other	\$20,000	\$1,500
314	Bits (1-17 1/2", 1-12 1/4", 8-8 3/4")	\$68,000	
315	Inspection & Repair Services	\$3,500	\$6,500
316	Misc. Air and Pumping Services	\$20,000	\$1,000
320	Rig Mobilization & Transportation	\$25,000	\$1,500
321	Welding and Construction	\$2,500	\$7,500
322	Engineering & Contract Supervision	\$5,000	
330	Equipment Rental (+ Directional Tools)	\$200,000	\$5,000
334	Well / Lease Legal	\$6,000	\$3,000
335	Well / Lease Insurance	\$12,000	
350	Intangible Supplies	\$1,000	\$500
355	Damages	\$5,000	\$2,000
360	Pipeline and Electrical ROW and Easements		\$1,500
367	Pipeline Interconnect		
375	Company Supervision	\$30,000	\$3,500
380	Overhead Fixed Rate	\$8,000	\$4,000
398	Well Abandonment	\$12,000	(\$12,000)
399	Contingencies 10% / 10%	\$96,500	\$21,600
	<b>Total Intangibles</b>	<b>\$1,061,000</b>	<b>\$237,800</b>
<b>TANGIBLE COST 181</b>			
797	Conductor Casing 40' 20" (included in location cost)		
797	Surface Casing 400' 13 3/8" H40 STC	\$10,400	
797	Intermediate Casing 2600' 9 5/8" 40# K55/N80 LTC	\$58,000	
797	Intermediate Casing		
797	Production Casing 12,000 5 1/2" 17# S95/N80 LTC		\$145,000
798	Tubing 11,900' 2 7/8" 6.5# P110 EUE		\$66,100
860	Drilling Head	\$7,000	
870	Tubing Head & Upper Section		\$15,000
875	Sucker Rods		
880	Packer Pump & Subsurface Equipment		\$8,000
884	Artificial Lift Systems		
885	Pumping Unit		
886	Surface Pumps & Prime Movers		
890	Tanks - Steel		\$5,000
891	Tanks - Other		\$3,000
895	Separation Equipment		\$10,000
896	Gas Treating Equipment		
898	Metering Equipment		\$3,000
900	Line Pipe - Gas Gathering and Transportation (1500', 4", 1.88 wall, X-42 w/ coating)		\$8,000
	Line Pipe - Production		\$1,000
	Miscellaneous Fittings, Valves & Accessories		\$10,000
	Electrical Installations		
	Production Equipment Installation		\$15,000
	Pipeline Construction		\$15,000
	<b>Total Tangibles</b>	<b>\$76,400</b>	<b>\$304,100</b>
	<b>SUBTOTAL</b>	<b>\$1,138,400</b>	<b>\$541,700</b>
	<b>TOTAL WELL COST</b>	<b>\$1,678,100</b>	

Prepared by: \_\_\_\_\_ 05/13/2004 (revised)  
 by: F. Lathan  
 Approval: \_\_\_\_\_  
 Approved: 05/13/04  
 Operator Approval: WYNN-CROSBY 2000 LTD.  
 Operator Interest: \_\_\_\_\_  
 Operator Amount: By: \_\_\_\_\_ 6/18/04

BEFORE THE OIL CONSERVATION DIVISION  
 Santa Fe, New Mexico  
 Case No. 13305 Exhibit No. 3  
 Submitted by:  
 MEWBOURNE OIL COMPANY  
 Hearing Date: August 5, 2004

19.2575% WI

Esperanza 19-2 AFE.xls