

## MEWBOURNE OIL COMPANY

## AUTHORIZATION FOR EXPENDITURE

|           |                                                         |     |          |      |                                        |
|-----------|---------------------------------------------------------|-----|----------|------|----------------------------------------|
| Well Name | Hoss 2/11 B2BO Fed Com #2H                              |     | Prospect |      |                                        |
| Location  | SL 185' FNL & 1650 FEL (2), BHL 330 FSL & 1650 FEL (11) |     | County   | Eddy | ST NM                                  |
| Sec.      | 2                                                       | Blk | Survey   | TWP  | 25S RNg 28E Prop. TVD 8315' TMD 18185' |

| INTANGIBLE COSTS 0180                                                         |  | CODE      | TCP                | CODE      | CC                 |
|-------------------------------------------------------------------------------|--|-----------|--------------------|-----------|--------------------|
| Regulatory Permits & Surveys                                                  |  | 0180-0100 | \$12,000           | 0180-0200 |                    |
| Location / Road / Site / Preparation                                          |  | 0180-0105 | \$45,000           | 0180-0205 | \$138,500          |
| Location / Restoration                                                        |  | 0180-0106 | \$220,000          | 0180-0206 | \$20,000           |
| Daywork / Turnkey / Footage Drilling 23 days drlg & 3 days comp @ \$16250/day |  | 0180-0110 | \$400,000          | 0180-0210 | \$53,000           |
| Fuel 1500 gal/day @ \$1.70/gal                                                |  | 0180-0114 | \$70,900           |           |                    |
| Mud, Chemical & Additives                                                     |  | 0180-0120 | \$140,000          | 0180-0220 |                    |
| Horizontal Drilling Services Stick Pipe Drilling                              |  |           |                    | 0180-0222 | \$159,000          |
| Cementing 2 Stg 7" w/ ECP                                                     |  | 0180-0125 | \$75,000           | 0180-0225 | \$35,000           |
| Logging & Wireline Services Gyro/Completion Wireline                          |  | 0180-0130 | \$1,500            | 0180-0230 | \$248,000          |
| Casing / Tubing / Snubbing Service                                            |  | 0180-0134 | \$20,000           | 0180-0234 | \$30,000           |
| Mud Logging                                                                   |  | 0180-0137 | \$25,000           |           |                    |
| Stimulation 50 Stg 13 2MM gal/13 4 MM lb                                      |  |           |                    | 0180-0241 | \$2,503,700        |
| Stimulation Rentals & Other                                                   |  |           |                    | 0180-0242 | \$212,500          |
| Water & Other                                                                 |  | 0180-0145 | \$50,000           | 0180-0245 | \$425,000          |
| Blits                                                                         |  | 0180-0148 | \$63,000           | 0180-0248 | \$4,000            |
| Inspection & Repair Services                                                  |  | 0180-0150 | \$40,000           | 0180-0250 | \$5,000            |
| Misc. Air & Pumping Services Toe Prep                                         |  | 0180-0154 |                    | 0180-0254 | \$10,000           |
| Testing & Flowback Services                                                   |  | 0180-0158 | \$20,000           | 0180-0258 | \$26,500           |
| Completion / Workover Rig 5 Days @ \$3500/day Toe Prep                        |  |           |                    | 0180-0260 | \$18,700           |
| Rig Mobilization                                                              |  | 0180-0164 | \$160,000          |           |                    |
| Transportation                                                                |  | 0180-0165 | \$25,000           | 0180-0265 | \$12,000           |
| Welding Services                                                              |  | 0180-0168 | \$5,000            | 0180-0268 | \$5,000            |
| Contract Services & Supervision                                               |  | 0180-0170 |                    | 0180-0270 |                    |
| Directional Services Inc. Vert. Control                                       |  | 0180-0175 | \$145,000          |           |                    |
| Equipment Rental                                                              |  | 0180-0180 | \$165,000          | 0180-0280 | \$30,000           |
| Well / Lease Legal                                                            |  | 0180-0184 | \$5,000            | 0180-0284 |                    |
| Well / Lease Insurance                                                        |  | 0180-0185 | \$5,600            | 0180-0285 |                    |
| Intangible Supplies                                                           |  | 0180-0188 | \$8,000            | 0180-0288 | \$1,000            |
| Damages                                                                       |  | 0180-0190 | \$20,000           | 0180-0290 |                    |
| ROW & Easements                                                               |  | 0180-0192 |                    | 0180-0292 | \$10,000           |
| Pipeline Interconnect                                                         |  |           |                    | 0180-0293 |                    |
| Company Supervision                                                           |  | 0180-0195 | \$109,500          | 0180-0295 | \$65,000           |
| Overhead Fixed Rate                                                           |  | 0180-0196 | \$10,000           | 0180-0296 | \$20,000           |
| Well Abandonment                                                              |  | 0180-0198 |                    | 0180-0298 |                    |
| Contingencies 10% (TCP) 5% (CC)                                               |  | 0180-0199 | \$184,100          | 0180-0299 | \$201,500          |
| <b>TOTAL</b>                                                                  |  |           | <b>\$2,024,600</b> |           | <b>\$4,231,400</b> |

| TANGIBLE COSTS 0181                                                         |  | CODE      | TCP                | CODE      | CC                 |
|-----------------------------------------------------------------------------|--|-----------|--------------------|-----------|--------------------|
| Casing (19 1 30)                                                            |  | 0181-0793 |                    |           |                    |
| Casing (10 1 19 0") 450 13 3/8 54 5# J55 STC @ \$25.87/ft + GRT             |  | 0181-0794 | \$12,000           |           |                    |
| Casing (8 1 10 0) 2500 9 5/8 36# J55 LTC @ \$15.34/ft + GRT                 |  | 0181-0795 | \$39,000           |           |                    |
| Casing (6 1 8 0") 9000 7" 26# HCP110 LTC @ \$16.83/ft + GRT                 |  | 0181-0796 | \$152,000          |           |                    |
| Casing (4 1 6 0") 10300 4 1/2 13 5# P110 LTC @ \$9.28/ft + GRT              |  |           |                    | 0181-0797 | \$98,000           |
| Tubing (2 4") 8525 2 7/8 6 5# L80 @ \$3.20/ft + GRT                         |  |           |                    | 0181-0798 | \$29,200           |
| Drilling Head                                                               |  | 0181-0860 | \$20,000           |           |                    |
| Tubing Head & Upper Section                                                 |  |           |                    | 0181-0870 | \$15,000           |
| Horizontal Completion Tools Completions Liner Hanger                        |  |           |                    | 0181-0871 | \$27,000           |
| Sucker Rods                                                                 |  |           |                    | 0181-0875 |                    |
| Subsurface Equipment                                                        |  |           |                    | 0181-0880 |                    |
| Artificial Lift Systems Gas Lift                                            |  |           |                    | 0181-0884 | \$12,000           |
| Pumping Unit                                                                |  |           |                    | 0181-0885 |                    |
| Surface Pumps & Prime Movers VRU/SWD Transfer Pump                          |  |           |                    | 0181-0886 | \$50,000           |
| Tanks Oil 4 500 bbl steel                                                   |  |           |                    | 0181-0890 | \$38,000           |
| Tanks Water 4 500 bbl steel coated                                          |  |           |                    | 0181-0891 | \$44,000           |
| Separation / Treating Equipment 36"x15"x1k# Hor 3ph/30"x10"x1k# 3ph/Gun Bbl |  |           |                    | 0181-0895 | \$55,000           |
| Heater Treaters, Line Heaters 6"x20"x75# HT                                 |  |           |                    | 0181-0897 | \$13,000           |
| Metering Equipment                                                          |  |           |                    | 0181-0898 | \$14,000           |
| Line Pipe & Valves Gathering (1/2) 2.5 miles 4" gas and 6" SWD line         |  |           |                    | 0181-0900 | \$60,000           |
| Fittings / Valves & Accessories                                             |  |           |                    | 0181-0908 | \$65,000           |
| Cathodic Protection                                                         |  |           |                    | 0181-0908 | \$5,000            |
| Electrical Installation                                                     |  |           |                    | 0181-0909 | \$50,000           |
| Equipment Installation                                                      |  |           |                    | 0181-0910 | \$55,000           |
| Pipeline Construction (1/2) 2.5 miles 4" gas and 6" SWD line                |  |           |                    | 0181-0920 | \$115,000          |
| <b>TOTAL</b>                                                                |  |           | <b>\$223,000</b>   |           | <b>\$743,200</b>   |
| <b>SUBTOTAL</b>                                                             |  |           | <b>\$2,247,600</b> |           | <b>\$4,974,600</b> |
| <b>TOTAL WELL COST</b>                                                      |  |           | <b>\$7,222,200</b> |           |                    |

Prepared by: L. Jackson Date: 11/8/2016

Co Approval: *m white* Date: 11/9/2016

Joint Owner Interest: Amount:

Joint Owner Name:

Signature:

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 8/01/2015

EXHIBIT 4