

**MEWBOURNE OIL COMPANY
AUTHORIZATION FOR EXPENDITURE**

Prospect: Sparrow 27 Well Name & No: Sparrow 27 State #1
 Field: _____ Location: 1650' FNL & 1980' FWL
 Section: 27 Block: _____ Survey: _____ Township: 19S Range: 35E
 County: Lea ST: NM Proposed Depth: 10,850'

DESCRIPTION		Cost To Casing Point AFE NO.	Completion Cost AFE NO.
INTANGIBLE COST 180			
300	Permits and Surveys	\$3,000	\$1,000.00
301	Location, Roads and Site Preparation	\$155,000	\$1,500
302	Footage or Turnkey Drilling		
303	Day Work 26 days @ \$15,0500/day and 3 days Completion	\$413,400	\$47,700
304	Fuel 1000 gals/day @ \$2.50/gal	\$65,000	\$7,500
305	Completion / Workover Rig		\$20,000
306	Mud and Chemicals	\$35,000	
307	Cementing	\$41,000	\$60,000
308	Logging, Wireline and Coring Services	\$30,000	\$15,000
309	Casing, Tubing & Snubbing Services	\$10,000	\$12,000
310	Mud Logging 16 days @ \$1000/day	\$16,000	
311	Testing		
312	Treating 1 large acid job 20,000 gals 20%		\$100,000
313	Water & Other	\$20,000	
314	Bits 1-17-1/2", 1-12-1/4", 4-7-7/8"	\$48,500	\$1,000
315	Inspection & Repair Services	\$3,500	\$2,500
316	Misc. Air and Pumping Services		\$2,000
320	Rig Mobilization & Transportation	\$80,000	
321	Welding and Construction	\$4,000	
322	Engineering & Contract Supervision	\$20,000	
330	Equipment Rental	\$15,000	\$4,000
334	Well / Lease Legal	\$3,000	\$1,000
335	Well / Lease Insurance	\$7,200	
350	Intangible Supplies	\$500	\$500
355	Damages	\$14,000	
360	Pipeline and Electrical ROW and Easements		\$1,500
367	Pipeline Interconnect		
375	Company Supervision	\$26,300	\$7,500
380	Overhead Fixed Rate	\$7,000	\$2,000
398	Well Abandonment	\$15,000	(\$15,000)
399	Contingencies 10% / 10%	\$103,200	\$27,200
	Total Intangibles	\$1,135,600	\$298,900
TANGIBLE COST 181			
797	Conductor Casing (40' of 20" included in 301)		
797	Surface Casing 550' of 13 3/8" 48# H40 STC @ \$28.72/ft	\$15,800	
797	Intermediate Casing 3500' of 8 5/8" 32# HCK55 LTC @ \$18.56/ft	\$65,000	
797	Intermediate Casing		
797	Production Casing 11000' of 5 1/2" 17# P110/N80 LTC @ \$13.04/ft		\$143,500
798	Tubing 10,800' of 2 7/8" 6.5# N80 EUE @ \$5.49/ft		\$59,300
860	Drilling Head	\$9,500	
870	Tubing Head & Upper Section		\$5,000
875	Sucker Rods		\$39,000
880	Packer Pump & Subsurface Equipment		\$12,000
884	Artificial Lift Systems		
885	Pumping Unit		\$85,000
886	Surface Pumps & Prime Movers		
890	Tanks - Steel		\$12,000
891	Tanks - Other		\$5,500
895	Separation Equipment		\$8,000
896	Gas Treating Equipment		
898	Metering Equipment		\$6,500
900	Line Pipe - Gas Gathering and Transportation		\$4,000
901	Line Pipe - Production		
906	Miscellaneous Fittings, Valves & Accessories		\$15,000
909	Electrical Installations		\$15,000
910	Production Equipment Installation		\$6,000
920	Pipeline Construction		\$5,000
Prepared by:	<u>Robin Terrell</u> Date Prepared: <u>9/17/2007</u>	Total Tangibles	\$90,300
Company Approval:	<u>m. whitte</u> Date Approved: <u>9/19/2007</u>	SUBTOTAL	\$1,225,900
Joint Owner Interest:	<u>16.66667%</u> Joint Owner Amount: <u>\$324,266.65</u>	TOTAL WELL COST	\$1,945,600

Oil Conservation Division
Case No. _____
Exhibit No. 4

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 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: _____