

**MEWBOURNE OIL COMPANY**

AUTHORIZATION FOR EXPENDITURE

Well Name: Spyglass 17 Federal #1H Prospect: Spyglass 17  
 Location: SL: 2135' FNL & 330' FWL, BHL: 2135' FNL & 330' FEL (TVD 9868') County: Lea ST: NM  
 Section: 17 BIK:      Survey:      TNP: 19S RNG: 33E Prop. Dpth: 14,100'

INTANGIBLE COSTS 180		CODE	TCP	CODE	CC
Permits and Surveys		100	\$7,000	200	\$4,000
Location: Roads, Pits & Site Preparation		105	\$50,000	205	\$2,000
Location: Excavation & Other		106	\$125,000		
Day Work, Footage, Turnkey Drilling 38 days drlg, 3 comp @ \$12,000/Day + GRT		110	\$483,400	210	\$38,200
Fuel		114	\$95,000		
Mud		120	\$110,000		
Chemicals and Additives		121	\$5,000	221	
Cementing		125	\$60,000	225	
Logging, Wireline & Coring Services		130	\$8,000	230	
Casing, Tubing & Snubbing Services		134	\$15,000	234	\$18,000
Mud Logging		137	\$32,000		
Stimulation				241	\$350,000
Stimulation Rentals & Other				242	\$60,000
Water & Other		145	\$70,000		
Bits		148	\$55,000	248	
Inspection & Repair Services		150	\$20,000	250	\$15,000
Misc. Air & Pumping Services		154		254	\$2,500
Testing		158	\$2,000	258	\$5,000
Completion / Workover Rig				260	\$30,000
Rig Mobilization		164	\$80,000		
Transportation		165	\$15,000	265	\$10,000
Welding and Construction		168	\$4,000	268	
Engineering & Contract Supervision		170		270	
Directional Services		175	\$170,000		
Equipment Rental		180	\$75,000	280	\$10,000
Well / Lease Legal		184	\$8,000	284	
Well / Lease Insurance		185	\$3,500	285	
Intangible Supplies		188	\$2,000	288	\$1,000
Damages		190		290	
Pipeline, Road, Electrical ROW & Easements		192		292	\$3,000
Pipeline Interconnect				293	
Company Supervision		195	\$100,000	295	\$25,000
Overhead Fixed Rate		196	\$9,000	296	\$7,000
Well Abandonment		198		298	
Contingencies 10% (TCP) 5% (CC)		199	\$160,400	299	\$29,000
<b>TOTAL</b>			<b>\$1,764,300</b>		<b>\$609,700</b>
TANGIBLE COSTS 181					
Casing (19.1" - 30")		793			
Casing (10.1" - 19.0") 1300' 13 3/8" 48# H40/54.5# J55 STC @ \$32.00/ft		794	\$41,600		
Casing (8.1" - 10.0") 2900' 9 5/8" 36# J55 STC @ \$26.00/ft		795	\$75,400		
Casing (6.1" - 8.0") 10,200' 7" 26# P110 UFJ/LTC @ \$31.00/ft		796	\$316,200		
Casing (4.1" - 6.0") 4200' 4 1/2" 11.6# P110 LTC @ \$11.75/ft				797	\$49,400
Tubing (2" - 4") 9200' 2 7/8" 6.5# M80 EUE 8rd @ \$ 5.37/ft				798	\$49,200
Drilling Head		860	\$10,000		
Tubing Head & Upper Section				870	\$12,000
Sucker Rods				875	\$39,000
Packer Pump & Subsurface Equipment 12 stage packer/port				880	\$180,000
Artificial Lift Systems				884	
Pumping Unit				885	\$80,000
Surface Pumps & Prime Movers				886	\$15,000
Tanks - Steel 3 tanks				890	\$36,000
Tanks - Others				891	\$10,000
Separation Equipment				895	\$7,000
Gas Treating Equipment				896	
Heater Treaters, Line Heaters				897	\$12,000
Metering Equipment				898	\$8,000
Line Pipe - Gas Gathering and Transportation				900	
Misc. Fittings, Valves, Line Pipe and Accessories				906	\$15,000
Cathodic Protection				908	
Electrical Installations				909	
Production Equipment Installation (Includes PU setting)				910	\$30,000
Pipeline Construction				920	
<b>TOTAL</b>			<b>\$443,200</b>		<b>\$542,600</b>
<b>SUBTOTAL</b>			<b>\$2,207,500</b>		<b>\$1,152,300</b>
<b>TOTAL WELL COST</b>			<b>\$3,359,800</b>		

Prepared by: M. Young Date: 4/26/2010

Co. Approval: *m. whitton* Date: 4/26/2010

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 their well.

By: \_\_\_\_\_ Name: \_\_\_\_\_ Form Rev: 8/11/08