

**MEWBOURNE OIL COMPANY
AUTHORIZATION FOR EXPENDITURE**

Prospect: Esperanza Well Name & No. Esperanza "15" State Com. # 1
 Field: Burton Flats / Morrow Location: 2232' FSL & 1980' FEL
 Section: 15 Block: _____ Township: 21S Range: 27E
 County: Eddy State: NM Proposed Depth: 11,800'

DESCRIPTION		Cost To Casing Point AFE NO.	Completion Cost AFE NO.
INTANGIBLE COST 180			
300	Permits and Surveys	\$1,800	\$1,200
301	Location, Roads and Damages	\$40,000	\$4,500
302	Footage or Turnkey Drilling		
303	Day Work (37 days @ \$9,000/day + 2 days after logs)	\$333,000	\$18,000
304	Fuel, Water and Other (Fuel=30K, Wtr=30K)	\$60,000	\$5,000
305	Completion / Workover Rig		\$20,000
306	Mud and Chemicals	\$40,000	
307	Cementing	\$35,000	\$45,000
308	Logging and Wireline	\$35,000	\$9,800
309	Casing/Tubing Services	\$4,700	\$8,300
310	Mud Logging	\$18,000	
311	Testing		\$2,500
312	Treating		\$105,000
313	Coring		
314	Fishing Services		
320	Transportation (Includes 22.5K Rig Move)	\$24,300	\$3,800
321	Welding and Construction Labor	\$2,500	\$1,200
322	Contract Supervision	\$4,800	
330	Equipment Rental	\$11,000	\$8,000
334	Well / Lease Legal / Tax	\$12,000	\$2,400
335	Well / Lease Insurance	\$2,700	
350	Intangible Supplies Bits=(1-17 1/2", 2-12 1/4", 6-7 7/8")	\$40,000	\$1,200
360	Pipeline ROW and Easements		
367	Pipeline Interconnect		
375	Company Supervision	\$21,000	\$11,000
380	Overhead Fixed Rate	\$8,400	\$3,800
398	Well Abandonment	\$12,000	(\$12,000)
399	Contingencies	\$70,600	\$11,800
Total Intangibles		\$776,800	\$247,900
TANGIBLE COST 181			
797	Conductor Casing		
797	Surface Casing 450' 13 3/8" 48# H-40 STC	\$8,500	
797	Intermediate Casing 3000' 8 5/8" 32# K-55 STC	\$36,500	
797	Production Casing 11800' 5 1/2" 17# S95/N80 LTC		\$100,000
797	Production Casing		
798	Tubing 11800' 2 7/8 6.5# P-105 EUE Brd		\$42,000
880	Drilling Head	\$3,000	
885	Tubing Head		\$4,200
870	Upper Section		\$12,000
875	Sucker Rods		
880	Packer, Pump & Other Subsurface		\$9,000
883	Gas Lift Valve & System		
884	Plunger Lift System		
885	Pumping Unit & Prime Mover + Electricity		
888	Pumps		
890	Tanks - Steel		\$9,000
891	Tanks - Other		\$4,200
894	Separation Equipment - Fired		\$12,000
895	Separation Equipment - Non-Fired		
898	Gas Treating Equipment		
898	Metering Equipment		\$7,800
900	Line Pipe - Gas Gathering and Transportation		\$15,000
901	Line Pipe - Production		\$1,500
905	Valves		
908	Miscellaneous Fittings & Accessories		\$10,000
910	Production Equipment Installation		\$20,000
920	Pipeline Construction		\$30,000
		\$46,000	\$276,700
		\$824,800	\$524,600
		\$1,349,400	

Date prepared: 04/23/01

Total Tangibles

Prepared by: T. Burke

SUBTOTAL

Company Approval: *M. Whitaker*

TOTAL WELL COST

Date Approved: 10/12/01 (REVISED)

Joint Owner Approval:

JALAPENO CORPORATION

2.63170%

Joint Owner Interest:

Joint Owner Amount:

By: _____