

**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 @ \$13,000/day + 3 days after logs) Includes NMGR	\$481,000	\$39,000
304	Fuel, Water and Other (Fuel=40K, Wtr=30K)	\$67,000	\$5,000
305	Completion / Workover Rig		\$20,000
306	Mud and Chemicals	\$40,000	
307	Cementing	\$28,000	\$45,000
308	Logging and Wireline	\$40,000	\$9,600
309	Casing-Tubing Services	\$4,700	\$6,300
310	Mud Logging	\$18,000	
311	Testing		\$2,500
312	Treating		\$75,000
313	Coring		
314	Fishing Services		
320	Transportation (includes 22.5K Rig Move)	\$24,300	\$3,600
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	\$3,000	\$2,400
335	Well / Lease Insurance	\$4,800	
350	Intangible Supplies Bits=(1-17 1/2", 2-12 1/4", 6-7 7/8")	\$48,800	\$1,200
360	Pipeline ROW and Easements		\$3,000
367	Pipeline Interconnect		
375	Company Supervision	\$21,000	\$11,000
380	Overhead Fixed Rate	\$8,400	\$3,600
398	Well Abandonment	\$12,000	(\$12,000)
399	Contingencies 5% 5%	\$43,100	\$11,500
	Total Intangibles	\$904,200	\$241,600
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 11,800' 5 1/2" 17# S95/N80 LTC		\$100,000
797	Production Casing		
798	Tubing 11,800' 2 7/8 6.5# P-105 EUE 8rd		\$42,000
860	Drilling Head	\$3,000	
865	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		
886	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 3000' to El Paso tie-in		\$10,000
901	Line Pipe - Production		\$1,500
905	Valves		
906	Miscellaneous Fittings & Accessories		\$10,000
910	Production Equipment Installation		\$15,000
920	Pipeline Construction 3000' to El Paso tie-in		\$20,000
		\$48,000	\$266,700
		\$952,200	\$498,300
		\$1,450,500	

Date prepared: 05/31/01 Total Tangibles
 Prepared by: T. Burke/N.M. Young SUBTOTAL
 Company Approval: *M. Webster* TOTAL WELL COST
 Date Approved: 05/31/01 (Revised)

Joint Owner Approval:
 Joint Owner Interest:
 Joint Owner Amount:

OIL CONSERVATION DIVISION
 CASE NUMBER 3
 EXHIBIT