

**MEWBORNE OIL COMPANY
AUTHORIZATION FOR EXPENDITURE**

Prospect: Santo Nino Well Name & No: Pinta 29 Federal #1
 Field: _____ Location: 510' FSL & 2130' FEL
 Section: 29 Block: _____ Survey: _____ Township 18S Range 30E
 County: Eddy State: NM Proposed Depth: 7600'

DESCRIPTION		Cost To Casing Point AFE NO.	Completion Cost AFE NO.
INTANGIBLE COST 180			
300	Permits and Surveys	\$1,500	\$2,000
301	Location, Roads and Site Preparation	\$25,000	
302	Footage or Turnkey Drilling \$7200 / Day	\$129,600	
303	Day Work 1.5 Days @ \$7200 / Day		\$10,800
304	Fuel	\$18,000	
305	Completion / Workover Rig		\$12,000
306	Mud and Chemicals	\$15,000	
307	Cementing	\$18,000	\$15,000
308	Logging, Wireline and Coring Services	\$12,000	\$8,000
309	Casing, Tubing & Snubbing Services	\$4,000	\$5,900
310	Mud Logging	\$3,000	
311	Testing		\$5,000
312	Treating		\$50,000
313	Water & Other	\$10,000	
314	Bits	\$40,000	
315	Inspection & Repair Services	\$2,000	\$1,000
316	Misc. Air and Pumping Services		
320	Rig Mobilization & Transportation	\$30,000	
321	Welding and Construction	\$1,000	
322	Engineering & Contract Supervision		
330	Equipment Rental	\$5,000	\$3,000
334	Well / Lease Legal	\$1,000	
335	Well / Lease Insurance	\$4,100	
350	Intangible Supplies	\$500	
355	Damages	\$1,500	
360	Pipeline and Electrical ROW and Easements		
367	Pipeline Interconnect		
375	Company Supervision	\$12,000	\$5,000
380	Overhead Fixed Rate	\$4,300	\$1,300
398	Well Abandonment	\$10,000	(\$10,000)
399	Contingencies 10% / 10%	\$34,800	\$10,800
	Total Intangibles	\$382,300	\$119,900
TANGIBLE COST 181			
797	Conductor Casing 40' 20" Conductor	\$8,000	
797	Surface Casing 400' 13 3/8" 48# H40 STC @ 30.00 / Ft	\$12,000	
797	Intermediate Casing 2000' 8 5/8" 32# J55 LTC @ 18.00 / Ft	\$36,000	
797	Intermediate Casing		
797	Production Casing 7600' 5 1/2" J-55 LTC @ \$10.00 / Ft		\$76,000
798	Tubing 7500' 2 7/8" 6.5# J-55 EUE 8rd @ 4.50 / Ft		\$33,800
880	Drilling Head	\$1,500	\$1,500
870	Tubing Head & Upper Section		\$2,900
875	Sucker Rods		\$15,000
880	Packer Pump & Subsurface Equipment BHA \$ 1.25" * 16' RHBC		\$10,000
884	Artificial Lift Systems		
885	Pumping Unit Conventional 228 - 213 - 86		\$40,000
886	Surface Pumps & Prime Movers 25 hp		\$2,500
890	Tanks - Steel 2 - 500 bbl steel		\$12,000
891	Tanks - Other 1 - 300 bbl fg		\$4,500
895	Separation Equipment 4 * 20 ht (75 psi)		\$10,000
896	Gas Treating Equipment		
898	Metering Equipment		\$4,500
900	Line Pipe - Gas Gathering and Transportation		
901	Line Pipe - Production Poly Pipe		\$6,000
906	Miscellaneous Fittings, Valves & Accessories		\$10,000
909	Electrical Installations		\$4,500
910	Production Equipment Installation		\$2,000
920	Pipeline Construction		
Date Prepared 11/01/04		Total Tangibles	\$55,500 \$235,200
Prepared by: M. Young		SUBTOTAL	\$437,800 \$355,100
Company Approval: <i>M. Young</i>		TOTAL WELL COST	\$792,900
Date Approved: 11/01/04			
Joint Owner Approval:			
Joint Owner Interest:			
Joint Owner Amount:			