

MEWBOURNE OIL COMPANY

AUTHORIZATION FOR EXPENDITURE

Well Name: Spyglass 17 Fed #2H		Prospect: Spyglass 17	
Location: SL: 660' FNL & 330' FWL, BHL: 600' FNL & 330' FEL		County: Lea	ST: NM
Section: 17	Blk: 	Survey: 	TNP: 19S RNG: 33E Prop. Dpth: 14200'

INTANGIBLE COSTS 180		CODE	TCP	CODE	CC
Permits and Surveys		100	\$10,000	200	\$2,000
Location, Roads, Pits & Site Preparation		105	\$50,000	205	\$25,000
Location Excavation & Other		106	\$125,000		
Day Work, Footage, Turnkey Drilling 40 days drilling/3 day comp @\$16,000/day		110	\$640,000	210	\$48,000
Fuel 40000 gals @ \$3 50/gal		114	\$140,000		
Mud		120	\$75,000		
Chemicals and Additives		121		221	\$5,000
Cementing		125	\$100,000	225	
Logging, Wireline & Coring Services Gyro & E-log		130	\$32,000	230	
Casing, Tubing & Snubbing Services		134	\$22,000	234	\$11,000
Mud Logging		137	\$35,000		
Stimulation				241	\$700,000
Stimulation Rentals & Other				242	\$150,000
Water & Other		145	\$45,000		
Bits		148	\$50,000	248	
Inspection & Repair Services		150	\$8,000	250	\$1,500
Misc Air & Pumping Services		154		254	
Testing		158	\$4,000	258	
Completion / Workover Rig				260	\$20,000
Rig Mobilization		164	\$120,000		
Transportation		165	\$30,000	265	\$5,000
Welding and Construction		168	\$5,000	268	\$2,000
Engineering & Contract Supervision		170	\$70,000	270	
Directional Services Baker tools		175	\$250,000		
Equipment Rental		180	\$160,000	280	\$5,000
Well / Lease Legal		184	\$8,000	284	\$1,000
Well / Lease Insurance		185	\$4,000	285	
Intangible Supplies		188	\$5,000	288	
Damages		190	\$5,000	290	
Pipeline, Road, Electrical ROW & Easements		192		292	\$10,000
Pipeline Interconnect				293	
Company Supervision		195	\$70,000	295	\$35,000
Overhead Fixed Rate		196	\$9,000	296	\$4,000
Well Abandonment		198		298	
Contingencies 10% (TCP) 5% (CC)		199	\$207,200	299	\$51,200
TOTAL			\$2,279,200		\$1,075,700

TANGIBLE COSTS 181		CODE	TCP	CODE	CC
Casing (19 1" - 30")		793			
Casing (10.1" - 19.0") 1400' 13 3/8" 48# STC @ \$36.00/ft		794	\$50,500		
Casing (8.1" - 10.0") 3300' 9 5/8" 40# N80/K55 LTC @ \$25.25/ft w/GRT		795	\$83,500		
Casing (6.1" - 8.0") 10200' 7" 26# P110 LTC & BTC @ \$25.50/ft w/GRT		796	\$260,500		
Casing (4 1" - 6 0") 4600' 4 1/2" 11.6# P110 LTC @ \$12.16/ft w GRT				797	\$56,000
Tubing (2" - 4") 9300' 2 7/8" 6.5# L80 EUE 8rd @ \$7.00/ft				798	\$65,000
Drilling Head		860	\$8,500		
Tubing Head & Upper Section				870	\$8,000
Sucker Rods				875	\$35,000
Packer Pump & Subsurface Equipment (17 ports plus packers) + 7" packer				880	\$190,000
Artificial Lift Systems				884	\$6,500
Pumping Unit				885	\$106,000
Surface Pumps & Prime Movers				886	\$5,000
Tanks - Steel				890	
Tanks - Others				891	
Separation Equipment				895	
Gas Treating Equipment				896	
Heater Treaters, Line Heaters 4'x20"x75# heater treater				897	\$16,000
Metering Equipment				898	\$7,000
Line Pipe - Gas Gathering and Transportation				900	\$10,000
Misc Fittings, Valves, Line Pipe and Accessories				906	\$5,000
Cathodic Protection				908	
Electrical Installations				909	
Production Equipment Installation				910	\$10,000
Pipeline Construction				920	
TOTAL			\$403,000		\$519,500
SUBTOTAL			\$2,682,200		\$1,595,200
TOTAL WELL COST			\$4,277,400		

Prepared by J. Nave Date 5/31/2011

Co Approval M. Whittier Date 6/1/2011

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: 8/12/09

Oil Conservation Division
Case No. 4
Exhibit No. 1