

## MEWBOURNE OIL COMPANY

## AUTHORIZATION FOR EXPENDITURE

Well Name: <b>Pine Box "21" MD Federal Com #1H</b>		Prospect: <b>Pine Box 21</b>	
Location: <b>SL: 90' FSL &amp; 650' FWL, BHL: 330' FNL &amp; 330' FWL</b>		County: <b>Eddy</b>	ST: <b>NM</b>
Section: <b>21</b>	Bik: <b></b>	Survey: <b></b>	TNP: <b>20S</b> RNG: <b>25E</b> Prop: <b>Opth: 7300'</b>

INTANGIBLE COSTS 180		CODE	TCP	CODE	CC
Permits and Surveys		100	\$8,500	200	\$1,000
Location: Roads, Pits & Site Preparation		105	\$40,000	205	\$2,500
Location: Site Restoration, Excavation & Other		106	\$50,000		
Day Work, Footage, Turnkey Drilling 14 days drlg/1.5 compl @ \$15,500/day + GRT		110	\$217,000	210	\$23,300
Fuel		114	\$49,000		
Mud		120	\$40,000		
Chemicals and Additives		121		221	
Cementing		125	\$12,000	225	\$20,000
Logging, Wireline & Coring Services		130	\$8,000	230	
Casing, Tubing & Snubbing Services		134	\$7,000	234	\$8,500
Mud Logging		137	\$14,000		
Stimulation				241	\$450,000
Stimulation Rentals & Other				242	\$140,000
Water & Other		145	\$45,000		\$2,000
Bits		148	\$15,000	248	\$1,500
Inspection & Repair Services		150	\$15,000	250	
Misc. Air & Pumping Services		154		254	\$4,000
Testing		158	\$1,000	258	\$4,000
Completion / Workover Rig				260	\$30,000
Rig Mobilization		164	\$30,000		
Transportation		165	\$2,000	265	\$2,000
Welding and Construction		168	\$1,000	268	\$1,000
Engineering & Contract Supervision		170		270	
Directional Services		175	\$100,000		
Equipment Rental		180	\$50,000	280	\$5,000
Well / Lease Legal		184	\$2,500	284	
Well / Lease Insurance		185	\$1,200	285	
Intangible Supplies		188	\$1,000	288	\$1,000
Damages		190		290	\$10,000
Pipeline, Road, Electrical ROW & Easements		192		292	\$5,000
Pipeline Interconnect				293	
Company Supervision		195	\$55,000	295	\$10,000
Overhead Fixed Rate		196	\$4,000	296	\$3,000
Well Abandonment		198		298	
Contingencies 10% (TCP) 5% (CC)		199	\$76,800	299	\$36,200
<b>TOTAL</b>			<b>\$845,000</b>		<b>\$760,000</b>

TANGIBLE COSTS 181		CODE	TCP	CODE	CC
Casing (19.1" - 30")		793			
Casing (10.1" - 19.0")		794			
Casing (8.1" - 10.0") 735' 9 5/8" 36# K55 LTC @ \$24.50/ft		795	\$18,000		
Casing (6.1" - 8.0") 1950' 7" 26# LTC @ \$26.50/ft & 900' 7" 26# BTC @ \$26.50		796	\$75,500		
Casing (4.1" - 6.0") 4400' 4 1/2" 11.6# J55 @ \$8.50/ft				797	\$37,400
Tubing (2" - 4") 2000' 2 7/8" 6.5# J55 EUE 8rd @ \$6.10/ft				798	\$12,200
Drilling Head		860	\$1,500		
Tubing Head & Upper Section				870	\$1,500
Sucker Rods				875	\$8,500
Packer Pump & Subsurface Equipment (20 Port System)				880	\$250,000
Artificial Lift Systems				884	
Pumping Unit (includes set up)				885	\$40,000
Surface Pumps & Prime Movers				886	
Tanks - Steel				890	\$40,000
Tanks - Others				891	\$12,000
Separation Equipment				895	
Gas Treating Equipment				896	
Heater Treators, Line Heaters				897	\$15,000
Metering Equipment				898	\$6,000
Line Pipe - Gas Gathering and Transportation				900	\$3,000
Misc. Fittings, Valves, Line Pipe and Accessories				906	\$6,000
Cathodic Protection				908	
Electrical Installations				909	\$12,000
Production Equipment Installation				910	\$11,000
Pipeline Construction				920	\$2,000
<b>TOTAL</b>			<b>\$95,000</b>		<b>\$456,600</b>
<b>SUBTOTAL</b>			<b>\$940,000</b>		<b>\$1,216,600</b>

<b>TOTAL WELL COST</b>	<b>\$2,156,600</b>
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Prepared by: **Charles Martin** Date: **8/8/2011**Co. Approval: **m. whitte** Date: **8/8/2011**

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 thier well.

By: Name: Form Rev: 8/11/09