

MEWBOURNE OIL COMPANY

AUTHORIZATION FOR EXPENDITURE

Well Name: Sharps 3 Federal Com #2H		Prospect: Sharps 3	
Location: SL: 400' FSL & 150' FEL, BHL: 400' FSL & 330' FWL		County: Eddy	ST: NM
Section: 3	Blk: 	Survey: 	TNP: 20S RNG: 29E Prop. Dpth: 12,800'

INTANGIBLE COSTS 180	CODE	TCP	CODE	CC
Permits and Surveys	100	\$10,000	200	\$2,000
Location: Roads, Pits & Site Preparation	105	\$80,000	205	\$5,000
Location: Excavation & Other	106	\$125,000		
Day Work, Footage, Turnkey Drilling 35 days drilling/3 day comp @\$17,000/day	110	\$595,000	210	\$51,000
Fuel	114	\$160,000		
Mud	120	\$70,000		
Chemicals and Additives	121		221	\$5,000
Cementing	125	\$136,000	225	
Logging, Wireline & Coring Services Gyro & E-log	130	\$20,000	230	
Casing, Tubing & Snubbing Services	134	\$35,000	234	\$11,000
Mud Logging	137	\$35,000		
Stimulation			241	\$900,000
Stimulation Rentals & Other			242	\$250,000
Water & Other	145	\$45,000		
Bits	148	\$50,000	248	
Inspection & Repair Services	150	\$10,000	250	\$1,500
Misc. Air & Pumping Services	154	\$20,000	254	\$10,000
Testing	158	\$4,000	258	
Completion / Workover Rig			260	\$20,000
Rig Mobilization	164	\$100,000		
Transportation	165	\$25,000	265	\$5,000
Welding and Construction	168	\$8,000	268	\$2,000
Engineering & Contract Supervision	170	\$70,000	270	
Directional Services Baker tools	175	\$250,000		
Equipment Rental	180	\$200,000	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	\$214,900	299	\$65,900
TOTAL		\$2,363,900		\$1,383,400

TANGIBLE COSTS 181				
Casing (19.1" - 30") 350' 20" 94# BTC @ \$100/ft	793	\$35,000		
Casing (10.1" - 19.0") 1200' 13 3/8" 48# STC @ \$35.99/ft	794	\$43,000		
Casing (8.1" - 10.0") 3100' 9 5/8" 40# N80/K55 LTC \$25.20/ft w/GRT	795	\$80,000		
Casing (6.1" - 8.0") 8500' 7" 26# P110 BTC @ \$27.50/ft w/GRT	796	\$233,800		
Casing (4.1" - 6.0") 4300' 4 1/2" 11.6# P110 LTC @ \$12.16/ft w GRT			797	\$52,300
Tubing (2" - 4") 8300' 2 7/8" 6.5# L80 EUE 8rd @ \$7.70/ft			798	\$64,000
Drilling Head	860	\$8,500		
Tubing Head & Upper Section			870	\$10,000
Sucker Rods			875	\$25,000
Packer Pump & Subsurface Equipment (20 ports plus packers)			880	\$220,000
Artificial Lift Systems			884	\$10,000
Pumping Unit			885	\$106,000
Surface Pumps & Prime Movers			886	\$5,000
Tanks - Steel 3-500bbl steel			890	\$38,000
Tanks - Others 1-500bbl fiberglass			891	\$16,000
Separation Equipment 24"x10"x1000# 3 phase separator			895	\$12,000
Gas Treating Equipment			896	
Heater Treaters, Line Heaters 6"x20"x75# heater treater			897	\$20,000
Metering Equipment			898	\$6,500
Line Pipe - Gas Gathering and Transportation			900	\$6,000
Misc. Fittings, Valves, Line Pipe and Accessories			906	\$35,000
Cathodic Protection			908	
Electrical Installations			909	
Production Equipment Installation			910	\$35,000
Pipeline Construction			920	
TOTAL		\$400,300		\$660,800
SUBTOTAL		\$2,764,200		\$2,044,200
TOTAL WELL COST		\$4,808,400		

Oil Conservation Division
 Case No. 4
 Exhibit No. 4

Prepared by: J. Nave Date: 12/2/2011

Co. Approval: *m. white* Date: 12/3/2011

Joint Owner Interest: .0058595% Amount: \$28,174.82

Joint Owner: Mill Neck Associates Joint Owner Approval: By:

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: 8/12/09