

MEWBOURNE OIL COMPANY

AUTHORIZATION FOR EXPENDITURE

Well Name: True Grit 8 B3BO Fed Com #1H		Prospect: True Grit 8	
Location: SL: 402' FNL & 1915' FEL BHL: 330' FSL & 1980' FEL		County: Eddy	ST: NM
Sec: 8	Blk:	Survey:	TWP: 22S RNG: 25E Prop. TVD: 7629' TMD: 11900'

INTANGIBLE COSTS 0180		CODE	TCP	CODE	CC
Permits and Surveys		0180-0100	\$10,000	0180-0200	\$2,000
Location: Roads, Pits & Site Preparation		0180-0105	\$65,000	0180-0205	\$50,000
Location: Site Restoration, Excavation & Other		0180-0106	\$160,000	0180-0206	
Day Work, Footage, Turnkey Drilling 28 days drtg, 3 days comp @ \$17000/day+GRT		0180-0110	\$508,400	0180-0210	\$54,500
Fuel 900 gal/day @ \$3.50/gal		0180-0114	\$97,000		
Mud		0180-0120	\$65,000		
Chemicals and Additives		0180-0121		0180-0221	\$1,000
Cementing		0180-0125	\$140,000	0180-0225	
Logging, Wireline & Coring Services gyro & cased hole logs		0180-0130	\$16,000	0180-0230	
Casing, Tubing & Snubbing Services		0180-0134	\$35,000	0180-0234	\$13,000
Mud Logging		0180-0137	\$25,000		
Stimulation				0180-0241	\$1,100,000
Stimulation Rentals & Other				0180-0242	\$225,000
Water & Other		0180-0145	\$80,000		
Bits		0180-0148	\$55,000	0180-0248	\$5,000
Inspection & Repair Services		0180-0150	\$25,000	0180-0250	\$1,500
Misc. Air & Pumping Services Air Package and Nitrogen for drillout		0180-0154	\$30,000	0180-0254	\$60,000
Testing		0180-0158	\$22,000	0180-0258	\$20,000
Completion / Workover Rig				0180-0260	\$23,000
Rig Mobilization		0180-0164	\$160,000		
Transportation		0180-0165	\$30,000	0180-0265	\$10,000
Welding and Construction		0180-0168	\$3,000	0180-0268	\$10,000
Engineering & Contract Supervision		0180-0170	\$42,000	0180-0270	
Directional Services		0180-0175	\$130,000		
Equipment Rental		0180-0180	\$190,000	0180-0280	\$15,000
Well / Lease Legal		0180-0184	\$2,500	0180-0284	\$1,000
Well / Lease Insurance		0180-0185	\$5,000	0180-0285	
Intangible Supplies		0180-0188	\$10,000	0180-0288	
Damages		0180-0190		0180-0290	
Pipeline, Road, Electrical ROW & Easements		0180-0192		0180-0292	\$10,000
Pipeline Interconnect				0180-0293	
Company Supervision		0180-0195	\$70,000	0180-0295	\$35,000
Overhead Fixed Rate		0180-0196	\$8,000	0180-0296	\$7,000
Well Abandonment		0180-0198		0180-0298	
Contingencies 10% (TCP) 5% (CC)		0180-0199	\$198,400	0180-0299	\$82,200
TOTAL			\$2,182,300		\$1,725,200

TANGIBLE COSTS 0181		CODE	TCP	CODE	CC
Casing (19.1" - 30")		0181-0793			
Casing (10.1" - 19.0") 400' 13 3/8" 48# H40 STC @ \$37.00/ft + GRT		0181-0794	\$15,800		
Casing (8.1" - 10.0") 1800' 9 5/8" 36# LT&C @ \$25.00/ft w/GRT		0181-0795	\$48,100		
Casing (6.1" - 8.0") 7900' 7" 26# P110 BT&C & LT&C @ \$24.70/ft w/GRT		0181-0796	\$208,400		
Casing (4.1" - 6.0") 4200' 4 1/2" 13.5# P110 LT&C @ \$12.75/ft w/GRT				0181-0797	\$57,200
Tubing (2" - 4") 7100' 2 7/8" 6.5# L80 EUE 8rd @ \$6.22/ft w/GRT				0181-0798	\$47,200
Drilling Head		0181-0860	\$15,000		
Tubing Head & Upper Section				0181-0870	\$8,000
Downhole Directional Equipment 30 Stage Baker system w/Alpha sleeve				0181-0871	\$375,000
Sucker Rods				0181-0875	\$35,000
Packer Pump & Subsurface Equipment 7" packer & rod pump				0181-0880	\$40,000
Artificial Lift Systems gas lift valves				0181-0884	\$11,000
Pumping Unit 912 unit + GRT				0181-0885	\$115,000
Surface Pumps & Prime Movers				0181-0886	\$2,000
Tanks - Steel 3 - 500bbl				0181-0890	\$40,000
Tanks - Others 2 - 500bbl				0181-0891	\$26,000
Separation & Gas Treating Equipment 2 - 36"x10"x1000# 3-phase separator				0181-0895	\$30,000
Heater Treaters, Line Heaters 6"x20"x75# heater treater				0181-0897	\$23,000
Metering Equipment				0181-0898	\$12,000
Line Pipe - Gas Gathering and Transportation				0181-0900	\$15,000
Misc. Fittings, Valves, Line Pipe and Accessories				0181-0906	\$50,000
Cathodic Protection				0181-0908	
Electrical Installations				0181-0909	\$10,000
Production Equipment Installation				0181-0910	\$65,000
Pipeline Construction				0181-0920	\$30,000
TOTAL			\$287,300		\$991,400
SUBTOTAL			\$2,469,600		\$2,716,600
TOTAL WELL COST			\$5,186,200		

Prepared by: K. Freidenbloom Date: 2/12/2014

Co. Approval: *m. white* Date: 2/12/2014

Joint Owner Interest: Amount:

Joint Owner Name: 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 0180-0185. 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.

Joint Owner Name: Signature: Form Rev: 4/2012

Oil Conservation Division
Case No. *4*
Exhibit No. *1*