

**AUTHORIZATION FOR EXPENDITURE**

Prepared by: F. Lathan Date: 12/17/2010

Co. Approval: *M. Whitton* Date: 12/17/2010

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: \_\_\_\_\_

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Consolidated Case No's 14603 & 14604  
Exhibit No. 4  
Submitted by:  
MEWBOURNE OIL COMPANY  
Hearing Date: March 3, 2011

Form Rev: 8/12/09

## MEWBOURNE OIL COMPANY

## AUTHORIZATION FOR EXPENDITURE

Well Name:	Ruger 6 Federal Com #5H	Prospect:	Ruger 6								
Location:	SL:150' FNL & 1400' FWL, BHL:330' FSL & 1400' FWL	County:	Eddy	ST:	NM						
Section:	6	BIK:		Survey:		TNP:	20S	RNG:	29E	Prop. Dpth:	12,500'

INTANGIBLE COSTS 180	CODE	TCP	CODE	CC
Permits and Surveys	100	\$5,000	200	\$2,000
Location: Roads, Pits & Site Preparation	105	\$60,000	205	\$5,000
Location: Excavation & Other	106	\$125,000		
Day Work, Footage, Turnkey Drilling 31 drlg, 2 comp @ \$14,500/day + GRT	110	\$476,500	210	\$30,800
Fuel	114	\$87,000		
Mud	120	\$60,000		
Chemicals and Additives	121	\$5,000	221	\$5,000
Cementing	125	\$90,000	225	
Logging, Wireline & Coring Services	130	\$25,000	230	
Casing, Tubing & Snubbing Services	134	\$25,000	234	\$12,000
Mud Logging	137	\$25,000		
Stimulation			241	\$540,000
Stimulation Rentals & Other			242	\$150,000
Water & Other	145	\$40,000		
Bits	148	\$50,000	248	\$2,500
Inspection & Repair Services	150	\$5,000	250	
Misc. Air & Pumping Services (Gas Lift installation)	154		254	\$30,000
Testing	158	\$4,000	258	\$5,000
Completion / Workover Rig			260	\$20,000
Rig Mobilization	164	\$90,000		
Transportation	165	\$25,000	265	\$5,000
Welding and Construction	168	\$5,000	268	\$2,000
Engineering & Contract Supervision	170	\$70,000	270	
Directional Services	175	\$210,000		
Equipment Rental	180	\$62,000	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	
Pipeline Interconnect			293	
Company Supervision	195	\$70,000	295	\$30,000
Overhead Fixed Rate	196	\$9,000	296	\$4,000
Well Abandonment	198		298	
Contingencies 10% (TCP) 5% (CC)	199	\$164,600	299	\$42,500
TOTAL		\$1,810,100		\$891,800

TANGIBLE COSTS 181				
Casing (19.1" - 30")	793			
Casing (10.1" - 19.0") 1200' 13 3/8" 48# H40 @ \$33.05/ft w/ GRT	794	\$40,200		
Casing (8.1" - 10.0") 3100' 9 5/8" 36# N80/K55 LTC \$25.20/ft w/GRT	795	\$78,200		
Casing (6.1" - 8.0") 8200' 7" 26# P110 LTC @ \$28.00/ft w/GRT	796	\$229,600		
Casing (4.1" - 6.0") 4600' 4 1/2" 11.6# P110 LTC @ \$12.88/ft w GRT			797	\$59,300
Tubing (2" - 4") 8200' 2 7/8" 6.5# L80 EUE 8rd @ \$6.25/ft			798	\$51,300
Drilling Head	860	\$10,000		
Tubing Head & Upper Section			870	\$15,000
Sucker Rods			875	\$25,000
Packer Pump & Subsurface Equipment (17-20 ports + pkr)			880	\$250,000
Artificial Lift Systems			884	\$6,000
Pumping Unit			885	\$100,000
Surface Pumps & Prime Movers			886	\$22,000
Tanks - Steel			890	\$30,000
Tanks - Others			891	\$7,500
Separation Equipment			895	\$40,000
Gas Treating Equipment			896	
Heater Treaters, Line Heaters			897	\$30,000
Metering Equipment			898	\$10,000
Line Pipe - Gas Gathering and Transportation			900	\$3,000
Misc. Fittings, Valves, Line Pipe and Accessories			906	\$40,000
Cathodic Protection			908	
Electrical Installations			909	
Production Equipment Installation			910	\$25,000
Pipeline Construction			920	
TOTAL		\$358,000		\$714,100
SUBTOTAL		\$2,168,100		\$1,605,900
TOTAL WELL COST		\$3,774,000		

Prepared by: F. Lathan Date: 12/17/2010

Co. Approval: m. whitton Date: 12/17/2010

Joint Owner Interest: Amount:

Joint Owner: Joint Owner Approval:

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By: Name: Form Rev: 8/12/09

File: Ruger 6 Federal Com #5H.xls