

Fasken Land and Minerals, Ltd.  
January 20, 1997  
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Should you have any questions, please do not hesitate to call.

Sincerely,

**MEWBOURNE OIL COMPANY**

A handwritten signature in black ink, appearing to read "Steve Cobb", with a stylized flourish at the end.

Steve Cobb  
District Landman

SC/gb

Enclosure

**MEWBOURNE OIL COMPANY**  
**AUTHORIZATION FOR EXPENDITURE**

Prospect: Cal Claw Draw

Well Name and No. Cal Claw Draw "1" Federal #1

Section: 1

County: Eddy

Block:

State: New Mexico

Field:

Location: 2310' FEL & 660' FSL

Township: 21S

Range: 26E

Proposed Depth: 10,700

DESCRIPTION		Cost To Casing Point AFE NO.	Completion Cost AFE NO.
<b>INTANGIBLE COST 180</b>			
300	Permits and Surveys	\$1,800	\$000
301	Location, Roads and Surveys	\$20,000	\$5,000
302	Footage or Turnkey Drilling	\$228,000	
303	Day Work	\$14,000	
304	Fuel, Water and Other	\$17,800	\$500
306	Completion / Workover Rig		\$10,000
308	Mud and Chemicals	\$19,000	
307	Cementing	\$18,000	\$22,000
308	Logging and Wireline	\$18,000	\$8,000
309	Casing-Tubing Services	\$2,100	\$8,000
310	Mud Logging	\$5,000	
311	Testing	\$4,300	
312	Treating		\$80,000
313	Coring		
320	Transportation	\$2,000	\$8,100
321	Welding and Construction Labor	\$2,000	\$400
322	Contract Supervision		
330	Equipment Rental	\$8,000	\$5,000
334	Well / Lease Legal / Tax	\$8,800	\$2,000
335	Well / Lease Insurance	\$8,000	
350	Intangible Supplies	\$280	\$280
360	Pipeline ROW and Easements		\$2,000
367	Pipeline Interconnect		\$5,000
375	Company Supervision	\$10,000	\$8,000
380	Overhead Fixed Rate	\$5,000	\$5,000
389	Contingencies 2%	\$7,800	\$2,800
	Total Intangibles	\$388,780	\$148,850
<b>TANGIBLE COST 181</b>			
	Conductor Casing		
	Surface Casing 13 3/8" @ 400'	\$8,400	
	Intermediate Casing 9 5/8" @ 2,200'	\$26,000	
	Production Casing 5 1/2" @ 10,700'		\$68,000
	Production Casing		
	Tubing 2 7/8" @ 10,700'		\$35,000
860	Drilling Head	\$3,700	
865	Tubing Head		\$2,500
870	Upper Section		\$4,000
875	Sucker Rods		
880	Packer, Pump & Other Subsurface		\$7,000
885	Pumping Unit & Prime Mover + Electricity		
890-1	Tanks (Steel & Fiberglass)		\$8,000
890-5	Separation Equipment (fired, Non-fired)		\$8,500
895	Metering Equipment		\$4,200
900	Line Pipe		\$7,800
905	Valves		\$2,000
908	Miscellaneous Fittings & Accessories		\$8,000
910	Production Equipment Installation		\$4,000
920	Pipeline Construction		\$13,000
	Total Tangibles	\$36,100	\$178,000
	SUBTOTAL	\$424,880	\$318,850
	TOTAL WELL COST		\$743,800

Date prepared: December 28, 1996

Prepared by: Erik Hoover

Company Approval: *M. Whitstone*

Date Approved: December 30, 1996

Joint Owner Approval