

**MEWBOURNE OIL COMPANY
AUTHORIZATION FOR EXPENDITURE**

Prospect: Townsend Morrow (Penn) Well Name & No. ETA State #3
 Field: Townsend Location: 660' FEL & 1980' FNL
 Section: 8 Block: _____ Township: 16S Range: 35E
 County: Lea State: N.M. Proposed Depth: 12,000'

DESCRIPTION		Cost To Casing Point AFE NO.	Completion Cost AFE NO.
INTANGIBLE COST 180			
300	Permits and Surveys	\$1,500	\$1,000
301	Location, Roads and Surveys	\$25,000	\$2,000
302	Footage or Turnkey Drilling 26.50 / ft.	\$318,000	
303	Day Work	\$13,600	\$6,800
304	Fuel, Water and Other	\$17,500	\$1,000
305	Completion / Workover Rig 5 days		\$7,500
306	Mud and Chemicals	\$20,000	
307	Cementing 2 stage long string	\$28,000	\$32,000
308	Logging and Wireline CBL, Tbg conveyed perforating	\$19,000	\$22,500
309	Casing-Tubing Services Csg inspection, tubing testing	\$2,100	\$8,000
310	Mud Logging	\$5,000	
311	Testing 1 DST, 1 "72" hr buildup	\$4,300	\$1,600
312	Treating 1 breakdown		\$7,500
313	Coring		
320	Transportation	\$2,000	\$6,000
321	Welding and Construction Labor	\$2,000	\$400
322	Contract Supervision		
330	Equipment Rental Drill out	\$6,000	\$5,500
334	Well / Lease Legal / Tax	\$6,500	\$2,000
335	Well / Lease Insurance	\$8,000	
350	Intangible Supplies	\$500	\$500
360	Pipeline ROW and Easements		
367	Pipeline Interconnect		
375	Company Supervision	\$15,000	\$5,000
380	Overhead Fixed Rate	\$6,000	\$5,000
399	Contingencies	\$9,900	\$2,300
Total Intangibles		\$509,900	\$116,600
TANGIBLE COST 181			
Conductor Casing			
	Surface Casing 13 3/8" @ 350'	\$6,000	
	Intermediate Casing 8 5/8" @ 4,700'	\$32,000	
	Production Casing 5 1/2" @ 12,000'		\$89,000
	Production Casing		
	Tubing 2 3/8" @ 12,000'		\$32,000
860	Drilling Head	\$3,700	
865	Tubing Head		\$2,500
870	Upper Section		\$6,000
875	Sucker Rods		
880	Packer, Pump & Other Subsurface 5 1/2" PLS w/profiles		\$7,500
885	Pumping Unit & Prime Mover + Electricity		
890-1	Tanks (Steel & Fiberglass) 1 stock, 1 FG water		\$4,000
890-5	Separation Equipment (fired, Non-fired) 750k gas unit		\$8,500
898	Metering Equipment 1 4" meter run		\$4,200
900	Line Pipe 2000' 4" 0.188 wall PE LP		\$7,000
905	Valves		\$5,000
906	Miscellaneous Fittings & Accessories		\$10,000
910	Production Equipment Installation		\$8,000
920	Pipeline Construction 2000' of 4" 0.188 wall		\$10,000
Total Tangibles		\$41,700	\$193,700
SUBTOTAL		\$551,600	\$310,300
TOTAL WELL COST		\$861,900	

NEW MEXICO
OIL CONSERVATION DIVISION
MOC EXHIBIT 2
CASE NO. 11842

Date prepared: 09/02/97
 Prepared by: Erik L. Hoover
 Company Approval: *M. Whitstone*
 Date Approved: 09/04/97

Joint Owner Approval
 Joint Owner Interest: