

MEWBOURNE OIL COMPANY
AUTHORIZATION FOR EXPENDITURE

Prospect: Esperanza

Field: Burton Flat Morrow

Section: 28

County: Eddy

Well Name & No. Esperanza "28" Fee Com #1

Location: 1750' FSL & 660' FWL

Township: 21S

Range: 27E

Block: _____

State: NM

Proposed Depth: 11,900'

DESCRIPTION		Cost To Casing Point AFE NO.	Completion Cost AFE NO.
INTANGIBLE COST 180			
300	Permits and Surveys	\$1,000	\$1,000
301	Location, Roads and Damages	\$25,000	\$2,000
302	Footage or Turnkey Drilling	\$195,800	
303	Day Work	\$4,900	\$9,800
304	Fuel, Water and Other	\$23,000	\$6,000
305	Completion / Workover Rig		\$10,000
306	Mud and Chemicals	\$23,000	
307	Cementing	\$16,200	\$19,000
308	Logging and Wireline	\$14,000	\$10,000
309	Casing-Tubing Services	\$7,500	\$2,400
310	Mud Logging	\$7,000	
311	Testing		
312	Treating		\$60,000
313	Coring		
314	Fishing Services		
320	Transportation	\$2,000	\$3,000
321	Welding and Construction Labor	\$2,000	
322	Contract Supervision		
330	Equipment Rental	\$12,000	\$6,500
334	Well / Lease Legal / Tax	\$6,500	\$2,000
335	Well / Lease Insurance	\$4,300	
350	Intangible Supplies	\$6,000	\$1,000
360	Pipeline ROW and Easements		\$1,000
367	Pipeline Interconnect		
375	Company Supervision	\$20,000	\$5,000
380	Overhead Fixed Rate	\$6,600	\$4,000
398	Well Abandonment	\$10,000	(\$10,000)
399	Contingencies 10% / 5%	\$38,700	\$6,600
Total Intangibles		\$425,500	\$139,300
TANGIBLE COST 181			
797	Conductor Casing 40' 20" Conductor (Furnished by Contractor)		
797	Surface Casing 500' 13 3/8" 48# H-40 STC @ \$ 15.54/ft	\$7,800	
797	Intermediate Casing 3100' 8 5/8" 32# J-55, STC @ \$ 8.13/ft	\$25,200	
797	Production Casing 11,900' 5 1/2" 17# N-80/P-110 LTC @ \$ 6.00/ft		\$71,400
797	Production Casing		
798	Tubing 11,900' 2 7/8" 6.5# N-80/P-110 EUE @ \$ 2.64/ft		\$31,500
860	Drilling Head	\$1,000	
865	Tubing Head	\$2,800	
870	Upper Section		\$10,000
875	Sucker Rods		
880	Packer, Pump & Other Subsurface		\$4,400
883	Gas Lift Valve & System		
884	Plunger Lift System		
885	Pumping Unit & Prime Mover + Electricity		
886	Pumps		
890	Tanks - Steel		\$6,500
891	Tanks - Other		\$3,100
894	Separation Equipment - Fired		\$9,000
895	Separation Equipment - Non-Fired		
896	Gas Treating Equipment		
898	Metering Equipment		\$6,500
900	Line Pipe - Gas Gathering and Transportation		
901	Line Pipe - Production		\$1,500
905	Valves		\$3,000
906	Miscellaneous Fittings & Accessories		\$10,000
910	Production Equipment Installation		\$10,000
920	Pipeline Construction		
Total Tangibles		\$36,800	\$166,900
SUBTOTAL		\$462,300	\$306,200
TOTAL WELL COST		\$768,500	
Date prepared: 05/12/99			
Prepared by: J. Elgin			
Company Approval: <i>M. Whitstone</i>			
Date Approved: 05/21/99			
Joint Owner Approval:			
Joint Owner Interest:			
Joint Owner Amount:			

EXHIBIT 4
12238