

# MEWBOURNE OIL COMPANY

## AUTHORIZATION FOR EXPENDITURE

Prospect:	<b>Esperanza Morrow</b>	Well Name & No.	<b>Esperanza 11 State Com #1</b>	
Field:	<b>Burton Flat Morrow</b>	Location:	<b>660' FSL &amp; 660' FWL</b>	
Section:	<b>11</b>	Block:	<b>21S</b>	Range: <b>27E</b>
County:	<b>Eddy</b>	State: <b>NM</b>	Proposed Depth:	<b>11,900'</b>

DESCRIPTION		Cost To Casing Point AFE NO.	Completion Cost AFE NO.
<b>INTANGIBLE COST 180</b>			
300	Permits and Surveys	\$3,000	\$1,000
301	Location, Roads and Damages	\$25,000	\$2,000
302	Footage or Turnkey Drilling		
303	Day Work (28 days @ \$8000 + 2 days after TD)	\$224,000	\$16,000
304	Fuel, Water and Other	\$30,000	\$5,000
305	Completion / Workover Rig		\$20,000
306	Mud and Chemicals	\$30,000	\$1,000
307	Cementing	\$20,000	\$13,000
308	Logging and Wireline (Includes RFT)	\$25,000	\$18,000
309	Casing-Tubing Services	\$5,000	\$8,500
310	Mud Logging 20 Days	\$14,000	
311	Testing		\$1,000
312	Treating		\$75,000
313	Coring		
314	Fishing Services		
320	Transportation (includes Rig Mobilization)	\$25,000	\$1,000
321	Welding and Construction Labor	\$2,000	\$3,500
322	Contract Supervision	\$3,000	
330	Equipment Rental (H <sub>2</sub> S, Sep,PVT,Rot Head)	\$17,500	\$5,000
334	Well / Lease Legal / Tax	\$5,000	\$1,000
335	Well / Lease Insurance	\$16,900	
350	Intangible Supplies (1-17 ½, 1-12 1/4 & 4-7 7/8" bits)	\$40,000	\$1,000
360	Pipeline ROW and Easements		\$1,500
367	Pipeline Interconnect		
375	Company Supervision	\$20,000	\$3,500
380	Overhead Fixed Rate	\$8,000	\$5,000
398	Well Abandonment	\$12,000	-\$12,000
399	Contingencies Includes air pkg)	\$77,000	\$8,500
Total Intangibles		\$602,400	\$178,500
<b>TANGIBLE COST 181</b>			
797	Conductor Casing 40' 20" (Included in location cost)		
797	Surface Casing 400' 13 3/8", 48#, H-40, ST&C	\$6,600	
797	Intermediate Casing 2600' 8 5/8", 32#, J-55, ST&C	\$26,000	
797	Production Casing 11,900' 5 ½" 17# S95/N80 LTC		\$95,000
797	Production Casing		
798	Tubing 11,900' 2 7/8 6.5# P-110 EUE		\$45,000
860	Drilling Head	\$5,000	
865	Tubing Head		\$7,500
870	Upper Section		\$12,000
875	Sucker Rods		
880	Packer, Pump & Other Subsurface		\$4,500
883	Gas Lift Valve & System		
884	Plunger Lift System		
885	Pumping Unit & Prime Mover + Electricity		
886	Pumps		
890	Tanks - Steel		\$5,000
891	Tanks - Other		\$4,000
894	Separation Equipment - Fired		\$12,000
895	Separation Equipment - Non-Fired		
896	Gas Treating Equipment		
898	Metering Equipment		\$2,500
900	Line Pipe - Gas Gathering and Transportation		\$9,000
901	Line Pipe - Production		\$1,500
905	Valves		
906	Miscellaneous Fittings & Accessories		\$10,000
910	Production Equipment Installation		\$15,000
920	Pipeline Construction		\$21,000
Total Tangibles		\$37,600	\$244,000
SUBTOTAL		\$640,000	\$422,500
TOTAL WELL COST		\$1,062,500	

Date prepared: July 30,2002

Prepared by: N. Young

Company Approval: *m. white*

Date Approved: 08/01/02

Joint Owner Approval:

Joint Owner Interest:

Joint Owner Amount: