

MEWBOURNE OIL COMPANY

AUTHORIZATION FOR EXPENDITURE

Well Name	Layla 35 Fee Com #2H	Prospect	Layla 35		
Location	SL: 185' FNL & 2150' FWL, BHL: 330' FSL & 2150' FWL	County	Eddy		
Section	35	Blk			
Survey		TNP	23S		
		RNG	28E		
		Prop. Dpth	11,200'		
INTANGIBLE COSTS 180		CODE	TCP	CODE	CC
Permits and Surveys		100	\$10,000	200	\$4,000
Location: Roads, Pits & Site Preparation		105	\$70,000	205	\$100,000
Location: Excavation & Other (Closed Loop)		106	\$150,000		
Day Work, Footage, Turnkey Drilling 30 days drlg + 3 days Comp @ \$17,000/d		110	\$561,000	210	\$47,700
Fuel 900 gal/d @ \$3.50/gal		114	\$105,000		
Mud		120	\$75,000		
Chemicals and Additives		121		221	
Cementing (cmt csg, tools)		125	\$100,000	225	
Logging, Wireline & Coring Services (Gyro, GR-Neutron)		130	\$30,000	230	
Casing, Tubing & Snubbing Services		134	\$40,000	234	\$18,000
Mud Logging		137	\$30,000		
Stimulation				241	\$950,000
Stimulation Rentals & Other				242	\$225,000
Water & Other		145	\$50,000		
Bits		148	\$55,000	248	
Inspection & Repair Services		150	\$12,000	250	\$15,000
Misc. Air & Pumping Services		154		254	
Testing		158	\$5,000	258	\$5,000
Completion / Workover Rig				260	\$15,000
Rig Mobilization		164	\$100,000		
Transportation		165	\$30,000	265	\$10,000
Welding and Construction		168	\$4,000	268	
Engineering & Contract Supervision		170	\$50,000	270	
Directional Services		175	\$225,000		
Equipment Rental (BOP's, etc)		180	\$125,000	280	\$10,000
Well / Lease Legal		184	\$8,000	284	
Well / Lease Insurance		185	\$5,000	285	
Intangible Supplies		188	\$5,000	288	\$1,000
Damages		190	\$5,000	290	
Pipeline, Road, Electrical ROW & Easements		192		292	\$3,000
Pipeline Interconnect				293	
Company Supervision		195	\$70,000	295	\$25,000
Overhead Fixed Rate		196	\$9,000	296	\$7,000
Well Abandonment		198		298	
Contingencies 10% (TCP) 5% (CC)		199	\$192,900	299	\$71,800
TOTAL			\$2,121,900		\$1,507,500
TANGIBLE COSTS 181					
Casing (19.1" - 30")		793			
Casing (10.1" - 19.0") 500' 13 3/8" 48# H40 STC @ \$39.00/ft		794	\$20,000		
Casing (8.1" - 10.0") 2500' 9 5/8" 36# 40# J55/N80 STC @ \$29.5/ft		795	\$75,000		
Casing (6.1" - 8.0") 7000' 7" 26# P110 LTC/BTC @ \$30.00/ft		796	\$210,000		
Casing (4.1" - 6.0") 4200' 4 1/2" 11.6# P110 LTC @ \$12.60/ft				797	\$55,000
Tubing (2" - 4") 6200' 2 7/8" 6.5# L80 EUE 8rd @ \$7.25/ft				798	\$45,000
Drilling Head		860	\$13,000		
Tubing Head & Upper Section				870	\$15,000
Sucker Rods				875	
Packer Pump & Subsurface Equipment (17-20 Stages & Packers)				880	\$265,000
Artificial Lift Systems Gas Lift				884	\$7,000
Pumping Unit				885	
Surface Pumps & Prime Movers				886	
Tanks - Steel 4 - 500 bbl steel				890	\$60,000
Tanks - Others 2 - 500 bbl fiberglass				891	\$26,000
Separation Equipment				895	\$50,000
Gas Treating Equipment				896	
Heater Treaters, Line Heaters				897	\$21,000
Metering Equipment				898	\$10,000
Line Pipe - Gas Gathering and Transportation				900	
Misc. Fittings, Valves, Line Pipe and Accessories				906	\$50,000
Cathodic Protection				908	
Electrical Installations				909	
Production Equipment Installation				910	\$40,000
Pipeline Construction				920	\$40,000
TOTAL			\$318,000		\$684,000
SUBTOTAL			\$2,439,900		\$2,191,500
TOTAL WELL COST			\$4,631,400		

Prepared by: S. Puryear Date: 12/5/2011

Co. Approval: m. white Date: 12/9/2011

Joint Owner Interest: Amount:

Joint Owner: Joint Owner Approval:

Operator has secured Operator's Extra Expense Insurance covering costs of well control, clean elect NOT to be covered by this Operator's Extra Expense Insurance only by signing below. The Expense Insurance for thier well.

By: Name: Form Rev: 8/11/09

Oil Conservation Division

Case No. 6

Exhibit No.

ator may
a