

MEWBOURNE OIL COMPANY

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(915) 682-3715
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June 24, 1997

Certified Mail-Return Receipt Requested P 268 434 157

Devon Energy Corporation
20 North Broadway, Suite 1500
Oklahoma City, Oklahoma 73102-8260

Attn: Mr. Ken Gray

Re: Carlsbad "15" Prospect
Carlsbad "15" Federal Com. #1 Well
1980' FSL & 1850' FWL
Section 15-21S-26E
Eddy County, New Mexico

Gentlemen:

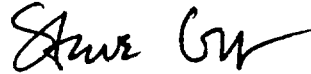
We have been advised by the Bureau of Land Management that in order for a permit to be issued, the location of the captioned well needs to be moved 200' to the East from the approximate location stated in our well proposal of June 12, 1997.

The permitted location will be 1980' FSL & 1850' FWL (previously 1650' FWL) of Section 15-21S-26E, Eddy County, New Mexico. We have changed the location named on the enclosed AFE to conform with the Bureau of Land Management's directions.

Should you have any questions, please do not hesitate to call.

Sincerely yours,

MEWBOURNE OIL COMPANY



Steve Cobb
District Landman

SC/gb

MEWBORNE OIL COMPANY
AUTHORIZATION FOR EXPENDITURE

Prospect: Carlsbad '15'
Well Name and No.: Carlsbad '15' Federal Com. #1
Section: 15 Block:
County: Eddy

Field: Avalon Morrow
Location: 1980' FSL & 1850' FWL
Township: 21S Range: 26E
Proposed Depth, ft: 11,200

| DESCRIPTION | | Cost To Casing Point APE NO. | Completion Cost APE NO. |
|---------------------|---|------------------------------------|-------------------------------|
| INTANGIBLE COST 180 | | | |
| 300 | Permits and Surveys | \$1,500 | \$1,000 |
| 301 | Location, Roads and Surveys | \$12,000 | \$2,000 |
| 302 | Footage or Turnkey Drilling | \$280,000 | |
| 303 | Day Work | \$12,000 | \$8,000 |
| 304 | Fuel, Water and Other | \$17,500 | |
| 305 | Completion/Workover Rig 4 days | | \$8,000 |
| 306 | Mud and Chemicals | \$22,000 | |
| 307 | Cementing | \$20,000 | \$10,000 |
| 308 | Logging and Wireline | \$14,000 | \$5,000 |
| 309 | Casing-Tubing Services Vann gun | \$2,000 | \$15,000 |
| 310 | Mud Logging | \$5,000 | |
| 311 | Testing | | |
| 312 | Treating 1 breakdown | | \$7,500 |
| 313 | Coring | | |
| 320 | Transportation | \$2,000 | \$4,000 |
| 321 | Welding and Construction Labor | \$2,000 | |
| 322 | Contract Supervision | | |
| 330 | Equipment Rental | \$8,000 | \$1,500 |
| 334 | Well/Lease Legal/Tax | \$4,500 | \$2,000 |
| 335 | Well/Lease Insurance | \$8,000 | |
| 350 | Intangible Supplies | | |
| 360 | Pipeline ROW and Easements | | |
| 367 | Pipeline Interconnect | | |
| 375 | Company Supervision | \$10,500 | \$3,500 |
| 380 | Overhead Fixed Rate | \$8,000 | \$5,000 |
| 399 | Contingencies 2% | \$8,700 | \$1,500 |
| | Total Intangibles | \$431,700 | \$70,000 |
| TANGIBLE COST 181 | | | |
| | Conductor Casing | | |
| | Surface Casing 13 3/8" @ 250' | \$3,700 | |
| | Intermediate Casing 9 5/8" @ 2,600' | \$38,400 | |
| | Production Casing 5 1/2" @ 11,200' | | \$73,400 |
| | Production Casing | | |
| | Tubing 2 3/8" @ 11,000 | | \$24,100 |
| 860 | Drilling Head | \$3,700 | |
| 865 | Tubing Head | | \$4,000 |
| 870 | Upper Section | | \$8,000 |
| 875 | Sucker Rods | | |
| 880 | Packer, Pump & Other Subsurface | | \$7,500 |
| 885 | Pumping Unit & Prime Mover | | |
| 890-1 | Tanks (Steel & Fiberglass) | | \$4,000 |
| 894-5 | Separation Equipment (fired, Non-fired) | | \$7,500 |
| 898 | Metering Equipment | | |
| 900 | Line Pipe | | |
| 905 | Valves | | |
| 906 | Miscellaneous Fittings & Accessories | | \$10,000 |
| 910 | Production Equipment Installation | | \$8,000 |
| 920 | Pipeline Construction | | |
| | Total Tangibles | \$43,800 | \$144,500 |
| | SUBTOTAL | \$475,500 | \$214,500 |
| | TOTAL WELL COST | \$690,000 | |

Date Prepared: June 10, 1987
Prepared By: Erik L. Hoover

Company Approval: *Erik L. Hoover*
Date Approved: 6-24-87
Joint Owner Approval:

Joint Owner Interest:
Joint Owner Amount:

| | |
|------------------------|---------|
| Drilling Cost, \$/ft | \$42.48 |
| Completion Cost, \$/ft | \$19.15 |
| Total Well Cost, \$/ft | \$61.61 |