

MEWBOURNE OIL COMPANY

AUTHORIZATION FOR EXPENDITURE

Well Name	Layla 35 NC #1H	Prospect	
Location	SL: 150' FSL & 1800' FWL BHL: 330' FNL & 1800' FWL	County	Eddy
State	NM		
Sec	35	BLK	
Survey		TWP	23S
RNG	28E	Prop. WVD	6200'
MD	10650'		

INTANGIBLE COSTS 0180		CODE	TCP	CODE	CC
Permits and Surveys		0180-0100	\$13,000	0180-0200	
Location: Roads, Pits & Site Preparation		0180-0105	\$60,000	0180-0205	\$2,500
Location: Site Restoration, Excavation & Other		0180-0106	\$125,000	0180-0206	
Day Work, Footage, Turnkey Drilling 18 days drlg, 3 comp @ \$17,000/Day + GRT		0180-0110	\$327,000	0180-0210	\$54,500
Fuel 1000 gal/day @ \$3.50/day		0180-0114	\$73,500		
Mud		0180-0120	\$40,000		
Chemicals and Additives		0180-0121		0180-0221	
Cementing		0180-0125	\$75,000	0180-0225	
Logging, Wireline & Coring Services Gyro		0180-0130	\$8,000	0180-0230	
Casing, Tubing & Snubbing Services		0180-0134	\$33,000	0180-0234	\$13,000
Mud Logging		0180-0137	\$20,000		
Stimulation				0180-0241	\$650,000
Stimulation Rentals & Other				0180-0242	\$200,000
Water & Other		0180-0145	\$45,000		
Bits		0180-0148	\$50,000	0180-0248	
Inspection & Repair Services		0180-0150	\$25,000	0180-0250	
Misc. Air & Pumping Services		0180-0154		0180-0254	\$3,000
Testing		0180-0158	\$15,000	0180-0258	\$20,000
Completion / Workover Rig 4 days @4500/day				0180-0260	\$18,000
Rig Mobilization		0180-0164	\$100,000		
Transportation		0180-0165	\$25,000	0180-0265	\$1,000
Welding and Construction		0180-0168	\$3,000	0180-0268	
Engineering & Contract Supervision		0180-0170	\$36,000	0180-0270	\$6,000
Directional Services		0180-0175	\$100,000		
Equipment Rental		0180-0180	\$150,000	0180-0280	\$8,000
Well / Lease Legal		0180-0184	\$3,500	0180-0284	
Well / Lease Insurance		0180-0185	\$3,500	0180-0285	
Intangible Supplies		0180-0188	\$7,000	0180-0288	
Damages		0180-0190	\$5,000	0180-0290	
Pipeline, Road, Electrical ROW & Easements		0180-0192	\$1,500	0180-0292	
Pipeline Interconnect				0180-0293	
Company Supervision		0180-0195	\$36,000	0180-0295	\$6,000
Overhead Fixed Rate		0180-0196	\$7,000	0180-0296	
Well Abandonment		0180-0198		0180-0298	
Contingencies 10% (TCP) 5% (CC)		0180-0199	\$138,700	0180-0299	\$49,100
TOTAL			\$1,525,700		\$1,031,100
TANGIBLE COSTS 0181					
Casing (19.1" - 30")		0181-0793			
Casing (10.1" - 19.0") 400' 13 3/8" 48# H40 ST&C @ \$32/ft +GRT		0181-0794	\$13,700		
Casing (8.1" - 10.0") 2550' 9 5/8" 36# J55 LT&C @ \$24/ft +GRT		0181-0795	\$65,400		
Casing (6.1" - 8.0") 6600' 7" 26# P110 LT&C/BT&C @ \$26/ft +GRT		0181-0796	\$183,300		
Casing (4.1" - 6.0") 4250' 4 1/2" 13.5# P110 LT&C @ \$14/ft +GRT				0181-0797	\$63,500
Tubing (2" - 4") 6000' 2 7/8" 6.5# L80 EUE 8rd @ \$6.25/ft +GRT				0181-0798	\$40,100
Drilling Head		0181-0860	\$16,000		
Tubing Head & Upper Section				0181-0870	\$15,000
Downhole Directional Equipment				0181-0871	\$250,000
Sucker Rods				0181-0875	\$40,000
Packer Pump & Subsurface Equipment				0181-0880	\$15,000
Artificial Lift Systems ESP Assembly				0181-0884	\$40,000
Pumping Unit				0181-0885	\$135,000
Surface Pumps & Prime Movers				0181-0886	\$7,000
Tanks - Steel				0181-0890	
Tanks - Others				0181-0891	
Separation & Gas Treating Equipment 30"x10"x1000# 3ph & 24"x10"x1000# 2ph				0181-0895	\$26,000
Heater Treaters, Line Heaters				0181-0897	
Metering Equipment				0181-0898	\$8,000
Line Pipe - Gas Gathering and Transportation				0181-0900	\$10,000
Misc. Fittings, Valves, Line Pipe and Accessories				0181-0906	\$20,000
Cathodic Protection				0181-0908	\$5,000
Electrical Installations				0181-0909	\$20,000
Production Equipment Installation				0181-0910	\$15,000
Pipeline Construction				0181-0920	
TOTAL			\$278,400		\$709,600
SUBTOTAL			\$1,804,100		\$1,740,700
TOTAL WELL COST			\$3,544,800		

Prepared by: J. Nave Date: 5/8/2014

Co. Approval: m. whitte Date: 5/9/2014

Joint Owner Interest: Amount:

Joint Owner Name: Joint Owner Approval:

Operator has secured Operator's Extra Expense Insurance covering costs of well control, clean up and redrilling as estimated in Line Item 0180-0185. Non-Operator may elect NOT to be covered by this Operator's Extra Expense Insurance only by signing below. The undersigned elects NOT to be covered by Operator's Extra Expense Insurance for their well.

Joint Owner Name: Signature: