MEWBOURNE OIL COMPANY

AUTHORIZATION FOR EXPENDITURE

Well Name: Layla 35 OB Fee #1H **Prospect:** Second Bone Springs

Location: SL: 150' FSL & 1980' FEL BHL: 330' FNL & 1980' FEL **County:** Eddy **ST:** NM

Sec. 35 **Blk:** **Survey:** **TWP:** 23S **RNG:** 28E **Prop. TVD:** 8361' **TMD:** 12950'

INTANGIBLE COSTS 0180	CODE	TCP	CODE	CC
Permits and Surveys	0180-0100	$10,000	0180-0200	$4,000
Location: Roads, Pits & Site Preparation	0180-0105	$65,000	0180-0205	$50,000
Location: Site Restoration, Excavation & Other	0180-0106	$150,000	0180-0206	
Day Work, Footage, Turnkey Drilling 21 days drlg, 3 comp @ $16500/Day + GRT	0180-0110	$346,500	0180-0210	$49,500
Fuel 900 gal/day @ $3.50/gal	0180-0114	$75,600		
Mud	0180-0120	$55,000		
Chemicals and Additives	0180-0121		0180-0221	$3,000
Cementing	0180-0125	$75,000	0180-0225	
Logging, Wireline & Coring Services Gyro & cased hole logs	0180-0130	$6,000	0180-0230	
Casing, Tubing & Snubbing Services	0180-0134	$35,000	0180-0234	$12,000
Mud Logging	0180-0137	$20,000		
Stimulation			0180-0241	$1,100,000
Stimulation Rentals & Other			0180-0242	$250,000
Water & Other	0180-0145	$35,000		
Bits	0180-0148	$60,000	0180-0248	
Inspection & Repair Services	0180-0150	$15,000	0180-0250	$1,500
Misc. Air & Pumping Services	0180-0154		0180-0254	$7,000
Testing	0180-0158	$18,000	0180-0258	
Completion / Workover Rig			0180-0260	$15,000
Rig Mobilization	0180-0164	$125,000		
Transportation	0180-0165	$25,000	0180-0265	$12,000
Welding and Construction	0180-0168	$5,000	0180-0268	
Engineering & Contract Supervision	0180-0170	$28,400	0180-0270	$4,100
Directional Services	0180-0175	$115,000		
Equipment Rental	0180-0180	$175,000	0180-0280	$5,000
Well / Lease Legal	0180-0184	$8,000	0180-0284	
Well / Lease Insurance	0180-0185	$4,500	0180-0285	
Intangible Supplies	0180-0188	$5,000	0180-0288	$1,000
Damages	0180-0190	$20,000	0180-0290	
Pipeline, Road, Electrical ROW & Easements	0180-0192		0180-0292	$3,000
Pipeline Interconnect			0180-0293	
Company Supervision	0180-0195	$40,000	0180-0295	$25,000
Overhead Fixed Rate	0180-0196	$9,000	0180-0296	$7,000
Well Abandonment	0180-0198		0180-0298	
Contingencies 10% (TCP) 5% (CC)	0180-0199	$152,600	0180-0299	$77,500
TOTAL		**$1,678,600**		**$1,626,600**

Oil Conservation Division
Case No. 4
Exhibit No.

TANGIBLE COSTS 0181				
Casing (19.1" - 30")	0181-0793			
Casing (10.1" - 19.0") 400' 13 3/8" 48# H40 STC @ $37.00/ft	0181-0794	$14,800		
Casing (8.1" - 10.0") 2600' 9 5/8" 36# J55 LTC @ $25.00/ft	0181-0795	$65,000		
Casing (6.1" - 8.0") 8800' 7" 26# P110 LTC/BTC @ $28.00/ft	0181-0796	$246,000		
Casing (4.1" - 6.0") 4500' 4 1/2" 13.5# P110 LTC @ $14.00/ft			0181-0797	$63,000
Tubing (2" - 4") 8000' 2 7/8" 6.5# L80 EUE 8rd @ $6.35/ft			0181-0798	$50,800
Drilling Head	0181-0860	$17,000		
Tubing Head & Upper Section			0181-0870	$10,000
Downhole Directional Equipment 30 stage packer/port system			0181-0871	$425,000
Sucker Rods			0181-0875	$45,000
Packer Pump & Subsurface Equipment 7" packer			0181-0880	$10,000
Artificial Lift Systems Gas Lift (8 valves)			0181-0884	$10,000
Pumping Unit			0181-0885	$115,000
Surface Pumps & Prime Movers water transfer pump			0181-0886	$22,000
Tanks - Steel 4 - 500 bbl steel			0181-0890	$60,000
Tanks - Others 2 - 500 bbl fiberglass			0181-0891	$30,000
Separation & Gas Treating Equipment 2 - 36'x10'x500# 3-phase			0181-0895	$28,000
Heater Treaters, Line Heaters 6'x20'x75# heater treater			0181-0897	$22,000
Metering Equipment			0181-0898	$6,800
Line Pipe - Gas Gathering and Transportation			0181-0900	$20,000
Misc. Fittings, Valves, Line Pipe and Accessories			0181-0906	$40,000
Cathodic Protection			0181-0908	
Electrical Installations			0181-0909	
Production Equipment Installation			0181-0910	$30,000
Pipeline Construction			0181-0920	$20,000
TOTAL		**$342,800**		**$1,007,600**
SUBTOTAL		**$2,021,400**		**$2,634,200**
TOTAL WELL COST		**$4,655,600**		

Prepared by: **J.Burnett** Date: **1/4/2013**

Co. Approval: M. Whittle Date: **1/6/2013**

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:** _____ *Form Rev: 4/2012*

File: Layla 35 OB Fee Com #1H.xls