

MEWBOURNE OIL COMPANY

AUTHORIZATION FOR EXPENDITURE

Well Name: Layla "35" MD Fee Com #1H		Prospect: Brushy Canyon Delaware	
Location: SL: 360' FSL & 360' FWL BHL: 330' FNL & 360' FWL		County: Eddy	ST: NM
Sec: 35	Bk: 	Survey: 	TWP: 23S RNG: 28E Prop. TVD: 6231' TMD: 10600'

INTANGIBLE COSTS 180		CODE	TCP	CODE	CC
Permits and Surveys		100	\$10,000	200	\$4,000
Location: Roads, Pits & Site Preparation		105	\$65,000	205	
Location: Site Restoration, Excavation & Other		106	\$150,000		
Day Work, Footage, Turnkey Drilling 20 days drlg, 3 comp @ \$17,000/Day + GRT		110	\$340,000	210	\$51,000
Fuel		114	\$85,000		
Mud		120	\$65,000		
Chemicals and Additives		121		221	\$3,000
Cementing		125	\$80,000	225	
Logging, Wireline & Coring Services (Gyro, open hole logs and processing)		130	\$30,000	230	
Casing, Tubing & Snubbing Services		134	\$25,000	234	\$15,000
Mud Logging		137	\$25,000		
Stimulation				241	\$900,000
Stimulation Rentals & Other (Water & water transportation)				242	\$250,000
Water & Other		145	\$45,000		
Bits		148	\$40,000	248	
Inspection & Repair Services		150	\$25,000	250	\$1,500
Misc. Air & Pumping Services		154		254	
Testing		158	\$4,000	258	
Completion / Workover Rig				260	\$15,000
Rig Mobilization		164	\$140,000		
Transportation		165	\$30,000	265	\$12,000
Welding and Construction		168	\$10,000	268	\$5,000
Engineering & Contract Supervision		170	\$40,000	270	
Directional Services		175	\$170,000		
Equipment Rental		180	\$140,000	280	\$5,000
Well / Lease Legal		184	\$8,000	284	
Well / Lease Insurance		185	\$4,500	285	
Intangible Supplies		188	\$5,000	288	\$1,000
Damages		190	\$10,000	290	
Pipeline, Road, Electrical ROW & Easements		192		292	\$5,000
Pipeline Interconnect				293	
Company Supervision		195	\$50,000	295	\$35,000
Overhead Fixed Rate		196	\$9,000	296	\$7,000
Well Abandonment		198		298	
Contingencies 10% (TCP) 5% (CC)		199	\$160,600	299	\$65,500
TOTAL			\$1,766,100		\$1,375,000
TANGIBLE COSTS 181					
Casing (19.1" - 30")		793			
Casing (10.1" - 19.0")		794			
Casing (8.1" - 10.0") 500' 9 5/8" 36#/40# J55/N80 STC @ \$25.25/ft		795	\$12,700		
Casing (6.1" - 8.0") 6525' 7" 26# P110 LTC/BTC @ \$29.00/ft		796	\$190,000		
Casing (4.1" - 6.0") 4400' 4 1/2" 11.6# P110 LTC @ \$12.25/ft				797	\$54,000
Tubing (2" - 4") 5725' 2 7/8" 6.5# L80 EUE 8rd @ \$ 7.75/ft				798	\$45,000
Drilling Head		860	\$6,000		
Tubing Head & Upper Section				870	\$10,000
Sucker Rods				875	\$30,000
Packer Pump & Subsurface Equipment 17-20 stages + 7" packer				880	\$235,000
Artificial Lift Systems Gas Lift Valves				884	\$6,500
Pumping Unit				885	\$75,000
Surface Pumps & Prime Movers				886	\$6,000
Tanks - Steel 3 - 500 bbl steel				890	\$45,000
Tanks - Others 2 - 500 bbl fiberglass				891	\$26,000
Separation Equipment 36" x 10' x 500# 3-phase				895	\$16,000
Gas Treating Equipment				896	
Heater Treaters, Line Heaters 6"x20"x75# heater treater				897	\$27,000
Metering Equipment				898	\$6,500
Line Pipe - Gas Gathering and Transportation				900	\$10,000
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	
TOTAL			\$208,700		\$682,000
SUBTOTAL			\$1,974,800		\$2,057,000
TOTAL WELL COST			\$4,031,800		

Prepared by: L. Jackson Date: 3/19/2012

Co. Approval: *m. white* Date: 3/19/2012

Joint Owner Interest: _____ Amount: _____

Joint Owner Name: _____ Joint Owner Approval: By: _____

Operator has secured Operator's Extra Expense Insurance covering costs of well control, clean up and redrilling as estimated in Line Item 185. 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. 1/11/12