

STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION

APPLICATION OF CIMAREX  
ENERGY CO. FOR COMPULSORY  
POOLING, EDDY COUNTY,  
NEW MEXICO

CASE NO. 20747

Examiner Docket: September 5, 2019

**CIMAREX'S EXHIBITS**

CONGRESSIONAL 28-33 FED COM 1H



Earl E. DeBrine, Jr.  
Lance D. Hough

 MODRALL SPERLING

500 Fourth Street NW, Suite 1000  
P. O. Box 2168 / Albuquerque, NM 87103  
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[edebrine@modrall.com](mailto:edebrine@modrall.com)  
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**CONGRESSIONAL 28-33 FED COM 1H**

Exhibit A      Affidavit of Caitlin Pierce

A-1      Application

A-2      C102

A-3      Tract Exhibit Pooling

A-4      Well Proposal – Part 1

A-4      Well Proposal – Part 2

A-5      AFE's

Exhibit B      Affidavit of Harrison Hastings

B-1      Geology Exhibits

B-2      Geology Exhibits

B-3      Geology Exhibits

B-4      Geology Exhibits

Exhibit C      Affidavit of Lance D. Hough

Certified Mail Log / Notice August 15, 2019

Certified Mail Log / Report September 4, 2019

Affidavit of Publication

Earl E. DeBrine, Jr.

Lance D. Hough



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**APPLICATION OF CIMAREX  
ENERGY CO. FOR COMPULSORY  
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NEW MEXICO**

**CASE NO. 20747**

**AFFIDAVIT OF CAITLIN PIERCE**

STATE OF NEW MEXICO            )  
  ) ss.  
COUNTY OF SANTA FE         )

Caitlin Pierce, being duly sworn, deposes and states:

1. I am a landman for Cimarex Energy Co. ("Cimarex"), over the age of 18 and have personal knowledge of the matters stated herein. I have previously been qualified to testify by the New Mexico Oil Conservation Division as an expert in petroleum land matters.

2. Pursuant to NMAC 19.15.4.12.A(1), the following information is submitted in support of the above referenced compulsory pooling applications filed by Cimarex.

3. This case involves a request for an order from the Division for compulsory pooling of interest owners who have refused to voluntarily pool their interests for the proposed Wolfcamp horizontal spacing unit described below, and in the well to be drilled in the horizontal spacing unit.

4. Prior to filing it application, Cimarex made a good faith effort to obtain voluntary joinder of the working interest owners in the proposed well. Cimarex identified all of the working interest, unleased mineral interests, and overriding royalty interest owners from a title opinion. To locate interest owners, Cimarex conducted a diligent search of the public records in the county where the well will be located, and conducted phone directory and computer searches to locate



contact information for parties entitled to notification. I mailed all working interest owners well proposals and an Authorization for Expenditure, and a form of Operating Agreement upon request.

5. No opposition is expected. Prior to filing its applications Cimarex contacted the interest owners being pooled regarding the proposed well; the pooled working interest owners have failed or refused to voluntarily commit their interests in the well. Cimarex provided all of the working interest owners, any unleased mineral owners, and overriding royalty owners with notice of this application, and none have entered an appearance in opposition to Cimarex's application.

6. In its Application, Cimarex seeks an order from the Division: (1) to the extent necessary, approving the creation of a 640-acre, more or less, Wolfcamp horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the E/2 of Sections 28 and 33, Township 24 South, Range 26 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Congressional 28-33 Federal Com 1H** well, to be horizontally drilled. The Application is attached hereto as **Exhibit A.1**.

7. Attached as **Exhibit A.2** is the C-102 for the proposed well. The well will develop the Purple Sage; Wolfcamp Pool (Pool Code 98220), which is a gas pool. The producing interval for the wells will be orthodox and will comply with the Division's special set back requirements in Order No. R-14262, as the first and last take points will be no closer than 330' from the proposed unit boundary and the completed lateral will be no closer than approximately 380' from the proposed unit boundary.

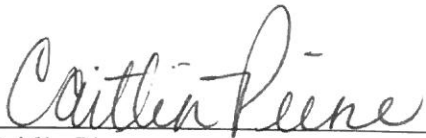
8. A lease tract map outlining the unit to be pooled is attached hereto as **Exhibit A.3**. The working interest owners being pooled and the percent of their interests is also included as part of **Exhibit A.3**. Cimarex owns an interest in the proposed unit and has a right to drill a well thereon.

9. There are no depth severances within the proposed spacing unit.
10. **Exhibit A.4** is a sample well proposal letter sent to each of the working interest owners seeking their voluntary participation in the well, and a sample Authorization for Expenditure correction letter also sent to each of the working interest owners seeking their voluntary participation in the well.
11. **Exhibit A.5** is the Authorization for Expenditure for the proposed well. The estimated cost of the well set forth therein of \$12,443,650 is fair and reasonable, and is comparable to the costs of other wells of similar depth, length and completion method being drilled in this area of New Mexico.
12. Cimarex requests overhead and administrative rates of \$8,000/month during drilling and \$800/month while producing. These rates are fair and comparable to the rates charged by other operators for wells of this type in this area of Southeastern, New Mexico and consistent with the rates awarded by the Division in recent compulsory pooling orders. Cimarex requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.
13. Cimarex requests the maximum cost plus 200% risk charge be assessed against non-consenting pooled working interest owners.
14. Cimarex requests that it be designated operator of the well.
15. Cimarex requests that it be allowed a period of one (1) year between when the wells are drilled and when the first well is completed under the order.
16. The parties Cimarex is seeking to pool were notified of this hearing.
17. Cimarex requests that overriding royalty interest owners be pooled.

18. Based upon my knowledge of the land matters involved in this case, education and training, it is my expert opinion that the granting of Cimarex's applications in this case is in the interests of conservation and the prevention of waste.

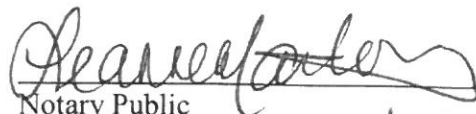
19. The attachments to my Affidavit were prepared by me or compiled from company business records.

20. I attest that the information provided herein is true, correct and complete to the best of my knowledge and belief.

  
Caitlin Pierce

SUBSCRIBED AND SWORN to before me this 4<sup>th</sup> day of September 2019 by Caitlin Pierce.



  
Notary Public  
My commission expires: 01/03/2023

STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION

APPLICATION OF CIMAREX  
ENERGY CO. FOR COMPULSORY  
POOLING, EDDY COUNTY,  
NEW MEXICO

CASE NO. \_\_\_\_\_

APPLICATION

Cimarex Energy Co. ("Cimarex"), OGRID Number 215099, through its undersigned attorneys, hereby makes an application to the Oil Conservation Division pursuant to the provisions of NMSA (1978), Section 70-2-17, for an order pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the E/2 of Sections 28 and 33, Township 24 South, Range 26 East, NMPM, Eddy County, New Mexico. In support of this application, Cimarex states as follows:

1. Cimarex is an interest owner in the subject lands and has a right to drill a well thereon.
2. Cimarex seeks to dedicate the E/2 of Sections 28 and 33, Township 24 South, Range 26 East, NMPM, Eddy County, New Mexico to form a 640-acre, more or less, spacing unit.
3. Cimarex plans to drill the **Congressional 28-33 Federal Com 1H** well to a depth sufficient to test the Wolfcamp formation. This well is a horizontal well with a surface location of 39' FNL and 795' FEL of Section 28, Township 24 South, Range 26 East, Eddy County, and an intended bottom hole location of 330' FSL and 380' FEL of Section 33, Township 24 South, Range 26 East, Eddy County.
4. This well is proposed to be drilled vertically to a depth of approximately 8,775' to the Wolfcamp formation and laterally in a southerly direction within the formation to the referenced bottom hole location.



5. This well will be located within the Purple Sage; Wolfcamp (Gas) Pool (Pool Code 98220) and will comply with the Division's setback requirements in Order No. R-14262.

6. Cimarex sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Wolfcamp formation underlying the proposed spacing unit to participate in the drilling of the well or to otherwise commit their interests to the well.

7. The creation of a horizontal spacing unit and the pooling of all interests in the Wolfcamp formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

WHEREFORE, Cimarex requests that this case is set for hearing before an Examiner of the Oil Conservation Division on September 5, 2019, and after notice and hearing as required by law, the Division enter its order:

A. Creating a horizontal spacing unit in the Wolfcamp formation comprised of E/2 of Sections 28 and 33, Township 24 South, Range 26 East, NMPM, Eddy County, New Mexico;

B. Pooling all mineral interests in the Wolfcamp formation underlying a horizontal spacing unit within the E/2 of Sections 28 and 33, Township 24 South, Range 26 East, NMPM, Eddy County, New Mexico;

C. Designating Cimarex as operator of this unit and the well to be drilled thereon;

D. Authorizing Cimarex to recover its costs of drilling, equipping and completing the well;

E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure;



F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

MODRALL, SPERLING, ROEHL, HARRIS  
& SISK, P.A.

By: 

\_\_\_\_\_  
Earl E. DeBrine, Jr.  
Lance D. Hough  
Post Office Box 2168  
500 Fourth Street NW, Suite 1000  
Albuquerque, New Mexico 87103-2168  
Telephone: 505.848.1800  
[cdebrine@modrall.com](mailto:cdebrine@modrall.com)  
[ldh@modrall.com](mailto:ldh@modrall.com)  
*Attorneys for Applicant*

W3481743.DOCX

**CASE NO. \_\_\_\_\_: Application of Cimarex Energy Co. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order from the Division: (1) to the extent necessary, approving the creation of a 640-acre, more or less, Wolfcamp horizontal spacing unit; and, (2) pooling all uncommitted mineral interests within a Wolfcamp horizontal spacing unit underlying the E/2 of Sections 28 and 33, Township 24 South, Range 26 East, NMPM, Eddy County, New Mexico. This spacing unit will be dedicated to the **Congressional 28-33 Federal Com** well, to be horizontally drilled. The producing area for this well will be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Cimarex as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 14 miles southwest of Carlsbad, New Mexico.

District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
District II  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-015	<sup>2</sup> Pool Code 98220	<sup>3</sup> Pool Name Purple Sage Wolfcamp (Gas)
<sup>4</sup> Property Code	<sup>5</sup> Property Name CONGRESSIONAL 28-33 FEDERAL COM	
<sup>6</sup> GRID No. 215099	<sup>7</sup> Operator Name CIMAREX ENERGY CO.	<sup>8</sup> Well Number 1H
		<sup>9</sup> Elevation 3358.3'

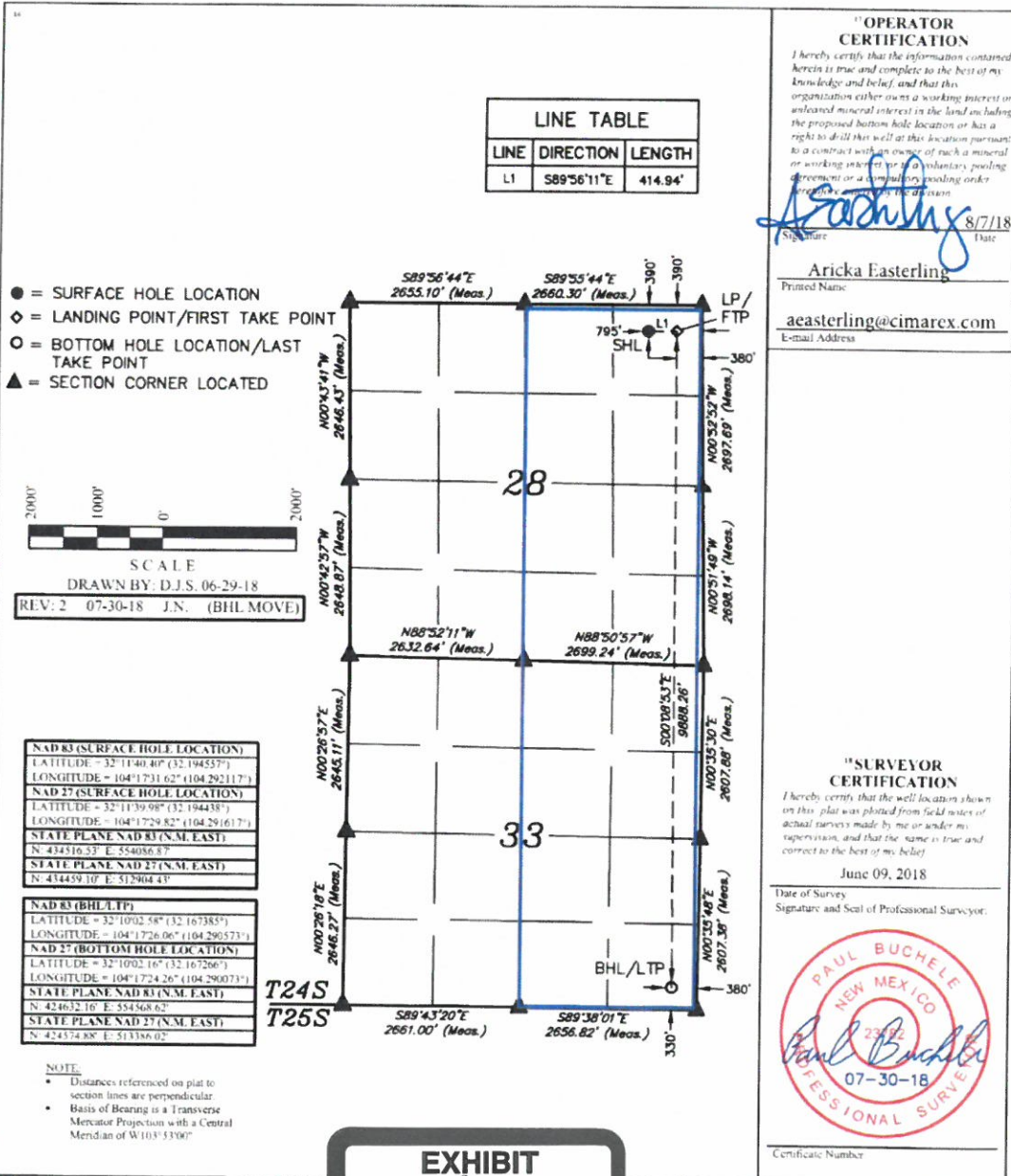
"Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	28	24S	26E		390	NORTH	795	EAST	EDDY

"Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	33	24S	26E		330	SOUTH	380	EAST	EDDY
<sup>12</sup> Dedicated Acres 640		<sup>13</sup> Joint or Infill		<sup>14</sup> Consolidation Code		<sup>15</sup> Order No.			

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



EXHIBIT

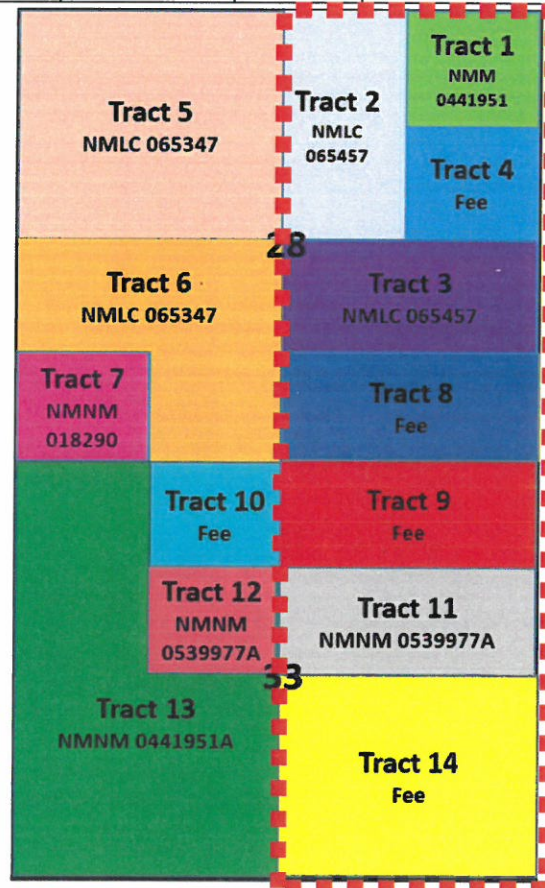
A2

tables

# Congressional 28-33 Federal Com 1H

E/2 of Section 28, Township 24S, Range 26 East, Eddy County, NM  
E/2 of Section 33, Township 24 South, Range 26 East, Eddy County, NM

Owner	Tract	Net	Working Interest Percentage	Force Pool Interest
Cimarex Energy Co	1,2,4,14	282.8125	44.189453%	No
Magnum Hunter Production Inc	9,11	160	25.000000%	No
Chevron USA Inc	3,8	160	25.000000%	No
Finley Production Co, LP	1	13.615162	2.127369%	No
McCully-Chapman Exploration Inc	1	5.625	0.878906%	Yes
Blue Valley Energy Corporation	1	5.0	0.781250%	<del>Yes</del> No
Ridgemont Energy Corporation	1	5.0	0.781250%	Yes
Kansas City Royalty Company, LLC	1	2.8125	0.439453%	No
AGS Resources 2007, LLLP	1	1.6875	0.263672%	No
WillisChild Oil & Gas Corp	1	1.5	0.234375%	No
Richard Scott Briggs	1	0.75	0.117188%	No
AGS Oil & Gas Holdings Inc	1	0.5625	0.087891%	No
BDT Oil & Gas LP	1	0.21375	0.033398%	No
Grasslands Energy LP	1	0.210544	0.032898%	No
Metcalfe Oil, LP	1	0.210544	0.032898%	No
<b>TOTAL</b>		<b>640</b>	<b>1</b>	





Cimarex Energy Co.  
600 N. Marienfeld  
Suite 600  
Midland, Texas 79701  
PHONE: 432.571.7800  
FAX: 432.571.7832



January 30, 2019

Chevron U.S.A. Inc.  
Attn: Kristen Hunter  
6301 Deauville Blvd.  
Midland, Texas 79706

**Via Certified Mail Return Receipt Requested:**

Re: New Well Proposal- Congressional 28-33 Fed Com 1H  
E/2E/2: Section 28-Township 24 South, Range 26 East, N.M.P.M.  
E/2E/2: Section 33-Township 24 South, Range 26 East, N.M.P.M.  
Eddy County, New Mexico

Dear Working Interest Owner:

Cimarex Energy Co. hereby proposes to drill the Congressional 28-33 Fed Com 1H well at a legal location in the E/2E/2 of Section 28, Township 24 South Range 26 East and Section 33, Township 24 South, Range 26 East, Eddy County, New Mexico.

The intended surface hole location for the well is 390' FNL and 795' FEL of Section 28, Township 24 South, Range 26 East, Eddy County, and the intended bottom hole location is 330' FNL and 380' FEL of Section 33, Township 24 South, Range 26 East, Eddy County. The well is proposed to be drilled vertically to a depth of approximately 8,755' to the Wolfcamp formation and laterally in a southerly direction within the formation to the referenced bottom hole location. Total measured depth of the well is proposed to be approximately 18,220' feet from surface to terminus.

It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Cimarex's intended procedure. Cimarex will advise you of any such modifications.

Enclosed, in duplicate, is (i) our detailed AFE reflecting estimated costs associated with this proposal, and; (ii) our proposed form of Operating Agreement to govern operations of the Congressional 28-33 Fed Com 1H well. If you intend to participate, please approve and return one (1) original of the enclosed AFE, and one (1) original of the signature page to the Operating Agreement along with the contact information to receive your well data, to the undersigned within thirty (30) days of receipt of this proposal. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.

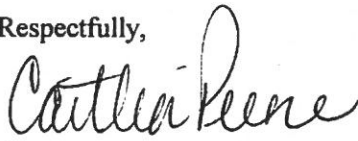


Cimarex will submit an application for a Compulsory Pooling Order with the New Mexico Oil Conservation Division within 30 days of your receipt of this letter. This will allow Cimarex to move forward with planning and drilling the subject well(s) while allowing time to properly execute a JOA amongst the parties.

Please note that Cimarex is open to discuss an Assignment or Farmout of your working interest in the subject acreage. Should you be interested or have any questions, please feel to contact the undersigned.

If you should have any questions or comments, please do not hesitate to contact the undersigned at (432) 571-7862 if you should have any questions or comments.

Respectfully,

A handwritten signature in black ink, appearing to read "Caitlin Pierce". The signature is fluid and cursive, with a large loop at the end.

**Cimarex Energy Co.**  
Caitlin Pierce, Landman

**ELECTION TO PARTICIPATE  
Congressional 28-33 Fed Com 1H**

\_\_\_\_\_ Chevron U.S.A. Inc. elects **TO** participate in the proposed Congressional 28-33 Fed Com 1H.

\_\_\_\_\_ Chevron U.S.A. Inc. elects **NOT** to participate in the proposed Congressional 28-33 Fed Com 1H.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

If your election above is TO participate in the proposed Congressional 28-33 Fed Com 1H, then:

\_\_\_\_\_ Chevron U.S.A. Inc. elects **TO** be covered by well control insurance procured by Cimarex Energy Co.

\_\_\_\_\_ Chevron U.S.A. Inc. elects **NOT** to be covered by well control insurance procured by Cimarex Energy Co. and agrees to provide Cimarex Energy Co. with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex Energy Co.

Cimarex Energy Co.

600 N. Marienfeld

Suite 600

Midland, Texas 79701

PHONE: 432.571.7800

FAX: 432.571.7832



Chevron U.S.A. Inc.  
Attn: Kristen Hunter  
6301 Deauville Blvd  
Midland, TX 79706

Re: New Well Proposal- Congressional 28-33 Fed Com 1H  
E/2E/2: Section 28-Township 24 South, Range 26 East, N.M.P.M.  
E/2E/2: Section 33-Township 24 South, Range 26 East, N.M.P.M.  
Eddy County, New Mexico

Dear Working Interest Owner:

Cimarex Energy Co. previously proposed to drill the Congressional 28-33 Fed Com 1H well at a legal location in the E/2E/2 of Section 28, Township 24 South Range 26 East and Section 33, Township 24 South, Range 26 East, Eddy County, New Mexico. It has come to our attention that the AFE sent out with the proposals did not include cost estimates. We apologize for this error. Attached is the correct AFE with accurate cost estimates associated with the captioned well.

If you should have any questions or comments, please do not hesitate to contact the undersigned at (432) 571-7862 if you should have any questions or comments.

Respectfully,

A handwritten signature in blue ink that reads "Caitlin Pierce". The signature is fluid and cursive.

Cimarex Energy Co.  
Caitlin Pierce, Landman







## Authorization For Expenditure Drilling

AFE # 26619005

Company Entity

Date Prepared  
2/14/2019

Exploration Region	Well Name	Prospect	Property Number	AFE
Permian Basin	CONGRESSIONAL 28-33 FED COM 1H Carlsbad Bone Spring Prospect		300001-076.01	26619005
County, State	Location	Estimated Spud	Estimated Completion	
Eddy, NM	Sections 28 & 33, Township 24 South, Range 33 East, Eddy County, New Mexico	10/10/2019	5/1/2020	
<input checked="" type="checkbox"/> New Supplement Revision	Formation	Well Type	Isl Measured Depth	Isl Vertical Depth
	Wolfcamp	DEV	18,220	8,755

Purpose Drill and complete well

## Description

Drilling: Drill and complete a horizontal test. Drill to 400', set water string casing. Drill to 1738', set surface casing. Drill to 7969' (KOP). Drill curve at 12"/100' initial build rate to +/- 90 degrees 8450' TVD and drill a +/- 9420' long lateral in the Wolfcamp formation. Run and cement production casing. Stage frac. Drill out plugs. Run production packer, tubing and GLVs.

<b>Intangible</b>	Dry Hole	After Casing Point	Completed Well Cost
Drilling Costs	\$2,437,000		\$2,437,000
Completion Costs		\$7,843,150	\$7,843,150
<b>Total Intangible Cost</b>	<b>\$2,437,000</b>	<b>\$7,843,150</b>	<b>\$10,280,150</b>
<b>Tangible</b>	Dry Hole	After Casing Point	Completed Well Cost
Well Equipment	\$84,000	\$666,000	\$750,000
Lease Equipment		\$1,413,500	\$1,413,500
<b>Total Tangible Cost</b>	<b>\$84,000</b>	<b>\$2,079,500</b>	<b>\$2,163,500</b>
<b>Total Well Cost</b>	<b>\$2,521,000</b>	<b>\$9,922,650</b>	<b>\$12,443,650</b>

## Comments On Well Costs

1. All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

## Well Control Insurance

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

**I elect to purchase my own well control insurance policy.**

## Marketing Election

Cimarex sells its gas under arm's-length contracts with third party purchasers. Such contracts may include fees. In addition, penalties may be incurred for insufficient volumes delivered over time. Should you choose to market your share of gas with Cimarex, you will be subject to all of the terms of such contracts. Upon written request to Cimarex's Marketing Department, we will share with you the terms and conditions pursuant to which gas will be sold. Failure to make an election below shall be deemed an election to market your gas with Cimarex under the terms and conditions set forth above.

**I elect to take my gas in kind.**

**I elect to market my gas with Cimarex pursuant to the terms and conditions of its contract.**

## Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

## Nonoperator Approval

Company

Approved By (Print Name)

Approved By (Signature)

Date

NOTICE TO NONOPERATOR: Costs shown on this form are estimates only. By executing this AFE, the consenting party agrees to pay its proportionate share of actual costs incurred. Overhead will be charged in accordance with the Joint Operating Agreement.

2/14/2019





Authorization For Expenditure - CONGRESSIONAL 28-33 FED  
COM 1H

AFE # 26619005

Description	BCP - Drilling		ACP - Drilling		Comp/Stim		Production Equip		Post Completion		Total	
	Codes	Amount	Codes	Amount	Codes	Amount	Codes	Amount	Codes	Amount		Cost
Roads & Location	DICC 100	280,000			STIM 100	10,000	CON 100	31,000	PCOM 100	28,000		349,000
Damages	DICC 105	6,000					CON 105	4,500				10,500
Mud/Fluids Disposal	DICC 255	145,000			STIM 255	53,000			PCOM 255	93,750		291,750
Day Rate	DICC 115	400,000	DICC 120	100,000								500,000
Misc Preparation	DICC 120	35,000										35,000
Bits	DICC 125	55,000	DICC 125	0	STIM 125	0			PCOM 125	0		55,000
Fuel	DICC 135	69,000	DICC 130	0					PCOM 130	0		69,000
Water for Drilling Rig (Not Frac Water)	DICC 140	5,000	DICC 135	0	STIM 135	24,000			PCOM 135	0		29,000
Mud & Additives	DICC 145	250,000										250,000
Surface Rentals	DICC 150	75,000	DICC 140	0	STIM 140	237,000	CON 140	8,000	PCOM 140	61,800		381,800
Flowback Labor					STIM 141	0			PCOM 141	57,600		57,600
Downhole Rentals	DICC 155	97,000			STIM 145	0			PCOM 145	0		97,000
Automation Labor							CON 150	79,000	PCOM 150	0		79,000
Formation Evaluation (DST, Coring, etc)	DICC 160	0			STIM 150	0						0
Mud Logging	DICC 170	18,000										18,000
Open Hole Logging	DICC 180	0										0
Cementing & Float Equipment	DICC 185	65,000	DICC 155	160,000								225,000
Tubular Inspections	DICC 190	15,000	DICC 160	5,000	STIM 160	4,000			PCOM 160	0		24,000
Casing Crews	DICC 195	10,000	DICC 165	20,000	STIM 165	0						30,000
Mechanical Labor	DICC 200	20,000	DICC 170	10,000	STIM 170	0	CON 170	350,000	PCOM 170	0		380,000
Trucking/Transportation	DICC 205	25,000	DICC 175	8,000	STIM 175	4,000	CON 175	52,500	PCOM 175	0		89,500
Supervision	DICC 210	84,000	DICC 180	16,000	STIM 180	94,000	CON 180	40,000	PCOM 180	0		234,000
Trailer House/Camp/Catering	DICC 280	25,000	DICC 255	4,000	STIM 280	45,000						74,000
Other Misc Expenses	DICC 220	5,000	DICC 190	0	STIM 190	0	CON 190	30,000	PCOM 190	0		35,000
Overhead	DICC 225	10,000	DICC 195	5,000								15,000
Remedial Cementing	DICC 231	0			STIM 215	0			PCOM 215	0		0
MOB/DEMOB	DICC 240	300,000										300,000
Directional Drilling Services	DICC 245	200,000										200,000
Solids Control	DICC 260	51,000										51,000
Well Control Equip (Snubbing Services)	DICC 265	60,000	DICC 240	5,000	STIM 240	109,000			PCOM 240	0		174,000
Fishing & Sidetrack Services	DICC 270	0	DICC 245	0	STIM 245	0			PCOM 245	0		0
Completion Rig					STIM 115	21,000			PCOM 115	0		21,000
Coil Tubing Services					STIM 260	368,000			PCOM 260	0		368,000
Completion Logging/Perforating/Wireline					STIM 200	521,000			PCOM 200	0		521,000
Composite Plugs					STIM 390	108,000			PCOM 390	0		108,000
Stimulation Pumping/Chemicals/Additives/Sand					STIM 210	3,312,000			PCOM 210	0		3,312,000
Stimulation Water/Water Transfer/Water Storage					STIM 395	849,000						849,000
Cimarex Owned Frac/Rental Equipment					STIM 305	40,000			PCOM 305	0		40,000
Legal/Regulatory/Curative	DICC 300	10,000					CON 300	0				10,000
Well Control Insurance	DICC 285	6,000										6,000
Real Time Operations Center	DICC 560	0			STIM 560	0						0
FL/GL - Labor							CON 500	45,500				45,500
FL/GL - Supervision							CON 505	38,500				38,500
Survey							CON 515	1,500				1,500
SWD/Other - Labor							CON 600	191,000				191,000
SWD/OTHER - SUPERVISION							CON 605	57,500				57,500
Contingency	DICC 435	116,000	DICC 220	17,000	STIM 220	290,000	CON 220	190,500	PCOM 220	0		613,500
Contingency							CON 221	43,500				43,500
P&A Costs	DICC 295	0	DICC 275	0								0
Total Intangible Cost		2,437,000		350,000		6,089,000		1,163,000		241,150		10,280,150
Drive Pipe	DWEB 150	0										0
Conductor Pipe	DWEB 130	0										0
Water String	DWEB 135	14,000										14,000
Surface Casing	DWEB 140	50,000										50,000
Intermediate Casing 1	DWEB 145	0										0
Intermediate Casing 2	DWEB 155	0										0
Drilling Liner	DWEB 160	0										0
Production Casing or Liner			DWEA 100	372,000								372,000
Production Tie-Back			DWEA 165	0	STIM 161	0						0
Tubing					STIM 105	42,000			PCOM 105	0		42,000
Wellhead, Tree, Chokes	DWEB 115	20,000	DWEA 120	25,000	STIM 120	60,000			PCOM 120	0		105,000
Liner Hanger, Isolation Packer	DWEB 100	0	DWEA 125	0								0
Packer, Nipples					STIM 400	28,000			PCOM 400	0		28,000
Pumping Unit, Engine					STIM 405	0			PCOM 405	0		0
Downhole Lift Equipment					STIM 410	80,000			PCOM 410	0		80,000
Surface Equipment									PCOM 420	59,000		59,000
Well Automation Materials									PCOM 455	0		0
Total Tangible - Well Equipment Cost		84,000		397,000		210,000				59,000		750,000
N/C Lease Equipment							CONT 400	334,000				334,000
Tanks, Tanks Steps, Stairs							CONT 405	131,500				131,500
Battery Equipment							CONT 410	379,500				379,500
Secondary Containments							CONT 415	72,000				72,000
Overhead Power Distribution							CONT 420	70,000				70,000
Facility Electrical							CONT 425	129,500				129,500
Telecommunication Equipment							CONT 426	0				0
Meters and Metering Equipment							CONT 445	39,500				39,500
Facility Line Pipe							CONT 450	55,000				55,000
Lease Automation Materials							CONT 455	105,000				105,000
FL/GL - Materials							CONT 550	14,500				14,500
FL/GL - Line Pipe							CONT 555	13,500				13,500
SWD/Other - Materials							CONT 650	24,000				24,000
SWD/OTHER - LINE PIPE							CONT 655	45,500				45,500
Total Tangible - Lease Equipment Cost								1,413,500				1,413,500
<b>Total Estimated Cost</b>		<b>2,521,000</b>		<b>747,000</b>		<b>6,299,000</b>		<b>2,576,500</b>		<b>300,150</b>		<b>12,443,650</b>



Authorization For Expenditure - CONGRESSIONAL 28-33 FED  
COM 1H

AFE # 26619005

Description	BCP - Drilling			ACP - Drilling			Comp/Stim	
	Codes	Amount		Codes	Amount	Codes	Amount	
Roads & Location	DIDC 100	280,000				STIM 100	10,000	
Damages	DIDC 105	6,000						
Mud/Fluids Disposal	DIDC 235	145,000				STIM 235	53,000	
Day Rate	DIDC 115 15 days at \$25,000/day	400,000		DICC 120 4 days at \$25,000/day	100,000			
Misc Preparation	DIDC 120	35,000						
Bits	DIDC 125	55,000		DICC 125	0	STIM 125	0	
Fuel	DIDC 135 1,150 gal/day at \$3.00/gal	69,000		DICC 130	0			
Water for Drilling Rig (Not Frac Water)	DIDC 140	5,000		DICC 135	0	STIM 135	24,000	
Mud & Additives	DIDC 145	250,000						
Surface Rentals	DIDC 150 Per Day (BCP)/day	75,000		DICC 140	0	STIM 140	237,000	
Flowback Labor						STIM 141	0	
Downhole Rentals	DIDC 155	97,000				STIM 145	0	
Automation Labor								
Formation Evaluation (DSI, Coring, etc.)	DIDC 160	0				STIM 150	0	
Mud Logging	DIDC 170 11 days at \$1,200/day	18,000						
Open Hole Logging	DIDC 180	0						
Cementing & Float Equipment	DIDC 185	65,000		DICC 155	160,000			
Tubular Inspections	DIDC 190	15,000		DICC 160	5,000	STIM 160	4,000	
Casing Crews	DIDC 195	10,000		DICC 165	20,000	STIM 165	0	
Mechanical Labor	DIDC 200	20,000		DICC 170	10,000	STIM 170	0	
Trucking/Transportation	DIDC 205	25,000		DICC 175	8,000	STIM 175	4,000	
Supervision	DIDC 210	64,000		DICC 180	16,000	STIM 180	94,000	
Trailer House/Camp/Catering	DIDC 280	25,000		DICC 235	4,000	STIM 280	45,000	
Other Misc Expenses	DIDC 220	5,000		DICC 190	0	STIM 190	0	
Overhead	DIDC 225	10,000		DICC 195	5,000			
Remedial Cementing	DIDC 231	0				STIM 215	0	
MOB/DEMOB	DIDC 240	300,000						
Directional Drilling Services	DIDC 245	200,000						
Solids Control	DIDC 260	51,000						
Well Control Equip (Snubbing Services)	DIDC 265	60,000		DICC 240	5,000	STIM 240	109,000	
Fishing & Sidetrack Services	DIDC 270	0		DICC 245	0	STIM 245	0	
Completion Rig						STIM 115	21,000	
Coil Tubing Services						STIM 260	368,000	
Completion Logging/Perforating/Wireline						STIM 200	521,000	
Composite Plugs						STIM 390	108,000	
Stimulation						STIM 210	3,312,000	
Stimulation Water/Water Transfer/Water						STIM 395	849,000	
Cimarex Owned Frac/Rental Equipment						STIM 305	40,000	
Legal/Regulatory/Curtative	DIDC 300	10,000						
Well Control Insurance	DIDC 285 \$0.35/ft	6,000						
Real Time Operations Center	DIDC 560	0				STIM 560	0	
FL/GL - Labor								
FL/GL - Supervision								
Survey								
SWD/Other - Labor								
SWD/OTHER - SUPERVISION								
Contingency	DIDC 435 500 % of Drilling Intangibles	116,000		DICC 220	17,000	STIM 220	290,000	
Contingency								
P&A Costs	DIDC 295	0		DICC 275	0			
Total Intangible Cost		2,437,000			350,000		6,389,000	
Drive Pipe	DWEB 150	0						
Conductor Pipe	DWEB 130	0						
Water String	DWEB 135	14,000						
Surface Casing	DWEB 140 9 5/8" - 1,738ft at \$29.00/ft	50,000						
Intermediate Casing 1	DWEB 145	0						
Intermediate Casing 2	DWEB 155	0						
Drilling Liner	DWEB 160	0						
Production Casing or Liner				DWEA 100 5 1/2" - 18,29/ft at \$19.00/ft	372,000			
Production Tie-Back				DWEA 165	0	STIM 101	0	
Tubing						STIM 105 2 7/8" - 7,070ft at \$6.00/ft	42,000	
Wellhead Tree Chokes	DWEA 115	20,000		DWEA 120	25,000	STIM 120	60,000	
Liner Hanger, Isolation Packer	DWEB 100	0		DWEA 125	0			
Packer, Nipples						STIM 400	28,000	
Pumping Unit, Engine						STIM 405	0	
Downhole Lift Equipment						STIM 410	80,000	
Surface Equipment								
Well Automation Materials								
Total Tangible - Well Equipment Cost		84,000			397,000		210,000	
N/C Lease Equipment								
Tanks, Tanks Steps, Stairs								
Battery Equipment								
Secondary Containments								
Overhead Power Distribution								
Facility Electrical								
Telecommunication Equipment								
Meters and Metering Equipment								
Facility Line Pipe								
Lease Automation Materials								
FL/GL - Materials								
FL/GL - Line Pipe								
SWD/Other - Materials								
SWD/OTHER - LINE PIPE								
Total Tangible - Lease Equipment Cost								
<b>Total Estimated Cost</b>		<b>2,521,000</b>			<b>747,000</b>		<b>6,299,000</b>	