

November 22, 2019

NMOCD 1220 S. St. Francis Drive, #3 Santa Fe, NM 87505 ATTN: Florene Davidson

Re: Statement of Estimated Well Costs

Dos Equis 12-13 Fed Com 73H

W2E2 Section 12, Township 24 South, Range 32 East

Lea County, New Mexico

Dear Ms. Davidson,

Pursuant to Order No. R-20793, ¶10 of the New Mexico Oil Conservation Division, Cimarex Energy Co. hereby submits its estimated schedule of the cost of drilling, completing and equipping its Dos Equis 12-13 Fed Com 73H well. This statement reflects Cimarex's updated engineering plan for drilling of the well which will shift the intended BHL from 100' FSL and 1,980' FEL to 100' FSL and 2,130' FEL, of Section 13, Township 24 South, Range 32 East, but did not materially change the estimated cost for drilling, competing and equipping the well.

Although Order R-20793 provides that a party has a right to elect to pay its share of estimated well costs within 30 days of the date this scheduled is furnished to them in order to avoid treatment as a non-consenting working interest owner under the Order, the date for doing so has been extended by agreement between the parties.

Please call the undersigned with any questions or comments.

Respectfully,

Cody Elliott 432-571-7806



### Authorization For Expenditure Drilling

AFE # 26720026

Date Prepared 12/3/2019

**Exploration Region** Well Name Prospect Property Number AFE DOS EQUIS 12-13 FEDERAL COM 73H New Mexico Bone Spring Pros Permian Basin 301471-494.01 26720026 (Lea) County, State Estimated Soud **Estimated Completion** Location Sec 12-13-T24S-R32E, Lea County, NM Lea, NM 9/16/2020 X New Formation Well Type Ttl Measured Depth Ttl Vetical Depth Supplement Wolfcamp DEV 22,327 12,327 Revision

Purpose

Drill and complete well

#### Description

Drilling Drill and complete a horizontal test. Drill to 1300', set water string casing. Drill to 11801' (KOP). Drill curve at 12°/100' initial build rate to +/- 75 degrees and set casing at +/- 12426' MD. Finish curve at +/- 3°/100' to +/- 12330' TVD and drill a +/- 9610' long lateral in the Wolfcamp formation. Run and cement production Casing. Stage frac.Drill out plugs. Run production packer, tubing and GLVs.

Intangible	Dry Hole	After Casing Point	Completed Well Cost
Drilling Costs	\$3,717,000		\$3,717,000
Completion Costs		\$6,037,320	\$6,037,320
Total Intangible Cost	\$3,717,000	\$6,037,320	\$9,754,320
Tangible	Dry Hole	After Casing Point	Completed Well Cost
Well Equipment	\$463,000	\$799,000	\$1,262,000
Lease Equipment		\$986,500	\$986,500
Total Tangible Cost	\$463,000	\$1,785,500	\$2,248,500
Total Well Cost	\$4,180,000	\$7,822,820	\$12,002,820

#### 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
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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.



## CIMAREX Authorization For Expenditure - DOS EQUIS 12-13 FEDERAL COM 73H

			3					40,500		2	40,500
FL/GL - Line Pipe							CONT.555	40,500			40,500
FL/GL - Materials							CONT.550	43,500			43,500
Lease Automation Materials							CONT.455	60,000			60,000
Facility Line Pipe							CONT.450	37,500			37,500
Meters and Metering Equipment							CONT.445	39,500			39,500
Telecommunication Equipment							CONT.426	500			500
Facility Electrical							CONT.425	31,500			31,500
Secondary Containments Overhead Power Distribution							CONT.420	49,000			49,000
Battery Equipment							CONT.415	328,000 30,000			328,000 30,000
Tanks, Tanks Steps, Stairs							CONT.410	50,000			50,000
N/C Lease Equipment							CONT.400 CONT.405	237,000			237,000
Downhole Lift Equipment					31HVII.41U	80,000	CONT 400	227.000	PCOIVIT.410	Oil · il	
WALKOVERS					STIMT.410	90,000	CO.41.390	5,000	PCOMT.410	O	80,000
PUMPS WALKOVERS							CONT.390	23,000			5,000
SHORT ORDERS							CONT.385	11,500		and the same of th	23,000
Packer, Nipples					3111911.400	28,000	CONT.380	11 500	r CONT.400	U	11,500
Wellhead, Tree, Chokes	DAAED 112	30,000	DVVEM. 120	30,000	STIMT.400	28,000			PCOMT.120 PCOMT.400	0	28,000
Tubing Wellhead Tree Chakes	DWEB.115	20,000	DWEA.120	20,000	STIMT.120	83,000 60,000			PCOMT.103	0	120,000
			D11LA.100	518,000	STIMT.105	82,000			PCOMT.105	0	83,000
Production Casing or Liner	D11E0.143	332,000	DWEA.100	518,000							518,000
Intermediate Casing 1	DWEB.145	392,000									392,000
Surface Casing	DWEB.140	41,000	constantina (complete complete	THE WALLEST PROPERTY OF STREET,	STORY TRACTORY BESTON, MENA	NADARATICA DI ARRADI E DI ARRIPA	инини на при на	HERIOCH CONTROL OF THE	ONCONSTRUCTOR	III INNINA COLOR C	41,000
Total Intangible Cost		3,717,000		272,000		4,565,000	3	735,000		465,320	9,754,320
Contingency		177,000		.5,000		2,000	CON.221	26,000		,	26,000
Contingency	DIDC.435	177,000	DICC.220	13,000	STIM.220	217.000	CON.220	106,500	PCOM.220	30,000	543,500
Survey							CON.515	4,000			4,000
FL/GL - Supervision							CON.505	18,000		NO.	18,000
FL/GL - Labor							CON.500	109,500		the same of the sa	109,500
FL/GL - ON PAD LABOR							CON.495	43,000		in project	43,000
Major Construction Overhead		0,000					CON.305	33,500			33,500
Well Control Insurance	DIDC.285	8,000									8,000
Legal/Regulatory/Curative	DIDC.300	10,000				3.5,000	CON.300	0			10,000
Stimulation Water/Water Transfer/Water Storage		n in in the second			STIM.395	518,000				ar ethic	518,000
Stimulation Pumping/Chemicals/Additives/Sand		300000			STIM.210	2,340,000			PCOM.210	O	2,340,000
Composite Plugs					STIM.390	96,000			PCOM.390	0	96,000
Completion Logging/Perforating/Wireline					STIM.200	386,000			PCOM.200	O	386,000
Coil Tubing Services					STIM.260	368,000			PCOM.260	O	368,000
Completion Rig					STIM.115	21,000			PCOM.115	O	21,000
Well Control Equip (Snubbing Services)	DIDC.265	119,000	DICC.240	0	STIM.240	131,000			PCOM.240	O	250,000
Solids Control	DIDC.260	102,000								nthe s	102,000
Directional Drilling Services	DIDC.245	456,000									456,000
MOB/DEMOB	DIDC.240	100,000		monto.							100,000
Overhead	DIDC.225	5,000	DICC,195	5,000							10,000
Other Misc Expenses	DIDC.220	5,000	DICC.190	5 000	21101.190	100,000	CON. 150	10,500	PCOIVI.150	U	115,500
Trailer House/Camp/Catering		40,000			STIM.190		CON.190	10.500	PCOM.190	0	
Supervision	DIDC.210	144,000	DICC.180	4,000	STIM. 180	37,000	CO14.100	10,500	. 00141.100	One	81,000
	DIDC.203		DICC.173	16,000	STIM.180	74,000	CON.173	16,500	PCOM.173	2,000	250,500
Mechanical Labor Trucking/Transportation	DIDC.205	30,000	DICC.176	8,000	STIM.175	4,000	CON.175	22,500	PCOM.175	2,000	66,500
Casing Crews Mechanical Labor	DIDC.193	20,000	DICC.170	3,000	STIM.170	0	CON.170	195,000	PCOM.170	2,500	220,500
Tubular Inspections	DIDC.195	22,000	DICC.165	15,000	STIM.165	4,000		12		Outstead	37,000
	DIDC.183	50,000	DICC.153	8,000	STIM.160	4,000			PCOM.160	0	62,000
Cementing & Float Equipment	DIDC.185	190,000	DICC.155	100,000			22/4/100	25,000			290,000
Mud Logging IPC & EXTERNAL PAINTING	DIDC.170	37,000		V			CON.165	29,000			29,000
Automation Labor	DIDC.170	27,000					CO14.130	59,000	r COIVI. 130		37,000
Flowback Labor					STIM.141	0	CON.150	FO 000	PCOM.141	80,000	59,000
Downhole Rentals	DIDC.155	230,000				0			PCOM.143	00.000	230,000 80, <b>00</b> 0
Surface Rentals		160,000	DICC. 140	0-	STIM.145		CON.140	2,500	PCOM.145	120,000	
SWD PIPED TO 3RD PARTY SWD WELL	DIDC.150	150,000	DICC.140	0	STIM.140	189,000	CON.140	2,500	PCOM.140	120,0001	471,500
Mud & Additives	DIDC. 143	400,000							PCOM.257	215,820	215,820
Water for Drilling Rig (Not Frac Water)	DIDC.145	5,000	DICC. 133	U	311141.133	24,000			r COIVI. 133	Out of the second	400,000
Fuel	DIDC.140	137,000	DICC.135	0	STIM.135	24,000			PCOM.135	O	29,000
Bits	DIDC.125	150,000	DICC.123	01	311141.123				PCOM.130	0	137,000
Misc Preparation	DIDC.125	manufacture - g	DICC.125	0	STIM.125				PCOM.125	- A	150,000
Day Rate	DIDC.113	50,000	DICC. 120	100,000							50,000
	DIDC.233	185,000 775,000	DICC.120	100,000	311141.233	33,000			T CONTLESS		875,000
Damages Mud/Fluids Disposal	DIDC.103	10,000			STIM.255	53,000	CONTINUE	2,300	PCOM.255	O <sup>s</sup>	238,000
	DIDC.100	100,000			311141.100	3,000	CON.105	2,500	r COIVI. 100	13,000	12,500
Roads & Location	DIDC.100	100 000			STIM.100	3,000	CON.100	57,000	PCOM.100	15,000	175,000
Description	Codes	Amount	Codes	Amount	Codes	Amount	Codes	Amount	Codes	Amount	Cost



# CIMAREX Authorization For Expenditure - DOS EQUIS 12-13 FEDERAL COM 73H

Damages Mud/Fluids Disposal Day Rate	Codes DIDC.100 DIDC.105 DIDC.255		Amount 100,000 10,000	Codes		Amount	Codes STIM.100		Amoun 3,000
Roads & Location Damages Mud/Fluids Disposal Day Rate Misc Preparation	DIDC.105						STIM.100		3,000
Mud/Fluids Disposal Day Rate			10,000						
Mud/Fluids Disposal Day Rate	DIDC.255	Total Control of the				1			
Day Rate		1	185,000				STIM.255		53,000
	DIDC.115	30 days at \$25,000/day	775,000	DICC.120	4 days at \$25,000/day	100,000			
WIISC FEEDALATION	DIDC.120		50,000						
Bits	DIDC.125		150,000	DICC.125		0	STIM.125		0
	The Control of the Control	1 300 ==1/d== at \$2 00/as1	Charles Institute of the			0	011111111111111111111111111111111111111		
Fuel	DIDC.135	1,300 gal/day at \$3.00/gal	137,000	0.0000000000000000000000000000000000000			CT0 4 4 2 C		24.000
Water for Drilling Rig (Not Frac Water)	DIDC.140	L	5,000	DICC.135		0	STIM.135		24,000
Mud & Additives	DIDC.145		400,000						
SWD PIPED TO 3RD PARTY SWD WELL									
Surface Rentals	DIDC.150	Per Day (BCP)/day	160,000	DICC.140		0	STIM.140		189,000
Downhole Rentals	DIDC.155		230,000			1	STIM.145		0
Flowback Labor							STIM.141		0
Automation Labor			22.00.000.000.000.000						
	DIDC 170	27 days at \$1,200/day	37,000						
Mud Logging	DIDC.170	27 days at \$1,200/day	37,000						
IPC & EXTERNAL PAINTING						0.0000.402			
Cementing & Float Equipment	DIDC.185		190,000	DICC.155		100,000			
Tubular Inspections	DIDC.190		50,000	DICC.160		8,000	STIM.160		4,000
Casing Crews	DIDC.195		22,000	DICC.165		15,000	STIM.165		0
Mechanical Labor	DIDC.200		20,000			3,000	STIM.170		0
Trucking/Transportation	DIDC.205		30,000			8,000	S∏M.175		4,000
–	E-11/11/11/11/11					16,000	STIM.180		74,000
Supervision	DIDC.210		144,000						
Trailer House/Camp/Catering	DIDC.280		40,000			4,000	STIM.280		37,000
Other Misc Expenses	DIDC.220		5,000	DICC.190	A STATE OF THE STA	0	STIM.190		100,000
Overhead	DIDC.225		5,000	DICC.195		5,000			
MO8/DEMOB	DIDC.240		100,000	1 h					
Directional Drilling Services	DIDC.245		456,000						
Solids Control	DIDC.260		102,000						
	Daniel Branches			DICC.240		0	STIM.240		131,000
Well Control Equip (Snubbing Services)	DIDC.265		119,000	DICC.240		U			
Completion Rig							S∏M.115		21,000
Coil Tubing Services	1	1					STIM.260		368,000
Completion Logging/Perforating/Wireline		900					S∏M.200		386,000
Composite Plugs							STIM.390		96,000
Stimulation		and the same of th		2 2 2 3			STIM.210		2,340,000
Stimulation Water/Water Transfer/Water							STIM.395		518,000
	DIDC.300		10.000				5111411555		310,000
Legal/Regulatory/Curative			10,000	7					
Well Control Insurance	DIDC.285	\$0.35/ft	8,000						
Major Construction Overhead		The state of the s							
FL/GL - ON PAD LABOR									
FL/GL - Labor									
FL/GL - Supervision									
Survey									101111111111111111111111111111111111111
	DIDC 435	FOO of Drilling Intensibles	177 000	DICC.220		13,000	STIM.220		217 000
Contingency	DIDC.435	500 % of Drilling Intangibles	177,000	DICC.220		13,000	\$11W.220		217,000
Contingency									ļ
Total Intangible Co	st	and the same of th	3,717,000	S. C.		272,000			4,565,000
Surface Casing	DWEB.140	10 3/4" - 1,300ft at \$31.30/ft	41,000						
Intermediate Casing 1	DWEB.145	7 5/8" - 12,530ft at \$31.00/ft	392,000						
Production Casing or Liner					5.5" x 5"" - 22,538ft at	518,000			
				1		3.0,000	STIMT 105	2 7/8" - 11,900ft at \$7.00/ft	83,000
Tubing	DIATER		20.000	DIAITA 430		30,000		2.,0 1,,50010 00 07,00710	
Wellhead, Tree, Chokes	DWEB.115		30,000	DWEA.120		30,000	STIMT.120		60,000
Packer, Nipples		253494					STIMT.400		28,000
SHORT ORDERS									
PUMPS									
WALKOVERS									
Downhole Lift Equipment							STIMT.410		80,000
				The state of the s					00,000
N/C Lease Equipment									
Tanks, Tanks Steps, Stairs									
Battery Equipment									
Secondary Containments									
Overhead Power Distribution	1								
Facility Electrical				0					
Telecommunication Equipment									
Application of the second seco									
Meters and Metering Equipment									
Facility Line Pipe									
racility Line ripe		1							
Lease Automation Materials	9								
Lease Automation Materials FL/GL - Materials	The state of the s								
Lease Automation Materials	s		463,000			548,000			251,000



## Authorization For Expenditure - DOS EQUIS 12-13 FEDERAL COM 73H

	Production Equip	THE PERSON NAMED IN THE PE	TELL	Post Completion	damen	Total
Description	Codes	Amount	Codes		Amount	Cos
Roads & Location	CON.100	57,000	PCOM.100		15,000	175,000
Damages	CON.105	2,500				12,500
Mud/Fluids Disposal			PCOM.255		0	238,000
Day Rate					1	875,000
Misc Preparation		Issuessani				50,000
			DC014435			
Bits			PCOM.125		0	150,000
Fuel			PCOM.130		0	137,000
Water for Drilling Rig (Not Frac Water)			PCOM.135		0	29,000
Mud & Additives						400,000
SWD PIPED TO 3RD PARTY SWD WELL			PCOM.257	3300 BWPD @ \$1.09/bbl for 60 days	215,820	215,820
Surface Rentals	CON.140	2,500	PCOM.140	Flowback Iron and Sand Separators @	120,000	471,500
	CON.140	2,300	PCOM.145	Tromback norraina saria separators e		
Downhole Rentals					0	230,000
Flowback Labor			PCOM.141	Flowback hands @ \$2000/day for 40 days	80,000	80,000
Automation Labor	CON.150	59,000	PCOM.150		0	59,000
Mud Logging						37,000
IPC & EXTERNAL PAINTING	CON.165	29,000				29,000
Cementing & Float Equipment					1 1000	290,000
Tubular Inspections			PCOM.160		0	62,000
			1 CON. 100		V	
Casing Crews			DOC! 1	D	1	37,000
Mechanical Labor	CON.170	195,000	PCOM.170	Roustabout Crew	2,500	220,500
Trucking/Transportation	CON.175	22,500	PCOM.175	Cleaning out Frac Tank	2,000	66,500
Supervision	CON.180	16,500	PCOM.180		0	250,500
Trailer House/Camp/Catering						81,000
	CON.190	10 500	PCOM.190		0	115,500
Other Misc Expenses	CO14.130	10,500	7 COIVI. 130		U	
Overhead						10,000
MOB/DEMOB						100,000
Directional Drilling Services						456,000
Solids Control				1		102,000
Well Control Equip (Snubbing Services)			PCOM.240		0	250,000
	200000000000000000000000000000000000000		PCOM.115	2 00000 Department of the decision of the second se	0	
Completion Rig		- 1			\$	21,000
Coil Tubing Services			PCOM.260		0	368,000
Completion Logging/Perforating/Wireline			PCOM.200		0	386,000
Composite Plugs			PCOM.390		0	96,000
Stimulation Pumping/Chemicals/Additives/Sand			PCOM.210		0	2,340,000
Stimulation Water/Water Transfer/Water						518,000
	CONTROL					
Legal/Regulatory/Curative	CON.300	0		The American Company of the Company		10,000
Well Control Insurance				1		8,000
Major Construction Overhead	CON.305	33,500			To the second	33,500
FL/GL - ON PAD LABOR	CON.495	43,000			The second second	43,000
FL/GL - Labor	CON.500	109,500			The state of the s	109,500
FL/GL - Supervision	CON.505	18,000			The state of the s	18,000
	CON.515	2				
Survey		4,000	0.0011.000			4,000
Contingency	CON.220	106,500	PCOM.220		30,000	543,500
Contingency	CON.221	26,000			-	26,000
Total Intangible Cost	THE CONTROL OF THE STATE OF THE	735,000			465,320	9,754,320
Surface Casing	ANNERS DE LE RECORDE DE LA CONTRACTOR DE CONTRACTOR DE LA		эттвеникстинивнийника	HISTORICA STATES CONTROL CONTROL ON THE STATE OF THE STATES OF THE STATE	ELEMENTE SELECTION DE LA COMPANSION DE L	41,000
Intermediate Casing 1						392,000
					le consposed e	
Production Casing or Liner			Dec. II			518,000
Tubing	manager is many annual and a second		PCOMT.105		0	83,000
Wellhead, Tree, Chokes			PCOMT.120		0	120,000
Packer, Nipples			PCOMT.400		0	28,000
SHORT ORDERS	CONT.380	11,500			and the second	11,500
	CONT.385				and the same of th	
PUMPS		23,000	10000010000000		Section 1	23,000
WALKOVERS	CONT.390	5,000			E .	5,000
Downhole Lift Equipment			PCOMT.410		0	80,000
N/C Lease Equipment	CONT.400	237,000				237,000
Tanks, Tanks Steps, Stairs	CONT.405	50,000				50,000
Battery Equipment	CONT.410	328,000				328,000
	CONT.415					30,000
Secondary Containments		30,000			1	
Overhead Power Distribution	CONT.420	49,000				49,000
Facility Electrical	CONT.425	31,500				31,500
Telecommunication Equipment	CONT.426	500				500
Meters and Metering Equipment	CONT.445	39,500				39,500
Facility Line Pipe	CONT.450	37,500				37,500
		Notice of the Party of the Part				
Lease Automation Materials	CONT.455	60,000		A STATE OF THE STA		60,000
FL/GL - Materials	CONT.550	43,500				43,500
FL/GL - Line Pipe	CONT.555	40,500				40,500
Total Tangible Cos		986,500	COLUMN PARTIES	The state of the s	0	2,248,500