



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, completing 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

A handwritten signature in black ink, appearing to be "Cody Elliott", written over a white background.



Company Entity

Date Prepared
12/3/2019

Exploration Region	Well Name	Prospect	Property Number	AFE
Permian Basin	DOS EQUIS 12-13 FEDERAL COM 73H New Mexico Bone Spring Pros (Lea)		301471-494.01	26720026

County, State	Location	Estimated Spud	Estimated Completion
Lea, NM	Sec 12-13-T24S-R32E, Lea County, NM	9/16/2020	

<input checked="" type="checkbox"/> New	Formation	Well Type	Ttl Measured Depth	Ttl Vetical Depth
<input type="checkbox"/> Supplement	Wolfcamp	DEV	22,327	12,327
<input type="checkbox"/> Revision				

Purpose Drilling and complete well

Description

Drilling Drilling 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

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.



Description	BCP - Drilling		ACP - Drilling		Comp/Stim		Production Equip		Post Completion		Total Cost
	Codes	Amount	Codes	Amount	Codes	Amount	Codes	Amount	Codes	Amount	
Roads & Location	DIDC.100	100,000			STIM.100	3,000	CON.100	57,000	PCOM.100	15,000	175,000
Damages	DIDC.105	10,000					CON.105	2,500			12,500
Mud/Fluids Disposal	DIDC.255	185,000			STIM.255	53,000			PCOM.255	0	238,000
Day Rate	DIDC.115	775,000	DICC.120	100,000							875,000
Misc Preparation	DIDC.120	50,000									50,000
Bits	DIDC.125	150,000	DICC.125	0	STIM.125	0			PCOM.125	0	150,000
Fuel	DIDC.135	137,000	DICC.130	0					PCOM.130	0	137,000
Water for Drilling Rig (Not Frac Water)	DIDC.140	5,000	DICC.135	0	STIM.135	24,000			PCOM.135	0	29,000
Mud & Additives	DIDC.145	400,000									400,000
SWD PIPED TO 3RD PARTY SWD WELL									PCOM.257	215,820	215,820
Surface Rentals	DIDC.150	160,000	DICC.140	0	STIM.140	189,000	CON.140	2,500	PCOM.140	120,000	471,500
Downhole Rentals	DIDC.155	230,000			STIM.145	0			PCOM.145	0	230,000
Flowback Labor					STIM.141	0			PCOM.141	80,000	80,000
Automation Labor							CON.150	59,000	PCOM.150	0	59,000
Mud Logging	DIDC.170	37,000									37,000
IPC & EXTERNAL PAINTING							CON.165	29,000			29,000
Cementing & Float Equipment	DIDC.185	190,000	DICC.155	100,000							290,000
Tubular Inspections	DIDC.190	50,000	DICC.160	8,000	STIM.160	4,000			PCOM.160	0	62,000
Casing Crews	DIDC.195	22,000	DICC.165	15,000	STIM.165	0					37,000
Mechanical Labor	DIDC.200	20,000	DICC.170	3,000	STIM.170	0	CON.170	195,000	PCOM.170	2,500	220,500
Trucking/Transportation	DIDC.205	30,000	DICC.175	8,000	STIM.175	4,000	CON.175	22,500	PCOM.175	2,000	66,500
Supervision	DIDC.210	144,000	DICC.180	16,000	STIM.180	74,000	CON.180	16,500	PCOM.180	0	250,500
Trailer House/Camp/Catering	DIDC.280	40,000	DICC.255	4,000	STIM.280	37,000					81,000
Other Misc Expenses	DIDC.220	5,000	DICC.190	0	STIM.190	100,000	CON.190	10,500	PCOM.190	0	115,500
Overhead	DIDC.225	5,000	DICC.195	5,000							10,000
MOB/DEMOB	DIDC.240	100,000									100,000
Directional Drilling Services	DIDC.245	456,000									456,000
Solids Control	DIDC.260	102,000									102,000
Well Control Equip (Snubbing Services)	DIDC.265	119,000	DICC.240	0	STIM.240	131,000			PCOM.240	0	250,000
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	386,000			PCOM.200	0	386,000
Composite Plugs					STIM.390	96,000			PCOM.390	0	96,000
Stimulation Pumping/Chemicals/Additives/Sand					STIM.210	2,340,000			PCOM.210	0	2,340,000
Stimulation Water/Water Transfer/Water Storage					STIM.395	518,000					518,000
Legal/Regulatory/Curative	DIDC.300	10,000					CON.300	0			10,000
Well Control Insurance	DIDC.285	8,000									8,000
Major Construction Overhead							CON.305	33,500			33,500
FL/GL - ON PAD LABOR							CON.495	43,000			43,000
FL/GL - Labor							CON.500	109,500			109,500
FL/GL - Supervision							CON.505	18,000			18,000
Survey							CON.515	4,000			4,000
Contingency	DIDC.435	177,000	DICC.220	13,000	STIM.220	217,000	CON.220	106,500	PCOM.220	30,000	543,500
Contingency							CON.221	26,000			26,000
Total Intangible Cost		3,717,000		272,000		4,565,000		735,000		465,320	9,754,320
Surface Casing	DWEB.140	41,000									41,000
Intermediate Casing 1	DWEB.145	392,000									392,000
Production Casing or Liner			DWEA.100	518,000							518,000
Tubing					STIMT.105	83,000			PCOMT.105	0	83,000
Wellhead, Tree, Chokes	DWEB.115	30,000	DWEA.120	30,000	STIMT.120	60,000			PCOMT.120	0	120,000
Packer, Nipples					STIMT.400	28,000			PCOMT.400	0	28,000
SHORT ORDERS							CONT.380	11,500			11,500
PUMPS							CONT.385	23,000			23,000
WALKOVERS							CONT.390	5,000			5,000
Downhole Lift Equipment					STIMT.410	80,000			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
Secondary Containments							CONT.415	30,000			30,000
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
Lease Automation Materials							CONT.455	60,000			60,000
FL/GL - Materials							CONT.550	43,500			43,500
FL/GL - Line Pipe							CONT.555	40,500			40,500
Total Tangible Cos		463,000		548,000		251,000		986,500		0	2,248,500
Total Estimated Cost		4,180,000		820,000		4,816,000		1,721,500		465,320	12,002,820



Description	BCP - Drilling			ACP - Drilling			Comp/Stim	
	Codes		Amount	Codes		Amount	Codes	Amount
Roads & Location	DIDC.100		100,000				STIM.100	3,000
Damages	DIDC.105		10,000					
Mud/Fluids Disposal	DIDC.255		185,000				STIM.255	53,000
Day Rate	DIDC.115	30 days at \$25,000/day	775,000	DICC.120	4 days at \$25,000/day	100,000		
Misc Preparation	DIDC.120		50,000					
Bits	DIDC.125		150,000	DICC.125		0	STIM.125	0
Fuel	DIDC.135	1,300 gal/day at \$3.00/gal	137,000	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		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				STIM.145	0
Flowback Labor							STIM.141	0
Automation Labor								
Mud Logging	DIDC.170	27 days at \$1,200/day	37,000					
IPC & EXTERNAL PAINTING								
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	DICC.170		3,000	STIM.170	0
Trucking/Transportation	DIDC.205		30,000	DICC.175		8,000	STIM.175	4,000
Supervision	DIDC.210		144,000	DICC.180		16,000	STIM.180	74,000
Trailer House/Camp/Catering	DIDC.280		40,000	DICC.255		4,000	STIM.280	37,000
Other Misc Expenses	DIDC.220		5,000	DICC.190		0	STIM.190	100,000
Overhead	DIDC.225		5,000	DICC.195		5,000		
MOB/DEMOB	DIDC.240		100,000					
Directional Drilling Services	DIDC.245		456,000					
Solids Control	DIDC.260		102,000					
Well Control Equip (Snubbing Services)	DIDC.265		119,000	DICC.240		0	STIM.240	131,000
Completion Rig							STIM.115	21,000
Coil Tubing Services							STIM.260	368,000
Completion Logging/Perforating/Wireline							STIM.200	386,000
Composite Plugs							STIM.390	96,000
Stimulation							STIM.210	2,340,000
Stimulation Water/Water Transfer/Water							STIM.395	518,000
Legal/Regulatory/Curative	DIDC.300		10,000					
Well Control Insurance	DIDC.285	\$0.35/ft	8,000					
Major Construction Overhead								
FL/GL - ON PAD LABOR								
FL/GL - Labor								
FL/GL - Supervision								
Survey								
Contingency	DIDC.435	500 % of Drilling Intangibles	177,000	DICC.220		13,000	STIM.220	217,000
Contingency								
Total Intangible Cost			3,717,000			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				DWEA.100	5.5" x 5"" - 22,538ft at	518,000	STIMT.105	2 7/8" - 11,900ft at \$7.00/ft
Tubing								
Wellhead, Tree, Chokes	DWEB.115		30,000	DWEA.120		30,000	STIMT.120	60,000
Packer, Nipples							STIMT.400	28,000
SHORT ORDERS								
PUMPS								
WALKOVERS								
Downhole Lift Equipment							STIMT.410	80,000
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								
Total Tangible Cos			463,000			548,000		251,000
Total Estimated Cost			4,180,000			820,000		4,816,000



Description	Production Equip			Post Completion			Total
	Codes		Amount	Codes		Amount	Cost
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							875,000
Misc Preparation							50,000
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
Downhole Rentals				PCOM.145		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							290,000
Tubular Inspections				PCOM.160		0	62,000
Casing Crews							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
Other Misc Expenses	CON.190		10,500	PCOM.190		0	115,500
Overhead							10,000
MOB/DEMOB							100,000
Directional Drilling Services							456,000
Solids Control							102,000
Well Control Equip (Snubbing Services)				PCOM.240		0	250,000
Completion Rig				PCOM.115		0	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
Legal/Regulatory/Curative	CON.300		0				10,000
Well Control Insurance							8,000
Major Construction Overhead	CON.305		33,500				33,500
FL/GL - ON PAD LABOR	CON.495		43,000				43,000
FL/GL - Labor	CON.500		109,500				109,500
FL/GL - Supervision	CON.505		18,000				18,000
Survey	CON.515		4,000				4,000
Contingency	CON.220		106,500	PCOM.220		30,000	543,500
Contingency	CON.221		26,000				26,000
Total Intangible Cost			735,000			465,320	9,754,320
Surface Casing							41,000
Intermediate Casing 1							392,000
Production Casing or Liner							518,000
Tubing				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				11,500
PUMPS	CONT.385		23,000				23,000
WALKOVERS	CONT.390		5,000				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
Secondary Containments	CONT.415		30,000				30,000
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
Lease Automation Materials	CONT.455		60,000				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			0	2,248,500
Total Estimated Cost			1,721,500			465,320	12,002,820