



## Authorization For Expenditure

Company/Entity	Date Prepared
Cimarex Energy Co.	February 25, 2011

Region	Well Name	Well No.	Prospect or Field Name	Property Number	Drilling AFE No.
Permian	Alaska 29 Fee	5	Paddock Extension-West		

Location	County	State	Oil	X	Expl	X
Sec. 29 - 18S - 26E	Eddy	NM	Gas		Prod	

Estimate Type	Est. Start Date	Est. Comp Date	Formation	Trl. Measured Depth
Original Estimate			Glorieta/Yeso	3,000'
Revised Estimate				Trl. Vertical Depth
Supplemental Estimate				3,000'

Project Description
Drill and complete a Glorieta/Yeso vertical hole well.

Intangibles	Dry Hole Cost	After Casing Point	Completed Well Cost
Drilling Costs	\$387,600		\$387,600
Completion Costs		\$614,000	\$614,000
Total Intangible Costs	\$387,600	\$614,000	\$1,001,600

Tangibles			
Well Equipment	\$26,000	\$280,000	\$306,000
Lease Equipment		\$69,500	\$69,500
Total Tangible Well Cost	\$26,000	\$349,500	\$375,500

Plug and Abandon Cost	\$30,000	-\$30,000	\$0
Total Well Cost	\$443,600	\$933,500	\$1,377,100

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.
<input type="checkbox"/> I elect to purchase my own well control insurance policy.
Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

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.
<input type="checkbox"/> I elect to take my gas in kind.
<input type="checkbox"/> I elect to market my gas with Cimarex pursuant to the terms and conditions of its contracts.

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.

Cimarex Energy Co. Approval		
Prepared by	Drilling and Completion Manager	Regional Manager
Ryan Braxton	Doug Park	Roger Alexander

Joint Interest Approval		
Company	By	Date

Oil Conservation Division  
Case No. 5  
Exhibit No. 5



## Project Cost Estimate

Lease Name: Alaska 29 Fee

Well No.:

5

Intangibles	Codes	Dry Hole Cost	Codes	After Casing Point	Completed Well Cost
Roads & Location Preparation / Restoration	E.D. 100	\$30,000	DICC 100	\$3,500	\$33,500
Damages	DICC 105	\$4,000	DICC 105	\$1,000	\$5,000
Mud / Fluids Disposal Charges	D.D. 115	\$30,000	DICC 115	\$13,000	\$43,000
Day Rate	5 Dr Days	2 CP Days @	13,500 Per Day		
Misc Preparation Cost (mouse hole, rat hole, oads, pile clusters, misc.)	E.D. 120	\$12,000			\$12,000
Bits	2.47 14.5	\$15,000	DICC 121	\$0	\$15,000
Fuel	\$2.80 Per Gallon	800 Gallons Per Day	DICC 125	\$4,000	\$15,000
Water / Completion Fluids		1,900 Per Day	DICC 126	\$63,000	\$73,000
Mud & Additives			DICC 127		\$12,500
Surface Rentals		1,000 Per Day	DICC 128	\$40,000	\$45,000
Dryhole Rentals			DICC 129	\$32,000	\$48,000
Formation Evaluation (OST, Coring including evaluation, G&G Services)					\$0
Mud Logging		\$2 Days @	1,200 Per Day		\$4,500
Open Hole Logging			DICC 130		\$20,000
Cementation & Float Equipment			DICC 131	\$20,000	\$35,000
Tubular Inspections			DICC 132	\$1,000	\$3,000
Casing Crews			DICC 133	\$5,000	\$10,000
Extra Labor, Welding, Etc.			DICC 134	\$10,000	\$13,000
Land Transportation (Trucking)			DICC 135	\$5,000	\$8,000
Supervision		1 Per Day	DICC 136	\$12,000	\$24,000
Trailer House / Camp / Catering		700 Per Day	DICC 137	\$1,000	\$5,000
Other Misc Expenses			DICC 138	\$2,000	\$4,000
Overhead		300 Per Day	DICC 139	\$2,000	\$4,000
Re-meal Cementing			DICC 140	\$0	\$0
WOB/DEMOB			DICC 141	\$45,000	\$45,000
Directional Drilling Services		0 Days @	8,000 Per Day		\$0
Dock, Dispatcher, Crane			DICC 142	\$0	\$0
Marine & Air Transportation			DICC 143	\$0	\$0
Solids Control		3,000 Per Day	DICC 144	\$15,000	\$15,000
Well Control Equip (Snubbing Svcs)			DICC 145	\$3,500	\$15,500
Fishing & Sidetrack Operations			DICC 146	\$0	\$0
Completion Rig		3 Days @	3,500 Per Day	\$10,500	\$10,500
Coil Tubing		Days @		\$0	\$0
Completion Logging, Perforating, WL Units, WL Surveys			DICC 147	\$10,000	\$10,000
Stimulation			DICC 148	\$258,000	\$258,000
Legal / Regulatory / Curative			DICC 149	\$0	\$10,000
Well Control Insurance		\$0.35 Per Foot	DICC 150	\$1,000	\$1,000
Contingency		5% of Drilling Intangibles	DICC 151	\$25,000	\$14,000
Construction For Well Equipment			DICC 152	\$6,500	\$6,500
Construction For Lease Equipment			DICC 153	\$52,500	\$52,500
Construction For Sales P/L			DICC 154	\$5,500	\$5,500
Total Intangible Cost				\$387,600	\$1,001,600

Tangible - Well Equipment					
Casing	Size	Feet	\$ / Foot		
Drive Pipe	20 "	40.00	\$100.00	DWFA 100	\$0
Conductor Pipe	0 "	0.00	\$0.00	DWFA 101	\$0
Water String	0 "	0.00	\$0.00	DWFA 102	\$0
Surface Casing	8 5/8"	950.00	\$22.18	DWFA 103	\$21,000
Intermediate Casing	0 "	0.00	\$0.00	DWFA 104	\$0
Drilling Liner	0 "	0.00	\$0.00	DWFA 105	\$0
Drilling Liner	0 "	0.00	\$0.00	DWFA 106	\$0
Production Casing or Liner	5 1/2"	3000.00	\$19.93	DWFA 107	\$60,000
Production Tie-back	0 "	0.00	\$0.00	DWFA 108	\$0
Tubing	2 7/8"	2300.00	\$6.83	DWFA 109	\$16,000
N/C Well Equipment				DWFA 110	\$6,500
Wellhead, Tree, Chokes				DWFA 111	\$10,000
Liner Hanger, Isolation Packer				DWFA 112	\$0
Packer, Ripples				DWFA 113	\$0
Pumping Unit, Engine				DWFA 114	\$125,000
Lift Equipment (BHP, Rods, Anchors)				DWFA 115	\$62,500
Tangible - Lease Equipment					
N/C Lease Equipment				DWFA 116	\$21,000
Tanks, Tanks Steps, Stairs				DWFA 117	\$13,500
Battery (Heater Treater, Separator, Gas Treating Equipment)				DWFA 118	\$29,500
Flow Lines (Line Pipe from wellhead to central facility)				DWFA 119	\$5,500
Offshore Production Structure for Facilities				DWFA 120	\$0
Pipeline to Sales				DWFA 121	\$0
Total Tangibles				\$26,000	\$349,500

P&A Costs		\$30,000	DICC 125	-\$30,000	\$0
Total Cost		\$443,600		\$933,500	\$1,377,100