

Cimarex Energy Co.

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432.571.7800

Brooks
File
Case 14921



January 15, 2013

Via: U.S. Certified Mail-Return Receipt No. 91 7108 2133 3938 9333 6039

The Dow Chemical Company
Attn: Jere H. Dial
P.O. Box 4286
Houston, Texas 77210-4286

Re: Snoddy Federal No. 21H- Compulsory Pooling Well Proposal
Township 20 South, Range 32 East, N.M.P.M.
Section: 20
Lea County, New Mexico

Dear Pooled Working Interest Owner:

This proposal is being submitted to you in accordance with Compulsory Pooling Order No. R-13670. A copy of the Order is enclosed herewith. As a pooled working interest owner under the Order, you have the right to participate in the above-captioned well (the "Well") by paying your share of estimated well costs within 30 days of your receipt of this proposal.

Accordingly, enclosed herewith is an itemized schedule of estimated costs to drill, complete and equip the Well. If you elect to participate in the Well as a pooled working interest owner, please remit payment for your share of estimated well costs to the attention of the undersigned at the above-letterhead address. Be advised that failure to pay your share of estimated well costs within 30 days of your receipt of this proposal will result in you being a non-consenting working interest owner in the Well.

Please contact the undersigned at (432) 571-7856 if you should have any questions in regard to this proposal.

Respectfully Submitted,

Cimarex Energy Co.

A handwritten signature in black ink, appearing to read "Hayden P. Tresner".

Hayden P. Tresner
Landman

Snoddy Federal No. 21H- Compulsory Pooling Well Proposal

Township 20 South, Range 32 East, N.M.P.M.

Section: 20

Lea County, New Mexico

CC: Oil Conservation Division (Ref. Case No. 14921; Order No. R-13670)

Attn: Florene Davidson

1220 South St. Francis Drive

Santa Fe, New Mexico 87505

James Bruce

P.O. Box 1056

Santa Fe, New Mexico 87504



Authorization For Expenditure

Company Entry
Cimarex Energy Co.

Date Prepared
March 1, 2012

Region	Well Name	Well No.	Prospect or Field Name	Property Number	Drilling AFE No.
Permian	Snoddy Federal	21H	Mitchell		

Location	County	State	Type Well		
Est SHL: 768 FNL & 555 FEL Sec 26, 20S-32E Est BHL: 330 FSL & 526 FEL Sec 26, 20S-32E	Lea	NM	Oil	x	Expl
			Gas		Prod

Estimate Type	Est. Start Date	Est. Comp. Date	Formation	Tot. Measured Depth
Original Estimate			Bone Spring	14,300'
Revised Estimate				Tot. Vertical Depth
Supplemental Estimate				9,900'

Project Description
Drill and complete a Bone spring horizontal well . Potash 4 string design.

Intangibles	Dry Hole Cost	After Casing Point	Completed Well Cost
Drilling Costs	\$2,066,950		\$2,066,950
Completion Costs		\$2,981,400	\$2,981,400
Total Intangible Costs	\$2,066,950	\$2,981,400	\$5,048,350

Tangibles			
Well Equipment	\$696,000	\$618,500	\$1,314,500
Lease Equipment		\$166,750	\$166,750
Total Tangible Well Cost	\$696,000	\$785,250	\$1,481,250

Plug and Abandon Cost	\$150,000	-\$150,000	\$0
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Total Well Cost	\$2,912,950	\$3,616,650	\$6,529,600
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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.

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.

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
Mark Audas	Doug Park	Roger Alexander

Joint Interest Approval

Company	By	Date



Project Cost Estimate

Lease Name: Snoddy Federal

Well No.: 21H

Intangibles	Codes	Day Hole Cost	Codes	After Casing Point	Completed Well Cost		
Roads & Location Preparation / Restoration	DIDC.100	\$60,000	DICC.100	\$3,000	\$63,000		
Damages	DIDC.105	\$1,000	DICC.105		\$1,000		
Mud / Fluids Disposal Charges	DIDC.255	\$50,000	DICC.235	\$80,000	\$130,000		
Day Rate	35 DH Days	3.5 ACP Days @	DIDC.115	\$665,000	DICC.120	\$67,000	\$732,000
Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.)	DIDC.120	\$5,000			\$5,000		
Bits	DIDC.125	\$65,000	DICC.125	\$1,000	\$66,000		
Fuel	\$3.70 Per Gallon	Gallons Per Day	DIDC.135	\$117,000	DICC.130	\$1,000	\$118,000
Water / Completion Fluids	DIDC.140	\$33,250	DICC.135	\$147,000	\$180,250		
Mud & Additives	DIDC.145	\$84,700			\$84,700		
Surface Rentals	DIDC.150	\$54,000	DICC.140	\$147,000	\$201,000		
Downhole Rentals	DIDC.155	\$125,000	DICC.145	\$36,000	\$161,000		
Formation Evaluation (DST, Coring including evaluation, G&G Services)	DIDC.160				\$0		
Mud Logging	\$1,200 Days @	20 Per Day	DIDC.170	\$28,000		\$28,000	
Open Hole Logging	DIDC.180	\$15,000			\$15,000		
Cementing & Float Equipment	DIDC.185	\$98,000	DICC.155	\$86,000	\$184,000		
Tubular Inspections	DIDC.190	\$5,000	DICC.160	\$5,000	\$10,000		
Casing Crews	DIDC.195	\$18,000	DICC.165	\$18,000	\$36,000		
Extra Labor, Welding, Etc.	DIDC.200	\$11,000	DICC.170	\$10,400	\$21,400		
Land Transportation (Trucking)	DIDC.205	\$11,000	DICC.175	\$7,000	\$18,000		
Supervision	Per Day	DIDC.210	\$66,000	DICC.180	\$32,000	\$98,000	
Trailer House / Camp / Catering	Per Day	DIDC.280	\$35,000	DICC.255	\$4,000	\$39,000	
Other Misc Expenses	DIDC.220	\$2,000	DICC.190	\$7,000	\$9,000		
Overhead	300 Per Day	DIDC.225	\$12,000	DICC.195	\$3,000	\$15,000	
Remedial Cementing	DIDC.231		DICC.215		\$0		
MOB/DEMOB	DIDC.240	\$110,000			\$110,000		
Directional Drilling Services	14 Days @	12,800 Per Day	DIDC.245	\$204,000		\$204,000	
Dock, Dispatcher, Crane	DIDC.250		DICC.230		\$0		
Marine & Air Transportation	DIDC.275		DICC.250		\$0		
Solids Control	Per Day	DIDC.260	\$46,000		\$46,000		
Well Control Equip (Snubbing Svcs.)	DIDC.265	\$30,000	DICC.240	\$25,000	\$55,000		
Fishing & Sidetrack Operations	DIDC.270	\$0	DICC.245		\$0		
Completion Rig	6 Days @	3,400 Per Day		DICC.115	\$32,000	\$32,000	
Coil Tubing	1 Days @	Per Day		DICC.260	\$45,000	\$45,000	
Completion Logging, Perforating, WL Units, WL Surveys				DICC.200	\$70,000	\$70,000	
Stimulation				DICC.210	\$2,010,000	\$2,010,000	
Legal / Regulatory / Curative	DIDC.300	\$13,000	DICC.230		\$13,000		
Well Control Insurance	\$0.35 Per Foot	DIDC.285	\$5,000		\$5,000		
Contingency	5% of Drilling Intangibles	DIDC.435	\$98,000	DICC.220	\$50,000	\$148,000	
Construction For Well Equipment				DWEA.110	\$10,000	\$10,000	
Construction For Lease Equipment				DLEQ.110	\$75,000	\$75,000	
Construction For Sales P/L				DICC.265	\$10,000	\$10,000	
Total Intangible Cost			\$2,066,950	\$2,981,400	\$5,048,350		

Tangible - Well Equipment	Size	Feet	\$ / Foot	Codes	Cost	Codes	Cost
Casing							
Drive Pipe	36"	120.00	\$180.00	DWEB.150	\$22,000		\$22,000
Conductor Pipe				DWEB.130	\$0		\$0
Water String	20"	1090.00	\$136.78	DWEB.135	\$149,000		\$149,000
Surface Casing	13-3/8"	3524.00	\$83.03	DWEB.140	\$293,000		\$293,000
Intermediate Casing	9 5/8"	5200.00	\$42.13	DWEB.145	\$219,000		\$219,000
Drilling Liner				DWEB.145	\$0		\$0
Drilling Liner				DWEB.145	\$0		\$0
Production Casing or Liner	5 1/2"	14000.00	\$20.54			DWEA.100	\$291,000
Production Tie-Back						DWEA.100	\$0
Tubing	2 7/8"	9000.00	\$8.14			DWEA.105	\$73,000
N/C Well Equipment						DWEA.115	\$72,500
Wellhead, Tree, Chokes				DWEB.115	\$13,000	DWEA.120	\$18,000
Liner Hanger, Isolation Packer				DWEB.100	\$0	DWEA.125	\$10,000
Packer, Nipples						DWEA.130	\$0
Pumping Unit, Engine						DLEQ.100	\$145,000
Lift Equipment (BHP, Rods, Anchors)						DLEQ.105	\$9,000
N/C Lease Equipment						DLEQ.115	\$64,500
Tanks, Tanks Steps, Stairs						DLEQ.120	\$64,250
Battery (Heater Treater, Separator, Gas Treating Equipment)						DLEQ.125	\$32,500
Flow Lines (Line Pipe from wellhead to central facility)						DLEQ.130	\$5,500
Offshore Production Structure for Facilities						DWEA.135	\$0
Pipeline to Sales						DWEA.140	\$0
Total Tangibles					\$696,000		\$785,250
P&A Costs				DIDC.295	\$150,000	DICC.275	-\$150,000
Total Cost					\$2,912,950		\$3,616,650