

Cimarex Energy Co.

600 N. Marientfeld St

Suite 600

Midland, TX 79701

MA 432.571.7800

November 16, 2016



Estate of Earl R Lyle
6700 E Cedar Ave A
Denver, Colorado 80222

**Re: Proposal to Drill
Hackberry 26 Fed Com 2H
SE/4NE/4 Section 28, S/2N/2 Section 27, S/2N/2 Section 26, Township 19 South,
Range 30 East, Eddy County, NM**

Dear Working Interest Owner,

Cimarex Energy Co. hereby proposes to drill the Hackberry 26 Fed Com 2H well at a legal location in Section 26, Township 19 South, Range 30 East, NMPM, Eddy Co., NM.


The intended surface hole location for the well is 1980' FNL and 180' FWL of Section 26, Township 19 South, Range 30 East, and the intended bottom hole location is 1980' FNL and 990' FEL of Section 28, Township 19 South, Range 30 East. The well is proposed to be drilled vertically to a depth of approximately 8,550' to the Second Bone Spring formation and laterally in a westerly direction within the formation to the referenced bottom hole location. Total measured depth of the well is proposed to be approximately 20,146' feet from surface to terminus.

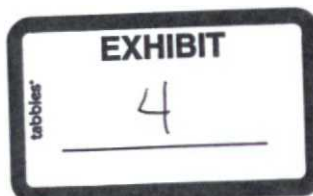
It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Cimarex's intended procedure. Cimarex will advise you of any such modifications.

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 Hackberry 26 Fed Com 2H well, and; (iii) Communization Agreement. If you intend to participate, please approve and return one (1) original of the enclosed AFE, one (1) original of the signature page to the Operating Agreement, and four (4) originals of the signature pages to the Communization 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.

Please call the undersigned with any questions or comments.

Respectfully,


Kelly Reese, CPL
432.620.1966



**ELECTION TO PARTICIPATE
Hackberry 26 Fed Com 2H**

_____ Estate of Earl R Lyle elects **TO** participate in the proposed Hackberry 26 Fed Com 2H well.

_____ Estate of Earl R Lyle elects **NOT** to participate in the proposed Hackberry 26 Fed Com 2H well.

Dated this _____ day of _____, 2016..

Signature: _____

Title: _____

If your election above is TO participate in the proposed Hackberry 26 Fed Com 2H well, then:

_____ Estate of Earl R Lyle elects **TO** be covered by well control insurance procured by Cimarex Energy Co.

_____ Estate of Earl R Lyle 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.



Authorization For Expenditure

COPY

Company Entity	Date Prepared
MAGNUM HUNTER PRODUCTION, INC.	10/10/2016

Region	Well Name	Prospect or Field Name	Property Number	Drilling AFE No.
Permian Basin	HACKBERRY 26 FED COM 2H	NEW MEXICO BONE SPRING PROS (EDDY)	309775-229.01	2615022

Location	County	State	Type Well
SHL: 1980 FNL & 180 FWL, Sec. 26-T195-R30E; BHL: 1980 FNL & 995 FEL, Sec. 28-T195-R30E	Eddy	NM	Oil <input checked="" type="checkbox"/> Expl <input checked="" type="checkbox"/> Gas <input type="checkbox"/> Prod <input type="checkbox"/>

Estimate Type	Est. Start Date	Est. Comp Date	Formation	TII Measured Depth
Original Estimate	02/01/2017	05/01/2017	2nd Bone Spring	18,246'
Revised Estimate				TII Vertical Depth
Supplemental Estimate				8,550'

Project Description
Drill and complete a horizontal test. Drill to 350' set surface casing. Drill to 1930' set intermediate casing. Drill to 3475' set intermediate 2 casing. Drill to 8073' (KOP). Run OH Logs. Drill curve at 12"/100' initial build rate to +/- 90 degrees and 8550' TVD and drill a +/- 9420' long lateral in the bone spring formation. Run and cement production casing. Stage frac in 33 stages. Drill out plugs. Run production tubing and ESP.

Intangibles	Dry Hole Cost	After Casing Point	Completed Well Cost
Drilling Costs	\$2,258,000		\$2,258,000
Completion Costs		\$5,189,000	\$5,189,000
Total Intangible Costs	\$2,258,000	\$5,189,000	\$7,447,000

Tangibles			
Well Equipment	\$197,000	\$429,000	\$626,000
Lease Equipment		\$681,000	\$681,000
Total Tangible Well Cost	\$197,000	\$1,110,000	\$1,307,000

Plug and Abandon Cost	\$0	\$0	\$0
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Total Well Cost	\$2,455,000	\$6,299,000	\$8,754,000
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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.
<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. 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.
<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 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.

Cimarex Energy Co. Approval

Prepared by	Drilling and Completion Manager	Regional Manager

Joint Interest Approval

Company	By	Date



Project Cost Estimate

Lease Name:

Intangibles	BCP - Drilling		ACP - Drilling		Completion / Stimulation	
	Codes	(Dry Hole Cost)	Codes		Codes	
Roads & Location Preparation / Restoration	D1DC.100	\$180,000			STIM.100	\$5,000
Damages	D1DC.105	\$10,000				
Mud / Fluids Disposal Charges	D1DC.255	\$135,000			STIM.255	\$39,000
Day Rate 25.50 DH Days 4.00 ACP Days @ \$18,000.00 Per Day	D1DC.115	\$477,000	D1CC.120	\$72,000		
Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.)	D1DC.120	\$25,000				
Bits	D1DC.125	\$65,000	D1CC.125	\$0	STIM.125	\$0
Fuel \$1.30 Per Gallon ##### Gallons Per Day	D1DC.135	\$63,000	D1CC.130	\$0		
Water for Drilling Rig / Completion Fluids (Not Frac Water)	D1DC.140	\$3,000	D1CC.135	\$0	STIM.135	\$175,000
Mud & Additives	D1DC.145	\$185,000				
Surface Rentals	D1DC.150	\$43,000	D1CC.140	\$0	STIM.140	\$117,000
Downhole Rentals	D1DC.155	\$88,000			STIM.145	\$50,000
Formation Evaluation (DST, Coring including evaluation, G&G Services)	D1DC.160	\$0			STIM.150	\$0
Mud Logging 24.75 Days @ \$1,200.00 Per Day	D1DC.170	\$35,000				
Open Hole Logging	D1DC.180	\$25,000				
Cementing & Float Equipment	D1DC.185	\$80,000	D1CC.155	\$70,000		
Tubular Inspections	D1DC.190	\$30,000	D1CC.160	\$5,000	STIM.160	\$2,000
Casing Crews	D1DC.195	\$15,000	D1CC.165	\$30,000	STIM.165	\$0
Extra Labor, Welding, Etc.	D1DC.200	\$15,000	D1CC.170	\$5,000	STIM.170	\$0
Land Transportation (Trucking for tangibles)	D1DC.205	\$18,000	D1CC.175	\$15,000	STIM.175	\$2,000
Supervision \$0.00 Per Day	D1DC.210	\$110,000	D1CC.180	\$14,000	STIM.180	\$84,000
Trailer House / Camp / Catering	D1DC.280	\$20,000	D1CC.255	\$2,000	STIM.280	\$9,000
Other Misc Expenses	D1DC.220	\$3,000	D1CC.190	\$0	STIM.190	\$0
Overhead	D1DC.225	\$10,000	D1CC.195	\$5,000		
Remedial Cementing	D1DC.231	\$0			STIM.215	\$0
MOB/DEMOB	D1DC.240	\$150,000				
Directional Drilling Services	D1DC.245	\$222,000				
Crane for Construction						
Solids Control	D1DC.260	\$37,000				
Well Control Equip (Snubbing Svcs.)	D1DC.265	\$89,000	D1CC.240	\$0	STIM.240	\$29,000
Fishing & Sidetrack Operations	D1DC.270	\$0	D1CC.245	\$0	STIM.245	\$0
Completion Rig					STIM.115	\$9,000
Coil Tubing					STIM.260	\$250,000
Completion Logging, Perforating, WL Units, WL Surveys					STIM.200	\$115,000
Composite Plugs					STIM.390	\$53,000
Stimulation Pumping Charges, Chemicals, Additives, Sand					STIM.210	\$2,688,000
Stimulation Water / Water Transfer / Water Storage					STIM.395	\$500,000
Cimarex Owned Frac / Rental Equipment					STIM.305	\$20,000
Legal / Regulatory / Curative	D1DC.300	\$10,000				
Well Control Insurance \$0.35 Per Foot	D1DC.285	\$7,000				
Contingency 5.0 % of Drilling Intangibles	D1DC.435	\$108,000	D1CC.220	\$11,000	STIM.220	\$207,000
Construction For Flow Lines						
Construction For Sales P/L						
Total Intangible Cost		\$2,258,000		\$229,000		\$4,354,000

Tangible - Well Equipment							
	Size	Feet	\$ / Foot				
Casing							
Drive Pipe	0	0.00	\$0.00	DWEB.150	\$0		
Conductor Pipe	0	0.00	\$0.00	DWEB.130	\$0		
Water String	0	0.00	\$0.00	DWEB.135	\$0		
Surface Casing	20	350.00	\$62.00	DWEB.140	\$22,000		
Intermediate Casing 1	13.375	1930.00	\$36.00	DWEB.145	\$69,000		
Intermediate Casing 2	9.625	3475.00	\$22.00	DWEB.155	\$76,000		
Drilling Liner	0	0.00	\$0.00	DWEB.160	\$0		
Production Casing or Liner	5.5	18838.00	\$15.00		DWEA.100	\$283,000	
Production Tie-Back	0	0.00	\$0.00		DWEA.165	\$0	
Tubing	2.375	8170.00	\$5.00		STIMT.101	\$0	
Wellhead, Tree, Chokes				DWEB.115	\$30,000	DWEA.120	\$30,000
Liner Hanger, Isolation Packer				DWEB.100	\$0	DWEA.125	\$0
Packer, Nipples						STIMT.400	\$15,000
Pumping Unit, Engine						STIMT.405	\$0
Downhole Lift Equipment (BHP, Rods, Anchors, ESP, GVLs, PC Pump)						STIMT.410	\$35,000
Tangible - Lease Equipment							
N/C Lease Equipment							
Tanks, Tanks Steps, Stairs							
Battery (Heater Treater, Separator, Gas Treating Equipment)							
Secondary Containments							
Overhead Power Distribution (electric line to facility)							
Facility Electrical & Automation							
SWD Connection							
Flow Lines (Line Pipe from wellhead to central facility)							
Pipeline to Sales							
Meters and Metering Equipment							
Total Tangibles					\$197,000	\$313,000	\$116,000

P&A Costs	D1DC.295	\$0	D1CC.275	\$0		
Total Cost		\$2,455,000		\$542,000		\$4,470,000



Project Cost Estimate

Lease Name:

Intangibles	Production		Post		Total Well Cost
	Coils	Equipment / Construction	Codes	Completion	
Roads & Location Preparation / Restoration	CON.100	\$9,500	PCOM.100	\$15,000	\$209,500
Damages	CON.105	\$7,500			\$17,500
Mud / Fluids Disposal Charges			PCOM.255	\$49,000	\$223,000
Day Rate 25.50 OH Days 4.00 ACP Days @ \$18,000.00 Per Day					\$549,000
Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.)					\$25,000
Bits			PCOM.125	\$0	\$65,000
Fuel \$1.30 Per Gallon # Gallons Per Day			PCOM.130	\$0	\$63,000
Water for Drilling Rig / Completion Fluids (Not Frac Water)			PCOM.135	\$0	\$178,000
Mud & Additives					\$185,000
Surface Rentals	CON.140	\$8,500	PCOM.140	\$40,000	\$208,500
Downhole Rentals			PCOM.145	\$0	\$138,000
Formation Evaluation (DST, Coring including evaluation, G&G Services)					\$0
Mud Logging 24.75 Days @ \$1,200.00 Per Day					\$35,000
Open Hole Logging					\$25,000
Cementing & Float Equipment					\$150,000
Tubular Inspections			PCOM.160	\$0	\$37,000
Casing Crews					\$45,000
Extra Labor, Welding, Etc.	CON.170	\$210,000	PCOM.170	\$42,000	\$272,000
Land Transportation (Trucking for tangibles)	CON.175	\$6,500	PCOM.175	\$0	\$41,500
Supervision \$0.00 Per Day	CON.180	\$29,000	PCOM.180	\$0	\$237,000
Trailer House / Camp / Catering					\$31,000
Other Misc Expenses	CON.190	\$0	PCOM.190	\$0	\$3,000
Overhead					\$15,000
Remedial Cementing			PCOM.215	\$0	\$0
MOB/DEMOB					\$150,000
Directional Drilling Services					\$222,000
Crane for Construction	CON.230	\$3,000			\$3,000
Solids Control					\$37,000
Well Control Equip (Snubbing Svcs.)			PCOM.240	\$0	\$118,000
Fishing & Sidetrack Operations			PCOM.245	\$0	\$0
Completion Rig			PCOM.115	\$0	\$9,000
Coil Tubing			PCOM.260	\$0	\$250,000
Completion Logging, Perforating, WL Units, WL Surveys			PCOM.200	\$0	\$115,000
Composite Plugs			PCOM.390	\$0	\$53,000
Stimulation Pumping Charges, Chemicals, Additives, Sand			PCOM.210	\$0	\$2,688,000
Stimulation Water / Water Transfer / Water Storage					\$500,000
Cimarex Owned Frac / Rental Equipment					\$20,000
Legal / Regulatory / Curative	CON.300	\$0			\$10,000
Well Control Insurance \$0.35 Per Foot					\$7,000
Contingency 5.0 % of Drilling Intangibles	CON.220	\$102,500	PCOM.220	\$11,000	\$439,500
Construction For Flow Lines	CON.310	\$72,500			\$72,500
Construction For Sales P/L	CON.265	\$0			\$0
Total Intangible Cost		\$449,000		\$157,000	\$7,417,000
Tangible - Well Equipment					
Casing	Size	Feet	\$ / Foot		
Drive Pipe	0	0.00	\$0.00		\$0
Conductor Pipe	0	0.00	\$0.00		\$0
Water String	0	0.00	\$0.00		\$0
Surface Casing	20	350.00	\$62.00		\$22,000
Intermediate Casing 1	13.375	1930.00	\$36.00		\$69,000
Intermediate Casing 2	9.625	3475.00	\$22.00		\$76,000
Drilling Liner	0	0.00	\$0.00		\$0
Production Casing or Liner	5.5	18838.00	\$15.00		\$283,000
Production Tie-Back	0	0.00	\$0.00		\$0
Tubing	2.375	8170.00	\$5.00	PCOMT.105	\$41,000
Wellhead, Tree, Chokes					\$85,000
Liner Hanger, Isolation Packer				PCOMT.400	\$15,000
Packer, Nipples				PCOMT.405	\$0
Pumping Unit, Engine				PCOMT.410	\$35,000
Downhole Lift Equipment (BHP, Rods, Anchors, ESP, GVLS, PC Pump)					
Tangible - Lease Equipment					
N/C Lease Equipment	CONT.400	\$95,500			\$95,500
Tanks, Tanks Steps, Stairs	CONT.405	\$57,000			\$57,000
Battery (Heater Treater, Separator, Gas Treating Equipment)	CONT.410	\$256,000			\$256,000
Secondary Containments	CONT.415	\$35,000			\$35,000
Overhead Power Distribution (electric line to facility)	CONT.420	\$109,000			\$109,000
Facility Electrical & Automation	CONT.425	\$80,500			\$80,500
SWD Connection	CONT.430	\$0			\$0
Flow Lines (Line Pipe from wellhead to central facility)	CONT.435	\$15,000			\$15,000
Pipeline to Sales	CONT.440	\$0			\$0
Meters and Metering Equipment	CONT.445	\$33,000			\$33,000
Total Tangibles		\$681,000		\$0	\$1,307,000
P&A Costs					
					\$0
Total Cost		\$1,130,000		\$157,000	\$8,754,000



Authorization For Expenditure

Company Entity	Date Prepared
MAGNUM HUNTER PRODUCTION, INC	10/10/2016

Region	Well Name	Prospect or Field Name	Property Number	Drilling AFE No.
Permian Basin	HACKBERRY 26 FED COM 2H	NEW MEXICO BONE SPRING PROS (EDDY)	309775-229.01	2615022

Location	County	State	Type Well
SHL: 1980 FNL & 180 FWL, Sec. 26-T195-R30E; BHL: 1980 FNL & 995 FEL, Sec. 28-T195-R30E	Eddy	NM	Oil X Gas Expl Prod

Estimate Type	Est. Start Date	Est. Comp. Date	Formation	Ttl Measured Depth
Original Estimate	X			18,246'
Revised Estimate				
Supplemental Estimate	02/01/2017	05/01/2017	2nd Bone Spring	Ttl Vertical Depth 8,550'

Project Description:
Drill and complete a horizontal test. Drill to 350' set surface casing. Drill to 1930' set intermediate casing. Drill to 3475' set intermediate 2 casing. Drill to 8073' (KOP). Run OH Logs. Drill curve at 12°/100' initial build rate to +/- 90 degrees and 8550' TVD and drill a +/- 9420' long lateral in the bone spring formation. Run and cement production casing. Stage frac in 33 stages. Drill out plugs. Run production tubing and ESP.

Intangibles	Dry Hole Cost	After Casing Point	Completed Well Cost
Drilling Costs	\$2,258,000		\$2,258,000
Completion Costs		\$5,189,000	\$5,189,000
Total Intangible Costs	\$2,258,000	\$5,189,000	\$7,447,000

Tangibles			
Well Equipment	\$197,000	\$429,000	\$626,000
Lease Equipment		\$681,000	\$681,000
Total Tangible Well Cost	\$197,000	\$1,110,000	\$1,307,000

Plug and Abandon Cost	\$0	\$0	\$0
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Total Well Cost	\$2,455,000	\$6,299,000	\$8,754,000
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Comments on Well Costs:
1. All tubulars, well or lease equipment is priced by COPAS and CEP5 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 therefor. 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.

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.

Cimarex Energy Co. Approval

Prepared by	Drilling and Completion Manager	Regional Manager

Joint Interest Approval

Company	By	Date



Project Cost Estimate

Lease Name:

		BCP - Drilling		ACP - Drilling		Completion /	
		(Dry Hole Cost)				Stimulation	
Intangibles		Codes		Codes		Codes	
Roads & Location Preparation / Restoration		DHDC.100	\$180,000			STIM.100	\$5,000
Damages		DHDC.105	\$10,000				
Mud / Fluids Disposal Charges		DHDC.255	\$135,000			STIM.255	\$39,000
Day Rate	25.50 DH Days 4.00 ACP Days @ \$18,000.00 Per Day	DHDC.115	\$477,000	DHCC.120	\$72,000		
Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.)		DHDC.120	\$25,000				
Bits		DHDC.125	\$65,000	DHCC.125	\$0	STIM.125	\$0
Fuel	\$1.30 Per Gallon #84444 Gallons Per Day	DHDC.135	\$63,000	DHCC.130	\$0		
Water for Drilling Rig / Completion Fluids (Not Frac Water)		DHDC.140	\$3,000	DHCC.135	\$0	STIM.135	\$175,000
Mud & Additives		DHDC.145	\$185,000				
Surface Rentals		DHDC.150	\$43,000	DHCC.140	\$0	STIM.140	\$117,000
Downhole Rentals		DHDC.155	\$88,000			STIM.145	\$50,000
Formation Evaluation (DST, Coring including evaluation, G&G Services)		DHDC.160	\$0			STIM.150	\$0
Mud Logging 24.75 Days @ \$1,200.00 Per Day		DHDC.170	\$35,000				
Open Hole Logging		DHDC.180	\$25,000				
Cementing & Float Equipment		DHDC.185	\$80,000	DHCC.155	\$70,000		
Tubular inspections		DHDC.190	\$30,000	DHCC.160	\$5,000	STIM.160	\$2,000
Casing Crews		DHDC.195	\$15,000	DHCC.165	\$30,000	STIM.165	\$0
Extra Labor, Welding, Etc.		DHDC.200	\$15,000	DHCC.170	\$5,000	STIM.170	\$0
Land Transportation (Trucking for tangibles)		DHDC.205	\$18,000	DHCC.175	\$15,000	STIM.175	\$2,000
Supervision \$0.00 Per Day		DHDC.210	\$110,000	DHCC.180	\$14,000	STIM.180	\$84,000
Trailer House / Camp / Catering		DHDC.280	\$20,000	DHCC.255	\$2,000	STIM.280	\$9,000
Other Misc Expenses		DHDC.220	\$3,000	DHCC.190	\$0	STIM.190	\$0
Overhead		DHDC.225	\$10,000	DHCC.195	\$5,000		
Remedial Cementing		DHDC.231	\$0			STIM.215	\$0
MOB/DEMOB		DHDC.240	\$150,000				
Directional Drilling Services		DHDC.245	\$222,000				
Crane for Construction							
Solids Control		DHDC.260	\$37,000				
Well Control Equip (Snubbing Svcs.)		DHDC.265	\$89,000	DHCC.240	\$0	STIM.240	\$29,000
Fishing & Sidetrack Operations		DHDC.270	\$0	DHCC.245	\$0	STIM.245	\$0
Completion Rig						STIM.115	\$9,000
Coil Tubing						STIM.260	\$250,000
Completion Logging, Perforating, WL Units, WL Surveys						STIM.200	\$115,000
Composite Plugs						STIM.390	\$53,000
Stimulation Pumping Charges, Chemicals, Additives, Sand						STIM.210	\$2,688,000
Stimulation Water / Water Transfer / Water Storage						STIM.395	\$500,000
Cimarex Owned Frac / Rental Equipment						STIM.305	\$20,000
Legal / Regulatory / Curative		DHDC.300	\$10,000				
Well Control Insurance \$0.35 Per Foot		DHDC.285	\$7,000				
Contingency 5.0 % of Drilling Intangibles		DHDC.435	\$108,000	DHCC.220	\$11,000	STIM.220	\$207,000
Construction For Flow Lines							
Construction For Sales P/L							
Total Intangible Cost			\$2,258,000		\$229,000		\$4,354,000

Tangible - Well Equipment							
	Size	Feet	\$ / Foot				
Casing	0	0.00	\$0.00	DWEB.150	\$0		
Drive Pipe	0	0.00	\$0.00	DWEB.130	\$0		
Conductor Pipe	0	0.00	\$0.00	DWEB.135	\$0		
Water String	20	350.00	\$62.00	DWEB.140	\$22,000		
Surface Casing	13.375	1930.00	\$36.00	DWEB.145	\$69,000		
Intermediate Casing 1	9.625	3475.00	\$22.00	DWEB.155	\$76,000		
Intermediate Casing 2	0	0.00	\$0.00	DWEB.160	\$0		
Drilling Liner	5.5	18838.00	\$15.00		DWEA.100	\$283,000	
Production Casing or Liner	0	0.00	\$0.00		DWEA.165	\$0	STIMT.101 \$0
Production Tie-Back	2.375	8170.00	\$5.00				STIMT.105 \$41,000
Tubing				DWEB.115	\$30,000	DWEA.120	\$30,000
Wellhead, Tree, Chokes				DWEB.100	\$0	DWEA.125	\$0
Liner Hanger, Isolation Packer							STIMT.400 \$15,000
Packer, Nipples							STIMT.405 \$0
Pumping Unit, Engine							STIMT.410 \$35,000
Downhole Lift Equipment (BHP, Rods, Anchors, ESP, GVLs, PC Pump)							
Tangible - Lease Equipment							
N/C Lease Equipment							
Tanks, Tanks Steps, Stairs							
Battery (Heater Treater, Separator, Gas Treating Equipment)							
Secondary Containments							
Overhead Power Distribution (electric line to facility)							
Facility Electrical & Automation							
SWD Connection							
Flow Lines (Line Pipe from wellhead to central facility)							
Pipeline to Sales							
Meters and Metering Equipment							
				\$197,000	\$313,000		\$116,000
Total Tangibles							

P&A Costs	DHDC.295	\$0	DHCC.275	\$0		
Total Cost		\$2,455,000		\$542,000		\$4,470,000



Project Cost Estimate

Lease Name:

Intangibles	Production		Post		Total Wellbore Cost
	Codes	Equipment / Construction	Codes	Completion	
Roads & Location Preparation / Restoration	CON 100	\$9,500	PCOM 100	\$15,000	\$209,500
Damages	CON 105	\$7,500			\$17,500
Mud / Fluids Disposal Charges			PCOM 255	\$49,000	\$223,000
Day Rate 25.50 OH Days 4.00 ACP Days @ \$18,000.00 Per Day					\$549,000
Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.)					\$25,000
Bits			PCOM 125	\$0	\$65,000
Fuel \$1.30 Per Gallon ##### Gallons Per Day			PCOM 130	\$0	\$63,000
Water for Drilling Rig / Completion Fluids (Not Frac Water)			PCOM 135	\$0	\$178,000
Mud & Additives					\$185,000
Surface Rentals	CON 140	\$8,500	PCOM 140	\$40,000	\$208,500
Downhole Rentals			PCOM 145	\$0	\$138,000
Formation Evaluation (DST, Coring including evaluation, G&G Services)					\$0
Mud Logging 24.75 Days @ \$1,200.00 Per Day					\$35,000
Open Hole Logging					\$25,000
Cementing & Flooding Equipment					\$150,000
Tubular Inspections			PCOM 160	\$0	\$37,000
Casing Crews					\$45,000
Extra Labor, Welding, Etc.	CON 170	\$210,000	PCOM 170	\$42,000	\$272,000
Land Transportation (Trucking for tangibles)	CON 175	\$6,500	PCOM 175	\$0	\$41,500
Supervision \$0.00 Per Day	CON 180	\$29,000	PCOM 180	\$0	\$237,000
Trailer House / Camp / Catering					\$31,000
Other Misc Expenses	CON 190	\$0	PCOM 190	\$0	\$3,000
Overhead					\$15,000
Remedial Cementing			PCOM 215	\$0	\$0
MOB/DEMOB					\$150,000
Directional Drilling Services					\$222,000
Crane for Construction	CON 230	\$3,000			\$3,000
Solids Control					\$37,000
Well Control Equip (Snubbing Svcs.)			PCOM 240	\$0	\$118,000
Fishing & Sidetrack Operations			PCOM 245	\$0	\$0
Completion Rig			PCOM 115	\$0	\$9,000
Coil Tubing			PCOM 260	\$0	\$250,000
Completion Logging, Perforating, WL Units, WL Surveys			PCOM 200	\$0	\$115,000
Composite Plugs			PCOM 390	\$0	\$53,000
Stimulation Pumping Charges, Chemicals, Additives, Sand			PCOM 210	\$0	\$2,688,000
Stimulation Water / Water Transfer / Water Storage					\$500,000
Cimarex Owned Frac / Rental Equipment					\$20,000
Legal / Regulatory / Curative	CON 300	\$0			\$10,000
Well Control Insurance \$0.35 Per Foot					\$7,000
Contingency 5.0 % of Drilling Intangibles	CON 220	\$102,500	PCOM 220	\$11,000	\$439,500
Construction For Flow Lines	CON 310	\$72,500			\$72,500
Construction For Sales P/L	CON 245	\$0			\$0
Total Intangible Cost		\$449,000		\$157,000	\$7,447,000
Tangible Well Equipment					
Casing	Size	Feet	\$ / Foot		
Drive Pipe	0	0.00	\$0.00		\$0
Conductor Pipe	0	0.00	\$0.00		\$0
Water String	0	0.00	\$0.00		\$0
Surface Casing	20	350.00	\$62.00		\$22,000
Intermediate Casing 1	13.375	1930.00	\$36.00		\$69,000
Intermediate Casing 2	9.625	3475.00	\$22.00		\$76,000
Drilling Liner	0	0.00	\$0.00		\$0
Production Casing or Liner	5.5	18838.00	\$15.00		\$283,000
Production Tie-Back	0	0.00	\$0.00		\$0
Tubing	2.375	8170.00	\$5.00	PCOMT 105	\$41,000
Wellhead, Tree, Chokes					\$85,000
Liner Hanger, Isolation Packer					\$0
Packer, Nipples				PCOMT 400	\$15,000
Pumping Unit, Engine				PCOMT 405	\$0
Downhole Lift Equipment (BHP, Rods, Anchors, ESP, GVLS, PC Pump)				PCOMT 410	\$35,000
Tangible Lease Equipment					
N/C Lease Equipment	CON 400	\$95,500			\$95,500
Tanks, Tanks Steps, Stairs	CON 405	\$57,000			\$57,000
Battery (Heater Treater, Separator, Gas Treating Equipment)	CON 410	\$256,000			\$256,000
Secondary Containments	CON 415	\$35,000			\$35,000
Overhead Power Distribution (electric line to facility)	CON 420	\$109,000			\$109,000
Facility Electrical & Automation	CON 425	\$80,500			\$80,500
SWD Connection	CON 430	\$0			\$0
Flow Lines (Line Pipe from wellhead to central facility)	CON 435	\$15,000			\$15,000
Pipeline to Sales	CON 440	\$0			\$0
Meters and Metering Equipment	CON 445	\$33,000			\$33,000
Total Tangibles		\$681,000		\$0	\$1,307,000
P&A Costs					\$0
Total Cost		\$1,130,000		\$157,000	\$8,754,000

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FedEx® Tracking

777848858004

Ship date:

Fri 12/02/2016

Midland, TX US

Actual delivery:

Tue 12/06/2016 11:52 am

DENVER, CO US

**Delivered**

Signature not required

Travel History

Date/Time	Activity	Location
12/06/2016 - Tuesday		
11:52 am	Delivered	DENVER, CO
	Left at front door. Package delivered to recipient address - release authorized	
8:47 am	On FedEx vehicle for delivery	ENGLEWOOD, CO
7:19 am	At local FedEx facility	ENGLEWOOD, CO
12/05/2016 - Monday		
2:45 pm	At local FedEx facility	ENGLEWOOD, CO
11:34 am	At local FedEx facility	ENGLEWOOD, CO
	Package not due for delivery	
11:21 am	Delivery exception	ENGLEWOOD, CO
	Package at station, arrived after courier dispatch	
11:12 am	At local FedEx facility	ENGLEWOOD, CO
10:10 am	At local FedEx facility	ENGLEWOOD, CO
8:36 am	Delivery exception	LITTLETON, CO
	Incorrect address - Zip/Postal code	
7:32 am	At local FedEx facility	LITTLETON, CO
12/03/2016 - Saturday		
7:18 am	At local FedEx facility	LITTLETON, CO
	Package not due for delivery	
7:18 am	At local FedEx facility	LITTLETON, CO
5:08 am	At destination sort facility	DENVER, CO
3:51 am	Departed FedEx location	MEMPHIS, TN
12/02/2016 - Friday		
11:32 pm	Arrived at FedEx location	MEMPHIS, TN
7:51 pm	Left FedEx origin facility	MIDLAND, TX
6:31 pm	Picked up	MIDLAND, TX
10:37 am	Shipment information sent to FedEx	

Shipment Facts

Tracking number	777848858004	Service	FedEx 2Day
Weight	0.5 lbs / 0.23 kg	Delivered To	Residence
Total pieces	1	Total shipment weight	0.5 lbs / 0.23 kg
Terms	Shipper	Packaging	FedEx Envelope
Special handling section	Deliver Weekday, Residential Delivery	Standard transit	12/06/2016 by 8:00 pm

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KELLY REESE
CMAREX ENERGY CO
6000 N. WARRENFIELD SUITE 600
MIDLAND, TX 79701
UNITED STATES US

SHIP DATE: 02DEC16
ACTWGT: 1.00LB
CAD: 107069441JANET3790
BILL SENDER

TO ESTATE OF EARL R LYLE

6700 E CEDAR AVE A

DENVER CO 80222

(432) 620-1966

REF:

INV:

DEPT:

544J1D42F/14EB



TUE - 06 DEC 4:30P

** 2DAY **

TRK# 7778 4885 8004
0201

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80222
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Sadie Garcia

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777831613269

Ship date:

Wed 11/30/2016

Actual delivery:

Thu 12/01/2016 3:18 pm

Cimarex Energy Co
Kelly Reese
600 N. Marienfeld Suite 600
Midland, TX US 79701
432 571-7800

Delivered

Signature not required

Roy G. Barton, Jr.
114 Pacific Ave
VENICE, CA US 90291
432 571-7800

Travel History

Date/Time	Activity	Location
12/01/2016 - Thursday		
3:18 pm	Delivered Left at front door. Package delivered to recipient address - release authorized	VENICE, CA
7:52 am	On FedEx vehicle for delivery	MARINA DEL REY, CA
7:32 am	At local FedEx facility	MARINA DEL REY, CA
5:59 am	At destination sort facility	LOS ANGELES, CA
3:45 am	Departed FedEx location	MEMPHIS, TN
11/30/2016 - Wednesday		
11:18 pm	Arrived at FedEx location	MEMPHIS, TN
7:47 pm	Left FedEx origin facility	MIDLAND, TX
6:28 pm	Picked up	MIDLAND, TX
3:41 pm	Shipment information sent to FedEx	

Shipment Facts

Tracking number	777831613269	Service	FedEx 2Day
Weight	0.5 lbs / 0.23 kgs	Delivery attempts	1
Delivered To	Residence	Total pieces	1
Total shipment weight	0.5 lbs / 0.23 kgs	Terms	Not Available
Packaging	FedEx Envelope	Special handling section	Deliver Weekday, Residential Delivery
Standard transit	12/02/2016 by 8:00 pm		

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KELLY REESE
CHAREX ENERGY CO
600 N. MARINEFIELD SUITE 600
MIDLAND, TX 79701
UNITED STATES US

SHIP DATE: 30NOV16
ACTWGT: 1.00 LB
CAD: 107069441/IN/ET3790
BILL SENDER

TO ROY G. BARTON, JR.

114 PACIFIC AVE

VENICE CA 90291

(432) 571-7800
NY
PO

REF:

DEPT:

544J11/D42F/14E8



TRK# 7778 3161 3269
0201

** 2DAY **

FRI - 02 DEC 4:30P

SH CIBA

CAUS LAX 90291



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Cimarex Energy Co.
600 N. Marienfeld St
Suite 600
Midland, TX 79701
MAIN 432 571 7800



November 16, 2016

Roy G. Barton, Jr.
P.O. Box 978
Hobbs, New Mexico 88241

**Re: Proposal to Drill
Hackberry 26 Fed Com 1H
NE/4NE/4 Section 28, N/2N/2 Section 27, N/2N/2 Section 26, Township 19 South,
Range 30 East, Eddy County, NM**

Dear Working Interest Owner,

Cimarex Energy Co. hereby proposes to drill the Hackberry 26 Fed Com 1H well at a legal location in Section 26, Township 19 South, Range 30 East, NMPM, Eddy Co., NM.

The intended surface hole location for the well is 600' FNL and 180' FWL of Section 26, Township 19 South, Range 30 East, and the intended bottom hole location is 660' FNL and 990' FEL of Section 28, Township 19 South, Range 30 East. The well is proposed to be drilled vertically to a depth of approximately 8,550' to the Second Bone Spring formation and laterally in a westerly direction within the formation to the referenced bottom hole location. Total measured depth of the well is proposed to be approximately 19,151' 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 Hackberry 26 Fed Com 1H well, and; (iii) Communization Agreement. If you intend to participate, please approve and return one (1) original of the enclosed AFE, one (1) original of the signature page to the Operating Agreement, and four (4) originals of the signature pages to the Communization 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.

Please call the undersigned with any questions or comments.

Respectfully,

A handwritten signature in cursive script that reads "Kelly Reese".

Kelly Reese, CPL
432.620.1966

**ELECTION TO PARTICIPATE
Hackberry 26 Fed Com 1H**

_____ Roy G. Barton, Jr. elects **TO** participate in the proposed Hackberry 26 Fed Com 1H well.

_____ Roy G. Barton, Jr. elects **NOT** to participate in the proposed Hackberry 26 Fed Com 1H well.

Dated this _____ day of _____, 2016..

Signature: _____

Title: _____

If your election above is TO participate in the proposed Hackberry 26 Fed Com 1H well, then:

_____ Roy G. Barton, Jr. elects **TO** be covered by well control insurance procured by Cimarex Energy Co.

_____ Roy G. Barton, Jr. 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.



Authorization For Expenditure

Company Entity	Date Prepared
MAGNUM HUNTER PRODUCTION, INC	10/10/2016

Region	WellName	Prospect or FieldName	Property Number	Drilling AFE No
Permian Basin	HACKBERRY 26 FED COM 1H	NEW MEXICO BONE SPRING PROS (EDDY)	309775-228.01	2615021

Location	County	State	Type Well
SHL: 660 FNL & 180 FWL, Sec. 26-T19S-30E; BHL: 660 FNL & 330 FWL, Sec. 27-T19S-R30E	Eddy	NM	Oil <input checked="" type="checkbox"/> X <input type="checkbox"/> Expl <input type="checkbox"/> X <input type="checkbox"/> Gas <input type="checkbox"/> Prod <input type="checkbox"/>

Estimate Type	Est. Start Date	Est. Comp Date	Formation	Ttl Measured Depth
Original Estimate	02/01/2017	05/01/2017	2nd Bone Spring	18,245'
Revised Estimate				Ttl Vertical Depth
Supplemental Estimate				8,550'

Project Description
Drill and complete a horizontal test. Drill to 350' set surface casing. Drill to 1930' set intermediate casing. Drill to 3475' set intermediate 2 casing. Drill to 8073' (KOP). Run OH Logs. Drill curve at 12"/100' initial build rate to +/- 90 degrees and 8550' TVD and drill a +/- 9420' long lateral in the bone spring formation. Run and cement production casing. Stage frac in 33 stages. Drill out plugs. Run production tubing and ESP.

Intangibles	Dry Hole Cost	After Casing Point	Completed Well Cost
Drilling Costs	\$2,218,000		\$2,218,000
Completion Costs		\$5,262,000	\$5,262,000
Total Intangible Costs	\$2,218,000	\$5,262,000	\$7,480,000

Tangibles			
Well Equipment	\$197,000	\$424,000	\$621,000
Lease Equipment		\$693,000	\$693,000
Total Tangible Well Cost	\$197,000	\$1,117,000	\$1,314,000

Plug and Abandon Cost	\$0	\$0	\$0
-----------------------	-----	-----	-----

Total Well Cost	\$2,415,000	\$6,379,000	\$8,794,000
-----------------	-------------	-------------	-------------

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.

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.

Cimarex Energy Co. Approval

Prepared by	Drilling and Completion Manager	Regional Manager

Joint Interest Approval

Company	By	Date



Project Cost Estimate

Lease Name:

Intangibles	BCP - Drilling		ACP - Drilling		Completion /	
	(Dry Hole Cost)				Stimulation	
	Codes		Codes		Codes	
Roads & Location Preparation / Restoration	DHDC 100	\$180,000			STIM 100	\$5,000
Damages	DHDC 105	\$10,000				
Mud / Fluids Disposal Charges	DHDC 255	\$135,000			STIM 255	\$37,000
Day Rate 24.50 DH Days 4.00 ACP Days @ \$18,000.00 Per Day	DHDC 115	\$459,000	DHCC 130	\$72,000		
Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.)	DHDC 120	\$25,000	DHCC 125		STIM 125	\$0
Bits	DHDC 125	\$65,000	DHCC 130	\$0	STIM 135	\$170,000
Fuel \$1.30 Per Gallon 23.75 Gallons Per Day	DHDC 135	\$61,000	DHCC 135	\$0	STIM 140	\$115,000
Water for Drilling Rig / Completion Fluids (Not Frac Water)	DHDC 140	\$3,000	DHCC 140	\$0	STIM 145	\$50,000
Mud & Additives	DHDC 145	\$185,000	DHCC 145	\$0	STIM 150	\$0
Surface Rentals	DHDC 150	\$43,000	DHCC 150	\$0		
Downhole Rentals	DHDC 155	\$88,000	DHCC 155	\$70,000		
Formation Evaluation (DST, Coring including evaluation, G&G Services)	DHDC 160	\$0	DHCC 160	\$5,000		
Mud Logging 23.75 Days @ \$1,200.00 Per Day	DHDC 170	\$34,000	DHCC 165	\$30,000		
Open Hole Logging	DHDC 180	\$25,000	DHCC 170	\$5,000		
Cementing & Float Equipment	DHDC 185	\$80,000	DHCC 175	\$15,000		
Tubular Inspections	DHDC 190	\$30,000	DHCC 180	\$14,000		
Casing Crews	DHDC 195	\$15,000	DHCC 185	\$2,000		
Extra Labor, Welding, Etc.	DHDC 200	\$15,000	DHCC 190	\$0		
Land Transportation (Trucking for tangibles)	DHDC 205	\$18,000	DHCC 195	\$5,000		
Supervision \$0.00 Per Day	DHDC 210	\$107,000	DHCC 200	\$19,000		
Trailer House / Camp / Catering	DHDC 220	\$3,000	DHCC 205	\$2,000		
Other Misc Expenses	DHDC 225	\$10,000	DHCC 210	\$2,000		
Overhead	DHDC 231	\$0	DHCC 215	\$0		
Remedial Cementing	DHDC 240	\$150,000	DHCC 220	\$11,000		
MOB/DEMOB	DHDC 245	\$216,000	DHCC 225	\$202,000		
Directional Drilling Services						
Crane for Construction						
Solids Control	DHDC 260	\$36,000	DHCC 230	\$0		
Well Control Equip (Snubbing Svcs.)	DHDC 265	\$86,000	DHCC 235	\$0		
Fishing & Sidetrack Operations	DHDC 270	\$0	DHCC 240	\$0		
Completion Rig						
Coil Tubing						
Completion Logging, Perforating, WL Units, WL Surveys						
Composite Plugs						
Stimulation Pumping Charges, Chemicals, Additives, Sand						
Stimulation Water / Water Transfer / Water Storage						
Cimarex Owned Frac / Rental Equipment						
Legal / Regulatory / Curative	DHDC 300	\$10,000	DHCC 245	\$0		
Well Control Insurance \$0.35 Per Foot	DHDC 285	\$6,000	DHCC 250	\$0		
Contingency 5.0 % of Drilling Intangibles	DHDC 435	\$106,000	DHCC 255	\$0		
Construction For Flow Lines						
Construction For Sales P/L						
Total Intangible Cost		\$2,218,000		\$229,000		\$4,242,000

Tangible - Well Equipment						
Casing	Size	Feet	\$ / Foot			
Drive Pipe	0	0.00	\$0.00	DWEB 150	\$0	
Conductor Pipe	0	0.00	\$0.00	DWEB 130	\$0	
Water String	0	0.00	\$0.00	DWEB 135	\$0	
Surface Casing	20	350.00	\$62.00	DWEB 140	\$22,000	
Intermediate Casing 1	13.375	1930.00	\$36.00	DWEB 145	\$69,000	
Intermediate Casing 2	9.625	3475.00	\$22.00	DWEB 155	\$76,000	
Drilling Liner	0	0.00	\$0.00	DWEB 160	\$0	
Production Casing or Liner	5.5	18561.00	\$15.00	DWEB 165	\$278,000	
Production Tie-Back	0	0.00	\$0.00	DWEB 165	\$0	
Tubing	2.375	8170.00	\$5.00	DWEB 165	\$0	
Wellhead, Tree, Chokes				DWEB 115	\$30,000	
Liner Hanger, Isolation Packer				DWEB 120	\$30,000	
Packer, Nipples				DWEB 125	\$0	
Pumping Unit, Engine						
Downhole Lift Equipment (BHP, Rods, Anchors, ESP, GVLs, PC Pump)						
Tangible - Lease Equipment						
N/C Lease Equipment						
Tanks, Tanks Steps, Stairs						
Battery (Heater Treater, Separator, Gas Treating Equipment)						
Secondary Containments						
Overhead Power Distribution (electric line to facility)						
Facility Electrical & Automation						
SWD Connection						
Flow Lines (Line Pipe from wellhead to central facility)						
Pipeline to Sales						
Meters and Metering Equipment						
Total Tangibles				\$197,000	\$308,000	\$116,000

P&A Costs	DHDC 295	\$0	DHCC 275	\$0		
Total Cost		\$2,415,000		\$537,000		\$4,358,000



Project Cost Estimate

Lease Name:

	Codes	Production Equipment / Construction	Codes	Post Completion	Total Well Cost
Intangibles					
Roads & Location Preparation / Restoration	CON.100	\$9,500	PCOM.100	\$15,000	\$209,500
Damages	CON.105	\$7,500			\$17,500
Mud / Fluids Disposal Charges			PCOM.255	\$49,000	\$221,000
Day Rate 24.50 DH Days 4.00 ACP Days @ \$18,000.00 Per Day					\$531,000
Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.)					\$25,000
Bits			PCOM.125	\$0	\$65,000
Fuel \$1.30 Per Gallon 888888 Gallons Per Day			PCOM.130	\$0	\$61,000
Water for Drilling Rig / Completion Fluids (Not Frac Water)			PCOM.135	\$0	\$173,000
Mud & Additives					\$185,000
Surface Rentals	CON.140	\$8,500	PCOM.140	\$40,000	\$204,500
Downhole Rentals			PCOM.145	\$0	\$138,000
Formation Evaluation (DST, Coring including evaluation, G&G Services)					\$0
Mud Logging 23.75 Days @ \$1,200.00 Per Day					\$34,000
Open Hole Logging					\$25,000
Cementing & Float Equipment					\$150,000
Tubular Inspections			PCOM.160	\$0	\$37,000
Casing Crews					\$45,000
Extra Labor, Welding, Etc.	CON.170	\$210,000	PCOM.170	\$42,000	\$272,000
Land Transportation (Trucking for tangibles)	CON.175	\$6,500	PCOM.175	\$0	\$41,500
Supervision \$0.00 Per Day	CON.180	\$29,000	PCOM.180	\$0	\$232,000
Trailer House / Camp / Catering					\$30,000
Other Misc Expenses	CON.190	\$0	PCOM.190	\$0	\$3,000
Overhead					\$15,000
Remedial Cementing			PCOM.215	\$0	\$0
MOB/DEMOB					\$150,000
Directional Drilling Services					\$216,000
Crane for Construction	CON.230	\$4,500			\$4,500
Solids Control					\$36,000
Well Control Equip (Snubbing Svcs.)			PCOM.240	\$0	\$115,000
Fishing & Sidetrack Operations			PCOM.245	\$0	\$0
Completion Rig			PCOM.115	\$0	\$9,000
Coil Tubing			PCOM.260	\$0	\$250,000
Completion Logging, Perforating, WL Units, WL Surveys			PCOM.200	\$0	\$111,000
Composite Plugs			PCOM.390	\$0	\$51,000
Stimulation Pumping Charges, Chemicals, Additives, Sand			PCOM.210	\$0	\$2,611,000
Stimulation Water / Water Transfer / Water Storage					\$487,000
Cimarex Owned Frac / Rental Equipment					\$20,000
Legal / Regulatory / Curative	CON.300	\$0			\$10,000
Well Control Insurance \$0.35 Per Foot					\$6,000
Contingency 5.0 % of Drilling Intangibles	CON.220	\$120,000	PCOM.220	\$11,000	\$450,000
Construction For Flow Lines	CON.310	\$238,500			\$238,500
Construction For Sales P/L	CON.265	\$0			\$0
Total Intangible Cost		\$634,000		\$157,000	\$7,480,000
Tangible - Well Equipment					
Casing	Size	Feet	\$ / Foot		\$0
Drive Pipe	0	0.00	\$0.00		\$0
Conductor Pipe	0	0.00	\$0.00		\$0
Water String	0	0.00	\$0.00		\$0
Surface Casing	20	350.00	\$62.00		\$22,000
Intermediate Casing 1	13.375	1930.00	\$36.00		\$69,000
Intermediate Casing 2	9.625	3475.00	\$22.00		\$76,000
Drilling Liner	0	0.00	\$0.00		\$0
Production Casing or Liner	5.5	18561.00	\$15.00		\$278,000
Production Tie-Back	0	0.00	\$0.00		\$0
Tubing	2.375	8170.00	\$5.00	PCOMT.105	\$0
Wellhead, Tree, Chokes					\$85,000
Liner Hanger, Isolation Packer					\$0
Packer, Nipples				PCOMT.400	\$0
Pumping Unit, Engine				PCOMT.405	\$0
Downhole Lift Equipment (BHP, Rods, Anchors, ESP, GVLS, PC Pump)				PCOMT.410	\$0
Tangible - Lease Equipment					
N/C Lease Equipment	CON.400	\$95,500			\$95,500
Tanks, Tanks Steps, Stairs	CON.405	\$57,000			\$57,000
Battery (Heater Treater, Separator, Gas Treating Equipment)	CON.410	\$234,000			\$234,000
Secondary Containments	CON.415	\$35,000			\$35,000
Overhead Power Distribution (electric line to facility)	CON.420	\$115,000			\$115,000
Facility Electrical & Automation	CON.425	\$80,500			\$80,500
SWD Connection	CON.430	\$0			\$0
Flow Lines (Line Pipe from wellhead to central facility)	CON.435	\$43,000			\$43,000
Pipeline to Sales	CON.440	\$0			\$0
Meters and Metering Equipment	CON.445	\$33,000			\$33,000
Total Tangibles		\$693,000		\$0	\$1,314,000
P&A Costs					\$0
Total Cost		\$1,327,000		\$157,000	\$8,794,000

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to: _____

Devon Energy Production Comp
Attn: Meg Muhlinghouse
333 West Sheridan Avenue
Oklahoma City, OK 73102-8260

9590 9402 1305 5285 0904 91

2. Article Addressed to: _____

91 7108 2133 3937 6755 6792

PS Form 3811, July 2015 PSN 7530-02-000-9053

COMPLETE THIS SECTION ON DELIVERY

A. Signature: _____

X

☐ Agent☐ Addressee

B. Received by (Printed Name) _____

C. Date of Delivery _____

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

- | | |
|--|---|
| <input type="checkbox"/> Adult Signature | <input type="checkbox"/> Priority Mail Express® |
| <input type="checkbox"/> Adult Signature Restricted Delivery | <input type="checkbox"/> Registered Mail™ |
| <input type="checkbox"/> Certified Mail® | <input type="checkbox"/> Registered Mail Restricted Delivery |
| <input type="checkbox"/> Certified Mail Restricted Delivery | <input type="checkbox"/> Return Receipt for Merchandise |
| <input type="checkbox"/> Collect on Delivery | <input type="checkbox"/> Signature Confirmation™ |
| <input type="checkbox"/> Collect on Delivery Restricted Delivery | <input type="checkbox"/> Signature Confirmation Restricted Delivery |

cted Delivery

Domestic Return Receipt

USPS TRACKING #



First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10

9590 9402 1305 5285 0904 91

United States
Postal Service

* Sender: Please print your name, address, and ZIP+4® in this box*

Cimarex Energy Co.
Attn: Kaimi Brownlee
600 N. Marienfeld, Suite 600
Midland, Texas 79701
Well Proposal - Hackberry 26 Fed Corn 1H



SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

McBride Oil & Gas Corporation
P.O. Box 1515
Roswell, New Mexico 88202

9590 9402 1305 5285 0905 14

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *[Signature]*☐ Agent☐ Addressee

B. Received by (Printed Name)

[Signature]

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☐ Adult Signature☐ Adult Signature Restricted Delivery☐ Certified Mail®☐ Certified Mail Restricted Delivery☐ Collect on Delivery☐ Collect on Delivery Restricted Delivery☐ Priority Mail Express®☐ Registered Mail™☐ Registered Mail Restricted Delivery☐ Return Receipt for Merchandise☐ Signature Confirmation™☐ Signature Confirmation Restricted Delivery

91 7108 2133 3937 6755 6778

(over \$500)

sted Delivery

PS Form 3811, July 2015 PSN 7530-02-000-9053

Domestic Return Receipt

USPS TRACKING#

9590 9402 1305 5285 0905 14

1 1



9590 9402 1305 5285 0905 14

United States
Postal Service

* Sender: Please print your name, address, and ZIP+4® in this box*

Cimarex Energy Co.
Attn: Kaimi Brownlee
600 N. Marienfeld, Suite 600
Midland, Texas 79701
Well Proposal - Hackberry 26 Fed Com 1H



E Package ID: 9171082133393767556761

E-CERTIFIED

PRRET LEGFRE

Shackelford Oil Company
Attn: Don Shackelford
203 W. Wall St., Suite 200
Midland, Texas 79701

— PBP Account #: 35644897
— Serial #: 3207254
— NOV 17 2016 2:01P

Tracking Number: 9171082133393767556761

Product & Tracking Information

Postal Product:
Priority Mail™

Features:
Certified Mail™

DATE & TIME	STATUS OF ITEM	LOCATION
November 18, 2016, 11:38 am	Delivered, Left with Individual	MIDLAND, TX 79701

Your item was delivered to an individual at the address at 11:38 am on November 18, 2016 in MIDLAND, TX 79701.

November 17, 2016, 11:49 pm	Departed USPS Facility	MIDLAND, TX 79711
November 17, 2016, 8:24 pm	Arrived at USPS Facility	MIDLAND, TX 79711
November 17, 2016, 7:09 pm	Accepted at USPS Origin Facility	MIDLAND, TX 79701
November 17, 2016	Pre-Shipment Info Sent to USPS, USPS Awaiting Item	

Available Actions

Text Updates

Email Updates

Track Another Package

Tracking (or receipt) number

Track It

Manage Incoming Packages

Track all your packages from a dashboard.
No tracking numbers necessary.

Sign up for My USPS ›





E O	Package ID: 9171082133393767556785 Destination: HOBBS, NM	E-CERTIFIED PRRET LEGFRE
	Roy G. Barton, Jr. P.O. Box 978 Hobbs, New Mexico 88241	PBP Account #: 35644897 Serial #: 3207254 NOV 17 2016 2:01P

6785

Tracking Number: 9171082133393767556785

Expected Delivery Day: Saturday, November 19, 2016

Your item was returned to the sender on November 19, 2016 at 11:15 am in HOBBS, NM 88240 because the addressee moved and left no forwarding address.

Product & Tracking Information

Postal Product:
Priority Mail™Features:
Certified Mail™

Available Actions

Text Updates

Email Updates

DATE & TIME	STATUS OF ITEM	LOCATION
November 19, 2016, 11:15 am	Moved, Left no Address	HOBBS, NM 88240

Your item was returned to the sender on November 19, 2016 at 11:15 am in HOBBS, NM 88240 because the addressee moved and left no forwarding address.

November 18, 2016, 10:51 pm	Departed USPS Facility	LUBBOCK, TX 79402
November 18, 2016, 8:29 pm	Arrived at USPS Facility	LUBBOCK, TX 79402
November 17, 2016, 11:49 pm	Departed USPS Facility	MIDLAND, TX 79711
November 17, 2016, 8:24 pm	Arrived at USPS Origin Facility	MIDLAND, TX 79711
November 17, 2016, 7:09 pm	Accepted at USPS Origin Facility	MIDLAND, TX 79701
November 17, 2016	Pre-Shipment Info Sent to USPS, USPS Awaiting Item	

Track Another Package

Tracking (or receipt) number

Track It

Manage Incoming Packages

Track all your packages from a dashboard.
No tracking numbers necessary.

Sign up for My USPS >



ORIGIN ID:MAFA (432) 571-7800
KELLY REESE
CAMREX ENERGY CO
600 N. MARSHFIELD SUITE 600
MIDLAND, TX 79701
UNITED STATES US

SHIP DATE: 30NOV16
ACTWGT: 1.00 LB
CAD: 10/099441/NET3190
BILL SENDER

TO ROY G. BARTON, JR.

114 PACIFIC AVE

VENICE CA 90291

(432) 571-7800 REF
PO

DEPT

544 J1/D42F/14EB



71E21111112111

FRI - 02 DEC 4:30P

** 2DAY **

TRK# 7778 3161 3269
0201

SH CIBA

90291
CA-US LAX

After printing this label:

1. Use the 'Print' button on this page to print your label to your laser or inkjet printer.
2. Fold the printed page along the horizontal line.
3. Place label in shipping pouch and affix it to your shipment so that the barcode portion of the label can be read and scanned.

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