



## Authorization For Expenditure

Company Name: **Cimarex Energy Co.** Date: **November 30, 2009**

Region: **Permian** Well Name: **Penny Pincher 21 Fed Com** 1H West Luck

SHL: Approx 660 FN, 990 FWL of Sec 21, 19S-31E  
BHL: Approx 330 FS & WL, Sec 21, 19S-31E

Original Estimate: ☒ 13,500'  
Revised Estimate: ☐  
Supplemental Estimate: ☐ 9,100'

Drill and complete a NM Bone Spring horizontal well. With no pilot hole. 10 stages 4500' VS

Intangibles	Dry Hole Cost	After Casing Point	Completed Well Cost
Drilling Costs	\$1,334,990		\$1,334,990
Completion Costs		\$959,375	\$959,375
Total Intangible Costs	\$1,334,990	\$959,375	\$2,294,365
Tangibles			
Well Equipment	\$379,000	\$917,196	\$1,296,196
Lease Equipment		\$96,500	\$96,500
Total Tangible Well Cost	\$379,000	\$1,013,696	\$1,392,696
Plug and Abandon Cost	\$150,000	-\$150,000	\$0
Total Well Cost	\$1,863,990	\$1,823,071	\$3,687,061

1. All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

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.

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

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

## Joint Interest Approval

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Case No. 14418

**CIMAREX ENERGY  
Exhibit # 5**

1/4/2010 2:47 PM



## Project Cost Estimate

Lease Name: Penny Pincher 21 Fed Com

Well No.: 1H

Intangibles		Days @	Per Day	Days @	Per Day	Days @	Per Day
Roads & Location Preparation / Restoration							
Damages							
Mud / Fluids Disposal Charges							
Day Rate	34 DH Days	51 ACP Days @	Per Day				
Misc Preparation Cost (mouse hole, rat hole, pods, pile clusters, misc.)							
Bits							
Fuel	\$2.50/Per Gallon	Gallons Per Day					
Water / Completion Fluids							
Mud & Additives							
Surface Rentals							
Downhole Rentals							
Formation Evaluation (DST, Coring including evaluation, G&G Services)							
Mud Logging	\$850/ Days @	25/Per Day					
Open Hole Logging							
Cementing & Float Equipment							
Tubular Inspections							
Casing Crews							
Extra Labor, Welding, Etc.							
Land Transportation (Trucking)							
Supervision							
Trailer House / Camp / Catering		400/Per Day					
Other Misc Expenses							
Overhead		300/Per Day					
Remedial Cementing							
MOB/DEMOB							
Directional Drilling Services	13/ Days @	7,200/Per Day					
Dock, Dispatcher, Crane							
Marine & Air Transportation							
Solids Control							
Well Control Equip (Snubbing Svcs.)							
Fishing & Sidetrack Operations							
Completion Rig	7/ Days @	3,400/Per Day					
Coff Tubing	Days @	Per Day					
Completion Logging, Perforating, WL Units, WL Surveys							
Stimulation							
Legal / Regulatory / Curative							
Well Control Insurance	\$0.35/Per Foot						
Contingency	5% of Drilling Intangibles						
Construction For Well Equipment							
Construction For Lease Equipment							
Construction For Sales P/L							
Total Intangible Cost							
Tangibles							
Casing	Size	Feet	\$ / Foot				
Drive Pipe	30 "	40.00	\$0.00				
Conductor Pipe							
Water String	20 "	620.00	\$110.00				
Surface Casing	13-3/8"	2500.00	\$63.90				
Intermediate Casing	9 5/8"	4100.00	\$33.26				
Drilling Liner							
Drilling Liner							
Production Casing or Liner	7"	8500.00	\$35.80				
Production Tie-Back	4 1/2"	4600.00	\$15.26				
Tubing	2 7/8"	8400.00	\$7.30				
N/C Well Equipment							
Wellhead, Tree, Chokes							
Liner Hanger, Isolation Packer							
Packer, Nipples							
Pumping Unit, Engine							
Lift Equipment (BHP, Rods, Anchors)							
N/C Lease Equipment							
Tanks, Tanks Steps, Stairs							
Battery (Heater Treater, Separator, Gas Treating Equipment)							
Flow Lines (Line Pipe from wellhead to central facility)							
Offshore Production Structure for Facilities							
Pipeline to Sales							
Total Tangibles							
P&A Costs							
Total Cost							