



Authorization For Expenditure

Case No. 14480

CIMAREX ENERGY  
Exhibit # 4

Company Entity

Cimarex Energy Co.

Date Prepared

February 8, 2010

Region	Well Name	Well No.	Prospect or Field Name	Property Number	Drilling AFE No.
Permian	Penny Pincher 21 Fed	2H	West Luck	309775	

Location	County	State	Type Well:			
Apprx Surface 1980' FWL, 330' FNL	Eddy	NM	Oil	x	Expl	x
Apprx Bottom 1980' FWL, 330' FSL of Sec 21, 19S-31E			Gas		Prod	

Estimate Type		Est. Start Date	Est. Comp Date	Formation	Ttl Measured Depth
Original Estimate	⊙				13,208'
Revised Estimate	○				Ttl Vertical Depth
Supplemental Estimate	○				9,000'

Project Description

Drill and complete a NM Bone Spring horizontal well. 10 open-hole packer stages, 4340' 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
-----------------	-------------	-------------	-------------

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
Ryan Braxton	Doug Park	Roger Alexander

Joint Interest Approval		
Company	By	Date



Project Cost Estimate

Lease Name: Penny Pincher 21 Fed

Well No.: 2H

Intangibles	Codes	Dry Hole Cost	Codes	After Casing Point	Completed Well Cost
Roads & Location Preparation / Restoration	DIDC.100	\$30,000	DICC.100	\$3,000	\$33,000
Damages	DIDC.105	\$10,000	DICC.105		\$10,000
Mud / Fluids Disposal Charges	DIDC.255	\$56,000	DICC.235	\$45,000	\$101,000
Day Rate 34 DH Days 5 ACP Days @ Per Day	DIDC.115	\$388,000	DICC.120	\$57,000	\$445,000
Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.)	DIDC.120	\$5,000			\$5,000
Bits	DIDC.125	\$80,000	DICC.125	\$11,000	\$91,000
Fuel \$2.60 Per Gallon Gallons Per Day	DIDC.135	\$80,000	DICC.130	\$11,000	\$91,000
Water / Completion Fluids Per Day	DIDC.140	\$36,270	DICC.135	\$64,375	\$100,645
Mud & Additives	DIDC.145	\$29,250			\$29,250
Surface Rentals Per Day	DIDC.150	\$20,000	DICC.140	\$95,000	\$115,000
Downhole Rentals	DIDC.155	\$77,970	DICC.145	\$14,000	\$91,970
Formation Evaluation (DST, Coring including evaluation, G&G Services)	DIDC.160				\$0
Mud Logging \$850 Days @ 25 Per Day	DIDC.170	\$25,000			\$25,000
Open Hole Logging	DIDC.180	\$25,000			\$25,000
Cementing & Float Equipment	DIDC.185	\$65,000	DICC.155	\$20,000	\$85,000
Tubular Inspections	DIDC.190	\$5,000	DICC.160	\$3,000	\$8,000
Casing Crews	DIDC.195	\$9,000	DICC.165	\$14,000	\$23,000
Extra Labor, Welding, Etc.	DIDC.200	\$10,000	DICC.170	\$5,000	\$15,000
Land Transportation (Trucking)	DIDC.205	\$20,000	DICC.175	\$4,000	\$24,000
Supervision Per Day	DIDC.210	\$44,000	DICC.180	\$14,000	\$58,000
Trailer House / Camp / Catering 400 Per Day	DIDC.280	\$20,000	DICC.255	\$4,000	\$24,000
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	\$30,000			\$30,000
Directional Drilling Services 13 Days @ 7,200 Per Day	DIDC.245	\$114,000			\$114,000
Dock, Dispatcher, Crane	DIDC.250		DICC.230		\$0
Marine & Air Transportation	DIDC.275		DICC.250		\$0
Solids Control Per Day	DIDC.260	\$24,400			\$24,400
Well Control Equip (Snubbing Svcs.)	DIDC.265	\$35,100	DICC.240	\$11,000	\$46,100
Fishing & Sidetrack Operations	DIDC.270	\$0	DICC.245		\$0
Completion Rig 7 Days @ 3,400 Per Day			DICC.115	\$36,000	\$36,000
Coil Tubing Days @ Per Day			DICC.260	\$30,000	\$30,000
Completion Logging, Perforating, WL Units, WL Surveys			DICC.200	\$8,000	\$8,000
Stimulation			DICC.210	\$425,000	\$425,000
Legal / Regulatory / Curative	DIDC.300	\$13,000	DICC.280		\$13,000
Well Control Insurance \$0.35 Per Foot	DIDC.285	\$5,000			\$5,000
Contingency 5% of Drilling Intangibles	DIDC.435	\$64,000	DICC.220	\$25,000	\$89,000
Construction For Well Equipment			DWEA.110	\$50,000	\$50,000
Construction For Lease Equipment			DLEQ.110		\$0
Construction For Sales P/L			DICC.265		\$0
Total Intangible Cost		\$1,334,990		\$959,375	\$2,294,365

Tangible - Well Equipment								
Casing	Size	Feet	\$ / Foot					
Drive Pipe	30"	40.00	\$0.00	DWEB.150	\$0			\$0
Conductor Pipe				DWEB.130	\$0			\$0
Water String	20"	620.00	\$110.00	DWEB.135	\$68,000			\$68,000
Surface Casing	13-3/8"	2500.00	\$63.90	DWEB.140	\$160,000			\$160,000
Intermediate Casing	9-5/8"	4100.00	\$33.26	DWEB.145	\$136,000			\$136,000
Drilling Liner				DWEB.145	\$0			\$0
Drilling Liner				DWEB.145	\$0			\$0
Production Casing or Liner	7"	8500.00	\$35.80			DWEA.100	\$307,000	\$307,000
Production Tie-Back	4-1/2"	4600.00	\$15.26			DWEA.100	\$70,196	\$70,196
Tubing	2-7/8"	8400.00	\$7.30			DWEA.105	\$61,000	\$61,000
N/C Well Equipment						DWEA.115	\$65,000	\$65,000
Wellhead, Tree, Chokes				DWEB.115	\$15,000	DWEA.120	\$18,000	\$33,000
Liner Hanger, Isolation Packer				DWEB.100	\$0	DWEA.125	\$145,000	\$145,000
Packer, Nipples						DWEA.130	\$1,000	\$1,000
Pumping Unit, Engine						DLEQ.100	\$190,000	\$190,000
Lift Equipment (BHP, Rods, Anchors)						DLEQ.105	\$60,000	\$60,000
Tangible - Lease Equipment								
N/C Lease Equipment						DLEQ.115	\$7,500	\$7,500
Tanks, Tanks Steps, Stairs						DLEQ.120	\$62,000	\$62,000
Battery (Heater Treater, Separator, Gas Treating Equipment)						DLEQ.125	\$24,500	\$24,500
Flow Lines (Line Pipe from wellhead to central facility)						DLEQ.130	\$2,500	\$2,500
Offshore Production Structure for Facilities						DWEA.135	\$0	\$0
Pipeline to Sales						DWEA.140		\$0
Total Tangibles					\$379,000		\$1,013,696	\$1,392,696

P&A Costs	DIDC.295	\$150,000	DICC.275	-\$150,000	\$0
Total Cost		\$1,863,990		\$1,823,071	\$3,687,061