



Authorization For Expenditure

OCC 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 Apprx Bottom 1980' FWL, 330' FSL of Sec 21, 19S-31E	Eddy	NM	Oil Gas	X Expl Prod

Estimate Type	Est. Start Date	Est. Comp. Date	Formation	Trl Measured Depth
Original Estimate	⊙			13,208'
Revised Estimate	○			Trl 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
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Total Well Cost	\$1,863,990	\$1,823,071	\$3,687,061
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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
Ryan Braxton	Doug Park	Roger Alexander

Joint Interest Approval

Company	By	Date



Project Cost Estimate

Lease Name: Penny Pincher 21 Fed

Well No.: 211

Intangibles	Codes	Dry Hole Cost	Codes	After Casing Point	Completed Well Cost
Roads & Location Preparation / Restoration	DIBC_100	\$30,000	DIBC_100	\$3,000	\$33,000
Damages	DIBC_105	\$10,000	DIBC_105		\$10,000
Mud / Fluids Disposal Charges	DIBC_115	\$56,000	DIBC_115	\$45,000	\$101,000
Day Rate	34 DHI Days	5 ACP Days @			Per Day
Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.)	DIBC_115	\$388,000	DIBC_120	\$57,000	\$445,000
Bits	DIBC_120	\$5,000			\$5,000
Fuel	\$2.60 Per Gallon				Gallons Per Day
Water / Completion Fluids	DIBC_125	\$80,000	DIBC_125	\$11,000	\$91,000
Mud & Additives	DIBC_135	\$80,000	DIBC_130	\$11,000	\$91,000
Surface Rentals	DIBC_140	\$36,270	DIBC_145	\$64,375	\$100,645
Downhole Rentals	DIBC_145	\$29,250			\$29,250
Formation Evaluation (DST, Coring including evaluation, G&G Services)	DIBC_150	\$20,000	DIBC_140	\$95,000	\$115,000
Mud Logging	DIBC_155	\$77,970	DIBC_145	\$14,000	\$91,970
Open Hole Logging	DIBC_160				\$0
Cementing & Float Equipment	DIBC_170	\$25,000			\$25,000
Tubular Inspections	DIBC_185	\$65,000	DIBC_155	\$20,000	\$85,000
Casing Crews	DIBC_190	\$5,000	DIBC_160	\$3,000	\$8,000
Extra Labor, Welding, Etc.	DIBC_195	\$9,000	DIBC_165	\$14,000	\$23,000
Land Transportation (Trucking)	DIBC_200	\$10,000	DIBC_170	\$5,000	\$15,000
Supervision	DIBC_205	\$20,000	DIBC_175	\$4,000	\$24,000
Trailer House / Camp / Catering	DIBC_210	\$44,000	DIBC_180	\$14,000	\$58,000
Other Misc Expenses	DIBC_215	\$20,000	DIBC_185	\$4,000	\$24,000
Overhead	DIBC_220	\$2,000	DIBC_190	\$7,000	\$9,000
Remedial Cementing	DIBC_225	\$12,000	DIBC_195	\$3,000	\$15,000
MOH/DEMOB	DIBC_230				\$0
Directional Drilling Services	DIBC_240	\$30,000			\$30,000
Dock, Dispatcher, Crane	DIBC_245	\$114,000			\$114,000
Marine & Air Transportation	DIBC_250		DIBC_220		\$0
Solids Control	DIBC_255		DIBC_250		\$0
Well Control Equip (Snubbing Svcs.)	DIBC_260	\$24,400			\$24,400
Fishing & Sidetrack Operations	DIBC_265	\$35,100	DIBC_240	\$11,000	\$46,100
Completion Rig	DIBC_270	\$0	DIBC_245		\$0
Coil Tubing			DIBC_255	\$36,000	\$36,000
Completion Logging, Perforating, WL Units, WL Surveys			DIBC_260	\$30,000	\$30,000
Stimulation			DIBC_265	\$8,000	\$8,000
Legal / Regulatory / Curative			DIBC_270	\$425,000	\$425,000
Well Control Insurance	DIBC_280	\$13,000	DIBC_275		\$13,000
Contingency	\$0.35 Per Foot		DIBC_285		\$5,000
Construction For Well Equipment	5% of Drilling Intangibles		DIBC_290	\$25,000	\$89,000
Construction For Lease Equipment			DWFE_110	\$50,000	\$50,000
Construction For Sales P/L			DWFE_110		\$0
			DWFE_105		\$0
Total Intangible Cost		\$1,334,990		\$959,375	\$2,294,365

Tangible Well Equipment	Size	Feet	\$ / Foot				
Casing							
Drive Pipe	30 "	40.00	\$0.00	DWFE_120	\$0		\$0
Conductor Pipe				DWFE_130	\$0		\$0
Water String	20 "	620.00	\$110.00	DWFE_135	\$68,000		\$68,000
Surface Casing	13-3/8"	2500.00	\$63.90	DWFE_140	\$160,000		\$160,000
Intermediate Casing	9 5/8"	4100.00	\$33.26	DWFE_145	\$136,000		\$136,000
Drilling Liner				DWFE_145	\$0		\$0
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Production Casing or Liner	7"	8500.00	\$35.80	DWFE_150	\$307,000		\$307,000
Production Tie-Back	4 1/2"	4600.00	\$15.26	DWFE_160	\$70,196		\$70,196
Tubing	2 7/8"	8400.00	\$7.30	DWFE_165	\$61,000		\$61,000
N/C Well Equipment				DWFE_115	\$65,000		\$65,000
Wellhead, Tree, Chokes				DWFE_120	\$18,000		\$33,000
Liner Hanger, Isolation Packer				DWFE_125	\$145,000		\$145,000
Packer, Nipples				DWFE_130	\$1,000		\$1,000
Pumping Unit, Engine				DWFE_135	\$190,000		\$190,000
Lift Equipment (BHP, Rods, Anchors)				DWFE_140	\$60,000		\$60,000
Tangible Lease Equipment							
N/C Lease Equipment				DWFE_145	\$7,500		\$7,500
Tanks, Tanks Steps, Stairs				DWFE_150	\$62,000		\$62,000
Battery (Heater Treater, Separator, Gas Treating Equipment)				DWFE_155	\$24,500		\$24,500
Flow Lines (Line Pipe from wellhead to central facility)				DWFE_160	\$2,500		\$2,500
Offshore Production Structure for Facilities				DWFE_165	\$0		\$0
Pipeline to Sales				DWFE_170	\$0		\$0
Total Tangibles					\$379,000	\$1,013,696	\$1,392,696

PSA Costs	DWFE_175	\$150,000	DWFE_175	-\$150,000	\$0
Total Cost		\$1,863,990		\$1,823,071	\$3,687,061