



Authorization For Expenditure

<b>Company/Entity</b> Cimarex Energy Co.	<b>Date Prepared</b> February 25, 2011
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Region	Well Name	Well No.	Prospect or Field Name	Property Number	Drilling AFE No.
Permian	Alaska 29 Fee	5	Paddock Extension-West		

Location	County	State	Type Well			
Sec. 29 - 185 - 26E	Eddy	NM	Oil	X	Expl	X
			Gas		Prod	

Estimate Type	Est. Start Date	Est. Comp. Date	Formation	Initial Measured Depth
Original Estimate			Glorieta/Yeso	3,000'
Revised Estimate				Vertical Depth
Supplemental Estimate				3,000'

**Project Description:**  
Drill and complete a Glorieta/Yeso vertical hole well.

Intangibles	Dry Hole Cost	After Casing Point	Completed Well Cost
Drilling Costs	\$387,600		\$387,600
Completion Costs		\$614,000	\$614,000
<b>Total Intangible Costs</b>	<b>\$387,600</b>	<b>\$614,000</b>	<b>\$1,001,600</b>

Tangibles			
Well Equipment	\$26,000	\$280,000	\$306,000
Lease Equipment		\$69,500	\$69,500
<b>Total Tangible Well Cost</b>	<b>\$26,000</b>	<b>\$349,500</b>	<b>\$375,500</b>

Plug and Abandon Cost			
	\$30,000	-\$30,000	\$0
<b>Total Well Cost</b>	<b>\$443,600</b>	<b>\$933,500</b>	<b>\$1,377,100</b>

**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 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.

I elect to take my gas in kind.

I elect to market my gas with Cimarex pursuant to the terms and conditions of its contracts.

**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

Oil Conservation Division  
 Case No. 5  
 Exhibit No. 5



Project Cost Estimate

Lease Name: Alaska 29 Fee

Well No.:

5

Intangibles	Code	Dry Hole Cost	Code	After Casing Point	Completed Well Cost	
Roads & Location Preparation / Restoration	E DC 100	\$30,000	DCC 100	\$3,500	\$33,500	
Damages	DCC 105	\$4,000	DCC 105	\$1,000	\$5,000	
Mud / Fluids Disposal Charges	D CC 110	\$30,000	DCC 110	\$13,000	\$43,000	
Day Rate	5 Days @	2 Days @	13,500 Per Day	\$68,000	\$27,000	\$95,000
Misc Preparation Cost (mouse hole, rat hole, oads, pile clusters, misc )	D CC 120	\$12,000			\$12,000	
Bits	D CC 125	\$15,000	DCC 125	\$0	\$15,000	
Fuel	\$2.80 Per Gallon	800 Gallons Per Day	D CC 135	\$11,000	\$4,000	\$15,000
Water / Completion Fluids	1,900 Per Day	D CC 140	\$10,000	\$63,000	\$73,000	
Mud & Additives	D CC 145	\$12,500			\$12,500	
Surface Rentals	1,000 Per Day	DCC 150	\$5,000	\$40,000	\$45,000	
Dryhole Rentals	D CC 155	\$16,000	DCC 155	\$32,000	\$48,000	
Formation Evaluation (OST, Coring including evaluation, G&G Services)	D CC 160	\$0			\$0	
Land Logging	\$2 Days @	1,200 Per Day	D CC 165	\$4,500		\$4,500
Open Hole Logging	D CC 170	\$20,000			\$20,000	
Continuum & Float Equipment	D CC 175	\$15,000	DCC 175	\$20,000	\$35,000	
Tubular Inspections	D CC 180	\$2,000	DCC 180	\$1,000	\$3,000	
Casing Crews	D CC 185	\$5,000	DCC 185	\$5,000	\$10,000	
Extra Labor, Welding, Etc.	D CC 190	\$3,000	DCC 190	\$10,000	\$13,000	
Land Transportation (Truckina)	D CC 195	\$3,000	DCC 195	\$5,000	\$8,000	
Supervision	1 Per Day	D CC 200	\$12,600	\$12,000	\$24,600	
Trailer House / Camp / Catering	700 Per Day	DCC 205	\$4,000	\$1,000	\$5,000	
Other Misc Expenses	D CC 210	\$2,000	DCC 210	\$2,000	\$4,000	
Overhead	300 Per Day	D CC 215	\$2,000	\$2,000	\$4,000	
Re-mechanical Cementing	D CC 220	\$0	DCC 220	\$0	\$0	
WOB/DEMOB	DCC 225	\$45,000			\$45,000	
Directional Drilling Services	0 Days @	8,000 Per Day	D CC 230	\$0	\$0	
Dock, Dispatcher, Crane	D CC 235	\$0	DCC 235	\$0	\$0	
Marine & Air Transportation	D CC 240	\$0	DCC 240	\$0	\$0	
Solids Control	3,000 Per Day	D CC 245	\$15,000		\$15,000	
Well Control Equip (Snubbing Svcs)	D CC 250	\$12,000	DCC 250	\$3,500	\$15,500	
Fishing & Sidetrack Operations	D CC 255	\$0	DCC 255	\$0	\$0	
Completion Rig	3 Days @	3,500 Per Day	D CC 260	\$10,500	\$10,500	
Coil Tubing	Days @	Per Day	D CC 265	\$0	\$0	
Completion Logging, Perforating, WL Units, WL Surveys	D CC 270	\$10,000		\$10,000	\$10,000	
Stimulation	D CC 275	\$258,000		\$258,000	\$258,000	
Legal / Regulatory / Curative	D CC 280	\$10,000	DCC 280	\$0	\$10,000	
Well Control Insurance	\$0.35 Per Foot	D CC 285	\$1,000		\$1,000	
Contingency	5% of Drilling Intangibles	D CC 290	\$18,000	\$26,000	\$44,000	
Construction For Well Equipment	D CC 295	\$6,500		\$6,500	\$6,500	
Construction For Lease Equipment	D CC 300	\$52,500		\$52,500	\$52,500	
Construction For Sales P/L	D CC 305	\$5,500		\$5,500	\$5,500	
<b>Total Intangible Cost</b>		<b>\$387,600</b>		<b>\$614,000</b>	<b>\$1,001,600</b>	

Tangible - Well Equipment	Size	Feet	\$ / Foot	Code	Code	Completed Well Cost
Casing						
Disc Pipe	20 "	40.00	\$100.00	DWCA 100		\$0
Conductor Pipe	0 "	0.00	\$0.00	DWCA 100		\$0
Water String	0 "	0.00	\$0.00	DWCA 100		\$0
Surface Casing	8 5/8"	950.00	\$22.18	DWCA 100		\$21,000
Intermediate Casing	0 "	0.00	\$0.00	DWCA 100		\$0
Drilling Liner	0 "	0.00	\$0.00	DWCA 100		\$0
Drilling Liner	0 "	0.00	\$0.00	DWCA 100		\$0
Production Casing or Liner	5 1/2"	3000.00	\$19.93	DWCA 100		\$60,000
Production Tie-back	0 "	0.00	\$0.00	DWCA 100		\$0
Tubing	2 7/8"	2300.00	\$6.83	DWCA 100		\$16,000
N/C Well Equipment						
Wellhead, Tree, Chokes				DWCA 100		\$15,000
Liner Hanger, Isolation Packer				DWCA 100		\$0
Packer, Ripples				DWCA 100		\$0
Pumping Unit, Engine				DWCA 100		\$125,000
Lift Equipment (BHP, Rods, Anchors)				DWCA 100		\$62,500
<b>Tangible - Lease Equipment</b>						
N/C Lease Equipment						
Tanks, Tanks Steps, Stairs				DWCA 100		\$21,000
Battery (Heater Treater, Separator, Gas Treating Equipment)				DWCA 100		\$13,500
Flow Lines (Line Pipe from wellhead to central facility)				DWCA 100		\$29,500
Offshore Production Structure for Facilities				DWCA 100		\$5,500
Pipeline to Sales				DWCA 100		\$0
<b>Total Tangibles</b>						<b>\$349,500</b>

P&A Costs	D CC 305	\$30,000	DCC 305	-\$30,000	\$0
<b>Total Cost</b>		<b>\$443,600</b>		<b>\$933,500</b>	<b>\$1,377,100</b>