



Authorization For Expenditure

Company/Entity:  
Cimarex Energy Co.

Date Prepared:  
March 1, 2012

Region	Well Name	Well No.	Prospect or Field Name	Property Number	Drilling AFE No.
Permian	Snoddy Federal	21H	Mitchell		

Location	County	State	Type Well			
Est SHL: 768 FNL & 555 FEL Sec 26, 20S-32E	Lea	NM	Oil	x	Expl	x
Est BHL: 330 FSL & 526 FEL Sec 26, 20S-32E			Gas		Prod	

Estimate Type	Est. Start Date	Est. Comp Date	Formation	Td Measured/Depth
Original Estimate			Bone Spring	14,300'
Revised Estimate				Td/Vertical Depth
Supplemental Estimate				9,900'

**Project Description**  
Drill and complete a Bone spring horizontal well . Potash 4 string design.

Intangibles	Dry Hole Cost	After Casing Point	Completed Well Cost
Drilling Costs	\$2,066,950		\$2,066,950
Completion Costs		\$2,981,400	\$2,981,400
<b>Total Intangible Costs</b>	<b>\$2,066,950</b>	<b>\$2,981,400</b>	<b>\$5,048,350</b>

Tangibles			
Well Equipment	\$696,000	\$618,500	\$1,314,500
Lease Equipment		\$166,750	\$166,750
<b>Total Tangible Well Cost</b>	<b>\$696,000</b>	<b>\$785,250</b>	<b>\$1,481,250</b>

Plug and Abandon Cost	\$150,000	-\$150,000	\$0
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<b>Total Well Cost</b>	<b>\$2,912,950</b>	<b>\$3,616,650</b>	<b>\$6,529,600</b>
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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
Mark Audas	Doug Park	Roger Alexander

Joint Interest Approval

Company	By	Date

Oil Conservation Division  
Case No. \_\_\_\_\_  
Exhibit No. **SA**



Project Cost Estimate

Lease Name: Snoddy Federal

Well No.: 21H

Intangibles	Codes	Dry Hole Cost	After Casing Point	Completed Well Cost
Roads & Location Preparation / Restoration	D10C.100	\$60,000	D10C.100 \$3,000	\$63,000
Damages	D10C.105	\$1,000	D10C.105	\$1,000
Mud / Fluids Disposal Charges	D10C.255	\$50,000	D10C.255 \$80,000	\$130,000
Day Rate	35:DH Days	3.5:ACP Days @	Per Day	
	D10C.115	\$665,000	D10C.120 \$67,000	\$732,000
Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.)	D10C.120	\$5,000		\$5,000
Bits	D10C.125	\$65,000	D10C.125 \$1,000	\$66,000
Fuel	\$3.70 Per Gallon	Gallons Per Day	D10C.130	\$1,000
	D10C.135	\$117,000	D10C.130	\$118,000
Water / Completion Fluids	Per Day	D10C.140	D10C.135 \$147,000	\$180,250
Mud & Additives	D10C.145	\$84,700		\$84,700
Surface Rentals	Per Day	D10C.150	D10C.140 \$147,000	\$203,000
Downhole Rentals	D10C.155	\$125,000	D10C.145	\$161,000
Formation Evaluation (DST, Coring including evaluation, G&G Services)	D10C.160			\$0
Mud Logging	\$1,200 Days @	20 Per Day	D10C.170	\$28,000
	D10C.180	\$28,000		\$28,000
Open Hole Logging	D10C.185	\$15,000		\$15,000
Cementing & Float Equipment	D10C.195	\$98,000	D10C.155	\$86,000
	D10C.195	\$98,000	D10C.155	\$184,000
Tubular Inspections	D10C.190	\$5,000	D10C.160	\$5,000
Casing Crews	D10C.195	\$18,000	D10C.155	\$18,000
Extra Labor, Welding, Etc.	D10C.200	\$11,000	D10C.170	\$10,400
Land Transportation (Trucking)	D10C.205	\$11,000	D10C.175	\$7,000
Supervision	Per Day	D10C.210	D10C.180	\$32,000
	D10C.210	\$66,000	D10C.180	\$98,000
Trailer House / Camp / Catering	Per Day	D10C.230	D10C.285	\$4,000
	D10C.230	\$35,000	D10C.285	\$39,000
Other Misc Expenses	D10C.220	\$2,000	D10C.190	\$7,000
Overhead	300 Per Day	D10C.225	D10C.165	\$3,000
	D10C.225	\$12,000	D10C.165	\$15,000
Remedial Cementing	D10C.231		D10C.215	\$0
MOB/DEMOB	D10C.240	\$110,000		\$110,000
Directional Drilling Services	14 Days @	12,800 Per Day	D10C.245	\$204,000
	D10C.245	\$204,000		\$204,000
Dock, Dispatcher, Crane	D10C.250		D10C.230	\$0
Marine & Air Transportation	D10C.275		D10C.230	\$0
Solids Control	Per Day	D10C.260		\$46,000
	D10C.260	\$46,000		\$46,000
Well Control Equip (Snubbing Svcs.)	D10C.265	\$30,000	D10C.240	\$25,000
Fishing & Sidetrack Operations	D10C.270	\$0	D10C.245	\$0
Completion Rig	6 Days @	3,400 Per Day	D10C.115	\$32,000
	D10C.115	\$32,000	D10C.115	\$32,000
Coil Tubing	1 Days @	Per Day	D10C.290	\$45,000
	D10C.290	\$45,000	D10C.290	\$45,000
Completion Logging, Perforating, WL Units, WL Surveys	D10C.200		D10C.200	\$70,000
Stimulation	D10C.210		D10C.210	\$2,010,000
	D10C.210	\$2,010,000	D10C.210	\$2,010,000
Legal / Regulatory / Curative	D10C.300	\$13,000	D10C.290	\$13,000
Well Control Insurance	\$0.35 Per Foot	D10C.235		\$5,000
Contingency	5% of Drilling Intangibles	D10C.435	D10C.220	\$50,000
	D10C.435	\$98,000	D10C.220	\$148,000
Construction For Well Equipment	DWEA.110		DWEA.110	\$10,000
Construction For Lease Equipment	DLEA.110		DLEA.110	\$75,000
Construction For Sales P/L	D10C.265		D10C.265	\$10,000
<b>Total Intangible Cost</b>		<b>\$2,066,950</b>	<b>\$2,981,400</b>	<b>\$5,048,350</b>

Tangible - Well Equipment	Size	Feet	\$/Foot	Codes	Cost	Cost
Casing						
Drive Pipe	36"	120.00	\$180.00	DWEA.150	\$22,000	\$22,000
Conductor Pipe				DWEA.120	\$0	\$0
Water String	20"	1090.00	\$136.78	DWEA.135	\$149,000	\$149,000
Surface Casing	13-3/8"	3524.00	\$83.03	DWEA.140	\$293,000	\$293,000
Intermediate Casing	9 5/8"	5200.00	\$42.13	DWEA.145	\$219,000	\$219,000
Drilling Liner				DWEA.145	\$0	\$0
Drilling Liner				DWEA.145	\$0	\$0
Production Casing or Liner	5 1/2"	14000.00	\$20.54	DWEA.100	\$291,000	\$291,000
Production Tie-Back				DWEA.100	\$0	\$0
Tubing	2 7/8"	9000.00	\$8.14	DWEA.105	\$73,000	\$73,000
N/C Well Equipment				DWEA.115	\$72,500	\$72,500
Wellhead, Tree, Chokes	DWEA.115			DWEA.120	\$18,000	\$31,000
Liner Hanger, Isolation Packer	DWEA.120			DWEA.125	\$10,000	\$10,000
Packer, Nipples	DWEA.120			DWEA.120	\$0	\$0
Pumping Unit, Engine	DLEA.100			DLEA.100	\$145,000	\$145,000
Lift Equipment (BHP, Rods, Anchors)	DLEA.105			DLEA.105	\$9,000	\$9,000
Tangible - Lease Equipment						
N/C Lease Equipment	DLEA.115			DLEA.115	\$64,500	\$64,500
Tanks, Tanks Steps, Stairs	DLEA.120			DLEA.120	\$64,250	\$64,250
Battery (Heater Treater, Separator, Gas Treating Equipment)	DLEA.125			DLEA.125	\$32,500	\$32,500
Flow Lines (Line Pipe from wellhead to central facility)	DLEA.130			DLEA.130	\$5,500	\$5,500
Offshore Production Structure for Facilities	DWEA.135			DWEA.135	\$0	\$0
Pipeline to Sales	DWEA.140			DWEA.140	\$0	\$0
<b>Total Tangibles</b>					<b>\$696,000</b>	<b>\$785,250</b>
P&A Costs	D10C.295	\$150,000		D10C.275	-\$150,000	\$0
<b>Total Cost</b>					<b>\$2,912,950</b>	<b>\$3,616,650</b>



Authorization For Expenditure

Company Entity Cimarex Energy Co.	Date Prepared March 1, 2012
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Region	Well Name	Well No.	Prospect or Field Name	Property Number	Drilling AFE No.
Permian	Snoddy Federal	22H	Mitchell		

Location	County	State	Type Well		
Est SHL: 797 FNL & 596 FEL Sec 26, 20S-32E Est BHL: 330 FSL & 1980 FWL Sec 26, 20S-32E	Lea	NM	Oil	Expl	
			Gas	Prod	

Estimate Type	Est. Start Date	Est. Comp Date	Formation	Td Measured Depth
Original Estimate <input checked="" type="radio"/>			Bone Spring	14,300'
Revised Estimate <input type="radio"/>				Td Vertical Depth
Supplemental Estimate <input type="radio"/>				9,900'

**Project Description:**  
Drill and complete a Bone spring horizontal well . Potash 4 string design.

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**Comments on Well Costs:**  
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Cimarex Energy Co. Approval

Prepared by:	Drilling and Completion Manager	Regional Manager
Mark Audas	Doug Park	Roger Alexander

Joint Interest Approval

Company	By	Date

Oil Conservation Division  
Case No. 513  
Exhibit No. 513



Project Cost Estimate

Lease Name: Snoddy Federal

Well No.: 22H

Intangibles	Codes	Dry Hole Cost	Codes	After Casing Point	Completed Well Cost	
Roads & Location Preparation / Restoration	D1DC.109	\$60,000	D1CC.109	\$3,000	\$63,000	
Damages	D1DC.105	\$1,000	D1CC.105		\$1,000	
Mud / Fluids Disposal Charges	D1DC.255	\$50,000	D1CC.255	\$80,000	\$130,000	
Day Rate	35 DH Days @ 3.5 ACP Days @	Per Day	D1DC.115	\$665,000	\$732,000	
Misc Preparation Cost (mouse hole, rat hole, pads, pte clusters, misc.)	D1DC.120	\$5,000			\$5,000	
Bits	D1DC.125	\$65,000	D1CC.125	\$1,000	\$66,000	
Fuel	\$3.70 Per Gallon	Gallons Per Day	D1DC.135	\$117,000	\$118,000	
Water / Completion Fluids		Per Day	D1DC.140	\$33,250	\$180,250	
Mud & Additives	D1DC.145	\$84,700			\$84,700	
Surface Rentals		Per Day	D1DC.150	\$54,000	\$201,000	
Downhole Rentals	D1DC.155	\$125,000	D1CC.145	\$36,000	\$161,000	
Formation Evaluation (DST, Coring including evaluation, G&G Services)	D1DC.160				\$0	
Mud Logging	\$1,200 Days @	20 Per Day	D1DC.170	\$28,000	\$28,000	
Open Hole Logging			D1DC.180	\$15,000	\$15,000	
Cementing & Float Equipment	D1CC.185	\$98,000	D1CC.185	\$86,000	\$184,000	
Tubular Inspections	D1DC.190	\$5,000	D1CC.180	\$5,000	\$10,000	
Casing Crews	D1DC.195	\$18,000	D1CC.165	\$18,000	\$36,000	
Extra Labor, Welding, Etc.	D1DC.200	\$11,000	D1CC.170	\$10,400	\$21,400	
Land Transportation (Trucking)	D1DC.205	\$11,000	D1CC.175	\$7,000	\$18,000	
Supervision		Per Day	D1DC.210	\$66,000	\$98,000	
Trailer House / Camp / Catering		Per Day	D1DC.220	\$35,000	\$39,000	
Other Misc Expenses	D1DC.230	\$2,000	D1CC.190	\$7,000	\$9,000	
Overhead	300 Per Day	D1DC.225	\$12,000	D1CC.185	\$3,000	\$15,000
Remedial Cementing	D1DC.231		D1CC.215		\$0	
MOB/DEMOB	D1DC.240	\$110,000			\$110,000	
Directional Drilling Services	14 Days @ 12,800 Per Day	D1DC.245	\$204,000		\$204,000	
Dock, Dispatcher, Crane	D1DC.250		D1CC.230		\$0	
Marine & Air Transportation	D1DC.275		D1CC.250		\$0	
Solids Control		Per Day	D1DC.250	\$46,000	\$46,000	
Well Control Equip (Snubbing Svcs.)	D1DC.265	\$30,000	D1CC.240	\$25,000	\$55,000	
Fishing & Sidetrack Operations	D1DC.270	\$0	D1CC.245		\$0	
Completion Rig	6 Days @ 3,400 Per Day		D1CC.115	\$32,000	\$32,000	
Coil Tubing	1 Days @	Per Day	D1CC.260	\$45,000	\$45,000	
Completion Logging, Perforating, WL Units, WL Surveys			D1CC.200	\$70,000	\$70,000	
Stimulation			D1CC.210	\$2,010,000	\$2,010,000	
Legal / Regulatory / Curative	D1DC.290	\$13,000	D1CC.280		\$13,000	
Well Control Insurance	\$0.35 Per Foot	D1DC.225	\$5,000		\$5,000	
Contingency	5% of Drilling Intangibles	D1DC.135	\$98,000	D1CC.220	\$50,000	\$148,000
Construction For Well Equipment			D1EA.110	\$10,000	\$10,000	
Construction For Lease Equipment			D1EQ.110	\$75,000	\$75,000	
Construction For Sales P/L			D1CC.285	\$10,000	\$10,000	
<b>Total Intangible Cost</b>		<b>\$2,066,950</b>		<b>\$2,981,400</b>	<b>\$5,048,350</b>	

Tangible - Well Equipment	Size	Feet	\$ / Foot	Codes	Cost	Codes	Cost	
Casing								
Drive Pipe	36"	120.00	\$180.00	D1WE.190	\$22,000		\$22,000	
Conductor Pipe				D1WE.130	\$0		\$0	
Water String	20"	1090.00	\$136.78	D1WE.135	\$149,000		\$149,000	
Surface Casing	13-3/8"	3524.00	\$83.03	D1WE.140	\$293,000		\$293,000	
Intermediate Casing	9 5/8"	\$200.00	\$42.13	D1WE.145	\$219,000		\$219,000	
Drilling Liner				D1WE.145	\$0		\$0	
Drilling Liner				D1WE.145	\$0		\$0	
Production Casing or Liner	5 1/2"	14000.00	\$20.54			D1WE.100	\$291,000	\$291,000
Production Tie-Back						D1WE.150	\$0	\$0
Tubing	2 7/8"	9000.00	\$8.14			D1WE.105	\$73,000	\$73,000
N/C Well Equipment						D1WE.115	\$72,500	\$72,500
Wellhead, Tree, Chokes				D1WE.115	\$13,000	D1WE.120	\$18,000	\$31,000
Liner Hanger, Isolation Packer				D1WE.100	\$0	D1WE.125	\$10,000	\$10,000
Packer, Nipples						D1WE.120	\$0	\$0
Pumping Unit, Engine						D1EQ.100	\$145,000	\$145,000
Lift Equipment (BHP, Rods, Anchors)						D1EQ.105	\$9,000	\$9,000
Tangible - Lease Equipment								
N/C Lease Equipment						D1EQ.115	\$64,500	\$64,500
Tanks, Tanks Steps, Stairs						D1EQ.120	\$64,250	\$64,250
Battery (Heater Treater, Separator, Gas Treating Equipment)						D1EQ.125	\$32,500	\$32,500
Flow Lines (Line Pipe from wellhead to central facility)						D1EQ.130	\$5,500	\$5,500
Offshore Production Structure for Facilities						D1WE.135	\$0	\$0
Pipeline to Sales						D1WE.140	\$0	\$0
<b>Total Tangibles</b>					<b>\$696,000</b>		<b>\$785,250</b>	<b>\$1,481,250</b>

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			Gas		Prod	

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**Cimarex Energy Co. Approval**

Prepared by	Drilling and Completion Manager	Regional Manager
Mark Audas	Doug Park	Roger Alexander

**Joint Interest Approval**

Company	By	Date

Oil Conservation Division  
Case No. \_\_\_\_\_  
Exhibit No. 5C



Project Cost Estimate

Lease Name: Snoddy Federal

Well No.: 23H

Intangibles	Codes	Dry Hole Cost	Codes	After Casing Point	Completed Well Cost		
Roads & Location Preparation / Restoration	DICC.106	\$60,000	DICC.106	\$3,000	\$63,000		
Damages	DICC.105	\$1,000	DICC.105		\$1,000		
Mud / Fluids Disposal Charges	DICC.115	\$50,000	DICC.115	\$80,000	\$130,000		
Day Rate	35 DH Days	3.5 ACP Days @	Per Day	DICC.115	\$665,000	\$67,000	\$732,000
Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.)	DICC.120	\$5,000			\$5,000		
Bits	DICC.125	\$65,000	DICC.125	\$1,000	\$66,000		
Fuel	\$3.70 Per Gallon	Gallons Per Day	DICC.125	\$117,000	\$1,000	\$118,000	
Water / Completion Fluids	DICC.140	\$33,250	DICC.135	\$147,000	\$180,250		
Mud & Additives	DICC.145	\$84,700			\$84,700		
Surface Rentals	DICC.150	\$54,000	DICC.140	\$147,000	\$201,000		
Downhole Rentals	DICC.155	\$125,000	DICC.145	\$36,000	\$161,000		
Formation Evaluation (DST, Coring including evaluation, G&G Services)	DICC.160				\$0		
Mud Logging	\$1,200 Days @	20 Per Day	DICC.170	\$28,000	\$28,000		
Open Hole Logging	DICC.165	\$15,000			\$15,000		
Cementing & Float Equipment	DICC.185	\$98,000	DICC.155	\$86,000	\$184,000		
Tubular Inspections	DICC.190	\$5,000	DICC.160	\$5,000	\$10,000		
Casing Crews	DICC.195	\$18,000	DICC.165	\$18,000	\$36,000		
Extra Labor, Welding, Etc.	DICC.200	\$11,000	DICC.170	\$10,400	\$21,400		
Land Transportation (Trucking)	DICC.205	\$11,000	DICC.175	\$7,000	\$18,000		
Supervision	Per Day	DICC.210	\$66,000	DICC.190	\$32,000	\$98,000	
Trailer House / Camp / Catering	Per Day	DICC.220	\$35,000	DICC.255	\$4,000	\$39,000	
Other Misc Expenses	DICC.230	\$2,000	DICC.190	\$7,000	\$9,000		
Overhead	300 Per Day	DICC.235	\$12,000	DICC.195	\$3,000	\$15,000	
Remedial Cementing	DICC.231		DICC.215		\$0		
MOB/DEMOB	DICC.240	\$110,000			\$110,000		
Directional Drilling Services	14 Days @	12,800 Per Day	DICC.245	\$204,000	\$204,000		
Dock, Dispatcher, Crane	DICC.250		DICC.230		\$0		
Marine & Air Transportation	DICC.275		DICC.250		\$0		
Solids Control	Per Day	DICC.260	\$46,000		\$46,000		
Well Control Equip (Snubbing Svcs.)	DICC.265	\$30,000	DICC.240	\$25,000	\$55,000		
Fishing & Sldetrack Operations	DICC.270	\$0	DICC.245		\$0		
Completion Rig	6 Days @	3,400 Per Day		DICC.115	\$32,000	\$32,000	
Coil Tubing	1 Days @	Per Day		DICC.260	\$45,000	\$45,000	
Completion Logging, Perforating, WL Units, WL Surveys				DICC.200	\$70,000	\$70,000	
Stimulation				DICC.210	\$2,010,000	\$2,010,000	
Legal / Regulatory / Curative	DICC.300	\$13,000	DICC.250		\$13,000		
Well Control Insurance	\$0.35 Per Foot	DICC.225	\$5,000		\$5,000		
Contingency	5% of Drilling Intangibles	DICC.455	\$98,000	DICC.220	\$50,000	\$148,000	
Construction For Well Equipment				DWEA.110	\$10,000	\$10,000	
Construction For Lease Equipment				DWEA.120	\$75,000	\$75,000	
Construction For Sales P/L				DICC.285	\$10,000	\$10,000	
<b>Total Intangible Cost</b>			<b>\$2,066,950</b>		<b>\$2,981,400</b>	<b>\$5,048,350</b>	

Tangible - Well Equipment	Size	Feet	\$ / Foot	Codes	Cost	Codes	Cost
Casing							
Drive Pipe	36"	120.00	\$180.00	DWER.150	\$22,000		\$22,000
Conductor Pipe				DWER.130	\$0		\$0
Water String	20"	1090.00	\$136.78	DWER.135	\$149,000		\$149,000
Surface Casing	13-3/8"	3524.00	\$83.03	DWER.140	\$293,000		\$293,000
Intermediate Casing	9 5/8"	5200.00	\$42.13	DWER.145	\$219,000		\$219,000
Drilling Liner				DWER.145	\$0		\$0
Drilling Liner				DWER.145	\$0		\$0
Production Casing or Liner	5 1/2"	14000.00	\$20.54			DWEA.100	\$291,000
Production Tie-Back						DWEA.100	\$0
Tubing	2 7/8"	9000.00	\$8.14			DWEA.105	\$73,000
N/C Well Equipment						DWEA.115	\$72,500
Wellhead, Tree, Chokes				DWER.115	\$13,000	DWEA.120	\$18,000
Liner Hanger, Isolation Packer				DWER.120	\$0	DWEA.125	\$10,000
Packer, Nipples						DWEA.130	\$0
Pumping Unit, Engine						DLEQ.106	\$145,000
Lift Equipment (BHP, Rods, Anchors)						DLEQ.105	\$9,000
Tangible - Lease Equipment							
N/C Lease Equipment						DLEQ.115	\$64,500
Tanks, Tanks Steps, Stairs						DLEQ.120	\$64,250
Battery (Heater Treater, Separator, Gas Treating Equipment)						DLEQ.125	\$32,500
Flow Lines (Line Pipe from wellhead to central facility)						DLEQ.130	\$5,500
Offshore Production Structure for Facilities						DWEA.125	\$0
Pipeline to Sales						DWEA.140	\$0
<b>Total Tangibles</b>					<b>\$696,000</b>		<b>\$785,250</b>

P&A Costs	DICC.265	\$150,000	DICC.275	-\$150,000	\$0
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<b>Total Cost</b>		<b>\$2,912,950</b>		<b>\$3,616,650</b>	<b>\$6,529,600</b>
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