



Magnum Hunter Production, Inc. / Grub Petroleum Management Co.  
 wholly owned subsidiaries of Cimarex Energy Co.  
**AUTHORIZATION FOR EXPENDITURE**

COMPANY ENTITY Grub Petroleum Management Co.			DATE PREPARED 19-Dec-06		
REGION U.S. NM	WELL NAME Full Tank Federal 33	WELL NO. #1	PROSPECT OR FIELD NAME High Lonesome	PROPERTY NUMBER	DRILLING APEND.
LOCATION: 860' FNL & 1987' FEL, Sec 33, T17S, R30E		BHL SHL	COUNTY Eddy County	STATE New Mexico	TYPE WELL OIL _____ GAS _____ ESPL _____ PROD _____ <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
ORIGINAL ESTIMATE	EST. START DATE	EST. COMP. DATE	FORMATION	EST. TD (FV)	
REVISSED ESTIMATE	TBD	TBD	Morrow	11,780'	
SUPPLEMENTAL ESTIMATES					

**PROJECT DESCRIPTION:**  
 Drill and complete Morrow well.

INTANGIBLES	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
Intangible Drilling Costs	\$1,597,000	\$0	\$1,597,200
Intangible Completion Costs	0	610,500	610,500
<b>TOTAL INTANGIBLE COSTS</b>	<b>1,597,000</b>	<b>610,500</b>	<b>2,207,500</b>
TANGIBLES			
Well Equipment	154,000	318,000	473,000
Lease Equipment	0	63,000	63,000
<b>TOTAL TANGIBLE WELL COST</b>	<b>154,000</b>	<b>382,000</b>	<b>536,000</b>
PLUG AND ABANDON COST	60,000	(60,000)	0
<b>TOTAL WELL COST:</b>	<b>\$1,801,000</b>	<b>\$842,500</b>	<b>\$2,743,500</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 for the benefit of non-operating working interest owners provides, among other terms, for \$5,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) only with a \$100,000 (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.

<b>CIMAREX ENERGY CO. APPROVAL</b>		
PREPARED BY Sherry Reid Carroll, Sr. Drilling/Completion Engineer - Permian Basin	DRILLING DEPT. Doug Park, Mgr Drilling/Completion Operations Oftshire and Permian Regions	REGIONAL MANAGER
<b>JOINT INTEREST APPROVAL</b>		
COMPANY	BY	DATE

12/20/2005 3:39 PM

OIL CONSERVATION DIVISION  
 CASE NUMBER  
 EXHIBIT NUMBER 4



PROJECT COST ESTIMATE

LEASE NAME: Full Tank Federal 33

WELL NO.: #1

	Costs	DRY HOLE COST	Costs	AFTER CASING POINT	COMPLETED WELL COST
<b>INTANGIBLES</b>					
ROADS & LOCATION PREPARATION / RESTORATION	\$26.12	\$26,000	\$26.12	\$5,000	\$40,000
DAMAGES	\$26.12	\$5,000	\$26.12	\$5,000	\$10,000
MUD/FLUIDS DISPOSAL CHARGES	\$26.46	\$20,000	\$26.46	\$35,000	\$55,000
DAY RATE 35 DH DAYS 2 ACP DAYS @ 21000 PER DAY	\$21.22	\$735,000	\$21.22	\$42,000	\$777,000
MISC PREPARATION COST (mouse hole, rig hole, pads, pile clusters, misc.)	\$26.12	\$7,500			\$7,500
BITS	\$26.34	\$20,000	\$26.34	\$0	\$20,000
FUEL \$2.00 PER GALLON	\$26.30	\$136,000	\$26.30	\$5,000	\$144,000
WATER / COMPLETION FLUIDS	\$26.31	\$20,000	\$26.31	\$16,000	\$46,000
MUD & ADDITIVES	\$26.40	\$53,000			\$53,000
SURFACE RENTALS	\$26.70	\$20,000	\$26.70	\$30,000	\$50,000
DOWNHOLE RENTALS	\$26.70	\$50,000	\$26.70	\$25,000	\$75,000
FORMATION EVALUATION (DST, Coring including evaluation, G&G SERVICES)	\$26.80	\$0			\$0
MUD LOGGING 25 DAYS @ \$900 PER DAY	\$22.41	\$22,500			\$22,500
OPEN HOLE LOGGING	\$22.42	\$25,000			\$25,000
CEMENTING & FLOAT EQUIPMENT	\$22.80	\$40,000	\$22.80	\$50,000	\$90,000
TUBULAR INSPECTIONS	\$22.16	\$3,200	\$22.16	\$2,000	\$5,200
CASING CREWS	\$22.81	\$10,000	\$22.81	\$10,000	\$20,000
EXTRA LABOR, WELDING, ETC.	\$22.80	\$10,000	\$22.80	\$10,000	\$20,000
LAND TRANSPORTATION (Trucking)	\$22.32	\$10,000	\$22.32	\$10,000	\$20,000
SUPERVISION	\$22.82	\$29,000	\$22.82	\$24,000	\$53,000
TRAILER HOUSE/CAMP/CATERING	\$22.70	\$8,000	\$22.70	\$2,500	\$11,500
OTHER MISC EXPENSES	\$22.25	\$3,000	\$22.25	\$5,000	\$10,000
OVERHEAD	\$22.85	\$11,000	\$22.85	\$8,000	\$17,000
REMEDIAL CEMENTING	\$22.80	\$0	\$22.80	\$0	\$0
MOB/DEMOB (includes rig up/down costs)	\$22.20	\$115,000			\$115,000
DIRECTIONAL DRILLING SERVICES DAYS @ PER DAY	\$22.72	\$0			\$0
DOCK DISPATCHER, CRANE	\$22.79	\$0	\$22.79	\$0	\$0
MARINE & AIR TRANSPORTATION	\$22.84	\$0	\$22.84	\$0	\$0
SOLIDS CONTROL	\$22.70	\$3,000			\$3,000
WELL CONTROL EQUIP (Smoothing services)	\$22.70	\$10,000	\$22.70	\$10,000	\$20,000
FISHING & SIDETRACK OPERATIONS	\$22.76	\$0	\$22.76	\$0	\$0
COMPLETION RIG 20 DAYS @ \$3000 PER DAY			\$22.24	\$60,000	\$60,000
COIL TUBING DAYS @ PER DAY			\$22.72	\$0	\$0
COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS			\$22.82	\$25,000	\$25,000
STIMULATION			\$22.74	\$150,000	\$150,000
LEGAL/REGULATORY/CURATIVE	\$22.10	\$10,000			\$10,000
WELL CONTROL INSURANCE \$0.35 PER FOOT	\$22.12	\$4,000			\$4,000
CONTINGENCY 5% OF DRILLING INTANGIBLES	\$22.05	\$78,000			\$78,000
CONSTRUCTION FOR WELL EQUIPMENT			\$22.75	\$5,000	\$5,000
CONSTRUCTION FOR LEASE EQUIPMENT			\$22.75	\$30,000	\$30,000
CONSTRUCTION FOR SALES PH.			\$22.74	\$0	\$0
<b>TANGIBLE - WELL EQUIPMENT</b>					0
<b>CASING</b>	SIZE	FEET	\$/FOOT		
DRIVE PIPE	20"	40	\$8.00	\$40.00	\$4,000
CONDUCTOR PIPE			\$40.07	\$0	\$0
WATER STRING			\$40.10	\$0	\$0
SURFACE CASING	18-3/8"	500	\$42.00	\$21,000	\$21,000
INTERMEDIATE CASING	9-5/8"	4,000	\$28.00	\$104,000	\$104,000
DRILLING LINER			\$40.14	\$0	\$0
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PRODUCTION CASING OR LINER	6-1/2"	11,750	\$19.50	\$40.18	\$229,000
PRODUCTION TIE-BACK			\$40.12	\$0	\$0
TUBING	2-3/8"	11,000	\$5.00	\$40.13	\$55,000
<b>NIC WELL EQUIPMENT</b>					
WELLHEAD, TREE, CHOKES	\$40.20	\$25,000	\$40.20	\$25,000	\$50,000
LINER HANGER, ISOLATION PACKER	\$40.25	\$0	\$40.25	\$0	\$0
PACKER, NIPPLES			\$40.23	\$5,000	\$5,000
FLUIDING UNIT, ENGINE			\$40.21	\$0	\$0
LIFT EQUIPMENT (BHP, Rods, Anchors)			\$40.24	\$0	\$0
<b>TANGIBLE - LEASE EQUIPMENT</b>					
NIC LEASE EQUIPMENT			\$40.20	\$15,000	\$15,000
TANKS, TANKS STEPS, STAIRS			\$40.80	\$15,000	\$15,000
BATTERY (Heater Trailer, Separator, Gas Treating Equipment)			\$40.20	\$30,000	\$30,000
FLOW LINES (Line Pipe from wellhead to central facility)			\$40.80	\$3,000	\$3,000
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES			\$45.00	\$0	\$0
PIPELINES TO SALES			\$40.50	\$0	\$0
<b>PSA COSTS</b>			\$22.80	\$50,000	\$50,000