APPLICATION OF CIMAREX ENERGY CO. FOR A NON-STANDARD OIL SPACING AND PRORATION UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

**CASE NO. 16294** 

### **CIMAREX'S EXHIBIT NOTEBOOK**

Mescalero Ridge 21 Fed 1H

Earl E. DeBrine, Jr.

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Exhibit 1	Application
Exhibit 2	Locator Map
Exhibit 3	C-102
Exhibit 4	Lease Tract Map
Exhibit 5	Mescalero Ridge Well Proposal to Matador, XTO, et al. and Nadel and Gus
Exhibit 6	Affidavit, notice letters, proof of mailing
Exhibit 7	Base of 3 <sup>rd</sup> Bone Spring Sand Structure Map (SSTVD)
Exhibit 8	Base of 3 <sup>rd</sup> Bone Spring Sand Cross-Section Stratigraphic X-Section hung on top of Wolfcamp
Exhibit 9	3 <sup>rd</sup> Bone Spring Sand Net Pay Map
Exhibit 10	Mescalero Ridge 21 Fed 1H Wellbore Diagram

APPLICATION OF CIMAREX ENERGY CO. FOR A NON-STANDARD OIL SPACING AND PRORATION UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

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### **APPLICATION**

Cimarex Energy Co. ("Cimarex"), OGRID Number 215099, through its undersigned attorneys, hereby makes an application to the Oil Conservation Division pursuant to the provisions of NMSA (1978), Section 70-2-17, for an order: (1) creating a non-standard 160-acre, more or less, oil spacing and proration unit in the Bone Spring formation, comprised of the E/4 of Section 21, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed non-standard spacing and proration unit. In support of this application, Cimarex states as follows:

- 1. Cimarex is an interest owner in the subject lands and has a right to drill a well thereon.
- 2. Cimarex seeks to dedicate the E/4 of Section 21 to the proposed well to form a non-standard 160-acre, more or less, horizontal oil spacing and proration unit (a/k/a the "project area").
- 3. Cimarex proposes to drill the Mescalero Ridge 21 Federal 1H well to a depth sufficient to test the Bone Spring formation. This well is a horizontal well with a surface



location 544' FNL and 1980' FEL of Section 21, Township 19 South, Range 34 East, and the intended bottom hole location is 330' FSL and 660' FEL of Section 21, Township 19 South, Range 34 East. The well is proposed to be drilled vertically to a depth of approximately 10,810' to the Bone Spring formation and laterally in a southerly direction within the formation to the referenced bottom hole location.

- 4. This well is a wildcat Bone Spring well which is subject to statewide rules. The producing interval that Cimarex seeks to drill will comply with the statewide 330 foot setback requirements established under statewide rules.
- 5. Cimarex sought, but has been unable to obtain a voluntary agreement from all interest owners in the Bone Spring formation underlying the proposed project area to participate in the drilling of the well or to otherwise commit their interests to the well.
- 6. Approval of the non-standard unit and the pooling of all interests in the Bone Spring formation underlying the proposed project area will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.
- 7. Notice of this application is being given in accordance with Division rules as shown on Exhibit A.

WHEREFORE, Cimarex Energy Co. requests this application be set for hearing before an Examiner of the Oil Conservation Division on July 12, 2018, and after notice and hearing as required by law, the Division enter its order:

A. Creating a 160-acre non-standard horizontal oil spacing and proration unit (a/k/a "project area") in the Bone Spring formation comprised of E/4 of Section 21, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico;

- B. Pooling all mineral interests in the Bone Spring formation underlying this non-standard spacing and proration unit/project area;
- C. Designating Cimarex as operator of this unit and the well to be drilled thereon;
- D. Authorizing Cimarex to recover its costs of drilling, equipping and completing this well;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

MODRALL, SPERLING, ROEHL, HARRIS

& SISK, P.A.

By:

Early. DeBrine, Jr.

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Albuquerque, New Mexico 87103-2168

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edebrine@modrall.com

jlb@modrall.com

Attorneys for Applicant Cimarex Energy Co.

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: Application of Cimarex Energy Co. for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division: (1) creating a non-standard 160-acre, more or less, oil spacing and proration unit in the Bone Spring formation, comprised of the E/4 of Section 21, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed non-standard spacing and proration unit. This proposed non-standard spacing and proration unit will be the project area for the Mescalero Ridge 21 Federal 1H, to be horizontally drilled. The producing area for this well will be orthodox. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Cimarex as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 21 miles southwest of Hobbs, New Mexico.

YOAKUM	BESK BESK A7	BES4.	BEST A9 GAINES	8 EX A10 A10 BEX A12	PSL BLK A28	BEAL A29 ANDREWS	BRSIL A39	4
38E	16S 39E	17S 39E	39E	198 39E	20S 39E	21S 38E	22S 38E	e No. 1629
158 38E	16S 38E	178 38E	18S 38E	19S 38E	20S 38E	218 37E	228 37E	Case No. 16294 CIIMAREX
158 37E	16S 37E	17S 37E	18S 37E	198 37E	20\$ 37E	215 38E	22S 36E	23S 36E
158 36E	16S 36E	173 36E	18S 30E	19S 36E	20S 36E	218 38E	22S 35E	23S 3SE
158 35E	16S 35E	178 35E	18S 3SE	LEA 198 35E	208 35E	21 <b>S 34E</b>	228 34E	238 34E
158 34E	16S 34E	178.34E	18S 34E	Mescalaro Ridge 21 Federal 1H	20S 34E	215 33E	228 33E	23S 33E
15S 33E	16S 33E	17S 33E	, 185 33E	19S 33E	20S 33E	215 32E	22S 32E	23S 32E
15S 32E	16S 32E	17S 32E	18S 32E	19S 32E	20S 32E	21S 31E	22S 31E	23S 31E
15S 30E CHAVES 15S 31E	16S 31E	17S 31E	18S 31E	19S 31E	20S 31E	EDDY 21S 30E	22S 30E	23S 30E
S 30						71S 29E	2S 29E	3S 29E

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. Fiest St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazzos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

# State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505

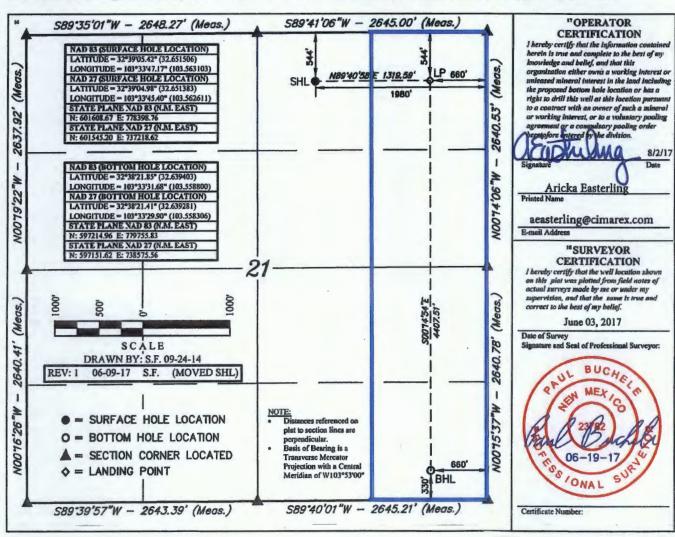
Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

30-0	API Numb	er		<sup>2</sup> Pool Code		Wildo	at, Bone Spri	ame ng			
4 Property C	ode		Freperty Name  MESCALERO RIDGE 21 FEDERAL  6 Well Number  1H								
215099	lo.				Operator N				<sup>9</sup> Elevation 3760.4'		
					»Surface	Location					
UL or let no. B	Section 21	Township 19S	Range 34E	Lot Idn	Feet from the 544	North/South line NORTH	Feet from the 1980	East/West line EAST	County		
			11	Bottom Ho	ole Location I	f Different From	Surface				
UL or lot no.	Section 21	Township 19S	Range 34E	Lot ldn	Feet from the 330	North/South line SOUTH	Feet from the 660	East/West line EAST	County		
12 Dedicated Acr 200	25 13	Joint er Infill	14 Conso	olidation Code	15 Order No.						

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



## Section 21, Range 19 South, Township 34 East, Lea Co., New Mexico Mescalero Ridge 21 Fed 1H (E/2E/2 – 160.00 acre unit)

### Interests to Pool covering Tract 1

OWNER	TYPE	NET ACRES
XTO Energy, Inc. as agent for Exxon Mobil Corporation	Uncommitted	20.0000000
	Leasehold	
Matador Resources Company	Uncommitted	28.8000000
	Leasehold	
XTO Energy Inc.	Uncommitted	3.9990000
	Leasehold	
ExxonMobil Oil Corporation, by its Agent and Attorney-in-Fact, XTO Energy,	Uncommitted	24.8820000
Inc.	Leasehold	
Mobil E&P U.S. Development Corporation, by its Agent and Attorney-in-Fact,	Uncommitted	1.1070000
XTO Energy Inc.	Leasehold	
Exxon Mobil Corporation by its Agent and Attorney-in-Fact, XTO Energy Inc.	Uncommitted	.0120000
	Leasehold	
TOTAL		80.000000
Magnum Hunter Production Inc. (balancing Interest in proration unit)	Working Interest	80.000000





May 29, 2018

Matador Resources Company One Lincoln Center 5400 LBJ Freeway, Suite 1500 Dallas, Texas 75240 Attention: Chris Carleton

Re: Proposal to drill

Mescalero Ridge 21 Federal 1H

Section 21, Township 19 South, Range 34 East

Lea County, New Mexico

Dear Working Interest Owner,

Cimarex Energy Co. hereby proposes to drill the Mescalero Ridge 21 Federal 1H well at a legal location in Section 21, Township 19 South, Range 34 East, NMPM, Lea Co., NM.

The intended surface hole location for the well is 544' FNL and 1980' FEL of Section 21, Township 19 South, Range 34 East, and the intended bottom hole location is 330' FSL and 660' FEL of Section 21, Township 19 South, Range 34 East. The well is proposed to be drilled vertically to a depth of approximately 10,810' to the Bone Spring formation and laterally in a southerly direction within the formation to the referenced bottom hole location. Total measured depth of the well is proposed to be approximately 16,152' feet from surface to terminus.

It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Cimarex's intended procedure. Cimarex will advise you of any such modifications.

Enclosed, in duplicate, is (i) our detailed AFE reflecting estimated costs associated with this proposal, and; (ii) our proposed form of Operating Agreement to govern operations of the Mescalero Ridge 21 Federal 1H well. If you intend to participate, please approve and return one (1) original of the enclosed AFE, one (1) original of the signature page to the Operating Agreement, along with the contact information to receive your well data, to the undersigned within thirty (30) days of receipt of this proposal. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.

Please call the undersigned with any questions or comments.

Respectfully,

Cody Elliott 432.571.7806

CIMAREX
Exhibit 5

### ELECTION TO PARTICIPATE

	Mescalero Ridge 21 Federal 1H	
Ridge 21 Federal 1H	Matador Resources Company elects TO participate in the prop	osed Mescalero
Mescalero Ridge 21 Fe	Matador Resources Company elects NOT to participate in the rederal 1H	proposed
Dated this day of	f, 2018.	7.
Signature:		
Title:		
If your election above is	is TO participate in the proposed Mescalero Ridge 21 Federal 1H	well, then:
	elects TO be covered by well control insurance procured by Cir	marex Energy Co.
	elects NOT to be covered by well control insurance procured by Cimarex Energy Co. and agrees to provide Cimarex Energy certificate of insurance prior to commencement of drilling open deemed to have elected to be covered by well control insurance Cimarex Energy Co.	ations or be
	<b>.</b>	÷.



### Authorization For Expenditure Drilling

Company Entity

Date Prepared 5/30/2018

AFE Well Name Property Number **Exploration Region** Prospect MESCALERO RIDGE 21 FEDERAL 1H New Mexico Bone Spring Pros 301471-308.01 2617064 Permian Basin (Lea) Estimated Spud Estimated Completion County, State Location 9/5/2018 E2E2 Section 21-T19S-R34E, Lea County, New Mexico 11/28/2018 Lea, NM X New Formation Well Type Ttl Measured Depth Ttl Vetical Depth Supplement Bone Spring DEV 16,152 10,810 Revision

Purpose Drill and complete well

Description

Drilling Drill and complete a horizontal test. Drill to 1680 set surface casing. Drill to Drill to 5460' set intermediate casing. Drill to 10333' (KOP).

Drill curve at 12\*/100' initial build rate to +/- 90 degrees and 10810' TVD and drill a +/- 4140' long lateral in the bone spring formation. Run and cement production liner. Stage frac in stages. Drill out plugs. Run production packer, tubing and GLVs.

Intangible	Dry Hole	After Casing Point	Completed Well Cost
Drilling Costs	\$2,259,000		\$2,259,000
Completion Costs		\$4,486,100	\$4,486,100
Total Intangible Cost	\$2,259,000	\$4,486,100	\$6,745,100
Tangible	Dry Hole	After Casing Point	Completed Well Cost
Well Equipment	\$266,000	\$484,000	\$750,000
Lease Equipment		\$1,470,500	\$1,470,500
Total Tangible Cost	\$266,000	\$1,954,500	\$2,220,500
Total Well Cost	\$2,525,000	\$6,440,600	\$8,965,600

### 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.

### 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. Failure to make an election below shall be deemed an election to market your gas with Cimarex under the terms and conditions set forth above.

### I elect to take my gas in kind.

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

### 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.

Nonoperator Approvai		AND THE RESERVE OF THE PARTY OF		
Company	Approved By (Print Name)	Approved By (Signature)	Date	
	The state of the s			
	The second of the second secon	THE STATE OF THE S		
NOTICE TO NONOPERATOR:	Costs shown on this form are estimates only.	By executing this AFE, the consenting party agrees to pay its proportionate		
share of actual costs incurred.	Overhead will be charged in accordance with	the Joint Operating Agreement.	5/30	0/2018



### CINIAREX Authorization For Expenditure - MESCALERO RIDGE 21 FEDERAL 1H

		BCP - Drilling			ACP - Drilling			Comp/Stim	
Sub Ledger Description	. Codes			it. Codes		Amount			Amoun
Roads & Location Preparation /	DIDC.100		200,00				STIM.100	1	5,000
Battagtion	DIDC.105		10,00				1		
Mud/Fluids Disposal	DIDC.255		125,00				STIM.255	5	21,000
Day Rate	DIDC.115		472,00		0 4 days at \$23,000/day	81,000	).		
Misc Preparation Cost (mouse hole, rat	DIDC,120		35,00						
gole, pads, pile clusters, misc.)	DIDC.125			0 DICC.125					0
Fuel	DIDC.135		72,000			0			
Water for Drilling Rig / Completion Fluids				0. DICC.135	5	0	): STIM.135	i	14,000
Mud & Additives	DIDC.145		100,000						
Surface Rentals	DIDC.150			0 DICC.140	)	0			102,000
Downhole Rentals	DIDC.155	i. ,	156,000	0			STIM.145		0
Automation Labor									
Formation Evaluation (DST, Coring	DIDC_160			0:			STIM.150		0
including graduation, G&G Services)		16 days at \$1,200/day	24,000	0					
Open Hole Logging	DIDC.180		(	-					
Cementing & Float Equipment	DIDC.185		90,000	DICC.155		106,000			
Tubular Inspections	DIDC.190		30,000			5,000	5TIM.160		2,000
Casing Crews	DIDC.195		10,000			18,000	STIM.16S		0
Mechanical Labor	DIDC.200		15,000			3,000	STIM.170		0
Trucking/Transportation	DIDC.205		15,000			10,000			2,000
Supervision	DIDC 210		102,000			14,000	STIM.180		30,000
Trailer House / Camp / Catering	DIDC280		13,000			2,000	STIM.280		12,500
Other Misc Expenses	DIDC,220		5,000	DICC_190		. 0	STIM.190		. 0:
Overhead	DIDC.225		10,000	DICC,195		5,000	1		
Remedial Cementing	DIDC.231		0	,			STIM.215		0
MOB/DEMOB	DIDC.240		250,000						
Directional Drilling Services	DIDC245	1	115,000	).					
Crane for Construction									
Solids Control	DIDC.260		69,000						
Well Control Equip (Snubbing services)	DIDC.265			DICC.240		0	STIM.240		42,000
Fishing & Sidetrack Services	DIDC.270		. 0	DICC.245		0			0
Completion Rig							5TIM.115		13,000
Coil Tubing Services	i.		ķ .	Į.	1		STIM.260		173,000
Completion Logging, Perforating, WL							5TIM.200		184,000
Composite Plugs							STIM.390		43,000
Stimulation Pumping Charges, Chemicals,							STIM.210		1,796,000
Stimulation Water/Water Transfer/Water							STIM.395		384,000
Einfalk Owned Frac/Rental Equipment					1		STIM.305		42,000
Legal/Regulatory/Curative	DIDC.300	1	10,000						
Well Control Insurance	DIDC.285	\$0.35/R	6,000						
FL/GL - Labor					1				
FL/GL - Supervision									
FL/GL - NDE(X-Ray)									
FL/GL - Survey									
FL/GL - Hydro Test									
FL/GL - Hydro Vac									
FL/GL · Trucking									
SWD Lines - Intangible									
Gas Sales Lines - Intangible									
Contingency	DIDC.435	500 % of Drilling Intangibles	108,000	DICC.220		12,000	STIM.220		143,000
Contingency									1-3,000
Construction for Flow Lines									
Construction For Sales P/L									
P&A Costs	DIDC.295		0	DICC.275	·	0			
Total Intangible Cost			2,259,000	- No. of the second	A Symptom accepts by the contract of the contr	256,000			3,008,500
Drive Pipe	DWEB.150		0						5,500,500
Conductor Pipe	DWEB.130		0						
Water String	DWEB.135		0						
Surface Casing	DWEB.140	13 3/8" - 1,680ft at \$33.00/ft	55,000						
Intermediate Casing 1	DWEB.145	9 5/8" - 5,460ft at \$35,00/ft	191,000						
Intermediate Casing 2	DWEB.155		0						
Drilling Liner	DWEB.160		0						
Production Casing or Liner				DWEA,100	5 1/2" - 16,152ft at \$18.00/ft	291,000			
Production Tie-Back				DWEA.165		0	STIMT.101		0
Tubing							STIMT.105	2 7/8" - 10,430ft at \$6.00/ft	63,000
Wellhead, Tree, Chokes	DWE8,115		20,000	DWEA.120		20,000	STIMT.120		25,000
Liner Hanger, Isolation Packer	DWEB.100		0	DWEA.125		0			
Packer, Nipples							STIMT.400		15,000
Pumping Unit, Engine							STIMT.405		0
Downhole Lift Equipment (BHP, Rods,							STIMT#10		70,000
Sortage EESP MEXE, PC pump)		and the second second second second			1 10 10 10 10 10 10 10 10 10 10 10 10 10	the same code comment of the co			
Total Tangible - Well Equipment Cos			266,000			311,000			173,000
N/C Lease Equipment									,
Tanks, Tanks Steps, Stairs									
Sattery (Heater Treater, Separator, Gas									
ROUND PROPERTY AND									
Overhead Power Distribution (electric line				1					
& famili Bilectrical									
WD Connection									
low Lines (Line Pipe From Wellhead To									
ipeline to Sales									
Meters and Metering Equipment									
acility Line Pipe									
utomation Materials									
utomation Materials									
L/GL - Valves/Fittings				1					
L/GL - Valves/Fittings L/GL - Pipe				1					
L/GL - Velves/Fittings L/GL - Pipe WD Lines - Tangible									
L/GL - Valves/Fittings L/GL - Pipe				!		Action parts on		7.74	



### CIIVARE Authorization For Expenditure - MESCALERO RIDGE 21 FEDERAL 1H

CHVIAREA		Production Equip		Post Completion		Total
Sub Ledger Description	Codes	Amou			Amount	
Roads & Location Preparation / Restoration	CON.100	103,50	-	Repair Road to Location	15,000	
Damages	CON.105	38,00	0 PCOM.255	2000 BWPD for 30 days @ \$0.80/bbl	48,000	48,0 194,0
Mud/Fluids Disposal			100111233	2000 2111 2 101 20 201 20 201 201	40,000	553,0
Day Rate Misc Preparation Cost (mouse hole, rat hole,						35,0
gads, pile clusters, misc.)			PCOM.125		. 0	60.0
Fuel			PCOM.130		0	
Water for Drilling Rig / Completion Fluids (Not			PCOM.135		0	
Mud & Additives				·		100,0
Surface Rentals	CON.140	7,00	0 PCOM.140	Flowback Equipment - \$1200/d for 30 days	36,000	
Downhole Rentals		72.40	PCOM.145 0 PCOM.150	1	0	
Automation Labor	CON.150	72,00	U; PCOM.130		U	12,0
Formation Evaluation (DST, Coring including walkerigg; 1584G Services)						24,0
Open Hole Logging				t files		196,0
Cementing & Float Equipment Tubular Inspections			PCOM,160	9	0	37,0
Casing Craws				4		28.0
Mechanical Labor	CON.170	272,50	0 PCOM.170	Flowback Hands (2) - \$1900/d for 30 days	57,000	347,5
Trucking/Transportation	CON.175	28,00	0 PCOM.175		0	55,0
Supervision	CON.180	72,50	0 PCOM,180		0	218,5
Trailer House / Camp / Catering						27,5
Other Misc Expenses	CON.190	20,00	0 PCOM.190		0	25,0
Overhead			. 05014315			15,0
Remedial Cementing			PCOM,215		0	250.0
MOB/DEMOB						250,0 115,0
Directional Drilling Services	CON 230			3		113,0
Crane for Construction Solids Control						69.0
Well Control Equip (Snubbing services)			PCOM.240		0	123,0
Fishing & Sidetrack Services			PCOM.245		0	
Completion Rig	i		PCOM.115	100	0	13,0
Coil Tubing Services			PCOM.260		0	173,0
Completion Logging, Perforating, WL Units, WL			PCOM,200		0	184,0
Composite Plugs			PCOM.390		0	43,0
Stimulation Pumping Charges, Chemicals,			PCOM.210		0	1,796,0
Stimulation Water/Water Transfer/Water Storage			PCOM.305		0	384,0 42,0
Cimarex Owned Frac/Rental Equipment	CON,300		0.		U	10,0
Legal/Regulatory/Curative	CO14,300		<b>.</b>			6,0
Well Control Insurance FL/GL - Labor	CON.500	57,50	0			57,50
FL/GL - Supervision	CON.505	46,00		1		46.00
FL/GL - NDE(X-Ray)	CON.510	5,50				5,50
FL/GL - Surviey	CON:515	6,00	0:			6,00
FL/GL - Hydro Test	CON.520	7.50	0.			7,50
FL/GL - Hydro Vac	CON,525	5,00				5,00
FL/GL - Trucking	CON.530	3,00				3,0
SWD Lines - Intangible	CON.600	76,50	D :			76,50
Gas Sales Lines - Intangible	CON.700 CON.220		) - РСОМ.220	10%	15,600	468.60
Contingency Contingency	CON.221	39,50		1	13,000	39,50
Construction for Flow Lines	CON.310	20,50	•			33,30
Construction For Sales P/L	CON.265					
P&A Costs		A Taken Advanced to the Control of t				
Total Intangible Cost		1,050,00	0.		171,600	6,745,10
Drive Pipe						
Conductor Pipe						
Water String						
surface Casing Intermediate Casing 1						55,00 191,00
ntermediate Casing 1						151,0
Orilling Liner						
Production Casing or Liner						291,0
reduction Tie-Back						
ubing			PCOMT.105		0	63,00
Vellhead, Tree, Chokes			PCOMT.120		0	65,00
iner Hanger, Isolation Packer						
acker, Nipples			PCOMT.400		0	15,00
rumping Unit, Engine			PCOMT.405		0	70.00
Cowinhole Lift Equipment (BHP, Rods, Anchors, SPrack Leading RUMP)			PCOMT/420		0	70,00
Total Tangible - Well Equipment Cos					. 0	750,00
I/C Lease Equipment	CONT.400	205,50	).		J	205,50
anks, Tanks Steps, Stairs	CONT.405	99.50				99,50
Sattery (Heater Treater, Separator, Gas Treating	CONT.410	363,00				363,00
<b>記述所述が</b> Containments	CONT.415	61,50				61,50
Overhead Power Distribution (electric line to	CONT.420	299,00				299,00
Mcdility) Electrical	CONT.425	129,50	)			129,50
WD Connection	CONT.430					
low Lines (Line Pipe From Wellhead To Central	CONT.435					
ipeline to Sales	CONT.440					
Meters and Metering Equipment	CONT.445	26,00				26,00
acility Line Pipe	CONTASS	44,00				44,00
utomation Materials	CONTASS	94,50		1		94,50
L/GL - Valves/Fittings	CONT.555	11,50 14,00				11,50
L/GL - Pipe IWD Lines - Tangible	CONT.650	14,00				14,00 122,50
Gas Sales Lines - Tangible	CONT.750		) D:			122,50
THE PARTY OF THE P		and the same of th		A CONTRACTOR OF THE PROPERTY OF THE CONTRACTOR O		
Total Tangible - Lease Equipment Cos		1,470,50	)			1,470,50



May 29, 2018

XTO Energy, Inc. 810 Houston Street Fort Worth, Texas 76102-6298 Attention: Keith Sawyer

Cc: XTO Energy, Inc., as agent for Exxon Mobil Corporation
ExxonMobil Oil Corporation by its Agent and Attorney-in-Fact, XTO Energy, Inc.
Mobil E&P U.S. Development Corporation, by its Agent and Attorney-in-Fact, XTO Energy, Inc.
Exxon Mobil Corporation by its Agent and Attorney-in-Fact, XTO Energy, Inc.

Re: Proposal to drill
Mescalero Ridge 21 Federal 1H
Section 21, Township 19 South, Range 34 East
Lea County, New Mexico

Dear Working Interest Owner,

Cimarex Energy Co. hereby proposes to drill the Mescalero Ridge 21 Federal 1H well at a legal location in Section 21, Township 19 South, Range 34 East, NMPM, Lea Co., NM.

The intended surface hole location for the well is 544' FNL and 1980' FEL of Section 21, Township 19 South, Range 34 East, and the intended bottom hole location is 330' FSL and 660' FEL of Section 21, Township 19 South, Range 34 East. The well is proposed to be drilled vertically to a depth of approximately 10,810' to the Bone Spring formation and laterally in a southerly direction within the formation to the referenced bottom hole location. Total measured depth of the well is proposed to be approximately 16,152' feet from surface to terminus.

It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Cimarex's intended procedure. Cimarex will advise you of any such modifications.

Enclosed, in duplicate, is (i) our detailed AFE reflecting estimated costs associated with this proposal, and; (ii) our proposed form of Operating Agreement to govern operations of the Mescalero Ridge 21 Federal 1H well. If you intend to participate, please approve and return one (1) original of the enclosed AFE, one (1) original of the signature page to the Operating Agreement, along with the contact information to receive your well data, to the undersigned within thirty (30) days of receipt of this proposal. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.

Please call the undersigned with any questions or comments.

Respectfully,

Cody Elliott 432.571.7806

	ELECTION TO PARTICIPATE  Mescalero Ridge 21 Federal 1H
in the proposed Mesc	XTO Energy, Inc., as agent for Exxon Mobil Corporation elects TO participate alero Ridge 21 Federal 1H
participate in the prop	XTO Energy, Inc., as agent for Exxon Mobil Corporation elects NOT to cosed Mescalero Ridge 21 Federal 1H
Dated this day	of, 2018.
Signature:	
Title:	
If your election above	e is TO participate in the proposed Mescalero Ridge 21 Federal 1H well, then: elects TO be covered by well control insurance procured by Cimarex Energy Co. elects NOT to be covered by well control insurance procured by Cimarex Energy Co. and agrees to provide Cimarex Energy Co. with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex Energy Co.

ExxonMobil Oil Corporation by its Agent and Attorney-in-Fact, XTO Energy, Inc. elects TO participate in the proposed Mescalero Ridge 21 Federal 1H
ExxonMobil Oil Corporation by its Agent and Attorney-in-Fact, XTO Energy, Inc. elects NOT to participate in the proposed Mescalero Ridge 21 Federal 1H
Dated this day of, 2018.
Signature:
Title:
If your election above is TO participate in the proposed Mescalero Ridge 21 Federal 1H well, then:
elects TO be covered by well control insurance procured by Cimarex Energy Co.
elects NOT to be covered by well control insurance procured by Cimarex Energy Co. and agrees to provide Cimarex Energy Co. with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex Energy Co.

Federal 1H	XTO Energy, Inc. elects TO participate in the proposed Mescalero Ridge 21
Federal 1H	XTO Energy, Inc. elects NOT to participate in the proposed Mescalero Ridge 21
Dated this day of	, 2018.
Signature:	
Title:	
If your election above is	TO participate in the proposed Mescalero Ridge 21 Federal 1H well, then:
	elects TO be covered by well control insurance procured by Cimarex Energy Co.
	elects NOT to be covered by well control insurance procured by Cimarex Energy Co. and agrees to provide Cimarex Energy Co. with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex Energy Co.

XTO Energy, Inc. ele	Mobil E&P U.S. Development Corporation, by its Agent and Attorney-in-Fact, cts TO participate in the proposed Mescalero Ridge 21 Federal 1H
XTO Energy, Inc. ele	Mobil E&P U.S. Development Corporation, by its Agent and Attorney-in-Fact, cts NOT to participate in the proposed Mescalero Ridge 21 Federal 1H
Dated this day o	of, 2018.
Signature:	
Title:	· · · · · · · · · · · · · · · · · · ·
If your election above	is TO participate in the proposed Mescalero Ridge 21 Federal 1H well, then:
	elects TO be covered by well control insurance procured by Cimarex Energy Co.
	elects NOT to be covered by well control insurance procured by Cimarex Energy Co. and agrees to provide Cimarex Energy Co. with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex Energy Co.

Exxon Mobil Corporation by its Agent and Attorney-in-Fact, XTO Energy, Inc. elects TO participate in the proposed Mescalero Ridge 21 Federal 1H
Exxon Mobil Corporation by its Agent and Attorney-in-Fact, XTO Energy, Inc. elects NOT to participate in the proposed Mescalero Ridge 21 Federal 1H
Dated this , 2018.
Signature:
Title:
If your election above is TO participate in the proposed Mescalero Ridge 21 Federal 1H well, then:
elects TO be covered by well control insurance procured by Cimarex Energy Co.
elects NOT to be covered by well control insurance procured by Cimarex Energy Co. and agrees to provide Cimarex Energy Co. with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex Energy Co.



CIMAREX	Authorization For Expenditure	Drilling		
Company Entity				Date Prepared 5/30/2018
Exploration Region Permian Basin	Well Name MESCALERO RIDGE 21 FEDERAL 1H	Prospect New Mexico Bone Spring Pro (Lea)	Property Number 301471-308.01	AFE 2617064
County, State Lea, NM	Location E2E2 Section 21-T19S-R34E, Lea Cou	nty, New Mexico	Estimated Spud 9/5/2018	Estimated Completio
X New Supplement Revision	Formation Bone Spring	Well Type DEV	Ttl Measured Depth 16,152	Ttl Vetical Depth 10,810
Purpose Drill and cor	mplete well			
Description	•			
Drill curve and cemen	omplete a horizontal test. Drill to 1680 set surfa at 12*/100' Initial build rate to +/- 90 degrees a at production liner. Stage frac in stages. Drill ou	nd10810' TVD and drill a +/- 4140' t plugs. Run production packer, tub	long lateral in the bone sping and GLVs.	ring formation. Run
Intangible Drilling Costs	The second secon	Dry Hole A \$2,259,000	fter Casing Point	Completed Well Cos \$2,259,000
Completion Costs	and the second s		\$4,486,100	\$4,486,100
Total Intangible Cost	en anno en en empero en anno en	\$2,259,000	\$4,486,100	\$6,745,100
Tangible  Well Equipment Lease Equipment		Dry Hole A \$266,000	fter Casing Point \$484,000 \$1,470,500	Completed Well Cos \$750,000 \$1,470,500
Total Tangible Cost		\$266,000	\$1,954,500	\$2,220,500
Total Well Cost		\$2,525,000	\$6,440,600	\$8,965,600
Comments On Well Cos	ts equipment is priced by COPAS and CEPS guidel	ines using the Historic Price Multip	ier.	
Operator so long as Operator control insurance, you must p	elow, you, as a non-operating working interest or r conducts operations hereunder and to pay you provide a certificate of such insurance acceptable encement of drilling operations. You agree that procured by Operator.	ur prorated share of the premiums le to Operator, as to form and limits	therefore. If you elect to p i, at the time this AFE is ref	urchase your own well
l elect to purch	ase my own well control insurance polic	cy.		
Marketing Election				
Cimarex sells its gas under an nsufficient volumes delivered Upon written request to Cima	m's-length contracts with third party purchasers I over time. Should you choose to market your srex's Marketing Department, we will share with ed an election to market your gas with Cimarex	share of gas with Cimarex, you will you the terms and conditions purs	be subject to all of the ter uant to which gas will be s	ms of such contracts.
I elect to take m	ny gas in kind.			
l elect to marke	t my gas with Cimarex pursuant to the t	terms and conditions of its co	ntract.	
Comments on AFE		,		
	only and anticipate trouble free operations wit	hout any foreseeable change in pla	ns. The actual costs may e	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.

Nonoperator Approval				
Company	Approved By (Print Name)	Approved By (Signature)		Date
NOTICE TO NONOPERATOR:	Costs shown on this form are estimates only. By executin	ng this AFE, the consenting party agrees to pay its prop	ortionate	
share of actual costs incurred.	Overhead will be charged in accordance with the Joint Op	perating Agreement	Table - Control of the Control	5/30/2018



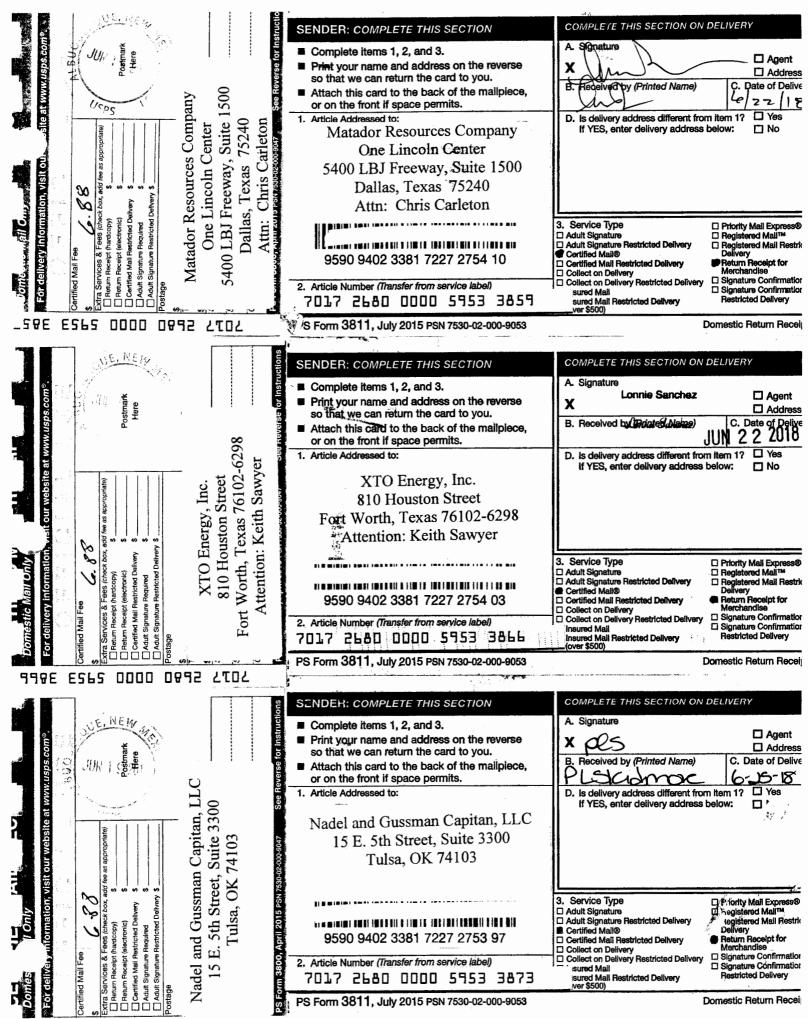
CINAREX Authorization For Expenditure - MESCALERO RIDGE 21 FEDERAL 1H

Sub Ledger Description	tanta er	100 - 11 - 22 - 24 - 24 - 24 - 24 - 24 - 24			ACP - Drilling				
		BCP - Drilling	ં કહાઉં તે	美国 经股份人	Control of the second control of the second			Comp/Stim	
	. Codes		Amour	ii, Codes		Arnoun		1	Amou
Roads & Location Preparation /	DIDC.100		200,00	12	4		STIM.100	į	5,00
B <del>arragtio</del> n	DIDC_105		10,00					1	
Mud/Fluids Disposal	DIDC.255	The second of th	125,00				STIM.255		21,00
Day Rate		20 days at \$23,000/day	472.00	- 1	4 days at \$23,000/day	81,000	) <sub>1</sub>		
Misc Preparation Cost (mouse hole, rat	DIDC.120		35,00						
bale, pads, pile clusters, misc.)	DIDC.125		60,00						
Fuel		1,300 gai/day at \$2.25/gai		0 DICC.130	}	C			
Water for Drilling Rig / Completion Fluids			3,00		•	. 0	* \$TIM.135		14,00
Mud & Additives	DIDC 145	a from the contract of the con	100,00		1				
Surface Rentals	DIDC.150			DICC 140		, 0		•	102,00
Downhole Rentals	DIDC.155		156,000	ָי יְי	1		STIM.145		
Automation Labor		1	1	i		1			
Formation Evaluation (DST, Coring	DIDC.160		i	9(			STIM.150	2	
including englustion, G&G Services)	DIDC.170	1 -	24,000	1 .		1		4	
Open Hole Logging	DIDC.180		(				i		
Comenting & Float Equipment	DIDC.185	1	90,000	7		106,000			
Tubular Inspections	DIDC.190		30,000	4		5,000			2,000
Casing Crews	DIDC.195		10,000			18,000			(
Mechanical Labor	DIDC.200			DICC.170		3,000			. (
Trucking/Transportation	DIDC205			DICC.175		10,000			2,000
Supervision	DIDC 210	4.		DICC.180	†	14,000			30,000
Trailer House / Camp / Catering	DIDC.280			) DICC.255	1	2,000			12,500
Other Misc Expenses	DIDC.220			DICC.190	1	0	, .		C
Overhead	DIDC.225		10,000	3	<u> </u>	5,000			
Remedial Cementing	DIDC-231		350,000		1	1	STIM.215		·
MOB/DEMOB	DIDC.240		250,000			i i	•		
Directional Drilling Services	DIDC.245		115,000	i k	i	i			
Crane for Construction				i i	! !		}		1
Solids Control	DIDC.260		69,000	2 1	i		enia a a c		
Well Control Equip (Snubbing services)	DIDC.265			DICC 240	1	. 0			42,000
Flahing & Sidetrack Services	DIDC.270	1 2 2 2 2 2 2 2	0	DICC 245		10	STIM.245 STIM.115	1.7	. 0
Completion Rig			•		f.	:			13,000
Coil Tubing Services	1		1			1	STIM.260 STIM.200		173,000
Completion Logging, Perforating, WI.			1 -	¥			STIM.390		184,000
Composite Plugs			1	} ·			STIM.210		43,000
Stimulation Pumping Charges, Chemicals,			. È				STIM.395		1,796,000
Stimulation Water/Water Transfer/Water			1				STIM.305		384,000
EINIBAR Owned Frac/Rental Equipment	DIDC.300		10.000	É	1		311MI303		42,000
Legal/Regulatory/Curative		10.35 M	10,000			· .			
Well Control insurance	DIDC.285	11/cc-24	5,000	i.					
FL/GL - Labor						;			
FL/GL - Supervision			:			ş			
RL/GL - NDE(X-Ray)								) 	
FL/GL - Survey								:	
FL/GL - Hydro Test			;					İ	
FL/GL - Hydro Vac FL/GL - Trucking						;		1	
SWD Lines - Intangible			)	:					
Gas Sales Unes - Intangible			i	•		,			
Contingency	DIDC435	500 % of Drilling Intengibles	108,000	DICC.220		12,000	STIM.220	i	143.000
Contingency	0.04.100	200 70 Or Drinking Private grants	100,000			12,000	211111220	1	143,000
Construction for Flow Lines									
Construction For Sales P/L								:	
P&A Costs	DIDC.295		. 0	DICC.275		0			
Total Intangible Cost			2,259,000			256,000		Andrew Control of the	2 000 000
Drive Pipe	DWEB.150	in the second of	0	and the second	kin is announce or any or company of the second	230,000		The state of the s	3,008,500
	DWEB.130		. 0					i	
Water String	DWEB.135		0						
		13 3/8" - 1,680ft at \$33.00/ft	55,000						
· . · · <del>-</del>		9 5/8" - 5,460ft at \$35.00/ft	191,000						
- 1 T	DWEB.155	-,	0						
Intermediate Casing 2									
	DWEB.160		. 0						
Drilling Liner	DWEB.160		. 0	DWEA.100	5 1/2" - 16,152ft at \$18,00/ft	291,000			
Drilling Liner Production Casing or Liner	DWEB.160	,	0	DWEA.100 DWEA.165	5 1/2" - 16,152ft at \$18,00/ft		STIMT.101		0
	DWEB.160	• •	0		5 1/2" - 16,152ft at \$18,00/ft			2 7/8" - 10,430ft at \$6.00/ft	0 63,000
Drilling Liner Production Casing or Liner Production Tie-Back Tubing	DWEB.115		20,000	DWEA:165	5 1/2" - 16,152ft at \$18,00/ft			2 7/8" - 10,430ft at \$5.00/ft	
Drilling Liner Production Casing or Liner Production Tie-Back Tubing Wellhead, Tree, Chokes	1	· · · · · · · · · · · · · · · · · · ·	20,000	DWEA.165	5 1/2" - 16,152ft et \$18,00/ft	0	STIMT.105 STIMT.120	2 7/8" - 10,430ft et \$5.00/ft	63,000
Drilling Liner Production Casing or Liner Production Te-Back Tubing Wellhead, Tree, Chokes Liner Hanger, Isolation Packer Packer, Nipples	DWEB.115		20,000	DWEA:165	5 1/2" - 16,152ft at \$18,00/ft	20,000	STIMT.105 STIMT.120 STIMT.400	2 7/8* - 10,430ft at \$6.00/ft	63,000
Drilling Liner Production Casing or Liner Production Tie-Back Tubing Weilhead, Tree, Chokes Liner Hanger, Isolation Packer Packer, Nipples Pumping Unit, Engine	DWEB.115	:	20,000	DWEA:165	5 1/2" - 16,152ft at \$18,00/ft	20,000	STIMT.105 STIMT.120 STIMT.400 STIMT.405	2 7/8" - 10,430ft et \$6.00/ft	63,000 25,000
Drilling Liner Production Casing or Liner Production The-Back Tubing Wellhead, Tree, Chokes Liner Hanger, Isolation Packer Packer, Nipples Dewnping Unit, Engine Downhole Lift Equipment (BHP, Rods,	DWEB.115		20,000	DWEA:165	5 1/2" - 16,152ft at \$18,00/ft	20,000	STIMT.105 STIMT.120 STIMT.400	2 7/8" - 10,430ft et \$6.00/ft	63,000 25,000 15,000
Drilling Liner Production Casing or Liner Production Tie-Back Tubing Wellhead, Tree, Chokes Liner Hanger, Isolation Packer Packer, Nipples Pumping Unit, Engine Downhole Lift Equipment (BHP, Rods,	DWEB.115		20,000 0	DWEA:165	5 1/2" - 16,152ft at \$18.00/ft	20,000	STIMT.105 STIMT.120 STIMT.400 STIMT.405	2 7/8" - 10,430ft et \$6.00/ft	63,000 25,000 15,000 0 70,000
Drilling Liner Production Casing or Liner Production The-Back Tubing Wellhead, Tree, Chokes Liner Hanger, Isolation Packer Packer, Nipples Pumping Unit, Engine Downhole Lift Equipment (BHP, Rods, SOMSPESESS FAMILY, PC pump) Total Tangible - Well Equipment Cos	DWEB.115		20,000	DWEA:165	5 1/2" - 16,152ft at \$18,00/ft	20,000	STIMT.105 STIMT.120 STIMT.400 STIMT.405	2 7/8" - 10,430ft et \$6,00/ft	63,000 25,000 15,000
Drilling Liner Production Tasing or Liner Production The-Back Tubing Wellhead, Tree, Chokes Liner Hanger, Isolation Packer Packer, Nipples Pumping Unit, Engine Downhole Lift Equipment (BHP, Rods, SoftspereSperish) Filter Total Tanglibe - Well Equipment Cos V/C Lease Equipment	DWEB.115	XX	20,000 0	DWEA:165	5 1/2" - 16,152ft at \$18,00/ft	20,000	STIMT.105 STIMT.120 STIMT.400 STIMT.405	2 7/8* - 10,430ft et \$6,00/ft	63,000 25,000 15,000 0 70,000
Drilling Liner Production Tasing or Liner Production Ta-Back Tubing Wellhead, Tree, Chokes Liner Hanger, Isolation Packer Packer, Nipples Pumping Unit, Engine Downhole Lift Equipment (BHP, Rods, SMYSPERESTENDENHER, PC Pump) Total Tangible – Well Equipment Cos V/C Lease Equipment Tanks, Tanks Steps, Stairs	DWEB.115	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	20,000 0	DWEA:165	5 1/2" - 16,152ft at \$18.00/ft	20,000	STIMT.105 STIMT.120 STIMT.400 STIMT.405	2 7/8" - 10,430ft et \$6.00/ft	63,000 25,000 15,000 0 70,000
Drilling Liner Production Casing or Liner Production The-Back Tubing Wellhead, Tree, Chokes Liner Hanger, Isolation Packer Packer, Nipples Pumping Unit, Engine Pownhole Lift Equipment (BHP, Rods, SWISPLESE) FAILY, PC pump) Total Tangible - Well Equipment Cos I/C Laass Equipment Tanks, Tanks Steps, Stairs Sattery (Heater Treater, Separator, Gas	DWEB.115		20,000 0	DWEA:165	5 1/2" - 16,152ft at \$18.00/ft	20,000	STIMT.105 STIMT.120 STIMT.400 STIMT.405	2 7/8" - 10,430ft et \$6.00/ft	63,000 25,000 15,000 0 70,000
Drilling Liner Production Casing or Liner Production The-Back Tubing Wellhead, Tree, Chokes Liner Hanger, Isolation Packer Packer, Nipples Pumping Unit, Engine Downhole Lift Equipment (BHP, Rods, SOMBEPSESS) FAILAF, PC pump) Total Tangible - Well Equipment Cos V/C Lease Equipment Tanks, Tenks Steps, Stairs Saltery (Heater Treater, Separator, Gas	DWEB.115		20,000 0	DWEA:165	5 1/2" - 16,152ft at \$18,00/ft	20,000	STIMT.105 STIMT.120 STIMT.400 STIMT.405	2 7/8" - 10,430ft et \$6.00/ft	63,000 25,000 15,000 0 70,000
Drilling Liner Production Tasing or Liner Production The-Back Tubing Wellhead, Tree, Chokes Liner Hanger, Isolation Packer Packer, Nipples Pumping Unit, Engine Downhole Lift Equipment (BHP, Rods, Sortage EgisTprilling, PC pump) Total Tanglibe - Well Equipment Cos N/C Lease Equipment Tanks, Tanks Steps, Stairs Battery (Heater Treater, Separator, Gas EgistMod Affecting Rish and Doverhead Power Distribution (electric line	DWEB.115	XA X	20,000 0	DWEA:165	5 1/2" - 16,152ft at \$18,00/ft	20,000	STIMT.105 STIMT.120 STIMT.400 STIMT.405	2 7/8" - 10,430ft et \$6.00/ft	63,000 25,000 15,000 0 70,000
Drilling Liner Production Tasing or Liner Production Tasing or Liner Production Tasing or Liner Production Tasing Wellhead, Tree, Chokes Liner Hanger, Isolation Packer Packer, Nipples Pumping Unit, Engine Downhole Lift Equipment (BHP, Rods, SOMSEPE, Ediphinent (BHP, Rods, Total Tangible - Well Equipment Cos N/C Lease Equipment Tanks, Tanks Steps, Steins Sattery (Heater Treater, Separator, Gas SERSHORA, Facility Institution (electric line 9, 2611) Bitchtical	DWEB.115		20,000 0	DWEA:165	5 1/2" - 16,152ft at \$18,00/ft	20,000	STIMT.105 STIMT.120 STIMT.400 STIMT.405	2 7/8" - 10,430ft et \$5.00/ft	63,000 25,000 15,000 0 70,000
Drilling Liner Production Casing or Liner Production The-Back Tubing Wellhead, Tree, Chokes Liner Hanger, Isolation Packer Packer, Nipples Pumping Unit, Engine Pownhole Lift Equipment (BHP, Rods, SMPSEPEERS FAMELY, PC pump) Total Tangible - Well Equipment Cos N/C Lease Equipment Tanks, Tanks Steps, Stairs Battery (Heater Treater, Separator, Gas Incident Power Distribution (electric line Packfill Metrical Refill Welt Connection	DWEB.115		20,000 0	DWEA:165	5 1/2" - 16,152ft at \$18,00/ft	20,000	STIMT.105 STIMT.120 STIMT.400 STIMT.405	2 7/8" - 10,430ft et \$6.00/ft	63,000 25,000 15,000 0 70,000
Drilling Liner Production Casing or Liner Production The-Back Tubing Wellhead, Tree, Chokes Liner Hanger, Isolation Packer Packer, Nipples Pumping Unit, Engine Downhole, Lift Equipment (BHP, Rods, Sortische Schiffer, PC pump) Total Tangible - Well Equipment Cos N/C Lease Equipment Tanks, Tanks Steps, Stairs Sattery (Healer Treater, Separator, Gas Statery (Healer Treater, Separator, Gas Statery (Healer Treater, Separator) Packet Treater, Separator, Gas Statery (Healer Treater, Separator) Statery (Healer Separator) Packet Treater, Separator, Gas Statery (Healer Treater, Separator) Statery (Healer Separator) St	DWEB.115		20,000 0	DWEA:165	5 1/2" - 16,152ft at \$18,00/ft	20,000	STIMT.105 STIMT.120 STIMT.400 STIMT.405	2 7/8" - 10,430ft et \$6.00/ft	63,000 25,000 15,000 0 70,000
Drilling Liner Production Casing or Liner Production Tie-Back Tubing Wellhead, Tree, Chokes Liner Hanger, Isolation Packer Packer, Nipple Powhole Lift Equipment (BHP, Rods, Sorrispes ESSIP, Milkf, PC pump) Total Tangible - Well Equipment Cos N/C Lease Equipment Tanks, Tanks Steps, Stairs Sattery (Heater Treater, Separator, Gas Lift Stairs) Sattery (Heater Treater, Separator, Gas Lift Stairs) Diverhead Power Distribution (electric line Rad Mill) Connection Line Killine Pipe From Wellhead To Dippline to Sales	DWEB.115		20,000 0	DWEA:165	5 1/2" - 16,152ft at \$18.00/ft	20,000	STIMT.105 STIMT.120 STIMT.400 STIMT.405	2 7/8" - 10,430ft et \$6.00/ft	63,000 25,000 15,000 0 70,000
Drilling Liner Production Casing or Liner Production The-Back Tubing Wellhead, Tree, Chokes Liner Hanger, Isolation Packer Packer, Nipples Pumping Unit, Engine Downhole Lift Equipment (BHP, Rods, SMSEPEESE) File Hill, P.C. pump) Total Tangible - Well Equipment Cos N/C Lease Equipment Tanks, Tanks Steps, Stairs Battery (Heater Treater, Separator, Gas ISENSICAL PREMIMBRISHENDS) Deverhead Power Distribution (electric line Packetified Welthick) SWD Connection Iow Lines (Line Pipe From Wellhead To Pipeline to Sales Meteria and Metering Equipment	DWEB.115		20,000 0	DWEA:165	5 1/2" - 16,152ft at \$18,00/ft	20,000	STIMT.105 STIMT.120 STIMT.400 STIMT.405	2 7/8" - 10,430ft et \$5.00/ft	63,000 25,000 15,000 0 70,000
Drilling Liner Production Tasing or Liner Production The-Back Tubing Wellhead, Tree, Chokes Liner Henger, Isolation Packer Packer, Nipples Pumping Unit, Engine Downhole Lift Equipment (BHP, Rods, SOMSEPSESSIP MANK, PC pump) Total Tangible - Well Equipment Cos. VIC Lease Equipment Fanks, Tanks Steps, Stairs Sattery (Heater Treater, Separator, Gas Sections Fraction Williams Downhead Power Distribution (electric line 92/Brijl Meterical Wild Connection Iow Lines (Line Pipe From Wellhead To oripeline to Sales Weters and Metering Equipment iacility Line Pipe	DWEB.115	No series and a series are a series and a se	20,000 0	DWEA:165	5 1/2" - 16,152ft at \$18,00/ft	20,000	STIMT.105 STIMT.120 STIMT.400 STIMT.405	2 7/8" - 10,430ft et \$6.00/ft	63,000 25,000 15,000 0 70,000
Drilling Liner Production Tasing or Liner Production The-Back Tubing Wellhead, Tree, Chokes Liner Hanger, Isolation Packer Packer, Nipples Pumping Unit, Engine Downhole Lift Equipment (BHP, Rods, Softsers-ESS) Frilling Properties Total Tangible - Well Equipment Cos N/C Lease Equipment Tanks, Tanks Steps, Stairs Sattery (Healer Treater, Separator, Gas Separation Application (electric line 24 Intil State Control Intel Connection	DWEB.115		20,000 0	DWEA:165	5 1/2" - 16,152ft at \$18,00/ft	20,000	STIMT.105 STIMT.120 STIMT.400 STIMT.405	2 7/8" - 10,430ft et \$6.00/ft	63,000 25,000 15,000 0 70,000
Drilling Liner Production Casing or Liner Production Tie-Back Tubing Wellhead, Tree, Chokes Liner Hanger, Isolation Packer Packer, Nipples Pumping Unit, Engine Downhole Lift Equipment (BHP, Rods, Sorhapse ESSIpmilk/F, PC pump) Total Tangible - Well Equipment Cos N/C Lease Equipment Tanks, Tanks Steps, Stairs Sattery (Heater Treater, Separator, Gas Life/Ji/Cas Fee/Liminifients Downhoad Power Distribution (electric line 92/EMID Connection Iow Lines (Line Pipe From Wellhead To Dippline to Sales Meters and Metering Equipment Liacility Line Pipe Lutomation Materials Lt/GL - Valves/Fittings	DWEB.115		20,000 0	DWEA:165	5 1/2" - 16,152ft at \$18,00/ft	20,000	STIMT.105 STIMT.120 STIMT.400 STIMT.405	2 7/8" - 10,430ft et \$5.00/ft	63,000 25,000 15,000 0 70,000
Drilling Liner Production Tasing or Liner Production The-Back Tubing Wellhead, Tree, Chokes Wellhead, Tree, Chokes Liner Hanger, Isolation Packer Packer, Nipple Packer, Nipple Downhole Lift Equipment (BHP, Rods, Softspere Egispment Total Tangible - Well Equipment Cos V/C Lease Equipment Tanks, Tanks Steps, Stairs Sattery (Heater Treater, Separator, Gas Liebi/Rob Frechtminihents Doverhead Power Distribution (electric line Affiritible-crical Wolf Liner Pipe From Wellhead To tipeline to Sales Acters and Metering Equipment actifity Line Pipe Liner Liner Pipe Liner	DWEB.115		20,000 0	DWEA:165	5 1/2" - 16,152ft at \$18,00/ft	20,000	STIMT.105 STIMT.120 STIMT.400 STIMT.405	2 7/8" - 10,430ft et \$6.00/ft	63,000 25,000 15,000 0 70,000
Drilling Liner Production Casing or Liner Production The-Back Tubing Wellhead, Tree, Chokes Liner Hanger, Isolation Packer Packer, Nipples Pumping Unit, Engine Total Tangble - Well Equipment Cos N/C Lease Equipment Total Tangble - Well Equipment Cos N/C Lease Equipment Paths, Tanks Steps, Stairs Saltery (Heater Treater, Separator, Gas Paths, Fachthriffilihents Puerhead Power Distribution (electric line Refirit Web Connection Iow Lines (Line Pipe From Wellhead To Pipeline to Sales Reters and Metering Equipment Pacific Vine Pipe Reters and Metering Equipment Pacific Vine Pipe Put Vine	DWEB.115		20,000 0	DWEA:165	5 1/2" - 16,152ft at \$18,00/ft	20,000	STIMT.105 STIMT.120 STIMT.400 STIMT.405	2 7/8" - 10,430ft et \$6.00/ft	63,000 25,000 15,000 0 70,000
Drilling Liner Production Tasing or Liner Production The-Back Tubing Wellhead, Tree, Chokes Liner Hanger, Isolation Packer Packer, Nipples Pumping Unit, Engine Downhole Lift Equipment (BHP, Rods, Softsepe Egispent) Total Tangible - Well Equipment Cos VC Lease Equipment Tanks, Tanks Steps, Stairs Sattery (Heater Treater, Separator, Gas 1991/1904 Present Production (electric line 92/81/1904 Present Production Iow Lines (Line Pipe From Wellhead To ippeline to Sales deters and Metering Equipment actify Line Pipe 40/GL - Pipe WD Lines - Tangible las Sales Lines - Tangible las Sales Lines - Tangible	DWEB.115		20,000 0	DWEA:165	5 1/2" - 16,152ft at \$18,00/ft	20,000	STIMT.105 STIMT.120 STIMT.400 STIMT.405	2 7/8" - 10,430ft et \$6.00/ft	63,000 25,000 15,000 0 70,000
Drilling Liner Production Tasing or Liner Production The-Back Tubing Wellhead, Tree, Chokes Liner Hanger, Isolation Packer Packer, Nipples Pumping Unit, Engine Downhole Lift Equipment (BHP, Rods, Softsers-ESS) Frilling Properties Total Tangible - Well Equipment Cos N/C Lease Equipment Tanks, Tanks Steps, Stairs Sattery (Healer Treater, Separator, Gas Separation Application (electric line 24 Intil State Control Intel Connection	DWEB.115		20,000 0	DWEA:165	5 1/2" - 16,152ft at \$18,00/ft	20,000	STIMT.105 STIMT.120 STIMT.400 STIMT.405	2 7/8" - 10,430ft at \$5.00/ft	63,000 25,000 15,000 0 70,000

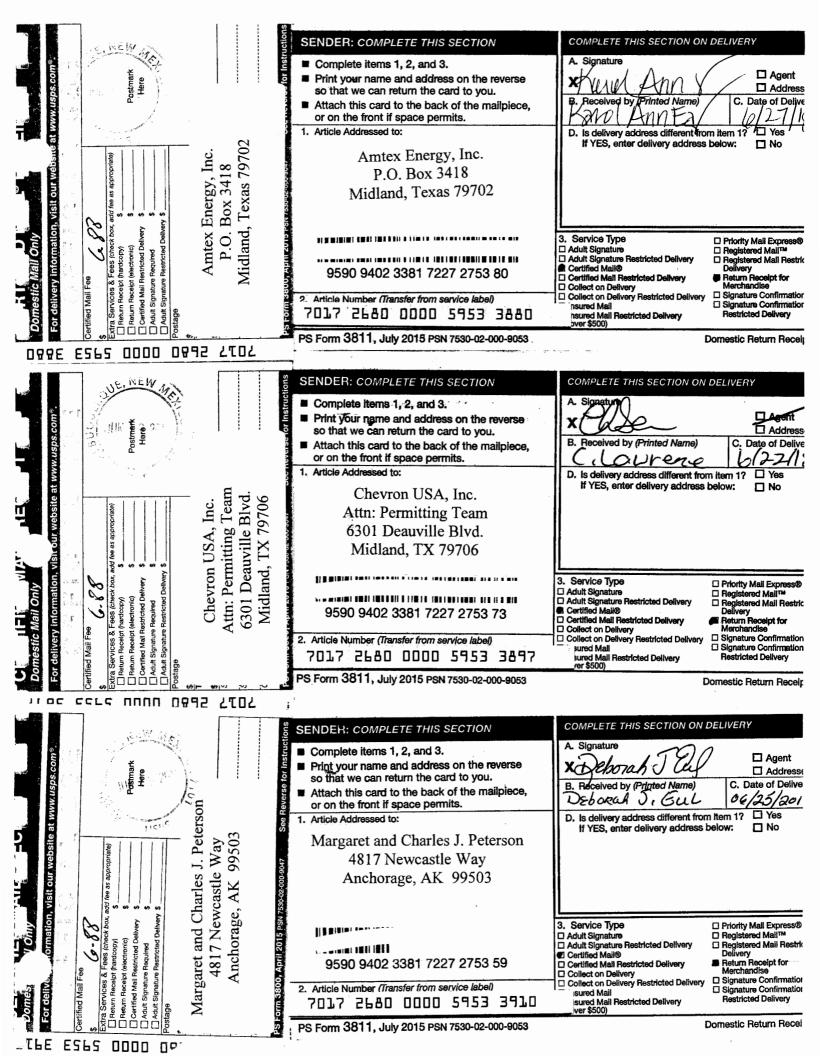


### CIIVARE Authorization For Expenditure - MESCALERO RIDGE 21 FEDERAL 1H

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AND THE MATTER TRANSPORT THE PARTY AT THE PA	Linky We	Production Equip	10 5 6, 11.0	14 174 1	Post Completion		Total
Sub Ledger Description	Codes		Amount		in the second	Amount	
Roads & Location Preparation / Restoration	CON.100		103,500		Repair Road to Location	15,000	323,
Damages	CON.105		38,000		2000 BMBC for 30 days @ \$0.00 /bbl	40.000	48.0
Mud/Fluids Disposal				PCOM255	2000 BWPD for 30 days @ \$0.80/bbl	48,000	194,0
Day Rate							553,0
Misc Preparation Cost (mouse hole, rat hole,				PC0)4436			35,0
gads, pile clusters, misc.)	i	as a de-	f	PCOM.125		: 0	60,0
Fuel				PCOM.135		0	72,0
Water for Drilling Rig / Completion Fluids (Not				PCOM.133		0,	17,0
Mud & Additives					Flowback Equipment - \$1200/d for 30 days	36.000	100,0
Surface Rentals	CON.140		7,000	PCOM.140 PCOM.145	Howback Edulpment - \$1200/6 for 30 days	36,000	218,0
Downhole Rentals	1 1		70.000	<b>b</b> .		0	156,0
Automation Labor	CON.150		72,000	PLOM.130		0	72,0
Formation Evaluation (DST, Coring including	1	4	i.				24.0
Mahieligg; Agic Services)	t .						24,0
Open Hole Logging							4000
Cementing & Float Equipment				PCOM.160			196,0
ubular Inspections	1			PCOM.100		0.	37.0
Cesing Crews			222 500	PCOM.170	Flowback Hands (2) - \$1900/d for 30 days	F7 000	28.0
dechanical Labor	CON.170		272,500		PROMUNECE FIGURES (2) - \$1300/Q 101 30 QBys	57,000	347,5
rucking/Transportation	CON.175		28,000		1	0	55,0
upervision	CON.180		72,500	PCOM,180		0	218,5
railer House / Camp / Catering	1						27,5
Other Misc Expenses	CON.190		20,000	PCOM.190		. 0	25,0
Overhead						:	15,0
lemedial Cementing	ł.			PCOM.215	Time	0	
MOB/DEMOB				,	Addition		250,0
Pirectional Drilling Services	:				1		115,0
crane for Construction	CON.230	į					
olids Control					77		69,0
Vell Control Equip (Snubbing services)				PCOM.240		. 0	123,0
ishing & Sidetrack Services				PCOM.245		0	
ompletion Rig		1		PCOM.115		0	13,0
oil Tubing Services				PCOM260		0	173,0
ompletion Logging, Perforating, WL Units, WL	: :		,	PCOM.200		. 0	184,00
omposite Plugs	t		4	PCOM.390		Ó	43,00
timulation Pumping Charges, Chemicals,				PCOM.210		0	1,796,00
timulation Water/Water Transfer/Water Storage	į t		3		'		384,00
imarex Owned Frac/Rental Equipment	) i			PCOM,305		0	42.00
egal/Regulatory/Curative	CON300		0/				10,00
/ell Control Insurance							6,00
L/GL - Labor	CON.500		57,500				57,50
L/GL - Supervision	CON.505		46,000				46,00
L/GL - NDE(X-Ray)	CON.510		5,500				5,50
L/GL - Survey	CON.515	i	6,000				6,00
/GL - Hydro Test	CON.520		7,500			1	7,50
/GL - Hydro Vac	CON.525		5,000				5,00
	CON.530		3,000				3,00
/GL - Trucking	CON.600		76,500				
WD Lines - Intangible	CON.700		0,200				76,50
is Seles Lines - Intangible	CON.220			PCOM.220	10%	15.600	
ontingency	CON 221		39,500	COMME		15,600	468,60
ontingency	CON 310		\$5,500				39,50
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onstruction For Sales P/L	CON.265						
kA Costs Total Intangible Cost				*	And the second s		
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- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you

☐ Agent ☐ Addressee

C. Date of Delivery

B. Received by (Printed Name)

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For delivery information, visit our website at www.usps.com®,

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James R. Stivason

PS Form 3811, July 2015 PSN 7530-02-000-9053

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MODRALL SPERLING

Roehl Harris & Sisk, P.A. Albuquerque, NM Modrall Sperling PO Box 2168

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Anchorage, AK 99504 P.O. Box 11890

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information, visit our website at www.usps.com®

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May 29, 2018

Nadel and Gussman Capitan, LLC 15 E. 5<sup>th</sup> Street, Suite 3300 Tulsa, OK 74103

Re: Proposal to drill

Mescalero Ridge 21 Federal 1H

Section 21, Township 19 South, Range 34 East

Lea County, New Mexico

Dear Working Interest Owner,

Cimarex Energy Co. hereby proposes to drill the Mescalero Ridge 21 Federal 1H well at a legal location in Section 21, Township 19 South, Range 34 East, NMPM, Lea Co., NM.

The intended surface hole location for the well is 544' FNL and 1980' FEL of Section 21, Township 19 South, Range 34 East, and the intended bottom hole location is 330' FSL and 660' FEL of Section 21, Township 19 South, Range 34 East. The well is proposed to be drilled vertically to a depth of approximately 10,810' to the Bone Spring formation and laterally in a southerly direction within the formation to the referenced bottom hole location. Total measured depth of the well is proposed to be approximately 16,152' feet from surface to terminus.

It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Cimarex's intended procedure. Cimarex will advise you of any such modifications.

Enclosed, in duplicate, is (i) our detailed AFE reflecting estimated costs associated with this proposal, and; (ii) our proposed form of Operating Agreement to govern operations of the Mescalero Ridge 21 Federal 1H well. If you intend to participate, please approve and return one (1) original of the enclosed AFE, one (1) original of the signature page to the Operating Agreement, along with the contact information to receive your well data, to the undersigned within thirty (30) days of receipt of this proposal. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.

Please call the undersigned with any questions or comments.

Respectfully,

Cody Elliott 432.571.7806

Mescalero Ridge 21 Fe		man Capitan, Li	C elects TO participate	in the proposed
Mescalero Ridge 21 Fe		man Capitan, LI	.C elects NOT to partic	ipate in the proposed
Dated this day of	f	, 2018.	:1	
Signature:				
Title:				
If your election above i	s TO participate in	n the proposed N	Mescalero Ridge 21 Fed	eral 1H well, then:
	elects TO be cov	vered by well co	ntrol insurance procured	d by Cimarex Energy Co.
	by Cimarex Ener certificate of insu	gy Co. and agre trance prior to c elected to be cov	Il control insurance products to provide Cimarex I commencement of drillingered by well control insurance.	Energy Co. with a ng operations or be



### Authorization For Expenditure Drilling

Company Entity			one of	Date Prepared 5/30/2018
Exploration Region Permian Basin	Weil Name MESCALERO RIDGE 21 FEDERAL 1H	Prospect New Mexico Bone Spring Pros (Lea)	Property Number 301471-30B.01	AFE 2617064
County, State Lea, NM	Location E2E2 Section 21-T19S-R34E, Lea Cour	nty, New Mexico	Estimated Spud 9/5/2018	Estimated Completio
X New Supplement Revision	Formation Bone Spring	Well Type 7 DEV	tl Measured Depth 16,152	Ttl Vetical Depth 10,810

Purpose Drill and complete well

### Description

Drilling Drill and complete a horizontal test. Drill to 1680 set surface casing. Drill to Drill to 5460' set intermediate casing. Drill to 10333' (KOP).

Drill curve at 12'/100' Initial build rate to +/- 90 degrees and 10810' TVD and drill a +/- 4140' long lateral in the bone spring formation. Run and cement production liner. Stage frac in stages. Drill out plugs. Run production packer, tubing and GLVs.

Intangible	Dry Hole	After Casing Point	Completed Well Cost
Drilling Costs	\$2,259,000		\$2,259,000
Completion Costs		\$4,486,100	\$4,486,100
Total Intangible Cost	\$2,259,000	\$4,486,100	\$6,745,100
Tangible	Dry Hole	After Casing Point	Completed Well Cost
Well Equipment	\$266,000	\$484,000	\$750,000
Lease Equipment :		\$1,470,500	\$1,470,500
Total Tangible Cost	\$266,000	\$1,954,500	\$2,220,500
Total Well Cost	\$2,525,000	\$6,440,600	\$8,965,600

### 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.

### 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. Failure to make an election below shall be deemed an election to market your gas with Cimarex under the terms and conditions set forth above.

### I elect to take my gas in kind.

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

### 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.

Nonoperator Approval		
Company	Approved By (Print Name) Approved By (Signature)	Date
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NOTICE TO NONOPERATOR:	Costs shown on this form are estimates only. By executing this AFE, the consenting party agrees to pay its proportionate	
share of actual costs incurred.	Overhead will be charged in accordance with the Joint Operating Agreement.	5/30/2018

-	CIBBADEV
	CIMAREX

Authorization For Expenditure - MESCALERO RIDGE 21 FEDERAL 1H

		ace: Delline		4	ACP - Drilling	HERVAR		Comp/Stim	
Sub Ledger Description	Codes	8CP ÷ Drilling	Amoun	t. Codes	AC- VIIII 9	Amount	Codes	Compysum	Amoun
Roads & Location Preparation /	DIDC.100	o .	200,000		1	1	STIM.100	1 :	5,000
Bestagtion	DIDC.10		10,000					:	
Mud/Fluids Disposal	DIDC.25	5	125,000	) ·			STIM.255		21,000
Day Rate	DIDC.115	20 days at \$23,000/day	472,000		4 days at \$23,000/day	81,000	ď,		
Misc Preparation Cost (mouse hole, rat	DIDC.120	)	35,000			1 7	÷ .		
BRJe, pads, pile clusters, misc.)	DIDC.129	<b>5</b>		) DICC.125		0	7		
Fuel	DIDC.135	1,300 gal/day at \$2.25/gal	72,000	): DICC.130		0	e .		
Water for Drilling Rig / Completion Fluids	DIDC.140	)	3,000			. 0	STIM.135		14,000
:Mud & Additives	DIDC:145	And the second s	100,000						
Surface Rentals		Per Day (BCP)/day		DICC.140	1.	0			102,000
Downhole Rentals	DIDC.155		156,000	),		į.	STIM.145		0
Automation Labor		4		Į.					
Formation Evaluation (DST, Coring	DIDC160	,		11			STIM,150		0
including graduation, GSIG Services)		16 days at \$1,200/day	24,000	) 	÷				
Open Hole Logging	DIDC.180	and the second s		)   		100.000	1	•	
Comenting & Floet Equipment	DIDC.185	1		DICC.155		106,000			
Tubular Inspections	DIDC.190	4		DICC.160			STIM.160 STIM.165		2,000
Casing Crews	DIDC.195	1		DICC.165		18,000	2		0
Mechanical Labor	DIDC.200		15,000		1	3,000	2		0
Trucking/Transportation	DIDC 205	1	15,000			10,000			2,000
Supervision	DIDC 210	1.		DICC180		14,000	5-		30,000
Trailer House / Camp / Catering	DIDC 280			DICC.255	•	2,000	t .		12,500
Other Misc Expenses	DIDC.220	1		DICC 190		5 000		i	. 0
Overhead	DIDC.225	1		DICC.195		5,000	; STIM.215		
Remedial Comenting	DIDC.231	1	0	f			311Ma213		0
MOB/DEMOB	DIDC 245	f .	250,000			1			
Directional Drilling Services	DIDC 245		115,000	į		1			
Crane for Construction	DINC			1					1
Solids Control	DIDC.260		69,000	DICC.240		0	STIM.240		
Well Control Equip (Snubbing services)	DIDC.270		1 000			0			42,000
Fishing & Sidetrack Services	DIDC270		y	Diccars		,	511M.115	17	13.000
Completion Rig	i		1	1		1 !	5TIM.260		13,000
Coil Tubing Services  Completion Logging, Perforating, WL	1		1	į			STIM.200		173,000
Composite Plugs	1		ļ				STIM.390	+	184,000
Composite Plugs Stimulation Pumping Charges, Chemicals,				i			STIM.210		43,000 1,796,000
Stimulation Water/Water Transfer/Water		1			1	1	STIM.395		
Ein Bas Owned Frac/Rental Equipment	į.		1	<b>\</b>		į.	5T7M.305		384,000
Legal/Regulatory/Curative	D(DC300		10,000						42,000
Well Control insurance	DIDC.285	50.357h	6,000	2		i			
FL/GL - Labor	0100203	, , , , ,	4,000						
FL/GL - Supervision					1				
FL/GL - NDE(X-Ray)						1			
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sas Sales Lines - Intangible			•			t			
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Contingency									143,000
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ntermediate Casing 1		9 5/8" - 5,460ft at \$35.00/ft	191,000					: !	
ntermediate Casing 2	DWEB.155		0						
rilling Liner	DWEB.160		0						
roduction Casing or Liner					5 1/2" - 16,152ft at \$18,00/ft	291,000			
roduction Tie-Back				DWEA.165		01	STIMT.101		0
ubing								2 7/8" - 10,430ft at \$6.00/ft	63,000
vellhead, Tree, Chakes	DWEB.115			DWEA.120			STIMT.120		25,000
ner Hanger, Isolation Packer	DWE8.100		. 0	DWEA.125		01			
acker, Nipples							STIMT.400		15,000
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### Authorization For Expenditure - MESCALERO RIDGE 21 FEDERAL 1H

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Sub Ledger Description	Codes		Amount	Codes		Amount	C
Roads & Location Preparation / Restoration	CON.100	:	103,500	PCOM.100	Repair Road to Location	15,000	323,5 48,0
Damages	CON.105	:	38,000	PCOM.255	2000 BWPD for 30 days @ \$0.80/bbl	48,000	194,0
Mud/Fluids Disposal						40,000	553,0
Day Rate Misc Preparation Cost (mouse hole, ret hole,							35,0
Bigs, pile clusters, misc.)				PCOM.125		. 0	60,0
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Water for Drilling Rig / Completion Fluids (Not	•			PCOM.135	•	0	17,0
Mud & Additives		•					100,0
Surface Rentals	CON.140		7,000	PCOM.140	Flowback Equipment - \$1200/d for 30 days	36,000	218,0
Downhole Rentals				PCOM.145		. 0	156,0
Automation Labor	CON.150		72,000	PCOM.150		0	72,0
Formation Evaluation (DST, Coring including	•		1				24,0
Mahietigg; GBG Services)	:		٠				24,0
Open Hole Logging							196,0
Cementing & Float Equipment Tubular Inspections	1	44		PCOM.160	The state of the s	0	37.0
Casing Crews		-	i				28,0
Mechanical Labor	CON.170			PCDM.170	Flowback Hands (2) - \$1900/d for 30 days	57,000	347,5
Trucking/Transportation	CON:175	1 - -		PCOM_175	· · · · · · · · · · · · · · · · · · ·	0	55,0
Supervision	CON,180		72,500	PCOM,180	Table	0	218,5
Trailer House / Camp / Catering	1		:				27,5
Other Misc Expenses	CON.190	:	20,000	PCOM.190		٥	25,0
Overhead				PCOM.215	7 I		15,0
Remedial Cementing				FCOM213		0	250,00
MOB/DEMOB					CAREE CAREE		115,00
Directional Drilling Services Crane for Construction	CON.230				1		113,00
Crane for Construction Solids Control	CONTRO				Total Control		69.00
Solids Control  Well Control Equip (Snubbling services)				PCOM.240		0	123,00
Fishing & Sidetrack Services				PCOM,245		0	-,2
Completion Rig	ŧ			PCOM.115	Tool Transition	0	13,00
Coil Tubing Services	;	· .		PCOM 260	· ·	0	173,00
Completion Logging, Perforating, WL Units, WL	i			PCOM.200		0.	184,00
Composite Plugs			. ;	PCOM.390		0	43,00
Stimulation Pumping Charges, Chemicals,	1			PCOM.210	100	0	1,796,00
Stimulation Water/Water Transfer/Water Storage						_	384,00
Cimarex Owned Frac/Rental Equipment				PCOM.305		0	42,00
Legal/Regulatory/Curative	CON.300		. 0				10,00
Well Control Insurance	CON.500		57,500				6,00 57,50
FL/GL - Labor	CON.505	•	46,000				46,00
FL/GL - Supervision FL/GL - NDE(X-Ray)	CON.510	:	5,500		1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		5,50
FL/GL - Survey	CON.515		6,000				6,00
FL/GL - Hydro Test	CON.520		7,500				7,50
FL/GL - Hydro Vac	CON.525	:	5,000		i i		5.00
FL/GL - Trucking	CON.530		3,000				3,00
SWD Lines - Intangible	CON.600		76,500				76,50
Ges Sales Lines - Intangible	CON.700		0;		,		
Contingency	CON.220		190,000	PCOM.220	10%	15,600	468,60
Contingency	CON 221		39,500				39,50
Construction for Flow Lines	CON.310						
Construction For Sales P/L	CON.265						
P&A Costs		to collect the comprehensive form experience and the control of the collection of th	1050 000		The second company of the second control of	171 600	674540
Total Intangible Cost		and the second of the second o	1,050,000	<b>∵</b> .		171,600	6,745,10
Conductor Pipe		j					·
Water String							i
Surface Casing			í				55,000
ntermediate Casing 1							191,000
intermediate Casing 2		·					(
Orllling Liner							
Production Casing or Liner							,
							291,000
						:	291,000
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APPLICATION OF CIMAREX ENERGY CO. FOR A NON-STANDARD OIL SPACING AND PRORATION UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

**CASE NO. 16294** 

AF	FΙ	DA	V	$T\Gamma$

STATE OF NEW MEXICO	)
	) ss.
COUNTY OF BERNALILLO	)

Earl E. DeBrine, Jr., attorney in fact and authorized representative of Cimarex Energy Co., the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Application was provided under the notice letter and proof of receipt attached hereto.

Earl E DeBrine, Jr.

SUBSCRIBED AND SWORN to before me this 24<sup>th</sup> day of July, 2018 by Earl E. Bring Jr.

Kathlen Tall
Notary Public

My commission expires: 67 22 2022

Y:\dox\client\82762\0163\PLEADING\W3241460.DOCX



### Cimarex Application Notice MESCALERO RIDGE 21 Federal 1H Mailed June 19, 2018

Parties	Certified Nos.
Matador Resources Company One Lincoln Center 5400 LBJ Freeway, Suite 1500 Dallas, Texas 75240 Attn: Chris Carleton	7017 2680 0000 5953 3859 6/27/18
XTO Energy, Inc. 810 Houston Street Fort Worth, Texas 76102-6298 Attention: Keith Sawyer	7017 2680 0000 5953 3866 6/27/18
Nadel and Gussman Capitan, LLC 15 E. 5th Street, Suite 3300 Tulsa, OK 74103	7017 2680 0000 5953 3873 6/27/18
Amtex Energy, Inc. P.O. Box 3418 Midland, Texas 79702	7017 2680 0000 5953 3880 7/2/18
Chevron USA, Inc. Attn: Permitting Team 6301 Deauville Blvd. Midland, TX 79706	7017 2680 0000 5953 3897 6/26/18
James R. Stivason 1113 W. Firewood Ln. Anchorage, AK 99503	7017 2680 0000 5953 3903 Returned 7/3/18
Margaret and Charles J. Peterson 4817 Newcastle Way Anchorage, AK 99503	7017 2680 0000 5953 3910 7/6/18
Balog Family Trust P.O. Box 11890 Anchorage, AK 99504	7017 2680 0000 5953 3927 Returned 7/3/18
Shogoil & Gas Co. LLC P.O. Box 209 Hay Springs, NE 69347	7017 2680 0000 5953 3941 6/27/18
Shogoil & Gas Co. II, LLC P.O. Box 29450 Santa Fe, NM 87592	7017 2680 0000 5953 3934 7/11/18



June 19, 2018

### VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Earl E. DeBrine, Jr. 505.848.1810 Fax: 505.848.1891 edebrine@modrall.com

Re: APPLICATION OF CIMAREX ENERGY CO. FOR A NON-STANDARD OIL SPACING AND PRORATION UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case No. 16294

TO: OFFSET OWNERS

This letter is to advise you that Cimarex Energy Co. of Colorado has filed the enclosed application with the New Mexico Oil Conservation Division seeking an order to create a non-standard 640-acre, more or less, oil spacing and proration unit in the Bone Spring formation for the Mescalero Ridge 21 Federal 1H in Eddy County, New Mexico, described as follows:

### Township 19 South, Range 34 East, N.M.P.M.

Section 21: E/4

This application has been set for hearing before a Division Examiner at 8:15 a.m. on July 12, 2018. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Office located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. As a party who may be affected by this application, we are notifying you of your right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application. Failure to appear at the hearing may preclude you from any involvement in this case at a later date.

You are further notified that if you desire to appear in this case, then you are requested to file a Pre-Hearing Statement with the Division not later than 5:00 PM on July 5, 2018, with a copy delivered to the undersigned.

Sincerely,

Earl W. DeBrine, Jr. Attorney for Applicant

EED/kta/W3215229.DOCX Enclosures

cc: Jennifer L. Bradfute

Modrall Sperling Roehl Harris & Sisk P.A.

Bank of America Centre 500 Fourth Street NW Suite 1000 Albuquerque, New Mexico 87102

PO Box 2168 Albuquerque, New Mexico 87103-2168

Tel: 505.848.1800 www.modrall.com



June 19, 2018

### VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Earl E. DeBrine, Jr. 505.848.1810 Fax: 505.848.1891 edebrine@modrall.com

Re: APPLICATION OF CIMAREX ENERGY CO. FOR A NON-STANDARD OIL SPACING AND PRORATION UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO

Case No. 16294

TO: WORKING INTEREST OWNERS

This letter is to advise you that Cimarex Energy Co. of Colorado has filed the enclosed application with the New Mexico Oil Conservation Division seeking an order to create a non-standard 640-acre, more or less, oil spacing and proration unit in the Bone Spring formation for the Mescalero Ridge 21 Federal 1H in Eddy County, New Mexico, described as follows:

### Township 19 South, Range 34 East, N.M.P.M.

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Sincerely,

Far E. DeBrine, Jr.

Attorney for Applicant

EED/kta/W3215229.DOCX Enclosures

cc: Jennifer L. Bradfute

Modrail Sperling Roehl Harris & Sisk P.A.

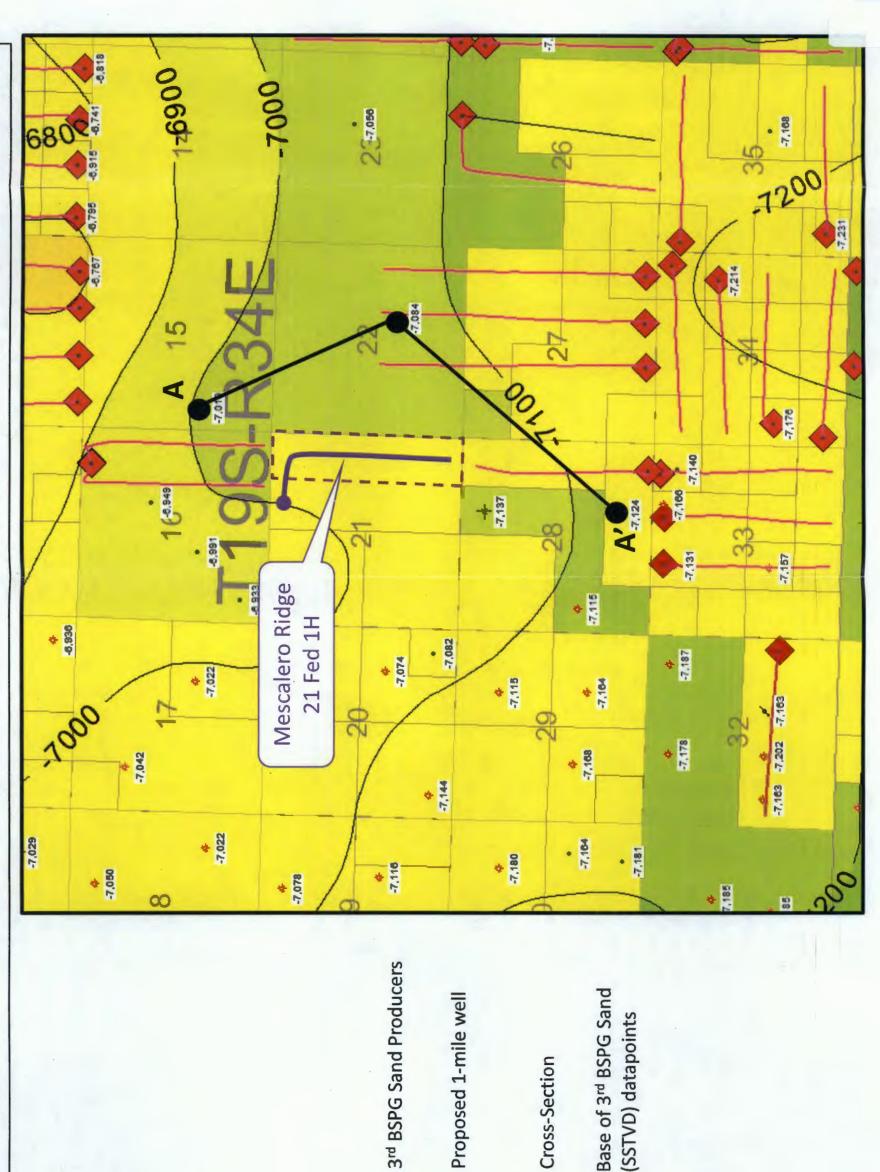
Bank of America Centre 500 Fourth Street NW Suite 1000 Albuquerque, New Mexico 87102

PO Box 2168 Albuquerque, New Mexico 87103-2168

Tel: 505.848.1800 www.modrall.com



# Bone Spring Sand Structure Map (SSTVD) Base of 3rd



Proposed 1-mile well

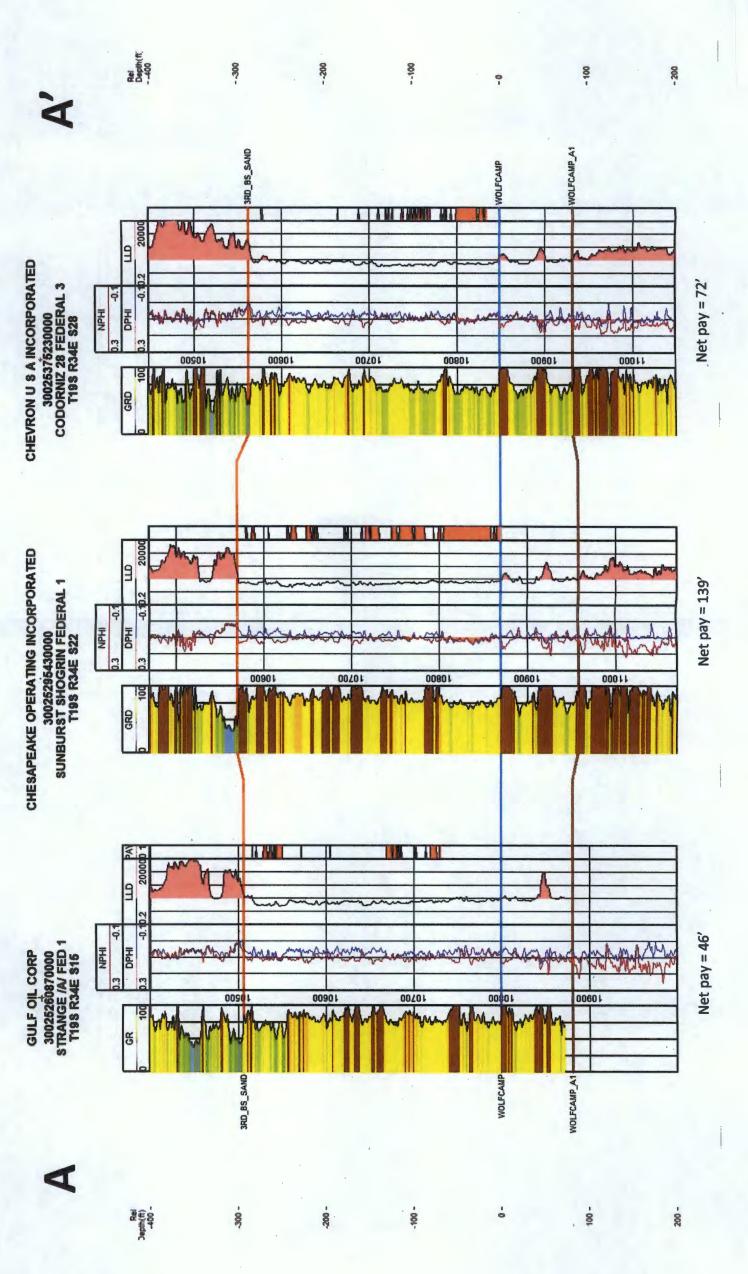
Base of 3rd BSPG Sand

#

Cross-Section

(SSTVD) datapoints

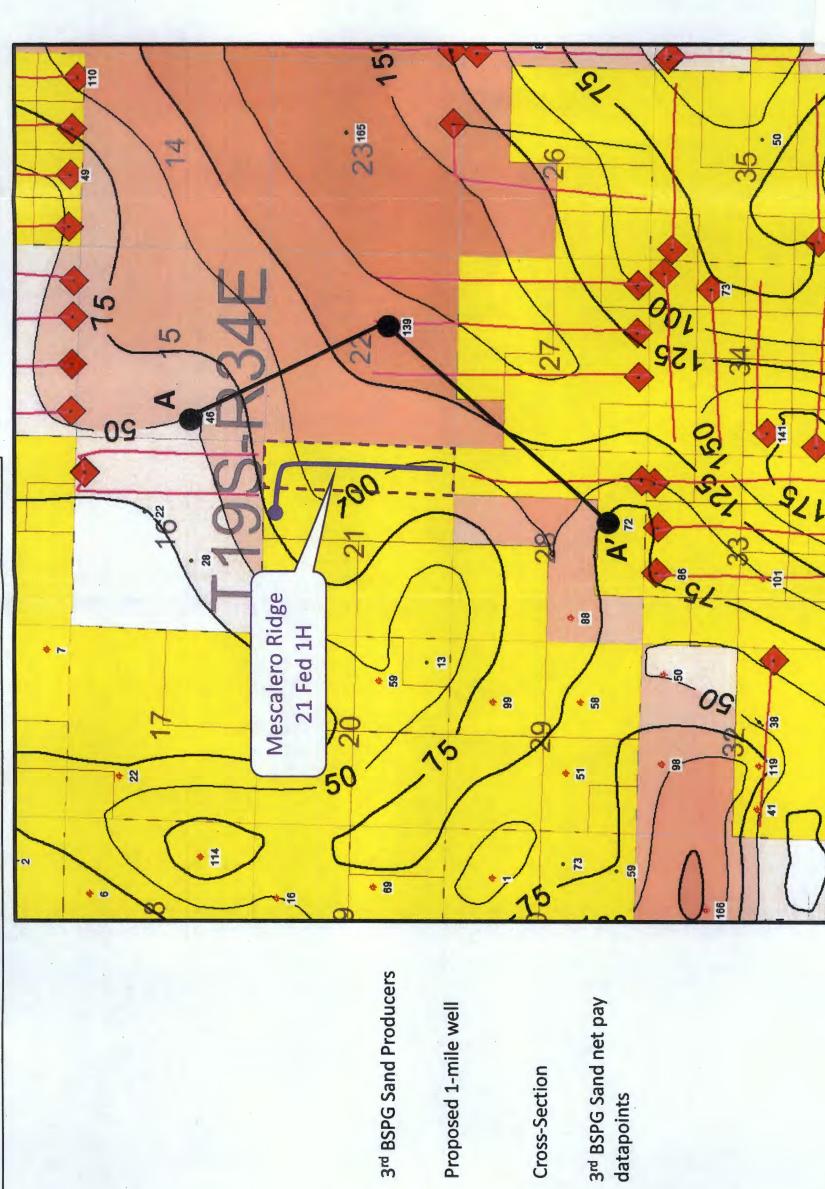
Bone Spring Sand Cross-Section Stratigraphic X-Section hung on top of Wolfcamp Base of 3rd







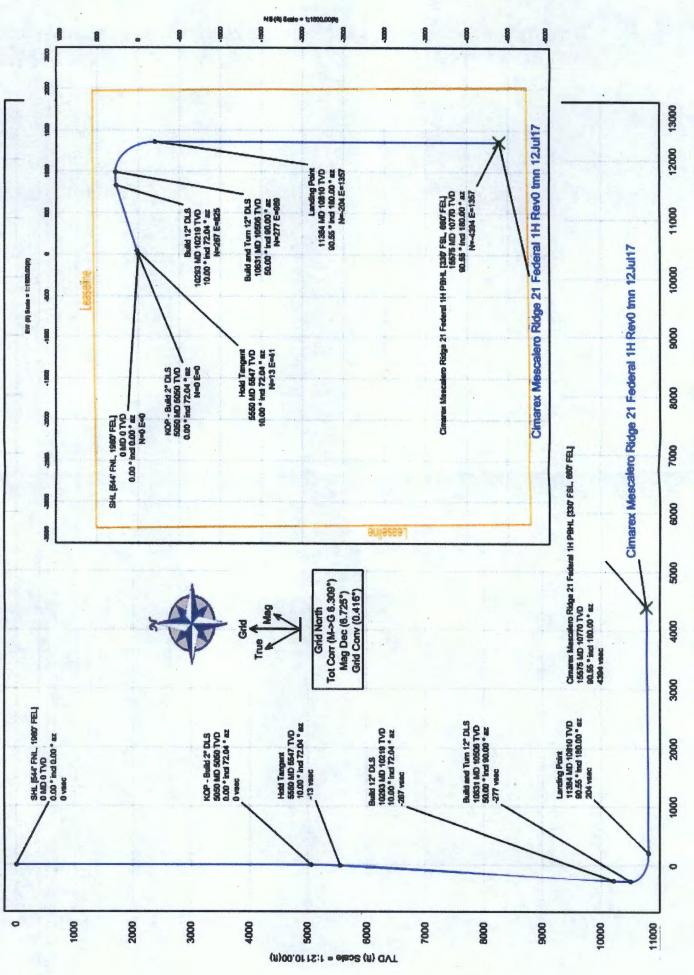
# 3rd Bone Spring Sand Net Pay Map



#

# Ridge 21 Fed 1H Wellbore Diagram Mescalero

Borel	nole:			Well:				Field:				Structure:
	ō	Original Borehole	ole	Mescalero Ridge	oro Rid	ge 21 Federal 1H	ral 1H		NM Lea	NM Lea County (NAD 83)		Cimarex Mescalero Ridge 21 Federal 1H
Seavity .	A Magnetic Pu	rameters			Burta	se Location N	ADES New Mex	ico State Plane.	Eastern Zone	, US Feet	Location NADS3 New Mexico State Plane, Eastern Zone, US Feet Miscellaneous	
-	HDGM 2817	HOGH 2917 Dip: 60.662"	Date:	13-14-2317	Ë	N 32 28 5.42	Reality.	SELECTION STATES	Orld Conv.	a.ensp.	Stat: Mencalers Ridge TVI	22.28 S.42 Narthing: 001002,2715.38 Grid Conv. 0.4150" Stee: Managine Hidge TVD Rat: Richtlinde above 1854.)
Hagber:	Supples: 6.729	FB: ASSASABINT	Gravity File	FB: 46342.626nT Gravity FB: 598.506mgn (8.80405 Bannd)	Lon	W 183 25 47.17	Emting	Trese sense	Seale Fact:	4.99887345	Plac Change Beneators R.	dge 21 Federal 111 Revô tem 12.Md17



Vertical Section (ft) Azim = 180.00° Scale = 1.2110.00(ft) Origin = 0NJ-S, 0E/-W

