



Authorization For Expenditure

Company/Entity	Date Prepared
Cimarex Energy Co.	February 25, 2011

Region	Well Name	Well No.	Prospect or Field Name	Property Number	Drilling AFE No.
Permian	Alaska 29 Fee	6	Paddock Extension-West		

Location	County	State	Type Well
Sec. 29 - 18S - 26E	Eddy	NM	Oil <input checked="" type="checkbox"/> Gas <input type="checkbox"/> Expl <input checked="" type="checkbox"/> Prod <input type="checkbox"/>

Estimate Type	Est. Start Date	Est. Comp. Date	Formation	TU Measured Depth
Original Estimate	<input checked="" type="radio"/>		Glorieta/Yeso	3,000'
Revised Estimate	<input type="radio"/>			TU Vertical Depth
Supplemental Estimate	<input type="radio"/>			3,000'

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

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

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

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

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.
<input type="checkbox"/> I elect to purchase my own well control insurance policy.
Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

Marketing Election
Cimarex sells its gas under arm's-length contracts with third party purchasers. Such contracts may include fees. In addition, penalties may be incurred for insufficient volumes delivered over time. Should you choose to market your share of gas with Cimarex, you will be subject to all of the terms of such contracts. Upon written request to Cimarex's Marketing Department, we will share with you the terms and conditions pursuant to which gas will be sold.
<input type="checkbox"/> I elect to take my gas in kind.
<input type="checkbox"/> I elect to market my gas with Cimarex pursuant to the terms and conditions of its contracts.

Comments on AFE
The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

Cimarex Energy Co. Approval

Prepared by	Drilling and Completion Manager	Regional Manager
Ryan Braxton	Doug Park	Roger Alexander

Joint Interest Approval

Company	By	Date

Oil Conservation Division
Case No. 5
Exhibit No. 1



Project Cost Estimate

Lease Name: Alaska 29 Fee

Well No.:

6

Intangibles	Codes	Dry Hole Cost	Codes	After Casing Point	Completed Well Cost
Roads & Location Preparation / Restoration	DHCC.100	\$30,000	DHCC.100	\$3,500	\$33,500
Damages	DHCC.104	\$4,000	DHCC.105	\$1,000	\$5,000
Mud / Fluids Disposal Charges	DHCC.235	\$30,000	DHCC.235	\$13,000	\$43,000
Day Rate	5 DH Days	2 ACP Days @	13,500 Per Day	DHCC.115	\$68,000
Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.)	DHCC.120			DHCC.120	\$27,000
Bits	DHCC.125	\$12,000			\$12,000
Fuel	\$2.80 Per Gallon	800 Gallons Per Day	DHCC.125	\$15,000	\$0
Water / Completion Fluids	DHCC.135	\$11,000	DHCC.135	\$4,000	\$15,000
Mud & Additives	DHCC.140	\$10,000	DHCC.135	\$63,000	\$73,000
Surface Rentals	DHCC.145	\$12,500			\$12,500
Downhole Rentals	DHCC.150	\$5,000	DHCC.140	\$40,000	\$45,000
Formation Evaluation (DST, Coring including evaluation, G&G Services)	DHCC.155	\$16,000	DHCC.145	\$32,000	\$48,000
Mud Logging	DHCC.160	\$0			\$0
Open Hole Logging	DHCC.165	\$4,500			\$4,500
Cementing & Float Equipment	DHCC.170	\$20,000			\$20,000
Tubular Inspections	DHCC.175	\$15,000	DHCC.150	\$20,000	\$35,000
Casing Crews	DHCC.180	\$2,000	DHCC.160	\$1,000	\$3,000
Extra Labor, Welding, Etc.	DHCC.185	\$5,000	DHCC.165	\$5,000	\$10,000
Land Transportation (Trucking)	DHCC.190	\$3,000	DHCC.170	\$10,000	\$13,000
Supervision	DHCC.195	\$3,000	DHCC.175	\$5,000	\$8,000
Trailer House / Camp / Catering	DHCC.200	\$12,600	DHCC.180	\$12,000	\$24,600
Other Misc Expenses	DHCC.205	\$4,000	DHCC.185	\$1,000	\$5,000
Overhead	DHCC.210	\$2,000	DHCC.190	\$2,000	\$4,000
Remedial Cementing	DHCC.215	\$2,000	DHCC.195	\$2,600	\$4,600
MOB/DEMOB	DHCC.220	\$0	DHCC.200	\$0	\$0
Directional Drilling Services	DHCC.225	\$45,000			\$45,000
Dock, Dispatcher, Crane	DHCC.230	\$0	DHCC.205	\$0	\$0
Marine & Air Transportation	DHCC.235	\$0	DHCC.210	\$0	\$0
Solids Control	DHCC.240	\$15,000			\$15,000
Well Control Equip (Snubbing Svcs.)	DHCC.245	\$12,000	DHCC.205	\$3,500	\$15,500
Fishing & Sidetrack Operations	DHCC.250	\$0	DHCC.210	\$0	\$0
Completion Rig	DHCC.255	\$10,500	DHCC.215	\$10,500	\$10,500
Coil Tubing	DHCC.260	\$0	DHCC.260	\$0	\$0
Completion Logging, Perforating, WL Units, WL Surveys	DHCC.265	\$10,000	DHCC.260	\$10,000	\$10,000
Stimulation	DHCC.270	\$258,000	DHCC.210	\$258,000	\$258,000
Legal / Regulatory / Curative	DHCC.275	\$10,000	DHCC.265	\$0	\$10,000
Well Control Insurance	DHCC.280	\$1,000			\$1,000
Contingency	5% of Drilling Intangibles	\$18,000	DHCC.270	\$26,000	\$44,000
Construction For Well Equipment			DHCC.275	\$6,500	\$6,500
Construction For Lease Equipment			DHCC.280	\$52,500	\$52,500
Construction For Sales P/L			DHCC.285	\$5,500	\$5,500
Total Intangible Cost		\$387,600		\$614,000	\$1,001,600

Tangible - Well Equipment					
Casing	Size	Feet	\$ / Foot		
Drive Pipe	20 "	40.00	\$100.00	DWELL.150	\$0
Conductor Pipe	0 "	0.00	\$0.00	DWELL.150	\$0
Water String	0 "	0.00	\$0.00	DWELL.155	\$0
Surface Casing	8 5/8"	950.00	\$22.18	DWELL.140	\$21,000
Intermediate Casing	0 "	0.00	\$0.00	DWELL.145	\$0
Drilling Liner	0 "	0.00	\$0.00	DWELL.145	\$0
Drilling Liner	0 "	0.00	\$0.00	DWELL.145	\$0
Production Casing or Liner	5 1/2"	3000.00	\$19.93	DWELL.100	\$60,000
Production Tie-Back	0 "	0.00	\$0.00	DWELL.105	\$0
Tubing	2 7/8"	2300.00	\$6.83	DWELL.105	\$16,000
N/C Well Equipment				DWELL.115	\$6,500
Wellhead, Tree, Chokes				DWELL.120	\$10,000
Liner Hanger, Isolation Packer				DWELL.125	\$0
Packer, Hipples				DWELL.130	\$0
Pumping Unit, Engine				DWELL.135	\$125,000
Lift Equipment (BHP, Rods, Anchors)				DWELL.135	\$62,500
Tangible - Lease Equipment					
N/C Lease Equipment				DWELL.115	\$21,000
Tanks, Tanks Steps, Stairs				DWELL.120	\$13,500
Battery (Heater Treater, Separator, Gas Treating Equipment)				DWELL.125	\$29,500
Flow Lines (Line Pipe from wellhead to central facility)				DWELL.130	\$5,500
Offshore Production Structure for Facilities				DWELL.135	\$0
Pipeline to Sales				DWELL.140	\$0
Total Tangibles			\$26,000	\$349,500	\$375,500

PSA Costs	DHCC.295	\$30,000	DHCC.275	-\$30,000	\$0
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Total Cost		\$443,600		\$933,500	\$1,377,100
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