600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432.571.7800



April 20, 2011

Leasehold Owner Address List on Page 3

Re: New Well Proposal-Colorado 6 Fee No.1

Township, 19 South, Range 26 East, N.M.P.M.

Section 6: NW/4SE/4 Eddy County, New Mexico

Dear Leasehold Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Colorado 6 Fee No.1 Well at legal location in the NW/4SE/4 of Section 6, Township 19 South, Range 26 East, N.M.P.M., Eddy County, New Mexico.

The intended surface hole location for the well is 2310' FSL & 1650' FEL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the Glorieta-Yeso formations.

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 which sets forth the estimated costs associated with the well, and; (ii) our proposed form of Operating Agreement to govern operations for the Colorado wells. If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with your contact information to receive well data, to the undersigned within thirty (30) days of receipt of this proposal. If you should 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.

In the event you do not wish to participate in drilling the Colorado wells, Cimarex will consider acquiring a term assignment of your leasehold interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms:

Oil Conservation Division

1 . 708,77

,705,898

New Well Proposal-Colorado 6 Fee No.1

Township, 19 South, Range 26 East, N.M.P.M.

Section 6: NW/4SE/4

Eddy County, New Mexico

Title:



i.)

- Bonus consideration of \$1000.00 per net mineral acre delivered; Reservation of an ORRI equal to the difference between 25% and current ii.) lease burdens;
- Primary term of Two (2) years with 180-day continuous development iii.) thereafter

Please call the unde	rsigned with	any questic	ons or com	nments.		
Respectfully Submitt	ed,					•
Cimarex Energy Co		<i></i>				
Hayden P. Tresner Landman						
				1	· ·	
		CTION TO Dorado 6 F				
Elects <u>TO</u> pa	rticipate in th	e propose	d Colorado	6 Fee No	.1 Well	
Elects <u>NOT</u> t	o participate	in the prop	osed Colo	rado 6 Fe	e No.1 We	II
Dated this day	of	, 2	011.	• .		
Company:		· · · · · · · · · · · · · · · · · · ·				
Signature:	· · · · · · · · · · · · · · · · · · ·		·			
Printed Name:		:			•	

Township, 19 South, Range 26 East, N.M.P.M.

Section 6: NW/4SE/4 Eddy County, New Mexico



lf you	ur election above is TO participate in the proposed Colorado 6 Fee No.1 Well,	then:
1 1	Elects TO be covered by well control insurance procured by Cimarex	· -
. •	Elects NOT to be covered by well control insurance procured by Cirand agrees to provide Cimarex with a certificate of insurance pricommencement of drilling operations or be deemed to have elected covered by well control insurance procured by Cimarex	or to

Leasehold Owner Address List

Via: Certified U.S. Mail-Return Receipt No.91 7108 2133 3937 9627 5596

Yates Petroleum Corporation
Abo Petroleum Corporation
MYCO Industries, Inc.
Attn: Chuck Moran, Chief Landman
105 S. 4th Street
Artesia, New Mexico 88210

Via: Certified U.S. Mail-Return Receipt No.91 7108 2133 3937 9627 5589

OXY Y-1 Company Attn: Katie A. Almeida, Land Negotiator 5 Greenway Plaza, Suite 110 Houston, Texas 77046-0521



Permian		· · · · · · · · · · · · · · · · · · ·	Wheeler of			Date Prepared Febru	ary 25, 2011
Permian	Well	Name - 1	Well No.	Prospection Field Name	· Property Number	Dilli	ng AFE No.
A HELD OF THE PARTY OF THE PART		io 6 Fee	1	Paddock Extension-West			
Location				County	State	j - 17	ype Well
Sec. 6 - 195 - 26E			,	Eddy	NM	Oil· X Gas	Expl X Prod
Estimate Type		entere		st.Start(Date	askamologia	Selformation :	ITtl Measured Deoth?
Original Estimate Revised Estimate		0					3,000'
Supplemental Estimate		0	<u> </u>			Glorieta/Yeso	Ttl Vertical Depth' 3,000'
Project Description of Drill and complete a Gl							San
Intangibles		· · · · · · · · · · · · · · · · · · ·		Dry Hole Cost	After Casing P	oint C	ompleted Well Cost
Drilling Costs Completion Costs	i			\$387,600			\$387,600
Total Intangible Costs				\$387,600	\$614,000 \$614,000		\$614,000 \$1,001,600
Tangibles Well Equipment			· · · · · · · · · · · · · · · · · · ·	\$26,000	\$280,000		\$306,000
Lease Equipment							\$69,500
Total Tangible Well Co	st			\$26,000	\$349,500		\$375,500
Plug and Abandon Cos	t		····	\$30,000	-\$30,000		\$0
Total Well Cost.	,,,	,		\$443,600	\$933,500		\$1,377,100
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							
Unless otherwise indic long as Operator cond- insurance, you must pr later than commencen	ated below ucts operat rovide a cer nent of drill	r, you, as a non-o tions hereunder a rtificate of such i	perating wo and to pay your rsurance ac	rking interest owner, agree to our prorated share of the prem ceptable to Operator, as to for	be covered by Operator's v niums therefore. If you eled m and limits, at the time th	vell control insurance ct to purchase your c is AFE is returned, if	own well control available, but in no event
Unless otherwise indictions as Operator conditions as Operator conditions are the commenced insurance procured by	ated below ucts operat rovide a cer nent of drill Operator.	, you, as a non-o tions hereunder a rtificate of such i ling operations.	perating wo and to pay your rsurance ac	rking interest owner, agree to our prorated share of the prem ceptable to Operator, as to for	be covered by Operator's v niums therefore. If you eled m and limits, at the time th	vell control insurance ct to purchase your c is AFE is returned, if	own well control available, but in no event
Unless otherwise indictions as Operator conditions as Operator conditions are than commenced insurance procured by I elect to purchase my Well control insurance	ated below ucts operat rovide a cer nent of drill Operator.	you, as a non-ocitions hereunder a rtificate of such in ling operations. The control insurance policy. by Operator, pro-	perating wo and to pay you nsurance acc You agree the oldes, amon	rking interest owner, agree to our prorated share of the prem ceptable to Operator, as to for	be covered by Operator's values therefore. If you elected and limits, at the time the cate of insurance, as provided to the company of Combined S	vell control insurance ct-to purchase your c is AFE is returned, if ded herein, will resul ingle Limit coverage	own well control available, but in no event t in your being covered by
Unless otherwise indictions as Operator condinsurance, you must prilater than commenced insurance procured by I elect to purchase my Well control insurance related redrilling and commenced in the control insurance related redrilling and control ins	ated below ucts operat rovide a cer nent of drill Operator. y own well cor procured l clean-up/po	you, as a non-o- cions hereunder a rtificate of such in ling operations. htrol insurance policy, by Operator, pro- ollution expense of length contracts ould you choose to pepartment, we we	perating wo ind to pay you neurance acc you agree the vides, amon covering drill with third p o market you vill share wit	rking interest owner, agree to our prorated share of the premote provide to Operator, as to for hat failure to provide the certificat failure to provide the certification of the ce	be covered by Operator's valums therefore. If you element and limits, at the time the cate of insurance, as provided to the company of the company of the company of the company of the company include fees. In addition will be subject to all of the company of the company of the company include fees.	vell control insurance ct to purchase your o is AFE is returned, if ded herein, will resul ingle Limit coverage deductible. ion, penalties may be the terms of such con	own well control available, but in no event t in your being covered by for well control and e incurred for insufficient
Unless otherwise indictions as Operator conditions as Operator insurance procured by the operator of the operator of the operator of the operator of the operator operator of the operator	ated below ucts operat rovide a cer nent of drill Operator. y own well cor procured lilean-up/po nder arm!s- r time. Sho Marketing C s in kind. gas with Cima stimates or authorization	you, as a non-o- cions hereunder a rtificate of such in ling operations. htrol insurance policy, by Operator, pro- collution expense of length contracts build you choose to department, we we have pursuant to the to arex pursuant to the to	perating wo and to pay you recover a control you agree the yides, amon covering dril with third p o market you will share with errors and condi- trouble free the herein gra-	rking interest owner, agree to our prorated share of the premote provide the certificat failure to provide the certification (through completion) with carty purchasers. Such contracts to share of gas with Cimarex, you theyou the terms and condition tions of its contracts. The operations without any forest anted. By approval of this AFE, the joint operating agreement	be covered by Operator's valums therefore. If you elem and limits, at the time the icate of insurance, as provided to the following of the control of the co	vell control insurance ct to purchase your o is AFE is returned, if ded herein, will resul ingle Limit coverage deductible. ion, penalties may be the terms of such con il be sold. e actual costs may e or agrees to pay its pr	own well control available, but in no event t in your being covered by for well control and e incurred for insufficient tracts. Upon written exceed the estimated costs opportionate share of
Unless otherwise indictions as Operator conditions as Operator conditions as Operator conditions as Operator conditions as Operator commenced by a least to purchase my well control insurance related redrilling and control insurance related redrilling and conditions as I least to Cimarex's North as I least to take my gas a least to Cimarex's North as I least to market my least to Comments on AFE. The above costs are eswithout affecting the actual legal, curative;	ated below ucts operat rovide a cer nent of drill Operator. y own well cor procured lilean-up/po nder arm!s- r time. Sho Marketing C s in kind. gas with Cima stimates or authorization	you, as a non-o- cions hereunder a rtificate of such in ling operations. htrol insurance policy, by Operator, pro- collution expense of length contracts build you choose to department, we we have pursuant to the to arex pursuant to the to	perating wo and to pay you assurance acc You agree the wides, amon covering drill with third p o market you will share will erms and condi- erms and condi- trouble free the herein grader term of	rking interest owner, agree to our prorated share of the premote provide the certificat failure to provide the certification (and the certification) with completion (and the certification) with completion (and the certification) with you the terms and condition the certification (and the certification) without any forestanted. By approval of this AFE,	be covered by Operator's valums therefore. If you elem and limits, at the time the cate of insurance, as provided as \$1,000,000 (100% W.I.) of a \$1,000,000 (100% W.I.) of smay include fees. In addition will be subject to all of the pursuant to which gas will be subject to all of the cate of the working interest owner, regulatory order or other pproval	vell control insurance ct to purchase your o is AFE is returned, if ded herein, will resul ingle Limit coverage deductible. ion, penalties may be the terms of such con il be sold. e actual costs may e or agrees to pay its pr	own well control available, but in no event t in your being covered by for well control and e incurred for insufficient tracts. Upon written
Unless otherwise indictions as Operator conditions as Operator insurance procured by the operator of the operator of the operator of the operator of the operator operator of the operator	ated below ucts operat rovide a cer nent of drill Operator. y own well cor procured lilean-up/po nder arm!s- r time. Sho Marketing C s in kind. gas with Cima stimates or authorization	you, as a non-o- cions hereunder a rtificate of such in ling operations. htrol insurance policy, by Operator, pro- collution expense of length contracts build you choose to department, we we have pursuant to the to arex pursuant to the to	perating wo and to pay you assurance acc You agree the wides, amon covering drill with third p o market you will share will erms and condi- erms and condi- trouble free the herein grader term of	rking interest owner, agree to our prorated share of the premote provide to Operator, as to format failure to provide the certificat failure to provide the certificat failure to provide the certificat failure to provide the certification of the certification of the completion of the contracts of the certification of its contracts. Experimentally, the completion of the certification of its contracts. Cimarex Energy Co. And Completion of the certification of the cert	be covered by Operator's valums therefore. If you elem and limits, at the time the cate of insurance, as provided as \$1,000,000 (100% W.I.) of a \$1,000,000 (100% W.I.) of smay include fees. In addition will be subject to all of the pursuant to which gas will be subject to all of the cate of the working interest owner, regulatory order or other pproval	vell control insurance ct to purchase your o is AFE is returned, if ded herein, will resul ingle Limit coverage deductible. ion, penalties may be the terms of such con il be sold. e actual costs may e r agrees to pay its pr applicable agreemen	own well control available, but in no event t in your being covered by for well control and e incurred for insufficient tracts. Upon written



Project Cost Estimate

Lease Name: Colorado 6 Fee

Well No.:

•

Lease Mairie. Colorado o rec		•	·VV	GILINO!!	. 1
intangibles	Codes	Dry Hole Cost	Codes	SHOP SHE THE TANK A VALUE OF THE PROPERTY OF THE PARTY OF	Completed Well
Roads & Location Preparation / Restoration	DIDC.100	\$30,000		\$3,500	\$33,500
Damages	01DC.105	\$4,000	DICC.105	\$1,000	\$5,000
Mud / Fluids Disposal Charges	DIDC.255	\$30,000	DICC.235	\$13,000	\$43,000
Day Rate 5 DH Days 2 ACP Days @ 13,500 Per Day	/ DIDC.115	\$68,000	DICC,120	\$27,000	\$95,000
Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.)	DIDC.120	\$12,000			\$12,000
Bits	DIDC.135	\$15,000	DICC.125	\$0	\$15,000
Fuel \$2.80 Per Gallon 800 Gallons Per Day	DIDC.135	\$11,000	DICC.130	\$4,000	\$15,000
Water / Completion Fluids 1,900 Per Day	014.30id V	\$10,000	DICC,135	\$63,000	\$73,000
Mud & Additives	DIDC.145	\$12,500			\$12,500
Surface Rentals 1,000 Per Day	/ DIDC.150	\$5,000	DICC.140	\$40,000	\$45,000
Downhole Rentals	DIDC.155	\$16,000	DICC.145	\$32,000	\$48,000
Formation Evaluation (DST, Coring including evaluation, G&G Services)	01DC.160	\$0			\$0
Mud Logging \$2 Days @ 1,200 Per Day	/ DIDC.170	\$4,500			\$4,500
Open Hole Logging	DIDC.380	\$20,000			\$20,000
Cementing & Float Equipment	DIDC.185	\$15,000	DICC.155	\$20,000	\$35,000
Tubular Inspections	DIDC_190	\$2,000		\$1,000	\$3,000
Casing Crews	0100,195	\$5,000		\$5,000	\$10,000
Extra Labor, Welding, Etc.	DIDC.200	\$3,000		\$10,000	\$13,000
Land Transporation (Trucking)	-DIDC.205	\$3,000		\$5,000	\$8,000
Supervision Per Day		\$12,600		\$12,000	\$24,600
Trailer House / Camp / Catering 700 Per Day		\$4,000		\$1,000	\$5,000
Other Misc Expenses	DIDC.220	\$2,000		\$2,000	\$4,000
Overhead 300 Per Day		\$2,000		\$2,000	\$4,000
Remedial Cementing	DIDC.231	\$0		\$0	\$0
MOB/DEMOB	DIDC.240	\$45,000	*********		\$45,000
Directional Drilling Services 0 Days @ 8,000 Per Day		\$0	マイトリー・ディー・ディー・ディー・ディー・ディー・ディー・ディー・ディー・ディー・ディ		\$0
Dock, Dispatcher, Crane	0:00:250	\$0	and the second	\$0	SO
Marine & Air Transportation	DIDC:275-	\$0		ŚO	SO SO
Solids Control 3,000 Per Day	~	\$15,000	A STATE OF THE PARTY OF THE PAR		\$15,000
Well Control Equip (Snubbing Svcs.)	01DC.265	\$12,000	PREEMMARIA	\$3,500	\$15,500
Fishing & Sidetrack Operations	D/DC.270	\$12,000		\$0	\$13,300 .\$0
Completion Rig 3 Days @ 3,500 Per Day			 	\$10,500	\$10,500
Coil Tubing Days @ Per Day			DICC.115	\$10,500	\$10,500
Completion Logging, Perforating, WL Units, WL Surveys	933333		DICC.260	\$10,000	\$10,000
Stimulation	#####			\$258,000	\$258,000
		\$10,000	DICC.210	· · · · · · · · · · · · · · · · · · ·	
Legal / Regulatory / Curative Well Control Insurance \$20.35 Per Foot	DIDC.300	\$10,000	********	\$0	\$10,000
	DIDC.285	\$1,000	juliane , scanne	\$25.000	\$1,000
Contingency , 5% of Drilling Intangibles	DIDC.435	\$18,000	}	\$26,000	\$44,000
Construction For Well Equipment			DWEA.110		\$6,500
Construction For Lease Equipment		MANAAN.	DUÉQ:110	\$52,500	\$52,500
Construction For Sales P/L	VIIIIIII	<u>mmamili ili ili ili ili ili ili ili ili ili</u>	DICC,265	\$5,500	\$5,500
Total Intangible Cost		\$387,600		\$614,000	\$1,001,600

							927 10 10 10 10	17 1 1 2 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
Tangible - Well Equipment	Size	Feet	\$ / Foot		amman.		amanan.	minimum.
Casing	20: "	40.00		OWEB.150	\$0			<i>SOS SOS SOS SOS SOS SOS SOS SOS SOS SOS</i>
Drive Pipe	20:			·	S0			\$0
Conductor Pipe	1.0				· 50			\$0
Water String	≥8.5/8"	:950:00	 		\$21,000			\$21,000
Surface Casing	(0) 4"	0.00			\$21,000			\$0
Intermediate Casing	0, "	0.00			S0			\$0
Drilling Liner	U .		4		\$0			SO
Drilling Liner	<u> </u>	*0.00		************		DWEA.100	\$60,000	
Production Casing or Liner	5.1/2"			4.55 845 855			\$00,000 \$0	\$00,000
Production Tie-Back	:0; 3"	0.00		イルス・イン・アンドウ アイン		DWEA.100		\$16,000
Tubing	2.7/8"	2300:00	\$6.83			DWEA.105	\$16,000	\$6,500
N/C Well Equipment						DWEA.115	\$6,500	
Wellhead, Tree, Chokes	•			DWEB:115	\$5,000	DIMENTIO	\$10,000	\$15,000
Liner Hanger, Isolation Packer				DWEB.100	\$0	DWEA.125	. \$0	,
Packer, Nipples			<u> </u>			DWEA.130	\$0	
Pumping Unit, Engine	·	·		MIIMA		DLEQ.160	\$125,000	
Lift Equipment (BHP, Rods, Anchors)						DLEG.105	\$62,500	\$62,500
Tangible - Lease Equipment		14-74-98-75						
N/C Lease Equipment						DLEO.115	\$21,000	
Tanks, Tanks Steps, Stairs						DLEQ.120	\$13,500	
Battery (Heater Treater, Separator, Gas Treating Equipm	nent)					DLEO.125	\$29,500	
Flow Lines (Line Pipe from wellhead to central facility)				_99999		DLEO.130	\$5,500	
Offshore Production Structure for Facilities						DWE4.135	\$0	
Pipeline to Sales					MAMMAMA.	.DWEA,140	. \$0	
<u></u>				•	\$26,000)	\$349,500	\$375,50
Total Tangibles				- F				
<u> </u>				DIDC.395	\$30,000	DICC.275	-\$30,000) ` \$
P&A Costs			,					
					\$443,60	0	\$933,50	0 \$1,377,10

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432,571,7800



April 20, 2011

Via U.S. Certified Mail-Return Receipt No.91 7108 2133 3937 9627 5619

MYCO Industries, Inc.

Attn: Hannah Palomin, Land Manager

P.O. Box 840

Artesia, New Mexico 88210

Re: New Well Proposal-Colorado 6 Fee No.1

Township, 19 South, Range 26 East, N.M.P.M.

Section 6: NW/4SE/4 Eddy County, New Mexico

Dear Hannah:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Colorado 6 Fee No.1 Well at legal location in the NW/4SE/4 of Section 6, Township 19 South, Range 26 East, N.M.P.M., Eddy County, New Mexico.

The intended surface hole location for the well is 2310' FSL & 1650' FEL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the Glorieta-Yeso formations.

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Enclosed, in duplicate, is (i) our detailed AFE which sets forth the estimated costs associated with the well, and; (ii) our proposed form of Operating Agreement to govern operations for the Colorado wells. If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with your contact information to receive well data, to the undersigned within thirty (30) days of receipt of this proposal. If you should 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.

New Well Proposal-Colorado 6 Fee No.1

Township, 19 South, Range 26 East, N.M.P.M.

Section 6: NW/4SE/4 Eddy County, New Mexico



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- i.) Bonus consideration of \$1000.00 per net mineral acre delivered;
- ii.) Reservation of an ORRI equal to the difference between 25% and current lease burdens;
- iii.) Primary term of Two (2) years with 180-day continuous development thereafter

Please call the undersigned with any questions or comments.

Respectfully Submitted,

Cimarex Energy C	0.	•	•
handy!	一. [2] 上: : : :		
Many Co.	0 3	•	
Hayden P. Tresner	1		
Landman	2		• -

ELECTION TO PARTICIPATE Colorado 6 Fee No.1 Well

Elects TO	participate	in the prop	osed Col	orado 6 Fe	∍ No.1 We	ell .
Elects NC)T to particip	ate in the	proposed	Colorado 6	Fee No.1	[Well
Dated this	day of		, 2011.		• •	,
Company:		·				
Signature:						
Printed Name:						,
Title:		,				

Page 2

New Well Proposal-Colorado 6 Fee No.1

Township, 19 South, Range 26 East, N.M.P.M.

Section 6: NW/4SE/4 Eddy County, New Mexico



If your election above is TO participate in the proposed Colorado 6 Fee No.1 Well, then:

_____Elects TO be covered by well control insurance procured by Cimarex

_____Elects NOT to be covered by well control insurance procured by Cimarex and agrees to provide Cimarex 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



Company Entity Cimarex Energy C	·	1. 92.9			Date Prep		y 25, 2011	
Region 1	Well Name	1217/2017	Prospect or Field Name	Production and the second	· · · · · · ·	6:00	AFE No.	e s ar.,
Permian	Colorado 6 Fee	1	Paddock Extension-West	Froperty Number	<u> </u>	- Y Drumie	AFE NO.	
· Cillian			TOURSE TOURSE		<u> </u>			
Location	and the second s		County:	State.	44	Typ	e Wéll	را مانگذار الأبر فاتحا
Sec. 6 - 195 - 26E	·		Eddy	NM	Oil:	X	Prod Prod	<u> </u>
					* *			
Estimaté Type Original Estimate			st Start Date	st: Comp Date	Forr	nation	Ttl Measu	
Revised Estimate		1			Glorie	ta/Yeso	3,0	
Supplemental Est	imate O	1			<u> 1 </u>		3,0	
Project Description	on .					sac ver		Second Second
	e a Glorieta/Yeso vertical hole w	11			Marie Salas Salas Andreas	Anton Sing	iliga a significant in the second of the sec	and the second
			•		•			
					•		•	
	•			<u> </u>				
Intangibles			Dry Hole:Cost	After Casing (oint	Con	pleted Well	Cost
Drilling Costs			\$387,600	vices country	J18	, соп	\$387,600	5031
Completion Costs			1	\$614,000		1	\$614,000	
Totaliintangible (Costs		\$387,600	\$614,000).		\$1,001,600) -
Tangibles					:			
Well Equipment		·	\$26,000	\$280,000)	1	\$306,000	
Lease Equipment				\$69,500			\$69,500	
Total Tangible W	elliCost		े\$26,000 y	\$349,500	<u> </u>		\$375,500	
Plug and Abando	in Cost	:	\$30,000	-\$30,000	,	1	\$0-	
						····		
Total-Well/Cost		· 	\$443,600	>\$933;500	אַל		\$1,377,100).
	lindicated below, you, as alnon-c		rkinglinterest owner, agree to be					
insurance, you m	nust provide a certificate of such i	nsurance ac	our prorated share of the premiun ceptable to Operator, as to form a lat fallure to provide the certificat	nd limits, at the time th	iis AFE is rei	urned, if av	ailable, but i	no event
insurance procur	ed by Operator.							
I elect to purch	hase my own well control insurance policy	:		•		•		
			g other terms (for \$20,000,000 (10 ling (through completion) with a \$			coverage fo	r well contro	l'and
Marketing Election								
Cimarex sells its	gas under arm slength contracts ed over time: Should you choose	o market yo	arty, purchasers. Such contracts ma or share of gas with Cimarex; you w th you the terms and conditions pu	vill be subject to all of t	he terms of			
	•		·	-	•			
☐ I elect to take	my gas in kind.							
☐ I elect to man	ket my gas with Cimarex pursuant to the I	erms and condi	lions of its contracts.	•			•	-
								· · · · · ·
without affecting	are estimates only and anticipate gthe authorization for expenditu	re herein gra	e/operations.without any/oreseea inted:«Bỳ approval of/this/AFE/the the joint operating agreement, re	working interest owner	r agrees to	pay its prop	ortionate sh	are of
accounter Cult	Paret in Printer Lane Action (272). (II	.sc. termot		- 1 avantion onto				
,			Cimarex Energy Co. Appr					
Prepared by		Drilling ar	d Completion Manager	Regional	Manager		A 632.4	* *- 0 * *
Ryan Braxton		Doug Parl	k ′	Roger Ale	exander			
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			Joint Interest Approva				, . 	·
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Project Cost Estimate

Lease Name:

Colorado 6 Fee.

Well'No.:

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State Stat	Lease (Mainte) (Color adojo ree)				ZII NO.	
Books Stocotion Preparation / Restoration Stocotion Stocot	Intangibles	Codes		Codes		
Maid Fieldis Dispasal Charges	Roads & Location Preparation / Restoration	DIDC:100	the same and the same of the s	010001100	\$3,500	\$33,500
Maid Fieldis Dispasal Charges		DIGC:105	\$4,000	DICC, 105	\$1,000	\$5,000
Day Pate		O100.255	\$30,000	DICC_235	\$13,000	
State Stat			\$68,000			\$95,000
Signature		, 0:00.120	\$12,000			\$12,000
		DIDC.175			:50	
Mud & Additives	Fuel \$4.852.80 Per Gallon \$4.800 Gallons:Per Day	0100.135	\$11,000	DICC.120	\$4,000	\$15,000
Surface Rentals	Water/Completion Fluids 1,900 Pcr	Day 0/00.148	\$10,000	DICC.155	\$63,000	\$73,000
Downhole Rentals	Mud & Additives		\$12,500			\$12,500
Downhole-Rentals	Surface Rentals \$1,000 Per	Day - 010-01190	\$5,000	DICC.140	\$40,000	\$45,000
Some	Downhole Rentals .	DIDC.195	\$16,000	DICC.145		
Deni-HoleLagging	Formation Evaluation (DST, Coring/including evaluation, G&G/Services)	0100,160	:\$0			· .so
Cementing & Float Equipment	Mud Logging SS2 Days @ \$1,200 Per	Day Dipc.170	\$4,500			\$4,500
Camenting & Floot Equipment	Open:Hole;Logging	: DIDC/180°	\$20,000			
Tubular Inspections	Cementing & Float Equipment	-2106,105	\$15,000	DICC.155	\$20,000	· · · · · · · · · · · · · · · · · · ·
Casing Crews	Tubular Inspections	BIDC.198	\$2,000	DICC.160	\$1,000	
Extra Labor, Welding, Etc.	Casing Cresss	DIDC.195			\$5,000	·
	Extra Labor, Welding, Etc.	DID5.268				
	Land Transporation (Trucking)	DIDCITOS	\$3,000	DICC.175		
Trailer House / Camp / Catering	Supervision : : Per	Day Diecizio				
Other Misc Expenses DIDE 220 \$2,000 DICC, 190 \$2,000 \$4,000 Overhead \$300 Per Day 500,225 \$2,000 DICC, 195 \$2,000 \$4,000 Remedial Cementing 600,221 \$0 DICC, 215 \$0 DICC, 215 \$0 \$5 MOB/DEMOB 6150,240 \$45,000 <td< td=""><td></td><td>····</td><td>\$4,000</td><td>DICC.255</td><td></td><td></td></td<>		····	\$4,000	DICC.255		
\$300 Per Day 500.235 \$2,000 0100.195 \$2,000 \$4,000	Other Misc Expenses	0:00:220	\$2,000	DICC.190		
Remedial Cementing	Overhead #300 Per	Day .0100,225				
MOB/DEMOB en50240 \$45,000 \$45,000 Directional Drilling Services \$0 Days @			\$0	DICCI215		·
Directional Drilling/Services \$0 Days @ \$8,000 Per Day \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$	MOB/DEMOB	0:50240	\$45,000		ammanni.	**************************************
Marine & Air Transportation DIDE.275 SO DICE.250 SO SC Solids Control 33,000 Per Day DIDE.265 \$15,000 \$15,000 \$15,000 Well Control/Equip (Snubbing Svcs.) DIDE.265 \$12,000 DICE.240 \$3,500 \$15,500 Fishing & Sidetrack Operations DIDE.277 \$0 DICE.245 \$0 \$0 Completion Rig 31 Days @ 31,500 Per Day DICE.215 \$10,500 \$10,500 Coil Tubing Days @ 21 Per Day DICE.260 \$0 \$0 Completion Logging, Perforating, WL: Units, WL: Surveys DICE.260 \$10,000 \$10,000 Stimulation DICE.260 \$10,000 \$10,000 \$10,000 Stimulation DICE.260 \$10,000 \$258,000 \$258,000 Well Control/Insurance 450,003 Per Boot DICE.260 \$10,000 Contingency: 45% of Drilling Intangibles DICE.260 \$18,000 DICC.220 \$26,000 \$44,000 Construction For Lease Equipment DICC.260 \$52,500	Directional Drilling Services 0 Days @ 8,000 Per	Day OIDCAM	\$0			so so
Solids Control Soli	Dock, Dispatcher, Crane	UIDC.250	\$0	DICC.220	\$0	SO.
Solids Control Soli	Marine & Air Transportation	DIDE.275	SO	DICC:250	\$0	sol
Well Control/Equip (Snubbing-Svcs.')		Day election	\$15,000			\$15,000
Fishing & Sidetrack Operations	Well Control/Equip (Snubbing Svcs.)	0100.265	\$12,000	DICC:240	\$3;500	
Completion Rig		DIDC.370-	\$0	DICC:245	\$0	
Completion Logging, Perforating, WL: Units; WL: Surveys	Completion Rig 3 Days @ 3500 Per			DICG.115	\$10,500	\$10,500
Completion Logging, Perforating, WL: Units; WL: Surveys	Coil Tubing Days @ Per	Day IIIIII		DICC.360	SO	SO
Stimulation					 	1
Legal /Regulatory / Curative					 	
Well Control/Insurance #\$0:35 Per Foot BIDC.209 \$1,000 \$1,000 \$1,000 Contingency: \$4 *5% of Drilling Intangibles DIDC.429 \$18,000 DICC.220 \$26,000 \$44,000 Construction For Well Equipment \$55,500 \$55,500 \$52,500 \$52,500 Construction For Sales P/L \$50,500 \$55,500 \$55,500		0100.300	\$10,000	1		
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Construction For Lease Equipment DEQ.116 \$52,500 \$52,500 Construction For Sales P/L \$5,500 \$5,500		William.				- i ———————————————————————————————————
Construction:For Sales P/L Siscos S5;500 S5;500				DLEQ.110	\$52,500	\$52,500
According				}		
	Total Intangible Cost		\$387,600			

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600 N. Marienfeld St.

Suite 600

Midland, Texas:79701.

PHONE 432,571,7800



April 20, 2011

Leasehold Owner Address List on Page 3

Re: New Well Proposal-Colorado 6 Fee No.2

Township, 19 South, Range 26 East, N.M.P.M.

Section 6: NE/4SE/4 Eddy County, New Mexico

Dear Leasehold Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Colorado 6 Fee No.2 Well, at legal location in the NE/4SE/4 of Section 6, Township 19 South, Range 26 East, N.M.P.M., Eddy County, New Mexico.

The intended surface hole location for the well is 2310' FSL & 330' FEL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the Glorieta-Yeso formations.

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 which sets forth the estimated costs associated with the well, and; (ii) our proposed form of Operating Agreement to govern operations for the Colorado wells. If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with your contact information to receive well data, to the undersigned within thirty (30) days of receipt of this proposal. If you should 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.

In the event you do not wish to participate in drilling the Colorado wells, Cimarex will consider acquiring a term assignment of your leasehold interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms:

Oil Conservation Division
Case No.
Exhibit No.

713,704, 705, 698

New Well Proposal-Colorado 6 Fee No.2

Township, 19 South, Range 26 East, N.M.P.M.

Section 6: NE/4SE/4 Eddy County, New Mexico



i.) Bonus consideration of \$1000.00 per net mineral acre delivered;

ii.) Reservation of an ORRI equal to the difference between 25% and current lease burdens;

iii.) Primary term of Two (2) years with 180-day continuous development thereafter

Please call the undersigned with any questions or comments.

Respectfully Submitted,

Cimarex Energy Co.

Hayden P. Tresner Landman

ELECTION TO PARTICIPATE Colorado 6 Fee No.2 Well

Elects <u>TO</u> participate in the p	proposed Colorad	do 6 Fee No	o.2 Well	
Elects <u>NOT</u> to participate in	the proposed Co	lorado 6 Fe	e No.2 We	¥11
Dated this day of	, 2011.		٠.	
Company:				
Signature:	,	•		
Printed Name:				
Title				

Page 2

Township, 19 South, Range 26 East, N.M.P.M.

Section 6: NE/4SE/4 Eddy County, New Mexico



lf your	election above is TO participate in the proposed Colorad	o 6 Fee No.2 Well, then:
	Elects TO be covered by well control insurance p	rocured by Cimarex
	Elects NOT to be covered by well control insurar and agrees to provide Cimarex with a certificate commencement of drilling operations or be deemed covered by well control insurance procured by Cimarex	of insurance prior to

Leasehold Owner Address List

Via: Certified U.S. Mail-Return Receipt No.91 7108 2133 3937 9627 5596

Yates Petroleum Corporation
Abo Petroleum Corporation
MYCO Industries, Inc.
Attn: Chuck Moran, Chief Landman
105 S. 4th Street
Artesia, New Mexico 88210

Via: Certified U.S. Mail-Return Receipt No.91 7108 2133 3937 9627 5589

OXY Y-1 Company Attn: Katie A. Almeida, Land Negotiator 5 Greenway Plaza, Suite 110 Houston, Texas 77046-0521



Region					Feb	oruary 25, 2011
Permian Colorad		Rospector Field Name : Roperty Number:			rilling AFE No.	
Colorad		T T T T T T T T T T T T T T T T T T T				
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al Well Cost		\$443,600		\$933,500		\$1,377,100
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Flow Lines (Line Pipe from wellhead to central facility)

Offshore Production Structure for Facilities Pipeline to Sales

Total Tangibles

P&A Costs

Total Cost

Project Cost Estimate

	orado 6'Fee			e selection and a selection as a se	-					ell No.:	
ntangibles'			e de la composição	4,40	100			Dry Hole Cost	Codes	After Casing Point	Completed Wel
loads & Location Prep	aration / Restora	tion					DIDC.100	\$30,000	DICC.10D	\$3,500	\$33,50
Damages							DIDC.105	\$4,000	DICC.105	\$1,000	\$5,00
Mud / Fluids Disposal (Charges					1	QIDC.255	\$30,000	DICC.236	\$13,000	\$43,00
		 	ACP Days @		13,500	Per Day	DIDC.115	\$68,000		\$27,000	\$95,00
Misc Preparation Cost	(mouse hole, rat	hole, pads,	pile clusters, m	isc.)			0105.120	\$12,000			\$12,00
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uel Nater / Completion Flu		Per Gallon	<u>l</u> :	7800	Gallons Per Do		0100.135	\$11,000	0100,330	\$4,000	\$15,00
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Downhole Rentals				l	. 2,000	rer Duy	DIDC.155	\$16,000	DICC.145	\$32,000	\$48,00
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Cementing & Float Equ	ipment						DIDC.185	\$15,000	01CC.155	\$20,000	\$35,00
ubular Inspections	· 						DIDC.190	\$2,000	DICC.160	\$1,000	\$3,00
asing Crews							DIDC.195	\$5,000	DICC. 165 ·	\$5,000	\$10,00
xtra Labor, Welding, L							DIDC.200	\$3,000	DICC.170	\$10,000	\$13,00
and Transporation (Tr Supervision	ucking)	·····		1	 1	Par Day	DIDC.205	\$3,000	OfCC,175	\$5,000	\$8,00
Troiler House / Camp /	Catarina					Per Day Per Day	OIDC.210	\$12,600		\$12,000	\$24,60
Other Misc Expenses	catering				:7,00	rerouy	DIDC.380 DIDC.320	\$4,000 \$2,000	DICC.255 DICC.190	\$1,000 \$2,000	\$5,00 \$4,00
Overhead					300	Per Day	DIDC.225	\$2,000	OICC.195	\$2,000	. 54,00
Remedial Cementing			······································	1			DIDC.231	\$0	DICC.215	\$0	S
MOB/DEMOB							DIDC.340	\$45,000			\$45,00
Directional Drilling Ser	vices		0 Da	1ys @	8,000	Per Day	0100,745	\$0			
Dock, Dispatcher, Cran	e						DIDC.250	\$0	'DICC.230	\$0	\$
Marine & Air Transport	tation						01DC,775	\$0	DICC.250	\$0	\$
Solids Control				!	3,000	Per Day	DIDC.260	\$15,000			\$15,00
Well Control Equip (Sn							DIDC.265	\$12,000	DICC.240	\$3,500	\$15,50
Fishing & Sidetrack Op Completion Rig	erations		l- //21 n-	@ l		Per Day	DIDC.270	\$0	0100.245	\$0	\$10.50
Coil Tubing		· · · · · · · · · · · · · · · · · · ·		ays @		Per Day			DICC.115 DICC.260	\$10,500 \$0	· \$10,50
Completion Logging, P	erforating WLU	Inits WI Su	 	ر می دور.	• •	rerbby			DICC.200	\$10,000	· \$10,00
Stimulation				·····					DICC.210	\$258,000	\$258,00
.egal / Regulatory / Cu	ırative			·		,	DIDC.300	\$10,000		.\$0	\$10,00
Well-Control Insurance		\$0.35	Per Foot			,	DIDC.305	\$1,000	Million I		\$1,00
Contingency	i∻ ≥45%	of Drilling	Intangibles				DIDC.435	\$18,000	DICC.220	\$26,000	\$44,00
Construction For Well	Equipment								0WEA.110	\$6,500	\$6,50
Construction For Lease	Equipment								DLEQ.110	. \$52,500	\$52,50
Construction For Sales	P/L	:					MAMMA	<u>ananana</u>	DICC.265	\$5,500	\$5,50
Total Intangible Cost						 		\$387,600		\$614,000	\$1,001,60
langible - Well Equipr	nent		To a second								
Casing				Size	Feet	S'/Foot	MAMA		SHILL		
Drive Pipe				0. "				\$0			9
Conductor Pipe				0 > '''	10.00			.\$0			9
Water String				0 5 (0)			·	\$0			£21.00
Surface Casing				8.5/8"	950:00			\$21,000			\$21,00
Intermediate Casing		······································		0> ''' 0 '''	-0:00 -0:00	<u> </u>		\$0 \$0			
Drilling Liner Drilling Liner				05		,		\$0			
Production Casing or L	iner			5.1/2!!		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	**************************************	Million in the second s	DW6A.100	\$60,000	\$60,00
Production Tie-Back	•				0.00	<u> </u>	4 49 4 5 4 4 4 5 6 4 A		DWEA.100	\$0	. (
Tubing			~~~~	2:7/8"			10 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0		DWEA.105	\$16,000	\$16,00
N/C Well Equipment	<u> </u>								DWEA.115	\$6,500	\$6,50
Wellhead, Tree, Choke							DWE9.115	\$5,000	 	\$10,000	\$15,00
Liner Hanger, Isolation	n Packer						DWEIL100	\$0	ļ	\$0	
Packer, Nipples									DWEA.150	\$0	
Pumping Unit, Engine		·	·						DLEO::100	\$125,000	\$125,00
Lift Equipment (BHP, I Tangible - Lease Equi						## 0.51 M. 54 55 65			DLEQ.105.	\$62,500	\$62,50
tangible : Lease Equi N/C Lease Equipment	mient.			ores 1984			VIIIIIIII		DLEQ.115	\$21,000	
							VALUE AND	STATE STATE	3		
Tanks Tanks Stane St	airs		*				JEFFIJSEN	1888 1888 1881	9 DLEG.320	1 513,500	213.50
Tanks, Tanks Steps, St Battery (Heater Treate		s Treatina F	'quipment)						DLEG.120 DLEG.125	\$13,500 \$29,500	

4/20	/2011	1:45	PM

\$5,500

\$375,500

\$1,377,100

\$0

SO

\$0

\$5,500

\$349,500

-\$30,000

\$933,500

\$0

\$0

DLEQ.130

DWEA:135

DIVEA.140

\$30,000 DICC.275

\$443,600

DIDC,295

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432.571:7800



April 20, 2011

Via U.S. Certified Mail-Return Receipt No.91 7108 2133 3937 9627 5619

MYCO Industries, Inc. Attn: Hannah Palomin, Land Manager P.O. Box 840 Artesia, New Mexico 88210

Re: New Well Proposal-Colorado 6 Fee No.2

Township, 19 South, Range 26 East, N.M.P.M.

Section 6: NE/4SE/4 Eddy County, New Mexico

Dear Hannah:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Colorado 6 Fee No.2 Well at legal location in the NE/4SE/4 of Section 6, Township 19 South, Range 26 East, N.M.P.M., Eddy County, New Mexico.

The intended surface hole location for the well is 2310' FSL & 330' FEL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the Glorieta-Yeso formations.

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 which sets forth the estimated costs associated with the well, and; (ii) our proposed form of Operating Agreement to govern operations for the Colorado wells. If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with your contact information to receive well data, to the undersigned within thirty (30) days of receipt of this proposal. If you should 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.

New Well Proposal-Colorado 6 Fee No.2

Township, 19 South, Range 26 East, N.M.P.M.

Section 6: NE/4SE/4 Eddy County, New Mexico



In the event you do not wish to participate in drilling the Colorado wells, Cimarex will consider acquiring a term assignment of your leasehold interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general

- Bonus consideration of \$1000.00 per net mineral acre delivered; i.)
- Reservation of an ORRI equal to the difference between 25% and current lease burdens: ii.)
- evelopment

	iii.)	Primary term of Two (2) years with 180-day continuous de thereafter
Pleas	se call t	he undersigned with any questions or comments.
Resp	ectfully	Submitted,
h	/ ////// en P. 1	resner
		ELECTION TO PARTICIPATE Colorado 6 Fee No.2 Well
	_ Elec	ts <u>TO</u> participate in the proposed Colorado 6 Fee No.2 Well
	_ Elec	ts <u>NOT</u> to participate in the proposed Colorado 6 Fee No.2 Well
Date	d this _	day of , 2011.
Com	pany: _	· ····································
Signa	ature: _	
Printe	ed Nan	ne:
Title:		

Page 2

New Well Proposal-Colorado 6 Fee No.2

Township, 19 South, Range 26 East, N.M.P.M.

Section 6: NE/4SE/4 Eddy County, New Mexico



Page 3

If your election above is TO participate in the proposed Colorado 6 Fee No.2 Well, then: Elects **TO** be covered by well control insurance procured by Cimarex Elects **NOT** to be covered by well control insurance procured by Cimarex and agrees to provide Cimarex 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



Company Entity Cimarex Energy Co.		f # 7°				Date Prepa	ired Februar	25, 2011	All of the
Region	ame 🤼 📆	Well No.	Prospect or Field Nan	ne .	Property Number	gen San	Drilling	AFE No.	
Permian Colorado	6 Fee	2	Paddock Extension-W	lest	,	,			
.ocation	Control of the contro	or to be delicated as	County		- State		Tvo	e Well	
Sec.:6 -:195 - 26E			Eddy.		NM	Oil: Gas	×	Expl Prod	:x
stimate Type			st Start Date	<u>L</u> ES	t. Comp Date	Forn	nation		ured Depth
Original Estimate Revised Estimate Supplemental Estimate	*@ : O :					Glorie	ta/Yeso	Til Veri	000) cal Depth 000'
Project Description	and the second s		Secretary of the Secret				فالوقي عالمان	W. Vess	
Orill'and complete a Glorieta/Yeso	vertical/hole well.	•'			,			,	
ntangibles			Dry/Hole Cost	i	After Casing I	Point:	l : Con	pleted Wo	ll Cost
Orilling Costs			.\$387,600					\$387,600)
Completion Costs Total Intangible Costs	·····		\$387,600		\$614,000 \$614,000		1	\$514,000	
our meanging costs			7357,000		- 5014,000			\$1,001,60	JU
Tangibles:									
Mell Equipment Lease Equipment			\$26,000 <i>:</i>	ana da	\$280,000 \$69,500		-	\$306,000 \$69,500	
Total Tangible Well Cost			\$26,000		\$349,500		<u> </u>	×\$375;50	
			420.000						
Plug and Abandon Cost			\$30,000		-\$30,000		1	(\$0.	· :
Total Well Cost			;\$443,G00 [;]		\$933,500)		\$1,377,10	00
Unless otherwise indicated below; long as Operator conducts operatinsurance, you must provide a cert later than commencement of drillinsurance procured by Operator.	ons'hereunder an ilicate of Such ins ng operations. 'Yo	nd to,pay,y surance ac	our prorated share of the p ceptable to Operator, as to	oremium oforman	s therefore. If you eld d limits, at the time th	ct to purcha	ise your ow urned, if av	n well cont ailable, but	ról Lin no even
I elect to purchase my own well cont Well control insurance procured b related redrilling and clean-up/pol	y Operator, provi						coverage fo	r,well contr	rol'and
		· · · · · ·							
Marketing Election Cimarex sells its gas under arm's-le volumes delivered over time. Shot request to Cimarex's Marketing De	ıld you choose to	market yo	u'share of gas with Cimare	x, you w	ill be subject to all of	he terms of			
☐ I elect to take my gas in kind. ☐ I elect to market my gas with Gman	ex pursuant to the ter	ms and cond	tions of its contracts.						
Comments on AFE The above costs are estimates only without affecting the authorization actual legal, curative; regulatory a	n for expenditure	hereinign	e operations without any for anted. By approval of this	AFE, the	working interest own	er agrees to	pay its prop	ortionate	share of
			:Cimarex;Energy;Co						
Prepared by	Section to the second	1	nd Completion Manager -	1000	1	Manager		P. A. W. A.	<u> </u>
Ryan Braxton		Doug Par	K		Roger Al	exan oer			
			Joint Interest A	pprova					
Company	At No	Ву		- A. K. W.	Date .	time while was	ala Ma	Same was	
		ľ			1				



Project Cost Estimate

Lease Name:

Colorado 6 Fee

Well No.:

2

Intangibles	Codes	Dry Hole Cost	Corles	After Casing Point	Completed Well Cost
Roads & Location Preparation / Restoration	(DIDC:100s)	\$30,000	DICC:100	\$3,500	\$33;500
Damages	-DIDC(105-	\$4,000	:DICC.105	\$1,000	\$5,000
Mud / Fluids Disposal Charges	0100,255	.\$30,000	01000235	\$13,000	\$43,000
Day Rate	0100:115	\$68,000	DICC.120	\$27,000	\$95,000
Misc Preparation Cost (mouse hale; rat hale, pads, pile clusters, misc.)	101001220	\$12,000			\$12,000
Bits	0.000.173	\$15,000	DICC.125	-\$0	\$15,000
Fuel \$ \$\$2:80 Per Gallon 6 \$800 Gallons Per Day	0100:135	\$11,000	20100/1301	\$4,000	\$15,000
Water/Completion Fluids: 41,900 Per Day	0100.140	\$10,000	DICC.125 .	:\$63;000	\$73,000
Mud'& Additives.	0100,145	\$12,500			\$12,500
Surface Rentals 1,000 Per Day	- DICC.150 -	\$5,000	101001110	\$40,000	\$45,000
Downhole Rentals	0100.155	\$16,000	BICC:145 -	\$32,000	\$48,000
Formation Evaluation (OST; Coring including evaluation, G&G Services)	01001100	\$0			50
Mud Logging 9 91,200 Per Day	DIDC.170	\$4,500			\$4,500
Open Hole Lagging ,	OID CLERO	\$20,000			\$20,000
Cementing & Floot Equipment	- * * OIDCNES	\$15,000	DICC.155	\$20,000	\$35,000
Tubular Inspections	DIDC.190"	\$2,000	**DICC.160	\$1,000	\$3,000
Casing Crews.	0100.195	\$5,000	DICCAGS	\$5,000	\$10,000
Extra Labor, Welding; Etc.	0(00:300	\$3,000	DICC.170	\$10,000	\$13,000
Land Transporation (Trucking)	. DIDC:205	\$3,000		\$5,000	
Supervision: ** Per Day	DIDC:210	\$12,600		\$12,000	\$24,600
Trailer House / Camp / Catering 700 Per Day	- DIDC.230	\$4,000	101CC.255	\$1,000	\$5,000
Other Misc Expenses	DIDC.2701	\$2,000		\$2;000	\$4,000
Overhead 300 Per Day	01DC.225	\$2,000		\$2,000	
Remedial Cementing	0:01.221	50		\$0	
MOB/DEMOB	DIDC:240	\$45,000	MIMIM		\$45,000
Directional Drilling Services 10 Days @ 1 48,000 Per Day	- DIDE.245	SO			\$0
Dock, Dispatcher, Crane	0000,250		DICC1290	\$0	50
Marine & Air Transportation	. pmc:275	\$0		SO SO	50
Solids Control 3,000 Per Day	DIDC:260	\$15,000	******		\$15,000
Well Control Equip (Snubbing Svcs:)	BIDC:255	\$12,000	DICC:240	\$3,500	
Fishing & Sidetrack Operations	DIDG.2701	-50	DICC:215	\$0	
Completion Rig 3 Days @ 3,500 Per Day	WWW.	mmmin.	DICC.115	\$10,500	\$10,500
Coil Tubing Per Days	-9711778		0.000.000	\$10,300	310,300 S0
Completion Logging, Perforating, WL Units, WL Surveys	-4///////		DICC.200	\$10,000	\$10,000
Stimulation	- <i>6941199</i>		DICC.210	\$258,000	\$258,000
Legal / Regulatory / Curative,	DIDCARO	\$10,000		\$238,000	\$10,000
Well Control Insurance SQUISS Per Foot	DIDC:285	\$1,000	*********		\$1,000
Contingency \$5% of Drilling Intangibles	DIBC485	\$18,000	**************************************	\$26,000	
Construction For Well Equipment	(1) (1) (1) (1) (1) (1) (1) (1) (1) (1)	318,000			
Construction For Lease Equipment	-4//////		DWEA.110	\$6,500	
Construction For Sales P/L	-\\\\\\		DLEGITIO	\$52,500	
Total Intangible Cost	4111411111	(/////////////////////////////////////	·DICE.265	;\$5,500 :£514,000	
- rotanintanginie Cost		\$387,600		\$614,000	\$1,001,600

							1 10 de	
Tangible - Well Equipment	و و موسوم سوم	San Baraga		and the same of the table of the same	-	at the fact of the same of the fact of the same	ratatatina atacama harandisat	eran a tan a t
Casing	5izc	Feet						
Drive:Pipe	<u>}20}. 3".</u>		\$100.00	30.VEB.150:				\$0
Conductor Pipe	ं< 0 % ″"		\$0.00	DWERLIBG	\$0			SO.
Water String	1×20 5×11	×0.00) so:00	SEEDWED/ESS	so			: SO
Surface Casing:	8/5/8"	ev -∞4950:00	\$522.18	POWEB,140	\$21,000			\$21,000
Intermediate Casing	[J0] ("	×0.00	\$0:00	1.0WEB.148	\$0			\$0
Drilling Liner	₩Oto.;b"	7 >> 0:00	950.00	/DW88449	:\$0			\$0
Drilling Liner	- ¥O@ #") ***** \$0:00) Powerlas	\$0			\$0
Production Casing or Liner	-0/5¥1/2°) ≰ ∜\$19 .93			-DWEADOD.	\$60,000	\$60,000
Production Tie-Back	o90\ <u>^</u> "	0.00) = > \$0.00			ODMEA:300	. 50	. 50
Tubing	2:7/8"	2300.00	5G.83			DWEA.105	\$16,000	\$16,000
N/C Well Equipment						DWEALES	\$6,500	\$6,500
Wellhead; Tree, Chokes				DWE5.115	\$5,000	~DWEX120	\$10,000	\$15,000
Liner Hanger, Isolation Packer				DWER/100	\$0	DWEA,125	\$0	50
Packer, Nipples						DWEA:120	\$0	so
Pumping Unit, Engine						'D1EQ.100	\$125,000	\$125,000
Lift Equipment (BHP, Rods, Anchors)						FDLEQ:105	\$62,500	\$62,500
Tangible - Lease Equipment		Carlon Carlon S			and the state of t			
N/C Lease Equipment				SIIIIII		DIEO.115	\$21,000	\$21,000
Tanks, Tanks'Steps; Stairs				Malla		DLEQ:120	\$13,500	\$13,500
Battery (Heater Treater, Separator, Gas Treating Equipme	nt).			Miller		DIEQ.125	\$29,500	
Flow Lines (Line Pipe from wellhead to central facility)				Silli di sili		-: DLECT 330	\$5,500	\$5,500
Offshore Production Structure for Facilities						DWEAUGS	\$0	
Pipeline to Sales						SUMEWIND	\$0	
Total Tangibles:					\$26,000	r	\$349,500	\$375,500
P&A Costs				pipciaes	\$30,000	DICC.275	-\$30,000	S0
Total Cost					\$443,600		\$933,500	\$1,377,100

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432,571,7800



April 20, 2011

Leasehold Owner Address List on Page 3

Re: New Well Proposal-Colorado 6 Fee No.5

Township, 19 South, Range 26 East, N.M.P.M.

Section 6: SW/4SE/4 Eddy County, New Mexico

Dear Leasehold Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Colorado 6 Fee No.5 Well at legal location in the SW/4SE/4 of Section 6, Township 19 South, Range 26 East, N.M.P.M., Eddy County, New Mexico.

The intended surface hole location for the well is 990' FSL & 1650' FEL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the Glorieta-Yeso formations.

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 which sets forth the estimated costs associated with the well, and; (ii) our proposed form of Operating Agreement to govern operations for the Colorado wells. If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with your contact information to receive well data, to the undersigned within thirty (30) days of receipt of this proposal. If you should 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.

In the event you do not wish to participate in drilling the Colorado wells, Cimarex will consider acquiring a term assignment of your leasehold interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms:

703, 704, 705, 698

New Well Proposal-Colorado 6 Fee No.5

Township, 19 South, Range 26 East, N.M.P.M.

Section 6: SW/4SE/4 Eddy County, New Mexico



i.) Bonus consideration of \$1000.00 per net mineral acre delivered;

ii.) Reservation of an ORRI equal to the difference between 25% and current lease burdens;

iii.) Primary term of Two (2) years with 180-day continuous development thereafter

Please call the undersigned with any questions or comments.

Respectfully Submitted,

Cimarex Energy Co.
husten I Trans
Hayden P. Tresner
Landman

ELECTION TO PARTICIPATE Colorado 6 Fee No.5 Well

Elects <u>TO</u> participate in the proposed Colorado 6 Fee No.5 Well
Elects <u>NOT</u> to participate in the proposed Colorado 6 Fee No.5 Well
Dated this day of , 2011.
Company:
Signature:
Printed Name:
Title:

Township, 19 South, Range 26 East, N.M.P.M.

Section 6: SW/4SE/4 Eddy County, New Mexico



f your	election above is TO participate in the proposed Colorado 6 Fee No.5 Well, then:
	Elects TO be covered by well control insurance procured by Cimarex
	Elects NOT to be covered by well control insurance procured by Cimarex and agrees to provide Cimarex 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

Leasehold Owner Address List

Via: Certified U.S. Mail-Return Receipt No.91 7108 2133 3937 9627 5596

Yates Petroleum Corporation
Abo Petroleum Corporation
MYCO Industries, Inc.
Attn: Chuck Moran, Chief Landman
105 S. 4th Street
Artesia, New Mexico 88210

Via: Certified U.S. Mail-Return Receipt No.91 7108 2133 3937 9627 5589

OXY Y-1 Company Attn: Katie A. Almeida, Land Negotiator 5 Greenway Plaza, Suite 110 Houston, Texas 77046-0521



Company Entity Cimarex Energy Co.		21698612()						Date/Prepared February 25, 2011				
Region	Well Name	Wellino		ame -	Property/Number		ماالة ا	AFEINO.	2000			
	lorado 6 Fee	5	Paddock Extension-		Annual Control of the							
Location			Caulato		State		TV-5	e Well	a come or a			
Sec. 6 - 19S - 26E			Eddy		NM	Oil	X	Expl-	X			
			Lauy		14141	Gas		Prod				
Estimate Type		É	st:StartiDate	40 E	il. Comp Date	Form	nation	Ttl Measi	ured Depth			
Original Estimate	•							3,0	000'			
Revised Estimate Supplemental Estimate	0 0					Glorie	ta/Yeso		cal Depth 000'			
Project Description Drill and complete a Glorieta		6.							· · · · · · · · · · · · · · · · · · ·			
Intangibles			Dry Hole Cost		After Casing I	Point	Cor	npleted We				
Drilling Costs Completion Costs			\$387,600		\$614,000	· · · · · · · · · · · · · · · · · · ·	1 .	\$387,600				
Total Intangible Costs			\$387,600		\$614,000			\$1,001,60				
f	•											
Tangibles Well Equipment			\$26,000		\$280,000		1	\$306,000				
Lease Equipment							1	\$69,500				
Total Tangible Well Cost			\$26,000		\$349,500			\$375,500				
Plug and Abandon Cost			\$30,000		-\$30,000		1	\$0				
Total Well Cost			\$443,600		\$933,500			\$1,377,10	0			
Well Control Insurance Unless otherwise indicated to long as Operator conducts o insurance, you must provide later than commencement of insurance procured by Opera I elect to purchase my own v Well control insurance procurelated redrilling and clean-te	relow, you, as a non-op perations hereunder a a certificate of such in f drilling operations. Y ator. rell control insurance policy. ared by Operator, prov	erating wond to pay you surance according to a gree the des, among	our prorated share of the ceptable to Operator, as a lat failure to provide the g other terms, for \$20,00	ee to be co premium to form an certificate	overed by Operator's v s therefore. If you ele d limits, at the time th of insurance, as provi	vell control ct to purcha is AFE is ret ded herein, ingle Limit (se your ow urned, if av will result i	n well contr ailable, but n your being	ol in no event covered by			
Marketing Election Cimarex sells its gas under a volumes delivered over time request to Cimarex's Market I elect to take my gas in kind I elect to market my gas with	s. Should you choose to ing Department, we w	market yo ill share wit	u share of gas with Cimai h you the terms and con	rex, you w	ill be subject to all of t	he terms of						
Comments on AFE The above costs are estimat without affecting the authoractual legal, curative, regula	es only and anticipate ization for expenditure	trouble free herein gra	nted. By approval of this the joint operating agree	foreseeab s AFE, the ement, reg	ole change in plans. The working interest owne ulatory order or other	r agrees to	pay its prop	ortionate sh	nare of			
Prepared by	Process as	Drillingan	Cimarex Energy C d Completion Manager			Manager		STATE THE				
		Doug Park		- F-WARE MARK	Regore Ale		a considerate del Carette	garan samandah di karabah	the office to the state of			
Ryan Braxton		Doug Park			Roger Ale	:validel						
Company	100 N 27 (200 24)	Ву	Joint Interest	Approva	Date	LA.S.		en an announce of	Mark William			



Project Cost Estimate

Lease Name: Colorado 6 Fee

Well No.:

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Rangibles	The first Solve Association and the second s	**************************************	A CONTROL PROPERTY AND	and a second of the second of	4 - 10 - Fr w 2 c	and the same of the same of	
Damages		ester.	Codes	Dry Hole Cost	Codes		
Mod J Fluids Disposed Charges	Roads & Location Preparation / Restoration		0100,100	\$30,000	DICC.100	\$3,500	\$33,500
Deep Nate			DIDC,10S	\$4,000	DICC.105	\$1,000	\$5,000
Miss Preparation Cost (mouse hale, rat hale, pads, pile clusters, misc.) DB0120 \$12,000 B0120 \$13,000 B01200 \$13,000 B01200 \$13,000 B0	Mud / Fluids Disposal Charges		0100.255	\$30,000	DICC.235	\$13,000	\$43,000
### State St	Day Rate 5 DH Days 2 ACP Days @ 13,500 /	Per Day	DIDC.115	\$68,000	DICC,120	\$27,000	\$95,000
### State St	Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.)		DIDC:120	\$12,000			\$12,000
Water / Completion Fluids	Bits		OIDC.125	\$15,000		\$0	\$15,000
Muld & Additives DIDC:153 \$12,500 \$11,500 \$11,500 Surface Rentals 1,000 Per Day DIDC:155 \$5,000 DICC:145 \$32,000 \$48,000 \$4	Fuel \$2.80 Per Gallon 800 Gallons Per Do	y	0100:135	\$11,000	0100.130	\$4,000	. \$15,000
Surface Rentals		Per Day	DIDC.140	\$10,000	DICC.135	\$63,000	\$73,000
Downhole Rentals	Mud & Additives		DIDC.145	\$12,500			. \$12,500
Parmation Evaluation (DST, Coring including evaluation, G&G Services)	Surface Rentals 1,000	Per Day	DIDC.150	\$5,000	DICC.140	\$40,000	\$45,000
Mud Lagging	Downhole Rentals		DIOC.155	\$16,000	DICC:145	\$32,000	\$48,000
Open Hole Logging			0100.160	\$0			\$0
DIDC.195 \$15,000 DICC.155 \$20,000 \$35,000 \$3		Per Day	DIDC.170	\$4,500			\$4,500
Tubular Inspections GUC.190 \$2,000 ORC.160 \$1,000 \$3,000 Cosing Crews 010C.195 \$5,000 DEC.165 \$5,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$10,000 \$24,600 \$10,000 \$24,600 \$12,600 \$12,000 \$24,600 \$12,600 \$12,000 \$24,600 \$12,000 \$24,600 \$12,000 \$24,600 \$12,000 \$24,600 \$12,000 \$24,600 \$12,000 \$24,600 \$12,000 \$24,600 \$12,000 \$24,600 \$12,000 \$12,000 \$24,600 \$12,000	Open Hole Logging		DIDC.180	\$20,000			\$20,000
Disc.195	Cementing & Float Equipment		DIDC.185	\$15,000	DICC.155	\$20,000	\$35,000
Extra Labor, Welding, Etc. BIGC.200 \$3,000 DicC.170 \$10,000 \$13,	Tubular Inspections		0100.190	\$2,000	DICC.160	\$1,000	\$3,000
Land Transporation (Trucking)	Cosing Crews		DIDC.195	. \$5,000	DICC.165	\$5,000	\$10,000
Per Day DiDC.250 S12,000 DiCC.255 S1,000 S24,600 Other Mise Expenses DiDC.270 S2,000 DiCC.255 S1,000 S5,000 Other Mise Expenses DiDC.270 S2,000 DiCC.255 S1,000 S5,000 Other Mise Expenses DiDC.270 S2,000 DiCC.255 S2,000 S4,000 Other Mise Expenses DiDC.270 S2,000 DiCC.255 S2,000 S4,000 Other Mise Expenses DiDC.270 DiDC.270 S2,000 DiCC.255 S2,000 S4,000 Other Mise Expenses DiDC.271 S2,000 S4,000 S4,000 Other Mise Expenses DiDC.271 S0 DiCC.255 S0 S0 S0 S0 S0 S0 S0	Extra Labor, Welding, Etc.		DIDC.200	\$3,000	DICC.170	\$10,000	\$13,000
Trailer House / Comp / Catering 700 Per Day 100.380 \$4,000 100.255 \$1,000 \$5,000	Land Transporation (Trucking)		DIDC.205	\$3,000	DICC.175	\$5,000	\$8,000
Other Misc Expenses DIDC.220 \$2,000 DICC.190 \$2,000 \$4,000 Overhead 300 Per Day DIDC.225 \$2,000 DICC.195 \$2,000 \$4,000 Remedial Cementing DIDC.240 \$45,000 DIDC.215 \$0 \$0 MOB/DEMOB DiDC.240 \$45,000 \$45,000 \$45,000 \$45,000 \$6,500 \$6,500 \$6,500	Supervision	Per Day	DIDC.210	\$12,600	DICC.180	\$12,000	\$24,600
Other Misc Expenses DIDC.220 \$2,000 DICC.190 \$2,000 \$4,000 Overhead 300 Per Day DIDC.235 \$2,000 DICC.195 \$2,000 \$4,000 Remedial Cementing DIDC.231 \$0 DICC.215 \$0 \$0 MOB/DEMOB DIDC.240 \$45,000	Trailer House / Camp / Catering 700	Per Day	DIDC.28Q	\$4,000	DICC.259	\$1,000	\$5,000
Section Sect	Other Misc Expenses		DIDC.220	\$2,000	DICC.190	\$2,000	
Remedial Cementing	Overhead : 300	Per Day	DIDC.225	\$2,000	DICC.195	\$2,000	
Directional Drilling Services			DIDC.231	\$0	DICC.215	\$0	
Dock, Dispatcher, Crane V OIDC.259 SD DICC.230 SD SD	MOB/DEMOB		DIDC.240	\$45,000			\$45,000
Marine & Air Transportation Disc. 275 \$0 Disc. 256 \$0 \$0 Solids Control 3,000 Per Day Disc. 256 \$15,000 \$10,000 <	Directional Drilling Services 0 Days @ 8,000	Per Day	DIDC.245	\$0			so
Solids Control Signature	Dock, Dispatcher, Crane		DIDC.259	\$0	DICC.230	\$0	\$0
Well Control Equip (Snubbing Svcs.) DIBC.255 \$12,000 DICC.240 \$3,500 \$15,500 Fishing & Sidetrack Operations DIDC.370 \$0 DICC.245 \$0 \$0 Completion Rig Days @ 1000.370 Per Day DICC.260 \$10,500 \$10,500 Coil Tubing Days @ 1000.260 Per Day DICC.260 \$0 \$0 Completion Logging, Perforating, WL Units, WL Surveys DICC.260 \$10,000 \$10,000 \$10,000 Stimulation DIDC.300 \$10,000 \$258,000 \$258,000 \$258,000 Well Control Insurance \$0,035 Per Foot DIDC.265 \$1,000 \$1,000 Construction For Well Equipment DIDC.335 \$18,000 DICC.220 \$26,000 \$44,000 Construction For Lease Equipment DICC.365 \$5,500 \$52,500 \$52,500	Marine & Air Transportation		DIDC.275	\$0	DICC.250	\$0	50
Well Control Equip (Snubbing Svcs.) DIBC.255 \$12,000 DICC.240 \$3,500 \$15,500 Fishing & Sidetrack Operations DIDC.370 \$0 DICC.245 \$0 \$0 Completion Rig Days @ 1000.370 Per Day DICC.260 \$10,500 \$10,500 Coil Tubing Days @ 1000.260 Per Day DICC.260 \$0 \$0 Completion Logging, Perforating, WL Units, WL Surveys DICC.260 \$10,000 \$10,000 \$10,000 Stimulation DIDC.300 \$10,000 \$258,000 \$258,000 \$258,000 Well Control Insurance \$0,035 Per Foot DIDC.265 \$1,000 \$1,000 Construction For Well Equipment DIDC.335 \$18,000 DICC.220 \$26,000 \$44,000 Construction For Lease Equipment DICC.365 \$5,500 \$52,500 \$52,500	Solids Control 3,000	Per Day	DIDC.260	\$15,000			\$15,000
Completion Rig 3 Days @ 3,500 Per Day Per Day DICC.115 \$10,500 \$10,500 Coil Tubing Days @ Per Day DICC.260 \$0 \$0 Completion Logging, Perforating, WL Units, WL Surveys DICC.200 \$10,000 \$10,000 Stimulation DICC.210 \$258,000 \$258,000 Legal / Regulatory / Curative DIDC.300 \$10,000 DICC.28D \$0 Well Control Insurance \$0.35 Per Foot 9IDC.285 \$1,000 \$1,000 Construction For Well Equipment DIDC.335 \$18,000 DICC.220 \$26,000 \$44,000 Construction For Lease Equipment DLEO.110 \$52,500 \$52,500 \$52,500 Construction For Sales P/L DLEO.265 \$5,500 \$5,500 \$55,500			DIDC.235	\$12,000	01CC.240	\$3,500	
Completion Rig 33 Days @ 3,500 Per Day Dicc.115 \$10,500 \$10,500 Coil Tubing Days @ Per Day Dicc.260 \$0 \$0 Completion Logging, Perforating, WL Units, WL Surveys Dicc.200 \$10,000 \$10,000 Stimulation Dicc.210 \$258,000 \$258,000 Legal / Regulatory / Curative DIDC.280 \$10,000 Dicc.280 \$0 \$10,000 Well Control Insurance \$0.35 Per Foot DIDC.285 \$1,000 \$10,000 \$1,000 Contingency '5% of Drilling Intangibles DIDC.335 \$18,000 Dicc.222 \$26,000 \$44,000 Construction For Well Equipment DIVEA.110 \$6,500 \$52,500 \$52,500 Construction For Sales P/L DICC.265 \$5,500 \$55,500 \$55,500	Fishing & Sidetrack Operations		01DC.370	\$0	DICC.245	\$0	so
Coil Tubing Days @ Per Day DICC.260 \$0 \$0 Completion Logging, Perforating, WL Units, WL Surveys DICC.200 \$10,000 \$10,000 \$10,000 \$258,000 \$258,000 \$258,000 \$258,000 \$258,000 \$258,000 \$258,000 \$0 \$0 \$10,000 \$0 \$0 \$10,000 \$0 \$10,000 \$0 \$10,000 <td>Completion Rig 3 Days @ 2 3,500</td> <td>Per Day</td> <td></td> <td></td> <td>DICC.135</td> <td>\$10,500</td> <td></td>	Completion Rig 3 Days @ 2 3,500	Per Day			DICC.135	\$10,500	
Completion Logging, Perforating, WL Units, WL Surveys DEC.200 \$10,000 \$10,000 Stimulation DIDC.210 \$258,000 \$258,000 Legal / Regulatory / Curative DIDC.200 \$10,000 DICC.280 \$0 \$10,000 Well Control Insurance \$50,35 Per Foot DIDC.205 \$1,000 \$10,000 \$1,000 Contingency \$5% of Drilling Intangibles DIDC.235 \$18,000 BICC.220 \$26,000 \$44,000 Construction For Well Equipment DWEA.110 \$6,500 \$6,500 Construction For Lease Equipment DLEO.110 \$52,500 \$52,500 Construction For Sales P/L BICC.265 \$5,500 \$5,500	Coil Tubing Days @ Days @	Per Day			DICC.260	····	
Stimulation DICC.210 \$258,000	Completion Logging, Perforating, WL Units, WL Surveys				DICC,200	\$10,000	
Well Control Insurance \$0.35 Per Foot DIDC.265 \$1,000 \$1,000 Contingency 5% of Drilling Intangibles DIDC.435 \$18,000 DICC.226 \$26,000 \$44,000 Construction For Well Equipment DWEA.110 \$6,500 \$6,500 \$52,500 Construction For Lease Equipment DLEQ.110 \$52,500 \$52,500 Construction For Sales P/L DLC.265 \$5,500 \$5,500	Stimulation .				DICC.210	 	
Well Control Insurance \$\scrip\$ \\$\scrip\$ \\$\scrip\$ 0/35 \Per Foot \$\scrip\$ \$\scrip\$	Legal / Regulatory / Curative		DIDC.300	\$10;000			
Contingency '5% of Drilling Intangibles DIDC./35 \$18,000 BICC./226 \$26,000 \$44,000 Construction For Well Equipment DWEA.116 \$6,500 \$6,500 Construction For Lease Equipment DLEQ.110 \$52,500 \$52,500 Construction For Sales P/L BICC./265 \$5,500 \$5,500	Well Control Insurance \$0.35 Per Foot			·			
Construction For Well Equipment DWEA.110* \$6,500 \$6,500 Construction For Lease Equipment DLEQ.110 \$52,500 \$52,500 Construction For Sales P/L BICC.265 \$5,500 \$5,500)			······································	and the second second	\$26.000	
Construction For Lease Equipment DLEQ.110 \$52,500 \$52,500 Construction For Sales P/L BICC.265 \$5,500 \$5,500	Construction For Well Equipment					 	
Construction For Sales P/L Will Will Will Block \$5,500 \$5,500 \$5,500							
	Total Intangible Cost			\$387,600		· · · · · · · · · · · · · · · · · · ·	\$1,001,600

Tangible Well Equipment			an Section 20				and and the	
Casing	Size	Feet	S/Foot	MANNEN A				
Drive Pipe	₹20⊱ "	40.00	\$100.00	OWEB.150	50			\$0
Conductor Pipe	1\0% -"!	0:00	\$0:00	DWE8,120	\$0			\$0
Water String	%00° ->"	0.00	\$0.00	DWEB.135	\$0			şc
Surface Casing	8'5/8"	° 950.00	\$22:18	DWEB.140	\$21,000			\$21,000
Intermediate Casing	. *0"	(0.00	\$0:00	DW68.145	\$0			· \$0
Drilling Liner	\60% ∜	:0.00	\$50.00	DWEB.145	\$0			\$0
Drilling Liner	≭0 >* ''	(0.00			\$0	mmn.		\$0
Production Casing or Liner	.⊮5·1/2!!	3000.00	\$19.93	111111111111111111111111111111111111111		001.A3W0	\$60,000	\$60,000
Production Tie-Back	.€.0⊝√×"	0.00	\$0.00		mann.	DWEA.100	\$0	\$0
Tubing	- 42:7/8"	2300:00	\$6.83			DWEA.105	\$16,000	\$16,000
N/C Well Equipment			*····			DWEA.115	\$6,500	\$6,500
Wellhead, Tree, Chokes				DWEB.115	\$5,000	DWEA.120	\$10,000	\$15,000
Liner Hanger, Isolation Packer				DWEB.100	\$0	DWEA.125.	\$0	\$0
Packer, Nipples						DWEA.130	\$0	. \$0
Pumping Unit, Engine						DLEG.100	\$125,000	\$125,000
Lift Equipment (BHP, Rods, Anchors)						DLEQ:105 ·	.\$62,500	\$62,50
Tängible - Lease Equipment	3.3/6.7					Sales Land		<u> من سور و</u>
N/C Lease Equipment				Mana	umma a sa	DLEG.115	\$21,000	\$21,000
Tanks, Tanks Steps, Stoirs						OLEQ.120	\$13,500	\$13,500
Battery (Heater Treater, Separator, Gas Treating Equipmen	it)					DLEQ.125	\$29,500	\$29,500
Flow Lines (Line Pipe from wellhead to central facility)						DLEQ.130	\$5,500	\$5,500
Offshore Production Structure for Facilities						DW64.135	\$0	<u>\$(</u>
Pipeline to Sales				<i>Milliani</i>		DVAEY-140.	\$0	\$(
Total Tangibles			· · · · · · · · · · · · · · · · · · ·		\$26,000		\$349,500	\$375,50
P&A Costs				0100.295	\$30,000	DICC.275	-\$30,000	\$
Total Cost					\$443,600		\$933,500	\$1,377,10

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432,571,7800



April 20, 2011

Via U.S. Certified Mail-Return Receipt No.91 7108 2133 3937 9627 5619

MYCO Industries, Inc. Attn: Hannah Palomin, Land Manager P.O. Box 840 Artesia, New Mexico 88210

Re: New Well Proposal-Colorado 6 Fee No.5

Township, 19 South, Range 26 East, N.M.P.M.

Section 6: SW/4SE/4 Eddy County, New Mexico

Dear Hannah:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Colorado 6 Fee No.5 Well at legal location in the SW/4SE/4 of Section 6, Township 19 South, Range 26 East, N.M.P.M., Eddy County, New Mexico.

The intended surface hole location for the well is 990' FSL & 1650' FEL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the Glorieta-Yeso formations.

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 which sets forth the estimated costs associated with the well, and; (ii) our proposed form of Operating Agreement to govern operations for the Colorado wells. If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with your contact information to receive well data, to the undersigned within thirty (30) days of receipt of this proposal. If you should 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.

New Well Proposal-Colorado 6 Fee No.5

Township, 19 South, Range 26 East, N.M.P.M.

Section:6: SW/4SE/4 Eddy County, New Mexico

Title:



In the event you do not wish to participate in drilling the Colorado wells, Cimarex will consider acquiring a term assignment of your leasehold interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms:

- i.) Bonus consideration of \$1000.00 per net mineral acre delivered;
- ii.) Reservation of an ORRI equal to the difference between 25% and current lease burdens;
- iii.) Primary term of Two (2) years with 180-day continuous development thereafter

thereafter
Please call the undersigned with any questions or comments.
Respectfully Submitted,
Cimarex Energy Co. Augustus Manager Manager P. Tresner Landman
ELECTION TO PARTICIPATE Colorado 6 Fee No.5 Well
Elects TO participate in the proposed Colorado 6 Fee No.5 Well
Elects NOT to participate in the proposed Colorado 6 Fee No.5 Well
Dated this day of , 2011.
Company:
Signature:
Printed Name:

New Well Proposal-Colorado 6 Fee No.5

Township, 19 South, Range 26 East, N.M.P.M.
Section 6: SW/4SE/4

Eddy County, New Mexico



CHI	
If your election above is TO participate in the proposed Colorado 6 Fee No.5 Well, t	hen:
Elects TO be covered by well control insurance procured by Cimarex	
Elects <u>NOT</u> to be covered by well control insurance procured by Cimand agrees to provide Cimarex with a certificate of insurance pricommencement of drilling operations or be deemed to have elected to covered by well control insurance procured by Cimarex	or to



Region Well Name Well No. Prospect or Relet Name Colorado 6 Fee 5 Paddock Extension-West			1			Date Prepa		ry 25, 2011.	en
Permittan Colorado G. Fee 5 Paddrock Extension-West Science Sc		and the second second		District the Control of the Control	December Number	gerson we			
The State of the S	1		1	,	- Hoberty Rumber			SALC NO.	. + 1/2
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The control of the co	ocation .	engle styringer for Styring a Substitution of the styring		County:	State,	011	-		1 x
Websited Estimates O	ec. 6 - 195 - 26E			Eddy	NM ¹	1	<u> </u>		
Websited Estimates O	stimate Tune	and the contraction	1	st SpartiDate	Est. Como Date	Forn	ກິລີເໄດ້ກ	Ttl Mea	ured Deoth
Topics Description Ill and Complete a Glanical/Yesia vertical hole well. Interpolities. Dry Hole Cost	Original Estimate:	0				-		-3	,000
The product Description will and complete a Glorieria/Yesa vertical hole well. Through the cost			-			Glorie	ta/Yeso		
After Casing Point Completed Well Cost After Casing Point Cost Said, 600 Said,		A STATE OF THE		ra i i na comenza pos militares monor despecto.	rowses remigning to a compared		-		
members \$387,000 \$387,000 \$587,000 \$614,000 \$		vertical hole we	10 10 10 10 10 10 10 10 10 10 10 10 10 1		Carlo San Burker Commence	- 137 L			
members \$387,000 \$387,000 \$587,000 \$614,000 \$			•	,					
members \$387,000 \$387,000 \$587,000 \$614,000 \$									
members \$387,000 \$387,000 \$587,000 \$614,000 \$				<u> </u>					
Signature of the state of the s	ntangibles			Dry Hole Cost	:After Casing	Point	l Co	mpleted W	eli Cost
The part of the provided per control insurance procured by Operator. Valid Equipment Sci. 000 S280,000 S300,000				. \$387,600°	9614:000) .	-		
Tanglibles S16,000 \$280,000 \$380,000 \$305,000				\$387,600			<u></u>		
S30,000 S300,000 S500,000									
Sees Equipment				1. \$26,000	\$280.000)	i	\$306.00	0
Ing and Abandon Cost \$30,000 \$50							1		
animents on Well Cost #All tubbulars; well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier. #All tubbulars; well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier. ##All tubbulars; well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier. ##All tubbulars; well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier. ##All tubbulars; well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier. ##All tubbulars; well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier. ##All tubbulars; well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier. ##All tubbulars; well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier. ##All tubbulars; well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier. ##All tubbulars; well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier. ##All tubbulars; well control insurance procured by COPAS and the price of the premium therefore. If you decited, purpose you wan well control in one ever test than commencement of drilling operations. You agree that failure to provide the certificate of insurance; as provided herein, will result in your being covered its unance procured by Coparator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single-Unit coverage for well control and elated redrilling and clean-up/pollution expense covering drilling (through completion) with \$1,000,000 (100% W.I.) of Combined Single-Unit coverage for well control and elated redrilling and clean-up/pollution expense covering drilling (through completion) with \$1,000,000 (100% W.I.) of Combined Single-Unit coverage for well control and elated redrilling and clean-up/pollution	otal Tangible Well Cost			\$26,000	\$349,500).		\$375,50	0
otal/Well Costs "All tubulars; well or lease equipment's priced by COPAS and CEPS guidelines using the Historic Price Multiplier. "All tubulars; well or lease equipment's priced by COPAS and CEPS guidelines using the Historic Price Multiplier. "All tubulars; well or lease equipment's priced by COPAS and CEPS guidelines using the Historic Price Multiplier. "All tubulars; well or lease equipment's priced by COPAS and CEPS guidelines using the Historic Price Multiplier. "All tubulars; well or lease equipment's priced by COPAS and CEPS guidelines using the Historic Price Multiplier. "All tubulars; well or lease equipment's priced by COPAS and CEPS guidelines using the Historic Price Multiplier. "All tubulars; well or lease equipment's priced by COPAS and CEPS guidelines using the Historic Price Multiplier. "All tubulars; well or lease equipment's priced by COPAS and CEPS guidelines using the Historic Price Multiplier. "All tubulars; well or lease equipment's priced by COPAS and CEPS guidelines using the Historic Price Multiplier. "All tubulars; well or lease equipment's priced by COPAS and CEPS guidelines using the Historic Price Multiplier. "In lease to public the price procured by CoPartor, provides and to CoPAT and Ministry at the time this FEE is returned, if available, but in no even later than commencement of drilling operators. "Vellicontrolinsurance procured by Operator, provides, among other terms, for \$20,000,000 (1003 W.I.) of Combined Single-Limit coverage for well control and elated redrilling and clean-up/pollution expense covering drilling; (through completion) with \$1,000,000 (1003 W.I.) of Combined Single-Limit coverage for well control and elated redrilling and clean-up/pollution expense covering drilling; (through completion) with \$1,000,000 (1003 W.I.) of Combined Single-Limit coverage for well control and elated redrilling and clean-up/pollution expense covering drilling; (through completion) with \$1,000,000 (1003 W.I.) of Combined Single-Limit coverage for well control and elated r	lug and Abandon Cost	•		l· \$30,000	-530,000			50	
well control insurance Vali Control									
Veli Control Insurance Veli 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 and 30 pays Operator, conducts operations hereunder and to pay your protected 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 ATE is returned, if available, but in no even test than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered to purchase your own well control insurance procured by Operator. It elect to purchase my own well control insurance poticy. It elect to purchase my own well control insurance poticy. Well control illing and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible. Marketing Election Imarex sells its gastunder, arm's lengthe contracts with third party purchasers such contracts may include fees inhaddition, penalties may be incurred for insufficien or coloures delivered over time. Should you choose to market you share of gas with Cimarex, you will be subject to all of the terms of such contracts. Upon written equest to Cimarex's Marketing Department, we will share with you the terms and conditions pursuant to which gas will be sold. I elect to take my gas in Mind. I elect to market my gas will Cimarex pursuant to the terms and conditions of its contracts. Comments an AEE he above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated cost without allegally 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: Cimarex Energy, Co.: Approval:	otal Well Cost			\$443,600	\$933,500)	iii	\$1,377,1	00:
Wellicontrolinsurance 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 it signs under, arm 's-length contracts with third-party; purchasers; Such contracts may include (ees: "Invaddition," penalties may be incurred for insufficient volumes delivered over time. Should you'choose to market you share of igas 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. letect to take my gas in kind.		ment'is priced b	and the factor of the last of the last of	A A SA	ric Price Multiplier.				
Marketing Election. Cimarex sells its igas under arm selength contracts with third party purchasers: Such contracts may include fees: finad dition, penalties may be incurred for insufficient volumes delivered over time. Should you choose to market you share of gas with Cimarex, you will be subject to fall 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. 1 elect to take my gas in kind. 1 elect to market my gas with Cimarex pursuant to the terms and conditions of its contracts. Somments on AFE the above costs are restimates only and anticipate trouble free joperations without any, for esceable change in plans. The actual costs may exceed the restimated cost without affecting, the authorization for expenditure hereining anticipation operating agreement, regulatory order or other applicable agreement covering this well. Cimarex Energy Co: Approvaly	Well Control Insurance Unless Operator, conducts operations urance, you must provide a certater than commencement of drilling the conducts of drilling the conducts of drilling the conducts operations urance, you must provide a certater than commencement of drilling the conducts of drilling the conducts of drilling the conducts of drilling the conducts of the condu	iyoù),as ainon-o ons hereunder. ifficate of suchii	perating wo	d'CEPS guidelines using the Histor orking linterest jowner (agree to be out protated share of the premiu ceptable to Operator, as to form	covered by Operator's ms therefore. If you ele and limits, at the time th	ect to purcha	ase your ov turned, if a	vn well con vailable, bu	trol t in no even
Cimarex/sells/its/gas/under/arm/s-length/contracts with/third/party/purchasers/Such/contracts/may.include/lees-inraddition, penalties/may be incurred for insufficient volumes/delivered/over-time/should/you/choose/to/market/you/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. Telect to take my gas in kind. Telect to market my gas with Cimarex pursuant to the terms and conditions of its contracts.	Well Control Insurance Unless otherwise indicated below, ong as Operator, conducts operatinusurance, you must provide a cert ater than commencement of drillinsurance procured by Operator.	you, as a non-o ons hereunder: ificate of such in ng operations.	oy:COPAS:an operating.wo andito:pay.y nsurance:ac You agree;tl	d'CEPS guidelines using the Histor orking linterest jowner (agree to be out protated share of the premiu ceptable to Operator, as to form	covered by Operator's ms therefore. If you ele and limits, at the time th	ect to purcha	ase your ov turned, if a	vn well con vailable, bu	trol t in no even
Cimarex/sells/its/gas/under/arm/s-length/contracts with/third/party/purchasers/Such/contracts/may.include/lees-inraddition, penalties/may be incurred for insufficient volumes/delivered/over-time/should/you/choose/to/market/you/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. Telect to take my gas in kind. Telect to market my gas with Cimarex pursuant to the terms and conditions of its contracts.	Well Control Insurance Unless otherwise lindicated below; ong as Operator, conducts operationsurance, you must provide a certater than commencement of drilling insurance procured by Operator. 1 elect to purchase my own well continually control insurance procured by Operator. Well control insurance procured by Union well continually control insurance procured by Operator.	you, as a non-o ons hereunder, ifficate of suchin ng operations. rol insurance policy. y Operator, pro	perating wo and to pay y nsurance ac You agree; th	orking interest jowner, agree to be out provided in the History of the History of the premiure to provide the certification of the cert	covered by Operator's ms therefore. If you ele and limits, at the time the te of Insurance; as prov	et to purch nis AFE is rel ided herein, Single Limit	ase your ov turned/if a will result	vn well con vailable, bu in your beir	trol t in no even ng covered b
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Project Cost Estimate

Lease Name:

Colorado 6 Fee

Well No.:

-5

A Committee to the same	· · · · · · · · · · · · · · · · · · ·	_			After Casing C	ampleted Well
Intangibles	Sand Carlotte Sand	Cortes	Dry Hole Cost	Codes	, Point.	Cost ,
Roads & Location Preparation / Restoration	-	1 0100:100	\$30,000	0100.:00	\$3,500	\$33,500
Damages:		DIDC.109	\$4,000	DICC.105	\$1,000	155,000
Mud / Fluids Disposal Charges		DIDCONS	\$30,000	DICC.239	\$13,000	\$43,000
Day Rate 5 DH Days 2 ACP Days @	~13,500 Per:Day:	0100:115	\$68,000	DICC.120	\$27,000	\$95,000
Misc Preparation Cost (mouse hale, rat hale, pads, pile clusters, m	isc.)	0107_120				\$12,000
Dits		0:000,125	\$15,000	DICCILIS -	-\$0	\$15,000
Fuel S2:80 Per Gallon	≥800 Gallons Per Day	3:DC.135	\$11,000	DICC:130	\$4,000	\$15,000
Water / Completion Fluids	1,900 Per Day	DIDC.140		nicc.ias	\$63,000	\$73,000
Mud & Additives		9/00/14/2	\$12,500			\$12,500
Surface Rentals	1,000 Per Day	9105,350	\$5,000	DICCIAG	\$40,000	\$45,000
Downhole Rentals		01010,155	\$16,000	DICC.LIS	\$32,000	548,000
Formation:Evaluation (DST, Coring including evaluation, G&G Sen		-0105.160	:\$0			\$0
Mud Logging: \$2 D	ays @ 1,200 Per Day	071,3010	\$4,500			\$4,500
Open-Hole Logging	·	085,280	\$20,000			\$20,000
Cementing &: Float Equipment		0100.405	\$15,000	: :0100:155	\$20,000	\$35,000
Tubular Inspections		סוםכ. ושם	\$2,000	DICC.160	\$1,000	\$3,000
Casing:Crews:		- DIDC.195	\$5;000	- DICCIAS	3\$5)000	\$10,000
Extra Labor, Welding, Etc.		01001700	\$3,000	* DICC.17G	\$10,000	\$13,000
Land Transporation (Trucking)		DIDC:205	\$3,000	'DICC;175	\$5,000	\$8,000
Supervision	Per Day	3(00,000)	\$12,600	DICC.160	\$12,000	\$21,600
Trailer House / Camp / Catering	700 Per Day	DIOCARO	\$4,000		\$1,000	\$5,000
Other Misc Expenses		6/00/20	\$2,000	DICC.190	\$2,000	\$4,000
Overhead	300 Per Day	0000,225	\$2,000	DICC.195	\$2,000	\$4,000
Remedial Cementing		D10X.231	\$0	DICC.2.15	\$0	SO
MOB/DEMOB:		0100.240	\$45,000			\$45,000
Directional Drilling Services 0 0	ays.@ 8,000 Per Day	310/0.743	\$0			SC
Dock, Dispatcher, Crane		OLDEL 150	\$0	DICC.230	Sol	SC
Marine & Air Transportation		0:00:275	SO.		\$0	SC
Solids Control	3,000 Per Day	DiDC,360		Million I	************	\$15,000
Well Control Equip (Snubbing Svcs.)		0.000,265	\$12,000	g. A. M. M. M. Allerti, M. M. A.	\$3,500	\$15,500
Fishing & Sidetrack Operations	**************************************	9100.270	.so		\$0	Sc
	Days @ 3,500 Per Day	WWW.	mmmini	DICC.119	\$10,500	\$10,500
	Per Day	- <i>000000</i>		**:DICC,266	\$0	\$10,500
Completion Logging, Perforating, WL: Units, WL: Surveys	5,50	- (////////		DICCIZGO	\$10,000	\$10,000
Stimulation		-4///////		DICE:210	\$258,000	\$258,000
Legal'/ Regulatory / Curative	······································	DIDC.300	\$10,000		\$238,000	\$10,000
Well Control Insurance \$0.35 Per Foot		DIDC.205	\$1,000			\$1,000
Contingency: 25% of Drilling Intangibles		0:00:209	\$18,000	and and all all	\$26,000	\$44,000
Construction For Well Equipment		THE THE	77/77/77/77		\$6,500	\$6,500
Construction For Lease Equipment		-9//////		DIVEA.110	\$52,500	
Construction:For-Sales:P/L:		-88888		DLEQ.110		\$52,500
Total Intangible Cost		*********	**************************************	DICC.265	\$5,500	\$5,500
Total mirangible:CDSL/			\$387,600		\$614,000	:\$1,001,600

								, ,	
Tangible - Well Equipment							a a san a san a san a san		a San San S
Casing	Size	Feet	S/.F	oot.	4412/6	anamin a	MAM		
Drive Pipe	20- "	€ 40.	00 >-}\$10	00:00	DWEBA150	· 50			50
Conductor Pipe	140岁 製	50.	00 : ::	0.00	DWER.130	50			- \$0
Water String	0.00	±0.	00	0.00	DAVER.185	\$0			\$0
Surface Casing	8 5/8	950.	00 #\$2	22.18	DWEB.140	\$21,000			\$21,000
Intermediate:Casing	20%	× × × × × 0.	00 11,08	0.00	OWEB1145				\$0
Drilling Liner	(₹0% ⊃'	a: : :: ≠ • 0;	00 5700	00:00	#DWEB:145	"SO			\$0
Orilling Liner	140%) : r 0.0.	00 8:33	0.00	:: DWEE.145	- 50			50
Production:Casing or Liner	~.5·1/2"	£.4. ∉3000.	00 - 351	19:93			DWE#HOO'	\$60,000	\$60,000
Production Tie-Back	用0%式	\$ ₹0.	00 00	0.00			«DWEA:100.	\$0	.\$0
Tubing	2.7/8	2300.	00 7	6:83			-OWEATION	\$16,000	\$16,000
N/C Well Equipment							OWEATIS	\$6,500	\$6,500
Wellhead, Tree, Chokes					10WEB.115"	\$5,000	-DWEA:120	\$10,000	\$15,000
Liner:Hanger; Isolation Packer				·	*DWE8:100		DWCA.125	\$0	\$0
Packer; Nipples							-DWCA1130	- \$0	\$0
Pumping Unit, Engine							DIE0.100	\$125,000	\$125,000
Lift Equipment (BHP, Rods, Anchors)				,			retter 102	\$62,500	562,500
Tangible - Lease Equipment	يت ع								
N/C Lease Equipment:							DIEDLIS	\$21,000	\$21,000
Tanks, Tanks Steps, Stairs							. OLEO 120°	\$13,500	\$13,500
Battery (Heater Treater, Separator, Gas Treating Equipment)				,			DLEO:135	\$29,500	\$29,500
Flow Lines (Line Pipe from wellhead to central facility)							, DLLOJIAO	\$5,500	\$5;500
Offshore Production Structure for Facilities							DWEA.125	\$0	\$0
Pipeline to Sales							ODWEACHED	\$0	·\$0
Total Tangibles						-\$26,000		\$349,500	\$375,500
P&A Costs			 -	·	0/00.295	\$30,000	0100075	-\$30,000	
		., ,			1 200000000	, ,,,,,,,	3 11000000 4.3	, -330,000	
Total Cost				~		\$443,600		\$933,500	\$1,377,100

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432,571,7800



April 20, 2011

Via: U.S. Certified Mail-Return Receipt No.91 7108 2133 3937 9627 5602

DHA, LLC
David H. Arrington Oil & Gas, Inc.
Attn: Land Manager
500 West Wall Street, Suite 300
Midland, Texas 79701

Re: New Well Proposal-Kansas 6 Fee No.1

Township, 19 South, Range 26 East, N.M.P.M.

Section 6: SE/4SE/4 Eddy County, New Mexico

Dear Leasehold Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Kansas 6 Fee No.1 Well at legal location in the SE/4SE/4 of Section 6, Township 19 South, Range 26 East, N.M.P.M., Eddy County, New Mexico.

The intended surface hole location for the well is 330' FSL & 990' FEL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the Glorieta-Yeso formations.

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 which sets forth the estimated costs associated with the well, and; (ii) our proposed form of Operating Agreement to govern operations for the Kansas wells. If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with your contact information to receive well data, to the undersigned within thirty (30) days of receipt of this proposal. If you should 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.

763/704/705/698

New Well Proposal-Kansas 6 Fee No.1

Township, 19 South, Range 26 East, N.M.P.M.

Section 6: SE/4SE/4

Eddy County, New Mexico



In the event you do not wish to participate in drilling the Kansas wells, Cimarex will consider acquiring term assignment of your leasehold interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms:

- i.) Bonus Consideration of \$1000.00 per net mineral acre delivered;
- ii.) Reservation of an ORRI equal to difference between 25% and current lease burdens;
- iii.) Primary term of Three (3) years with 180-day continuous development thereafter

Please call the undersigned with any questions or comments.

Respectfully Submitted,

Cimarex Energy Co.

Muselle Va-

Hayden P. Tresner Landman

ELECTION TO PARTICIPATE Kansas 6 Fee No.1 Well

Elects <u>TO</u> participate in the prop	osed Kansa	s 6 Fe	e No.1	Well	
Elects <u>NOT</u> to participate in the	proposed Ka	ınsas (Fee I	No.1 W	/ell
Dated this day of	_ , 2011.	*	K 1		
Company:					
Signature:					
Printed Name:					
Title:	·		•		

New Well Proposal-Kansas 6 Fee No.1
Township, 19 South, Range 26 East, N.M.P.M.
Section 6: SE/4SE/4
Eddy County, New Mexico



lf you	r election above is TO participate in the proposed Kansas 6 Fee No.1 Well, then:
	Elects TO be covered by well control insurance procured by Cimarex
	Elects NOT to be covered by well control insurance procured by Cimarex and agrees to provide Cimarex 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



Company Entity Cimarex Energy	Co.				Date Prepa	Tred February 25, 2011
Region	Well Name	WellNo	Prospect or Field Name	Property Number		Drilling'AFE No.
Permian	Kansas 6 Fee	. 1	Paddock Extension-West	•		
Location Sec. 6 - 195 - 26E			County	State NM	Oil	Type Well X Expl X
Jec. 0 - 193 - 200			Eddy	INIVI	Gas	Prod
Estimate Type			St Start Date	stk@omplDate	Form	nation Ttl Measured Depth
Original Estimate Revised Estimate					Gloriet	3,000' ta/Yeso Til/Yesical(Pepth)
Supplemental Es					Giorie	3,000'
Project Descripti	on'					
	te a Glorieta/Yeso vertical hole wel					
	·					
	•		•			
	And a continue and a	a and a transference of the second transference and transference an	THE STATE OF THE S		***************************************	
Intangibles			Dry Hole Cost	After Casing Po	oint	Completed Well Cost
Drilling Costs Completion Costs	describes se constante de la la describe de la la describe de la describe del describe de la describe del describe de la describe del de la describe del describe del describe de la des	·	\$387,600	\$614,000	an a commence de la c	\$387,600
Total Intangible		T-4-11/1	\$387,600	\$614,000	***************************************	\$1,001,600
				,		
Tangibles Well Equipment			\$26,000	\$280,000		\$306,000
Lease Equipment		mann emununekanasakuma		\$69,500	reported to the professional profession and the standards Ad-	\$69,500
Total Tangible W	/ell Cost		\$26,000 .	\$349,500		· \$375,500
Plug and Abando	on Cost		530,000	-\$30,000		, SO
Total Well Cost-		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	\$443,600	\$933,500	•	\$1,377,100
Unless otherwise long as Operator insurance, you make than comminsurance procured to long the long to the long that it is the long to the long that is the long that it is the long as the long that it is lon	Urance e indicated below, you, as a non-oper conducts operations hereunder are not provide a certificate of such intended to the encement of drilling operations. Yield by Operator. Thase my own well control insurance policy or and clean-up/pollution expense control in the encement of	nd to pay yo surance acc ou agree th ides, among overing drill vith third pa	rking interest owner, agree to be copur prorated share of the premium septable to Operator, as to form an at failure to provide the certificate other terms, for \$20,000,000 (100 ling (through completion) with a \$1 marty purchasers. Such contracts mau share of gas with Cimarex, you were provided the provided the certificate of gas with Cimarex, you were provided the provided the provided the certificate of gas with Cimarex, you were provided to the provided the provided the certificate of gas with Cimarex, you were provided the provi	s therefore. If you elect d limits, at the time this of insurance, as provided with the work of the wo	ell control i t to purchas s AFE is retu ed herein, v ngle Limit c eductible. on, penaltie e terms of	se your own well control urned, if available, but in no event will result in your being covered by overage for well control and es may be incurred for insufficient
☐ I elect to take	e my gas in kind. ket my gas with Cimarex pursuant to the ter	rms and condit	ions of its contracts.			
The above costs	TES are estimates only and anticipate g the authorization for expenditure ative, regulatory and well costs und	e herein gra	inted. By approval of this AFE, the	working interest owner	agrees to p	pay its proportionate share of
		6 me	Cimarex Energy Co. Appro	oval Regionali	Name of Pr	
Prepared by		Doug Park	,	Roger Ale		
Ryan Braxton		Judy Late			Marie 140 -	
			Joint Interest Approva	1 - 1		
Company		150		Date		



Project Cost Estimate

Lease Name: Kansas 6 Fee

Well No.:

Lease Name: Kansas 6 Fee					VV 6	ell No.:	1
Intangibles			Codes	Dry Hale Cost	Codes	After Casing Co	ompleted Well Cost
Roads & Location Preparation / Restoration			01000.100	\$30,000	OICC.100	\$3,500	\$33,500
Damages '	- Committee of the Comm	•	0100,203	\$4,000	DICC.105	\$1,000	\$5,000
Mud / Fluids Disposal Charges	•		. DIDC.255	\$30,000	DICC, 285	\$13,000	\$43,000
Day Rate 5 DH Days	2 ACP Days @	13,500 Per Day	0100.115	\$68,000	DJCC.120	\$27,000	\$95,000
Misc Preparation Cost (mouse hole, rat hole	e, pads, pile clustèrs, misc.)		1010C130	\$12,000	anni da		\$12,000
Bits .		and desired the second	DIDC.125	\$15,000	DICC. 125	\$0	\$15,000
Fuel \$2.80 Per	Gollon 800	Gallons Per Day	DIDE.135 .	\$11,000	DICC.130	\$4,000	\$15,000
Water / Completion Fluids .	•	1,900 Per Day	DIDC-140	\$10,000	DICC, 135	\$63,000	\$73,000
Mud & Additives		e missionitati in di turni in transi in transi in con consegnativa de la consegnazione de la consegnazione della consegnazione	010C:145	\$12,500			\$12,500
Surface Rentals ,		: 1,000 Per Day	DJDCJISO	\$5,000	DICC, 140	\$40,000	\$45,000
Downhole Rentals			. 13luC.195	\$16,000	. DICC.145	\$32,000	\$48,000
Formation Evaluation (DST, Coring includin	g evaluation, G&G Services)	. •	0100,160	, \$0			SC
Mud-Logging `	, \$2 Days @	1,200 Per Day .	0100,170	\$4,500			\$4,500
Open Hole Logging		A CAMPAGA CANA CANA CANA CANA CANA CANA CANA C	TESPELIEG.	\$20,000			\$20,000
Cementing & Float Equipment		The second control of the second of the seco	marc. 185	\$15,000	DICELES	\$20,000	\$35,000
Tubular Inspections	en de la companya de La companya de la companya del la companya de	***************************************	0100.190	\$2,000	DICC. 160	\$1,000	\$3,000
Casing Crews	nertuurin etekse minteesta minteesta minteesta s eurrussuurin neesta van k. e. liha neesta opississe van minte	A STATE COLUMN TO THE PROPERTY OF THE COLUMN TWO PROPERTY COLUMN TO THE P. P. A. WINNEY CO.	'0(50,195.	\$5,000	DICC.165	\$5,000	\$10,000
Extra Labor, Welding, Etc.	The state of the s	denter in the second contract of the second	E3E1,200	\$3,000	DICC. 1.70	\$10,000	\$13,000
Land Transporation (Trucking)	tres i funtione seculture (e.e. A. C. T. C.	errore ar difficultive footbile and delete and december and delete in the last access and access and access and	D:DC:205	\$3,000	. aicc. 175	\$5,000	\$8,000
Supervision .		Per Day	F-080C.316	\$12,600	0100.180	\$12,000	· \$24,600
Trailer House / Camp / Catering	to Calife Annilly on America (as a 1 of the Mayor Annium on 4 of the July of the Annium Anniu	700 Per Day	04DC.280	\$4,000	DICC-258	\$1,000	\$5,000
Other Misc Expenses	Emperorado de Arrestante Arresta dos Arrestas dos Arrestas de Arresta de Decreasos de Arresta de La Companya de Arresta d	тення под туро при не	F 0302.2305	\$2,000	DICC.190	\$2,000	. \$4,000
Overhead	-	300 Per Day	0105.225	\$2,000	DICC. 195	\$2,000	\$4,000
Remedial Cementing			Dioc.231	\$0	DICC.2.15	\$0	SC
MOB/DEMOB	*		0100.240	\$45,000			\$45,000
Directional Drilling Services	· 0 Doys @.	8,000 Per Day	0/000.275	SO	mani.	9999998 -	\$0
Pock, Dispatcher, Crane		internation (Mary Landschaff and Committee (1997) #19 (1988) The Association of the Association (1997) The Associatio	BIDC.250.	\$0	DICC.330	\$0	\$0
Marine & Air Transportation	*	***************************************	0,000,275	; so	DICC.250	so	50
Solids Control		3,000 Per Day	DIDCLIED	\$15,000		MAMMAN.	\$15,000
Well Control Equip (Snubbing Svcs.)		en e	0100.465	\$12,000	DICC.240	\$3,500	. \$15,500
Fishing & Sidetrack Operations	·	Approximate, projugative generalistic designative coloridate destruye coloridate. Militario del coloridate coloridate coloridate del coloridate	DIDC.278	\$0	DICC.245	\$0	. 50
Completion Rig	3 Days @	3,500 Per Day	1000000		DICC.1.15	\$10,500	·\$10.500
Coil Tubing	Days @	· Per Day			DICC.260	. \$0	. \$0
Completion Logging, Perforating, WL Units,	WL Surveys	AMAN PILITANIA TAN MILATANIA IN PROPERTY AND ANALYSIS ANA			DICC,200	\$10,000	\$10,000
Stimulation			DICC.210	\$258,000	\$258,000		
.egal / Regulatory / Curative			DIDC.300	\$10,000	DICC.280	\$0	\$10,000
Well Control Insurance	DIGC.28S	\$1,000			· \$1,000		
Contingency 5% of I	DIDC.435.	\$18,000	DICC.220	\$26,000	\$44,000		
Construction For Well Equipment			DV/EA.110	\$6,500	\$6,500		
Construction For Lease Equipment			DLEQ.310	\$52,500	\$52,500		
Construction For Sales P/L			0100,265	\$5,500	\$5,500		
Total Intangible Cost				\$387,600		\$614,000	\$1,001,600

			Kan beggere der 1971					
angible - Well Equipment					To the Paris of the Control of the C			
asing	Size	Fect	\$ / Foot		<u>GEELLELLE</u>			Delin (1985)
Drive Pipe	20. "	40.00	\$100.00		\$0		<i></i>	\$0
Conductor Pipe	0 ''	0.00	\$0.00		SO SO		<i>88688888</i>	<u> </u>
Water String	0 ''	0.00		Dyven_135				\$0
Surface Casing	8 5/8"	950:00	\$22.18	CARLOW WITHOUT WATERWAY CO. STRUCTURE	\$21,000			\$21,000
Intermediate Casing	0 '''	0.00	\$0.00		so so			. SC
Drilling Liner	0 "	0.00		DAYSB. 145	\$0		<i>[[]]</i>	
Drilling Liner	0 "	0.00		OVVES.145	\$0	kinanakan menengan da	<i>180000000</i>	SC
Production Casing or Liner	5 1/2"	.3000:00	\$19.93	~ <i>6~ 1 10</i> 10 10 10 10 10 10 10 10 10 10 10 10 10	and the second second	DWEA,100	\$60,000	\$60,000
Production Tie-Back	0 "	0.00	\$0.00		and the second	DWEA.100	50	• \$0
Tubing	2 7/8"	- 2300.00	\$6.83	All his bearing		DVVEA:105	\$16,000	\$16,000
N/C Well Equipment					LA SOLULIA	DWE4-115	\$6,500	\$6,500
Wellhead, Tree, Chokes				D NEB. 118	\$5,000	D17841130	\$10,000	\$15,000
Liner Hanger, Isolation Packer	······································			DWES.100	\$0	DW6A.175	\$0	\$0
Packer, Nipples	***************************************				GWHHH	DW/CV 130	\$0	\$0
Pumping Unit, Engine						DLEO.100	\$125,000	\$125,000
Lift Equipment (BHP, Rods, Anchors)					<i>Million</i> (1)	DLEO.103	\$62,500	\$62,500
Fangible- Lease Equipment								
N/C Lease Equipment	_					DLEG. 115	\$21,000	\$21,00
Tanks, Tanks Steps, Stairs		A CONTRACTOR OF THE CONTRACTOR				DUEQ.130	\$13,500	\$13,50
Battery (Heater Treater, Separator, Gas Treating Equipmen	(t)					DLEO.125	\$29,500	\$29,50
Flow Lines (Line Pipe from wellhead to central facility)				Si ana ana ana ana ana ana ana ana ana an		Dred 130	\$5,500	\$5.50
Offshore Production Structure for Facilities						DIVEA.135	\$0	
Pipeline to Sales					<u> </u>	OWEA 140	\$0	<u> </u>
Total Tangibles			•		\$26,000)	\$349,500	\$375,50
Total Taligloids								
0.0		72		pipc.295	\$30,000	DICC.275 .	-\$30,000	
P&A Costs							•	
-					\$443,600		\$933,500	\$1,377,10

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432.571:7800



August 2, 2011

Via: U.S. Certified Mail-Return Receipt No. 91 7108 2133 3938 9332 1820

Estate of Don L. Bradshaw Attn: Mathew Bradshaw 4503 Whirlwind Cove Spicewood, Texas 78669

Re: New Well Proposal-Kansas 6 Fee No.1

Township 19 South, Range 26 East, N.M.P.M.

Section 6: SE/4SE/4 Eddy County, New Mexico

Dear Leasehold Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Kansas 6 Fee No.1 Well at legal location in the SE/4SE/4 of Section 6, Township 19 South, Range 26 East, N.M.P.M., Eddy County, New Mexico.

The intended surface hole location for the well is 990' FSL & 330' FEL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the Glorieta-Yeso formations.

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 which sets forth the estimated costs associated with the well, and; (ii) our proposed form of Operating Agreement to govern operations for the Kansas wells. If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with your contact information to receive well data, to the undersigned within thirty (30) days of receipt of this proposal. If you should 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.

New Well Proposal-Kansas 6 Fee No.1

Township 19 South, Range 26 East, N.M.P.M.

Section 6: SE/4SE/4

Eddy County, New Mexico

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- i.) Bonus Consideration of \$1000.00 per net mineral acre delivered;
- ii.) Reservation of an ORRI equal to difference between 25% and current lease burdens;
- iii.) Primary term of Three (3) years with 180-day continuous development thereafter

Please call the undersigned with any questions or comments.

Respectfully Submitted,

Hilary R. Coder Contract Landman

Cimarex Energy Co.

ELECTION TO PARTICIPATE Kansas 6 Fee No.1 Well

		•
Elects <u>TO</u> participate in	the proposed Kansas 6	Fee No.1 Well
Elects <u>NOT</u> to participat	e in the proposed Kans a	as 6 Fee No.1 Well
Dated this day of	, 2011.	
Company:		
Signature:		
Printed Name:		
Title:		

New Well Proposal-Kansas 6 Fee No.1

Township 19 South, Range 26 East, N.M.P.M.

Section 6: SE/4SE/4

Eddy County, New Mexico

If your election	on above is TO participate in the proposed Kansas 6 Fee No.1 Well, then:
	_ Elects <u>TO</u> be covered by well control insurance procured by Cimarex
comm	_ Elects <u>NOT</u> to be covered by well control insurance procured by Cimarex agrees to provide Cimarex with a certificate of insurance prior to tencement of drilling operations or be deemed to have elected to be ed by well control insurance procured by Cimarex



Company Entity s Cimarex Energy Co.						DateRrepa	red February 25		2033.03
, Region. Well	Name 💉 🗸 🕡	Well No.	Prospection Field	Names 20	Property/Number	17:02	Drilling AF	E No.	
Permian Kansa	s 6 Fee	1	Paddock Extension	ı-West					
Location			County	1 3 3 3 3 3	Sate		. Type W	éll	
Sec. 6 - 195 - 26E			Eddy		NM	Oil Gas	X Ex		Х
						·			
Estimate Type Original Estimate	<u> </u>		Est Stant Date	G w	st-Complicate	Form	ation :	ti Measured 3,000	
Revised Estimate	0					odrugojajaje i van te		Til Vertical	Depth
Supplemental Estimate	0	L				<u> </u>		3,000	<u>. </u>
Project Description				AMENDARY.		Pieta de la		and the Sala	الادة راحيط الما الادة راحيط الما
Drill and complete a Paddock/Glo	rieta vertical nole	well.	•		•				
	•		•						
					; 1				
Intangibles			Day Halo Co.		1 10-6-1-8	-1-4	ĠI-		
Drilling:Costs			Dry Hole Cos \$387,600		After Casing P	OINT		eted Well Co 387,600	JST
Completion Costs	:		A		\$614,000		\$	614,000	
Total Intangible Costs			\$387,600		\$614,000		\$1	,001,600	
Tangibles			· · · · · · · · · · · · · · · · · · ·						
Well Equipment Lease Equipment			\$26,000	5	\$280,000			306,000	
Total Tangible Well Cost			\$26,000	enere e e e e e e e e e e e e e e e e e	\$69,500 \$349,500			369,500 3 75,500	
Plug and Abandon Cost			i \$30,000		-\$30,000			\$0	
Total Well Cost			\$443,600		\$933,500		\$1	,377,100	
Wellicontrol Insurance: Unless otherwise indicated below, long as Operator conducts operati insurance, you must provide a cer- later than commencement of drilli insurance procured by Operator.	ons hereunder a tificate of such in ing operations. Y	nd to pay yo surance acc	our prorated share of the eptable to Operator, as	e premium to form an	s therefore. If you elec d:limits, at the time thi	t to purchas s AFE is retu	e your own we rned, if availat	ell control ble, but in no	o event
☐ I elect to purchase my own well cont				• • •					İ
Well control insurance procured b related redrilling and clean-up/pol							verage för we	Il control an	ıd .
Marketing:Election Cimarex sells its gas under arm's-levolumes delivered over time. Shot request to Cimarex's Marketing Delivered to take my gas in kind:	uld you choose to epartment, we w	vith third pa market you ill share with	u share of gas with Cima h you the terms and cor	ntracts may rex, you wi	include fees. In addition	e-terms of s			1
_ rece to market my gas vital aman	ex possession to the cal					with			
Comments on AFE The above costs are estimates onl without affecting the authorization actual legal, curative, regulatory a	y and anticipate n for expenditure	rouble free herein grai	nted. By approval of thi	foreseeab s:AFE, the v	le change in plans. The vorking interest owner	actual costs agrees to pa	y its proportio	onate share	of
		Dan	Cimarex Energy (-					
Prepared by		1	d Completion Manager A		Regional N			Marie Like	
Ryan Braxton		Doug Park			Roger Alex	anuer			
			Joint Interest	Approval					
Company		Βÿ			Date .	Land Co		Caronia.	W 32



Project Cost Estimate

Lease Name: Kansas 6 Fee		.:				·w	ell No.:	. 1
Intangibles				Codes	Dry Hole Cost	Corles	After Casing Point	Completed Well Cost
Roads & Location Preparation / Restoration				DIDC,100-	\$30,000	: DICC.100	\$3,500	\$33,500
Damages				DIDC.105	\$4,000	D100,105	\$1,000	\$5,000
Mud / Fluids Disposal Charges				DIDC:255	\$30,000	DICC.235	\$13,000	\$43,000
Day Rate DH Days 2 ACP Days	@	. 45-(13,500	Per Day	DIDC.115	\$68,000	DICC.120	\$27,000	\$95,000
Misc Preparation Cast (mouse hole, rat hole, pads, pile cluster	s, misc.)			DIDC.120	\$12,000			\$12,000
Bits				DIDG.125	\$15,000	DICC.125	\$0	\$15,000
Fuel \$\sigma(\frac{1}{2}\sigma(\frac{1}{2}\sigma(\frac{1}{2})\sigma(\frac{1}{2}\sigma(\frac{1}{2})\sigma(\fr	800	Gallons Per D	ау	DIDC.135	\$11,000	DICC.130	\$4,000	\$15,000
Water / Completion Fluids	-	1,900	Per Day	DIDC.140	\$10,000	DICC.135	\$63,000	\$73,000
Mud & Additives				0000.145	\$12,500	9 11/11/16		\$12,500
Surface Rentals	1.	1,000	Per Day	DIDC.150	\$5,000	DICC.140	\$40,000	\$45,000
Downhole Rentals				DIDC.155	\$16,000	DICC.145	\$32,000	\$48,000
Formation Evaluation (DST, Coring including evaluation, G&G	Services)			DIDC*100	\$0	00000000	MANAMANA.	\$0
Mud Logging \$3	2 Days @	1,200	Per Day	DIDC:170	\$4,500			\$4,500
Open Hole Logging			************	DIDC.130	\$20,000			\$20,000
Cementing & Float Equipment		***		DIDC.185	\$15,000		\$20,000	\$35,000
Tubular Inspections				DIDC.190	\$2,000	DICC:160	\$1,000	\$3,000
Casing Crews				DIDC.195	\$5,000		\$5,000	\$10,000
Extra Labor, Welding, Etc.	,			DIDC.200	\$3,000		\$10,000	\$13,000
Land Transporation (Trucking)		······································		DIDC.305	\$3,000	DICC:175	\$5,000	\$8,000
Supervision	1:		Per Day	0100.310	\$12,600	DICC.180	\$12,000	\$24;600
Trailer House / Camp / Catering				0100.280	\$4,000		\$1,000	\$5,000
Other Misc Expenses		49-7 27-7-700	ir cr buy	***********	\$2,000		\$2,000	
Overhead .) 17	300	Pas Day	DIDC.220	\$2,000			\$4,000
Remedial Cementing	1	3 P. 17:18: 1300	rerudy	DIDC.325	\$2,000	DICC.195	\$2,000	\$4,000
MOB/DEMOB		***************************************		DIDC.231		DICC.215	\$0	\$0
	O Dave @ I	÷8,000	Par Day	DIDC.240	\$45,000			\$45,000
Dock, Dispatcher, Crane	U Duys Colf.		Per Day	DIDC.245	50			\$0
Marine & Air Transportation	<u> </u>			DIDC.250	\$0	DICC.230	\$0	\$0
Solids Control		2.000	Per Day	DIDC.275	\$0	01CC.2S0	\$0	\$0
	Y.	3,000	Per Day	DIDC.260	\$15,000	CONTRACTOR OF THE PARTY OF THE		\$15,000
Well Control Equip (Snubbing Svcs.)				DIDC.265	\$12,000	DICC.240	\$3,500	\$15,500
Fishing & Sidetrack Operations	10			DIDC,270	\$0	DICC.245	\$0	. \$0
		3,500				DICC.115	\$10,500	\$10,500
	Days (w		Per Day			DICC.260	SO	\$0
Completion Logging, Perforating, WL Units, WL Surveys						DICC.200	\$10,000	\$10,000
Stimulation	•			ELLE POR	GENERALIO (CONTRACTOR OF THE CONTRACTOR OF THE C	DICC.210	\$258,000	\$258,000
Legal / Regulatory / Curative				DIDC.300	\$10,000	DICC.280	\$0	\$10,000
Well Control Insurance \$ \$\\$0\35 Per Foot				DIGC.235		900 (800)		\$1,000
Contingency 3% of Drilling Intangibles				DIDC/435	\$18,000	DICC.220	\$26,000	\$44,000
Construction For Well Equipment				100		DWEA.110	\$6,500	\$6,500
Construction For Lease Equipment						DLECT10	\$52,500	\$52,500
Construction For Sales P/L		····		1111 1111	an said said	DICC.265	\$5,500	\$5,500
Total Intangible Cost					\$387,600		\$614,000	\$1,001,600
	7 - 3 - 3 - 3 - 3 - 3 - 3 - 3 - 3 - 3 -		etine is show in a sec			Contract of the second	MODEL AND THE STREET, AND ADDRESS OF STREET	
Tangible - Well Equipment	C			L. P. War with a section	paragraphic and a second	101940 100	mana a come	0.000
Casing	Size	Feet	\$/Foot	405.H				DHADABA
Drive Pipe		40:00	\$100:00		\$0	MADON.		\$0
Conductor Pipe	6 0 " .	0:00	\$0!00		\$0		MANANA.	\$0
Water String	0' "	0.00			\$0			\$0
Surface Casing	38/5/8"	950:00			\$21,000			\$21,000
Intermediate Casing	~``(0)				\$0			\$0
Drilling Liner	(-,'0)	0.00			\$0		MANAGARA.	\$0
Drilling Liner	(0)	.,(0:00		DWEB.145	\$0	el Stelle	HAMMANA.	\$0
Production Casing or Liner	5:1/2"	£3000:00	\$19:93	15 11 11		DWEA.100	\$60,000	\$60,000
Production Tie-Back	9.05	√ 10:00	\$0:00	10000		OWEA.100	\$0	\$0
Tubing	6+2 7/8"	2300.00	× *\$6:83			DÍVEA.105	\$16,000	\$16,000
N/C Well Equipment						DWEA.115	\$6,500	\$6,500
Wellhead, Tree, Chokes				DVVEB.115	\$5,000	DWEA.120	\$10,000	\$15,000
Liner Hanger, Isolation Packer	7			DWEB.100	\$0	DWEA.125	\$0	\$0
the nange, isolation racker								

Drilling Liner	-;0° "	0.00	\$0:00	DWE8.145	\$0		<i>500000</i>	\$0
Drilling Liner	(0)	0.00	\$0:00	OWEB.145	\$0	11/1/11		\$0
Production Casing or Liner	5 1/2" : 3	000:00	\$19:93	150		DWEA.100	\$60,000	\$60,000
Production Tie-Back	0, " · · ·	₹0:00	\$0:00			OWEA.100	\$0	\$0
Tubing	2 7/8	300.00	*\$6:83			DÍVEA.105	\$16,000	\$16,000
N/C Well Equipment					(1884)	DWEA,115	\$6,500	\$6,500
Wellhead, Tree, Chokes				DVVEB.115	\$5,000	DWEA.120	\$10,000	\$15,000
Liner Hanger, Isolation Packer				DWEB.100	\$0	DWEA.125	\$0	\$0
Packer, Nipples			ž			10WEA.130	\$0	\$0
Pumping Unit, Engine					Comment of the	DLECT TOO	\$125,000	\$125,000
Lift Equipment (BHP, Rods, Anchors)			9		TO THE WORLD	DLEO.105	\$62,500	\$62,500
Tangible - Lease Equipment	action 4 is given the co	41.4	a de la companya de	9,75				
N/C Lease Equipment				1961/196		01.60.135	\$21,000	\$21,000
Tanks, Tanks Steps, Stairs			. 9	100		DLEQ.120	\$13,500	\$13,500
Battery (Heater Treater, Separator, Gas Treating Equipment)				100		DLEQ.125	\$29,500	.\$29,500
Flow Lines (Line Pipe from wellhead to central facility)						DUEQ.130	\$5,500	\$5,500
Offshore Production Structure for Facilities						DWEAL135	\$0	\$0
Pipeline to Sales			<u> </u>	13508961	an ann an	DWEA.140	\$0	\$0
Total Tangibles					\$26,000		\$349,500	\$375,500
P&A Costs				9IDC.295	\$30,000	DICC.275	\$30,000	\$0
Total Cost					\$443,600		\$933;500	\$1,377,100
						,		

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432.571.7800



August 11, 2011

Via: U.S. Certified Mail-Return Receipt No. 91 7108 2133 3938 9332 1813

Concho Resources, Inc. Attn: Land Manager 550 West Texas Avenue, Suite 100 Midland, Texas 79701

Re: New Well Proposal-Kansas 6 Fee No.1

Township 19 South, Range 26 East, N.M.P.M.

Section 6: SE/4SE/4 Eddy County, New Mexico

Dear Leasehold Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Kansas 6 Fee No.1 Well at legal location in the SE/4SE/4 of Section 6, Township 19 South, Range 26 East, N.M.P.M., Eddy County, New Mexico.

The intended surface hole location for the well is 990' FSL & 330' FEL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the Glorieta-Yeso formations.

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 which sets forth the estimated costs associated with the well, and; (ii) our proposed form of Operating Agreement to govern operations for the Kansas wells. If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with your contact information to receive well data, to the undersigned within thirty (30) days of receipt of this proposal. If you should 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.

New Well Proposal-Kansas 6 Fee No.1 Township 19 South, Range 26 East, N.M.P.M. Section 6: SE/4SE/4 **Eddy County, New Mexico**

In the event you do not wish to participate in drilling the Kansas wells, Cimarex will consider acquiring term assignment of your leasehold interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms:

- i.) Bonus Consideration of \$1000.00 per net mineral acre delivered;
- ii.) Reservation of an ORRI equal to difference between 25% and current lease burdens:
- iii.) Primary term of Three (3) years with 180-day continuous development thereafter

Please call the undersigned with any questions or comments.

Respectfully Submitted,

Cimarex Energy Co.

Hilary R. Coder **Contract Landman**

ELECTION TO PARTICIPATE Kansas 6 Fee No.1 Well

Kansas 6 Fee No.1 Well

Elects <u>TC</u>	2 participate ir	the propo	sed Kansas (Fee No.1	l Weli
Elects <u>N</u> C	<u>OT</u> to participa	ate in the pi	oposed Kan s	sas 6 Fee	No.1 \
Dated this	day of		, 2011.		
Company:		 		·	
Signature:			· 		
Printed Name: _			·	,	
Title:		· .			

Page 2

New Well Proposal-Kansas 6 Fee No.1

Township 19 South, Range 26 East, N.M.P.M.
Section 6: SE/4SE/4
Eddy County, New Mexico

f your el	lection above is TO participate in the proposed Kansas 6 Fee No.1 Well, then:
_	Elects TO be covered by well control insurance procured by Cimarex
C	Elects <u>NOT</u> to be covered by well control insurance procured by Cimarex nd agrees to provide Cimarex with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be overed by well control insurance procured by Cimarex



Company Entity.		SELECTIVE ALLE			•		February 25, 2011	
E. C. Land St. March 1995	. Welliname (1888)	limanna.	Promector/Field	Vame Val	ba Property Number		Drilling AFE No.	
1 .		1	Paddock Extension					
Permian:	Kansas 6 Fee	<u> </u>	Paddock Extension			<u> </u>		
			(Papinty)		Sale		* Type Well :	ream
Location.						Oil	X Expl	Х
Sec. 6 - 19S - 26E		•	Eddy		NM	Gas.	Prod	
		e Laconstantalistica anti-Sir		Service Service			on Ttl Measure	d Dooth
Estimate Type	0		est Start Date	E	st.(complibate	HOME	3,000	
Original Estimate Revised Estimate	0	-					TillVertical	
Supplemental Estimate		_					3,000	•
	addock/Glorieta vertical hol							
Intangibles			Dry Hole Cos	it	After Casing F	oint	Completed Well Co	ost
Drilling Costs			\$387,600		25-1-0		\$387,600 \$614,000	
Completion Costs Total Intangible Costs			\$387,600		\$614,000 \$614,000		\$1,001,600	
. Jean meangible Costs			.4307,000		7024,000		72,002,000	
Tangibles								
Well Equipment			\$26,000		\$280,000		\$306,000	
Lease Equipment			Maritanta estat.	AND ASSESSED		<u> </u>	\$69,500	
Total Tangible Well Co	ost		\$26,000		\$349,500		\$375,500	
Plug and Abandon Cos	t		\$30,000		-\$30,000		\$0	
Total Well Cost	· · · · · · · · · · · · · · · · · · ·		\$443,600		\$933,500		\$1,377,100	
long as Operator condinsurance, you must pillater than commencen insurance procured by	ated below; you, as a non-o ucts operations hereunder a ovide a certificate of such in nent of drilling operations. N Operator.	perating wor and to pay you asurance acc You agree th	our prorated share of the eptable to Operator, as at failure to provide the	ree to be co e premium to form an certificate	overed by Operator's was therefore. If you eled the limits, at the time the of insurance, as provided the limits of insurance, as provided the limits of insurance.	et to purchase y is AFE is returne led herein, will	our own well control ed, if available, but in n result in your being cou	o event vered by
Well control insurance related redrilling and c	procured by Operator, prov lean-up/pollution expense c	ides, among overing drill	other terms, for \$20,00 ing (through completion	00,000 (100 1) with a \$1	% W.I.) of Combined Si ,000,000 (100% W.I.) d	ngle Limit cove eductible.	rage for well control ar	nd
Cimarex sells its gas un volumes delivered ove request to Cimarex's N	der arm's-length contracts of r time. Should you choose to larketing Department, we we in kind: las with Cimarex pursuant to the te	with third pa o market you ill share with	nty purchasers. Such cor I share of gas with Cima I you the terms and con	ntracts may rex, you wi	include fees. In additi	e terms of such	nay be incurred for insunctions of the contracts. Upon written	fficient en
without affecting the a	timates only and anticipate uthorization for expenditure egulatory and well costs unc	trouble free herein gran	ited. By approval of this	foreseeables AFE, the verment, regu	e change in plans. The vorking interest owner llatory order or other a	actual costs m	ts proportionate share	of
Prepared by	2007/3/2004 (1998 -19 17)	Drillingand	Completion(Manager			lanager :	Share Market State	7.50
Ryan Braxton		Doug Park	The state of the s		Roger Alex		and the state of t	and Market
					roßer viex	anuer		
	,		Joint Interest	Vnnee				
Company		Rv	Joint Interest A	hhinagi	D-vo	ing a superior of the superior	Faredon a month of the second	No. of the



Project Cost Estimate

Well No.:

Intangibles				Codes	pMunickop		Point	
Roads & Location Preparation / Restoration				GIDC:100	\$30,000	DICC.100	\$3,500	\$33,500 \$5,000
Damages				DIDC.105	\$4,000	DICC.105	\$1,000 \$13,000	\$43,000
Mud / Fluids Disposal Charges		***************************************	Car Day	DIDC.255	\$30,000 \$68,000	DICC.235 UICC.120	\$27,000	\$95,000
Day Rate \$ 75 DH Days 2 ACP Days		13,500	rei Duy	DIDC.115 DIDC.120				\$12,000
Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters	s, misc.)			DIDC:125	\$15,000		\$0	\$15,000
Bits Fuel \$2.80 Per Gallon	i≅ : ∂800	Gallons Per De		DIDC.135	\$11,000	DICC.130	\$4,000	\$15,000
Water / Completion Fluids	15. 1000	1,900		DIDC.140	\$10,000		\$63,000	\$73,000
Mud & Additives				DIDC.145	\$12,500			\$12,500
Surface Rentals		1,000	Per Day	DIDC.155	\$5,000	DICC.140	\$40,000	\$45,000
Downhole Rentals		<u> </u>		DIDC.155	\$16,000	DICC:145	\$32,000	\$48,000
Formation Evaluation (DST, Coring including evaluation, G&G	Services)			DIDC.160	\$0			\$0
Mud Logging \$5	2 Days @	1,200	Per Day	0100.170	\$4,500			\$4,500
Open Hole Logging	,	,		DIDC:180	\$20,000			\$20,000
Cementing & Float Equipment				DIOC.195	\$15,000	DICC.155	\$20,000	\$35,000
Tubular Inspections				DIDC-190	\$2,000		\$1,000	
Casing Crews			 	DIDC.195	\$5,000	·	\$5,000	\$10,000
Extra Labor, Welding, Etc.				DIDC.200	\$3,000		\$10,000	
Land Transporation (Trucking)		·	·	DIDC.205	\$3,000		\$5,000	
Supervision			Per Day	DIDC.210	\$12,600		\$12,000	
Trailer House / Camp / Catering		700	Per Day	DIDC.280	\$4,000		\$1,000	
Other Misc Expenses			,	DIDC-220	\$2,000		\$2,000	
Overhead		300	Per Day	DIDC.225	\$2,000		\$2,000	
Remedial Cementing				DIDC.231	\$0	DICC.215	\$0	
MOB/DEMOB		Is 7 = -*- *	· ·	0100,240	.\$45,000	(MAN)		\$45,000
	O Days @	8,000	Per Day	QIDC.245	\$0	مناهناك المراسسية الالانتخاص		\$0
Dock, Dispatcher, Crane				DIOC.250	\$0		\$0 \$0	
Marine & Air Transportation		1 7500 2500		DIDC.275	\$0			
Solids Control		3,000	Per Day	DIDC:260				\$15,000
Well Control Equip (Snubbing Svcs.)				DIDC.265	\$12,000		\$3,500 \$0	\$15,500
Fishing & Sidetrack Operations Completion Ria	210	L	In Day	DIDC.270	\$0		\$10,500	
		3,500		196		DICC.115 DICC.260	\$10,300	
Coil Tubing Completion Logging, Perforating, WL Units, WL Surveys	Days @		Per.Day			DICC.200	\$10,000	
Stimulation						DICC.210 -	\$258,000	
Legal / Regulatory / Curative				0100.300	\$10,000	· [\$250,000	
Well Control Insurance \$0:35 Per Foot				DIDE,285	\$1,000	מות המות ביוני ביוני ביוני ביוני ביוני ביוני ביוני	La casa a de la casa d	\$1,000
Contingency 5% of Drilling Intangibles				DIDC.435	\$18,000		\$26,000	i—————
	·			14. C. APRILAY	ATTENDED OF THE SEC	<u> </u>		
a austruction rocyveit i automent:				130000		3 DWFA 110	1 56,500	1 \$6,500
Construction For Well Equipment Construction For Lease Equipment						DWEA.110	\$6,500 \$52,500	\$6,500 \$52,500
Construction For Well Equipment Construction For Lease Equipment Construction For Sales P/L						DVEA.110 DLEQ:110 DICC.265	\$6,500 \$52,500 \$5,500	\$52,500
Construction For Lease Equipment					\$387,600	DLEQ:110 DICC.265	\$52,500	\$52,500
Construction For Lease Equipment Construction For Sales P/L Total Intangible Cost					\$387,600	DLEQ:110 DICC.265	\$52,500 \$5,500	\$52,500 \$5,500
Construction For Lease Equipment Construction For Sales P/L			A STATE OF THE PARTY OF THE PAR		\$387,600	DLEQ:110 DICC.265	\$52,500 \$5,500	\$52,500 \$5,500
Construction For Lease Equipment Construction For Sales P/L Total Intangible Cost Tangible - Well/Equipment Cosing	Size	Feet	\$/Foot			DLEQ:110 DICC.265	\$52,500 \$5,500	\$52,500 \$5,500
Construction For Lease Equipment Construction For Sales P/L Total Intangible Cost Tangible - Well/Equipment Casing Drive Pipe	Size	Feet 40.00	\$/Foot \$100:00	OWES.150	\$0.00 \$0	DLEQ:110 DICC.265	\$52,500 \$5,500	\$52,500 \$5,500 \$1,001,600 \$0
Construction For Lease Equipment Construction For Sales P/L Total Intangible Cost Tangible: Well/Equipment Casing Drive Pipe Conductor Pipe	Size 20, "	Feet /40:00 0:00	\$ / Foot \$100:00 \$0:00	OWEB.130	\$0 \$0	DLEQ:110 DICC.265	\$52,500 \$5,500	\$52,500 \$5,500 \$1,001,600 \$0 \$0
Construction For Lease Equipment Construction For Sales P/L Total Intangible Cost Tangible: Well/Equipment Casing Drive Pipe Conductor Pipe Water String	Size 20 " 10 "	Feet 40.00 0.00 0.00	\$/Foot \$100:00 \$0:00	OWEB.150 DWEB.130 OWEB.135	\$0 \$0 \$0	DLEQ:110 DICC.265	\$52,500 \$5,500	\$52,500 \$5,500 \$1,001,600 \$0 \$0
Construction For Lease Equipment Construction For Sales P/L Total Intangible Cost Tangible: Well/Equipment Casing Drive Pipe Conductor Pipe Water String Surface Casing	Size 20 0 0	Feet 40.00 0.00 0.00 0.00	\$/Foot \$100:00 \$0:00 \$0:00 \$22:18	OWEB.150 DWEB.130 OWEB.135 DWEB.140	\$0 \$0 \$0 \$0 \$21,000	DLEQ:110 DICC.265	\$52,500 \$5,500	\$52,500 \$5,500 \$1,001,600 \$1,001,600 \$0 \$0 \$0 \$21,000
Construction For Lease Equipment Construction For Sales P/L Total Intangible Cost Tangible: Well/Equipment Casing Drive Pipe Conductor Pipe Water String Surface Casing Intermediate Casing	Size 20 " 0 " 0 " 8.5/8"	Feet 40:00 0:00 0:000 950:00 30:00	\$/Foot \$100:00 \$0:00 \$0:00 \$22:18 \$0:00	OWEB.150 DWEB.130 OWEB.135 DWEB.140 DWEB.145	\$0 \$0 \$0 \$21,000 \$0	DIEG:110 DICC.265	\$52,500 \$5,500	\$52,500 \$5,500 \$1,001,600 \$1,001,600 \$0 \$0 \$0 \$21,000 \$0
Construction For Lease Equipment Construction For Sales P/L Total Intangible Cost Tangible: Well/Equipment Casing Drive Pipe Conductor Pipe Water String Surface Casing Intermediate Casing Drilling Liner	Size 220 " 0 " 8.5/8" 20 "	Feet 40.00 0.00 0.00 0.00 950.00 30.00	\$/Foot \$100:00 \$0:00 \$0:00 \$22:18 \$0:00 \$50:00	OWEB.150 DWEB.130 OWEB.135 DWEB.140 DWEB.145	\$0 \$0 \$0 \$21,000 \$0	DIEG:110 DICC.265	\$52,500 \$5,500	\$52,500 \$5,500 \$1,001,600 \$1,001,600 \$0 \$0 \$21,000 \$0 \$0
Construction For Lease Equipment Construction For Sales P/L Total Intangible Cost Tangible - Well/Equipment Casing Drive Pipe Conductor Pipe Water String Surface Casing Intermediate Casing Drilling Liner Drilling Liner	Size 20 0 0 8.5/8" 0 0	Feet 40.00 0.00 0.00 950.00 0.00 0.00	\$/Foot \$100:00 \$0:00 \$0:00 \$22:18 \$0:00 \$0:00	OWEB.150 DWEB.130 OWEB.135 DWEB.140 DWEB.145	\$0 \$0 \$0 \$21,000 \$0	DIEG:110 DICC.265	\$52,500 \$5,500 \$614,000	\$52,500 \$5,500 \$1,001,600 \$1,001,600 \$0 \$0 \$21,000 \$0 \$0 \$0
Construction For Lease Equipment Construction For Sales P/L Total Intangible Cost Tangible - Well/Equipment Casing Drive Pipe Conductor Pipe Water String Surface Casing Intermediate Casing Drilling Liner Drilling Liner Production Casing or Liner	Size \$20 0, 3 0, 3 8.5/8, 3 0,	Feet 40.00 0.00 0.00 950.00 30.00 30.00	\$/Foot \$100:00 \$0:00 \$0:00 \$22:18 \$0:00 \$0:00 \$5:00 \$5:00	OWEB.150 DWEB.130 OWEB.135 DWEB.140 DWEB.145	\$0 \$0 \$0 \$21,000 \$0	DIEG:110 DICC.265 DWEA:100	\$52,500 \$5,500 \$614,000	\$52,500 \$5,500 \$1,001,600 \$1,001,600 \$0 \$0 \$21,000 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0
Construction For Lease Equipment Construction For Sales P/L Total Intangible Cost Itangible - Well/Equipment Casing Drive Pipe Conductor Pipe Water String Surface Casing Intermediate Casing Drilling Liner Drilling Liner Production Casing or Liner Production Tie-Back	Size 20, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0	Feet 40:00 -0:00 -0:00 -950:00 -0:00 -0:00 -0:00 -0:00 -0:00 -0:00 -0:00 -0:00	\$/Foot \$100:00 \$0:00 \$0:00 \$22:18 \$0:00 \$0:00 \$0:00 \$0:00	OWEB.150 DWEB.130 OWEB.135 DWEB.140 DWEB.145	\$0 \$0 \$0 \$21,000 \$0	DIEG:110 DICC.265 DWEA:100 DWEA:100	\$52,500 \$5,500 \$614,000 \$60,000 \$0	\$52,500 \$5,500 \$1,001,600 \$1,001,600 \$0 \$0 \$21,000 \$0 \$0 \$60,000 \$0
Construction For Lease Equipment Construction For Sales P/L Total Intangible Cost Itangible - Well/Equipment Casing Drive Pipe Conductor Pipe Water String Surface Casing Intermediate Casing Drilling Liner Drilling Liner Production Casing or Liner Production Tie-Back Tubing	Size 20, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0	Feet 40.00 0.00 0.00 950.00 30.00 30.00	\$/Foot \$100:00 \$0:00 \$0:00 \$22:18 \$0:00 \$0:00 \$0:00 \$0:00	OWEB.150 DWEB.130 OWEB.135 DWEB.140 DWEB.145	\$0 \$0 \$0 \$21,000 \$0	DUEQ:110 DICC.265 DWEA:100 DWEA:100 DWEA:100 DWEA:105	\$52,500 \$5,500 \$614,000 \$60,000 \$0 \$16,000	\$52,500 \$5,500 \$1,001,600 \$1,001,600 \$0 \$0 \$21,000 \$0 \$60,000 \$0 \$16,000
Construction For Lease Equipment Construction For Sales P/L Total Intangible Cost Tangible - Well/Equipment Casing Drive Pipe Conductor Pipe Water String Surface Casing Intermediate Casing Drilling Liner Drilling Liner Production Casing or Liner Production Tie-Back Tubing N/C Well Equipment	Size 20, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0	Feet 40:00 -0:00 -0:00 -950:00 -0:00 -0:00 -0:00 -0:00 -0:00 -0:00 -0:00 -0:00	\$/Foot \$100:00 \$0:00 \$0:00 \$22:18 \$0:00 \$0:00 \$0:00 \$0:00	OWEB.150 DWEB.130 OWEB.135 DWEB.140 DWEB.145 DWEB.145	\$0 \$0 \$0 \$0 \$21,000 \$0 \$0	DUED, 110 DICC 265 DWEA, 100 DWEA, 100 DWEA, 105 DWEA, 115	\$52,500 \$5,500 \$614,000 \$60,000 \$0 \$16,000 \$6,500	\$52,500 \$5,500 \$1,001,600 \$1,001,600 \$0 \$0 \$21,000 \$0 \$0 \$60,000 \$0 \$16,000 \$6,500
Construction For Lease Equipment Construction For Sales P/L Total Intangible Cost Tangible - Well/Equipment Casing Drive Pipe Conductor Pipe Water String Surface Casing Intermediate Casing Drilling Liner Drilling Liner Production Casing or Liner Production Tie-Back Tubing N/C Well Equipment Wellhead, Tree, Chokes	Size 20, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0	Feet 40:00 -0:00 -0:00 -950:00 -0:00 -0:00 -0:00 -0:00 -0:00 -0:00 -0:00 -0:00	\$/Foot \$100:00 \$0:00 \$0:00 \$22:18 \$0:00 \$0:00 \$0:00 \$0:00	OWEB.150 OWEB.130 OWEB.135 DWEB.140 DWEB.145 OWEB.145 OWEB.145	\$0 \$0 \$0 \$21,000 \$0 \$0 \$0 \$5,000	DUEC.265 DWEA.100 DWEA.100 DWEA.105 DWEA.120	\$52,500 \$5,500 \$614,000 \$60,000 \$0 \$16,000 \$6,500 \$10,000	\$52,500 \$5,500 \$1,001,600 \$1,001,600 \$0 \$0 \$0 \$21,000 \$0 \$60,000 \$0 \$16,000 \$15,000 \$15,000
Construction For Lease Equipment Construction For Sales P/L Total Intangible Cost Tangible - Well/Equipment Casing Drive Pipe Conductor Pipe Water String Surface Casing Intermediate Casing Drilling Liner Drilling Liner Production Casing or Liner Production Tie-Back Tubing N/C Well Equipment Wellhead, Tree, Chokes Liner Hanger, Isolation Packer	Size 20, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0	Feet 40:00 -0:00 -0:00 -950:00 -0:00 -0:00 -0:00 -0:00 -0:00 -0:00 -0:00 -0:00	\$/Foot \$100:00 \$0:00 \$0:00 \$22:18 \$0:00 \$0:00 \$0:00 \$0:00	OWEB.150 DWEB.130 OWEB.135 DWEB.140 DWEB.145 DWEB.145	\$0 \$0 \$0 \$0 \$21,000 \$0 \$0	DUEC.265 DUEC.265 DWEA.100 DWEA.100 DWEA.105 DWEA.120 DWEA.120 DWEA.120	\$52,500 \$5,500 \$614,000 \$60,000 \$0 \$16,000 \$10,000 \$0	\$52,500 \$5,500 \$1,001,600 \$1,001,600 \$0 \$0 \$21,000 \$0 \$60,000 \$0 \$16,000 \$15,000 \$0
Construction For Lease Equipment Construction For Sales P/L Total Intangible Cost Tangible - Well/Equipment Casing Drive Pipe Conductor Pipe Water String Surface Casing Intermediate Casing Drilling Liner Drilling Liner Production Casing or Liner Production Tie-Back Tubing N/C Well Equipment Wellhead, Tree, Chokes	Size 20, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0	Feet 40:00 -0:00 -0:00 -950:00 -0:00 -0:00 -0:00 -0:00 -0:00 -0:00 -0:00 -0:00	\$/Foot \$100:00 \$0:00 \$0:00 \$22:18 \$0:00 \$0:00 \$0:00 \$0:00	OWEB.150 OWEB.130 OWEB.135 DWEB.140 DWEB.145 OWEB.145 OWEB.145	\$0 \$0 \$0 \$21,000 \$0 \$0 \$0 \$5,000	DUEA,100 DWEA,100 DWEA,100 DWEA,105 DWEA,120 DWEA,120 DWEA,130	\$52,500 \$5,500 \$614,000 \$60,000 \$0 \$16,000 \$10,000 \$0,500 \$0,500	\$52,500 \$5,500 \$1,001,600 \$1,001,600 \$0 \$0 \$0 \$21,000 \$0 \$60,000 \$0 \$16,000 \$15,000 \$0 \$0
Construction For Lease Equipment Construction For Sales P/L Total Intangible Cost Tangible: Well/Equipment Casing Drive Pipe Conductor Pipe Water String Surface Casing Intermediate Casing Drilling Liner Drilling Liner Production Casing or Liner Production Tie-Back Tubing N/C Well Equipment Wellhead, Tree, Chokes Liner Hanger, Isolation Packer Packer, Nipples	Size 20, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0	Feet 40:00 -0:00 -0:00 -950:00 -0:00 -0:00 -0:00 -0:00 -0:00 -0:00 -0:00 -0:00	\$/Foot \$100:00 \$0:00 \$0:00 \$22:18 \$0:00 \$0:00 \$0:00 \$0:00	OWEB.150 OWEB.130 OWEB.135 DWEB.140 DWEB.145 OWEB.145 OWEB.145	\$0 \$0 \$0 \$21,000 \$0 \$0 \$0 \$5,000	DUEA.100 DWEA.100 DWEA.100 DWEA.105 DWEA.120 DWEA.120 DWEA.130 DWEA.130 DUEA.130	\$52,500 \$5,500 \$614,000 \$614,000 \$60,000 \$0 \$16,000 \$10,000 \$0 \$0 \$0 \$125,000	\$52,500 \$5,500 \$1,001,600 \$1,001,600 \$0 \$0 \$0 \$21,000 \$0 \$60,000 \$0 \$16,000 \$15,000 \$0 \$0 \$15,000
Construction For Lease Equipment Construction For Sales P/L Total Intangible Cost Tangible - Well/Equipment Casing Drive Pipe Conductor Pipe Water String Surface Casing Intermediate Casing Drilling Liner Drilling Liner Production Casing or Liner Production Tie-Back Tubing N/C Well Equipment Wellhead, Tree, Chokes Liner Hanger, Isolation Packer Packer, Nipples Pumping Unit, Engine	Size 20 " 00 " 8.5/8" 0 " 51/2" 0 " 2.7/8"	Feet 40:00 0:00 0:00 950:00 0:00 0:00 30:00 40:00 2300:00	\$/Foot \$100:00 \$0:00 \$22:18 \$0:00 \$0:00 \$0:00 \$0:00 \$6:83	OWEB.150 OWEB.130 OWEB.135 DWEB.140 DWEB.145 OWEB.145 OWEB.145	\$0 \$0 \$0 \$21,000 \$0 \$0 \$0 \$5,000	DUEA,100 DWEA,100 DWEA,100 DWEA,105 DWEA,120 DWEA,120 DWEA,130	\$52,500 \$5,500 \$614,000 \$60,000 \$0 \$16,000 \$10,000 \$0,500 \$0,500	\$52,500 \$5,500 \$1,001,600 \$1,001,600 \$0 \$0 \$0 \$21,000 \$0 \$60,000 \$0 \$16,000 \$15,000 \$0 \$0 \$125,000 \$62,500
Construction For Lease Equipment Construction For Sales P/L Total Intangible Cost Tangible - Well/Equipment Casing Drive Pipe Conductor Pipe Water String Surface Casing Intermediate Casing Drilling Liner Drilling Liner Production Casing or Liner Production Tie-Back Tubing N/C Well Equipment Wellhead, Tree, Chokes Liner Hanger, Isolation Packer Packer, Nipples Pumping Unit, Engine Lift Equipment (BHP, Rods, Anchors)	Size 20 " 00 " 8.5/8" 0 " 51/2" 0 " 2.7/8"	Feet 40:00 0:00 0:00 950:00 0:00 0:00 30:00 40:00 2300:00	\$/Foot \$100:00 \$0:00 \$22:18 \$0:00 \$0:00 \$0:00 \$0:00 \$6:83	OWEB.150 OWEB.130 OWEB.135 DWEB.140 DWEB.145 OWEB.145 OWEB.145	\$0 \$0 \$0 \$21,000 \$0 \$0 \$0 \$5,000	DUEA.100 DWEA.100 DWEA.100 DWEA.105 DWEA.120 DWEA.120 DWEA.130 DWEA.130 DUEA.130	\$52,500 \$5,500 \$614,000 \$614,000 \$60,000 \$0 \$16,000 \$10,000 \$0 \$0 \$125,000 \$62,500	\$52,500 \$5,500 \$1,001,600 \$1,001,600 \$0 \$0 \$0 \$21,000 \$0 \$60,000 \$0 \$16,000 \$15,000 \$0 \$125,000 \$62,500
Construction For Lease Equipment Construction For Sales P/L Total Intangible Cost Tangible - Well/Equipment Casing Drive Pipe Conductor Pipe Water String Surface Casing Intermediate Casing Drilling Liner Drilling Liner Production Casing or Liner Production Tie-Back Tubing N/C Well Equipment Wellhead, Tree, Chokes Liner Hanger, Isolation Packer Packer, Nipples Pumping Unit, Engine Lift Equipment (BHP,; Rods, Anchors) Tangible - Lease Equipment	Size 20 " 00 " 8.5/8" 0 " 51/2" 0 " 2.7/8"	Feet 40:00 0:00 0:00 950:00 0:00 0:00 30:00 40:00 2300:00	\$/Foot \$100:00 \$0:00 \$22:18 \$0:00 \$0:00 \$0:00 \$0:00 \$6:83	OWEB.150 OWEB.130 OWEB.135 DWEB.140 DWEB.145 OWEB.145 OWEB.145	\$0 \$0 \$0 \$21,000 \$0 \$0 \$0 \$5,000	DUEA:100 DWEA:100 DWEA:100 DWEA:105 DWEA:120 DWE	\$52,500 \$5,500 \$614,000 \$614,000 \$60,000 \$0 \$16,000 \$0,500 \$10,000 \$0 \$125,000 \$62,500	\$52,500 \$5,500 \$1,001,600 \$1,001,600 \$0 \$0 \$0 \$21,000 \$0 \$60,000 \$65,000 \$15,000 \$0 \$125,000 \$62,500 \$21,000
Construction For Lease Equipment Construction For Sales P/L Total Intangible Cost Tangible: Well/Equipment Casing Drive Pipe Conductor Pipe Water String Surface Casing Intermediate Casing Drilling Liner Drilling Liner Production Casing or Liner Production Tie-Back Tubing N/C Well Equipment Wellhead, Tree, Chokes Liner Hanger, Isolation Packer Packer, Nipples Pumping Unit, Engine Lift Equipment (BHP, Rods, Anchors) Tangible: Lease Equipment Tanks, Tanks Steps, Stairs Battery (Heater Treater, Separator, Gos Treating Equipment)	Size 20 " 00 " 8.5/8" 0 " 51/2" 0 " 2.7/8"	Feet 40:00 0:00 0:00 950:00 0:00 0:00 30:00 40:00 2300:00	\$/Foot \$100:00 \$0:00 \$22:18 \$0:00 \$0:00 \$0:00 \$0:00 \$6:83	OWEB.150 OWEB.130 OWEB.135 DWEB.140 DWEB.145 OWEB.145 OWEB.145	\$0 \$0 \$0 \$21,000 \$0 \$0 \$0 \$5,000	DUEA.100 DWEA.100 DWEA.100 DWEA.105 DWEA.120 DWEA.125 DWEA.130 DUEA.106 DUEA.106 DUEA.107 DWEA.130 DUEA.108	\$52,500 \$5,500 \$614,000 \$614,000 \$60,000 \$0 \$16,000 \$0,500 \$10,000 \$0 \$125,000 \$62,500 \$21,000 \$13,500	\$52,500 \$5,500 \$1,001,600 \$1,001,600 \$0 \$0 \$0 \$21,000 \$0 \$60,000 \$65,000 \$15,000 \$0 \$125,000 \$62,500 \$21,000 \$62,500
Construction For Lease Equipment Construction For Sales P/L Total Intangible Cost Tangible - Well/Equipment Casing Drive Pipe Conductor Pipe Water String Surface Cosing Intermediate Casing Drilling Liner Drilling Liner Production Casing or Liner Production Tie-Back Tubing N/C Well Equipment Wellhead, Tree, Chokes Liner Hanger, Isolation Packer Packer, Nipples Pumping Unit, Engine Lift Equipment (BHP, Rods, Anchors) Tangible - Lease Equipment N/C Lease Equipment Tanks, Tanks Steps, Stairs Battery (Heater Treater, Separator, Gas Treating Equipment) Flow Lines (Line Pipe from wellhead to central facility)	Size 20 " 00 " 8.5/8" 0 " 51/2" 0 " 2.7/8"	Feet 40:00 0:00 0:00 950:00 0:00 0:00 30:00 40:00 2300:00	\$/Foot \$100:00 \$0:00 \$22:18 \$0:00 \$0:00 \$0:00 \$0:00 \$6:83	OWEB.150 OWEB.130 OWEB.135 DWEB.140 DWEB.145 OWEB.145 OWEB.145	\$0 \$0 \$0 \$21,000 \$0 \$0 \$0 \$5,000	DIEG:110 DICC.265 DICC.265 DICC.265 DWEA:100 DUEG:100 DUEG:100 DUEG:100 DUEG:100 DUEG:100 DUEG:100 DUEG:115 DUEG:120	\$52,500 \$5,500 \$614,000 \$614,000 \$60,000 \$0 \$16,000 \$0,500 \$10,000 \$0 \$125,000 \$62,500	\$52,500 \$5,500 \$1,001,600 \$1,001,600 \$0 \$0 \$0 \$21,000 \$0 \$60,000 \$65,000 \$15,000 \$0 \$125,000 \$62,500 \$21,000
Construction For Lease Equipment Construction For Sales P/L Total Intangible Cost Tangible - Well/Equipment Casing Drive Pipe Conductor Pipe Water String Surface Cosing Intermediate Casing Drilling Liner Drilling Liner Production Casing or Liner Production Tie-Back Tubing N/C Well Equipment Wellhead, Tree, Chokes Liner Hanger, Isolation Packer Packer, Nipples Pumping Unit, Engine Lift Equipment (BHP, Rods, Anchors) Tangible - Lease Equipment N/C Lease Equipment Tanks, Tanks Steps, Stairs Battery (Heater Treater, Separator, Gas Treating Equipment) Flow Lines (Line Pipe from wellhead to central facility) Offshore Production Structure for Facilities	Size 20 " 00 " 8.5/8" 0 " 51/2" 0 " 2.7/8"	Feet 40:00 0:00 0:00 950:00 0:00 0:00 30:00 40:00 2300:00	\$/Foot \$100:00 \$0:00 \$22:18 \$0:00 \$0:00 \$0:00 \$0:00 \$6:83	OWEB.150 OWEB.130 OWEB.135 DWEB.140 DWEB.145 OWEB.145 OWEB.145	\$0 \$0 \$0 \$21,000 \$0 \$0 \$0 \$5,000	DUEA.100 DWEA.100 DWEA.105 DWEA.105 DWEA.120 DWEA.120 DWEA.130 DUEA.130 DIEQ.160 DIEQ.160 DIEQ.160 DIEQ.115 DUEA.130 DIEQ.125	\$52,500 \$5,500 \$614,000 \$614,000 \$60,000 \$0 \$16,000 \$0,500 \$10,000 \$0 \$125,000 \$62,500 \$21,000 \$13,500 \$29,500	\$52,500 \$5,500 \$1,001,600 \$1,001,600 \$0 \$0 \$0 \$21,000 \$0 \$60,000 \$0 \$16,000 \$0,500 \$15,000 \$0,500 \$125,000 \$62,500 \$13,500 \$29,500
Construction For Lease Equipment Construction For Sales P/L Total Intangible Cost Tangible - Well/Equipment Casing Drive Pipe Conductor Pipe Water String Surface Casing Intermediate Casing Drilling Liner Drilling Liner Production Casing or Liner Production Tie-Back Tubing N/C Well Equipment Wellhead, Tree, Chokes Liner Hanger, Isolation Packer Packer, Nipples Pumping Unit, Engine Lift Equipment (BHP, Rods, Anchors) Tangible - Lease Equipment Tanks, Tanks Steps, Stairs Battery (Heater Treater, Separator, Gas Treating Equipment) Flow Lines (Line Pipe from wellhead to central facility) Offshore Production Structure for Facilities Pipeline to Sales	Size 20 " 00 " 8.5/8" 0 " 51/2" 0 " 2.7/8"	Feet 40:00 0:00 0:00 950:00 0:00 0:00 30:00 40:00 2300:00	\$/Foot \$100:00 \$0:00 \$22:18 \$0:00 \$0:00 \$0:00 \$5:83	OWEB.150 OWEB.130 OWEB.135 DWEB.140 DWEB.145 OWEB.145 OWEB.145	\$0 \$0 \$0 \$21,000 \$0 \$0 \$5,000 \$0	DIEG:110 DICC.265 DICC.265 DICC.265 DWEA:100 DWEA:100 DWEA:105 DWEA:106 DIEG:105 DIEG:105 DIEG:105	\$52,500 \$5,500 \$614,000 \$614,000 \$60,000 \$0 \$16,000 \$0,500 \$10,000 \$0 \$125,000 \$62,500 \$21,000 \$29,500 \$5,500	\$52,500 \$5,500 \$1,001,600 \$1,001,600 \$0 \$0 \$0 \$21,000 \$0 \$60,000 \$6,500 \$15,000 \$0 \$125,000 \$62,500 \$125,000 \$21,000 \$62,500 \$21,000 \$21,000 \$65,500
Construction For Lease Equipment Construction For Sales P/L Total Intangible Cost Tangible: Well Equipment Casing Drive Pipe Conductor Pipe Water String Surface Casing Intermediate Casing Drilling Liner Drilling Liner Production Casing or Liner Production Tie-Back Tubing N/C Well Equipment Wellhead, Tree, Chokes Liner Hanger, Isolation Packer Packer, Nipples Pumping Unit, Engine Lift Equipment (BHP; Rods, Anchors) Tangible: Lease Equipment Tanks, Tanks Steps, Stairs Battery (Heater Treater, Separator, Gas Treating Equipment) Flow Lines (Line Pipe from wellhead to central facility) Offshore Production Structure for Facilities	Size 20 " 00 " 8.5/8" 0 " 51/2" 0 " 2.7/8"	Feet 40:00 0:00 0:00 950:00 0:00 0:00 30:00 40:00 2300:00	\$/Foot \$100:00 \$0:00 \$22:18 \$0:00 \$0:00 \$0:00 \$5:83	OWEB.150 OWEB.135 DWEB.140 DWEB.145 DWEB.145 OWEB.145 OWEB.145 DWEB.145	\$0 \$0 \$0 \$21,000 \$0 \$0 \$5,000 \$0	DIEG:110 DICC.265 DICC.265 DICC.265 DWEA:100 DWEA:100 DWEA:105 DWEA:105 DWEA:105 DWEA:105 DWEA:105 DWEA:105 DIEG:106 DIEG:105 DIEG:106 DIEG:105 DIEG:106 DIEG:107 DIEG:107 DIEG:108	\$52,500 \$5,500 \$614,000 \$614,000 \$60,000 \$0 \$16,000 \$0,500 \$10,000 \$0 \$125,000 \$62,500 \$21,000 \$29,500 \$5,500 \$0,500	\$52,500 \$5,500 \$1,001,600 \$1,001,600 \$0 \$0 \$0 \$21,000 \$0 \$60,000 \$65,500 \$15,000 \$0 \$125,000 \$125,000 \$62,500 \$125,000 \$62,500 \$13,500 \$29,500 \$0 \$0 \$21,000 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0
Construction For Lease Equipment Construction For Sales P/L Total Intangible Cost Tangible: Well Equipment Casing Drive Pipe Conductor Pipe Water String Surface Casing Intermediate Casing Drilling Liner Drilling Liner Production Casing or Liner Production Tie-Back Tubing N/C Well Equipment Wellhead, Tree, Chokes Liner Hanger, Isolation Packer Packer, Nipples Pumping Unit, Engine Lift Equipment (BHP, Rods, Anchors) Tangible: Lease Equipment Tanks, Tanks Steps, Stairs Battery (Heater Treater, Separator, Gas Treating Equipment) Flow Lines (Line Pipe from wellhead to central facility) Offshore Production Structure for Facilities Pipeline to Sales Total Tangibles	Size 20 " 00 " 8.5/8" 0 " 51/2" 0 " 2.7/8"	Feet 40:00 0:00 0:00 950:00 0:00 0:00 30:00 40:00 2300:00	\$/Foot \$100:00 \$0:00 \$22:18 \$0:00 \$0:00 \$0:00 \$5:83	OWEB.150 OWEB.135 DWEB.140 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145	\$0 \$0 \$0 \$21,000 \$0 \$0 \$5,000 \$0	DIEG:110 DICC.265 DICC.265 DICC.265 DICC.265 DWEA:100 DWEA:100 DWEA:100 DWEA:100 DWEA:100 DWEA:100 DWEA:100 DWEA:100 DWEA:100 DIEG:100	\$52,500 \$5,500 \$614,000 \$614,000 \$60,000 \$0 \$16,000 \$0,500 \$10,000 \$0,500 \$125,000 \$125,000 \$13,500 \$21,000 \$29,500 \$5,500 \$0,500 \$0,500 \$0,500 \$0,500	\$52,500 \$5,500 \$1,001,600 \$1,001,600 \$0 \$0 \$0 \$21,000 \$0 \$60,000 \$66,500 \$15,000 \$15,000 \$125,000 \$21,000 \$0 \$125,000 \$125,000 \$13,500 \$21,500 \$13,500 \$13,500 \$13,500 \$21,500 \$13,500 \$13,500 \$13,500 \$13,500 \$13,500 \$13,500 \$13,500 \$13,500
Construction For Lease Equipment Construction For Sales P/L Total Intangible Cost Tangible - Well/Equipment Casing Drive Pipe Conductor Pipe Water String Surface Casing Intermediate Casing Drilling Liner Drilling Liner Production Casing or Liner Production Tie-Back Tubing N/C Well Equipment Wellhead, Tree, Chokes Liner Hanger, Isolation Packer Packer, Nipples Pumping Unit, Engine Lift Equipment (BHP, Rods, Anchors) Tangible - Lease Equipment Tanks, Tanks Steps, Stairs Battery (Heater Treater, Separator, Gas Treating Equipment) Flow Lines (Line Pipe from wellhead to central facility) Offshore Production Structure for Facilities Pipeline to Sales	Size 20 " 00 " 8.5/8" 0 " 51/2" 0 " 2.7/8"	Feet 40:00 0:00 0:00 950:00 0:00 0:00 30:00 40:00 2300:00	\$/Foot \$100:00 \$0:00 \$22:18 \$0:00 \$0:00 \$0:00 \$5:83	OWEB.150 OWEB.135 DWEB.140 DWEB.145 DWEB.145 OWEB.145 OWEB.145 DWEB.145	\$0 \$0 \$0 \$21,000 \$0 \$0 \$5,000 \$0	DIEG:110 DICC.265 DICC.265 DICC.265 DWEA:100 DWEA:100 DWEA:105 DWEA:105 DWEA:105 DWEA:105 DWEA:105 DWEA:105 DIEG:106 DIEG:105 DIEG:106 DIEG:105 DIEG:106 DIEG:107 DIEG:107 DIEG:108	\$52,500 \$5,500 \$614,000 \$614,000 \$60,000 \$0 \$16,000 \$0,500 \$10,000 \$0 \$125,000 \$62,500 \$13,500 \$29,500 \$5,500 \$0 \$0,500	\$52,500 \$5,500 \$1,001,600 \$1,001,600 \$0 \$0 \$0 \$21,000 \$0 \$60,000 \$60,000 \$15,000 \$15,000 \$125,000 \$62,500 \$125,000 \$21,000 \$62,500 \$13,500 \$29,500 \$50 \$0
Construction For Lease Equipment Construction For Sales P/L Total Intangible Cost Tangible - Well/Equipment Casing Drive Pipe Conductor Pipe Water String Surface Casing Intermediate Casing Drilling Liner Drilling Liner Production Casing or Liner Production Tie-Back Tubing N/C Well Equipment Wellhead, Tree, Chokes Liner Hanger, Isolation Packer Packer, Nipples Pumping Unit, Engine Lift Equipment (BHP, Rods, Anchors) Tangible - Lease Equipment N/C Lease Equipment Tanks, Tanks Steps, Stairs Battery (Heater Treater, Separator, Gas Treating Equipment) Flow Lines (Line Pipe from wellhead to central facility) Offshore Production Structure for Facilities Pipeline to Sales Total Tangibles	Size 20 " 00 " 8.5/8" 0 " 51/2" 0 " 2.7/8"	Feet 40:00 0:00 0:00 950:00 0:00 0:00 30:00 40:00 2300:00	\$/Foot \$100:00 \$0:00 \$22:18 \$0:00 \$0:00 \$0:00 \$5:83	OWEB.150 OWEB.135 DWEB.140 DWEB.145 DWEB.145 DWEB.145 DWEB.145 DWEB.145	\$0 \$0 \$0 \$21,000 \$0 \$0 \$5,000 \$0	DIEG:110 DICC.265 DICC.265 DICC.265 DICC.265 DWEA:100 DWEA:100 DWEA:100 DWEA:100 DWEA:100 DWEA:100 DWEA:100 DWEA:100 DWEA:100 DIEG:100	\$52,500 \$5,500 \$614,000 \$614,000 \$60,000 \$0 \$16,000 \$0,500 \$10,000 \$0,500 \$125,000 \$125,000 \$13,500 \$21,000 \$29,500 \$5,500 \$0,500 \$0,500 \$0,500 \$0,500	\$52,500 \$5,500 \$1,001,600 \$1,001,600 \$0 \$0 \$0 \$21,000 \$0 \$60,000 \$66,500 \$15,000 \$15,000 \$125,000 \$21,000 \$0 \$125,000 \$125,000 \$13,500 \$21,500 \$13,500 \$13,500 \$13,500 \$21,500 \$13,500 \$13,500 \$13,500 \$13,500 \$13,500 \$13,500 \$13,500 \$13,500