

Cimarex Energy Co.
600 N. Marlenfeld St.
Suite 600
Midland, Texas 79701
PHONE 432.571.7800

November 21, 2011



Via: U.S. Certified Mail- Return Receipt No. 91 7108 2133 3938 0388 6111

The Dow Chemical Company
Attn: Oil and Gas Division
2030 Dow Center
Midland, Michigan 48674

Re: New Well Proposal- Snoddy Federal No. 21
Township 20 South, Range 32 East, N.M.P.M.
Section 26
Lea County, New Mexico

Oil Conservation Division
Case No. 3
Exhibit No. 3

Dear Working Interest Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Snoddy Federal No. 21 (the "Well") at a legal location in Section 26, Township 20 South, Range 32 East, N.M.P.M., Lea County, New Mexico.

The intended surface hole location for the Well is 797' FNL & 596' FEL of Section 26 and the intended bottom hole location is 2310' FSL & 330' FWL of Section 26. The Well is proposed to be drilled to a vertical depth of approximately 9,625' to the Bone Spring formation and laterally in a Southwesterly direction within the formation to the referenced bottom hole location. The true vertical depth of the Well is proposed to be approximately 9,900' and the total measured depth of the Well is proposed to be approximately 14,300' from surface to terminus.

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

Enclosed, in duplicate, is (i) our detailed AFE reflecting estimated costs associated with this proposal, and; (ii) our proposed form of Operating Agreement to govern operations of the Well. 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 the contact information to receive your well data, to the undersigned within thirty (30) days of your receipt of this proposal. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.

New Well Proposal- Snoddy Federal No. 21
Township 20 South, Range 32 East, N.M.P.M.
Section 26
Lea County, New Mexico




In the event you do not wish to participate in drilling the Well, please contact the undersigned at your earliest convenience to discuss trade terms for your leasehold interest in the S/2 of Section 26.

You may contact the undersigned directly at (432) 571-7856 or by e-mail at htresner@cimarex.com.

Respectfully Submitted,

Cimarex Energy Co.


Hayden P. Tresner
Landman

Enclosures//

WELL ELECTION
Snoddy Federal No. 21 Well

_____ Elects **TO** participate in the proposed Snoddy Federal No. 21 Well

_____ Elects **NOT** to participate in the proposed Snoddy Federal No. 21 Well

Dated this _____ day of _____, 2011.

Company: _____

Signature: _____

Printed Name: _____

Title: _____

New Well Proposal- Snoddy Federal No. 21
Township 20 South, Range 32 East, N.M.P.M.
Section 26
Lea County, New Mexico



If your election above is TO participate in the proposed Snoddy Federal No. 21 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



Authorization For Expenditure

Entity
Energy Co.

Date Prepared
October 6, 2011

Well Name	Well No.	Prospect/Field Name	Property Number	Drilling/AFE No.
Snoddy Fed	21H	Mitchell		

County	State	Type Well
Lea	NM	Oil <input checked="" type="checkbox"/> Expl <input checked="" type="checkbox"/> Gas <input type="checkbox"/> Prod <input type="checkbox"/>

Estimate	Est. Start Date	Est. Comp. Date	Formation	Td Measured Dep
Estimate			Bone Spring	14,300'
Total Estimate				9,625'

Description
Complete a Bone spring horizontal well. Potash 4 string design.

	Dry Hole Cost	After Casing Point	Completed Well Cost
Costs	\$2,066,950		\$2,066,950
able Costs	\$2,066,950	\$2,981,400	\$2,981,400
ment	\$696,000	\$618,500	\$1,314,500
ment		\$166,750	\$166,750
ble Well Cost	\$696,000	\$785,250	\$1,481,250
andon Cost	\$150,000	-\$150,000	\$0
Cost	\$2,912,950	\$3,616,650	\$6,529,600

Well Costs
Drillers, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

Insurance

As indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator. 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 the commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by Operator's insurance.

I agree to purchase my own well control insurance policy.

Insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and cleanup and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

AFE

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

Cimarex Energy Co. Approval

Drilling and Completion Manager	Regional Manager
Doug Park	Roger Alexander

Joint Interest Approval

By	Date



Project Cost Estimate

Lease Name: Snoddy Fed

Well No.: 21H

Intangibles	Codes	Dry Hole Cost	Codes	After Casing Point	Completed Well Cost
Roads & Location Preparation / Restoration	DICC.100	\$60,000	DICC.100	\$3,000	\$63,000
Damages	DICC.105	\$1,000	DICC.105		\$1,000
Mud / Fluids Disposal Charges	DICC.255	\$50,000	DICC.255	\$80,000	\$130,000
Day Rate 35 DH Days 3.5 ACP Days @ Per Day	DICC.115	\$0	DICC.115	\$0	\$0
Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.)	DICC.120	\$5,000			\$5,000
Bits	DICC.125	\$65,000	DICC.125	\$1,000	\$66,000
Fuel \$3.70 Per Gallon Gallons Per Day	DICC.135	\$0	DICC.135	\$1,000	\$1,000
Water / Completion Fluids Per Day	DICC.140	\$33,250	DICC.145	\$147,000	\$180,250
Mud & Additives	DICC.145	\$0			\$0
Surface Rentals Per Day	DICC.150	\$40,000	DICC.150	\$46,000	\$86,000
Downhole Rentals	DICC.155	\$87,000	DICC.155	\$36,000	\$123,000
Formation Evaluation (DST, Coring including evaluation, G&G Services)	DICC.160				\$0
Mud Logging \$1,200 Days @ 20 Per Day	DICC.170	\$28,000			\$28,000
Open Hole Logging	DICC.180	\$15,000			\$15,000
Cementing & Float Equipment	DICC.185	\$98,000	DICC.185	\$86,000	\$184,000
Tubular Inspections	DICC.190	\$5,000	DICC.190	\$5,000	\$10,000
Casing Crews	DICC.195	\$18,000	DICC.195	\$18,000	\$36,000
Extra Labor, Welding, Etc.	DICC.205	\$11,000	DICC.170	\$10,400	\$21,400
Land Transportation (Trucking)	DICC.205	\$11,000	DICC.175	\$7,000	\$18,000
Supervision Per Day	DICC.210	\$66,000	DICC.180	\$32,000	\$98,000
Trailer House / Camp / Catering Per Day	DICC.220	\$4,000	DICC.255	\$4,000	\$8,000
Other Misc Expenses	DICC.220	\$2,000	DICC.190	\$7,000	\$9,000
Overhead 300 Per Day	DICC.225	\$0	DICC.195	\$3,000	\$3,000
Remedial Cementing	DICC.231		DICC.215		\$0
MOB/DEMOB	DICC.240	\$110,000			\$110,000
Directional Drilling Services 14 Days @ 12,800 Per Day	DICC.245	\$204,000			\$204,000
Dock, Dispatcher, Crane	DICC.250		DICC.230		\$0
Marine & Air Transportation	DICC.275		DICC.250		\$0
Solids Control Per Day	DICC.260	\$46,000			\$46,000
Well Control Equip (Snubbing Svcs.)	DICC.265	\$0	DICC.240	\$25,000	\$25,000
Fishing & Sidetrack Operations	DICC.270	\$0	DICC.245		\$0
Completion Rig 6 Days @ 3,400 Per Day			DICC.115	\$32,000	\$32,000
Coil Tubing 1 Days @ Per Day			DICC.260	\$45,000	\$45,000
Completion Logging, Perforating, WL Units, WL Surveys			DICC.200	\$70,000	\$70,000
Stimulation			DICC.210	\$2,010,000	\$2,010,000
Legal / Regulatory / Curative	DICC.200	\$13,000	DICC.320		\$13,000
Well Control Insurance \$0.35 Per Foot	DICC.285	\$5,000			\$5,000
Contingency 5% of Drilling Intangibles	DICC.435	\$49,000	DICC.220	\$50,000	\$99,000
Construction For Well Equipment			DW/EA.110	\$10,000	\$10,000
Construction For Lease Equipment			DW/EO.110	\$75,000	\$75,000
Construction For Sales P/L			DICC.265	\$10,000	\$10,000
Total Intangible Cost		\$1,025,250		\$2,813,400	\$3,838,650

Tangible Well Equipment	Size	Feet	\$ / Foot			
Casing						
Drive Pipe 36 "	120.00	\$180.00	DW/EB.150	\$22,000		\$22,000
Conductor Pipe			DW/EB.130	\$0		\$0
Water String 20 "	1090.00	\$136.78	DW/EB.135	\$149,000		\$149,000
Surface Casing 13-3/8"	3524.00	\$83.03	DW/EB.140	\$293,000		\$293,000
Intermediate Casing 9 5/8"	5200.00	\$42.13	DW/EB.145	\$219,000		\$219,000
Drilling Liner			DW/EB.145	\$0		\$0
Drilling Liner			DW/EB.145	\$0		\$0
Production Casing or Liner 5 1/2"	14000.00	\$20.54	DW/EA.100	\$291,000		\$291,000
Production Tie-Back			DW/EA.100	\$0		\$0
Tubing 2 7/8"	9000.00	\$8.14	DW/EA.105	\$73,000		\$73,000
N/C Well Equipment			DW/EA.115	\$72,500		\$72,500
Wellhead, Tree, Chokes			DW/EA.120	\$18,000		\$18,000
Liner Hanger, Isolation Packer			DW/EB.100	\$0		\$0
Packer, Nipples			DW/EA.125	\$10,000		\$10,000
Pumping Unit, Engine			DW/EA.130	\$0		\$0
Lift Equipment (BHP, Rods, Anchors)			DW/EA.130	\$145,000		\$145,000
			DW/EA.105	\$9,000		\$9,000
Tangible Lease Equipment						
N/C Lease Equipment			DW/EO.115	\$64,500		\$64,500
Tanks, Tanks Steps, Stairs			DW/EO.120	\$64,250		\$64,250
Battery (Heater Treater, Separator, Gas Treating Equipment)			DW/EO.125	\$32,500		\$32,500
Flow Lines (Line Pipe from wellhead to central facility)			DW/EO.130	\$5,500		\$5,500
Offshore Production Structure for Facilities			DW/EB.125	\$0		\$0
Pipeline to Sales			DW/EA.140	\$0		\$0
Total Tangibles				\$696,000	\$785,250	\$1,481,250

P&A Costs	DICC.295	\$150,000	DICC.275	-\$150,000	\$0
Total Cost		\$1,872,250		\$3,448,650	\$5,320,900

Cimarex Energy Co.
500 N. Marlenfeld St.
Suite 600
Midland, Texas 79701
PHONE 432.571.7800

November 21, 2011



Via U.S. Certified Mail- Return Receipt No. 91 7108 2133 3938 0388 6111

The Dow Chemical Company
Attn: Oil and Gas Division
2030 Dow Center
Midland, Michigan 48674

Re: New Well Proposal- Snoddy Federal No. 22
Township 20 South, Range 32 East, N.M.P.M.
Section 26
Lea County, New Mexico

Dear Working Interest Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Snoddy Federal No. 22 (the "Well") at a legal location in Section 26, Township 20 South, Range 32 East, N.M.P.M., Lea County, New Mexico.

The intended surface hole location for the Well is 768' FNL & 555' FEL of Section 26 and the intended bottom hole location is 330' FSL & 2310' FWL of Section 26. The Well is proposed to be drilled to a vertical depth of approximately 9,625' to the Bone Spring formation and laterally in a Southwesterly direction within the formation to the referenced bottom hole location. The true vertical depth of the Well is proposed to be approximately 9,900' and the total measured depth of the Well is proposed to be approximately 14,300' from surface to terminus.

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

Enclosed, in duplicate, is (i) our detailed AFE reflecting estimated costs associated with this proposal, and; (ii) our proposed form of Operating Agreement to govern operations of the Well. 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 the contact information to receive your well data, to the undersigned within thirty (30) days of your receipt of this proposal. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.

New Well Proposal- Snoddy Federal No. 22
Township 20 South, Range 32 East, N.M.P.M.
Section 26
Lea County, New Mexico

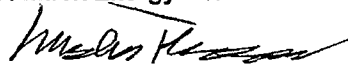


In the event you do not wish to participate in drilling the Well, please contact the undersigned at your earliest convenience to discuss trade terms for your leasehold interest in the S/2 of Section 26.

You may contact the undersigned directly at (432) 571-7856 or by e-mail at htresner@cimarex.com.

Respectfully Submitted,

Cimarex Energy Co.


Hayden P. Tresner
Landman

Enclosures//

WELL ELECTION
Snoddy Federal No. 22 Well

_____ Elects **TO** participate in the proposed Snoddy Federal No. 22 Well

_____ Elects **NOT** to participate in the proposed Snoddy Federal No. 22 Well

Dated this _____ day of _____, 2011.

Company: _____

Signature: _____

Printed Name: _____

Title: _____

New Well Proposal- Snoddy Federal No. 22
Township 20 South, Range 32 East, N.M.P.M.
Section 26
Lea County, New Mexico



If your election above is TO participate in the proposed Snoddy Federal No. 22 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



Authorization For Expenditure

Company Entry Cimarex Energy Co.	Date Prepared October 6, 2011
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Region	Well Name	Well No.	Prospect or Field Name	Property Number	Drilling AFE No.
Permian	Snoddy Fed	22H	Mitchell		

Location	County	State	Type Well
SHL 768 FNL & 55S FEL Sec 26, 20S-32E BHL 330 FSL & 2310 FWL	Lea	NM	Oil x Gas Expl Prod

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

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

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

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

Plug and Abandon Cost	\$150,000	-\$150,000	\$0
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Total Well Cost	\$2,912,950	\$3,616,650	\$6,529,600
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Comments on Well Costs
1: All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

Well Control Insurance
Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.
<input type="checkbox"/> I elect to purchase my own well control insurance policy.
Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

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

Cimarex Energy Co. Approval:

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

Joint Interest Approval

Company	By	Date



Project Cost Estimate

Lease Name: Snoddy Fed

Well No.: 22H

Intangibles	Codes	Dry Hole Cost	Codes	After Casing Point	Completed Well Cost
Roads & Location Preparation / Restoration	DHCC.100	\$60,000	DHCC.100	\$3,000	\$63,000
Damages	DHCC.105	\$1,000	DHCC.105		\$1,000
Mud / Fluids Disposal Charges	DHCC.255	\$50,000	DHCC.255	\$80,000	\$130,000
Day Rate 35 DH Days 3.5 ACP Days @ Per Day	DHCC.115	#REF!	DHCC.130	#REF!	#REF!
Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.)	DHCC.120	\$5,000			\$5,000
Bits	DHCC.125	\$65,000	DHCC.135	\$1,000	\$66,000
Fuel \$3.70 Per Gallon Gallons Per Day	DHCC.133	#REF!	DHCC.135	\$1,000	#REF!
Water / Completion Fluids Per Day	DHCC.140	\$33,250	DHCC.135	\$147,000	\$180,250
Mud & Additives	DHCC.145	#REF!			#REF!
Surface Rentals Per Day	DHCC.150	#REF!	DHCC.140	#REF!	#REF!
Downhole Rentals	DHCC.155	#REF!	DHCC.145	\$36,000	#REF!
Formation Evaluation (DST, Coring including evaluation, G&G Services)	DHCC.160				\$0
Mud Logging \$1,200 Days @ 20 Per Day	DHCC.170	\$28,000			\$28,000
Open Hole Logging	DHCC.180	\$15,000			\$15,000
Cementing & Float Equipment	DHCC.185	\$98,000	DHCC.155	\$86,000	\$184,000
Tubular Inspections	DHCC.190	\$5,000	DHCC.160	\$5,000	\$10,000
Casing Crews	DHCC.195	\$18,000	DHCC.165	\$18,000	\$36,000
Extra Labor, Welding, Etc.	DHCC.200	\$11,000	DHCC.170	\$10,400	\$21,400
Land Transportation (Trucking)	DHCC.205	\$11,000	DHCC.175	\$7,000	\$18,000
Supervision Per Day	DHCC.210	\$66,000	DHCC.180	\$32,000	\$98,000
Trailer House / Camp / Catering Per Day	DHCC.280	#REF!	DHCC.265	\$4,000	#REF!
Other Misc Expenses	DHCC.220	\$2,000	DHCC.190	\$7,000	\$9,000
Overhead 300 Per Day	DHCC.225	#REF!	DHCC.195	\$3,000	#REF!
Remedial Cementing	DHCC.231		DHCC.215		\$0
MOB/DEMOB	DHCC.240	\$110,000			\$110,000
Directional Drilling Services 14 Days @ 12,800 Per Day	DHCC.245	\$204,000			\$204,000
Dock, Dispatcher, Crane	DHCC.250		DHCC.230		\$0
Marine & Air Transportation	DHCC.275		DHCC.250		\$0
Solids Control Per Day	DHCC.260	\$46,000			\$46,000
Well Control Equip (Snubbing Svcs.)	DHCC.265	#REF!	DHCC.240	\$25,000	#REF!
Fishing & Sidetrack Operations	DHCC.270	\$0	DHCC.245		\$0
Completion Rig 6 Days @ 3,400 Per Day			DHCC.115	\$32,000	\$32,000
Coil Tubing 1 Days @ Per Day			DHCC.260	\$45,000	\$45,000
Completion Logging, Perforating, WL Units, WL Surveys			DHCC.200	\$70,000	\$70,000
Stimulation			DHCC.210	\$2,010,000	\$2,010,000
Legal / Regulatory / Curative	DHCC.220	\$13,000	DHCC.250		\$13,000
Well Control Insurance \$0.35 Per Foot	DHCC.235	\$5,000			\$5,000
Contingency 5% of Drilling Intangibles	DHCC.435	#REF!	DHCC.220	\$50,000	#REF!
Construction For Well Equipment			DHCC.110	\$10,000	\$10,000
Construction For Lease Equipment			DHCC.110	\$75,000	\$75,000
Construction For Sales P/L			DHCC.265	\$10,000	\$10,000
Total Intangible Cost		#REF!		#REF!	#REF!

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

P&A Costs	DHCC.255	\$150,000	DHCC.275	-\$150,000	\$0
Total Cost		#REF!		#REF!	#REF!

Cimarex Energy Co.
600 N. Marienfeld St.
Suite 600
Midland, Texas 79701
PHONE 432.571.7800

November 21, 2011



Via U.S. Certified Mail- Return Receipt No. 91 7108 2133 3938 0388 6111

The Dow Chemical Company
Attn: Oil and Gas Division
2030 Dow Center
Midland, Michigan 48674

Re: New Well Proposal- Snoddy Federal No. 23
Township 20 South, Range 32 East, N.M.P.M.
Section 26:
Lea County, New Mexico

Dear Working Interest Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Snoddy Federal No. 23 (the "Well") at a legal location in Section 26, Township 20 South, Range 32 East, N.M.P.M., Lea County, New Mexico.

The intended surface hole location for the Well is 727' FNL & 526' FEL of Section 26 and the intended bottom hole location is 330' FSL & 660' FEL of Section 26. The Well is proposed to be drilled to a vertical depth of approximately 9,625' to the Bone Spring formation and laterally in a Southerly direction within the formation to the referenced bottom hole location. The true vertical depth of the Well is proposed to be approximately 9,900' and the total measured depth of the Well is proposed to be approximately 14,300' from surface to terminus.

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

Enclosed, in duplicate, is (i) our detailed AFE reflecting estimated costs associated with this proposal, and; (ii) our proposed form of Operating Agreement to govern operations of the Well. 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 the contact information to receive your well data, to the undersigned within thirty (30) days of your receipt of this proposal. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.

New Well Proposal- Snoddy Federal No. 23
Township 20 South, Range 32 East, N.M.P.M.
Section 26: E/2E/2
Lea County, New Mexico



In the event you do not wish to participate in drilling the Well, please contact the undersigned at your earliest convenience to discuss trade terms for your leasehold interest in the S/2 of Section 26.

You may contact the undersigned directly at (432) 571-7856 or by e-mail at htresner@cimarex.com.

Respectfully Submitted,

Cimarex Energy Co.

A handwritten signature in black ink, appearing to read "Hayden P. Tresner".

Hayden P. Tresner
Landman

Enclosures//

WELL ELECTION
Snoddy Federal No. 23 Well

_____ Elects **TO** participate in the proposed Snoddy Federal No. 23 Well

_____ Elects **NOT** to participate in the proposed Snoddy Federal No. 23 Well

Dated this _____ day of _____, 2011.

Company: _____

Signature: _____

Printed Name: _____

Title: _____

New Well Proposal- Snoddy Federal No. 23
Township 20 South, Range 32 East, N.M.P.M.
Section 26: E/2E/2
Lea County, New Mexico



If your election above is TO participate in the proposed Snoddy Federal No. 23 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



Authorization For Expenditure

Company Entity	Date Prepared
Cimarex Energy Co.	October 6, 2011

Region	Well Name	Well No.	Prospect Field Name	Property Number	Drilling AFE No.
Permian	Snoddy Fed	23H	Mitchell		

Location	County	State	Type Well
SHL 660 FNL & 660 FEL Sec 26, 20S-32E BHL 660 FNL & 330 FWL	Lea	NM	Oil x Gas Expl Prod

Estimate Type	Est. Start Date	Est. Comp. Date	Formation	(T) Measured Depth
Original Estimate	<input checked="" type="radio"/>			14,000'
Revised Estimate	<input type="radio"/>			(H) Vertical Depth
Supplemental Estimate	<input type="radio"/>		Bone Spring	9,900'

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

Intangibles	Dry Hole Cost	After Casing Point	Completed Well Cost
Drilling Costs	\$1,026,250		\$1,026,250
Completion Costs		\$2,813,400	\$2,813,400
Total Intangible Costs	\$1,026,250	\$2,813,400	\$3,839,650

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

Plug and Abandon Cost	\$150,000	-\$150,000	\$0
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Total Well Cost	\$1,872,250	\$3,448,650	\$5,320,900
-----------------	-------------	-------------	-------------

Comments on Well Costs
1. All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

Well Control Insurance
Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.
<input type="checkbox"/> I elect to purchase my own well control insurance policy.
Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related re-drilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

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

Cimarex Energy Co. Approval

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

Joint Interest Approval

Company	By	Date



Project Cost Estimate

Lease Name: Snoddy Fed

Well No.: 23H

Intangibles	Code	Dry Hole Cost	Code	After Casing Point	Completed Well Cost
Roads & Location Preparation / Restoration	DHCC.103	\$60,000	DHCC.103	\$3,000	\$63,000
Damages	DHCC.105	\$1,000	DHCC.105		\$1,000
Mud / Fluids Disposal Charges	DHCC.105	\$50,000	DHCC.105	\$80,000	\$130,000
Day Rate	35 DH Days	3.5 ACP Days @	Per Day		
Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.)	DHCC.115	\$0	DHCC.115	\$0	\$0
Bits	DHCC.123	\$5,000	DHCC.123		\$5,000
Fuel	\$3.70 Per Gallon	Gallons Per Day	DHCC.125	\$1,000	\$66,000
Water / Completion Fluids	DHCC.135	\$0	DHCC.135	\$1,000	\$1,000
Mud & Additives	DHCC.140	\$33,250	DHCC.140	\$147,000	\$180,250
Surface Rentals	DHCC.145	\$0	DHCC.145		\$0
Downhole Rentals	DHCC.150	\$40,000	DHCC.150	\$46,000	\$86,000
Formation Evaluation (DST, Coring including evaluation, G&G Services)	DHCC.155	\$87,000	DHCC.155	\$36,000	\$123,000
Mud Logging	DHCC.160		DHCC.160		\$0
Open Hole Logging	\$1,200 Days @	20 Per Day	DHCC.170	\$28,000	\$28,000
Cementing & Float Equipment	DHCC.180	\$15,000	DHCC.180		\$15,000
Tubular Inspections	DHCC.185	\$98,000	DHCC.185	\$86,000	\$184,000
Casing Crews	DHCC.190	\$5,000	DHCC.190	\$5,000	\$10,000
Extra Labor, Welding, Etc.	DHCC.195	\$18,000	DHCC.195	\$18,000	\$36,000
Land Transportation (Trucking)	DHCC.200	\$11,000	DHCC.200	\$10,400	\$21,400
Supervision	DHCC.205	\$11,000	DHCC.205	\$7,000	\$18,000
Trailer House / Camp / Catering	DHCC.210	\$66,000	DHCC.210	\$32,000	\$98,000
Other Misc Expenses	DHCC.215	\$4,000	DHCC.215	\$4,000	\$8,000
Overhead	DHCC.220	\$2,000	DHCC.220	\$7,000	\$9,000
Remedial Cementing	DHCC.225	\$0	DHCC.225	\$3,000	\$3,000
MOB/DEMOB	DHCC.230		DHCC.230		\$0
Directional Drilling Services	DHCC.235	\$110,000	DHCC.235		\$110,000
Dock, Dispatcher, Crane	DHCC.240	\$204,000	DHCC.240		\$204,000
Marine & Air Transportation	DHCC.245		DHCC.245		\$0
Solids Control	DHCC.250	\$46,000	DHCC.250		\$46,000
Well Control Equip (Snubbing Svcs.)	DHCC.255	\$0	DHCC.255	\$25,000	\$25,000
Fishing & Sidetrack Operations	DHCC.260	\$0	DHCC.260		\$0
Completion Rig	DHCC.265	6 Days @	3,400 Per Day	DHCC.265	\$32,000
Coil Tubing	DHCC.270	1 Days @	Per Day	DHCC.270	\$45,000
Completion Logging, Perforating, WL Units, WL Surveys	DHCC.275		DHCC.275	\$70,000	\$70,000
Stimulation	DHCC.280		DHCC.280	\$2,010,000	\$2,010,000
Legal / Regulatory / Curative	DHCC.285	\$13,000	DHCC.285		\$13,000
Well Control Insurance	DHCC.290	\$0.35 Per Foot	DHCC.290		\$5,000
Contingency	DHCC.295	5% of Drilling Intangibles	DHCC.295	\$50,000	\$99,000
Construction For Well Equipment	DHCC.300		DHCC.300	\$10,000	\$10,000
Construction For Lease Equipment	DHCC.305		DHCC.305	\$75,000	\$75,000
Construction For Sales P/L	DHCC.310		DHCC.310	\$10,000	\$10,000
Total Intangible Cost		\$1,026,250		\$2,613,400	\$3,639,650

Tangible Well Equipment	Size	Feet	S / Foot	Code	Cost	Code	Cost
Casing				DWEL.150	\$22,000	DWEL.150	\$22,000
Drive Pipe	36 "	120.00	\$180.00	DWEL.150	\$0	DWEL.150	\$0
Conductor Pipe				DWEL.155	\$149,000	DWEL.155	\$149,000
Water String	20 "	1090.00	\$136.78	DWEL.160	\$293,000	DWEL.160	\$293,000
Surface Casing	13-3/8"	3524.00	\$83.03	DWEL.165	\$219,000	DWEL.165	\$219,000
Intermediate Casing	9 5/8"	5200.00	\$42.13	DWEL.170	\$0	DWEL.170	\$0
Drilling Liner				DWEL.175	\$0	DWEL.175	\$0
Drilling Liner				DWEL.180	\$291,000	DWEL.180	\$291,000
Production Casing or Liner	5 1/2"	14000.00	\$20.54	DWEL.185	\$0	DWEL.185	\$0
Production Tie-Back				DWEL.190	\$73,000	DWEL.190	\$73,000
Tubing	2 7/8"	9000.00	\$8.14	DWEL.195	\$72,500	DWEL.195	\$72,500
N/C Well Equipment				DWEL.200	\$18,000	DWEL.200	\$18,000
Wellhead, Tree, Chokes				DWEL.205	\$10,000	DWEL.205	\$10,000
Liner Hanger, Isolation Packer				DWEL.210	\$0	DWEL.210	\$0
Packer, Nipples				DWEL.215	\$145,000	DWEL.215	\$145,000
Pumping Unit, Engine				DWEL.220	\$9,000	DWEL.220	\$9,000
Lift Equipment (BHP, Rods, Anchors)				DWEL.225	\$64,500	DWEL.225	\$64,500
Tanks, Tanks Steps, Stairs				DWEL.230	\$64,250	DWEL.230	\$64,250
Battery (Heater Treater, Separator, Gas Treating Equipment)				DWEL.235	\$32,500	DWEL.235	\$32,500
Flow Lines (Line Pipe from wellhead to central facility)				DWEL.240	\$5,500	DWEL.240	\$5,500
Offshore Production Structure for Facilities				DWEL.245	\$0	DWEL.245	\$0
Pipeline to Sales				DWEL.250	\$0	DWEL.250	\$0
Total Tangibles					\$696,000		\$785,250

P&A Costs	DHCC.295	\$150,000	DHCC.295	-\$150,000	\$0
Total Cost		\$1,872,250		\$3,448,650	\$5,320,900

SENDER: COMPLETE THIS SECTION

- ☒ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- ☒ Print your name and address on the reverse so that we can return the card to you.
- ☒ Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

The Dow Chemical Company
Attn: Oil and Gas Division
2030 Dow Center
Midland, Michigan 48674

2. Article Number
(Transfer from service label)

91 7108 2133 3938 0388 6111

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-154C

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *Michael Dew*☒ Agent☐ Addressee

B. Received by (Printed Name)

Michael Dew

C. Date of Delivery

*11-23-11*D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

3. Service Type

☐ Certified Mail ☐ Express Mail☐ Registered ☐ Return Receipt for Merchandise☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

Cimarex Energy Co.
600 N. Marienfeld St.
Suite 600
Midland, Texas 79701
PHONE 432.571.7800



December 20, 2011

Via: U.S. Certified Mail-Return Receipt No. 91 7108 2133 3938 0388 6425

The Dow Chemical Company
Attn: Oil and Gas Division
2030 Dow Center
Midland, Michigan 48674

Re: New Well Proposal- Snoddy Federal No. 20
Township 20 South, Range 32 East, N.M.P.M.
Section 26
Lea County, New Mexico

Dear Working Interest Owner:

This well proposal was mistakenly excluded from the package previously sent to The Dow Chemical Company ("Dow") containing Cimarex Energy Co.'s ("Cimarex") well proposals for the Snoddy Federal No. 21, 22 and 23, which was received by your office on November 28, 2011.

Be advised that because surface restrictions limit access to all but the NE/4NE/4 of Section 26, the Snoddy wells will be at unorthodox locations and oriented on non-standard spacing. As a result, Cimarex plans to form a single 640-acre project area in order to drill the Snoddy wells. The leasehold working interest owned by Dow is located in only the S/2 of Section 26; however, you are receiving this proposal because it will be necessary to pool all working interest on a section-wide-basis to form said project area, which will consist of all of Section 26. Please note that the Exhibit "A" to the Operating Agreement previously sent with the aforementioned well proposals has been prepared accordingly.

In consideration of the foregoing, Cimarex hereby proposes to drill the Snoddy Federal No. 20 (the "Well") at a legal location in Section 26, Township 20 South, Range 32 East, N.M.P.M., Lea County, New Mexico.

The intended surface hole location for the Well is 811' FNL & 644' FEL of Section 26 and the intended bottom hole location is 660' FNL & 330' FWL of Section 26. The Well is proposed to be drilled to a vertical depth of approximately 9,625' to the Bone Spring formation and laterally in a Westerly direction within the formation to the referenced bottom hole location. The true vertical depth of the Well is proposed to be approximately 9,900' and the total measured depth of the Well is proposed to be approximately 14,300' from surface to terminus.

New Well Proposal- Snoddy Federal No. 20
Township 20 South, Range 32 East, N.M.P.M.
Section 26
Lea County, New Mexico



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

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

In the event you do not wish to participate in drilling the Well, please contact the undersigned at your earliest convenience to discuss trade terms for your leasehold interest in Section 26.

You may contact the undersigned directly at (432) 571-7856 or by e-mail at htresner@cimarex.com.

Respectfully Submitted,

Cimarex Energy Co.

A handwritten signature in black ink, appearing to read "Hayden P. Tresner", is written over the company name.

Hayden P. Tresner
Landman

Enclosures//

New Well Proposal- Snoddy Federal No. 20
Township 20 South, Range 32 East, N.M.P.M.
Section 26
Lea County, New Mexico



WELL ELECTION
Snoddy Federal No. 20 Well

_____ Elects **TO** participate in the proposed Snoddy Federal No. 20 Well

_____ Elects **NOT** to participate in the proposed Snoddy Federal No. 20 Well

Dated this _____ day of _____, 2011/2012.

Company: _____

Signature: _____

Printed Name: _____

Title: _____

If your election above is TO participate in the proposed Snoddy Federal No. 20 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



Authorization For Expenditure

Company/Entity	Date Prepared
Cimarex Energy Co.	October 6, 2011

Region	Well Name	Well No.	Prospector/Field Name	Property Number	Drilling AFE No.
Permian	Snoddy Federal	20H	Mitchell		

Location	County	State	Type Well
Est SHL 811 FNL & 644 FEL Section 26-T20S-R32E Est BHL 660 FNL & 330 FWL Section 26-T20S-R32E	Lea	NM	Oil x Gas Expl Prod

Estimate Type	Est. Start Date	Est. Comp. Date	Formation	Est. Measured Depth
Original Estimate	⊙			14,300'
Revised Estimate	○		Bone Spring	Est. Vertical Depth
Supplemental Estimate	○			9,625'

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

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

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

Plug and Abandon Cost	\$150,000	-\$150,000	\$0
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Total Well Cost	\$2,912,950	\$3,616,650	\$6,529,600
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Comments on Well Costs
1. All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

Well Control Insurance
Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.
<input type="checkbox"/> I elect to purchase my own well control insurance policy.
Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

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

Cimarex Energy Co. Approval

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

Joint Interest Approval

Company	By	Date



Project Cost Estimate

Lease Name: Snoddy Federal

Well No.: 20H

Intangibles	Codes	Dry Hole Cost	Codes	After Casing Point	Completed Well Cost
Roads & Location Preparation / Restoration	DIDC.100	\$60,000	DICC.100	\$3,000	\$63,000
Damages	DIDC.105	\$1,000	DICC.105		\$1,000
Mud / Fluids Disposal Charges	DIDC.255	\$50,000	DICC.235	\$80,000	\$130,000
Day Rate 35 DH Days 3.5 ACP Days @ Per Day	DIDC.115	\$665,000	DICC.120	\$67,000	\$732,000
Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.)	DIDC.120	\$5,000			\$5,000
Bits	DIDC.125	\$65,000	DICC.125	\$1,000	\$66,000
Fuel \$3.70 Per Gallon Gallons Per Day	DIDC.135	\$117,000	DICC.130	\$1,000	\$118,000
Water / Completion Fluids Per Day	DIDC.140	\$33,250	DICC.135	\$147,000	\$180,250
Mud & Additives	DIDC.145	\$84,700			\$84,700
Surface Rentals Per Day	DIDC.150	\$54,000	DICC.140	\$147,000	\$201,000
Downhole Rentals	DIDC.155	\$125,000	DICC.145	\$36,000	\$161,000
Formation Evaluation (DST, Coring including evaluation, G&G Services)	DIDC.160				\$0
Mud Logging \$1,200 Days @ 20 Per Day	DIDC.170	\$28,000			\$28,000
Open Hole Logging	DIDC.180	\$15,000			\$15,000
Cementing & Float Equipment	DIDC.185	\$98,000	DICC.155	\$86,000	\$184,000
Tubular Inspections	DIDC.190	\$5,000	DICC.160	\$5,000	\$10,000
Casing Crews	DIDC.195	\$18,000	DICC.165	\$18,000	\$36,000
Extra Labor, Welding, Etc.	DIDC.200	\$11,000	DICC.170	\$10,400	\$21,400
Land Transportation (Trucking)	DIDC.205	\$11,000	DICC.175	\$7,000	\$18,000
Supervision Per Day	DIDC.210	\$66,000	DICC.180	\$32,000	\$98,000
Trailer House / Camp / Catering Per Day	DIDC.280	\$35,000	DICC.255	\$4,000	\$39,000
Other Misc Expenses	DIDC.220	\$2,000	DICC.190	\$7,000	\$9,000
Overhead 300 Per Day	DIDC.225	\$12,000	DICC.195	\$3,000	\$15,000
Remedial Cementing	DIDC.231		DICC.215		\$0
MOB/DEMOB	DIDC.240	\$110,000			\$110,000
Directional Drilling Services 14 Days @ 12,800 Per Day	DIDC.245	\$204,000			\$204,000
Dock, Dispatcher, Crane	DIDC.250		DICC.230		\$0
Marine & Air Transportation	DIDC.275		DICC.250		\$0
Solids Control Per Day	DIDC.260	\$46,000			\$46,000
Well Control Equip (Snubbing Svcs.)	DIDC.265	\$30,000	DICC.240	\$25,000	\$55,000
Fishing & Sidetrack Operations	DIDC.270	\$0	DICC.245		\$0
Completion Rig 6 Days @ 3,400 Per Day			DICC.115	\$32,000	\$32,000
Coil Tubing 1 Days @ Per Day			DICC.260	\$45,000	\$45,000
Completion Logging, Perforating, WL Units, WL Surveys			DICC.200	\$70,000	\$70,000
Stimulation			DICC.210	\$2,010,000	\$2,010,000
Legal / Regulatory / Curative	DIDC.300	\$13,000	DICC.250		\$13,000
Well Control Insurance \$0.35 Per Foot	DIDC.285	\$5,000			\$5,000
Contingency 5% of Drilling Intangibles	DIDC.435	\$98,000	DICC.220	\$50,000	\$148,000
Construction For Well Equipment			DWEA.110	\$10,000	\$10,000
Construction For Lease Equipment			DLEC.110	\$75,000	\$75,000
Construction For Sales P/L			DLEC.265	\$10,000	\$10,000
Total Intangible Cost		\$2,066,950		\$2,981,400	\$5,048,350

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

P&A Costs	DIDC.295	\$150,000	DICC.275	-\$150,000	\$0
Total Cost		\$2,912,950		\$3,616,650	\$6,529,600

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

The Dow Chemical Company
Attn: Oil and Gas Division
2030 Dow Center
Midland, Michigan 48674

2. Article Number
(Transfer from service label)

91 7108 2133 3938 0388 6425

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

x *Paula Bonkat*☒ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

3. Service Type

☐ Certified Mail☐ Express Mail☐ Registered☐ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes