



Authorization For Expenditure

Company/Entity:
Cimarex Energy Co.Date Prepared:
March 1, 2012

Region	Well Name	Well No.	Prospect or Field Name	Property Number	Drilling AFE No.
Permian	Snoddy Federal	21H	Mitchell		

Location	County	State	Type Well
Est SHL: 768 FNL & 555 FEL Sec 26, 20S-32E	Lea	NM	Oil x Expl x
Est BHL: 330 FSL & 526 FEL Sec 26, 20S-32E			Gas Prod

Estimate Type	Est. Start Date	Est. Comp. Date	Formation	Tot. Measured Depth
Original Estimate				14,300'
Revised Estimate				Tot. Vertical Depth
Supplemental Estimate			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	\$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.

☐ 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

Oil Conservation Division

Case No.

Exhibit No.

SA

8/8/2012 10:54 AM



Project Cost Estimate

Lease Name: Snoddy Federal

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	\$665,000	DICC.120	\$67,000	\$732,000
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	\$117,000	DICC.180	\$1,000	\$118,000
Water / Completion Fluids	DICC.140	\$33,250	DICC.135	\$147,000	\$180,250
Mud & Additives	DICC.145	\$84,700			\$84,700
Surface Rentals	DICC.150	\$54,000	DICC.140	\$147,000	\$201,000
Downhole Rentals	DICC.155	\$125,000	DICC.145	\$36,000	\$161,000
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.155	\$86,000	\$184,000
Tubular Inspections	DICC.190	\$5,000	DICC.160	\$5,000	\$10,000
Casing Crews	DICC.195	\$18,000	DICC.155	\$18,000	\$36,000
Extra Labor, Welding, Etc.	DICC.200	\$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.230	\$35,000	DICC.255	\$4,000	\$39,000
Other Misc Expenses	DICC.220	\$2,000	DICC.190	\$7,000	\$9,000
Overhead 300 Per Day	DICC.225	\$12,000	DICC.165	\$3,000	\$15,000
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.230		\$0
Solids Control Per Day	DICC.260	\$46,000			\$46,000
Well Control Equip (Snubbing Svcs.)	DICC.265	\$30,000	DICC.240	\$25,000	\$55,000
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.240	\$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.300	\$13,000	DICC.230		\$13,000
Well Control Insurance \$0.35 Per Foot	DICC.235	\$5,000			\$5,000
Contingency 5% of Drilling Intangibles	DICC.435	\$98,000	DICC.220	\$50,000	\$148,000
Construction For Well Equipment			DWEA.110	\$10,000	\$10,000
Construction For Lease Equipment			DLEQ.110	\$75,000	\$75,000
Construction For Sales P/L			DICC.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	DWER.150	\$22,000
Conductor Pipe				DWER.120	\$0
Water String	20"	1090.00	\$136.78	DWER.135	\$149,000
Surface Casing	13-3/8"	3524.00	\$83.03	DWER.140	\$293,000
Intermediate Casing	9 5/8"	5200.00	\$42.13	DWER.145	\$219,000
Drilling Liner				DWER.145	\$0
Drilling Liner				DWER.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.120	\$0
Pumping Unit, Engine				DLEQ.100	\$145,000
Lift Equipment (BHP, Rods, Anchors)				DLEQ.105	\$9,000
Tangible - Lease Equipment					
N/C Lease Equipment				DLEQ.115	\$64,500
Tanks, Tanks Steps, Stairs				DLEQ.120	\$64,250
Battery (Heater Treater, Separator, Gas Treating Equipment)				DLEQ.125	\$32,500
Flow Lines (Line Pipe from wellhead to central facility)				DLEQ.130	\$5,500
Offshore Production Structure for Facilities				DWEA.135	\$0
Pipeline to Sales				DWEA.140	\$0
Total Tangibles					\$696,000
					\$785,250
					\$1,481,250
P&A Costs				DICC.295	\$150,000
				DICC.275	-\$150,000
					\$0
Total Cost					\$2,912,950
					\$3,616,650
					\$6,529,600



Authorization For Expenditure

Company Entity: **Cimarex Energy Co.** Date Prepared: **March 1, 2012**

Region	Well Name	Well No.	Prospect or Field Name	Property Number	Drilling AFE No.
Permian	Snoddy Federal	22H	Mitchell		

Location	County	State	Type Well
Est SHL: 797 FNL & 596 FEL Sec 26, 20S-32E	Lea	NM	Oil <input checked="" type="checkbox"/> <input type="checkbox"/> Expl <input checked="" type="checkbox"/> <input type="checkbox"/>
Est BHL: 330 FSL & 1980 FWL Sec 26, 20S-32E			Gas <input type="checkbox"/> <input type="checkbox"/> Prod <input type="checkbox"/> <input type="checkbox"/>

Estimate Type	Est. Start Date	Est. Comp Date	Formation	Td Measured Depth
Original Estimate <input checked="" type="radio"/>			Bone Spring	14,300'
Revised Estimate <input type="radio"/>				Td Vertical Depth
Supplemental Estimate <input type="radio"/>				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
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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

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Cimarex Energy Co. Approval

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

Joint Interest Approval

Company	By	Date

Oil Conservation Division
Case No. 513
Exhibit No. 513

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Project Cost Estimate

Lease Name: Snoddy Federal

Well No.: 22H

Intangibles	Codes	Dry Hole Cost	Codes	After Casing Point	Completed Well Cost
Roads & Location Preparation / Restoration	DICC.109	\$60,000	DICC.109	\$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	\$665,000	DICC.120	\$67,000	\$732,000
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	\$117,000	DICC.130	\$1,000	\$118,000
Water / Completion Fluids	DICC.140	\$33,250	DICC.135	\$147,000	\$180,250
Mud & Additives	DICC.145	\$84,700			\$84,700
Surface Rentals	DICC.150	\$54,000	DICC.140	\$147,000	\$201,000
Downhole Rentals	DICC.155	\$125,000	DICC.145	\$36,000	\$161,000
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.160	\$5,000	\$10,000
Casing Crews	DICC.195	\$18,000	DICC.165	\$18,000	\$36,000
Extra Labor, Welding, Etc.	DICC.200	\$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	\$35,000	DICC.185	\$4,000	\$39,000
Other Misc Expenses	DICC.230	\$2,000	DICC.190	\$7,000	\$9,000
Overhead 300 Per Day	DICC.235	\$12,000	DICC.195	\$3,000	\$15,000
Remedial Cementing	DICC.240		DICC.215		\$0
MOB/DEMOB	DICC.245	\$110,000			\$110,000
Directional Drilling Services 14 Days @ 12,800 Per Day	DICC.245	\$204,000			\$204,000
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Well Control Equip (Snubbing Svcs.)	DICC.165	\$30,000	DICC.240	\$25,000	\$55,000
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, W/L Units, W/L Surveys			DICC.200	\$70,000	\$70,000
Stimulation			DICC.210	\$2,010,000	\$2,010,000
Legal / Regulatory / Curative	DICC.205	\$13,000	DICC.280		\$13,000
Well Control Insurance \$0.35 Per Foot	DICC.225	\$5,000			\$5,000
Contingency 5% of Drilling Intangibles	DICC.135	\$98,000	DICC.220	\$50,000	\$148,000
Construction For Well Equipment			DWEA.110	\$10,000	\$10,000
Construction For Lease Equipment			DWEA.140	\$75,000	\$75,000
Construction For Sales P/L			DICC.285	\$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	DWEE.150	\$22,000
Conductor Pipe				DWEE.130	\$0
Water String	20"	1090.00	\$136.78	DWEE.135	\$149,000
Surface Casing	13-3/8"	3524.00	\$83.03	DWEE.140	\$293,000
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N/C Well Equipment				DWEA.115	\$72,500
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Liner Hanger, Isolation Packer				DWEA.125	\$10,000
Packer, Nipples				DWEA.130	\$0
Pumping Unit, Engine				DWEA.130	\$145,000
Lift Equipment (BHP, Rods, Anchors)				DWEA.105	\$9,000
Tangible - Lease Equipment					
N/C Lease Equipment				DLEA.115	\$64,500
Tanks, Tanks Steps, Stairs				DLEA.120	\$64,250
Battery (Heater Treater, Separator, Gas Treating Equipment)				DLEA.125	\$32,500
Flow Lines (Line Pipe from wellhead to central facility)				DLEA.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	DICC.295	\$150,000	DICC.275	-\$150,000	\$0
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Est BHL: 2310 FSL & 330 FWL Sec 26, 20S-32E			Gas Prod

Estimate Type	Est. Start Date	Est. Comp Date	Formation	Ttl Measured Depth
Original Estimate			Bone Spring	14,300'
Revised Estimate				Ttl Vertical Depth
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Cimarex Energy Co. Approval

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

Joint Interest Approval

Company	By	Date

Oil Conservation Division
Case No. 5C
Exhibit No. 5C

8/8/2012 10:56 AM



Project Cost Estimate

Lease Name: Snoddy Federal

Well No.: 23H

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
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Intermediate Casing	9 5/8"	5200.00	\$42.13	DWEEB.145	\$219,000
Drilling Liner				DWEEB.145	\$0
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Production Casing or Liner	5 1/2"	14000.00	\$20.54	DWEEA.100	\$291,000
Production Tie-Back				DWEEA.100	\$0
Tubing	2 7/8"	9000.00	\$8.14	DWEEA.105	\$73,000
N/C Well Equipment				DWEEA.115	\$72,500
Wellhead, Tree, Chokes				DWEEA.120	\$31,000
Liner Hanger, Isolation Packer				DWEEB.100	\$0
Packer, Nipples				DWEEA.130	\$0
Pumping Unit, Engine				DWEEA.100	\$145,000
Lift Equipment (BHP, Rods, Anchors)				DWEEA.105	\$9,000
Tangible - Lease Equipment					
N/C Lease Equipment				DWEEA.115	\$64,500
Tanks, Tanks Steps, Stairs				DWEEA.120	\$64,250
Battery (Heater Treater, Separator, Gas Treating Equipment)				DWEEA.125	\$32,500
Flow Lines (Line Pipe from wellhead to central facility)				DWEEA.130	\$5,500
Offshore Production Structure for Facilities				DWEEA.135	\$0
Pipeline to Sales				DWEEA.140	\$0
Total Tangibles				\$696,000	\$785,250

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