

Cimarex Energy Co.  
600 N. Marienfeld St  
Suite 600  
Midland, TX 79701  
MA# 432.571.7800  
November 16, 2016



Estate of Earl R Lyle  
6700 E Cedar Ave A  
Denver, Colorado 80222

**Re: Proposal to Drill  
Hackberry 26 Fed Com 2H  
SE/4NE/4 Section 28, S/2N/2 Section 27, S/2N/2 Section 26, Township 19 South,  
Range 30 East, Eddy County, NM**

Dear Working Interest Owner,

Cimarex Energy Co. hereby proposes to drill the Hackberry 26 Fed Com 2H well at a legal location in Section 26, Township 19 South, Range 30 East, NMPM, Eddy Co., NM.

The intended surface hole location for the well is 1980' FNL and 180' FWL of Section 26, Township 19 South, Range 30 East, and the intended bottom hole location is 1980' FNL and 990' FEL of Section 28, Township 19 South, Range 30 East. The well is proposed to be drilled vertically to a depth of approximately 8,550' to the Second Bone Spring formation and laterally in a westerly direction within the formation to the referenced bottom hole location. Total measured depth of the well is proposed to be approximately 20,146' feet from surface to terminus.

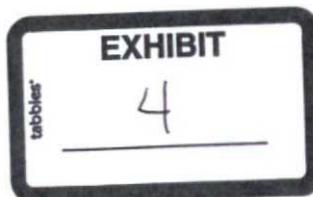
It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Cimarex's intended procedure. Cimarex will advise you of any such modifications.

Enclosed, in duplicate, is (i) our detailed AFE reflecting estimated costs associated with this proposal, and; (ii) our proposed form of Operating Agreement to govern operations of the Hackberry 26 Fed Com 2H well, and; (iii) Communization Agreement. If you intend to participate, please approve and return one (1) original of the enclosed AFE, one (1) original of the signature page to the Operating Agreement, and four (4) originals of the signature pages to the Communization Agreement, along with the contact information to receive your well data, to the undersigned within thirty (30) days of receipt of this proposal. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.

Please call the undersigned with any questions or comments.

Respectfully,

  
Kelly Reese, CPL  
432.620.1966



**ELECTION TO PARTICIPATE  
Hackberry 26 Fed Com 2H**

\_\_\_\_\_ Estate of Earl R Lyle elects **TO** participate in the proposed Hackberry 26 Fed Com 2H well.

\_\_\_\_\_ Estate of Earl R Lyle elects **NOT** to participate in the proposed Hackberry 26 Fed Com 2H well.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2016..

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

If your election above is TO participate in the proposed Hackberry 26 Fed Com 2H well, then:

\_\_\_\_\_ Estate of Earl R Lyle elects **TO** be covered by well control insurance procured by Cimarex Energy Co.

\_\_\_\_\_ Estate of Earl R Lyle elects **NOT** to be covered by well control insurance procured by Cimarex Energy Co. and agrees to provide Cimarex Energy Co. with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex Energy Co.



Authorization For Expenditure

**COPY**

Company Entity <b>MAGNUM HUNTER PRODUCTION, INC</b>	Date Prepared <b>10/10/2016</b>
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Region	Well Name	Prospect or Field Name	Property Number	Drilling AFE No.
Permian Basin	HACKBERRY 26 FED COM 2H	NEW MEXICO BONE SPRING PROS (EDDY)	309775-229.01	2615022

Location	County	State	Type Well		
SHL: 1980 FNL & 180 FWL, Sec. 26-T195-R30E; BHL: 1980 FNL & 995 FEL, Sec. 2B-T195-R30E	Eddy	NM	Oil	X	Expl
			Gas		Prod

Estimate Type	Est. Start Date	Est. Comp Date	Formation	TII Measured Depth
Original Estimate				18,246'
Revised Estimate	02/01/2017	05/01/2017	2nd Bone Spring	TII Vertical Depth
Supplemental Estimate				8,550'

**Project Description**  
 Drill and complete a horizontal test. Drill to 350 set surface casing. Drill to 1930' set intermediate casing. Drill to 3475' set intermediate 2 casing. Drill to 8073' (KOP). Run OH Logs. Drill curve at 12"/100' initial build rate to +/- 90 degrees and 8550' TVD and drill a +/- 9420' long lateral in the bone spring formation. Run and cement production casing. Stage frac in 33 stages. Drill out plugs. Run production tubing and ESP.

Intangibles	Dry Hole Cost	After Casing Point	Completed Well Cost
Drilling Costs	\$2,258,000		\$2,258,000
Completion Costs		\$5,189,000	\$5,189,000
<b>Total Intangible Costs</b>	<b>\$2,258,000</b>	<b>\$5,189,000</b>	<b>\$7,447,000</b>

Tangibles	Dry Hole Cost	After Casing Point	Completed Well Cost
Well Equipment	\$197,000	\$429,000	\$626,000
Lease Equipment		\$681,000	\$681,000
<b>Total Tangible Well Cost</b>	<b>\$197,000</b>	<b>\$1,110,000</b>	<b>\$1,307,000</b>

Plug and Abandon Cost	\$0	\$0	\$0
<b>Total Well Cost</b>	<b>\$2,455,000</b>	<b>\$6,299,000</b>	<b>\$8,754,000</b>

**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 re-drilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

**Marketing Election**  
 Cimarex sells its gas under arm's-length contracts with third party purchasers. Such contracts may include fees. In addition, penalties may be incurred for insufficient volumes delivered over time. Should you choose to market your share of gas with Cimarex, you will be subject to all of the terms of such contracts. Upon written request to Cimarex's Marketing Department, we will share with you the terms and conditions pursuant to which gas will be sold. Failure to make an election below shall be deemed an election to market your gas with Cimarex under the terms and conditions set forth above.

I elect to take my gas in kind.

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

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

**Cimarex Energy Co. Approval**

Prepared by	Drilling and Completion Manager	Regional Manager

**Joint Interest Approval**

Company	By	Date



Project Cost Estimate

Lease Name:

Intangibles	BCP - Drilling (Dry Hole Cost)		ACP - Drilling		Completion / Stimulation		
	Codes		Codes		Codes		
Roads & Location Preparation / Restoration	D1DC.100	\$180,000			STIM.100	\$5,000	
Damages	D1DC.105	\$10,000					
Mud / Fluids Disposal Charges	D1DC.255	\$135,000			STIM.255	\$39,000	
Day Rate 25.50 DH Days 4.00 ACP Days @ \$18,000.00 Per Day	D1DC.115	\$477,000	D1CC.120	\$72,000			
Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.)	D1DC.120	\$25,000					
Bits	D1DC.125	\$65,000	D1CC.125	\$0	STIM.125	\$0	
Fuel \$1.30 Per Gallon # Gallons Per Day	D1DC.135	\$63,000	D1CC.130	\$0			
Water for Drilling Rig / Completion Fluids (Not Frac Water)	D1DC.140	\$3,000	D1CC.135	\$0	STIM.135	\$175,000	
Mud & Additives	D1DC.145	\$185,000					
Surface Rentals	D1DC.150	\$43,000	D1CC.140	\$0	STIM.140	\$117,000	
Downhole Rentals	D1DC.155	\$88,000			STIM.145	\$50,000	
Formation Evaluation (DST, Coring including evaluation, G&G Services)	D1DC.160	\$0			STIM.150	\$0	
Mud Logging 24.75 Days @ \$1,200.00 Per Day	D1DC.170	\$35,000					
Open Hole Logging	D1DC.180	\$25,000					
Cementing & Float Equipment	D1DC.185	\$80,000	D1CC.155	\$70,000			
Tubular Inspections	D1DC.190	\$30,000	D1CC.160	\$5,000	STIM.160	\$2,000	
Casing Crews	D1DC.195	\$15,000	D1CC.165	\$30,000	STIM.165	\$0	
Extra Labor, Welding, Etc.	D1DC.200	\$15,000	D1CC.170	\$5,000	STIM.170	\$0	
Land Transportation (Trucking for tangibles)	D1DC.205	\$18,000	D1CC.175	\$15,000	STIM.175	\$2,000	
Supervision \$0.00 Per Day	D1DC.210	\$110,000	D1CC.180	\$14,000	STIM.180	\$84,000	
Trailer House / Camp / Catering	D1DC.280	\$20,000	D1CC.255	\$2,000	STIM.280	\$9,000	
Other Misc Expenses	D1DC.220	\$3,000	D1CC.190	\$0	STIM.190	\$0	
Overhead	D1DC.225	\$10,000	D1CC.195	\$5,000			
Remedial Cementing	D1DC.231	\$0			STIM.215	\$0	
MOB/DEMOB	D1DC.240	\$150,000					
Directional Drilling Services	D1DC.245	\$222,000					
Crane for Construction							
Solids Control	D1DC.260	\$37,000					
Well Control Equip (Snubbing Svcs.)	D1DC.265	\$89,000	D1CC.240	\$0	STIM.240	\$29,000	
Fishing & Sidetrack Operations	D1DC.270	\$0	D1CC.245	\$0	STIM.245	\$0	
Completion Rig					STIM.115	\$9,000	
Coil Tubing					STIM.260	\$250,000	
Completion Logging, Perforating, WL Units, WL Surveys					STIM.200	\$115,000	
Composite Plugs					STIM.390	\$53,000	
Stimulation Pumping Charges, Chemicals, Additives, Sand					STIM.210	\$2,688,000	
Stimulation Water / Water Transfer / Water Storage					STIM.395	\$500,000	
Cimarex Owned Frac / Rental Equipment					STIM.305	\$20,000	
Legal / Regulatory / Curative	D1DC.300	\$10,000					
Well Control Insurance \$0.35 Per Foot	D1DC.285	\$7,000					
Contingency 5.0 % of Drilling Intangibles	D1DC.495	\$108,000	D1CC.220	\$11,000	STIM.220	\$207,000	
Construction For Flow Lines							
Construction For Sales P/L							
<b>Total Intangible Cost</b>		<b>\$2,258,000</b>		<b>\$229,000</b>		<b>\$4,354,000</b>	
<b>Tangible - Well Equipment</b>							
Casing	Size	Feet	\$ / Foot				
Drive Pipe	0	0.00	\$0.00	DWEB.150	\$0		
Conductor Pipe	0	0.00	\$0.00	DWEB.130	\$0		
Water String	0	0.00	\$0.00	DWEB.135	\$0		
Surface Casing	20	350.00	\$62.00	DWEB.140	\$22,000		
Intermediate Casing 1	13.375	1990.00	\$36.00	DWEB.145	\$69,000		
Intermediate Casing 2	9.625	3475.00	\$22.00	DWEB.155	\$76,000		
Drilling Liner	0	0.00	\$0.00	DWEB.160	\$0		
Production Casing or Liner	5.5	18838.00	\$15.00		DWEA.100	\$283,000	
Production Tie-Back	0	0.00	\$0.00		DWEA.165	\$0	
Tubing	2.375	8170.00	\$5.00		STIMT.101	\$0	
Wellhead, Tree, Chokes				DWEB.115	\$30,000	DWEA.120	\$30,000
Liner Hanger, Isolation Packer				DWEB.100	\$0	DWEA.125	\$0
Packer, Nipples						STIMT.400	\$15,000
Pumping Unit, Engine						STIMT.405	\$0
Downhole Lift Equipment (BHP, Rods, Anchors, ESP, GVLS, PC Pump)						STIMT.410	\$35,000
<b>Tangible - Lease Equipment</b>							
N/C Lease Equipment							
Tanks, Tanks Steps, Stairs							
Battery (Heater Treater, Separator, Gas Treating Equipment)							
Secondary Containments							
Overhead Power Distribution (electric line to facility)							
Facility Electrical & Automation							
SWD Connection							
Flow Lines (Line Pipe from wellhead to central facility)							
Pipeline to Sales							
Meters and Metering Equipment							
<b>Total Tangibles</b>					<b>\$197,000</b>	<b>\$313,000</b>	
P&A Costs	D1DC.295	\$0		D1CC.275	\$0		
<b>Total Cost</b>					<b>\$2,455,000</b>	<b>\$542,000</b>	
						<b>\$4,470,000</b>	



Project Cost Estimate

Lease Name:

Intangibles	Production Equipment / Construction		Post Completion		Total-Well Cost		
	Codes		Codes				
Roads & Location Preparation / Restoration	CON.100	\$9,500	PCOM.100	\$15,000	\$209,500		
Damages	CON.105	\$7,500			\$17,500		
Mud / Fluids Disposal Charges			PCOM.255	\$49,000	\$223,000		
Day Rate	25.50	DH Days	4.00	ACP Days @	\$18,000.00	Per Day	
Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.)					\$25,000		
Bits			PCOM.125	\$0	\$65,000		
Fuel	\$1.30	Per Gallon	#####	Gallons Per Day	\$63,000		
Water for Drilling Rig / Completion Fluids (Not Frac Water)			PCOM.135	\$0	\$178,000		
Mud & Additives					\$185,000		
Surface Rentals	CON.140	\$8,500	PCOM.140	\$40,000	\$208,500		
Downhole Rentals			PCOM.145	\$0	\$138,000		
Formation Evaluation (DST, Coring including evaluation, G&G Services)					\$0		
Mud Logging		24.75	Days @	\$1,200.00	Per Day		
Open Hole Logging					\$25,000		
Cementing & Float Equipment					\$150,000		
Tubular Inspections			PCOM.160	\$0	\$37,000		
Casing Crews					\$45,000		
Extra Labor, Welding, Etc.	CON.170	\$210,000	PCOM.170	\$42,000	\$272,000		
Land Transportation (Trucking for tangibles)	CON.175	\$6,500	PCOM.175	\$0	\$41,500		
Supervision		\$0.00	CON.180	\$29,000	PCOM.180	\$0	
Trailer House / Camp / Catering					\$31,000		
Other Misc Expenses	CON.190	\$0	PCOM.190	\$0	\$3,000		
Overhead					\$15,000		
Remedial Cementing			PCOM.215	\$0	\$0		
MOB/DEMOB					\$150,000		
Directional Drilling Services					\$222,000		
Crane for Construction	CON.230	\$3,000			\$3,000		
Solids Control					\$37,000		
Well Control Equip (Snubbing Svcs.)			PCOM.240	\$0	\$118,000		
Fishing & Sidetrack Operations			PCOM.245	\$0	\$0		
Completion Rig			PCOM.115	\$0	\$9,000		
Coil Tubing			PCOM.260	\$0	\$250,000		
Completion Logging, Perforating, WL Units, WL Surveys			PCOM.200	\$0	\$115,000		
Composite Plugs			PCOM.390	\$0	\$53,000		
Stimulation Pumping Charges, Chemicals, Additives, Sand			PCOM.210	\$0	\$2,688,000		
Stimulation Water / Water Transfer / Water Storage					\$500,000		
Cimarex Owned Frac / Rental Equipment					\$20,000		
Legal / Regulatory / Curative	CON.300	\$0			\$10,000		
Well Control Insurance		\$0.35	Per Foot		\$7,000		
Contingency		5.0	% of Drilling Intangibles	CON.220	\$102,500	PCOM.220	\$11,000
Construction For Flow Lines	CON.310	\$72,500			\$72,500		
Construction For Sales P/L	CON.265	\$0			\$0		
<b>Total Intangible Cost</b>					<b>\$449,000</b>	<b>\$157,000</b>	<b>\$7,417,000</b>

Tangible - Well Equipment	Size	Feet	\$ / Foot					
Casing						\$0		
Drive Pipe	0	0.00	\$0.00			\$0		
Conductor Pipe	0	0.00	\$0.00			\$0		
Water String	0	0.00	\$0.00			\$0		
Surface Casing	20	350.00	\$62.00			\$22,000		
Intermediate Casing 1	13.375	1930.00	\$36.00			\$69,000		
Intermediate Casing 2	9.625	3475.00	\$22.00			\$76,000		
Drilling Liner	0	0.00	\$0.00			\$0		
Production Casing or Liner	5.5	18838.00	\$15.00			\$283,000		
Production Tie-Back	0	0.00	\$0.00			\$0		
Tubing	2.375	8170.00	\$5.00			\$85,000		
Wellhead, Tree, Chokes						\$0		
Liner Hanger, Isolation Packer						\$0		
Packer, Nipples				PCOMAT.400	\$0	\$15,000		
Pumping Unit, Engine				PCOMAT.405	\$0	\$0		
Downhole Lift Equipment (BHP, Rods, Anchors, ESP, GVLS, PC Pump)				PCOMAT.410	\$0	\$35,000		
<b>Tangible - Lease Equipment</b>								
N/C Lease Equipment	CONT.400	\$95,500				\$95,500		
Tanks, Tanks Steps, Stairs	CONT.405	\$57,000				\$57,000		
Battery (Heater Treater, Separator, Gas Treating Equipment)	CONT.410	\$256,000				\$256,000		
Secondary Containments	CONT.415	\$35,000				\$35,000		
Overhead Power Distribution (electric line to facility)	CONT.420	\$109,000				\$109,000		
Facility Electrical & Automation	CONT.425	\$80,500				\$80,500		
SWD Connection	CONT.430	\$0				\$0		
Flow Lines (Line Pipe from wellhead to central facility)	CONT.435	\$15,000				\$15,000		
Pipeline to Sales	CONT.440	\$0				\$0		
Meters and Metering Equipment	CONT.445	\$33,000				\$33,000		
<b>Total Tangibles</b>						<b>\$681,000</b>	<b>\$0</b>	<b>\$1,307,000</b>
<b>P&amp;A Costs</b>								<b>\$0</b>
<b>Total Cost</b>						<b>\$1,130,000</b>	<b>\$157,000</b>	<b>\$8,754,000</b>



Authorization For Expenditure

Company Entity <b>MAGNUM HUNTER PRODUCTION, INC</b>	Date Prepared <b>10/10/2016</b>
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Region	Well Name	Prospector/Field Name	Property Number	Drilling AFE No.
Permian Basin	HACKBERRY 26 FED COM 2H	NEW MEXICO BONE SPRING PROS (EDDY)	309775-229.01	2615022

Location	County	State	Type Well		
SHL: 1980 FNL & 180 FWL, Sec. 26-T195-R30E; BHL: 1980 FNL & 995 FEL, Sec. 28-T195-R30E	Eddy	NM	Oil	X	Expl
			Gos		Prod

Estimate Type	Est. Start Date	Est. Comp. Date	Formation	Ttl Measured Depth
Original Estimate	X			18,246'
Revised Estimate				
Supplemental Estimate	02/01/2017	05/01/2017	2nd Bone Spring	Ttl Vertical Depth 8,550'

**Project Description:**  
 Drill and complete a horizontal test. Drill to 350 set surface casing. Drill to 1930' set intermediate casing. Drill to 3475' set intermediate 2 casing. Drill to 8073' (KOP). Run OH Logs. Drill curve at 12°/100' initial build rate to +/- 90 degrees and 8550' TVD and drill a +/- 9420' long lateral in the bone spring formation. Run and cement production casing. Stage frac in 33 stages. Drill out plugs. Run production tubing and ESP.

Intangibles	Dry Hole Cost	After Casing Point	Completed Well Cost
Drilling Costs	\$2,258,000		\$2,258,000
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<b>Total Intangible Costs</b>	<b>\$2,258,000</b>	<b>\$5,189,000</b>	<b>\$7,447,000</b>
Tangibles			
Well Equipment	\$197,000	\$429,000	\$626,000
Lease Equipment		\$681,000	\$681,000
<b>Total Tangible Well Cost</b>	<b>\$197,000</b>	<b>\$1,110,000</b>	<b>\$1,307,000</b>
Plug and Abandon Cost	\$0	\$0	\$0
<b>Total Well Cost</b>	<b>\$2,455,000</b>	<b>\$6,299,000</b>	<b>\$8,754,000</b>

**Comments on Well Costs:**  
 1. All tubulars, well or lease equipment is priced by COPAS and CEP5 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 therefor. 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.

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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.

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I elect to take my gas in kind.

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

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

Cimarex Energy Co. Approval

Prepared by:	Drilling and Completion Manager	Regional Manager

Joint Interest Approval

Company	By	Date



Project Cost Estimate

Lease Name:

Intangibles	BCP - Drilling (Dry Hole Cost)		ACP - Drilling		Completion/ Stimulation	
	Codes		Codes		Codes	
Roads & Location Preparation / Restoration	DIDC.100	\$180,000			STIM.100	\$5,000
Damages	DIDC.105	\$10,000				
Mud / Fluids Disposal Charges	DIDC.255	\$135,000			STIM.255	\$39,000
Day Rate	25.50	DH Days	4.00	ACP Days @	\$18,000.00	Per Day
Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.)	DIDC.120	\$25,000				
Bits	DIDC.125	\$65,000	DICC.125	\$0	STIM.125	\$0
Fuel	\$1.30	Per Gallon	#####	Gallons Per Day		
Water for Drilling Rig / Completion Fluids (Not Frac Water)	DIDC.140	\$3,000	DICC.135	\$0	STIM.135	\$175,000
Mud & Additives	DIDC.145	\$185,000				
Surface Rentals	DIDC.150	\$43,000	DICC.140	\$0	STIM.140	\$117,000
Downhole Rentals	DIDC.155	\$88,000			STIM.145	\$50,000
Formation Evaluation (DST, Coring including evaluation, G&G Services)	DIDC.160	\$0			STIM.150	\$0
Mud Logging	24.75	Days @	\$1,200.00	Per Day		
Open Hole Logging	DIDC.180	\$25,000				
Cementing & Float Equipment	DIDC.185	\$80,000	DICC.155	\$70,000		
Tubular Inspections	DIDC.190	\$30,000	DICC.160	\$5,000	STIM.160	\$2,000
Casing Crews	DIDC.195	\$15,000	DICC.165	\$30,000	STIM.165	\$0
Extra Labor, Welding, Etc.	DIDC.200	\$15,000	DICC.170	\$5,000	STIM.170	\$0
Land Transportation (Trucking for tangibles)	DIDC.205	\$18,000	DICC.175	\$15,000	STIM.175	\$2,000
Supervision	\$0.00	Per Day				
Trailer House / Camp / Catering	DIDC.280	\$20,000	DICC.255	\$2,000	STIM.280	\$9,000
Other Misc Expenses	DIDC.220	\$3,000	DICC.190	\$0	STIM.190	\$0
Overhead	DIDC.225	\$10,000	DICC.195	\$5,000		
Remedial Cementing	DIDC.231	\$0			STIM.215	\$0
MOB/DEMOB	DIDC.240	\$150,000				
Directional Drilling Services	DIDC.245	\$222,000				
Crane for Construction						
Solids Control	DIDC.260	\$37,000				
Well Control Equip (Snubbing Svcs.)	DIDC.265	\$89,000	DICC.240	\$0	STIM.240	\$29,000
Fishing & Sidetrack Operations	DIDC.270	\$0	DICC.245	\$0	STIM.245	\$0
Completion Rig					STIM.115	\$9,000
Coil Tubing					STIM.260	\$250,000
Completion Logging, Perforating, WL Units, WL Surveys					STIM.200	\$115,000
Composite Plugs					STIM.390	\$53,000
Stimulation Pumping Charges, Chemicals, Additives, Sand					STIM.210	\$2,688,000
Stimulation Water / Water Transfer / Water Storage					STIM.395	\$500,000
Cimarex Owned Frac / Rental Equipment					STIM.305	\$20,000
Legal / Regulatory / Curative	DIDC.300	\$10,000				
Well Control Insurance	\$0.35	Per Foot	DIDC.285	\$7,000		
Contingency	5.0	% of Drilling Intangibles	DIDC.435	\$108,000	DICC.220	\$11,000
Construction For Flow Lines					STIM.220	\$207,000
Construction For Sales P/L						
<b>Total Intangible Cost</b>			<b>\$2,258,000</b>		<b>\$229,000</b>	<b>\$4,354,000</b>

Tangible Well Equipment	Size	Feet	\$ / Foot				
Casing	0	0.00	\$0.00	DWEB.150	\$0		
Drive Pipe	0	0.00	\$0.00	DWEB.130	\$0		
Conductor Pipe	0	0.00	\$0.00	DWEB.135	\$0		
Water String	0	0.00	\$0.00	DWEB.140	\$22,000		
Surface Casing	20	350.00	\$62.00	DWEB.145	\$69,000		
Intermediate Casing 1	13.375	1930.00	\$36.00	DWEB.155	\$76,000		
Intermediate Casing 2	9.625	3475.00	\$22.00	DWEB.160	\$0		
Drilling Liner	0	0.00	\$0.00	DWEA.100	\$283,000		
Production Casing or Liner	5.5	18838.00	\$15.00	DWEA.165	\$0	STIMT.101	\$0
Production Tie-Back	0	0.00	\$0.00			STIMT.105	\$41,000
Tubing	2.375	8170.00	\$5.00	DWEB.115	\$30,000	DWEA.120	\$30,000
Wellhead, Tree, Chokes				DWEB.100	\$0	DWEA.125	\$0
Liner Hanger, Isolation Packer						STIMT.400	\$15,000
Packer, Nipples						STIMT.405	\$0
Pumping Unit, Engine						STIMT.410	\$35,000
Downhole Lift Equipment (BHP, Rods, Anchors, ESP, GVLS, PC Pump)							
Tangible Lease Equipment							
N/C Lease Equipment							
Tanks, Tanks Steps, Stairs							
Battery (Heater Treater, Separator, Gas Treating Equipment)							
Secondary Containments							
Overhead Power Distribution (electric line to facility)							
Facility Electrical & Automation							
SWD Connection							
Flow Lines (Line Pipe from wellhead to central facility)							
Pipeline to Sales							
Meters and Metering Equipment							
<b>Total Tangibles</b>				<b>\$197,000</b>		<b>\$313,000</b>	<b>\$116,000</b>

P&A Costs	DIDC.295	\$0	DICC.275	\$0		
<b>Total Cost</b>			<b>\$2,455,000</b>		<b>\$542,000</b>	<b>\$4,470,000</b>



Project Cost Estimate

Lease Name:

Intangibles	Production		Post		Total Wellbore Cost		
	Codes	Equipment / Construction	Codes	Completion			
Roads & Location Preparation / Restoration	CON 100	\$9,500	PCDM 100	\$15,000	\$209,500		
Damages	CON 105	\$7,500			\$17,500		
Mud / Fluids Disposal Charges			PCDM 255	\$49,000	\$223,000		
Day Rate	25.50	DH Days	4.00	ACP Days @	\$18,000.00	Per Day	\$549,000
Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.)					\$25,000		
Bits			PCDM 125	\$0	\$65,000		
Fuel	\$1.30	Per Gallon	#####	Gallons Per Day	\$63,000		
Water for Drilling Rig / Completion Fluids (Not Frac Water)			PCDM 135	\$0	\$178,000		
Mud & Additives					\$185,000		
Surface Rentals	CON 140	\$8,500	PCDM 140	\$40,000	\$208,500		
Downhole Rentals			PCDM 145	\$0	\$138,000		
Formation Evaluation (DST, Coring including evaluation, G&G Services)					\$0		
Mud Logging		24.75	Days @	\$1,200.00	Per Day	\$35,000	
Open Hole Logging					\$150,000		
Cementing & Float Equipment					\$150,000		
Tubular Inspections			PCDM 160	\$0	\$37,000		
Casing Crews					\$45,000		
Extra Labor, Welding, Etc.	CON 170	\$210,000	PCDM 170	\$42,000	\$272,000		
Land Transportation (Trucking for tangibles)	CON 175	\$6,500	PCDM 175	\$0	\$41,500		
Supervision		\$0.00	Per Day		\$237,000		
Trailer House / Camp / Catering					\$31,000		
Other Misc Expenses	CON 190	\$0	PCDM 190	\$0	\$3,000		
Overhead					\$15,000		
Remedial Cementing			PCDM 215	\$0	\$0		
MOB/DEMOB					\$150,000		
Directional Drilling Services					\$222,000		
Crane for Construction	CON 230	\$3,000			\$3,000		
Solids Control					\$37,000		
Well Control Equip (Snubbing Svcs.)			PCDM 240	\$0	\$118,000		
Fishing & Sidetrack Operations			PCDM 245	\$0	\$0		
Completion Rig			PCDM 115	\$0	\$9,000		
Coil Tubing			PCDM 260	\$0	\$250,000		
Completion Logging, Perforating, WL Units, WL Surveys			PCDM 200	\$0	\$115,000		
Composite Plugs			PCDM 390	\$0	\$53,000		
Stimulation Pumping Charges, Chemicals, Additives, Sand			PCDM 210	\$0	\$2,688,000		
Stimulation Water / Water Transfer / Water Storage					\$500,000		
Cimarex Owned Frac / Rental Equipment					\$20,000		
Legal / Regulatory / Curative	CON 300	\$0			\$10,000		
Well Control Insurance		\$0.35	Per Foot		\$7,000		
Contingency		5.0	% of Drilling Intangibles		\$439,500		
Construction For Flow Lines	CON 310	\$72,500	PCDM 220	\$11,000	\$72,500		
Construction For Sales P/L	CON 345	\$0			\$0		
<b>Total Intangible Cost</b>		<b>\$449,000</b>		<b>\$157,000</b>	<b>\$7,447,000</b>		

Tangible Well Equipment	Size	Feet	\$ / Foot			
Casing						\$0
Drive Pipe	0	0.00	\$0.00			\$0
Conductor Pipe	0	0.00	\$0.00			\$0
Water String	0	0.00	\$0.00			\$0
Surface Casing	20	350.00	\$62.00			\$22,000
Intermediate Casing 1	13.375	1930.00	\$36.00			\$69,000
Intermediate Casing 2	9.625	3475.00	\$22.00			\$76,000
Drilling Liner	0	0.00	\$0.00			\$0
Production Casing or Liner	5.5	18838.00	\$15.00			\$283,000
Production Tie-Back	0	0.00	\$0.00			\$0
Production Tie-Back	2.375	8170.00	\$5.00			\$41,000
Tubing						\$85,000
Wellhead, Tree, Chokes						\$0
Liner Hanger, Isolation Packer						\$15,000
Packer, Nipples				PCDMT 400	\$0	\$0
Pumping Unit, Engine				PCDMT 405	\$0	\$0
Downhole Lift Equipment (BHP, Rods, Anchors, ESP, GVLS, PC Pump)				PCDMT 410	\$0	\$35,000

Tangible Lease Equipment					
N/C Lease Equipment	CON 400	\$95,500			\$95,500
Tanks, Tanks Steps, Stairs	CON 405	\$57,000			\$57,000
Battery (Heater Treater, Separator, Gas Treating Equipment)	CON 410	\$256,000			\$256,000
Secondary Containments	CON 415	\$35,000			\$35,000
Overhead Power Distribution (electric line to facility)	CON 420	\$109,000			\$109,000
Facility Electrical & Automation	CON 425	\$80,500			\$80,500
SWD Connection	CON 430	\$0			\$0
Flow Lines (Line Pipe from wellhead to central facility)	CON 435	\$15,000			\$15,000
Pipeline to Sales	CON 440	\$0			\$0
Meters and Metering Equipment	CON 445	\$33,000			\$33,000
<b>Total Tangibles</b>		<b>\$681,000</b>		<b>\$0</b>	<b>\$1,307,000</b>

P&A Costs					\$0
<b>Total Cost</b>		<b>\$1,130,000</b>		<b>\$157,000</b>	<b>\$8,754,000</b>



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# FedEx® Tracking

**777848858004**

Ship date:

**Fri 12/02/2016**

Actual delivery:

**Tue 12/06/2016 11:52 am**

Midland, TX US



**Delivered**

*Signature not required*

DENVER, CO US

## Travel History

Date/Time	Activity	Location
<b>12/06/2016 - Tuesday</b>		
11:52 am	Delivered	DENVER, CO
	Left at front door. Package delivered to recipient address - release authorized	
8:47 am	On FedEx vehicle for delivery	ENGLEWOOD, CO
7:19 am	At local FedEx facility	ENGLEWOOD, CO
<b>12/05/2016 - Monday</b>		
2:45 pm	At local FedEx facility	ENGLEWOOD, CO
11:34 am	At local FedEx facility	ENGLEWOOD, CO
	Package not due for delivery	
11:21 am	Delivery exception	ENGLEWOOD, CO
	Package at station, arrived after courier dispatch	
11:12 am	At local FedEx facility	ENGLEWOOD, CO
10:10 am	At local FedEx facility	ENGLEWOOD, CO
8:36 am	Delivery exception	LITTLETON, CO
	Incorrect address - Zip/Postal code	
7:32 am	At local FedEx facility	LITTLETON, CO
<b>12/03/2016 - Saturday</b>		
7:18 am	At local FedEx facility	LITTLETON, CO
	Package not due for delivery	
7:18 am	At local FedEx facility	LITTLETON, CO
5:08 am	At destination sort facility	DENVER, CO
3:51 am	Departed FedEx location	MEMPHIS, TN
<b>12/02/2016 - Friday</b>		
11:32 pm	Arrived at FedEx location	MEMPHIS, TN
7:51 pm	Left FedEx origin facility	MIDLAND, TX
6:31 pm	Picked up	MIDLAND, TX
10:37 am	Shipment information sent to FedEx	

## Shipment Facts

Tracking number	777848858004	Service	FedEx 2Day
Weight	0.5 lbs / 0.23 kgs	Delivered To	Residence
Total pieces	1	Total shipment weight	0.5 lbs / 0.23 kgs
Terms	Shipper	Packaging	FedEx Envelope
Special handling section	Deliver Weekday, Residential Delivery	Standard transit	12/06/2016 by 8:00 pm

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ORIGIN ID:MAFA (432) 620-1966  
KELLY REESE  
CMA/REX ENERGY CO  
6000 N. WARRENFIELD SUITE 600  
MIDLAND, TX 79701  
UNITED STATES US

SHIP DATE: 02DEC16  
ACTWGT: 1.00 LB  
CAD: 107069441/INLET3790  
BILL SENDER

TO ESTATE OF EARL R LYLE

6700 E CEDAR AVE A

DENVER CO 80222

(432) 620-1966 REF:  
INV:  
PO: DEPT:

544J1D42F14EB



TUE - 06 DEC 4:30P

\*\* 2DAY \*\*

TRK# 7778 4885 8004  
0201

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**777831613269**

Ship date:  
Wed 11/30/2016



Actual delivery:  
Thu 12/01/2016 3:18 pm

**Cimarex Energy Co**  
Kelly Reese  
600 N. Marienfeld Suite 600  
Midland, TX US 79701  
432 571-7800

**Delivered**  
Signature not required

Roy G. Barton, Jr.  
114 Pacific Ave  
VENICE, CA US 90291  
432 571-7800

Travel History

Date/Time	Activity	Location
<b>12/01/2016 - Thursday</b>		
3:18 pm	Delivered	VENICE, CA
	Left at front door. Package delivered to recipient address - release authorized	
7:52 am	On FedEx vehicle for delivery	MARINA DEL REY, CA
7:32 am	At local FedEx facility	MARINA DEL REY, CA
5:59 am	At destination sort facility	LOS ANGELES, CA
3:45 am	Departed FedEx location	MEMPHIS, TN
<b>11/30/2016 - Wednesday</b>		
11:18 pm	Arrived at FedEx location	MEMPHIS, TN
7:47 pm	Left FedEx origin facility	MIDLAND, TX
6:28 pm	Picked up	MIDLAND, TX
3:41 pm	Shipment information sent to FedEx	

Shipment Facts

Tracking number	777831613269	Service	FedEx 2Day
Weight	0.5 lbs / 0.23 kgs	Delivery attempts	1
Delivered To	Residence	Total pieces	1
Total shipment weight	0.5 lbs / 0.23 kgs	Terms	Not Available
Packaging	FedEx Envelope	Special handling section	Deliver Weekday, Residential Delivery
Standard transit	12/02/2016 by 8:00 pm		



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ORIGIN ID:MAFA (432) 571-7800  
KELLY REESE  
CHAMREX ENERGY CO  
600 N. MARSHFIELD SUITE 600  
MIDLAND, TX 79701  
UNITED STATES US

SHIP DATE: 30NOV16  
ACT/MGT: 1.00 LB  
CAD: 107069441/IN/ET/3790  
BILL SENDER

TO ROY G. BARTON, JR.

114 PACIFIC AVE

VENICE CA 90291

(432) 571-7800 REF:  
NOV. DEPT:  
PO.

544J1/D42F/14E8



TRK# 7778 3161 3269  
0201

FRI - 02 DEC 4:30P  
\*\* 2DAY \*\*

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Cimarex Energy Co.  
600 N. Marienfeld St  
Suite 600  
Midland, TX 79701  
MAIN 432 571 7800



November 16, 2016

Roy G. Barton, Jr.  
P.O. Box 978  
Hobbs, New Mexico 88241

**Re: Proposal to Drill  
Hackberry 26 Fed Com 1H  
NE/4NE/4 Section 28, N/2N/2 Section 27, N/2N/2 Section 26, Township 19 South,  
Range 30 East, Eddy County, NM**

Dear Working Interest Owner,

Cimarex Energy Co. hereby proposes to drill the Hackberry 26 Fed Com 1H well at a legal location in Section 26, Township 19 South, Range 30 East, NMPM, Eddy Co., NM.

The intended surface hole location for the well is 600' FNL and 180' FWL of Section 26, Township 19 South, Range 30 East, and the intended bottom hole location is 660' FNL and 990' FEL of Section 28, Township 19 South, Range 30 East. The well is proposed to be drilled vertically to a depth of approximately 8,550' to the Second Bone Spring formation and laterally in a westerly direction within the formation to the referenced bottom hole location. Total measured depth of the well is proposed to be approximately 19,151' feet from surface to terminus.

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

Enclosed, in duplicate, is (i) our detailed AFE reflecting estimated costs associated with this proposal, and; (ii) our proposed form of Operating Agreement to govern operations of the Hackberry 26 Fed Com 1H well, and; (iii) Communization Agreement. If you intend to participate, please approve and return one (1) original of the enclosed AFE, one (1) original of the signature page to the Operating Agreement, and four (4) originals of the signature pages to the Communization Agreement, along with the contact information to receive your well data, to the undersigned within thirty (30) days of receipt of this proposal. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.

Please call the undersigned with any questions or comments.

Respectfully,

A handwritten signature in cursive script that reads "Kelly Reese".

Kelly Reese, CPL  
432.620.1966

**ELECTION TO PARTICIPATE  
Hackberry 26 Fed Com 1H**

\_\_\_\_ Roy G. Barton, Jr. elects **TO** participate in the proposed Hackberry 26 Fed Com 1H well.

\_\_\_\_ Roy G. Barton, Jr. elects **NOT** to participate in the proposed Hackberry 26 Fed Com 1H well.

Dated this \_\_\_\_ day of \_\_\_\_\_, 2016..

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

If your election above is TO participate in the proposed Hackberry 26 Fed Com 1H well, then:

\_\_\_\_ Roy G. Barton, Jr. elects **TO** be covered by well control insurance procured by Cimarex Energy Co.

\_\_\_\_ Roy G. Barton, Jr. elects **NOT** to be covered by well control insurance procured by Cimarex Energy Co. and agrees to provide Cimarex Energy Co. with a certificate of insurance prior to commencement of drilling operations **or** be deemed to have elected to be covered by well control insurance procured by Cimarex Energy Co.



Authorization For Expenditure

Company Entity <b>MAGNUM HUNTER PRODUCTION, INC</b>	Date Prepared <b>10/10/2016</b>
--	------------------------------------

Region	WellName	Prospect or FieldName	Property Number	Drilling AFE No
Permian Basin	HACKBERRY 26 FED COM 1H	NEW MEXICO BONE SPRING PROS (EDDY)	309775-228.01	2615021

Location	County	State	Type Well			
SHL: 660 FNL & 180 FWL, Sec. 26-T19S-30E; BHL: 660 FNL & 330 FWL, Sec. 27-T19S-R30E	Eddy	NM	Oil	X	Expl	X
			Gas		Prod	

Estimate Type	Est. Start Date	Est. Comp Date	Formation	Ttl/Measured Depth
Original Estimate				18,245'
Revised Estimate	02/01/2017	05/01/2017	2nd Bone Spring	Ttl/Vertical Depth
Supplemental Estimate				8,550'

**Project Description**  
 Drill and complete a horizontal test. Drill to 350' set surface casing. Drill to 1930' set intermediate casing. Drill to 3475' set intermediate 2 casing. Drill to 8073' (KOP). Run OH Logs. Drill curve at 12°/100' initial build rate to +/- 90 degrees and 8550' TVD and drill a +/- 9420' long lateral in the bone spring formation. Run and cement production casing. Stage frac in 33 stages. Drill out plugs. Run production tubing and ESP.

Intangibles	Dry Hole Cost	After Casing Point	Completed Well Cost
Drilling Costs	\$2,218,000		\$2,218,000
Completion Costs		\$5,262,000	\$5,262,000
<b>Total Intangible Costs</b>	<b>\$2,218,000</b>	<b>\$5,262,000</b>	<b>\$7,480,000</b>

Tangibles			
Well Equipment	\$197,000	\$424,000	\$621,000
Lease Equipment		\$693,000	\$693,000
<b>Total Tangible Well Cost</b>	<b>\$197,000</b>	<b>\$1,117,000</b>	<b>\$1,314,000</b>

Plug and Abandon Cost	\$0	\$0	\$0
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<b>Total Well Cost</b>	<b>\$2,415,000</b>	<b>\$6,379,000</b>	<b>\$8,794,000</b>
------------------------	--------------------	--------------------	--------------------

**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.

**Marketing Election**  
 Cimarex sells its gas under arm's-length contracts with third party purchasers. Such contracts may include fees. In addition, penalties may be incurred for insufficient volumes delivered over time. Should you choose to market your share of gas with Cimarex, you will be subject to all of the terms of such contracts. Upon written request to Cimarex's Marketing Department, we will share with you the terms and conditions pursuant to which gas will be sold. Failure to make an election below shall be deemed an election to market your gas with Cimarex under the terms and conditions set forth above.

I elect to take my gas in kind.

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

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

**Cimarex Energy Co. Approval**

Prepared by	Drilling and Completion Manager	Regional Manager

**Joint Interest Approval**

Company	By	Date



Project Cost Estimate

Lease Name:

Intangibles	BCP - Drilling (Dry Hole Cost)		ACP - Drilling		Completion / Stimulation		
	Codes	Cost	Codes	Cost	Codes	Cost	
Roads & Location Preparation / Restoration	DIDC 100	\$180,000			STIM 100	\$5,000	
Damages	DIDC 105	\$10,000					
Mud / Fluids Disposal Charges	DIDC 255	\$135,000			STIM 255	\$37,000	
Day Rate	24.50 DN Days	4.00 ACP Days @	\$18,000.00 Per Day	DIDC 115	\$459,000	DICC 130	\$72,000
Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.)	DIDC 120	\$25,000					
Bits	DIDC 125	\$65,000	DICC 125	\$0	STIM 125	\$0	
Fuel	\$1.30 Per Gallon	##### Gallons Per Day	DIDC 135	\$61,000	DICC 130	\$0	
Water for Drilling Rig / Completion Fluids (Not Frac Water)	DIDC 140	\$3,000	DICC 135	\$0	STIM 135	\$170,000	
Mud & Additives	DIDC 145	\$185,000					
Surface Rentals	DIDC 150	\$41,000	DICC 140	\$0	STIM 140	\$115,000	
Downhole Rentals	DIDC 155	\$88,000			STIM 145	\$50,000	
Formation Evaluation (DST, Coring including evaluation, G&G Services)	DIDC 160	\$0			STIM 150	\$0	
Mud Logging	23.75 Days @	\$1,200.00 Per Day	DIDC 170	\$34,000			
Open Hole Logging	DIDC 180	\$25,000					
Cementing & Float Equipment	DIDC 185	\$80,000	DICC 155	\$70,000			
Tubular Inspections	DIDC 190	\$30,000	DICC 160	\$5,000	STIM 160	\$2,000	
Casing Crews	DIDC 195	\$15,000	DICC 165	\$30,000	STIM 165	\$0	
Extra Labor, Welding, Etc.	DIDC 200	\$15,000	DICC 170	\$5,000	STIM 170	\$0	
Land Transportation (Trucking for tangibles)	DIDC 205	\$18,000	DICC 175	\$15,000	STIM 175	\$2,000	
Supervision	\$0.00 Per Day	DIDC 210	\$107,000	DICC 180	\$14,000	STIM 180	\$82,000
Trailer House / Camp / Catering	DIDC 280	\$19,000	DICC 255	\$2,000	STIM 280	\$9,000	
Other Misc Expenses	DIDC 220	\$3,000	DICC 190	\$0	STIM 190	\$0	
Overhead	DIDC 225	\$10,000	DICC 195	\$5,000			
Remedial Cementing	DIDC 231	\$0			STIM 215	\$0	
MOB/DEMOB	DIDC 240	\$150,000					
Directional Drilling Services	DIDC 245	\$216,000					
Crane for Construction							
Solids Control	DIDC 260	\$36,000					
Well Control Equip (Snubbing Svcs.)	DIDC 265	\$86,000	DICC 240	\$0	STIM 240	\$29,000	
Fishing & Sidetrack Operations	DIDC 270	\$0	DICC 245	\$0	STIM 245	\$0	
Completion Rig					STIM 115	\$9,000	
Coil Tubing					STIM 260	\$250,000	
Completion Logging, Perforating, WL Units, WL Surveys					STIM 200	\$111,000	
Composite Plugs					STIM 390	\$51,000	
Stimulation Pumping Charges, Chemicals, Additives, Sand					STIM 210	\$2,611,000	
Stimulation Water / Water Transfer / Water Storage					STIM 395	\$487,000	
Cimorex Owned Frac / Rental Equipment					STIM 305	\$20,000	
Legal / Regulatory / Curative	DIDC 300	\$10,000					
Well Control Insurance	\$0.35 Per Foot	DIDC 285	\$6,000				
Contingency	5.0 % of Drilling intangibles	DIDC 435	\$106,000	DICC 220	\$11,000	STIM 220	\$202,000
Construction For Flow Lines							
Construction For Sales P/L							
<b>Total Intangible Cost</b>			<b>\$2,218,000</b>		<b>\$229,000</b>	<b>\$4,242,000</b>	

Tangible - Well Equipment	Size	Feet	\$ / Foot	Code	Cost
Casing					
Drive Pipe	0	0.00	\$0.00	DWEB 150	\$0
Conductor Pipe	0	0.00	\$0.00	DWEB 130	\$0
Water Casing	0	0.00	\$0.00	DWEB 135	\$0
Surface Casing	20	350.00	\$62.00	DWEB 140	\$22,000
Intermediate Casing 1	13.375	1990.00	\$96.00	DWEB 145	\$69,000
Intermediate Casing 2	9.625	3475.00	\$22.00	DWEB 155	\$76,000
Drilling Liner	0	0.00	\$0.00	DWEB 160	\$0
Production Casing or Liner	5.5	18561.00	\$15.00	DWEA 100	\$278,000
Production Tie-Back	0	0.00	\$0.00	DWEA 165	\$0
Tubing	2.375	8170.00	\$5.00	STIMT 101	\$0
Wellhead, Tree, Chokes				DWEB 115	\$30,000
Liner Hanger, Isolation Packer				DWEB 100	\$0
Packer, Nipples				DWEA 120	\$30,000
Pumping Unit, Engine				DWEA 125	\$0
Downhole Lift Equipment (BHP, Rods, Anchors, ESP, GVLS, PC Pump)				STIMT 400	\$15,000
				STIMT 405	\$0
				STIMT 410	\$35,000

Tangible - Lease Equipment	Code	Cost
N/C Lease Equipment		
Tanks, Tanks Steps, Stairs		
Battery (Heater Treater, Separator, Gas Treating Equipment)		
Secondary Containments		
Overhead Power Distribution (electric line to facility)		
Facility Electrical & Automation		
SWD Connection		
Flow Lines (Line Pipe from wellhead to central facility)		
Pipeline to Sales		
Meters and Metering Equipment		
<b>Total Tangibles</b>		<b>\$197,000</b>

P&A Costs	DIDC 295	\$0	DICC 275	\$0
<b>Total Cost</b>		<b>\$2,415,000</b>		<b>\$537,000</b>



Project Cost Estimate

Lease Name:

Intangibles	Production Equipment / Construction		Post Completion		Total Well Cost			
	Codes		Codes					
Roads & Location Preparation / Restoration	CON.100	\$9,500	PCOM.100	\$15,000	\$209,500			
Damages	CON.105	\$7,500			\$17,500			
Mud / Fluids Disposal Charges			PCOM.255	\$49,000	\$221,000			
Day Rate	24.50	DH Days	4.00	ACP Days @	\$18,000.00	Per Day		
Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.)					\$25,000			
Bits			PCOM.125	\$0	\$65,000			
Fuel	\$1.30	Per Gallon	#####	Gallons Per Day	\$61,000			
Water for Drilling Rig / Completion Fluids (Not Frac Water)			PCOM.135	\$0	\$173,000			
Mud & Additives					\$185,000			
Surface Rentals	CON.140	\$8,500	PCOM.140	\$40,000	\$204,500			
Downhole Rentals			PCOM.145	\$0	\$138,000			
Formation Evaluation (DST, Coring including evaluation, G&G Services)					\$0			
Mud Logging		23.75	Days @	\$1,200.00	Per Day			
Open Hole Logging					\$34,000			
Cementing & Float Equipment					\$25,000			
Tubular Inspections			PCOM.160	\$0	\$150,000			
Casing Crews					\$45,000			
Extra Labor, Welding, Etc.	CON.170	\$210,000	PCOM.170	\$42,000	\$272,000			
Land Transportation (Trucking for tangibles)	CON.175	\$6,500	PCOM.175	\$0	\$41,500			
Supervision		\$0.00	Per Day	CON.180	\$29,000	PCOM.180	\$0	\$232,000
Trailer House / Camp / Catering					\$30,000			
Other Misc Expenses	CON.190	\$0	PCOM.190	\$0	\$3,000			
Overhead					\$15,000			
Remedial Cementing			PCOM.215	\$0	\$0			
MOB/DEMOB					\$150,000			
Directional Drilling Services					\$216,000			
Crane for Construction	CON.230	\$4,500			\$4,500			
Solids Control					\$36,000			
Well Control Equip (Snubbing Svcs.)			PCOM.240	\$0	\$115,000			
Fishing & Sidetrack Operations			PCOM.245	\$0	\$0			
Completion Rig			PCOM.115	\$0	\$9,000			
Coil Tubing			PCOM.260	\$0	\$250,000			
Completion Logging, Perforating, WL Units, WL Surveys			PCOM.200	\$0	\$111,000			
Composite Plugs			PCOM.390	\$0	\$51,000			
Stimulation Pumping Charges, Chemicals, Additives, Sand			PCOM.210	\$0	\$2,611,000			
Stimulation Water / Water Transfer / Water Storage					\$487,000			
Cimarex Owned Frac / Rental Equipment					\$20,000			
Legal / Regulatory / Curative	CON.300	\$0			\$10,000			
Well Control Insurance		\$0.35	Per Foot		\$6,000			
Contingency	5.0	% of Drilling Intangibles	CON.220	\$120,000	PCOM.220	\$11,000	\$450,000	
Construction For Flow Lines	CON.310	\$238,500			\$238,500			
Construction For Sales P/L	CON.265	\$0			\$0			
<b>Total Intangible Cost</b>				\$634,000	\$157,000	\$7,480,000		

Tangible - Well Equipment	Size	Feet	\$ / Foot			
Casing	0	0.00	\$0.00			\$0
Drive Pipe	0	0.00	\$0.00			\$0
Conductor Pipe	0	0.00	\$0.00			\$0
Water String	0	0.00	\$0.00			\$0
Surface Casing	20	350.00	\$62.00			\$22,000
Intermediate Casing 1	13.375	1930.00	\$36.00			\$69,000
Intermediate Casing 2	9.625	3475.00	\$22.00			\$76,000
Drilling Liner	0	0.00	\$0.00			\$0
Production Casing or Liner	5.5	18561.00	\$15.00			\$278,000
Production Tie-Back	0	0.00	\$0.00			\$0
Tubing	2.375	8170.00	\$5.00		PCOMT.105	\$0
Wellhead, Tree, Chokes						\$85,000
Liner Hanger, Isolation Packer						\$0
Packer, Nipples					PCOMT.400	\$0
Pumping Unit, Engine					PCOMT.405	\$0
Downhole Lift Equipment (BHP, Rods, Anchors, ESP, GVLS, PC Pump)					PCOMT.410	\$0
<b>Tangible - Lease Equipment</b>						\$35,000
N/C Lease Equipment	CONT.400	\$95,500				\$95,500
Tanks, Tanks Steps, Stairs	CONT.405	\$57,000				\$57,000
Battery (Heater Treater, Separator, Gas Treating Equipment)	CONT.410	\$234,000				\$234,000
Secondary Containments	CONT.415	\$35,000				\$35,000
Overhead Power Distribution (electric line to facility)	CONT.420	\$115,000				\$115,000
Facility Electrical & Automation	CONT.425	\$80,500				\$80,500
SWD Connection	CONT.430	\$0				\$0
Flow Lines (Line Pipe from wellhead to central facility)	CONT.435	\$43,000				\$43,000
Pipeline to Sales	CONT.440	\$0				\$0
Meters and Metering Equipment	CONT.445	\$33,000				\$33,000
<b>Total Tangibles</b>						\$693,000
<b>Total Tangibles</b>						\$0
<b>P&amp;A Costs</b>						\$0
<b>Total Cost</b>				\$1,327,000	\$157,000	\$8,794,000

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- 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: \_\_\_\_\_

Devon Energy Production Comp  
 Attn: Meg Muhlinghaus  
 333 West Sheridan Avenue  
 Oklahoma City, OK 73102-8260

9590 9402 1305 5285 0904 91

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

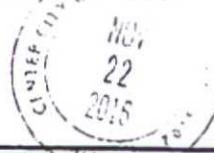
X

- Agent
- Addressee

B. Received by (Printed Name)

C. Date of Delivery

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



3. Service Type

- Adult Signature
- Adult Signature Restricted Delivery
- Certified Mail®
- Certified Mail Restricted Delivery
- Collect on Delivery
- Collect on Delivery Restricted Delivery
- Priority Mail Express®
- Registered Mail™
- Registered Mail Restricted Delivery
- Return Receipt for Merchandise
- Signature Confirmation™
- Signature Confirmation Restricted Delivery

91 7108 2133 3937 6755 6792

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

Domestic Return Receipt

USPS TRACKING #



First-Class Mail  
 Postage & Fees Paid  
 USPS  
 Permit No. G-10

9590 9402 1305 5285 0904 91

United States  
Postal Service

\* Sender: Please print your name, address, and ZIP+4® in this box\*

Cimarex Energy Co.  
 Attn: Kaimi Brownlee  
 600 N. Marienfeld, Suite 600  
 Midland, Texas 79701  
 Well Proposal - Hackberry 26 Fed Com 1H



**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- 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:

McBride Oil & Gas Corporation  
 P.O. Box 1515  
 Roswell, New Mexico 88202

9590 9402 1305 5285 0905 14

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  Agent  
 *B. Hertz*  Addressee

B. Received by (Printed Name) C. Date of Delivery  
*B. Hertz*

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

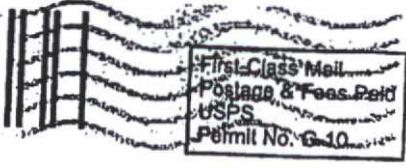


3. Service Type
- Adult Signature
  - Adult Signature Restricted Delivery
  - Certified Mail®
  - Certified Mail Restricted Delivery
  - Collect on Delivery
  - Collect on Delivery Restricted Delivery
  - Priority Mail Express®
  - Registered Mail™
  - Registered Mail Restricted Delivery
  - Return Receipt for Merchandise
  - Signature Confirmation™
  - Signature Confirmation Restricted Delivery

9590 9402 1305 5285 0905 14 6778 (over \$500) Restricted Delivery

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

USPS TRACKING#



9590 9402 1305 5285 0905 14

United States Postal Service

\* Sender: Please print your name, address, and ZIP+4® in this box\*

Cimarex Energy Co.  
 Attn: Kaimi Brownlee  
 600 N. Marienfeld, Suite 600  
 Midland, Texas 79701  
 Well Proposal - Hackberry 26 Fed Com 1H



 Package ID: 9171082133393767556761
 E-CERTIFIED  
PRRET LEGFRE

Shackelford Oil Company  
 Attn: Don Shackelford  
 203 W. Wall St., Suite 200  
 Midland, Texas 79701
 6761

PBP Account #: 35644697  
 Serial #: 3207254  
 NOV 17 2016 2:01P

Tracking Number: 9171082133393767556761

### Product & Tracking Information

Postal Product:  
Priority Mail™

Features:  
Certified Mail™

DATE & TIME	STATUS OF ITEM	LOCATION
November 18, 2016 , 11:38 am	Delivered, Left with Individual	MIDLAND, TX 79701

Your item was delivered to an individual at the address at 11:38 am on November 18, 2016 in MIDLAND, TX 79701.

November 17, 2016 , 11:49 pm	Departed USPS Facility	MIDLAND, TX 79711
November 17, 2016 , 8:24 pm	Arrived at USPS Facility	MIDLAND, TX 79711
November 17, 2016 , 7:09 pm	Accepted at USPS Origin Facility	MIDLAND, TX 79701
November 17, 2016	Pre-Shipment Info Sent to USPS, USPS Awaiting Item	

### Available Actions

Text Updates

Email Updates

### Track Another Package

Tracking (or receipt) number

Track It

### Manage Incoming Packages

Track all your packages from a dashboard. No tracking numbers necessary.

Sign up for My USPS ›





E O	Package ID: 9171082133393767556785	E-CERTIFIED
	Destination: 88240	PRRET LEGFRE
		PBP Account #: 35644897
		Serial #: 3207254
		NOV 17 2016 2:01P

Roy G. Barton, Jr.  
P.O. Box 978  
Hobbs, New Mexico 88241

6785

Tracking Number: 9171082133393767556785

Expected Delivery Day: Saturday, November 19, 2016

Your item was returned to the sender on November 19, 2016 at 11:15 am in HOBBS, NM 88240 because the addressee moved and left no forwarding address.

### Product & Tracking Information

Postal Product:  
Priority Mail™

Features:  
Certified Mail™

### Available Actions

Text Updates

Email Updates

DATE & TIME	STATUS OF ITEM	LOCATION
November 19, 2016 , 11:15 am	Moved, Left no Address	HOBBS, NM 88240

Your item was returned to the sender on November 19, 2016 at 11:15 am in HOBBS, NM 88240 because the addressee moved and left no forwarding address.

November 18, 2016 , 10:51 pm	Departed USPS Facility	LUBBOCK, TX 79402
November 18, 2016 , 8:29 pm	Arrived at USPS Facility	LUBBOCK, TX 79402
November 17, 2016 , 11:49 pm	Departed USPS Facility	MIDLAND, TX 79711
November 17, 2016 , 8:24 pm	Arrived at USPS Origin Facility	MIDLAND, TX 79711
November 17, 2016 , 7:09 pm	Accepted at USPS Origin Facility	MIDLAND, TX 79701
November 17, 2016	Pre-Shipment Info Sent to USPS, USPS Awaiting Item	

### Track Another Package

Tracking (or receipt) number

Track It

### Manage Incoming Packages

Track all your packages from a dashboard. No tracking numbers necessary.

Sign up for My USPS »



ORIGIN ID:MAFA (432) 571-7800  
KELLY REESE  
CAMREX ENERGY CO  
600 N. WARRENFIELD SUITE 600  
MIDLAND, TX 79701  
UNITED STATES US

SHIP DATE: 30NOV16  
ACTWGT: 1.00 LB  
CAD: 10/099441/NET3190  
BILL SENDER

TO ROY G. BARTON, JR.

114 PACIFIC AVE

VENICE CA 90291

(432) 571-7800 REF:  
NV PO DEPT

544 J1/D42F/14EB



FRI - 02 DEC 4:30P

\*\* 2DAY \*\*

TRK# 7778 3161 3269  
0201

SH CIBA

90291  
CA-US LAX

**After printing this label:**

1. Use the 'Print' button on this page to print your label to your laser or inkjet printer.
2. Fold the printed page along the horizontal line.
3. Place label in shipping pouch and affix it to your shipment so that the barcode portion of the label can be read and scanned.

**Warning:** Use only the printed original label for shipping. Using a photocopy of this label for shipping purposes is fraudulent and could result in additional billing charges, along with the cancellation of your FedEx account number.  
Use of this system constitutes your agreement to the service conditions in the current FedEx Service Guide, available on [fedex.com](http://fedex.com). FedEx will not be responsible for any claim in excess of \$100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery, or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim. Limitations found in the current FedEx Service Guide apply. Your right to recover from FedEx for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental, consequential, or special is limited to the greater of \$100 or the authorized declared value. Recovery cannot exceed actual documented loss. Maximum for items of extraordinary value is \$1,000, e.g. jewelry, precious metals, negotiable instruments and other items listed in our Service Guide. Written claims must be filed within strict time limits, see current FedEx Service Guide.