

Cimarex Energy Co.
600 N. Marienfeld St
Suite 600
Midland, TX 79701
MAY 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.

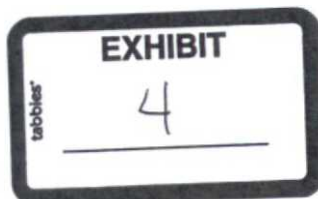
It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Cimarex's intended procedure. Cimarex will advise you of any such modifications.

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	Date Prepared
MAGNUM HUNTER PRODUCTION, INC	10/10/2016

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-T19S-R30E; BHL: 1980 FNL & 99S FEL, Sec. 28-T19S-R30E	Eddy	NM	<table><tr><td>Oil</td><td>X</td><td>Expl</td><td>X</td></tr><tr><td>Gas</td><td></td><td>Prod</td><td></td></tr></table>	Oil	X	Expl	X	Gas		Prod	
Oil	X	Expl	X								
Gas		Prod									

Estimate Type	Est. Start Date	Est. Comp Date	Formation	Td Measured Depth
Original Estimate	X			18,246'
Revised Estimate	02/01/2017	05/01/2017	2nd Bone Spring	Td 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
Total Intangible Costs	\$2,258,000	\$5,189,000	\$7,447,000

Tangibles			
Well Equipment	\$197,000	\$429,000	\$626,000
Lease Equipment		\$681,000	\$681,000
Total Tangible Well Cost	\$197,000	\$1,110,000	\$1,307,000

Plug and Abandon Cost	\$0	\$0	\$0
-----------------------	-----	-----	-----

Total Well Cost	\$2,455,000	\$6,299,000	\$8,754,000
------------------------	--------------------	--------------------	--------------------

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

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

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

Lease Name:

Intangibles	BCP - Drilling		ACP - Drilling		Completion /	
	(Dry Hole Cost)				Stimulation	
	Coils		Coils		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	DIDC.115	\$477,000	DICC.120	\$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	\$63,000	DICC.130	\$0		
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	DIDC.170	\$35,000				
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	\$110,000	DICC.180	\$14,000	STIM.180	\$84,000
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	STIM.220	\$207,000
Construction For Flow Lines						
Construction For Sales P/L						
Total Intangible Cost		\$2,258,000		\$229,000		\$4,354,000

Tangible - Well Equipment						
	Size	Feet	\$ / Foot			
Casing				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
Production Tie-Back	0	0.00	\$0.00			\$41,000
Tubing	2.375	8170.00	\$5.00	DWEB.115	\$30,000	DWEA.120
Wellhead, Tree, Chokes				DWEB.100	\$0	DWEA.125
Liner Hanger, Isolation Packer						\$0
Packer, Nipples						STIMT.400
Pumping Unit, Engine						\$15,000
Downhole Lift Equipment (BHP, Rods, Anchors, ESP, GVLs, PC Pump)						STIMT.405
						\$0
						STIMT.410
						\$35,000
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						
Total Tangibles				\$197,000	\$313,000	\$116,000
P&A Costs				DIDC.295	\$0	DICC.375
						\$0
Total Cost				\$2,455,000	\$542,000	\$4,470,000



Project Cost Estimate

Lease Name:

Intangibles	Production		Post		Total Well Cost
	Coils	Equipment / Construction	Codes	Completion	
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 OH 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			PCOM.125	\$0	\$65,000
Fuel \$1.30 Per Gallon ##### Gallons Per Day			PCOM.130	\$0	\$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					\$35,000
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 Per Day	CON.180	\$29,000	PCOM.180	\$0	\$237,000
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, WI Units, WI Surveys			PCOM.300	\$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	\$439,500
Construction For Flow Lines	CON.310	\$72,500			\$72,500
Construction For Sales P/L	CON.265	\$0			\$0
Total Intangible Cost		\$449,000		\$157,000	\$7,447,000
Tangible - Well Equipment					
Casing	Size	Feet	\$ / Foot		
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	PCOMT.105	\$41,000
Wellhead, Tree, Chokes					\$85,000
Liner Hanger, Isolation Packer					\$0
Packer, Nipples				PCOMT.400	\$15,000
Pumping Unit, Engine				PCOMT.405	\$0
Downhole Lift Equipment (BHP, Rods, Anchors, ESP, GVLs, PC Pump)				PCOMT.410	\$35,000
Tangible - Lease Equipment					
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
Total Tangibles		\$681,000		\$0	\$1,307,000
P&A Costs					\$0
Total Cost		\$1,130,000		\$157,000	\$8,754,000



Authorization For Expenditure

Company Entity	Date Prepared
MAGNUM HUNTER PRODUCTION, INC	10/10/2016

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-T19S-R30E; BHL: 1980 FNL & 995 FEL, Sec. 28-T19S-R30E	Eddy	NM	Oil Gas
			X Prod

Estimate Type	Est Start Date	Est Comp Date	Formation	Ttl Measured Depth
Original Estimate	X			18,246'
Revised Estimate		02/01/2017	05/01/2017	2nd Bone Spring
Supplemental Estimate				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
Completion Costs		\$5,189,000	\$5,189,000
Total Intangible Costs	\$2,258,000	\$5,189,000	\$7,447,000

Tangibles			
Well Equipment	\$197,000	\$429,000	\$626,000
Lease Equipment		\$681,000	\$681,000
Total Tangible Well Cost	\$197,000	\$1,110,000	\$1,307,000

Plug and Abandon Cost	\$0	\$0	\$0
-----------------------	-----	-----	-----

Total Well Cost	\$2,455,000	\$6,299,000	\$8,754,000
-----------------	-------------	-------------	-------------

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

Lease Name:

					BCP - Drilling		ACP - Drilling		Completion /		
					(Dry Hole Cost)				Stimulation		
Intangibles					Codes		Codes		Codes		
Roads & Location Preparation / Restoration					DIDC.100	\$180,000				\$5,000	
Damages					DIDC.105	\$10,000			STIM.100		
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	DIDC.115	\$477,000	DICC.120	\$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	\$63,000	DICC.130	\$0		
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	DIDC.170	\$35,000	
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	\$110,000	DICC.180	\$14,000
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						\$0	% of Drilling Intangibles	DIDC.485	\$108,000	DICC.220	\$11,000
Construction For Flow Lines									STIM.220	\$207,000	
Construction For Sales P/L											
Total Intangible Cost						\$2,258,000		\$229,000		\$4,354,000	

Tangible - Well Equipment										
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	1930.00	\$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	STIMT.101	\$0	
Tubing	2.375	8170.00	\$5.00					STIMT.105	\$41,000	
Wellhead, Tree, Chokes				DWEB.115	\$30,000	DWEA.120	\$30,000	STIMT.120	\$25,000	
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	
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										
Total Tangibles						\$197,000		\$313,000		\$116,000

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



Project Cost Estimate

Lease Name:

Intangibles	Production		Post		Total Well
	Codes	Equipment / Construction	Codes	Completion	
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 355	\$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			PCOM 125	\$0	\$65,000
Fuel \$1.30 Per Gallon ##### Gallons Per Day			PCOM 130	\$0	\$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					\$35,000
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 Per Day	CON 180	\$29,000	PCOM 180	\$0	\$237,000
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	\$439,500
Construction For Flow Lines	CON 310	\$72,500			\$72,500
Construction For Sales P/L	CON 265	\$0			\$0
Total Intangible Cost		\$449,000		\$157,000	\$7,447,000
Tangible Well Equipment					
Casing	Size	Feet	\$ / Foot		
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	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
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
Total Tangibles		\$681,000		\$0	\$1,307,000
P&A Costs					\$0
Total Cost		\$1,130,000		\$157,000	\$8,754,000

[Shipping](#)[Tracking](#)[Manage](#)[Learn](#)[FedEx Office®](#)[My Profile](#) | [Support](#) | [Locations](#) | [English](#)[Search or tracking number](#)[Login](#)

FedEx® Tracking

777848858004

Ship date:

Fri 12/02/2016

Midland, TX US

**Delivered**

Signature not required

Actual delivery:

Tue 12/06/2016 11:52 am

DENVER, CO US

Travel History

▲ Date/Time	Activity	Location
■ 12/06/2016 - Tuesday		
11:52 am	Delivered Left at front door. Package delivered to recipient address - release authorized	DENVER, CO
8:47 am	On FedEx vehicle for delivery	ENGLEWOOD, CO
7:19 am	At local FedEx facility	ENGLEWOOD, CO
■ 12/05/2016 - Monday		
2:45 pm	At local FedEx facility	ENGLEWOOD, CO
11:34 am	At local FedEx facility Package not due for delivery	ENGLEWOOD, CO
11:21 am	Delivery exception Package at station, arrived after courier dispatch	ENGLEWOOD, CO
11:12 am	At local FedEx facility	ENGLEWOOD, CO
10:10 am	At local FedEx facility	ENGLEWOOD, CO
8:36 am	Delivery exception Incorrect address - Zip/Postal code	LITTLETON, CO
7:32 am	At local FedEx facility	LITTLETON, CO
■ 12/03/2016 - Saturday		
7:18 am	At local FedEx facility Package not due for delivery	LITTLETON, CO
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
■ 12/02/2016 - Friday		
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

Ask FedEx

[Search or tracking number](#)

Customer Focus

[New Customer Center](#)
[Small Business Center](#)
[Service Guide](#)
[Customer Support](#)

Company Information

[About FedEx](#)
[Careers](#)
[Investor Relations](#)
[Subscribe to FedEx email](#)

Featured Services

[FedEx Delivery Manager](#)
[FedEx SameDay](#)
[FedEx Home Delivery](#)
[FedEx TechConnect](#)
[Healthcare Solutions](#)
[Online Retail Solutions](#)
[Packaging Services](#)
[Ancillary Clearance Services](#)

Companies

[FedEx Express](#)
[FedEx Ground](#)
[FedEx Office](#)
[FedEx Freight](#)
[FedEx Custom Critical](#)
[FedEx Trade Networks](#)
[FedEx Cross Border](#)
[FedEx SupplyChain](#)

Follow FedEx

[United States - English](#)

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

SHIP DATE: 02DEC16
ACTWGT: 1.00 LB
CAD: 107069441ANET3790
BILL SENDER

TO ESTATE OF EARL R LYLE

6700 E CEDAR AVE A

DENVER CO 80222

(432) 620-1966

REF:

INV:

DEPT:

544J1D42F/14EB



J1620101012010v

TUE - 06 DEC 4:30P

** 2DAY **

TRK# 7778 4885 8004
0201

ST TADA

80222
CO-US DEN

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. 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.



Shipping

Tracking

Manage

Learn

FedEx Office®

IMPORTANT!

Wildfires are causing hazardous conditions in Tennessee. Learn More

FedEx® Tracking

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
■ 12/01/2016 - Thursday		
3:18 pm	Delivered Left at front door. Package delivered to recipient address - release authorized	VENICE, CA
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
■ 11/30/2016 - Wednesday		
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		



Search or tracking number

Customer Focus
New Customer Center
Small Business Center
Service Guide
Customer Support

Company Information
About FedEx
Careers
Investor Relations
Subscribe to FedEx email

Featured Services
FedEx Delivery Manager
FedEx SameDay
FedEx Home Delivery
FedEx TechConnect
Healthcare Solutions
Online Retail Solutions
Packaging Services
Ancillary Clearance Services

Other Resources
FedEx Compatible
Developer Resource Center
FedEx Ship Manager Software
FedEx Mobile

Companies
FedEx Express
FedEx Ground
FedEx Office
FedEx Freight
FedEx Custom Critical
FedEx Trade Networks
FedEx Cross Border
FedEx SupplyChain

Follow FedEx

 United States - |

Ask FedEx

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

SHIP DATE: 30NOV16
ACTWGT: 1.00 LB
CAD: 1070694410NE13790
BILL SENDER

TO ROY G. BARTON, JR.

114 PACIFIC AVE

VENICE CA 90291

(432) 571-7800
REF:
PO

DEPT:

544J11D42F114E8



TRK# 7778 3161 3269
0201

FRI - 02 DEC 4:30P

** 2DAY **

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. 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.

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 black ink, appearing to read "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	Date Prepared
MAGNUM HUNTER PRODUCTION, INC	10/10/2016

Region	WellName	Prospector/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-R3DE	Eddy	NM	Oil <input checked="" type="checkbox"/> X Gas <input type="checkbox"/> Prod <input checked="" type="checkbox"/> X

Estimate Type	Est. Start Date	Est. Comp Date	Formation	Ttl Measured Depth
Original Estimate	X			18,246'
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
Total Intangible Costs	\$2,218,000	\$5,262,000	\$7,480,000

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

Plug and Abandon Cost	\$0	\$0	\$0
-----------------------	-----	-----	-----

Total Well Cost	\$2,415,000	\$6,379,000	\$8,794,000
-----------------	-------------	-------------	-------------

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

Tangible - Well Equipment							
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	1930.00	\$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	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	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
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							
Total Tangibles				\$197,000	\$308,000		\$116,000

P&A Costs	DICD.295	\$0	DICC.275	\$0		
Total Cost		\$2,415,000		\$537,000		\$4,358,000



Project Cost Estimate

Lease Name:

	Production		Post		Total Well
	Codes	Equipment / Construction	Codes	Completion	
Intangibles					
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 155	\$49,000	\$221,000
Day Rate 24.50 DH Days 4.00 ACP Days @ \$18,000.00 Per Day					\$531,000
Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.)					\$25,000
Bits			PCOM 125	\$0	\$65,000
Fuel \$1.30 Per Gallon 888888 Gallons Per Day			PCOM 130	\$0	\$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					\$34,000
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 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 330	\$238,500			\$238,500
Construction For Sales P/L	CON 265	\$0			\$0
Total Intangible Cost		\$634,000		\$157,000	\$7,480,000
Tangible - Well Equipment					
Casing	Size	Feet	\$ / Foot		
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	8475.00	\$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
Tangible - Lease Equipment					
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
Total Tangibles		\$693,000		\$0	\$1,314,000
P&A Costs					\$0
Total Cost		\$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 Muhlinghouse
333 West Sheridan Avenue
Oklahoma City, OK 73102-8260

9590 9402 1305 5285 0904 91

2. *(Sender's Return Address)*

91 7108 2133 3937 6755 6792

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

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

- | | |
|--|---|
| <input type="checkbox"/> Adult Signature | <input type="checkbox"/> Priority Mail Express® |
| <input type="checkbox"/> Adult Signature Restricted Delivery | <input type="checkbox"/> Registered Mail™ |
| <input type="checkbox"/> Certified Mail® | <input type="checkbox"/> Registered Mail Restricted Delivery |
| <input type="checkbox"/> Certified Mail Restricted Delivery | <input type="checkbox"/> Return Receipt for Merchandise |
| <input type="checkbox"/> Collect on Delivery | <input type="checkbox"/> Signature Confirmation™ |
| <input type="checkbox"/> Collect on Delivery Restricted Delivery | <input type="checkbox"/> Signature Confirmation Restricted Delivery |

cted Delivery

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 Corn 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

2.

91 7108 2133 3937 6755

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

B. Received by (Printed Name)

☐ Agent☐ Addressee

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

6778

(over \$500)

cted 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

— PBP Account #: 35644897
— 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 C O	Package ID: 9171082133393767556785	E-CERTIFIED
	Destination ZIP Code	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
CHAMBER ENERGY CO
600 N. WARRENFIELD SUITE 600
MIDLAND, TX 79701
UNITED STATES US

SHIP DATE: 30NOV16
ACTWGT: 1.00 LB
CNO: 101059441/IN/E13790
BILL SENDER

TO ROY G. BARTON, JR.

114 PACIFIC AVE

VENICE CA 90291

(432) 571-7800 REF
INV
PO

DEPT

544J1/D42F/14E0



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. 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.