

under N blugart 85

Authorization For Expenditure

ompany Entity Imarex Energy Co					Date Prepared March	1, 2010		
l∕i Region €		ી. કWell No. ⊸હે	Prospect or Field Name	🚁 💀 Property Number 🗟	The Market State of the Control of t	AFE No.		
Permian	West Shugart 32 State	1н	Shugart	1	ing and an experience representation that the property of	and an original of the property of the college and the college of		
cation 🌂 😘 🔜	ME THE COLUMN THE		County	ी ं State ुं श	E Type	e Well		
1/2 W/2 of Sec 3	32, 18S-31E	:	Eddy	NM	Oil x Gas	Expl x Prod		
	表示: \$P\$16 16 16 16 16 16 16 16 16 16 16 16 16 1	Fee C	tart Date	Est. Comp Date	Formation'.	創作できるEst. TD**		
stimate Type 🚕 riginal Estimate	•							
evised Estimate upplemental Esti	imate O		ŧ		2nd Bone Spring SS	13,300'		
olect Description		Alas da da			The state of the s	The Voltage		
	e a NM Bone Spring horizontal							
				A60 G1 B		anistad Mail Cost		
tangibles rilling Costs			Dry Hole Cost \$1,256,375	After Casing P	dint Con	\$1,256,375		
ompletion Costs			The second secon	\$927,000		\$927,000		
otal Intangible C	Costs		\$1,256,375	\$927,000		\$2,183,375		
angibles								
Vell Equipment			\$188,000	\$837,436		\$1,025,436		
ease Equipment				\$97,500	<u> </u>	\$97,500		
otal Tangible Well Cost			\$188,000	\$934,936		\$1,122,936		
otal Tangible We								
			\$150,000	-\$150,000		\$0		
lug and Abandor otal Well Cost omments on We . All tubulars, we	n Cost Il Costs ell or lease equipment is priced		\$1,594,375 PS guidelines using the Hist	\$1,711,930 Oric Price Multiplier.	5	\$3,306,311		
Vell Control Insurance, you me atter than comments on AFI leaded redrilling a without affecting without affecting a without a	rance In Costs	d by COPAS and CE -operating workin -operating workin insurance accept . You agree that fi cy. rovides, among out e covering drilling	\$1,594,375 PS guidelines using the Hist g interest owner, agree to bur prorated share of the pre able to Operator, as to form ailure to provide the certific (through completion) with	s1,711,93 coric Price Multiplier. De covered by Operator's veriums therefore. If you en and limits, at the time the cate of insurance, as provided to the state of the state	well control insurance pelect to purchase your is AFE is returned, if av ded herein, will result i ingle Limit coverage fo feductible.	orocured by Operatown well control and allowed in your being covered by Operatown well control and or well control and or well control and operators are of the estimated of the control and operators are operators are operators are operators are operators are opera		
Vell Control Insurance, you me atter than comments on AFI leaded redrilling a without affecting without affecting a without a	rance equipment is priced indicated below, you, as a non or conducts operations hereun ust provide a certificate of such encement of drilling operations tured by Operator. ase my own well control insurance polic rance procured by Operator, printed the procured by Operator, printed clean-up/pollution expenses and clean-up/pollution expenses the estimates only and anticipatine authorization for expenditutive, regulatory and well costs to	d by COPAS and CE apperating workin deer and to pay you insurance accept You agree that fi cy rovides, among out e covering drilling fe trouble free ope ure herein granted under term of the	\$1,594,375 PS guidelines using the Hist g interest owner, agree to b ur prorated share of the pre able to Operator, as to forn aillure to provide the certific ther terms, for \$20,000,000 ((Ulrough completion) with erations without any forese b. By approval of this AFE, to init operating agreement, Cimarex Energy Co. App	\$1,711,93 oric Price Multiplier. oric Price Multipli	well control insurance pelect to purchase your is AFE is returned, if av ded herein, will result i ingle Limit coverage for feductible.	orocured by Operatown well control and allowed in your being covered by Operatown well control and or well control and or well control and operators are of the estimated of the control and operators are operators are operators are operators are operators are opera		
Vell Control Insurance, you me ter than comme y insurance, you me ter than comme y insurance proc I elect to purchas vell control insurance alated redrilling a process of the above costs a without affecting ctual legal, curat	rance lindicated below, you, as a non or conducts operations hereun ust provide a certificate of such encement of drilling operations sured by Operator. ase my own well control insurance polic rance procured by Operator, prand clean-up/pollution expense the authorization for expenditutive, regulatory and well costs using the supplication of th	d by COPAS and CE apperating workin deer and to pay you insurance accept You agree that fi cy rovides, among out e covering drilling fe trouble free ope ure herein granted under term of the	\$1,594,375 PS guidelines using the Hist g interest owner, agree to bur prorated share of the pre able to Operator, as to form ailure to provide the certific mer terms, for \$20,000,000 ((through completion) with erations without any forese 1. By approval of this AFE, t coint operating agreement, Cimarex Energy Co. App impletion.Manager	s1,711,930 coric Price Multiplier. De covered by Operator's veriums therefore. If you on and limits, at the time the cate of insurance, as provided as \$1,000,000 (100% W.I.) of Combined S as \$1,000,000 (100% W.I.) of Combined S as \$1,000,000 (100% W.I.) or cable change in plans. The he working interest owner regulatory order or other the coroval	well control insurance pelect to purchase your is AFE is returned, if avided herein, will result i ingle Limit coverage for deductible.	orocured by Operatown well control and allowed in your being covered by Operatown well control and or well control and or well control and operators are of the estimated of the control and operators are operators are operators are operators are operators are opera		
repared by services and all egal, curat	rance lindicated below, you, as a non or conducts operations hereun ust provide a certificate of such encement of drilling operations sured by Operator. ase my own well control insurance polic rance procured by Operator, prand clean-up/pollution expense the authorization for expenditutive, regulatory and well costs using the supplication of th	operating working der and to pay you insurance accept by You agree that for you agree tha	\$1,594,375 PS guidelines using the Hist g interest owner, agree to bur prorated share of the pre able to Operator, as to form ailure to provide the certific mer terms, for \$20,000,000 ((through completion) with erations without any forese 1. By approval of this AFE, t coint operating agreement, Cimarex Energy Co. App impletion.Manager	s1,711,930 coric Price Multiplier. De covered by Operator's veriums therefore. If you on and limits, at the time the cate of insurance, as provided as \$1,000,000 (100% W.I.) of Combined S as \$1,000,000 (100% W.I.) of Combined S as \$1,000,000 (100% W.I.) or cable change in plans. The he working interest owner regulatory order or other the coroval	well control insurance pelect to purchase your is AFE is returned, if av ded herein, will result i ingle Limit coverage for feductible.	orocured by Operatown well control and allowed in your being covered by Operatown well control and or well control and or well control and operators are of the estimated of the control and operators are operators are operators are operators are operators are opera		
Vell Control Insurintess otherwise of long as Operationsurance, you meter than comments on Afficial Telection of the above costs a hithout affecting ctual legal, curative and Audas Engineer and Audas Engineer	rance lindicated below, you, as a non or conducts operations hereun ust provide a certificate of such encement of drilling operations sured by Operator. ase my own well control insurance polic rance procured by Operator, prand clean-up/pollution expense the authorization for expenditutive, regulatory and well costs using the supplication of th	de poperating working and to pay you income accept to You agree that for you	\$1,594,375 PS guidelines using the Hist g interest owner, agree to bur prorated share of the pre able to Operator, as to form ailure to provide the certific mer terms, for \$20,000,000 ((through completion) with erations without any forese but By approval of this AFE, to joint operating agreement, Cimarex Energy Co. Apprepriations PB Joint Interest Appro	s1,711,93 oric Price Multiplier. oric Price Multipli	well control insurance pelect to purchase your is AFE is returned, if avided herein, will result i ded herein, will result i single Limit coverage for feductible.	orocured by Operatown well control and allowed in your being covered by Operatown well control and or well control and or well control and operators are of the estimated of the control and operators are operators are operators are operators are operators are opera		
Vell Control Insurance, you me atter than comme by insurance proceedings of the control insurance proceedings of the control insurance proceedings of the control insurance attended redrilling; on ments on AFF the above costs a pithout affecting country legal, curatival legal, curatival	rance lindicated below, you, as a non or conducts operations hereun ust provide a certificate of such encement of drilling operations sured by Operator. ase my own well control insurance polic rance procured by Operator, prand clean-up/pollution expense the authorization for expenditutive, regulatory and well costs using the supplication of th	operating working der and to pay you insurance accept by You agree that for you agree tha	\$1,594,375 PS guidelines using the Hist g interest owner, agree to bur prorated share of the pre able to Operator, as to form allure to provide the certific mer terms, for \$20,000,000 ((through completion) with By approval of this AFE, to introperating agreement, Cimarex Energy Co. App impletion Manager	s1,711,930 coric Price Multiplier. De covered by Operator's veriums therefore. If you en and limits, at the time the cate of insurance, as provided as \$1,000,000 (100% W.I.) of Combined S as \$1,000,000 (10	well control insurance pelect to purchase your is AFE is returned, if avided herein, will result i ded herein, will result i single Limit coverage for feductible.	orocured by Operatown well control and allowed in your being covered by Operatown well control and or well control and or well control and operators are of the estimated of the control and operators are operators are operators are operators are operators are opera		



Project Cost Estimate

Lease Name:	West Shugart 32 Sta	ite					We	ell No.:	1H
Intangibles		2.36(3)8(1)			Codes	Dry Hole Cost	Codes	After Casing	Completed Wel
Ponds & Location	Preparation / Restor	ation	A		Dr.D.C.100	\$35,000	2100.200	\$3,000	\$38,00
Damages	Treparation / Restore				0000.105	\$10,000	0100.309		\$10.00
Mud / Fluids Dispo	osal Charaes	Andrew Control of the			2006.454 3	\$45,000	****** ** ****************************	\$40,500	\$85,50
Day Rate	28 DH Days	5 ACP Days @		Per Day	Figure 115	\$336,000	9000,120	\$60,000	\$396,00
		hole, pads, pile clusters, misc.,			Town, tue	\$8,000			\$8,00
Bits	2001				F 6000 135 7	\$50,750		\$1,000	\$51,75
Fuel	\$2.69	Per Gallon	Gallons Per Di	ov	* troc.:35 (\$67,000	1405,130	\$12,000	\$79,00
Water / Completion	many part to the same a second property of the second second second second			Per Day	DiDC. (40	\$45,000	DICCLISS	\$67,500	\$112,50
Mud & Additives					pipears)	CARLOTTE SERVICE OF PARTY OF TAXABLE PROPERTY.	MIMIN		\$53.62
Surface Rentals		epideministry, on a section of the same manifestory of the state of the section of		Per Day	OID(0,190)	\$46,000		\$66,000	\$112,00
Downhole Rentals		and the second section is a second se			19650 855	\$100,000		\$9,000	\$109,00
ar, marked our design and a solar core of the sound core of		uding evaluation, G&G Services			UBC.160		WIIII		\$
	ition (031, Caring inch	\$850 Days		Per Day	010/0170	\$21,000			\$21,00
Mud Logging		1 36301 Dilys	20	ir cr Day	1 0600 180	\$0			\$
Open Hole Loggin		and the state of t				\$35,000	be not be seen to be seen	\$20,000	\$55,00
Cementing & Floo		e de la companya de l			1 0000,185			\$3,000	\$8,00
Tubular Inspection	ns) fante ign	\$5,000	************		\$29,00
Casing Crews					1300, 105	\$13,000		\$16,000	
Extra Labor, Wela		g ning gand had names provide rubh a hidrogen provide in the same than only of page transfer.		*****************	1999,300	\$8,000		\$5,000	\$13,00
Land Transporation	on (Trucking)	· a partition and area of the partition of the second section of the section of the second section of the section of the second section of the section of the second section of the sect		g - 17877 hay - 1 managaran - 17.	0/0/2,50%	\$17,000		\$4,000	\$21,00
Supervision		annes mari frança and annes department dan mangris y dan a da di 112 annis y del di disservamento		Per Day	7 AMPLICAGE	\$41,000	·	\$14,000	\$55,00
Trailer House / Co	amp / Catering		400	Per Day	[DBC 280 1	\$17,000		\$4,000	\$21,00
Other Misc Expen	ses				965,276	\$8,000	· +	\$7,000	\$15,00
Overhead			300	Per Day	[med 278]	\$10,000	p450.195	\$3,000	\$13,00
Remedial Cement	ting				Fa050,2,34		DICC.335		<u>\$</u>
MOB/DEMOB) (sinc.246)	\$37,000			\$37,00
Directional Drillin	g Services	13 Days	@ 7,200	Per Day	; (90%),245	5121,000			\$121,00
Dock, Dispatcher,	Crane	and the state of t		**************************************	DiUC.250		picc.230		\$
Marine & Air Tran	nsportation				FBDC .:75		proc 250		\$
Solids Control				Per Day	90,600	\$33,000			\$33,00
Well Control Equi	p (Snubbing Svcs.)			April 1991 (A. S.	2004.265	\$22,000		\$11,000	\$33,00
Fishing & Sidetra		describer of the control of the cont			9(0)(1270	\$0	DICC 745		;
Completion Rig		7 Days	@ i 3.400	Per Day	MIMIM		0r00.315	\$36,000	\$36,00
Coil Tubing	**************************************	1 Days		Per Day	MMM)		19(C) 50 ×	\$25,000	\$25,00
	ing, Perforating, WL L		25,000	1.0.00	~GMMM		DICC.200	\$8,000	\$8,00
Stimulation	ing, renjorating, we c	mis, we surveys			<i>~999999</i>		000000	\$425,000	
Legal / Regulator	u / Curativa				MINIMUM.	\$7,000		3423,000	\$7,00
Well Control Insu		£0.35\05			510C 396 50C 385		· tar w proper proper property		\$5,00
Contingency		\$0.35 Per Foot							
Construction For		of Drilling Intangibles			010C.485	\$60,000	*****	\$42,000	\$102,00
		des commences access and a popular contract of the same contract of the			-40446		INVEALIB	\$25,000	\$25,00
Construction For		re-best er-y, against an either the star and a total total started and a commence and to the			-499468		DEEC.110	\$20,000	\$20,00
Construction For					<i>Mana</i>		01000.865		\$
Total Intangible (Cost	AND COMPANY OF THE STREET				\$1,256,375	<u></u>	\$927,000	\$2,183,37
	quipment 🖟 🛴 🤻			6.	winne		W. B. A.	1	
Casing		Size		\$/Foot	and the second	UNIUM	WAMAN.		GINGO GARA
Drive Pipe		20	40.00	50.00	OWLB.150	\$0	~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~	4466466	\$
Conductor Pipe	ARTICLE CONTROL CONTRO			ļ	DWEB 130	SC SC	MAMA		5
Water String					DWED (3)	\$0	WHIII A		<u></u>
Surface Casing		13-3/				\$46,000	MANA BARRAN	ON CONTROL	\$46,00
Intermediate Casi	ing	9.5/	8" 3200.00	\$41.34	1 DAVEBURE	\$132,000	ann an	CONTRACTOR	\$132,00
Drilling Liner					DW08.146	\$0	MMM)	WARANIN PARTIES PROPERTY PROPE	\$
Dillling Liner				1:	10MER 245	Sti			
Production Casing		\7"	8500.00	\$35.6	Man Marian		UWENJIOA	\$303,000	\$303,00
Production Tie-Bo	ick	4 1/2'	3600.00	\$15.26	mann		DWC4 109	\$54,936	
Tubina		2 7/8'	8300.00		Education of the Control of the Control	מלולולולולולולול	7	CCLANG	

Tangible - Well Equipment	(92.0	5-	9. 11	La San Comme	学性意志	The state of the s	1
Casing	Size	Feet	\$ / Foot	MAM	MANNIN S	(m)m	HIII BARANA	CHANGAL
Drive Pipe	20 "	40.00	\$0.00	DWL8.150	\$0	WHA.		\$0
Conductor Pipe				DWED 130	50			50
Water String				DWED (3)	\$0			50
Surface Casing	13-3/8"	755.00	\$60.46	DW05.140	\$46,000	William .		\$46,000
Intermediate Casing	9 5/8"	3200.00	\$41.34	DWEB 144	\$132,000	MARIE	MANT THE	\$132,000
Drilling Liner				09908,146	\$0	MANN N		SO
Drilling Liner			:	1 10MEB 145	SO			SO
Production Casing or Liner	7"	8500.00	\$35.64			UWEN.JOB	\$303,000	\$303,000
Production Tie-Back	4 1/2"	3600.00	\$15.26			DWC4 100	\$54,936	\$54,936
Tubing	2 7/8"	8300.00	\$7:30			20V5AU05	elanora i a i i ser minima e di	\$61,000
N/C Well Equipment						5WEA 115		\$65,000
Wellhead, Tree, Chokes				DWF6 115	\$10,000	OWC3.120	\$10,000	\$20,000
Liner Hanger, Isolation Packer				(DW/04.102		1 DINEA.105	· · · · · · · · · · · · · · · · · · ·	50
Packer, Nipples				Mana Carrette		DWEA.130	\$140,000	\$140,000
Pumping Unit, Engine				mm		001,000	\$140,000	\$140,000
Lift Equipment (BHP, Rods, Anchors)						DESC-105	\$63,500	\$63,500
Tangible - Lease Equipment	- 1.8	30 43334	The state of	1. 1. A. 2. 17. 1	Mary Control	Pasco	ADMINISTED A	
N/C Lease Equipment				anni di	MANAGAN.	DIE0.319		\$7,500
Tanks, Tanks Steps, Stairs						00000130	\$62,000	\$62,000
Dattery (Heater Treater, Separator, Gus Treating Equipment)				Marie 1		PULCAN	\$22,500	\$22,500
Flow Lines (Line Pipe from wellhead to central facility)						DEEQ 130	\$5,500	55,500
Offshore Production Structure for Facilities			***************************************			109/FA.135		\$0
Pipeline to Sales			***************************************			0W6A, U6		50
Total Tangibles					\$188,000		\$934,936	\$1,122,936
				With Careful Liverant				7-,220,550
P&A Costs				Diby 395	\$150,000	DICERT	-\$150,000	SO
Total Cost					\$1,594,375		\$1,711,936	\$3,306,311