



Authorization For Expenditure



Company Entity	Date Prepared
CIMAREX ENERGY CO	December 15, 2015

Region	Well Name	Prospect or Field Name	Property Number	Drilling AFE No.
Anadarko	PETERSON 1H-2821X	CANA NORTHWEST PROSPECT	350012-406.01	2216003

Location	County	State	Type Well		
Section 28-16N-12W, Blaine County, Oklahoma	Blaine	OK	Oil	Expl	X
			Gas	Prod	

Estimate Type	Est. Start Date	Est. Comp Date	Formation	Ttl Measured Depth
Original Estimate	04/01/2016	06/06/2016	Meramec	21,270'
Revised Estimate				Ttl Vertical Depth
Supplemental Estimate				11,270'

Project Description
Drill and complete a horizontal test. Drill to 1500', set surface casing. Drill to 9548', set intermediate casing. Drill to 10792' (KOP). Drill curve at 12 DLS build rate to +/- 11270' TVD and a +/- 9730' long lateral in the Meramec formation. Run and cement production casing. Stage frac in 42 stages. Drill out plugs. Run production tubing. Flow to sales through new facility.

Intangibles	Dry Hole Cost	After Casing Point	Completed Well Cost
Drilling Costs	\$3,862,000		\$3,862,000
Completion Costs		\$5,587,500	\$5,587,500
Total Intangible Costs	\$3,862,000	\$5,587,500	\$9,449,500

Tangibles			
Well Equipment	\$456,000	\$626,800	\$1,082,800
Lease Equipment		\$346,400	\$346,400
Total Tangible Well Cost	\$456,000	\$973,200	\$1,429,200

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

Total Well Cost	\$4,318,000	\$6,560,700	\$10,878,700
------------------------	--------------------	--------------------	---------------------

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 (Dry Hole Cost)		ACP - Drilling		Completion / Stimulation	
	Codes		Codes		Codes	
Intangibles						
Roads & Location Preparation / Restoration	DIDC.100	\$160,000			STIM.100	\$30,000
Damages	DIDC.105	\$28,000				
Mud / Fluids Disposal Charges	DIDC.255	\$120,000			STIM.255	\$120,000
Day Rate	#####	DH Days 50.00 ACP Days @ \$5.00 Per Day	DIDC.115	\$1,301,000	DICC.120	\$131,000
Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.)	DIDC.120	\$26,000				
Bits	DIDC.125	\$170,000	DICC.125	\$0	STIM.125	\$0
Fuel	\$2.00 Per Gallon	##### Gallons Per Day	DIDC.135	\$180,000	DICC.130	\$0
Water for Drilling Rig / Completion Fluids (Not Frac Water)	DIDC.140	\$30,000	DICC.135	\$1,000	STIM.135	\$0
Mud & Additives	DIDC.145	\$400,000				
Surface Rentals	DIDC.150	\$120,000	DICC.140	\$0	STIM.140	\$140,000
Downhole Rentals	DIDC.155	\$30,000			STIM.145	\$0
Formation Evaluation (DST, Coring including evaluation, G&G Services)	DIDC.160	\$0			STIM.150	\$0
Mud Logging	48.00 Days @ \$1,000.00 Per Day	DIDC.170	\$48,000			
Open Hole Logging		DIDC.180	\$0			
Cementing & Float Equipment	DIDC.185	\$45,000	DICC.155	\$130,000		
Tubular Inspections	DIDC.190	\$17,000	DICC.160	\$10,000	STIM.160	\$0
Casing Crews	DIDC.195	\$28,000	DICC.165	\$25,000	STIM.165	\$0
Extra Labor, Welding, Etc.	DIDC.200	\$18,000	DICC.170	\$5,000	STIM.170	\$0
Land Transportation (Trucking for tangibles)	DIDC.205	\$18,000	DICC.175	\$9,000	STIM.175	\$5,000
Supervision	\$4,000.00 Per Day	DIDC.210	\$220,000	DICC.180	\$15,000	STIM.180
Trailer House / Camp / Catering	DIDC.280	\$47,000	DICC.235	\$5,000	STIM.280	\$13,000
Other Misc Expenses	DIDC.220	\$2,000	DICC.190	\$0	STIM.190	\$25,000
Overhead	DIDC.225	\$11,000	DICC.195	\$5,000		
Remedial Cementing	DIDC.231	\$0			STIM.215	\$0
MOB/DEMOB	DIDC.240	\$215,000				
Directional Drilling Services	DIDC.245	\$300,000				
Crane for Construction						
Solids Control	DIDC.260	\$43,000				
Well Control Equip (Snubbing Svcs.)	DIDC.265	\$60,000	DICC.240	\$10,000	STIM.240	\$15,000
Fishing & Sidetrack Operations	DIDC.270	\$0	DICC.245	\$0	STIM.245	\$0
Completion Rig					STIM.115	\$0
Coil Tubing					STIM.260	\$350,000
Completion Logging, Perforating, WL Units, WL Surveys					STIM.300	\$213,000
Composite Plugs					STIM.390	\$113,000
Stimulation Pumping Charges, Chemicals, Additives, Sand					STIM.210	\$2,881,000
Stimulation Water / Water Transfer / Water Storage					STIM.395	\$299,000
Cimarex Owned Frac / Rental Equipment					STIM.305	\$100,000
Legal / Regulatory / Curative	DIDC.300	\$20,000				
Well Control Insurance	\$1.00 Per Foot	DIDC.285	\$21,000			
Contingency	0.0 % of Drilling Intangibles	DIDC.435	\$184,000	DICC.220	\$13,000	STIM.220
Construction For Flow Lines						
Construction For Sales P/L						
Total Intangible Cost			\$3,862,000	\$359,000		\$4,590,000

Tangible - Well Equipment						
	Size	Feet	\$ / Foot			
Casing						
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	13.375	1500.00	\$36.21	DWEB.140	\$54,000	
Intermediate Casing 1	9.625	9548.00	\$38.45	DWEB.145	\$367,000	
Intermediate Casing 2	0	0.00	\$0.00	DWEB.155	\$0	
Drilling Liner	0	0.00	\$0.00	DWEB.160	\$0	
Production Casing or Liner	5.5	21270.00	\$22.00		DWEA.100	\$468,000
Production Tie-Back	0	0.00	\$0.00		DWEA.165	\$0
Tubing	2.375	10890.00	\$5.10		STIMT.101	\$0
Wellhead, Tree, Chokes				DWEB.115	\$35,000	DWEA.120
Liner Hanger, Isolation Packer				DWEB.100	\$0	DWEA.125
Packer, Nipples						STIMT.400
Pumping Unit, Engine						STIMT.405
Downhole Lift Equipment (BHP, Rods, Anchors, ESP, GVLS, PC Pump)						STIMT.410
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				\$456,000	\$511,000	\$45,000

P&A Costs	DIDC.295	\$0	DICC.275	\$0		
Total Cost		\$4,318,000	\$870,000			\$4,635,000

Lease Name:

			Production	Post	Total Well
			Equipment /	Completion	Cost
			Codes	Codes	
Intangibles					
Roads & Location Preparation / Restoration			CON.100	PCOM.100	\$193,500
Damages			CON.105		\$28,900
Mud / Fluids Disposal Charges				PCOM.255	\$384,000
Day Rate	#####	DH Days	50.00	ACP Days @	\$5.00
Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.)					\$1,432,000
Bits				PCOM.125	\$26,000
Fuel	\$2.00	Per Gallon		PCOM.130	\$0
Water for Drilling Rig / Completion Fluids (Not Frac Water)				PCOM.135	\$180,000
Mud & Additives					\$32,000
Surface Rentals			CON.140	PCOM.140	\$400,000
Downhole Rentals				PCOM.145	\$543,000
Formation Evaluation (DST, Coring including evaluation, G&G Services)					\$30,000
Mud Logging	48.00	Days @	\$1,000.00		\$0
Open Hole Logging					\$48,000
Cementing & Float Equipment					\$0
Tubular Inspections				PCOM.160	\$175,000
Casing Crews					\$30,700
Extra Labor, Welding, Etc.			CON.170	PCOM.170	\$53,000
Land Transportation (Trucking for tangibles)			CON.175	PCOM.175	\$89,000
Supervision	\$4,000.00	Per Day	CON.180	PCOM.180	\$46,800
Trailer House / Camp / Catering					\$319,000
Other Misc Expenses			CON.190	PCOM.190	\$65,000
Overhead					\$30,000
Remedial Cementing				PCOM.215	\$16,000
MOB/DEMOB					\$0
Directional Drilling Services					\$215,000
Crane for Construction			CON.230		\$300,000
Solids Control					\$4,000
Well Control Equip (Snubbing Svcs.)				PCOM.240	\$43,000
Fishing & Sidetrack Operations				PCOM.245	\$107,000
Completion Rig				PCOM.115	\$0
Coil Tubing				PCOM.260	\$14,000
Completion Logging, Perforating, WL Units, WL Surveys				PCOM.200	\$350,000
Composite Plugs				PCOM.390	\$0
Stimulation Pumping Charges, Chemicals, Additives, Sand				PCOM.210	\$213,000
Stimulation Water / Water Transfer / Water Storage					\$0
Cimarex Owned Frac / Rental Equipment					\$2,881,000
Legal / Regulatory / Curative			CON.300		\$299,000
Well Control Insurance	\$1.00	Per Foot			\$100,000
Contingency	0.0	% of Drilling Intangibles	CON.220	PCOM.220	\$20,000
Construction For Flow Lines			CON.310		\$21,000
Construction For Sales P/L			CON.265		\$474,100
					\$3,500
					\$0
Total Intangible Cost					\$109,400
					\$529,100
					\$9,449,500

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	13.375	1500.00	\$36.21			\$54,000
Intermediate Casing 1	9.625	9548.00	\$38.45			\$367,000
Intermediate Casing 2	0	0.00	\$0.00			\$0
Drilling Liner	0	0.00	\$0.00			\$0
Production Casing or Liner	5.5	21270.00	\$22.00			\$468,000
Production Tie-Back	0	0.00	\$0.00			\$0
Tubing	2.375	10890.00	\$5.10		PCOMT.10S	\$69,000
Wellhead, Tree, Chokes						\$118,000
Liner Hanger, Isolation Packer						\$0
Packer, Nipples					PCOMT.400	\$1,800
Pumping Unit, Engine					PCOMT.40S	\$0
Downhole Lift Equipment (BHP, Rods, Anchors, ESP, GVLs, PC Pump)					PCOMT.410	\$0

Tangible - Lease Equipment						
N/C Lease Equipment	CONT.400	\$65,000				\$65,000
Tanks, Tanks Steps, Stairs	CONT.40S	\$71,500				\$71,500
Battery (Heater Treater, Separator, Gas Treating Equipment)	CONT.410	\$115,700				\$115,700
Secondary Containments	CONT.41S	\$8,000				\$8,000
Overhead Power Distribution (electric line to facility)	CONT.420	\$3,000				\$3,000
Facility Electrical & Automation	CONT.42S	\$31,200				\$31,200
SWD Connection	CONT.430	\$0				\$0
Flow Lines (Line Pipe from wellhead to central facility)	CONT.43S	\$23,200				\$23,200
Pipeline to Sales	CONT.440	\$0				\$0
Meters and Metering Equipment	CONT.44S	\$28,800				\$28,800
Total Tangibles		\$346,400		\$70,800		\$1,429,200

P&A Costs						\$0
-----------	--	--	--	--	--	-----

Total Cost		\$455,800		\$599,900		\$10,878,700
-------------------	--	------------------	--	------------------	--	---------------------