



Authorization For Expenditure

Company Entity	Date Prepared
CIMAREX ENERGY CO	05/11/2016

Region	Well Name	Prospect or Field Name	Property Number	Drilling AFE No.
Anadarko	HOLIEWAY 1H-0433X	CANA NORTHWEST PROSPECT	350012-329.01	2216057

Location	County	State	Type Well
Sections 4-15N-12W and 33-16N-12W, Blaine County, OK	Blaine	OK	Oil <input type="checkbox"/> Gas <input checked="" type="checkbox"/> Expl <input checked="" type="checkbox"/> Prod <input type="checkbox"/>

Estimate Type	Est. Start Date	Est. Comp. Date	Formation	Tot. Measured Depth
Original Estimate	06/01/2016	09/01/2016	Meramec	21,690'
Revised Estimate				Tot. Vertical Depth
Supplemental Estimate				11,580'

Project Description:

Drill and complete a horizontal test. Drill to 1500', set surface casing. Drill to 9650', set intermediate casing. Drill to 11102' (KOP). Drill curve at 12 DLS build rate to +/- 11580' TVD and a +/- 9800' long lateral in the Meramec formation. Run and cement production casing. Stage frac in 75 stages. Drill out plugs. Run production tubing. Flow to sales through new facility.

	Dry Hole Cost	After Casing Point	Completed Well Cost
Intangibles			
Drilling Costs	\$3,702,000		\$3,702,000
Completion Costs		\$7,812,300	\$7,812,300
Total Intangible Costs	\$3,702,000	\$7,812,300	\$11,514,300

Tangibles			
Well Equipment	\$370,000	\$538,800	\$908,800
Lease Equipment		\$323,700	\$323,700
Total Tangible Well Cost	\$370,000	\$862,500	\$1,232,500

Plug and Abandon Cost	\$0	\$0	\$0
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Total Well Cost	\$4,072,000	\$8,674,800	\$12,746,800
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Comments on Well Costs

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

Well Control Insurance

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

☐ I elect to purchase my own well control insurance policy.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

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



6-13-16



Project Cost Estimate

Lease Name:

	BCP - Drilling (Dry Hole Cost)		ACP - Drilling		Completion / Stimulation	
Intangibles	Codes		Codes		Codes	
Roads & Location Preparation / Restoration	DIDC.100	\$190,000			STIM.100	\$30,000
Damages	DIDC.105	\$30,000				
Mud / Fluids Disposal Charges	DIDC.255	\$100,000			STIM.255	\$130,000
Day Rate 47.00 DH Days 5.00 ACP Days @ \$25,500.00 Per Day	DIDC.115	\$1,199,000	DICC.120	\$128,000		
Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.)	DIDC.120	\$27,000				
Bits	DIDC.125	\$250,000	DICC.125	\$0	STIM.125	\$0
Fuel \$1.45 Per Gallon ##### Gallons Per Day	DIDC.135	\$123,000	DICC.130	\$0		
Water for Drilling Rig / Completion Fluids (Not Frac Water)	DIDC.140	\$18,000	DICC.135	\$1,000	STIM.135	\$3,000
Mud & Additives	DIDC.145	\$435,000				
Surface Rentals	DIDC.150	\$85,000	DICC.140	\$0	STIM.140	\$256,000
Downhole Rentals	DIDC.155	\$40,000			STIM.145	\$50,000
Formation Evaluation (DST, Coring including evaluation, G&G Services)	DIDC.160	\$0			STIM.150	\$0
Mud Logging 45.00 Days @ \$1,000.00 Per Day	DIDC.170	\$45,000				
Open Hole Logging	DIDC.180	\$0				
Cementing & Float Equipment	DIDC.185	\$42,000	DICC.155	\$140,000		
Tubular Inspections	DIDC.190	\$15,000	DICC.160	\$5,000	STIM.160	\$0
Casing Crews	DIDC.195	\$14,000	DICC.165	\$15,000	STIM.165	\$0
Extra Labor, Welding, Etc.	DIDC.200	\$12,000	DICC.170	\$2,000	STIM.170	\$0
Land Transportation (Trucking for tangibles)	DIDC.205	\$17,000	DICC.175	\$10,000	STIM.175	\$2,000
Supervision \$4,000.00 Per Day	DIDC.210	\$208,000	DICC.180	\$10,000	STIM.180	\$130,000
Trailer House / Camp / Catering	DIDC.280	\$26,000	DICC.255	\$0	STIM.280	\$13,000
Other Misc Expenses	DIDC.220	\$1,000	DICC.190	\$0	STIM.190	\$50,000
Overhead	DIDC.225	\$10,000	DICC.195	\$5,000		
Remedial Cementing	DIDC.231	\$0			STIM.215	\$0
MOB/DEMOB	DIDC.240	\$180,000				
Directional Drilling Services	DIDC.245	\$350,000				
Crane for Construction						
Solids Control	DIDC.260	\$30,000				
Well Control Equip (Snubbing Svcs.)	DIDC.265	\$37,000	DICC.240	\$7,000	STIM.240	\$68,000
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.200	\$371,000
Composite Plugs					STIM.390	\$101,000
Stimulation Pumping Charges, Chemicals, Additives, Sand					STIM.210	\$4,475,000
Stimulation Water / Water Transfer / Water Storage					STIM.395	\$492,000
Cimarex Owned Frac / Rental Equipment					STIM.305	\$50,000
Legal / Regulatory / Curative	DIDC.300	\$20,000				
Well Control Insurance \$1.00 Per Foot	DIDC.285	\$22,000				
Contingency 5.0 % of Drilling Intangibles	DIDC.435	\$176,000	DICC.220	\$13,000	STIM.220	\$329,000
Construction For Flow Lines						
Construction For Sales P/L						
Total Intangible Cost		\$3,702,000		\$336,000		\$6,900,000

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	13.375	1500.00	\$40.00	DWEB.140	\$60,000		
Intermediate Casing 1	9.625	9650.00	\$29.00	DWEB.145	\$280,000		
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	21690.00	\$18.00		DWEA.100	\$390,000	
Production Tie-Back	0	0.00	\$0.00		DWEA.165	\$0	STIMT.101 \$0
Tubing	2.375	11200.00	\$5.00				STIMT.105 \$0
Wellhead, Tree, Chokes				DWEB.115	\$30,000	DWEA.120	\$43,000
Liner Hanger, Isolation Packer				DWEB.100	\$0	DWEA.125	\$0
Packer, Nipples							STIMT.400 \$5,000
Pumping Unit, Engine							STIMT.405 \$0
Downhole Lift Equipment (BHP, Rods, Anchors, ESP, GVLs, PC Pump)							STIMT.410 \$0
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					\$370,000	\$433,000	\$45,000

P&A Costs	DIDC.295	\$0	DICC.275	\$0		
Total Cost		\$4,072,000		\$769,000		\$6,945,000



Project Cost Estimate

Lease Name:

	Production		Post		Total Well
	Equipment /	Construction	Completion	Cost	
Intangibles	Codes		Codes		
Roads & Location Preparation / Restoration	CON.100	\$4,000	PCOM.100	\$1,000	\$225,000
Damages	CON.105	\$0			\$30,000
Mud / Fluids Disposal Charges			PCOM.255	\$94,500	\$324,500
Day Rate	47.00	DH Days	5.00	ACP Days @	\$25,500.00 Per Day
Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.)					\$27,000
Bits			PCOM.125	\$0	\$250,000
Fuel	\$1.45	Per Gallon	PCOM.130	\$0	\$123,000
Water for Drilling Rig / Completion Fluids (Not Frac Water)			PCOM.135	\$1,000	\$23,000
Mud & Additives	CON.140	\$4,000	PCOM.140	\$280,000	\$435,000
Surface Rentals			PCOM.145	\$0	\$625,000
Downhole Rentals					\$90,000
Formation Evaluation (DST, Coring including evaluation, G&G Services)					\$0
Mud Logging	45.00	Days @	\$1,000.00	Per Day	\$45,000
Open Hole Logging					\$0
Cementing & Float Equipment			PCOM.160	\$3,700	\$182,000
Tubular Inspections					\$23,700
Casing Crews	CON.170	\$55,000	PCOM.170	\$0	\$29,000
Extra Labor, Welding, Etc.	CON.175	\$9,000	PCOM.175	\$6,800	\$69,000
Land Transportation (Trucking for tangibles)	CON.180	\$12,400	PCOM.180	\$8,500	\$44,800
Supervision		\$4,000.00	Per Day		\$368,900
Trailer House / Camp / Catering	CON.190	\$3,900	PCOM.190	\$0	\$39,000
Other Misc Expenses					\$54,900
Overhead			PCOM.215	\$0	\$15,000
Remedial Cementing					\$0
MOB/DEMOB					\$180,000
Directional Drilling Services	CON.230	\$4,000			\$350,000
Crane for Construction					\$4,000
Solids Control			PCOM.240	\$22,000	\$30,000
Well Control Equip (Snubbing Svcs.)			PCOM.245	\$0	\$134,000
Fishing & Sidetrack Operations			PCOM.115	\$14,000	\$0
Completion Rig			PCOM.260	\$0	\$14,000
Coil Tubing			PCOM.200	\$0	\$350,000
Completion Logging, Perforating, WL Units, WL Surveys			PCOM.390	\$0	\$371,000
Composite Plugs			PCOM.210	\$0	\$101,000
Stimulation Pumping Charges, Chemicals, Additives, Sand					\$4,475,000
Stimulation Water / Water Transfer / Water Storage					\$492,000
Cimarex Owned Frac / Rental Equipment	CON.300	\$0			\$50,000
Legal / Regulatory / Curative					\$20,000
Well Control Insurance		\$1.00	Per Foot		\$22,000
Contingency	5.0	% of Drilling Intangibles	CON.220	\$9,300	\$570,500
Construction For Flow Lines	CON.310	\$0	PCOM.220	\$43,200	\$0
Construction For Sales P/L	CON.265	\$0			\$0
Total Intangible Cost		\$101,600		\$474,700	\$11,514,300

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	13.375	1500.00	\$40.00		\$60,000
Surface Casing	9.625	9650.00	\$29.00		\$280,000
Intermediate Casing 1	0	0.00	\$0.00		\$0
Intermediate Casing 2	0	0.00	\$0.00		\$0
Drilling Liner	0	0.00	\$0.00		\$390,000
Production Casing or Liner	5.5	21690.00	\$18.00		\$0
Production Tie-Back	0	0.00	\$0.00		\$0
Tubing	2.375	11200.00	\$5.00	PCOMT.105	\$59,000
Wellhead, Tree, Chokes					\$113,000
Liner Hanger, Isolation Packer				PCOMT.400	\$1,800
Packer, Nipples				PCOMT.405	\$0
Pumping Unit, Engine				PCOMT.410	\$0
Downhole Lift Equipment (BHP, Rods, Anchors, ESP, GVLS, PC Pump)					\$0
Tangible Lease Equipment					
N/C Lease Equipment	CON.400	\$65,000			\$65,000
Tanks, Tanks Steps, Stairs	CON.405	\$56,300			\$56,300
Battery (Heater Treater, Separator, Gas Treating Equipment)	CON.410	\$108,000			\$108,000
Secondary Containments	CON.415	\$8,000			\$8,000
Overhead Power Distribution (electric line to facility)	CON.420	\$3,000			\$3,000
Facility Electrical & Automation	CON.425	\$31,200			\$31,200
SWD Connection	CON.430	\$0			\$0
Flow Lines (Line Pipe from wellhead to central facility)	CON.435	\$23,200			\$23,200
Pipeline to Sales	CON.440	\$0			\$0
Meters and Metering Equipment	CON.445	\$29,000			\$29,000
Total Tangibles		\$323,700		\$60,800	\$1,232,500
					\$0
P&A Costs					
				\$425,300	\$535,500
Total Cost					\$12,746,800