



Authorization For Expenditure

Company Entity CIMAREX ENERGY CO	Date Prepared August 12, 2016
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Region Anadarko	Well Name Dupree BIA 1H-2215X	Prospect or Field Name CANA NORTHWEST PROSPECT	Property Number	Drilling AFE No.
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Location Section 22 & 15-16N-12W, Blaine County, Oklahoma	County Blaine	State OK	Type Well Oil <input checked="" type="checkbox"/> Expl <input checked="" type="checkbox"/> X Gas <input checked="" type="checkbox"/> Prod <input checked="" type="checkbox"/> X
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Estimate Type Original Estimate <input checked="" type="checkbox"/> X Revised Estimate Supplemental Estimate	Est. Start Date	Est. Comp Date	Formation Mississippi	Ttl Measured Depth 21,270' Ttl Vertical Depth 11,270'
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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
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Total Well Cost	\$4,318,000	\$6,560,700	\$10,878,700
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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 re-drilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

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

☐ I elect to take my gas in kind.

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

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

Cimarex Energy Co. Approval

Prepared by	Drilling and Completion Manager	Regional Manager
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Joint Interest Approval

Company	By	Date
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Project Cost Estimate

Lease Name:

	BCP - Drilling (Dry Hole Cost)	ACP - Drilling	Completion / Stimulation
Intangibles	Codes	Codes	Codes
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 @ \$0.00 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 ##### Per Day	DIDC.210 \$220,000	DICC.180 \$15,000	STIM.180 \$67,000
Trailer House / Camp / Catering	DIDC.280 \$47,000	DICC.255 \$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.200 \$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 10.00 % of Drilling Intangibles	DIDC.435 \$184,000	DICC.220 \$13,000	STIM.220 \$219,000
Construction For Flow Lines			
Construction For Sales P/L			
Total Intangible Cost	\$3,862,000	\$359,000	\$4,590,000

Tangible - Well Equipment			
Casing	Size	Feet	\$ / Foot
Drive Pipe	0	0.00	\$0.00
Conductor Pipe	0	0.00	\$0.00
Water String	0	0.00	\$0.00
Surface Casing	13.375	1500.00	\$36.21
Intermediate Casing 1	9.625	9548.00	\$38.45
Intermediate Casing 2	0	0.00	\$0.00
Drilling Liner	0	0.00	\$0.00
Production Casing or Liner	5.5	21270.00	\$22.00
Production Tie-Back	0	0.00	\$0.00
Tubing	2.375	10890.00	\$5.10
Wellhead, Tree, Chokes			
Liner Hanger, Isolation Packer			
Packer, Nipples			
Pumping Unit, Engine			
Downhole Lift Equipment (BHP, Rods, Anchors, ESP, GVLS, PC Pump)			
Tangible - Lease Equipment			
N/C Lease Equipment			
Tanks, Tanks Steps, Stairs			
Battery (Heater Treater, Separator, Gas Treating Equipment)			
Secondary Containments			
Overhead Power Distribution (electric line to facility)			
Facility Electrical & Automation			
SWD Connection			
Flow Lines (Line Pipe from wellhead to central facility)			
Pipeline to Sales			
Meters and Metering Equipment			
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



Project Cost Estimate

Lease Name:

		Production	Post	Total Well
		Equipment /	Completion	Cost
Intangibles	Codes	Construction	Codes	
Roads & Location Preparation / Restoration	CON.100	\$2,500	PCOM.100	\$1,000
Damages	CON.105	\$900		\$28,900
Mud / Fluids Disposal Charges			PCOM.255	\$144,000
Day Rate	#####	DH Days	50.00	ACP Days @
				\$5.00
Per Day				\$1,432,000
Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.)				\$26,000
Bits			PCOM.125	\$0
Fuel	\$2.00	Per Gallon	#####	Gallons Per Day
			PCOM.130	\$0
Water for Drilling Rig / Completion Fluids (Not Frac Water)			PCOM.135	\$1,000
				\$400,000
Mud & Additives				
Surface Rentals	CON.140	\$3,000	PCOM.140	\$280,000
Downhole Rentals			PCOM.145	\$0
Formation Evaluation (DST, Coring including evaluation, G&G Services)				\$0
Mud Logging		48.00	Days @	\$1,000.00
Per Day				\$48,000
Open Hole Logging				\$0
Cementing & Float Equipment				\$175,000
Tubular Inspections			PCOM.160	\$3,700
				\$30,700
Casing Crews				\$53,000
Extra Labor, Welding, Etc.	CON.170	\$66,000	PCOM.170	\$0
				\$89,000
Land Transportation (Trucking for tangibles)	CON.175	\$8,000	PCOM.175	\$6,800
				\$46,800
Supervision		\$4,000.00	Per Day	
	CON.180	\$8,500	PCOM.180	\$8,500
				\$319,000
Trailer House / Camp / Catering				\$65,000
Other Misc Expenses	CON.190	\$3,000	PCOM.190	\$0
				\$30,000
Overhead				\$16,000
Remedial Cementing			PCOM.215	\$0
				\$0
MOB/DEMOB				\$215,000
Directional Drilling Services				\$300,000
Crane for Construction	CON.230	\$4,000		\$4,000
				\$43,000
Solids Control				
Well Control Equip (Snubbing Svcs.)			PCOM.240	\$22,000
				\$107,000
Fishing & Sidetrack Operations			PCOM.245	\$0
				\$0
Completion Rig			PCOM.115	\$14,000
				\$4,000
Coil Tubing			PCOM.260	\$0
				\$350,000
Completion Logging, Perforating, WL Units, WL Surveys			PCOM.200	\$0
				\$213,000
Composite Plugs			PCOM.390	\$0
				\$113,000
Stimulation Pumping Charges, Chemicals, Additives, Sand			PCOM.210	\$0
				\$2,881,000
Stimulation Water / Water Transfer / Water Storage				\$299,000
Cimarex Owned Frac / Rental Equipment				\$100,000
Legal / Regulatory / Curative	CON.300	\$0		\$20,000
Well Control Insurance		\$1.00	Per Foot	\$21,000
Contingency	0.0	% of Drilling Intangibles		
	CON.220	\$10,000	PCOM.220	\$48,100
				\$474,100
Construction For Flow Lines	CON.310	\$3,500		\$3,500
Construction For Sales P/L	CON.265	\$0		\$0
Total Intangible Cost		\$109,400	\$529,100	\$9,449,500

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	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.105	\$69,000	\$69,000
Wellhead, Tree, Chokes							\$118,000
Liner Hanger, Isolation Packer							\$0
Packer, Nipples					PCOMT.400	\$1,800	\$6,800
Pumping Unit, Engine					PCOMT.405	\$0	\$0
Downhole Lift Equipment (BHP, Rods, Anchors, ESP, GVLS, PC Pump)					PCOMT.410	\$0	\$0
Tangible - Lease Equipment							
N/C Lease Equipment	CONT.400	\$65,000					\$65,000
Tanks, Tanks Steps, Stairs	CONT.405	\$71,500					\$71,500
Battery (Heater Treater, Separator, Gas Treating Equipment)	CONT.410	\$115,700					\$115,700
Secondary Containments	CONT.415	\$8,000					\$8,000
Overhead Power Distribution (electric line to facility)	CONT.420	\$3,000					\$3,000
Facility Electrical & Automation	CONT.425	\$31,200					\$31,200
SWD Connection	CONT.430	\$0					\$0
Flow Lines (Line Pipe from wellhead to central facility)	CONT.435	\$23,200					\$23,200
Pipeline to Sales	CONT.440	\$0					\$0
Meters and Metering Equipment	CONT.445	\$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