Drilling Improvements in the Second Bone Spring, NM

CIMAREX

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Forward-looking Statements

This presentation contains projections and other forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933 and Section 21E of the U.S. Securities Exchange Act of 1934. These projections and statements reflect the Company's current views with respect to future events and financial performance. No assurances can be given, however, that these events will occur or that these projections will be achieved, and actual results could differ materially from those projected as a result of certain factors. A discussion of these factors is included in the Company's periodic reports filed with the U.S. Securities and Exchange Commission.

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Outline

- Quote
- Cimarex Strategy
- Delaware Bone Spring
- Typical Wellbore Design
- Median Days – Historical
- Best of the Best Days
- 17-1/2’’ Hole
- 12-1/4’’ Hole
- 8-3/4’’ & 7-7/8’’ Vertical Hole
- Curve
- Lateral

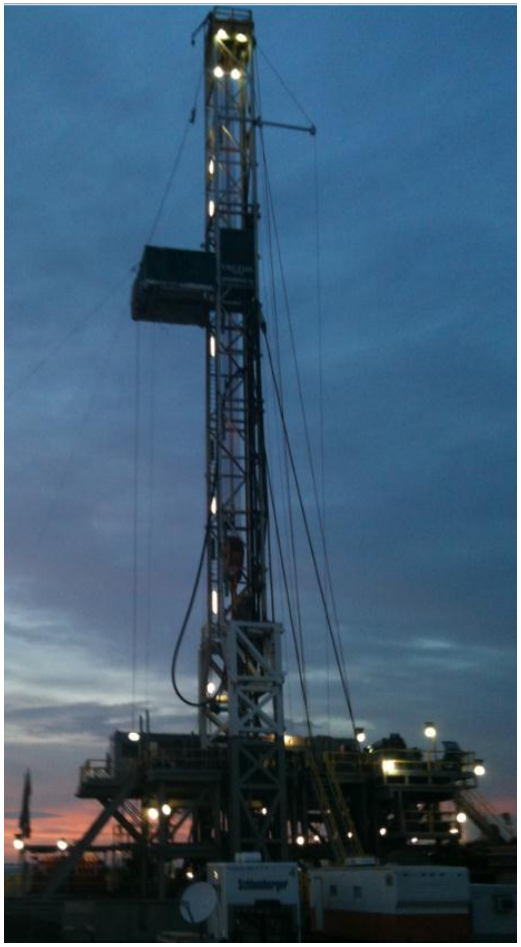
Quote

If past history was all there was to the game, the richest people would be librarians.

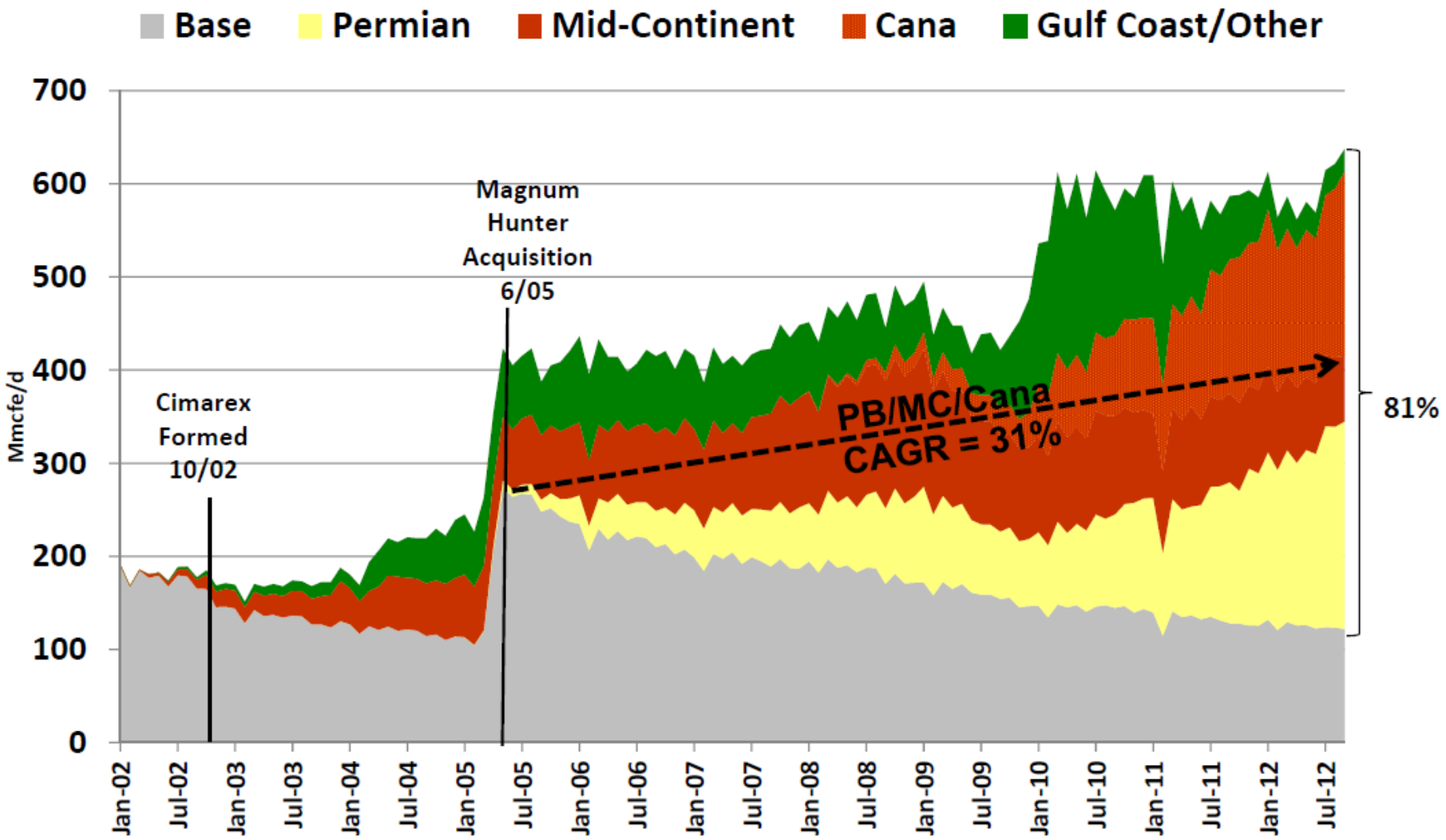
- Warren Buffett

Cimarex Strategy

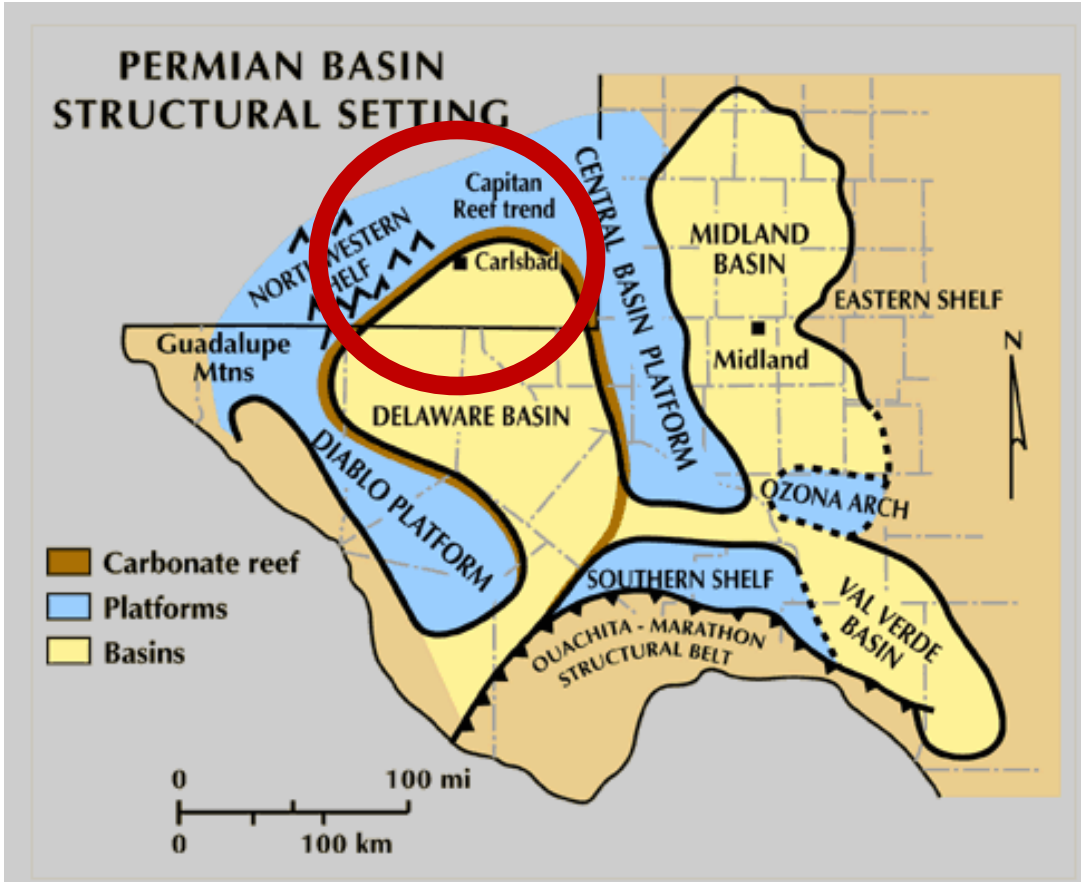
- **Grow through the drill-bit**
  - Generate our own drilling inventory
- **Portfolio approach**
  - Keep a mix of opportunities…gas/oil; low-medium-higher risk projects; seek geologic and geographic diversity
- **Rate of return based decisions**
  - Strong relative oil prices have resulted in capital shift
  - Expanding Permian Basin operations and focus on liquids rich shale projects
  - Growing oil and NGL proved reserves



Drill-Bit Production by Region



Permian – Delaware Bone Spring



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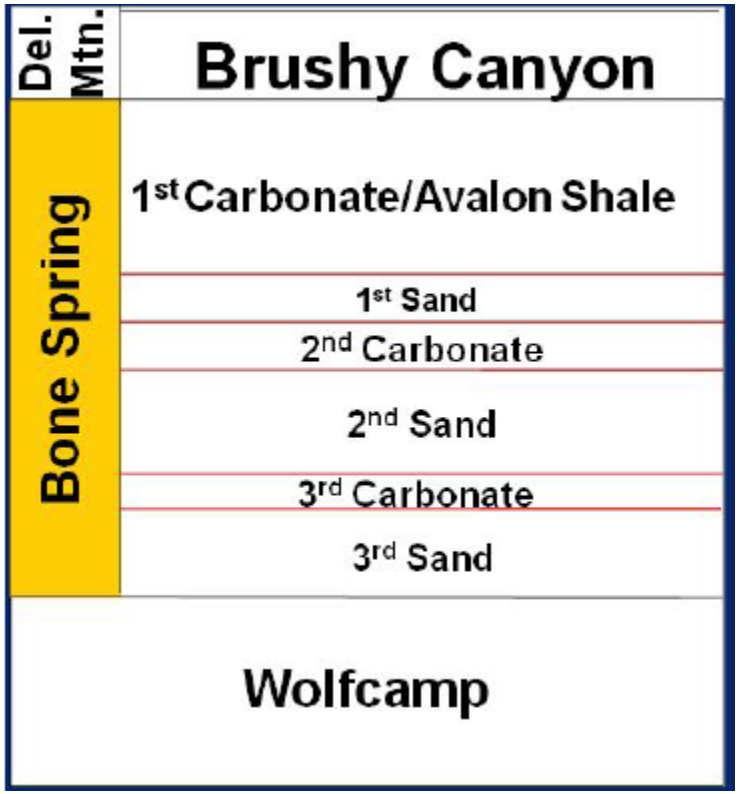
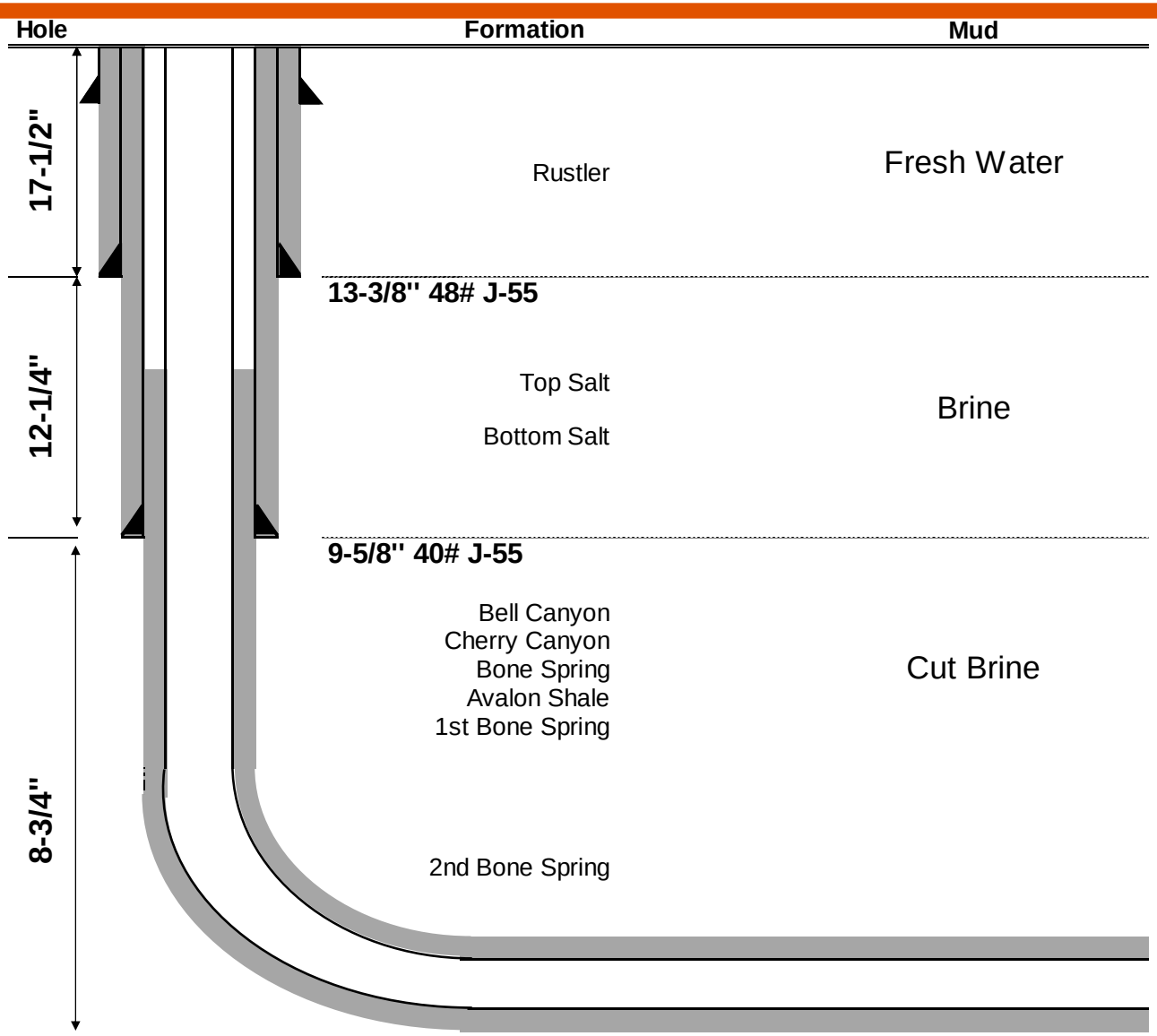


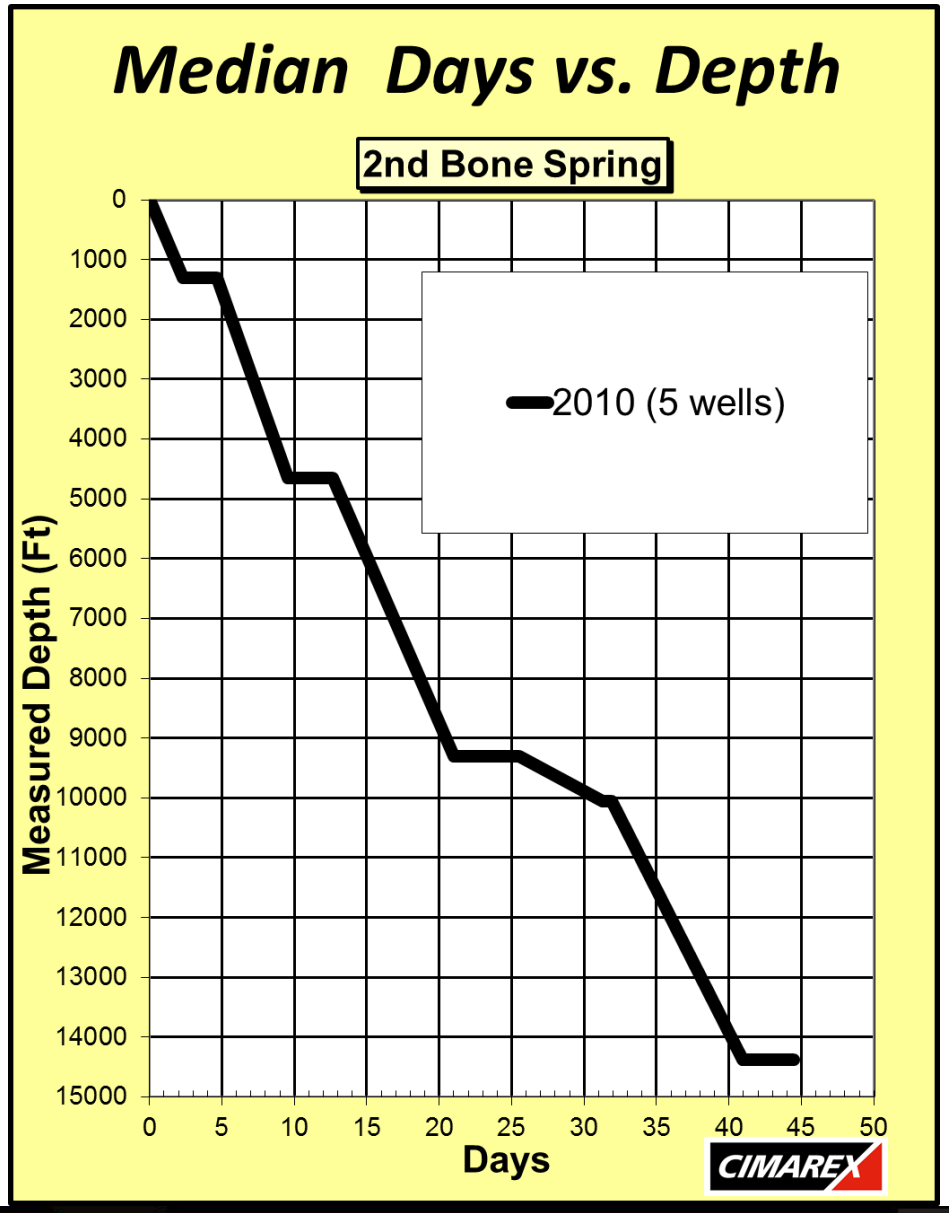
Typical Wellbore Design



Production Casing: 5-1/2" 17# P110

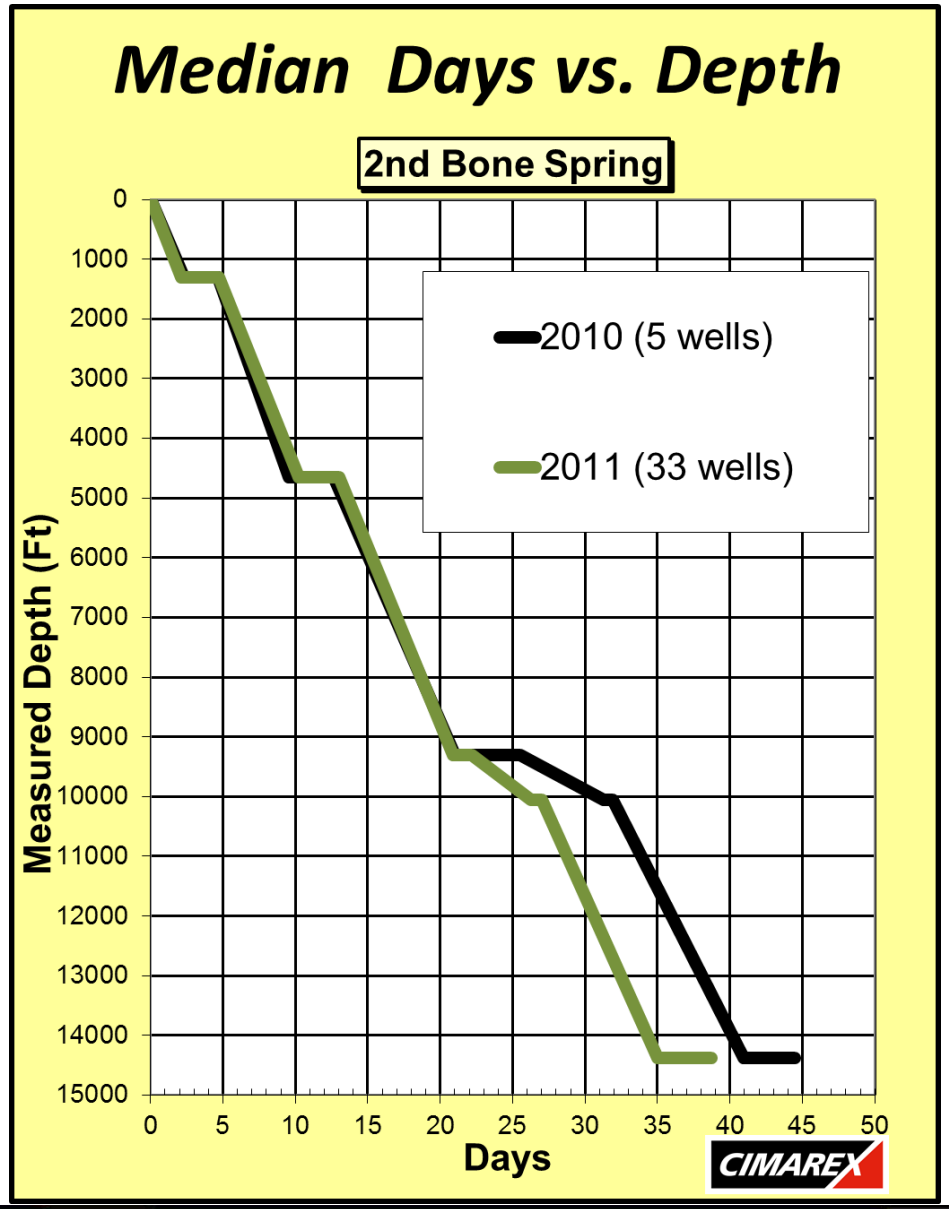
Median Days

- **2010: 41.0**



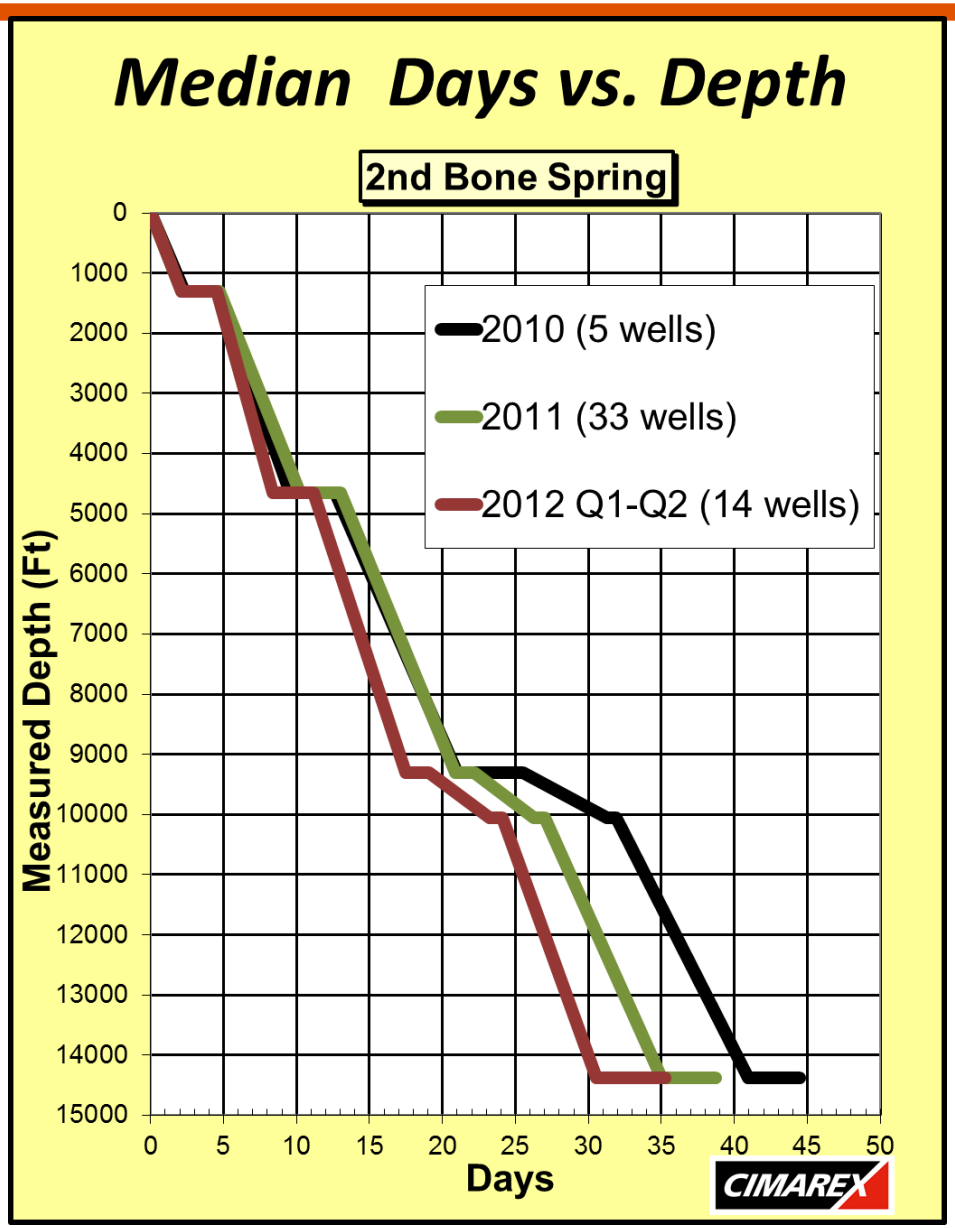
Median Days

- **2010: 41.0**
- **2011: 35.0**



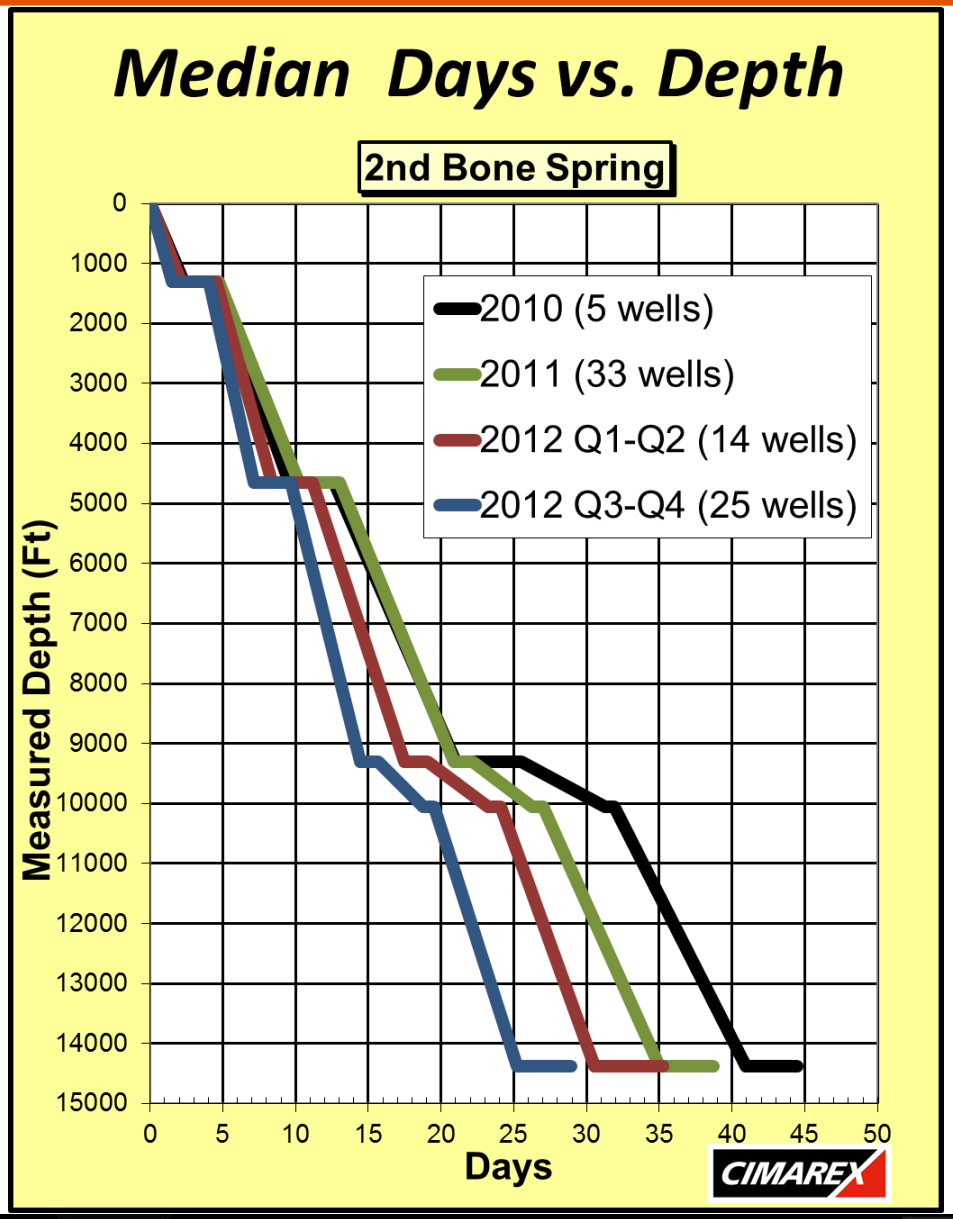
Median Days

- **2010: 41.0**
- **2011: 35.0**
- **2012 Q1-Q2: 30.5**



Median Days

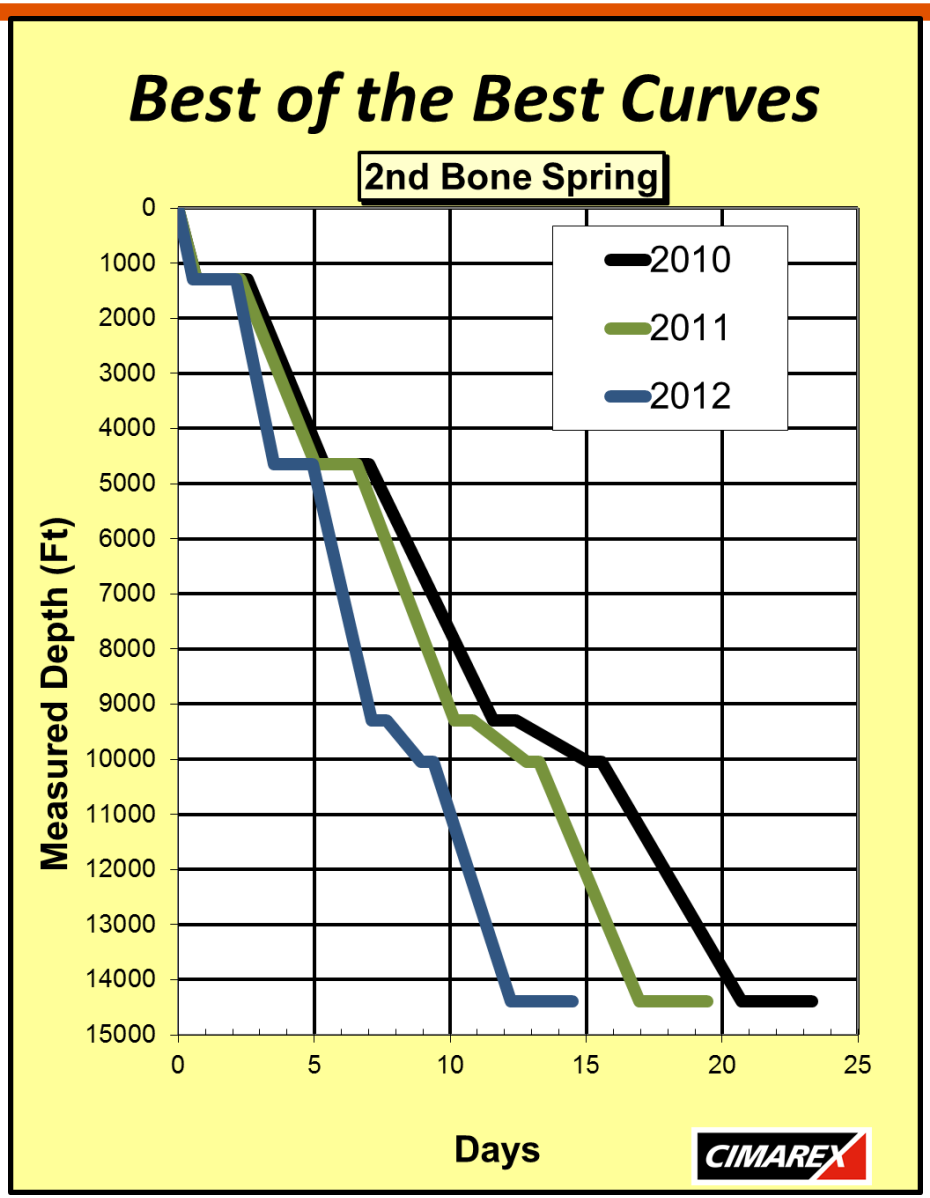
- 2010: 41.0
- 2011: 35.0
- 2012 Q1-Q2: 30.5
- 2012 Q2-Q4: 25.3



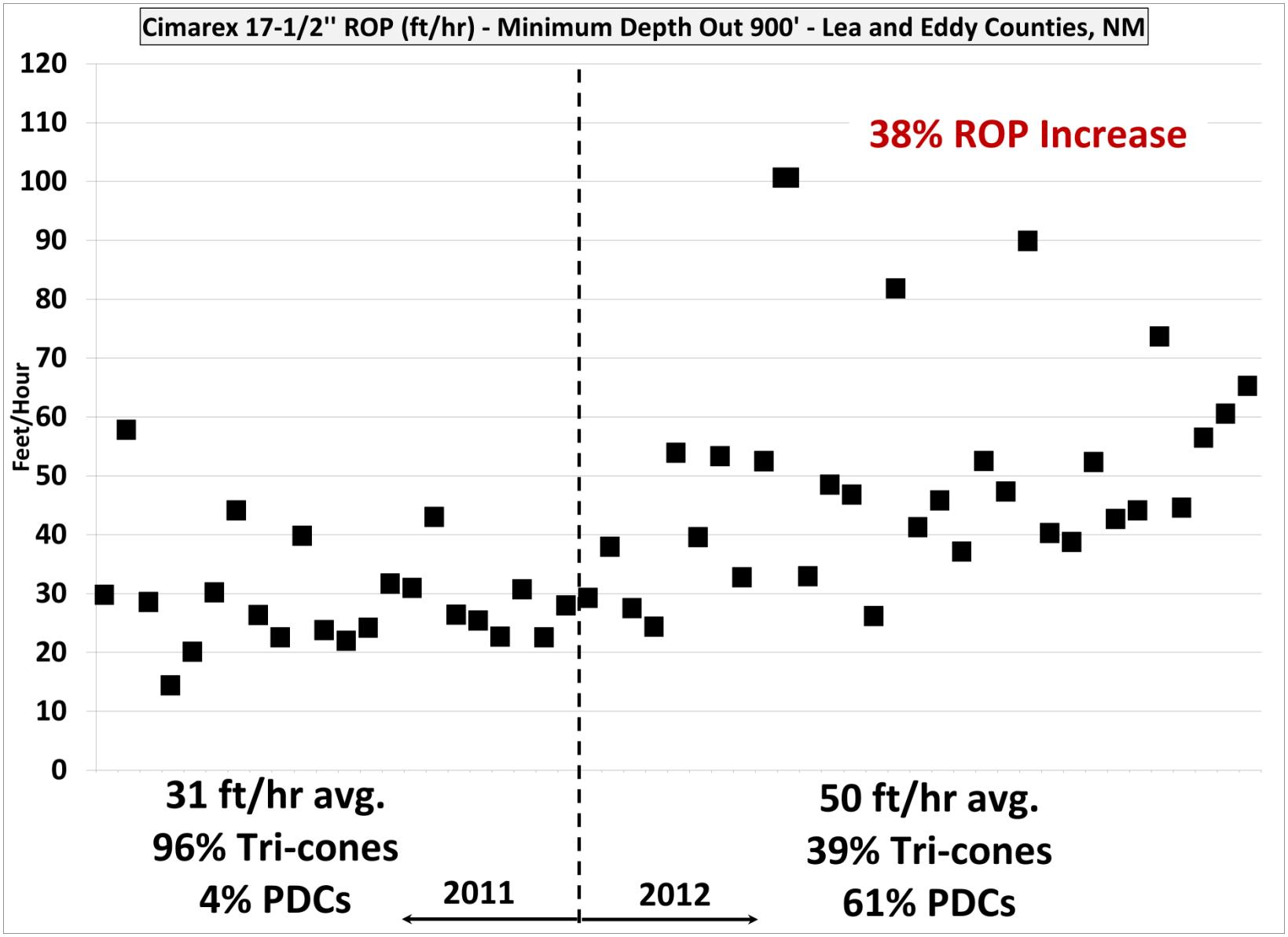
Best of the Best

- Composite performance of all wells
- Wells are divided into 10 different segments

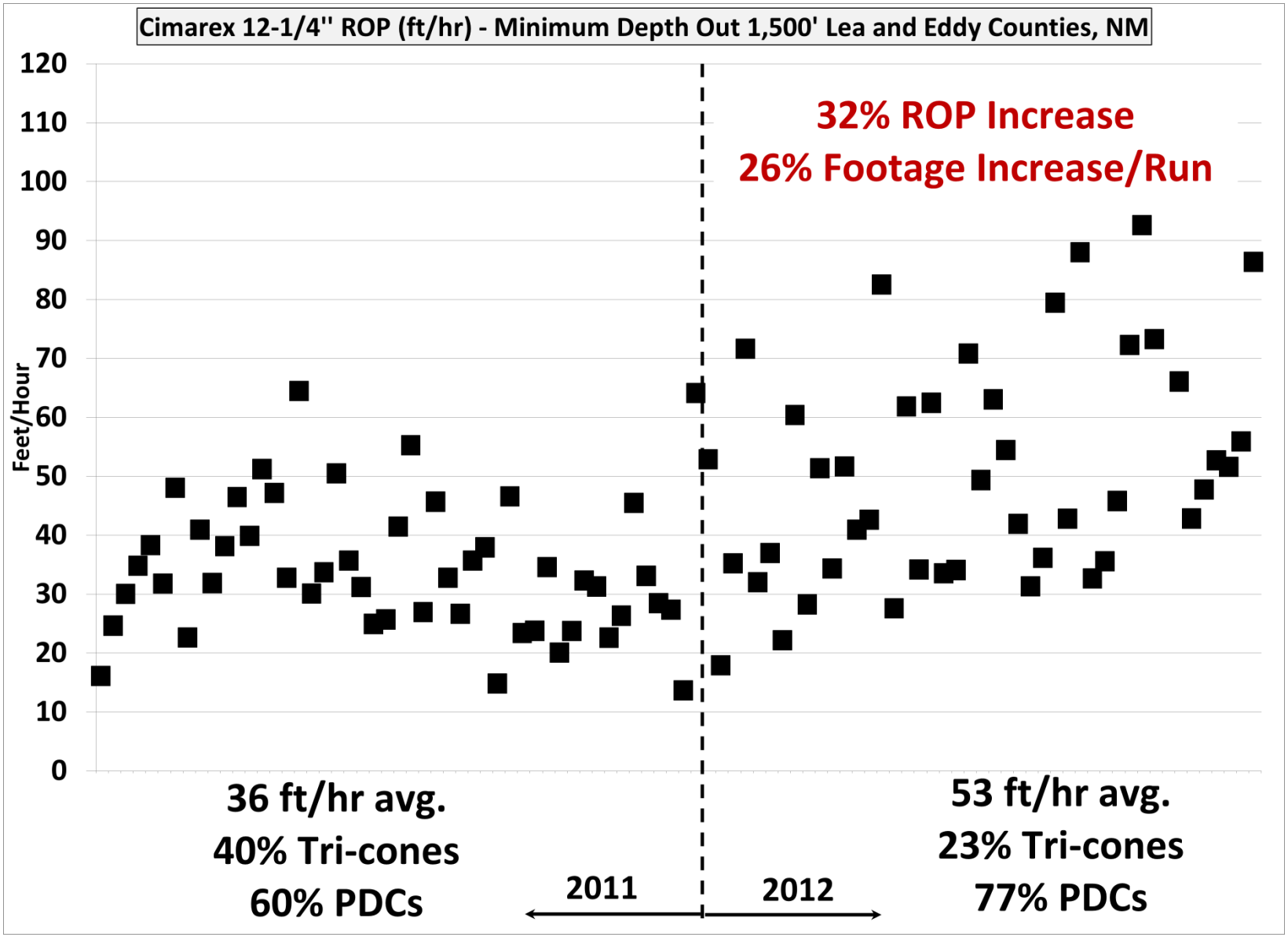
- 2010: 20.7 Days
- 2011: 17.0 Days
- 2012: 12.2 Days



17-1/2" Hole Section



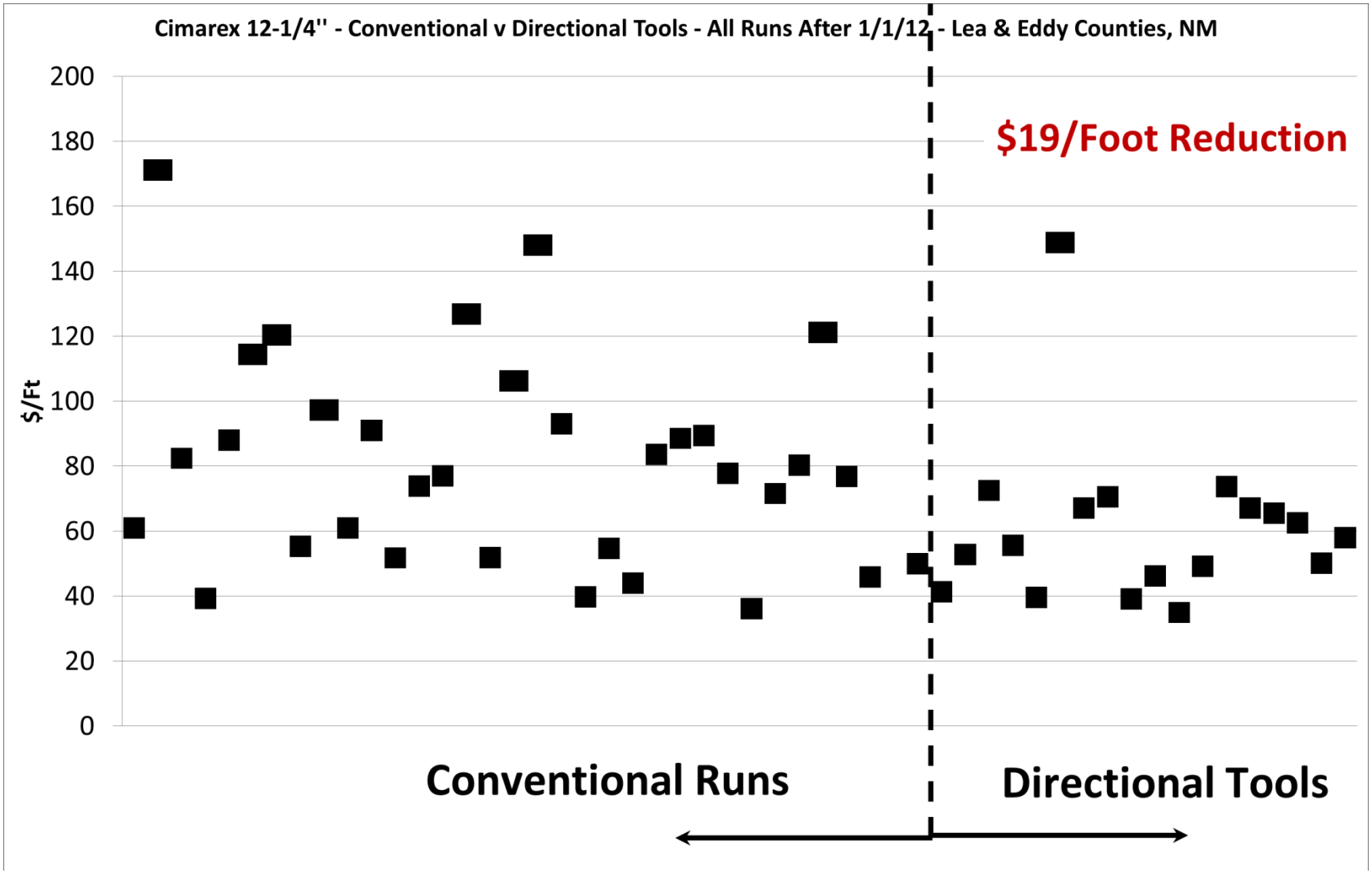
12-1/4" Hole Section



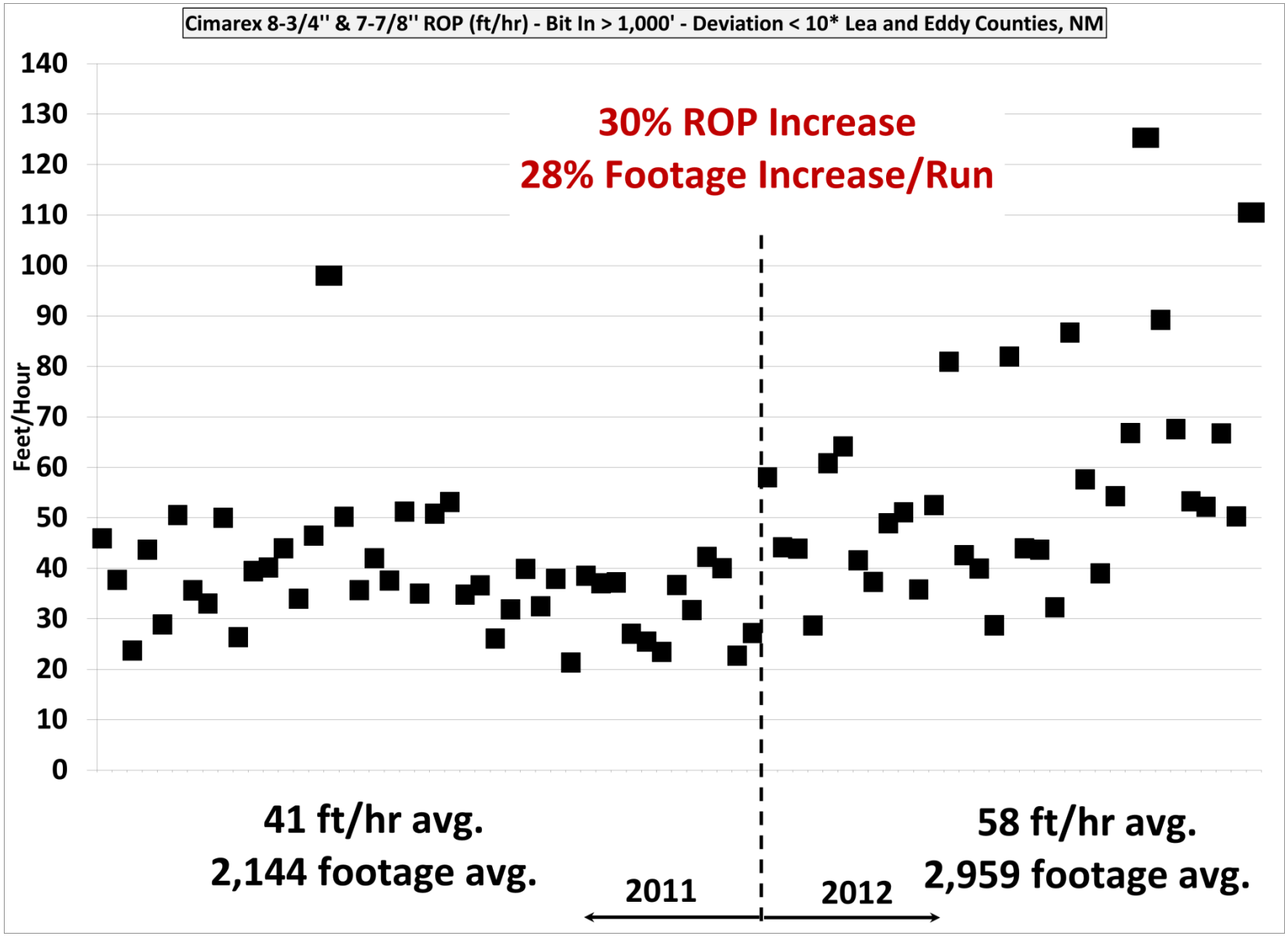
Vertical Deviation Solutions

- **“Old School” Solution**
  - Packed Pendulum BHA – Drill with light weight and higher RPM to “fan” back vertical
  - Decreased ROP due to light WOB
- **“New School” Solutions**
  - Vertical Control, “Pad-Type” Tools
  - Bent Motor

12-1/4'' Hole Section – Conv. v Directional



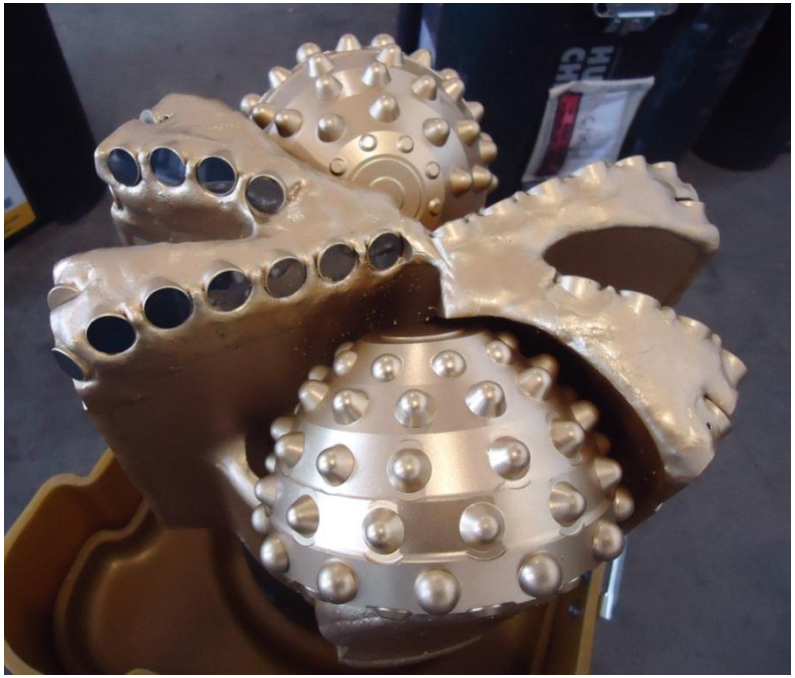
8-3/4" & 7-7/8" Vertical Hole



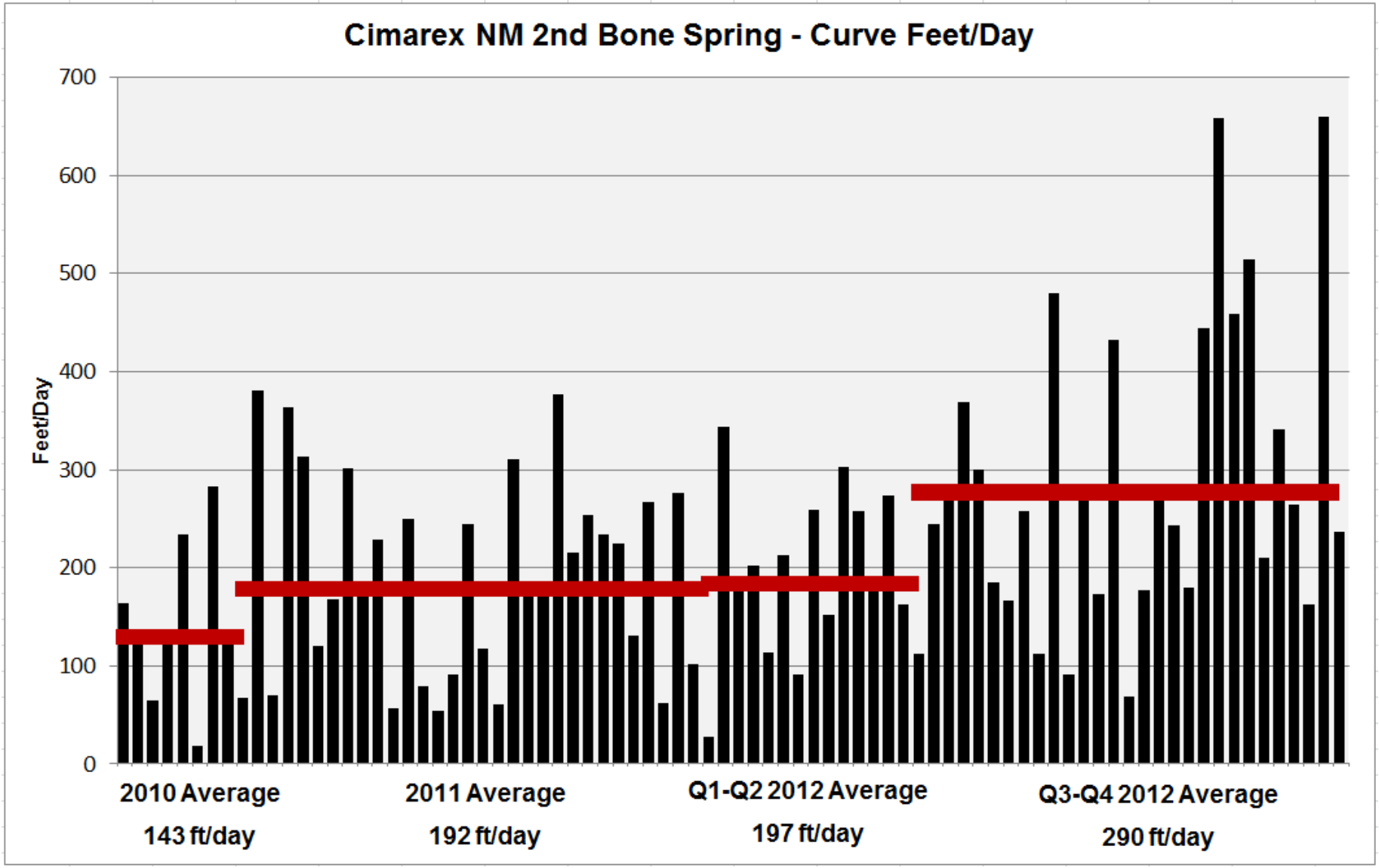
Curve

- **PDC Bits**
  - 16% utilization in 2011
  - 45% utilization in 2012
  - 26% ROP and footage increase per run

- **Friction Reduction**
  - Mechanical
    - Oscillation Tools
  - Hydraulic
    - Lubricants

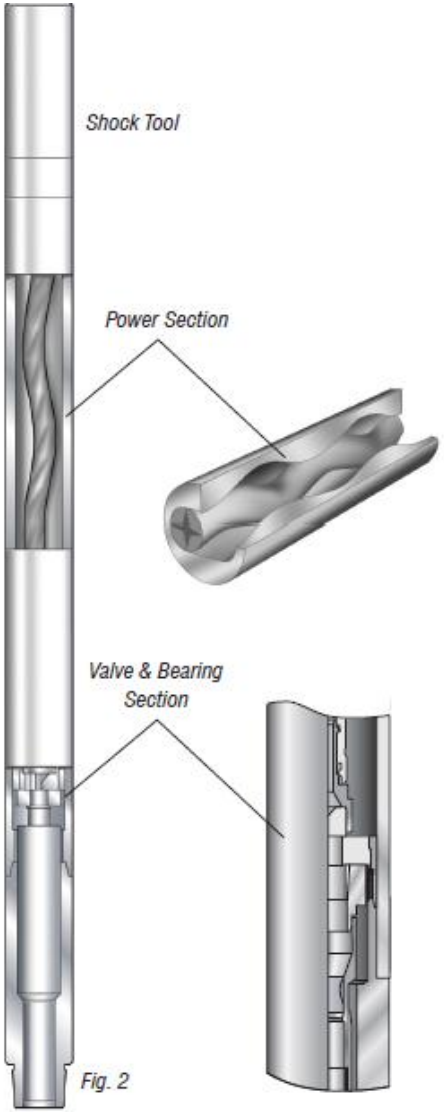


Curve


Cimarex NM 2nd Bone Spring - Curve Feet/Day
Feet/Day
700
600
500
400
300
200
100
0
2010 Average
143 ft/day
2011 Average
192 ft/day
Q1-Q2 2012 Average
197 ft/day
Q3-Q4 2012 Average
290 ft/day

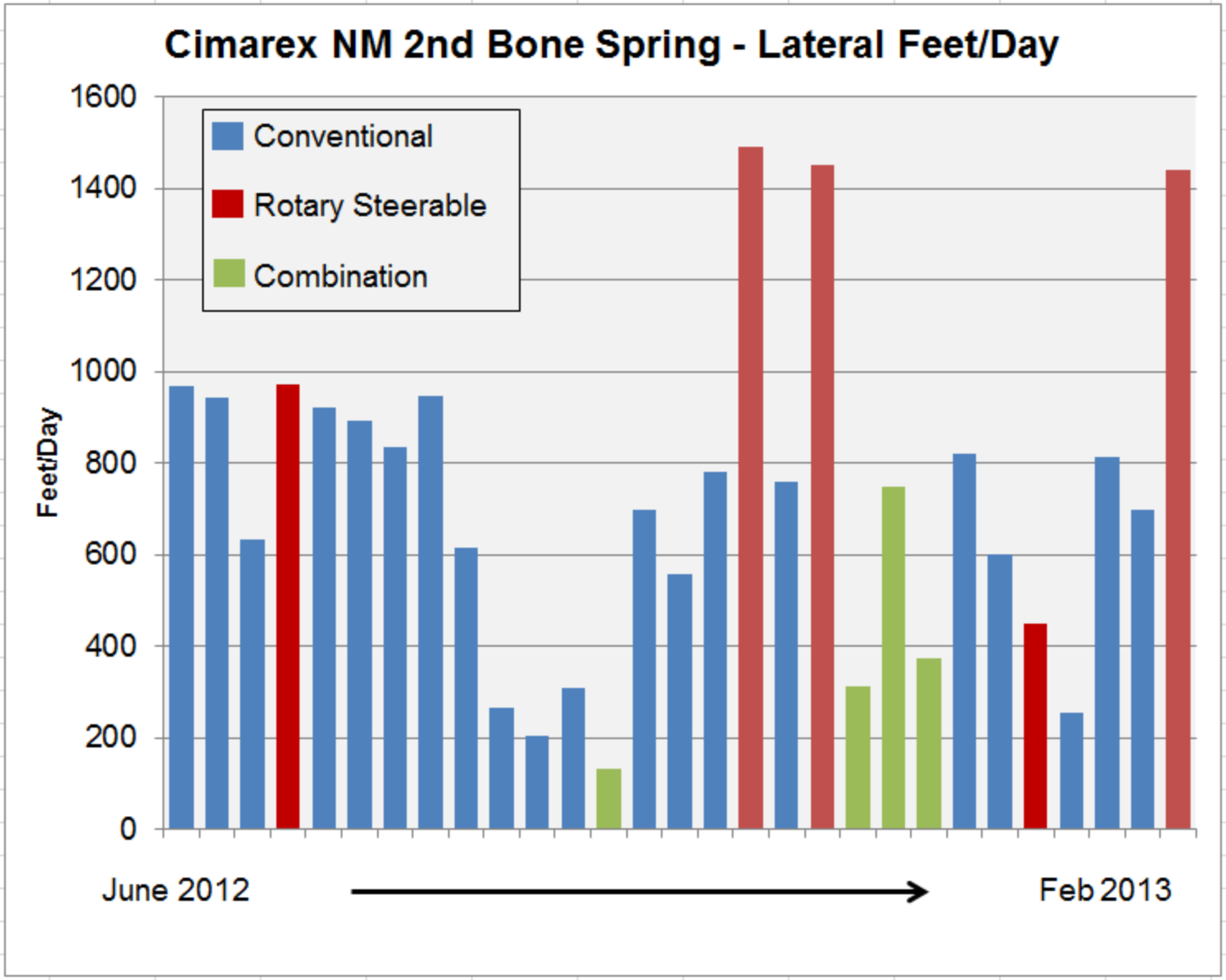
Lateral

- **Torque Reduction**
  - Typically TD with over 10,000 ft-lbs off-bottom torque
  - Oscillation Tools
  - Lubricants
- **Rotary Steerable**



NOV Agitator Tool Handbook page 4

Lateral


Cimarex NM 2nd Bone Spring - Lateral Feet/Day
Conventional
Rotary Steerable
Combination
Feet/Day
1600
1400
1200
1000
800
600
400
200
0
June 2012
Feb 2013

Questions?

Recap:

- **Delaware Bone Spring**
- **Typical Wellbore Design**
- **Median Days – Historical**
- **Best of the Best Days**
- **17-1/2'' Hole**
- **12-1/4'' Hole**
- **8-3/4'' & 7-7/8'' Vertical Hole**
- **Curve**
- **Lateral**