

Cimarex Energy Co.

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432.571.7800

Warnell



November 10, 2010

Via: U.S. Mail

Oil Conservation Division
Attn: Florene Davidson
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Case No. 14415; Order No. R-13287

Dear Florene:

Enclosed herewith is an itemized schedule of actual well costs associated with the drilling and completion of the Franklin 18 Federal Com No. 3 Well.

Please be advised that voluntary agreements were reached with the heirs of R.D. Collier and Jimmy Collier, the heirs of George H. Williams and Lois M. Combs Williams, Delbert Bassett, and Nell Blackerby.

If there is any additional information that you should require in regard to this matter, please do not hesitate to contact the undersigned. Thank you.

Sincerely,

Cimarex Energy Co.

A handwritten signature in black ink, appearing to read "Hayden P. Tresner".

Hayden P. Tresner
Landman

CC: James Bruce via e-mail

RECEIVED OCD
2010 NOV 15 A 9:15

Cimarex Energy Co. Daily Cost Sheet

Well Name		AFE #		St. Well ID #		API #		Objective / Proposed TD		Date															
FRANKLIN 18 FED 3H		259074		309742-021		30-005-29139		Abo ~9,500'		Sat, Oct 23, 2010															
Contractor		Rpt #		DFS		Present Operation																			
Viva 29		21		79.250		Turn Well Over To Production																			
Drilling:		MD		TVD		Footage		Daily \$/ft		Cum \$/ft		Completion:		TOC		PBD		TD		HRS WRK					
		0		0.00		0		0		0		0		0		0		0		9.00					
Sub Ledger Description		Vendor & Description		B.C.P Code		Daily Drig. Cost		Cum Drig. Cost		Variance To Drig. Afe Over/Under		A.C.P Code		Daily Compl. Cost		Cum Compl. Cost		Variance To Compl. Afe Over/Under		Dry Hole Cost		After Casing Point		Compl. Well Cost	
Roads & Location Preparation / Restoration				DICC 100				57,200		22,200		DICC 100		3,000		3,000				35,000		3,000		38,000	
Damages				DICC 105				6,000				DICC 105								6,000				6,000	
Mud/Fluids Disposal Charges		EOW Adj []		DICC 255				33,858		-12,342		DICC 235		51,827		61,582		14,707		46,000		48,875		92,875	
Day Rate				DICC 115				676,308		60,308		DICC 120				142,838		80,838		616,000		62,000		678,000	
Misc Prep Cost (Mouse Hole, Rat Hole, Bits				DICC 120				6,500												6,500				6,500	
Fuel				DICC 125				39,600		21,600		DICC 125						-1,000		18,000		1,000		19,000	
				DICC 135								DICC 130													
Water 009 / Completion Fluids 109				DICC 140				22,467		-783		DICC 135				2,149		-131,851		23,250		134,000		157,250	
Mud & Additives				DICC 145				43,749		-11,251										55,000				55,000	
Surface Rentals		Diamond Tank Rental [Light Plants]		DICC 150				6,225		-18,775		DICC 140		7,545		111,450		28,450		25,000		83,000		108,000	
Downhole Rentals		Weatherford [4.5" DRILL PIPE PKG		DICC 155		1,350		15,694		-16,306		DICC 145				12,690		690		32,000		12,000		44,000	
DSTS, Formation Tests				DICC 160																					
Mud Logging				DICC 170				35,700		13,700										22,000				22,000	
Open Hole Logging				DICC 180				26,231		6,231										20,000				20,000	
Cementing, thru Intermediate Casing				DICC 185				69,985		39,985		DICC 155						-40,000		30,000		40,000		70,000	
Tubular Inspections		[]		DICC 190				5,344		344		DICC 160		2,200		3,000				5,000		3,000		8,000	
Casing Crews				DICC 195				1,196		-804		DICC 165				21,461		6,461		2,000		15,000		17,000	
Extra labor, Welding, etc.				DICC 200				2,414		-8,586		DICC 170				11,610		6,610		11,000		5,000		16,000	
Trucking				DICC 205				10,068		-3,932		DICC 175				8,657		5,657		14,000		3,000		17,000	
Supervision		Glen Smith [Consultant]		DICC 210				50,648		5,648		DICC 180				18,652		6,652		45,000		12,000		57,000	
Trailer, Camp & Catering		Stallion [TRAILER]		DICC 280		876		16,813		4,813		DICC 255				4,220		220		12,000		4,000		16,000	
Other misc expenses				DICC 220						-2,000		DICC 190				9,571		2,571		2,000		7,000		9,000	
Overhead		[]		DICC 225				12,000				DICC 195		3,000		3,000				12,000		3,000		15,000	
Remedial Cementing				DICC 231								DICC 215													
Mobilize & Demobilize				DICC 240																					
Directional Drilling		Baker Hughes [Dir. and MWD]		DICC 245		9,500		194,300		52,300										142,000				142,000	
Dock, Dispatcher, Crane				DICC 250								DICC 230													
Marine/Air Transportation				DICC 275								DICC 250													
Solids Control-Equip/Services		B & R Trucking [RAILS & TRACKS.]		DICC 260		1,045		46,170		-3,830										50,000				50,000	
Well Control-Equip/Services		Basic [BOP]		DICC 265				3,212		-8,788		DICC 240		803		15,084		7,084		12,000		8,000		20,000	
Fishing & Sidetrack Services				DICC 270								DICC 245													
Completion Rig		Viva 29 [Completion Rig]										DICC 115		3,550		16,013		-12,987				29,000		29,000	
Coil Tubing												DICC 260						-33,000				33,000		33,000	
Completion Logging, Perforating												DICC 200						-8,000				8,000		8,000	
Stimulation												DICC 210				1,006,669		196,669				810,000		810,000	
Legal/Regulatory/Curative				DICC 300				13,000				DICC 280								13,000				13,000	
Well Control Insurance				DICC 285				5,000												5,000				5,000	
Contingency				DICC 435		709		69,974		6,974		DICC 220		3,596		72,407		6,407		63,000		66,000		129,000	
Construction For Well Equipment												DWEA 110						-20,000				20,000		20,000	
Construction For Lease Equipment												DLEQ 110				27,488		-15,012				42,500		42,500	
Construction For Sales P/L												DICC 265						-112,500				112,500		112,500	
Intangible						14,880		1,468,466		148,706				76,621		1,551,541		-11,334		1,322,750		1,562,876		2,885,626	
Drive Pipe				DWEB 150				6,000												6,000				6,000	
Conductor Pipe				DWEB 130																					
Water String				DWEB 135																					
Surface Casing				DWEB 140				11,804		-2,196										14,000				14,000	
Intermediate Casing				DWEB 145				274,944		274,944															
Production Casing Or Liner												DWEA 100				499,419		157,211				342,208		342,208	
Tubing		[248 Jts (8.032) 2-7/8" 6.5# L80 Tub										DWEA 105		64,403		65,603		2,603				63,000		63,000	
NC Well Equipment												DWEA 115						-62,500				62,500		62,500	
Wellhead, Tree, Chokes		Quick Connectors [Submersible Han		DWEB 115				41,496		26,496		DWEA 120		6,213		6,213		-3,787		15,000		10,000		25,000	
Liner Hanger, Isolation Packer				DWEB 100								DWEA 125													
Packer, Nipples												DWEA 130				156,561		-11,439				168,000		168,000	
Pumping Unit, Engine												DLEQ 100						-135,000				135,000		135,000	
Lift Equipment (Bhp, Rods, Anchors)		Centralift [Pumps / Spooler]										DLEQ 105		18,413		18,413		10,913				7,500		7,500	
Metering Equipment												DLEQ 220													
Tangible - Well Equipment						0		334,244		299,244				89,029		746,208		-41,999		35,000		788,208		823,208	
N/C Lease Equipment												DLEQ 115				70,200		7,700				62,500		62,500	
Tanks, Tanks Steps, Stairs												DLEQ 120				54,442		-10,558				65,000		65,000	
Battery (Heater Treater, Separator,...)												DLEQ 125				25,000		-7,500				32,500		32,500	
Flow Lines (Line Pipe From Wellhead)												DLEQ 130						-5,500				5,500		5,500	
Offshore Production Structure For ...												DWEA 135													
Pipeline to Sales												DWEA 140													
Tangible - Lease Equipment						0		0		0				0		149,642		-15,858		0		165,500		165,500	
P&A Costs				DICC 285						-150,000		DICC 275						150,000		150,000		-150,000			
P&A						0		0		-150,000				0		0		150,000		150,000		-150,000		0	