

July 21, 2011

**U.S. Certified Mail**

**Return Receipt Requested**

Cimarex Energy Company  
600 N. Marienfeld Street, Suite 600  
Midland, TX 79707

RE: **New Well Proposal**  
Arabian "6" Fee #7H  
SHL: 150' FSL & 1,700' FEL (Unit O) of Section 6, T19S, R26E  
BHL: 330' FNL & 1,700' FEL, (Unit B) of Section 6, T19S, R26E  
Eddy County, New Mexico

Dear Sirs:

COG Operating LLC ("COG") proposes to drill the Arabian "6" Fee #7H at the captioned location, or at an approved surface location within Unit Location O, to a depth of approximately 2,600' TVD, penetrating the Yeso Formation at a legal location within Unit Location O, with a TVD of approximately 7,250' MD, to test the Yeso Formation ("Operation"). The total cost of the Operation is estimated to be \$2,844,000 and a detailed description of such cost is set out in the enclosed Authority for Expenditure ("AFE").

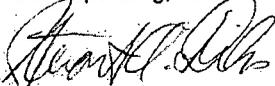
Also enclosed is COG's proposed form of Operating Agreement ("OA"). A completed version of the Exhibit "A" to be incorporated into the OA will follow under separate cover, accompanied by a fully executed set of signature pages.

If you elect to participate in the subject well, please sign and return a copy of the AFE to the below letterhead address.

If you desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed to Carl Bird at 432-683-7443 and land questions to the undersigned at 432-685-4354.

Yours truly,

COG Operating, LLC

  
Stuart A. Dirks, CPL  
Senior Landman

Enclosure (s)  
SAD/rc

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. 2A  
Submitted by:  
COG OPERATING, LLC  
Hearing Date: September 1, 2011

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: **Arabian "6" Fee #7H** PROSPECT NAME: Zeus 1926  
 SHL:150' FSL, 1700' FEL, (Unit O) Sec. 6 COUNTY & STATE: Eddy Co. NM  
 BHL:330' FNL, 1700' FEL, ( Unit B) Sec. 6 OBJECTIVE: 7,250' MD, (2600' TVD) Paddock Test  
 T19S, R26E (No Pilot Hole)

	BCP	ACP	TOTAL
<b>INTANGIBLE COSTS</b>			
Title/Curative/Permit	201 10,000		10,000
Insurance	202 22,000	302	22,000
Damages/Right of Way	203 15,000	303	15,000
Survey/Stake Location	204 3,000	304	3,000
Location/Pits/Road Expense	205 40,000	305 15,000	55,000
Drilling / Completion Overhead	206 5,000	306 1,000	6,000
Turnkey Contract	207	307	0
Footage Contract	208	308	0
Daywork Contract 12:1 @ \$12500/day	209 150,000	309 14,000	164,000
Directional Drilling Services	210 300,000	310	300,000
Fuel & Power	211 46,000	311 23,000	69,000
Water	212 18,000	312 60,000	78,000
Bits	213 30,000	313 1,000	31,000
Mud & Chemicals	214 28,000	314	28,000
Drill Stem Test	215	315	0
Coring & Analysis	216		0
Cement Surface	217 25,000		25,000
Cement Intermediate	218		0
Cement Production 5-1/2"	218	319 65,000	65,000
Cement Squeeze & Other (Kickoff Plug)	220	320	0
Float Equipment & Centralizers	221 7,000	321 18,000	25,000
Casing Crews & Equipment	222 5,000	322 12,000	17,000
Fishing Tools & Service	223	323	0
Geologic/Engineering	224 10,000	324 1,000	11,000
Contract Labor	225 10,000	325 21,000	31,000
Company Supervision	226 2,000	326 2,000	4,000
Contract Supervision	227 18,000	327 2,000	20,000
Testing Casing/Tubing	228 4,000	328 12,000	16,000
Mud Logging Unit	229 13,000	329	13,000
Logging	230 15,000	330	15,000
Perforating/Wireline Services	231 3,500	331 40,000	43,500
Stimulation/Treating		332 750,000	950,000
Completion Unit		333 24,000	24,000
Swabbing Unit		334	0
Rentals-Surface	235 25,000	335 75,000	100,000
Rentals-Subsurface	236 45,000	336 10,000	55,000
Trucking/Forklift/Rig Mobilization	237 45,000	337 20,000	65,000
Welding Services	238 5,000	338 2,500	7,500
Water Disposal	239	339 15,000	15,000
Plug to Abandon	240	340	0
Seismic Analysis	241	341	
Closed Loop & Environmental	244 70,000	344	70,000
Miscellaneous	242 5,000	342 1,000	6,000
Contingency	243 98,500	343 119,500	218,000
<b>TOTAL INTANGIBLES</b>	<b>1,073,000</b>	<b>1,304,000</b>	<b>2,377,000</b>
<b>TANGIBLE COSTS</b>			
Surface Casing 1000' 8 5/8" 32#	401 26,500		26,500
Intermediate Casing	402	503	0
Production Casing/Liner 7400'-5 1/2" L80		503 130,000	130,000
Tubing 2600' 2 7/8"		504 19,000	19,000
Wellhead Equipment	405 8,000	505 12,000	20,000
Pumping Unit		506 40,000	40,000
Prime Mover		507 20,000	20,000
Rods		508	0
Pumps		509 10,000	10,000
Tanks		510 27,825	27,825
Flowlines		511 5,000	5,000
Heater Treater/Separator		512 48,500	48,500
Electrical System		513 2,500	2,500
Packers/Anchors/Hangers	414	514	0
Couplings/Fittings/Valves	415 2,500	515 45,250	47,750
Gas Compressors/Meters		516 4,000	4,000
Dehydrator		517	0
Injection Plant/CO2 Equipment		518	0
Miscellaneous	419 1,000	519 21,000	22,000
Contingency	420 4,000	520 39,925	43,925
<b>TOTAL TANGIBLES</b>	<b>42,000</b>	<b>425,000</b>	<b>467,000</b>
<b>TOTAL WELL COSTS</b>	<b>1,115,000</b>	<b>1,729,000</b>	<b>2,844,000</b>

**COG Operating LLC**

By: J. Coffman / C. Bird / C. Elliott

Date Prepared: 07/19/2011

We approve:  
\_\_\_\_\_% Working Interest

Company: \_\_\_\_\_  
By: \_\_\_\_\_

Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.



July 29, 2011

**U.S. Certified Mail**  
**Return Receipt Requested**

Cimarex Energy Company  
600 N Marienfeld St Ste 600  
Midland, TX 79701

RE: **New Well Proposal**  
Arabian "6" Fee #8H  
SL: 150' FSL & 380' FEL (Unit P) of Section 6, T19S, R26E  
BHL: 330' FNL & 380' FEL (Unit A) of Section 6, T19S, R26E  
Eddy County, New Mexico

Dear Sirs:

COG Operating LLC ("COG") proposes to drill the Arabian "6" Fee #8H at the captioned location, or at an approved surface location within Unit Location P, to a depth of approximately 2,600' TVD, penetrating the Yeso Formation at a legal location within Unit Location P, with a TVD of approximately 7,250' MD, to test the Yeso Formation ("Operation"). The total cost of the Operation is estimated to be \$2,844,000 and a detailed description of such cost is set out in the enclosed Authority for Expenditure ("AFE").

Also enclosed is COG's proposed form of Operating Agreement ("OA"). A completed version of the Exhibit "A" to be incorporated into the OA will follow under separate cover, accompanied by a fully executed set of signature pages.

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If you desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed to Carl Bird at 432-683-7443 and land questions to the undersigned at 432-685-4354.

Yours truly,

COG Operating, LLC

Stuart A. Dirks, CPL  
Senior Landman

Enclosure (s)

Corporate Address: Fasken Center, Tower II 550 West Texas Avenue, Suite 100 Midland, Texas 79701 PHONE 432.683.7443 FAX 432.683.7441

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. 2B  
Submitted by:  
COG OPERATING, LLC  
Hearing Date: September 1, 2011

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Arabian "6" Fee #8H	PROSPECT NAME: Lakewood
Surf. 150' FSL, 380' FEL, Section 6	COUNTY & STATE: Eddy Co. NM
BHL. 330' FNL, 380' FEL, Section 6	OBJECTIVE: 7,250' MD, (2600' TVD) Paddock Test
T19S, R26E (No Pilot Hole)	

INTANGIBLE COSTS	BCP	ACP	TOTAL
Title/Curative/Permit	201	10,000	10,000
Insurance	202	22,000	22,000
Damages/Right of Way	203	15,000	15,000
Survey/Stake Location	204	3,000	3,000
Location/Pits/Road Expense	205	40,000	55,000
Drilling / Completion Overhead	206	5,000	6,000
Turnkey Contract	207		0
Footage Contract	208		0
Daywork Contract 12:1 @ \$12500/day	209	150,000	164,000
Directional Drilling Services	210	300,000	300,000
Fuel & Power	211	46,000	69,000
Water	212	18,000	78,000
Bits	213	30,000	31,000
Mud & Chemicals	214	28,000	28,000
Drill Stem Test	215		0
Coring & Analysis	216		0
Cement Surface	217	25,000	25,000
Cement Intermediate	218		0
Cement Production 5-1/2"	218	319	65,000
Cement Squeeze & Other (Kickoff Plug)	220	320	0
Float Equipment & Centralizers	221	7,000	25,000
Casing Crews & Equipment	222	5,000	17,000
Fishing Tools & Service	223		0
Geologic/Engineering	224	10,000	11,000
Contract Labor	225	10,000	31,000
Company Supervision	226	2,000	4,000
Contract Supervision	227	18,000	20,000
Testing Casing/Tubing	228	4,000	16,000
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Logging	230	15,000	15,000
Perforating/Wireline Services	231	3,500	43,500
Simulation/Treating		332	750,000
Completion Unit		333	24,000
Swabbing Unit		334	0
Rentals-Surface	235	25,000	100,000
Rentals-Subsurface	236	45,000	55,000
Trucking/Forklift/Rig Mobilization	237	45,000	65,000
Welding Services	238	5,000	7,500
Water Disposal	239		15,000
Plug to Abandon	240	340	0
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<b>TANGIBLE COSTS</b>			
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Tubing 2600' 2 7/8"			19,000
Wellhead Equipment	405	8,000	20,000
Pumping Unit		506	40,000
Prime Mover		507	20,000
Rods		508	0
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COG Operating LLC

By: J. Coffman / C. Bird / C. Elliott

Date Prepared: 07/19/2011

We approve:  
% Working Interest

Company:

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Title:

Date:

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