

Cimarex Energy Co.

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432.571.7800

Brooks

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File
Case No. 14582

January 11, 2012

Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Via Certified Mail Return Receipt # 91 7108 2133 3938 9332 5972

Re: Cimarex Energy Co.
Lynch 23 Federal No.2
Lea County, New Mexico

Dear Division,

Pursuant to Items No. 11 and 18, Pages 4 & 5 of Order No. R-13357, enclosed are the actual well costs of the above captioned well. There were no voluntary agreements subsequent to Order No. R-13357 being issued.

If there is anything further that you should require in regard to this matter, please do not hesitate to contact us. Thank you very much.

Regards,
CIMAREX ENERGY CO.

A handwritten signature in black ink, appearing to read "Mike Wallace".

Mike Wallace
Landman
432.571.7873(direct)



Cimarex Energy Co.
Review of Costs

Well Name: LYNCH 23 FEDERAL 2

TD: 15,446

Spud Date: 06/13/2011

Turned Over To Prod Date: 09/10/2011

Superintendent: Dee Smith

Sub Ledger Description	BCP Code	A/E BCP Cost	Field BCP Cost	Variance To A/E Over/Under	% Difference	Involved BCP Cost	Involved Variance To A/E Over/Under	% Difference	Involved Field Variance To A/E Over/Under	% Difference	ACP Code	A/E ACP Cost	Field ACP Cost	Variance To A/E Over/Under	% Difference	Involved ACP Cost	Involved Variance To A/E Over/Under	% Difference	Involved Field Variance To A/E Over/Under	% Difference
Roads & Location Preparation / Restoration	DICC 100	50,000	60,185	10,185	20.37%	71,997	21,997	43.99%	11,812	19.63%	DICC 100	3,000	1,500	-1,500	-50.00%	20,793	17,793	593.11%	19,293	1,296.23%
Damages	DICC 105	5,000	5,000	0	0.00%	1,500	-3,500	-70.00%	-3,500	-2.99%	DICC 105	75,000	0	0	0.00%	0	0	0.00%	0	0.00%
Mud/Fluids Disposal Charges	DICC 235	50,000	91,000	41,000	82.00%	93,717	43,717	87.43%	2,717	2.99%	DICC 235	35,820	35,820	-39,180	-52.24%	57,164	-17,816	-23.75%	21,364	-59.64%
Day Rate	DICC 115	652,000	621,622	-30,378	-4.66%	626,472	-25,528	-3.92%	4,850	0.78%	DICC 120	64,000	59,734	-4,266	-6.67%	44,451	-19,549	-30.55%	-15,283	-25.99%
Misc Prep Cost (Mouse Hole, Rat Hole, Pads, Pile Clusters, Misc.)	DICC 120	5,000	14,614	9,614	192.28%	13,214	8,214	164.28%	1,400	-9.58%	DICC 130	1,000	0	-1,000	-100.00%	0	-1,000	-100.00%	0	0.00%
Bits	DICC 125	100,000	112,500	12,500	12.50%	147,806	47,806	47.81%	35,306	31.38%	DICC 135	1,000	0	-1,000	-100.00%	8,452	-7,452	-745.22%	8,452	0.00%
Fuel	DICC 135	137,000	156,505	19,505	14.24%	130,597	-6,403	-4.67%	-25,907	-16.55%	DICC 140	1,000	1,000	0	0.00%	0	0	0.00%	0	0.00%
Water 009 / Completion Fluids 109	DICC 140	33,250	47,319	14,069	42.31%	0	-33,250	-100.00%	-47,319	-100.00%	DICC 145	133,750	100,797	-32,953	-24.64%	125,476	-8,274	-6.19%	24,679	0.00%
Mud & Additives	DICC 145	101,606	101,606	0	0.00%	148,493	46,887	46.15%	46,887	33.07%	DICC 150	111,000	0	0	0.00%	0	0	0.00%	0	0.00%
Surface Rentals	DICC 150	43,000	27,055	-15,945	-37.08%	25,511	-17,489	-69.53%	-1,544	-5.71%	DICC 160	11,000	5,160	-5,840	-53.09%	298,493	-1,413	-12.85%	4,427	4.78%
Downhole Rentals	DICC 155	115,000	201,905	86,905	75.57%	125,084	10,084	8.77%	7,621	6.09%	DICC 165	0	0	0	0.00%	0	0	0.00%	0	0.00%
DSTS, Formation Tests	DICC 160	0	0	0	0.00%	0	0	0.00%	0	0.00%	DICC 170	0	0	0	0.00%	0	0	0.00%	0	0.00%
Mud Logging	DICC 170	39,000	22,862	-16,138	-25.98%	32,635	-6,365	-19.56%	3,773	11.71%	DICC 180	0	0	0	0.00%	0	0	0.00%	0	0.00%
Open Hole Logging	DICC 180	18,000	22,108	4,108	22.82%	22,854	4,854	26.97%	746	3.37%	DICC 185	25,000	118,359	93,359	373.43%	95,434	70,434	281.74%	22,924	-19.37%
Cementing, thru Intermediate Casing	DICC 185	40,000	150,164	110,164	275.41%	150,556	110,556	276.39%	382	0.26%	DICC 190	3,000	7,435	4,435	147.84%	4,947	1,947	64.90%	-2,480	-33.47%
Tubular Inspections	DICC 190	5,000	2,716	-2,284	-45.67%	7,196	2,196	30.18%	164,917	2300.24%	DICC 195	16,000	17,094	1,094	6.84%	27,920	11,920	74.50%	10,826	63.34%
Casing Crews	DICC 195	26,000	19,247	-6,753	-25.97%	30,186	4,186	13.86%	10,942	36.25%	DICC 170	4,000	25,455	21,455	536.38%	17,161	12,161	303.53%	-8,284	-32.58%
Extra Labor, Welding, etc.	DICC 200	12,000	18,741	6,741	56.17%	4,198	-7,802	-185.02%	-14,543	-346.33%	DICC 175	5,000	30,434	25,434	509.09%	41,216	36,216	724.32%	12,161	29.39%
Trucking	DICC 205	25,000	20,367	-4,633	-18.53%	24,892	-108	-0.43%	4,525	18.24%	DICC 180	17,000	34,000	17,000	100.00%	47,181	30,181	177.54%	13,181	38.77%
Supervision	DICC 210	69,000	63,000	-6,000	-8.70%	75,606	6,606	9.57%	12,606	16.44%	DICC 225	4,000	1,180	-2,820	-70.50%	16,131	12,131	303.29%	14,951	1,267.03%
Trailer, Camp & Catering	DICC 280	22,000	26,782	4,782	21.74%	22,197	197	0.90%	1,585	7.12%	DICC 190	7,000	19,175	12,175	173.93%	20,724	13,724	196.06%	1,549	8.08%
Other misc expenses	DICC 220	2,000	1,151	-849	-42.45%	2,834	834	41.69%	1,682	57.28%	DICC 195	3,000	0	-3,000	-100.00%	3,861	861	28.71%	3,861	0.00%
Overhead	DICC 225	14,000	14,000	0	0.00%	10,523	-3,477	-24.84%	-3,477	-32.63%	DICC 215	0	0	0	0.00%	0	0	0.00%	0	0.00%
Remedial Cementing	DICC 231	0	80,568	80,568	14.37%	93,636	13,068	13.95%	13,071	13.95%	DICC 215	0	0	0	0.00%	0	0	0.00%	0	0.00%
Mobilize & Demobilize	DICC 240	110,000	219,594	109,594	99.63%	217,392	107,392	97.63%	2,202	1.02%	DICC 220	0	0	0	0.00%	0	0	0.00%	0	0.00%
Directional Drilling	DICC 245	192,000	0	-192,000	-100.00%	0	-192,000	-100.00%	-182,000	-94.79%	DICC 250	0	0	0	0.00%	0	0	0.00%	0	0.00%
Dock, Dispatcher, Crane	DICC 250	0	0	0	0.00%	0	0	0.00%	0	0.00%	DICC 250	0	0	0	0.00%	0	0	0.00%	0	0.00%
Maine/Ar Transportation	DICC 275	0	0	0	0.00%	0	0	0.00%	0	0.00%	DICC 260	0	0	0	0.00%	0	0	0.00%	0	0.00%
Solids Control-Equip/Services	DICC 280	53,200	46,322	-6,878	-12.93%	33,347	-19,853	-59.83%	-12,975	-38.01%	DICC 240	11,000	12,407	1,407	12.79%	60,248	49,248	447.71%	47,841	385.60%
Well Control-Equip/Services	DICC 285	35,000	30,835	-4,165	-11.90%	39,218	4,218	10.53%	8,363	21.32%	DICC 245	0	0	0	0.00%	0	0	0.00%	0	0.00%
Fishing & Sidetrack Services	DICC 270	0	0	0	0.00%	0	0	0.00%	0	0.00%	DICC 115	44,000	23,977	-20,023	-45.51%	32,858	-11,142	-25.32%	37,044	2.42%
Completion Rig	DICC 270	0	0	0	0.00%	0	0	0.00%	0	0.00%	DICC 260	38,000	146,432	108,432	286.75%	146,977	108,977	316.60%	3,545	0.00%
Completion Logging, Performing	DICC 270	0	0	0	0.00%	0	0	0.00%	0	0.00%	DICC 280	133,000	79,027	-53,973	-41.46%	79,027	-53,973	-41.46%	0	0.00%
Stimulation	DICC 300	0	0	0	0.00%	0	0	0.00%	0	0.00%	DICC 210	1,100,000	1,305,226	205,226	18.66%	1,483,560	383,560	34.87%	178,353	13.66%
Legal/Regulatory/Creative	DICC 300	13,000	13,000	0	0.00%	18,633	5,633	43.33%	5,633	43.33%	DICC 280	0	0	0	0.00%	2,387	2,387	0.00%	2,387	0.00%
Well Control Insurance	DICC 285	6,000	6,000	0	0.00%	-6,000	-12,000	-200.00%	-6,000	-100.00%	DICC 280	0	0	0	0.00%	0	0	0.00%	0	0.00%
Contingency	DICC 435	97,000	110,138	13,138	13.54%	0	-97,000	-100.00%	-110,138	-100.00%	DICC 220	90,000	114,377	24,377	27.09%	0	-90,000	-100.00%	-14,377	-15.74%
Construction For Well Equipment	DICC 435	0	0	0	0.00%	0	0	0.00%	0	0.00%	DICC 110	100,000	0	-100,000	-100.00%	23,574	13,574	135.74%	23,574	0.00%
Construction For Lease Equipment	DICC 435	0	0	0	0.00%	0	0	0.00%	0	0.00%	DICC 110	100,000	117,100	17,100	17.10%	44,316	-55,684	-55.68%	-72,784	-62.16%
Construction For Sales P/L	DICC 435	0	0	0	0.00%	0	0	0.00%	0	0.00%	DICC 265	0	0	0	0.00%	0	0	0.00%	0	0.00%
Intangible	DICC 435	2,035,550	2,312,907	277,357	13.63%	2,170,300	134,750	6.20%	-142,607	-6.47%	DICC 265	2,099,750	2,539,521	539,771	25.72%	2,714,980	705,230	35.09%	175,359	6.30%
Drive Pipe	DWEB 150	0	0	0	0.00%	0	0	0.00%	0	0.00%	DWEB 150	0	0	0	0.00%	0	0	0.00%	0	0.00%
Conductor Pipe	DWEB 130	0	0	0	0.00%	0	0	0.00%	0	0.00%	DWEB 130	0	0	0	0.00%	0	0			