

Cimarex Energy Co.
600 N. Marienfeld St.
Suite 600
Midland, Texas 79701
PHONE 432.571.7800

Warnell



July 31, 2012

Via: U.S. Mail

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

Re: Case No. 14442; Order No. R-13243
Hancock 19 State Com No. 4 (API# 30-005-29122)
Township 15 South, Range 31 East, N.M.P.M.
Section 19: N/2N/2
Chaves County, New Mexico

Dear Florene:

Enclosed herewith is an itemized schedule of actual well costs associated with the drilling and completion of the Hancock 19 State Com No. 4. These costs have been provided to the non-consenting working interest owners under the Order.

Be advised that a voluntary agreement was not reached with Sigyn Lund.

If there is anything further that you should require in regard to this matter, please contact the undersigned at (432) 571-7856.

Sincerely,

Cimarex Energy Co.


Hayden P. Tresner
Landman

//Enclosure

Cc: James Bruce

RECEIVED 000
2012 AUG -3 P 12:11



Cimarex Energy Co.

Drilling Accrual Review

Afe Code: 250007
Property Code: 309742-038.01
End Date: 01/01/2076

Well Name: HANCOCK 19 STATE COM 4

Sub Ledger Description	BCP Code	AFE BCP Cost	Field BCP Cost	Invocied BCP Cost	Invocied Variance To Field Over/Under	ACP Code	AFE ACP Cost	Field ACP Cost	Invocied ACP Cost	Invocied Variance To Field Over/Under
Roads & Location Preparation / Restoration	DIDC.100	42,000	50,779	46,371	-4,408	DICC.100	3,000	4,500	5,476	976
Damages	DIDC.105	2,000	2,000	3,500	1,500	DICC.105	0	0	0	0
Mud/Fluids Disposal Charges	DIDC.255	62,000	52,897	78,095	25,198	DICC.235	65,625	68,433	40,616	-27,817
Day Rate	DIDC.115	840,205	710,578	653,471	-57,107	DICC.120	80,000	69,430	76,886	7,456
Misc Prep Cost (Mouse Hole, Rat Hole, Pads, Pile Clusters)	DIDC.120	6,500	0	0	0		0	0	0	0
Bits	DIDC.125	60,000	36,305	31,113	-5,192	DICC.125	1,000	0	0	0
Fuel	DIDC.135	140,000	21,664	0	-21,664	DICC.130	1,000	0	13,614	13,614
Water 009 / Completion Fluids/109	DIDC.140	12,500	27,844	0	-27,844	DICC.135	134,000	134,000	57,434	-76,566
Mud & Additives	DIDC.145	62,000	108,268	80,111	-28,157		0	0	0	0
Surface Rentals	DIDC.150	30,000	24,819	23,038	-1,781	DICC.140	85,000	77,910	139,385	61,475
Downhole Rentals	DIDC.155	110,000	31,348	31,385	37	DICC.145	14,000	10,072	27,220	17,148
DSTS, Formation Tests	DIDC.160	0	0	0	0		0	0	0	0
Mud Logging	DIDC.170	28,000	36,594	36,594	0		0	0	0	0
Open Hole Logging	DIDC.180	35,000	17,782	20,334	2,552		0	0	0	0
Cementing, thru Intermediate Casing	DIDC.185	30,000	78,386	78,386	0	DICC.155	50,000	50,000	0	-50,000
Tubular Inspections	DIDC.190	20,000	61,937	108,325	46,389	DICC.160	3,000	2,000	2,215	215
Casing Crews	DIDC.195	6,000	19,974	18,225	-1,749	DICC.165	14,000	10,830	9,778	-1,052
Extra labor, Welding, etc	DIDC.200	8,000	12,961	765	-12,197	DICC.170	6,000	0	21,740	21,740
Trucking	DIDC.205	21,000	14,041	11,957	-2,084	DICC.175	18,000	10,100	21,219	11,119
Supervision	DIDC.210	60,000	54,600	54,108	-492	DICC.180	21,000	20,125	29,418	9,293
Trailer, Camp & Catering	DIDC.280	24,000	17,255	17,829	574	DICC.255	4,000	2,749	291	-2,458
Other misc expenses	DIDC.220	2,000	2,000	0	-2,000	DICC.190	11,000	11,000	10,797	-203
Overhead	DIDC.225	11,000	11,000	8,387	-2,613	DICC.195	4,000	4,000	4,315	315
Remedial Cementing	DIDC.231	0	0	0	0	DICC.215	0	0	0	0
Mobilize & Demobilize	DIDC.240	85,000	98,638	98,638	0		0	0	0	0
Directional Drilling	DIDC.245	173,000	196,528	196,315	-213		0	0	0	0
Dock, Dispatcher, Crane	DIDC.250	0	0	0	0	DICC.230	0	0	0	0
Marine/Air Transportation	DIDC.275	0	0	0	0	DICC.250	0	0	0	0
Solids Control-Equip/Services	DIDC.260	50,000	46,350	37,845	-8,505		0	0	0	0
Well Control-Equip/Services	DIDC.265	34,000	11,473	11,473	0	DICC.240	14,000	2,538	17,414	14,876
Fishing & Sidetrack Services	DIDC.270	0	0	0	0	DICC.245	0	0	0	0
Completion Rig		0	0	0	0	DICC.115	34,000	19,870	14,731	-5,139
Coil Tubing		0	0	0	0	DICC.260	55,000	0	0	0
Completion Logging, Perforating		0	0	0	0	DICC.200	8,000	0	0	0
Stimulation		0	0	0	0	DICC.210	989,200	905,724	879,896	-25,828
Legal/Regulatory/Curative	DIDC.300	13,000	13,000	13,008	8	DICC.280	0	0	14,642	14,642
Well Control Insurance	DIDC.285	5,000	5,000	4,154	-846		0	0	0	0
Contingency	DIDC.435	99,000	89,751	0	-89,751	DICC.220	81,000	70,089	0	-70,089
Construction For Well Equipment		0	0	0	0	DWEA.110	27,500	0	2,630	2,630
Construction For Lease Equipment		0	0	0	0	DLEQ.110	65,000	59,458	100,326	40,868
Construction For Sales P/L		0	0	0	0	DICC.265	35,000	0	0	0
Intangible		2,071,205	1,853,772	1,663,428	-190,344		1,823,325	1,532,828	1,490,044	-42,783
Drive Pipe	DWEB.150	7,000	7,000	0	-7,000		0	0	0	0
Conductor Pipe	DWEB.130	0	0	0	0		0	0	0	0
Water String	DWEB.135	0	0	0	0		0	0	0	0
Surface Casing	DWEB.140	19,000	19,257	15,140	-4,117		0	0	0	0
Intermediate Casing	DWEB.145	0	0	0	0		0	0	0	0
Production Casing Or Liner		0	0	0	0	DWEA.100	351,108	356,507	341,962	-14,545
Tubing		0	0	0	0	DWEA.105	66,000	80,154	85,495	5,341
N/C Well Equipment		0	0	0	0	DWEA.115	63,500	0	101,905	101,905
Wellhead, Tree, Chokes	DWEB.115	15,000	24,937	13,978	-10,959	DWEA.120	10,000	7,248	15,004	7,756
Liner Hanger, Isolation Packer	DWEB.100	0	0	0	0	DWEA.125	0	0	0	0
Packer, Nipples		0	0	0	0	DWEA.130	168,000	138,121	144,738	6,617
Pumping Unit, Engine		0	0	0	0	DLEQ.100	145,000	116,500	92,295	-24,205
Lift Equipment (Bhp, Rods, Anchors)		0	0	0	0	DLEQ.105	6,500	71,699	36,821	-34,878
Metering Equipment		0	0	0	0	DLEQ.220	0	0	0	0
Tangible - Well Equipment		41,000	51,194	29,118	-22,076		810,108	770,229	818,220	47,991
N/C Lease Equipment		0	0	0	0	DLEQ.115	65,500	64,816	21,280	-43,536
Tanks, Tanks Steps, Stairs		0	0	0	0	DLEQ.120	63,500	57,032	57,244	212
Battery (Heater Treater, Separator)		0	0	0	0	DLEQ.125	32,500	30,177	26,091	-4,086
Flow Lines (Line Pipe From Wellhead)		0	0	0	0	DLEQ.130	5,500	0	19,849	19,849
Offshore Production Structure For		0	0	0	0	DWEA.135	0	0	0	0
Pipeline to Sales		0	0	0	0	DWEA.140	0	0	0	0
Tangible - Lease Equipment		0	0	0	0		167,000	152,025	124,464	-27,561
P&A Costs	DIDC.295	150,000	0	0	0	DICC.275	-150,000	0	0	0
P&A		150,000	0	0	0		-150,000	0	0	0
Total Costs		2,262,205	1,904,966	1,692,546	-212,420		2,650,433	2,455,082	2,432,728	-22,354