

Cimarex Energy Co.

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432.571.7800

Warne11

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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. 14416; Order No. R-13221

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. 4 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

Cimarex Energy Co.

Daily Cost Sheet

Well Name FRANKLIN 18 FEDERAL COM 4H			AFE # 259076		St. Well ID # 309742-035	API # 30-005-29090	Objective / Proposed TD L Abo ~13,300'		Date Sat, Jun 5, 2010					
Contractor Viva #26		Rpt # 18	DFS 64.333	Present Operation										
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	18.00
Sub Ledger Description		Vendor & Description		B.C.P Code	Daily Drig. Cost	Cum Drig. Cost	Variance To Drig. Aft Over/Under	A.C.P Code	Daily Compl. Cost	Cum Compl. Cost	Variance To Compl. Aft Over/Under	Dry Hole Cost	After Casing Point	Compl. Well Cost
Roads & Location Preparation / Restoration				DIDC 100	-	46,200	16,200	DICC 100	3,000	3,000	-	30,000	3,000	33,000
Damages				DIDC 105	-	6,000	-	DICC 105	-	-	-	6,000	-	6,000
Mud/Fluids Disposal Charges		EOW Adj []		DIDC 255	-	28,563	-17,437	DICC 235	3,552	30,692	-16,183	46,000	46,875	92,875
Day Rate				DIDC 115	-	535,751	-21,249	DICC 120	-	99,214	15,214	557,000	84,000	641,000
Misc Prep Cost (Mouse Hole, Rat Hole, Bits				DIDC 120	-	-	-5,000	-	-	-	-	5,000	-	5,000
Fuel				DIDC 125	-	10,900	-4,100	DICC 125	-	-	-1,000	15,000	1,000	16,000
				DIDC 135	-	-	-	DICC 130	-	-	-1,000	-	1,000	1,000
Water 009 / Completion Fluids 109		EOW Adj []		DIDC 140	-	13,300	-17,325	DICC 135	30,000	38,335	-18,540	30,625	56,875	87,500
Mud & Additives				DIDC 145	-	46,043	-18,457	-	-	-	-	64,500	-	64,500
Surface Rentals		EOW 40% Adj [] / Key Energy [Reve		DIDC 150	-	5,550	-25,450	DICC 140	4,401	52,706	-14,294	31,000	67,000	98,000
Downhole Rentals				DIDC 155	-	16,601	-19,399	DICC 145	-	13,461	-539	36,000	14,000	50,000
DSTS, Formation Tests				DIDC 160	-	-	-	-	-	-	-	-	-	-
Mud Logging				DIDC 170	-	22,625	-7,375	-	-	-	-	30,000	-	30,000
Open Hole Logging				DIDC 180	-	18,549	-16,451	-	-	-	-	35,000	-	35,000
Cementing, thru Intermediate Casing				DIDC 185	-	21,844	-18,156	DICC 155	-	37,902	17,902	40,000	20,000	60,000
Tubular Inspections				DIDC 190	-	1,000	-4,000	DICC 160	-	3,726	726	5,000	3,000	8,000
Casing Crews				DIDC 195	-	2,100	-6,900	DICC 165	-	15,154	1,154	9,000	14,000	23,000
Extra labor, Welding, etc.				DIDC 200	-	450	-10,550	DICC 170	-	5,767	767	11,000	5,000	16,000
Trucking				DIDC 205	-	2,520	-18,480	DICC 175	-	4,300	300	21,000	4,000	25,000
Supervision		Steve Snelson [Supervision]		DIDC 210	-	42,000	-3,000	DICC 180	1,200	17,000	1,000	45,000	16,000	61,000
Trailer, Camp & Catering				DIDC 280	-	10,529	-10,471	DICC 255	-	2,221	-1,779	21,000	4,000	25,000
Other misc expenses				DIDC 220	-	-	-2,000	DICC 190	-	-	-7,000	2,000	7,000	9,000
Overhead				DIDC 225	-	13,000	-	DICC 195	3,000	3,000	-	13,000	3,000	16,000
Remedial Cementing				DIDC 231	-	925	925	DICC 215	-	-	-	-	-	-
Mobilize & Demobilize				DIDC 240	-	-	-	-	-	-	-	-	-	-
Directional Drilling				DIDC 245	-	130,517	517	-	-	-	-	130,000	-	130,000
Dock, Dispatcher, Crane				DIDC 250	-	-	-	DICC 230	-	-	-	-	-	-
Marine/Air Transportation				DIDC 275	-	-	-	DICC 250	-	-	-	-	-	-
Solids Control-Equip/Services				DIDC 260	-	66,051	20,051	-	-	-	-	46,000	-	46,000
Well Control-Equip/Services		R&H Rentals [BOP]		DIDC 265	-	2,225	-3,775	DICC 240	475	2,014	-8,986	6,000	11,000	17,000
Fishing & Sidetrack Services				DIDC 270	-	-	-	DICC 245	-	-	-	-	-	-
Completion Rig		EOW Adj [] / Viva 26 [Completion Rig]						DICC 115	19,850	33,331	-2,669	-	36,000	36,000
Coil Tubing								DICC 260	-	109,718	76,718	-	33,000	33,000
Completion Logging, Perforating								DICC 200	-	-	-8,000	-	8,000	8,000
Stimulation								DICC 210	-	985,026	314,046	-	670,980	670,980
Legal/Regulatory/Curative				DIDC 300	-	13,000	-	DICC 280	-	-	-	13,000	-	13,000
Well Control Insurance				DIDC 285	-	5,000	-	-	-	-	-	5,000	-	5,000
Contingency				DIDC 435	-	48,814	-14,166	DICC 220	11,424	78,809	23,809	63,000	55,000	118,000
Construction For Well Equipment								DWEA 110	15,500	15,500	-	-	15,500	15,500
Construction For Lease Equipment								DLEQ 110	62,500	62,500	-	-	62,500	62,500
Construction For Sales P/L								DICC 265	100,000	100,000	-	-	100,000	100,000
Intangible					0	1,110,057	-206,068		254,902	1,713,375	371,645	1,316,125	1,341,730	2,657,855
Drive Pipe				DWEB 150	-	-	-	-	-	-	-	-	-	-
Conductor Pipe				DWEB 130	-	-	-	-	-	-	-	-	-	-
Water String				DWEB 135	-	-	-	-	-	-	-	-	-	-
Surface Casing				DWEB 140	-	17,701	-3,299	-	-	-	-	21,000	-	21,000
Intermediate Casing				DWEB 145	-	-	-131,000	-	-	-	-	131,000	-	131,000
Production Casing Or Liner								DWEA 100	-	352,429	-11,937	-	364,366	364,366
Tubing		[257 Jts (8057)]						DWEA 105	60,992	60,992	-8	-	61,000	61,000
N/C Well Equipment								DWEA 115	7,500	7,500	-	-	7,500	7,500
Wellhead, Tree, Chokes		Quick Connectors [Hanger]		DWEB 115	-	13,000	-2,000	DWEA 120	5,000	19,272	9,272	15,000	10,000	25,000
Liner Hanger, Isolation Packer				DWEB 100	-	-	-	DWEA 125	-	-	-	-	-	-
Packer, Nipples								DWEA 130	-	163,139	-4,861	-	168,000	168,000
Pumping Unit, Engine								DLEQ 100	135,000	135,000	-	-	135,000	135,000
Lift Equipment (Bhp, Rods, Anchors)								DLEQ 105	61,500	61,500	-	-	61,500	61,500
Metering Equipment								DLEQ 220	-	-	-	-	-	-
Tangible - Well Equipment					0	30,701	-136,299		269,992	799,832	-7,534	167,000	807,366	874,366
N/C Lease Equipment								DLEQ 115	52,500	52,500	-	-	52,500	52,500
Tanks, Tanks Steps, Stairs								DLEQ 120	58,500	58,500	-	-	58,500	58,500
Battery (Heater Treater, Separator,...)								DLEQ 125	29,500	29,500	-	-	29,500	29,500
Flow Lines (Line Pipe From Wellhead)								DLEQ 130	5,500	5,500	-	-	5,500	5,500
Offshore Production Structure For ...								DWEA 135	-	-	-	-	-	-
Pipeline to Sales								DWEA 140	-	-	-	-	-	-
Tangible - Lease Equipment					0	0	0		146,000	146,000	0	0	146,000	146,000
P&A Costs				DIDC 295	-	-	-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
Total Costs					0	1,140,758	-492,367		670,894	2,659,207	614,111	1,633,125	2,146,096	3,778,221