

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
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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		PSTD		TD		HRS WRK									
0		0.00		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		[]		DIDC 100		-		57,200		22,200		DICC 100		3,000		3,000		-		35,000		3,000		38,000	
Damages		[]		DIDC 105		-		6,000		-		DICC 105		-		-		-		6,000		-		6,000	
Mud/Fluids Disposal Charges		EOW Adj []		DIDC 255		-		33,658		-12,342		DICC 235		51,827		61,582		14,707		46,000		46,875		92,875	
Day Rate		[]		DIDC 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)		[]		DIDC 120		-		6,500		-		-		-		-		-		6,500		-		6,500	
Fuel		[]		DIDC 125		-		39,600		21,600		DICC 125		-		-		-1,000		18,000		1,000		19,000	
Water 009 / Completion Fluids 109		[]		DIDC 135		-		-		-		DICC 130		-		-		-		-		-		-	
Mud & Additives		[]		DIDC 140		-		22,467		-783		DICC 135		-		2,149		-131,851		23,250		134,000		157,250	
Surface Rentals		Diamond Tank Rental (Light Plants)		DIDC 145		-		43,749		-11,251		-		-		-		-		55,000		-		55,000	
Downhole Rentals		Weatherford (4.5" DRILL PIPE PKG)		DIDC 150		1,350		6,225		-18,775		DICC 140		7,545		111,450		28,450		25,000		83,000		108,000	
DSTS, Formation Tests		[]		DIDC 155		-		15,694		-16,306		DICC 145		-		12,690		690		32,000		12,000		44,000	
Mud Logging		[]		DIDC 160		-		-		-		-		-		-		-		-		-		-	
Open Hole Logging		[]		DIDC 170		-		35,700		13,700		-		-		-		-		22,000		-		22,000	
Cementing, thru Intermediate Casing		[]		DIDC 180		-		26,231		6,231		-		-		-		-		20,000		-		20,000	
Tubular Inspections		[]		DIDC 185		-		69,985		39,985		DICC 155		-		-		-40,000		30,000		40,000		70,000	
Casing Crews		[]		DIDC 190		-		5,344		344		DICC 160		2,200		3,000		-		5,000		3,000		8,000	
Extra labor, Welding, etc.		[]		DIDC 195		-		1,196		-804		DICC 165		-		21,461		6,461		2,000		15,000		17,000	
Trucking		[]		DIDC 200		-		2,414		-8,586		DICC 170		-		11,610		6,610		11,000		5,000		16,000	
Supervision		Glen Smith (Consultant)		DIDC 205		-		10,068		-3,932		DICC 175		-		8,657		5,657		14,000		3,000		17,000	
Trailer, Camp & Catering		Stallion (TRAILER)		DIDC 210		1,400		50,648		5,648		DICC 180		-		18,652		6,652		45,000		12,000		57,000	
Other misc expenses		[]		DIDC 280		876		16,813		4,813		DICC 255		-		4,220		220		12,000		4,000		16,000	
Overhead		[]		DIDC 220		-		-		-2,000		DICC 190		-		9,571		2,571		2,000		7,000		9,000	
Remedial Cementing		[]		DIDC 225		-		12,000		-		DICC 195		3,000		3,000		-		12,000		3,000		15,000	
Mobilize & Demobilize		[]		DIDC 231		-		-		-		DICC 215		-		-		-		-		-		-	
Directional Drilling		Baker Hughes (Dir. and MWD)		DIDC 240		-		-		-		-		-		-		-		-		-		-	
Dock, Dispatcher, Crane		[]		DIDC 245		9,500		194,300		52,300		-		-		-		-		142,000		-		142,000	
Marine/Air Transportation		[]		DIDC 250		-		-		-		DICC 230		-		-		-		-		-		-	
Solids Control-Equip/Services		B & R Trucking (RAILS & TRACKS)		DIDC 275		-		-		-		DICC 250		-		-		-		-		-		-	
Well Control-Equip/Services		Basic (BOP)		DIDC 280		1,045		46,170		-3,830		-		-		-		-		50,000		-		50,000	
Fishing & Sidetrack Services		[]		DIDC 285		-		3,212		-8,788		DICC 240		803		15,084		7,084		12,000		8,000		20,000	
Completion Rig		Viva 29 (Completion Rig)		DIDC 270		-		-		-		DICC 245		-		-		-		-		-		-	
Coil Tubing		[]		DIDC 275		-		-		-		DICC 115		3,550		16,013		-12,987		-		29,000		29,000	
Completion Logging, Perforating		[]		DIDC 280		-		-		-		DICC 260		-		-		-33,000		-		33,000		33,000	
Stimulation		[]		DIDC 290		-		-		-		DICC 200		-		-		-8,000		-		8,000		8,000	
Legal/Regulatory/Curative		[]		DIDC 300		-		13,000		-		DICC 210		-		1,006,669		196,669		-		810,000		810,000	
Well Control Insurance		[]		DIDC 285		-		5,000		-		DICC 280		-		-		-		13,000		-		13,000	
Contingency		[]		DIDC 435		709		69,974		6,974		DICC 220		3,596		72,407		6,407		63,000		66,000		129,000	
Construction For Well Equipment		[]		DIDC 285		-		-		-		DWEA 110		-		-		-20,000		-		20,000		20,000	
Construction For Lease Equipment		[]		DIDC 285		-		-		-		DLEQ 110		-		27,488		-15,012		-		42,500		42,500	
Construction For Sales P/L		[]		DIDC 270		-		-		-		DICC 265		-		-		-112,500		-		112,500		112,500	
Intangible		[]				14,880		1,469,456		146,798				75,821		1,551,541		-11,334		1,322,750		1,562,875		2,885,625	
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		[248 Jts (8.032) 2-7/8" 6.5# L80 Tub										DWEA 100		-		499,419		157,211		-		342,208		342,208	
Tubing		[]		DWEB 115		-		41,496		26,496		DWEA 120		6,213		6,213		-3,787		15,000		10,000		25,000	
N/C Well Equipment		[]		DWEB 100		-		-		-		DWEA 125		-		-		-		-		-		-	
Wellhead, Tree, Chokes		Quick Connectors (Submersible Han										DWEA 130		-		156,561		-11,439		-		168,000		168,000	
Liner Hanger, Isolation Packer		[]										DLEQ 100		-		-		-135,000		-		135,000		135,000	
Packer, Nipples		[]										DLEQ 105		18,413		18,413		10,913		-		7,500		7,500	
Pumping Unit, Engine		[]										DLEQ 220		-		-		-		-		-		-	
Lift Equipment (Bhp, Rods, Anchors)		Centralift (Pumps / Spooler)																							
Metering Equipment		[]																							
Tangible - Well Equipment		[]				0		334,244		295,244				89,029		746,209		-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		149,842		-15,858		0		165,500		165,500	
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						14,880		1,803,700		295,950				164,550		2,447,392		80,809		1,507,750		2,366,583		3,874,333	