

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").

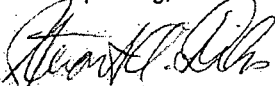
Also enclosed is COG's proposed form of Operating Agreement ("OA"). A completed version of the Exhibit "A" to be incorporated into the OA will follow under separate cover, accompanied by a fully executed set of signature pages.

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**
SHL:150' FSL, 1700' FEL, (Unit O) Sec. 6
BHL:330' FNL, 1700' FEL, (Unit B) Sec, 6
T19S, R26E (No Pilot Hole)

PROSPECT NAME: Zeus 1926
COUNTY & STATE: Eddy Co. NM
OBJECTIVE: 7,250' MD, (2600' TVD) Paddock Test

INTANGIBLE COSTS		BCP	ACP	TOTAL
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
TOTAL INTANGIBLES		1,073,000	1,304,000	2,377,000
TANGIBLE COSTS				
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
TOTAL TANGIBLES		42,000	425,000	467,000
TOTAL WELL COSTS		1,115,000	1,729,000	2,844,000

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.

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)

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
Surf. 150' FSL, 380' FEL, Section 6
BHL. 330' FNL, 380' FEL, Section 6
T19S, R26E (No Pilot Hole)

PROSPECT NAME: Lakewood
COUNTY & STATE: Eddy Co. NM
OBJECTIVE: 7,250' MD, (2600' TVD) Paddock Test

INTANGIBLE COSTS		BCP	ACP	TOTAL
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	55,000
Drilling / Completion Overhead	206	5,000	306	6,000
Turnkey Contract	207		307	0
Footage Contract	208		308	0
Daywork Contract 12:1 @ \$12500/day	209	150,000	309	164,000
Directional Drilling Services	210	300,000	310	300,000
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Water	212	18,000	312	78,000
Bits	213	30,000	313	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
Cement Squeeze & Other (Kickoff Plug)	220		320	0
Float Equipment & Centralizers	221	7,000	321	25,000
Casing Crews & Equipment	222	5,000	322	17,000
Fishing Tools & Service	223		323	0
Geologic/Engineering	224	10,000	324	11,000
Contract Labor	225	10,000	325	31,000
Company Supervision	226	2,000	326	4,000
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Logging	230	15,000	330	15,000
Perforating/Wireline Services	231	3,500	331	40,000
Simulation/Treating			332	750,000
Completion Unit			333	24,000
Swabbing Unit			334	0
Rentals-Surface	235	25,000	335	75,000
Rentals-Subsurface	236	45,000	336	10,000
Trucking/Forklift/Rig Mobilization	237	45,000	337	20,000
Welding Services	238	5,000	338	2,500
Water Disposal	239		339	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
Contingency	243	98,500	343	119,500
TOTAL INTANGIBLES		1,073,000	1,304,000	2,377,000
TANGIBLE COSTS				
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Prime Mover			507	20,000
Rods			508	0
Pumps			509	10,000
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Electrical System			513	2,500
Packers/Anchors/Hangers	414		514	0
Couplings/Fittings/Valves	415	2,500	515	45,250
Gas Compressors/Meters			516	4,000
Dehydrator			517	0
Injection Plant/CO2 Equipment			518	0
Miscellaneous	419	1,000	519	21,000
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COG Operating LLC

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

Date Prepared: 07/19/2011

We approve:

% Working Interest

Company: _____
By: _____

Printed Name: _____
Title: _____
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