

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

Brooks

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File
Case No 14581

January 11, 2012

Via Certified Mail Return Receipt # 91 7108 2133 3938 0388 6524

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

Re: Cimarex Energy Co.
West Shugart 32 State 1H
Eddy County, New Mexico

Dear Division,

Pursuant to Items No. 11 and 18, Pages 4 & 5 of Order No. R-13370, enclosed are the actual well costs of the above captioned well. There were no voluntary agreements subsequent to Order No. R-13370 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 "Mark Compton".

Mark Compton
Landman
432.571.7896(direct)

Well Name: SHUGART WEST 32 STATE 1H

TD: 13,354

Spud Date: 05/18/2011

Turned Over To Prod Date: 08/14/2011

Superintendent: Dee Smith

Sub Ledger Description	BCP Code	AFE BCP Cost	Field BCP Cost	Field Variance To AFE Over/Under	% Difference	Involved BCP Cost	Involved Variance To AFE Over/Under	% Difference	ACP Cost	Field AFE Over/Under	% Difference	Involved ACP Cost	Involved Variance To AFE Over/Under	% Difference	Involved Variance To Field Over/Under	% Difference
Roads & Location Preparation / Restoration	DICC.100	35,000	8,648	-26,354	-75.30%	102,479	67,479	192.80%	DICC.100	11,300	11,300	17,425	6,125	54.20%	0	0.00%
Damages	DICC.105	1,000	1,000	0	0.00%	500	500	50.00%	DICC.105	0	0	0	0	0.00%	0	0.00%
Mud/Fluids Disposal Charges	DICC.255	90,000	75,782	-14,218	-15.80%	120,612	30,612	33.90%	DICC.235	70,000	23,000	53,833	17,833	25.30%	30,833	44.05%
Day Rate	DICC.115	693,000	741,328	48,328	7.00%	790,815	127,815	18.28%	DICC.120	82,154	4,154	100,463	18,309	22.29%	18,309	22.29%
Misc Prep Cost (Mouse Hole, Rat Hole, Pads, Pile Clusters, Misc.)	DICC.120	20,000	55,588	35,588	177.94%	54,648	34,648	173.24%	DICC.125	2,000	5,200	0	-7,200	-360.00%	0	0.00%
Fuel	DICC.125	133,000	48,877	-84,123	-63.25%	159,063	69,063	51.92%	DICC.130	1,000	-1,000	0	-2,000	-200.00%	0	0.00%
Water 009 / Completion Fluids 109	DICC.135	114,000	47,801	-66,199	-58.07%	111,399	-2,801	-2.45%	DICC.135	55,000	69,947	121,305	66,305	120.55%	-6,305	-11.45%
Mud & Additives	DICC.140	27,000	29,164	2,164	8.01%	150,840	109,840	40.68%	DICC.140	0	0	0	0	0.00%	0	0.00%
Surface Rentals	DICC.145	41,000	13,916	-27,084	-66.06%	49,546	18,546	45.23%	DICC.145	65,000	163,777	199,148	134,148	209.46%	-32,629	-50.19%
Downhole Rentals	DICC.150	30,000	43,068	13,068	43.56%	49,546	19,546	65.15%	DICC.145	38,000	2,489	24,848	-11,352	-30.13%	-13,840	-35.90%
DSTS, Formation Tests	DICC.155	114,000	107,883	-6,117	-5.36%	123,049	9,049	7.94%	DICC.145	0	0	0	0	0.00%	0	0.00%
Mud Logging	DICC.160	0	0	0	0.00%	28,843	-1,157	-3.86%	DICC.155	80,000	14,624	108,535	28,535	35.67%	13,911	17.40%
Open Hole Logging	DICC.170	30,000	28,789	-1,211	-4.04%	18,866	-11,134	-59.58%	DICC.155	2,500	4,328	16,955	14,455	578.00%	12,329	285.00%
Cementing, thru Intermediate Casing	DICC.185	70,000	170,905	100,905	144.15%	176,951	106,951	152.80%	DICC.165	10,000	3,780	16,528	6,528	65.28%	2,746	19.93%
Tubular Inspections	DICC.190	5,000	2,510	-2,490	-49.80%	33,522	28,522	570.43%	DICC.170	8,000	6,791	12,791	4,791	59.89%	-3,503	-27.39%
Casing Crews	DICC.195	18,000	12,830	-5,170	-28.72%	17,286	-704	-3.91%	DICC.175	17,000	18,050	28,215	11,215	65.97%	10,165	59.82%
Extra labor, Welding, etc.	DICC.200	15,000	34,828	19,828	132.19%	22,192	7,192	47.94%	DICC.180	25,000	8,085	47,353	22,353	89.41%	14,283	43.21%
Trucking	DICC.205	14,000	6,379	-7,621	-54.44%	11,860	-2,140	-18.29%	DICC.185	4,000	5,019	15,227	11,227	280.69%	10,208	203.40%
Supervision	DICC.210	63,000	61,800	-1,200	-1.90%	64,381	1,381	2.19%	DICC.190	10,000	-9,359	565	-9,859	-98.59%	-78	-11.91%
Trailer, Camp & Catering	DICC.220	2,000	41,937	21,937	1096.85%	37,266	17,266	431.65%	DICC.195	4,000	-4,000	7,682	3,682	92.05%	7,682	192.05%
Other misc expenses	DICC.225	12,000	2,808	-9,192	-76.60%	3,117	-8,883	-74.03%	DICC.215	0	0	0	0	0.00%	0	0.00%
Overhead	DICC.230	0	0	0	0.00%	0	0	0.00%	DICC.215	0	0	0	0	0.00%	0	0.00%
Remedial Cementing	DICC.231	0	2,624	2,624	0.00%	151,150	66,150	43.76%	DICC.230	0	0	0	0	0.00%	0	0.00%
Mobilize & Demobilize	DICC.240	85,000	146,800	61,800	72.71%	151,150	66,150	43.76%	DICC.230	0	0	0	0	0.00%	0	0.00%
Directional Drilling	DICC.245	180,000	275,441	95,441	53.02%	284,634	104,634	58.13%	DICC.250	0	0	0	0	0.00%	0	0.00%
Dock, Dispatcher, Crane	DICC.250	0	0	0	0.00%	0	0	0.00%	DICC.250	0	0	0	0	0.00%	0	0.00%
Marine/Air Transportation	DICC.275	0	55,537	25,537	85.12%	55,088	25,088	45.55%	DICC.240	13,000	15,721	86,731	73,731	567.16%	58,010	201.98%
Solids Control-Equip/Services	DICC.260	27,000	11,480	-15,520	-57.48%	33,747	6,747	24.99%	DICC.245	0	0	0	0	0.00%	0	0.00%
Fishing & Sidetrack Services	DICC.265	0	0	0	0.00%	0	0	0.00%	DICC.115	32,000	15,455	84,398	52,398	163.74%	36,943	77.85%
Completion Rig	DICC.270	0	0	0	0.00%	0	0	0.00%	DICC.260	0	0	0	0	0.00%	0	0.00%
Coil Tubing	DICC.300	0	0	0	0.00%	0	0	0.00%	DICC.200	57,000	-42,980	14,922	-42,078	-73.82%	902	8.43%
Completion Logging, Perforating	DICC.305	0	0	0	0.00%	0	0	0.00%	DICC.210	800,000	1,582,464	1,887,141	1,087,141	135.89%	324,877	207.8%
Stimulation	DICC.310	0	0	0	0.00%	0	0	0.00%	DICC.280	0	0	0	0	0.00%	0	0.00%
Legal/Regulatory/Curative	DICC.325	3,500	3,500	0	0.00%	33,493	29,993	85.95%	DICC.220	50,000	2,494	0	-50,000	-100.00%	-52,494	-100.00%
Well Control Insurance	DICC.435	91,000	116,877	25,877	28.44%	0	-91,000	-100.00%	DWEA.110	8,500	-8,500	1,244	-193,500	-22.72%	1,244	14.51%
Contingency	DICC.435	0	0	0	0.00%	0	0	0.00%	DWEA.110	67,500	-30,700	92,113	24,613	36.46%	55,313	150.31%
Construction For Well Equipment	DICC.435	0	0	0	0.00%	0	0	0.00%	DICC.265	0	0	0	0	0.00%	0	0.00%
Construction For Lease Equipment	DICC.435	0	0	0	0.00%	0	0	0.00%	DICC.265	0	0	0	0	0.00%	0	0.00%
Construction For Sales P/L	DICC.435	0	0	0	0.00%	0	0	0.00%	DICC.265	0	0	0	0	0.00%	0	0.00%
Intangible	DICC.435	1,920,500	2,497,111	576,611	29.89%	2,640,005	719,505	37.46%	DICC.265	1,470,500	2,789,828	2,977,427	1,506,927	102.48%	491,311	17.61%
Drive Pipe	DWEB.150	0	0	0	0.00%	0	0	0.00%	DICC.115	639,000	74,961	711,095	72,095	11.28%	-3,866	-0.61%
Conductor Pipe	DWEB.130	0	0	0	0.00%	0	0	0.00%	DICC.115	60,250	64,816	34,867	-25,383	-42.13%	-20,949	-34.76%
Water String	DWEB.135	0	0	0	0.00%	0	0	0.00%	DICC.120	68,500	100,522	68,881	381	0.56%	-31,641	-45.46%
Surface Casing	DWEB.140	22,000	28,182	6,182	28.10%	25,818	3,818	17.35%	DICC.125	34,500	-5,976	30,092	-4,408	-12.78%	1,468	5.13%
Intermediate Casing	DWEB.145	162,000	201,000	39,000	24.07%	197,781	35,781	22.09%	DICC.130	5,500	-5,500	39,694	34,194	621.71%	39,694	719.41%
Production Casing Or Liner	DWEB.145	0	0	0	0.00%	0	0	0.00%	DICC.135	0	0	0	0	0.00%	0	0.00%
Tubing	DWEB.145	0	0	0	0.00%	0	0	0.00%	DICC.140	50,000	-50,000	0	-50,000	-100.00%	0	0.00%
N/C Well Equipment	DWEB.115	0	0	0	0.00%	0	0	0.00%	DICC.140	218,750	193,962	173,534	-45,216	-20.67%	-20,428	-9.33%
Wellhead, Tree, Chokes	DWEB.100	13,000	8,500	-4,500	-34.62%	4,817	-8,183	-62.95%	DICC.275	-150,000	150,000	0	150,000	100.00%	0	0.00%
Liner Hanger, Isolation Packer	DWEB.100	0	0	0	0.00%	0	0	0.00%	DICC.275	-150,000	150,000	0	150,000	100.00%	0	0.00%
Packer, Nipples	DWEB.100	0	0	0	0.00%	0	0	0.00%	DICC.275	-150,000	150,000	0	150,000	100.00%	0	0.00%
Pumping Unit, Engine	DWEB.100	0	0	0	0.00%	0	0	0.00%	DICC.275	-150,000	150,000	0	150,000	100.00%	0	0.00%
Lift Equipment (Bhp, Rods, Anchors)	DWEB.100	0	0	0	0.00%	0	0	0.00%	DICC.275	-150,000	150,000	0	150,000	100.00%	0	0.00%
Metering Equipment	DWEB.100	0	0	0	0.00%	0	0	0.00%	DICC.275	-150,000	150,000	0	150,000	100.00%	0	0.00%
Tangible - Well Equipment	DWEB.100	197,000	237,682	40,682	20.65%	228,415	31,415	15.98%	DICC.275	-150,000	150,000	0	150,000	100.00%	0	0.00%
N/C Lease Equipment	DWEB.100	0	0	0	0.00%	0	0	0.00%	DICC.275	-150,000	150,000	0	150,000	100.00%	0	0.00%
Tanks, Tanks Steps, Stairs	DWEB.100	0	0	0	0.00%	0	0	0.00%	DICC.275	-150,000	150,000	0	150,000	100.00%	0	0.00%
Battery (Heater Treater, Separator,...)	DWEB.100	0	0	0	0.00%	0	0	0.00%	DICC.275	-150,000	150,000	0	150,000	100.00%	0	0.00%
Flow Lines (Line Pipe From Wellhead)	DWEB.100	0	0	0	0.00%	0	0	0.00%	DICC.275	-150,000	150,000	0	150,000	100.00%	0	0.00%
Offshore Production Structure For ...	DWEB.100	0	0	0	0.00%	0	0	0.00%	DICC.275	-150,000	150,000	0	150,000	100.00%	0	0.00%
Pipeline to Sales	DWEB.100	0	0	0	0.00%	0	0	0.00%	DICC.275	-150,000	150,000	0	150,000	100.00%	0	0.00%
P&A Costs	DICC.295	150,000	0	-150,000	-100.00%	0	-150,000	-100.00%	DICC.275	-150,000	150,000	0	150,000	100.00%	0	0.00%
Tangible - Lease Equipment	DICC.295	150,000	0	-150,000	-100.00%	0	-150,000	-100.00%	DICC.275	-150,000	150,000	0	150,000	100.00%	0	0.00%
P&A	DICC.295	150,000	0	-150,000	-100.00%	0	-150,000	-100.00%	DICC.275	-150,000	150,000	0	150,000	100.00%	0	0.00%
Total Costs	DICC.295	2,287,500	2,734,793	447,293	20.49%	2,882,421	594,921	26.50%	DICC.275	-150,000	150,000	0	150,000	100.00%	0	0.00%