

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. 14407; Order No. R-13251
Valley Forge 20 State Com No. 2 (API# 30-005-29100)
Township 15 South, Range 31 East, N.M.P.M.
Section 20: N/2S/2
Chaves County, New Mexico

RECEIVED OCD
2012 AUG -3 P 12:29

Dear Florene:

Enclosed herewith is an itemized schedule of actual well costs associated with the drilling and completion of the Valley Forge 20 State Com No. 2. These costs have been provided to the non-consenting working interest owners under the Order.

Be advised that voluntary agreements were **not** reached with Shriners Hospitals for Crippled Children or 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.

A handwritten signature in black ink, appearing to read "Hayden P. Tresner". The signature is written over the printed name and title.

Hayden P. Tresner
Landman

//Enclosure

Cc: James Bruce



Cimarex Energy Co.

Drilling Accrual Review

Afe Code: 250033
Property Code: 309742-044.01
End Date: 01/01/2076

Well Name: VALLEY FORGE 20 STATE COM 2

Sub Ledger Description	BCP Code	Afe BCP Cost	Field BCP Cost	Invoiced BCP Cost	Invoiced Variance To Field Over/Under	ACP Code	Afe ACP Cost	Field ACP Cost	Invoiced ACP Cost	Invoiced Variance To Field Over/Under
Roads & Location Preparation / Restoration	DIDC.100	42,000	94,795	55,802	-38,993	DICC.100	45,000	6,000	10,137	4,137
Damages	DIDC.105	5,000	6,000	0	-6,000	DICC.105	0	0	0	0
Mud/Fluids Disposal Charges	DIDC.255	66,000	38,971	91,765	52,794	DICC.235	42,000	75,123	80,267	5,144
Day Rate	DIDC.115	788,000	630,170	476,003	-154,167	DICC.120	113,000	10,247	138,387	128,140
Misc Prep Cost (Mouse Hole, Rat Hole, Pads, Pile Clusters)	DIDC.120	11,000	14,000	14,276	276		0	0	0	0
Bits	DIDC.125	85,000	46,650	56,229	9,579	DICC.125	1,000	0	0	0
Fuel	DIDC.135	110,000	138,377	131,352	-7,026	DICC.130	10,000	0	4,434	4,434
Water 009 / Completion Fluids 109	DIDC.140	12,000	18,290	0	-18,290	DICC.135	110,000	11,700	26,474	14,774
Mud & Additives	DIDC.145	63,000	72,872	104,531	31,659		0	0	0	0
Surface Rentals	DIDC.150	26,000	51,706	77,896	26,190	DICC.140	61,000	54,845	180,354	125,509
Downhole Rentals	DIDC.155	140,000	65,816	83,534	17,719	DICC.145	16,000	8,084	16,282	8,198
DSTS, Formation Tests	DIDC.160	0	0	0	0		0	0	0	0
Mud Logging	DIDC.170	26,000	34,715	40,722	6,007		0	0	0	0
Open Hole Logging	DIDC.180	37,000	50,934	50,957	23		0	0	0	0
Cementing, thru Intermediate Casing	DIDC.185	40,000	95,682	95,682	0	DICC.155	50,000	30,742	0	-30,742
Tubular Inspections	DIDC.190	12,000	18,271	25,560	7,289	DICC.160	3,000	0	1,718	1,718
Casing Crews	DIDC.195	18,000	22,485	16,363	-6,122	DICC.165	12,000	7,380	12,516	5,136
Extra labor, Welding, etc.	DIDC.200	12,000	12,776	4,519	-8,257	DICC.170	6,000	2,584	11,301	8,717
Trucking	DIDC.205	15,000	17,758	18,000	243	DICC.175	3,000	7,121	22,600	15,479
Supervision	DIDC.210	70,000	63,000	58,275	-4,725	DICC.180	10,000	22,000	20,366	-1,634
Trailer, Camp & Catering	DIDC.280	21,000	22,562	15,530	-7,032	DICC.255	2,500	2,632	3,164	532
Other misc expenses	DIDC.220	1,000	14,136	5,503	-8,633	DICC.190	7,000	0	14,519	14,519
Overhead	DIDC.225	11,000	11,000	8,974	-2,026	DICC.195	3,500	0	3,199	3,199
Remedial Cementing	DIDC.231	0	1,269	1,269	0	DICC.215	0	0	0	0
Mobilize & Demobilize	DIDC.240	300,000	75,000	144,205	69,205		0	0	0	0
Directional Drilling	DIDC.245	155,000	168,754	180,205	11,451		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	56,500	62,947	60,482	-2,465		0	0	0	0
Well Control-Equip/Services	DIDC.265	36,000	12,472	30,374	17,902	DICC.240	10,000	3,218	7,158	3,940
Fishing & Sidetrack Services	DIDC.270	0	0	0	0	DICC.245	0	0	0	0
Completion Rig		0	0	0	0	DICC.115	29,000	25,400	29,277	3,877
Coil Tubing		0	0	0	0	DICC.260	33,000	49,161	55,136	5,975
Completion Logging, Perforating		0	0	0	0	DICC.200	8,000	0	0	0
Stimulation		0	0	0	0	DICC.210	902,100	1,156,923	1,168,288	11,365
Legal/Regulatory/Curative	DIDC.300	13,000	21,414	21,972	558	DICC.280	0	0	20,693	20,693
Well Control Insurance	DIDC.285	5,000	5,000	4,942	-58		0	0	0	0
Contingency	DIDC.435	109,000	94,391	0	-94,391	DICC.220	74,000	72,743	0	-72,743
Construction For Well Equipment		0	0	0	0	DWEA.110	32,500	0	18,654	18,654
Construction For Lease Equipment		0	0	0	0	DLEQ.110	65,000	57,806	86,382	28,576
Construction For Sales P/L		0	0	0	0	DICC.265	100,000	0	80,500	80,500
Intangible		2,285,500	1,982,213	1,874,923	-107,290		1,748,600	1,603,709	2,011,807	408,098
Drive Pipe	DWEB.150	6,000	6,000	0	-6,000		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	16,000	19,940	14,882	-5,058		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	339,286	295,511	-43,775
Tubing		0	0	0	0	DWEA.105	61,000	80,153	84,076	3,923
N/C Well Equipment		0	0	0	0	DWEA.115	62,500	0	127,500	127,500
Wellhead, Tree, Chokes	DWEB.115	15,000	40,328	8,213	-32,115	DWEA.120	20,000	20,377	13,356	-7,021
Liner Hanger, Isolation Packer	DWEB.100	0	0	166,392	166,392	DWEA.125	0	157,567	0	-157,567
Packer, Nipples		0	0	0	0	DWEA.130	168,000	0	0	0
Pumping Unit, Engine		0	0	0	0	DLEQ.100	145,000	125,500	88,458	-37,042
Lift Equipment (Bhp, Rods, Anchors)		0	0	0	0	DLEQ.105	7,500	73,469	0	-73,469
Metering Equipment		0	0	0	0	DLEQ.220	0	0	0	0
Tangible - Well Equipment		37,000	66,268	189,486	123,218		815,108	796,352	608,901	-187,451
N/C Lease Equipment		0	0	0	0	DLEQ.115	65,500	64,816	33,838	-30,978
Tanks, Tanks Steps, Stairs		0	0	0	0	DLEQ.120	63,500	54,620	57,094	2,474
Battery (Heater Treater, Separator,)		0	0	0	0	DLEQ.125	32,500	27,100	29,443	2,343
Flow Lines (Line Pipe From Wellhead)		0	0	0	0	DLEQ.130	5,500	0	22,606	22,606
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	146,536	142,981	-3,555
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		2,472,500	2,048,481	2,064,409	15,928		2,580,708	2,546,597	2,763,690	217,092