

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

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January 12, 2009

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

**RE: Cimarex Energy Co.'s Redcloud #2
Case No. 14084, Order No. R-12926**

Ladies and Gentlemen:

Please be advised that Cimarex Energy Co.'s Redcloud #2 well has been completed. Pursuant to paragraph 10 of the above-mentioned order, please find enclosed a copy of the actual well costs for this well.

Please contact me if you have any questions at the phone number below.

Sincerely,

A handwritten signature in black ink, appearing to read "Todd Meador", written over a horizontal line.

Todd Meador
Landman, Permian Basin Region
Cimarex Energy Co.
(432) 571-7858



Billed Item Property Txn Detail

Redcloud #2

Bill Category	Type of Expense	Total Expense
DICC.100	Misc. Site Preparation	\$3,978.05
DICC.110	Location Restoration	\$3,145.88
DICC.115	Completion Rig	\$65,236.46
DICC.120	Drilling Rig	\$63,491.45
DICC.130	Fuel	\$17,347.24
DICC.135	Water, Mud and Fluids	\$30,304.33
DICC.140	Surface Rentals	\$63,953.62
DICC.145	Downhole Rentals	\$2,639.55
DICC.155	Cementing Production CSG	\$50,493.52
DICC.160	Tubular Inspections	\$11,726.01
DICC.165	Casing Crews	\$18,615.01
DICC.170	Extra Labor, Welding, etc	\$4,778.75
DICC.175	Trucking	\$15,900.38
DICC.180	Supervision	\$21,732.43
DICC.190	Other Misc. Expenses	\$9,664.80
DICC.195	Overhead	\$4,920.52
DICC.200	Logging, Perforating, WL Unit	\$43,974.39
DICC.205	Acidize, Breakdown	\$9,608.53
DICC.210	Fracturing, Stimulation	\$114,860.18
DICC.235	Mud/Fluids Disposal	\$12,250.72
DICC.240	Well Control-Equipment/Services	\$7,718.54
DICC.245	Fishing and Sidetrack Services	\$30,719.10
DICC.255	Trailer, Camp and Catering	\$900.02
DICC.260	Coil Tubing Services	\$74,559.79
DIDC.100	Roads and Location	\$103,363.26
DIDC.105	Damages	\$40,643.26
DIDC.110	Location Restoration	\$2,065.01
DIDC.115	Drilling Rig	\$838,124.85
DIDC.120	Misc. Preparation Costs	\$8,213.46
DIDC.125	Bits	\$130,203.35
DIDC.135	Fuel	\$110,734.70
DIDC.140	Water	\$6,328.78
DIDC.145	Mud and Additives	\$80,943.81
DIDC.150	Surface Rentals	\$41,948.92
DIDC.155	Downhole Rentals	\$259,908.48
DIDC.170	Mud Logging	\$30,180.94
DIDC.180	Open Hole Logging	\$145,949.22
DIDC.185	Cementing, Thru Intermed CSG	\$97,975.54
DIDC.190	Tubular Inspections	\$15,220.30
DIDC.195	Casing Crews	\$6,143.36

DIDC.200	Extra Labor, Welding, etc	\$7,866.72
DIDC.205	Trucking	\$24,118.97
DIDC.210	Supervision	\$77,191.58
DIDC.220	Other Misc Expenses	\$165.62
DIDC.225	Overhead	\$12,986.71
DIDC.240	Mobilize and Demobilize	\$121,220.12
DIDC.245	Directional Drilling	\$324,280.06
DIDC.255	Mud Disposal	\$59,347.22
DIDC.260	Solids Control-Equipment/Service	\$115,406.99
DIDC.265	Well Control-Equipment/Service	\$73,621.78
DIDC.270	Fishing and Sidetrack Services	\$141,744.60
DIDC.280	Trailer, Camp and Catering	\$29,800.54
DIDC.300	Legal/Regulatory/Curative	\$58,492.61
DLEQ.100	Pumping Unit, Engine	\$98,568.75
DLEQ.105	Lift Equipment (BHP, Rods, Anchors)	\$26,945.33
DLEQ.110	Construction for Lease Equipment	\$60,852.63
DLEQ.115	N/C Lease Equipment	\$28,104.38
DLEQ.120	Tanks	\$0.00
DLEQ.125	Battery (HTR TRTR, Separ, Gas T)	\$4,993.70
DLEQ.130	Flow Lines, Line Pipe	\$0.00
DLEQ.220	Metering Equipment	\$0.00
DWEA.100	Production CSG/Tie Back	\$161,821.16
DWEA.105	Tubing	\$31,415.03
DWEA.115	N/C Well Equipment	\$19,513.76
DWEA.120	Wellhead, Tree, Chokes	\$22,539.90
DWEA.130	Packer, Nipples	\$64,101.88
DWEA.140	Pipelines to Sale	\$0.00
DWEB.110	N/C Well Equipment	\$1,451.83
DWEB.115	Wellhead, Tree, Chokes	\$30,415.58
DWEB.135	Water String	-\$390.72
DWEB.140	Surface Casing	\$26,036.49
DWEB.145	Intermediate Casing	\$82,087.42
LOE.100	Labor - Pumper/Foreman Company	\$1,617.12
LOE.105	Labor - Roustabout Company	\$235.14
LOE.115	Supervision	\$61.85
LOE.125	Auto Use	\$187.15
LOE.130	Contract Pumper	\$1,102.00
LOE.135	Surface W/H Equipment & Maintance	\$8,459.81
LOE.140	Tank Battery/Process Equipment & Maintance	\$6,461.61
LOE.160	Roads and Location	\$1,583.49
LOE.165	Salt Water Disposal Cost	\$5,279.68
LOE.200	Electricity	\$6.29
LOE.205	Fuel-Lease Operations	\$18,199.28

LOE.230	Rental Equipment	\$8,172.81
LOE.235	Well Servicing	\$2,092.42
LOE.245	Supplies	\$9.59
LOE.250	Other LOE	\$5.79
LOE275	Legal Costs	\$0.00
LOE.295	Communications	\$94.43
LOE.305	COPAS Producing Overhead	\$5,522.66
LOE.335	District Expense	\$119.17
LOE.350	Chemicals and Treating	\$7,300.47
LOE.415	Offshore Other LOE	\$0.92

Report Total: \$4,371,678.83