

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

Brooks

RECEIVED OCD

2011 MAR 14 A 11:45



March 11, 2011

AAR Limited Partnership  
c/o Nearburg Exploration Company, L.L.C.  
Attn: Terry Gant  
3300 North "A" Street  
Building 2, Suite 120  
Midland, Texas 79705-5421

Case 14581

**Via: Certified U.S. Mail-Return Receipt Requested No. 91 7108 2133 3938 0387 9410**

**Re: West Shugart "32" State No.1H  
W/2W/2 Section 32-T18S-R31E  
Eddy County, New Mexico**

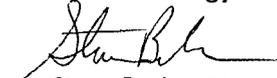
Mr. Gant:

In accordance with NMOCD Order No.R-13370, enclosed is an AFE for the above-captioned well. If you would like to participate in the well, please follow the instructions set forth in Paragraph (10) on Page 4 of the aforementioned Order.

As previously conveyed, please remember that all previous offers to acquire your interest in the above described spacing unit expired on February 17, 2011, the date of the OCD hearing. We look forward to receiving your election to this well proposal.

Sincerely,

**Cimarex Energy Co.**

  
Steve Burke, CPL  
Contract Landman  
432-571-7827

cc: Oil Conservation Division (Via: U.S. Mail)  
Attn: Florene Davidson  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

James Bruce  
Attorney at Law  
369 Montezuma, No.213  
Santa Fe, New Mexico 87501

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



March 11, 2011

Bonfish, L.L.C.  
P. O. Box 57180  
Albuquerque, NM 87187

**Via: Certified U.S. Mail-Return Receipt Requested No. 91 7108 2133 3938 0387 9427**

**Re: West Shugart "32" State No.1H  
W/2W/2 Section 32-T18S-R31E  
Eddy County, New Mexico**

Mr. Sir/Madam:

In accordance with NMOCD Order No.R-13370 (copy attached), enclosed is an AFE for the above-captioned well. If you would like to participate in the well, please follow the instructions set forth in Paragraph (10) on Page 4 of the aforementioned Order.

As previously conveyed, please remember that all previous offers to acquire your interest in the above described spacing unit expired on February 17, 2011, the date of the OCD hearing. We look forward to receiving your election to this well proposal.

Sincerely,

Cimarex Energy Co.

A handwritten signature in black ink, appearing to read "Steve Burke", with a long horizontal flourish extending to the right.

Steve Burke, CPL  
Contract Landman  
432-571-7827

cc: Oil Conservation Division (Via: U.S. Mail)  
Attn: Florene Davidson  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

James Bruce  
Attorney at Law  
369 Montezuma, No.213  
Santa Fe, New Mexico 87501

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



March 11, 2011

Clyde P. Finlay  
c/o Nearburg Exploration Company, L.L.C.  
Attn: Terry Gant  
3300 North "A" Street  
Building 2, Suite 120  
Midland, Texas 79705-5421

**Via: Certified U.S. Mail-Return Receipt Requested No. 91 7108 2133 3938 0387 9434**

**Re: West Shugart "32" State No.1H  
W/2W/2 Section 32-T18S-R31E  
Eddy County, New Mexico**

Mr. Gant:

In accordance with NMOCD Order No.R-13370, enclosed is an AFE for the above-captioned well. If you would like to participate in the well, please follow the instructions set forth in Paragraph (10) on Page 4 of the aforementioned Order.

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Sincerely,

**Cimarex Energy Co.**

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Steve Burke, CPL  
Contract Landman  
432-571-7827

cc: Oil Conservation Division (Via: U.S. Mail)  
Attn: Florene Davidson  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

James Bruce  
Attorney at Law  
369 Montezuma, No.213  
Santa Fe, New Mexico 87501

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



March 11, 2011

Clyde P. Finlay, II  
c/o Nearburg Exploration Company, L.L.C.  
Attn: Terry Gant  
3300 North "A" Street  
Building 2, Suite 120  
Midland, Texas 79705-5421

**Via: Certified U.S. Mail-Return Receipt Requested No. 91 7108 2133 3938 0387 9441**

**Re: West Shugart "32" State No.1H  
W/2W/2 Section 32-T18S-R31E  
Eddy County, New Mexico**

Mr. Gant:

In accordance with NMOCD Order No.R-13370, enclosed is an AFE for the above-captioned well. If you would like to participate in the well, please follow the instructions set forth in Paragraph (10) on Page 4 of the aforementioned Order.

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Sincerely,

**Cimarex Energy Co.**

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Steve Burke, CPL  
Contract Landman  
432-571-7827

cc: Oil Conservation Division (Via: U.S. Mail)  
Attn: Florene Davidson  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

James Bruce  
Attorney at Law  
369 Montezuma, No.213  
Santa Fe, New Mexico 87501

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



March 11, 2011

Duane A. Davis  
c/o Nearburg Exploration Company, L.L.C.  
Attn: Terry Gant  
3300 North "A" Street  
Building 2, Suite 120  
Midland, Texas 79705-5421

**Via: Certified U.S. Mail-Return Receipt Requested No. 91 7108 2133 3938 0387 9458**

**Re: West Shugart "32" State No.1H  
W/2W/2 Section 32-T18S-R31E  
Eddy County, New Mexico**

Mr. Gant:

In accordance with NMOCD Order No.R-13370, enclosed is an AFE for the above-captioned well. If you would like to participate in the well, please follow the instructions set forth in Paragraph (10) on Page 4 of the aforementioned Order.

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Sincerely,

**Cimarex Energy Co.**

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Steve Burke, CPL  
Contract Landman  
432-571-7827

cc: Oil Conservation Division (Via: U.S. Mail)  
Attn: Florene Davidson  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

James Bruce  
Attorney at Law  
369 Montezuma, No.213  
Santa Fe, New Mexico 87501

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



March 11, 2011

Duadav Resources, LLC  
c/o Nearburg Exploration Company, L.L.C.  
Attn: Terry Gant  
3300 North "A" Street  
Building 2, Suite 120  
Midland, Texas 79705-5421

**Via: Certified U.S. Mail-Return Receipt Requested No. 91 7108 2133 3938 0387 9465**

**Re: West Shugart "32" State No.1H  
W/2W/2 Section 32-T18S-R31E  
Eddy County, New Mexico**

Mr. Gant:

In accordance with NMOCD Order No.R-13370, enclosed is an AFE for the above-captioned well. If you would like to participate in the well, please follow the instructions set forth in Paragraph (10) on Page 4 of the aforementioned Order.

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Sincerely,

**Cimarex Energy Co.**

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Steve Burke, CPL  
Contract Landman  
432-571-7827

cc: Oil Conservation Division (Via: U.S. Mail)  
Attn: Florene Davidson  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

James Bruce  
Attorney at Law  
369 Montezuma, No.213  
Santa Fe, New Mexico 87501

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



March 11, 2011

Duke W. Roush  
c/o Nearburg Exploration Company, L.L.C.  
Attn: Terry Gant  
3300 North "A" Street  
Building 2, Suite 120  
Midland, Texas 79705-5421

**Via: Certified U.S. Mail-Return Receipt Requested No. 91 7108 2133 3938 0387 9472**

**Re: West Shugart "32" State No.1H  
W/2W/2 Section 32-T18S-R31E  
Eddy County, New Mexico**

Mr. Gant:

In accordance with NMOCD Order No.R-13370, enclosed is an AFE for the above-captioned well. If you would like to participate in the well, please follow the instructions set forth in Paragraph (10) on Page 4 of the aforementioned Order.

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Sincerely,

**Cimarex Energy Co.**

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Steve Burke, CPL  
Contract Landman  
432-571-7827

cc: Oil Conservation Division (Via: U.S. Mail)  
Attn: Florene Davidson  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

James Bruce  
Attorney at Law  
369 Montezuma, No.213  
Santa Fe, New Mexico 87501

Cimarex Energy Co.

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432.571.7800



March 11, 2011

Dean A. Horning  
c/o Nearburg Exploration Company, L.L.C.  
Attn: Terry Gant  
3300 North "A" Street  
Building 2, Suite 120  
Midland, Texas 79705-5421

**Via: Certified U.S. Mail-Return Receipt Requested No. 91 7108 2133 3938 0387 9489**

**Re: West Shugart "32" State No.1H  
W/2W/2 Section 32-T18S-R31E  
Eddy County, New Mexico**

Mr. Gant:

In accordance with NMOCD Order No.R-13370, enclosed is an AFE for the above-captioned well. If you would like to participate in the well, please follow the instructions set forth in Paragraph (10) on Page 4 of the aforementioned Order.

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Sincerely,

**Cimarex Energy Co.**

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Steve Burke, CPL  
Contract Landman  
432-571-7827

cc: Oil Conservation Division (Via: U.S. Mail)  
Attn: Florene Davidson  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

James Bruce  
Attorney at Law  
369 Montezuma, No.213  
Santa Fe, New Mexico 87501

Cimarex Energy Co.

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432.571.7800



March 11, 2011

Estate of Alice Smith  
c/o Nearburg Exploration Company, L.L.C.  
Attn: Terry Gant  
3300 North "A" Street  
Building 2, Suite 120  
Midland, Texas 79705-5421

**Via: Certified U.S. Mail-Return Receipt Requested No. 91 7108 2133 3938 0387 9496**

**Re: West Shugart "32" State No.1H  
W/2W/2 Section 32-T18S-R31E  
Eddy County, New Mexico**

Mr. Gant:

In accordance with NMOCD Order No.R-13370, enclosed is an AFE for the above-captioned well. If you would like to participate in the well, please follow the instructions set forth in Paragraph (10) on Page 4 of the aforementioned Order.

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Sincerely,

**Cimarex Energy Co.**

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Steve Burke, CPL  
Contract Landman  
432-571-7827

cc: Oil Conservation Division (Via: U.S. Mail)  
Attn: Florene Davidson  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

James Bruce  
Attorney at Law  
369 Montezuma, No.213  
Santa Fe, New Mexico 87501

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



March 11, 2011

Gretchen B. Nearburg  
c/o Nearburg Exploration Company, L.L.C.  
Attn: Terry Gant  
3300 North "A" Street  
Building 2, Suite 120  
Midland, Texas 79705-5421

**Via: Certified U.S. Mail-Return Receipt Requested No. 91 7108 2133 3938 0387 9502**

**Re: West Shugart "32" State No.1H  
W/2W/2 Section 32-T18S-R31E  
Eddy County, New Mexico**

Mr. Gant:

In accordance with NMOCD Order No.R-13370, enclosed is an AFE for the above-captioned well. If you would like to participate in the well, please follow the instructions set forth in Paragraph (10) on Page 4 of the aforementioned Order.

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Sincerely,

**Cimarex Energy Co.**

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Steve Burke, CPL  
Contract Landman  
432-571-7827

cc: Oil Conservation Division (Via: U.S. Mail)  
Attn: Florene Davidson  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

James Bruce  
Attorney at Law  
369 Montezuma, No.213  
Santa Fe, New Mexico 87501

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



March 11, 2011

Herbert R. Willis  
c/o Nearburg Exploration Company, L.L.C.  
Attn: Terry Gant  
3300 North "A" Street  
Building 2, Suite 120  
Midland, Texas 79705-5421

**Via: Certified U.S. Mail-Return Receipt Requested No. 91 7108 2133 3938 0387 9519**

**Re: West Shugart "32" State No.1H  
W/2W/2 Section 32-T18S-R31E  
Eddy County, New Mexico**

Mr. Gant:

In accordance with NMOCD Order No.R-13370, enclosed is an AFE for the above-captioned well. If you would like to participate in the well, please follow the instructions set forth in Paragraph (10) on Page 4 of the aforementioned Order.

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Sincerely,

Cimarex Energy Co.

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Steve Burke, CPL  
Contract Landman  
432-571-7827

cc: Oil Conservation Division (Via: U.S. Mail)  
Attn: Florene Davidson  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

James Bruce  
Attorney at Law  
369 Montezuma, No.213  
Santa Fe, New Mexico 87501

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



March 11, 2011

Holsum, Inc.  
c/o Nearburg Exploration Company, L.L.C.  
Attn: Terry Gant  
3300 North "A" Street  
Building 2, Suite 120  
Midland, Texas 79705-5421

**Via: Certified U.S. Mail-Return Receipt Requested No. 91 7108 2133 3938 0387 9526**

**Re: West Shugart "32" State No.1H  
W/2W/2 Section 32-T18S-R31E  
Eddy County, New Mexico**

Mr. Gant:

In accordance with NMOCD Order No.R-13370, enclosed is an AFE for the above-captioned well. If you would like to participate in the well, please follow the instructions set forth in Paragraph (10) on Page 4 of the aforementioned Order.

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Sincerely,

**Cimarex Energy Co.**

  
Steve Burke, CPL  
Contract Landman  
432-571-7827

cc: Oil Conservation Division (Via: U.S. Mail)  
Attn: Florene Davidson  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

James Bruce  
Attorney at Law  
369 Montezuma, No.213  
Santa Fe, New Mexico 87501

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



March 11, 2011

JB III Partners LP  
c/o Nearburg Exploration Company, L.L.C.  
Attn: Terry Gant  
3300 North "A" Street  
Building 2, Suite 120  
Midland, Texas 79705-5421

**Via: Certified U.S. Mail-Return Receipt Requested No. 91 7108 2133 3938 0387 9601**

**Re: West Shugart "32" State No.1H  
W/2W/2 Section 32-T18S-R31E  
Eddy County, New Mexico**

Mr. Gant:

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Steve Burke, CPL  
Contract Landman  
432-571-7827

cc: Oil Conservation Division (Via: U.S. Mail)  
Attn: Florene Davidson  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

James Bruce  
Attorney at Law  
369 Montezuma, No.213  
Santa Fe, New Mexico 87501

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



March 11, 2011

Joe R. Wright  
c/o Nearburg Exploration Company, L.L.C.  
Attn: Terry Gant  
3300 North "A" Street  
Building 2, Suite 120  
Midland, Texas 79705-5421

**Via: Certified U.S. Mail-Return Receipt Requested No. 91 7108 2133 3938 0387 9533**

**Re: West Shuqart "32" State No.1H  
W/2W/2 Section 32-T18S-R31E  
Eddy County, New Mexico**

Mr. Gant:

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Sincerely,

**Cimarex Energy Co.**

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Steve Burke, CPL  
Contract Landman  
432-571-7827

cc: Oil Conservation Division (Via: U.S. Mail)  
Attn: Florene Davidson  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

James Bruce  
Attorney at Law  
369 Montezuma, No.213  
Santa Fe, New Mexico 87501

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



March 11, 2011

John Barr, III  
c/o Nearburg Exploration Company, L.L.C.  
Attn: Terry Gant  
3300 North "A" Street  
Building 2, Suite 120  
Midland, Texas 79705-5421

**Via: Certified U.S. Mail-Return Receipt Requested No. 91 7108 2133 3938 0387 9540**

**Re: West Shugart "32" State No.1H  
W/2W/2 Section 32-T18S-R31E  
Eddy County, New Mexico**

Mr. Gant:

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Steve Burke, CPL  
Contract Landman  
432-571-7827

cc: Oil Conservation Division (Via: U.S. Mail)  
Attn: Florene Davidson  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

James Bruce  
Attorney at Law  
369 Montezuma, No.213  
Santa Fe, New Mexico 87501

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



March 11, 2011

Larchmont Resources, LLC  
c/o Nearburg Exploration Company, L.L.C.  
Attn: Terry Gant  
3300 North "A" Street  
Building 2, Suite 120  
Midland, Texas 79705-5421

**Via: Certified U.S. Mail-Return Receipt Requested No. 91 7108 2133 3938 0387 9557**

**Re: West Shugart "32" State No.1H  
W/2W/2 Section 32-T18S-R31E  
Eddy County, New Mexico**

Mr. Gant:

In accordance with NMOCD Order No.R-13370, enclosed is an AFE for the above-captioned well. If you would like to participate in the well, please follow the instructions set forth in Paragraph (10) on Page 4 of the aforementioned Order.

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Steve Burke, CPL  
Contract Landman  
432-571-7827

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Attn: Florene Davidson  
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Santa Fe, New Mexico 87505

James Bruce  
Attorney at Law  
369 Montezuma, No.213  
Santa Fe, New Mexico 87501

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



March 11, 2011

LDH Holdings, LLC  
c/o Nearburg Exploration Company, L.L.C.  
Attn: Terry Gant  
3300 North "A" Street  
Building 2, Suite 120  
Midland, Texas 79705-5421

**Via: Certified U.S. Mail-Return Receipt Requested No. 91 7108 2133 3938 0387 9564**

**Re: West Shugart "32" State No.1H  
W/2W/2 Section 32-T18S-R31E  
Eddy County, New Mexico**

Mr. Gant:

In accordance with NMOCD Order No.R-13370, enclosed is an AFE for the above-captioned well. If you would like to participate in the well, please follow the instructions set forth in Paragraph (10) on Page 4 of the aforementioned Order.

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**Cimarex Energy Co.**

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Steve Burke, CPL  
Contract Landman  
432-571-7827

cc: Oil Conservation Division (Via: U.S. Mail)  
Attn: Florene Davidson  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

James Bruce  
Attorney at Law  
369 Montezuma, No.213  
Santa Fe, New Mexico 87501

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



March 11, 2011

Leesburg Investments Ltd.  
c/o Nearburg Exploration Company, L.L.C.  
Attn: Terry Gant  
3300 North "A" Street  
Building 2, Suite 120  
Midland, Texas 79705-5421

**Via: Certified U.S. Mail-Return Receipt Requested No. 91 7108 2133 3938 0387 9571**

**Re: West Shugart "32" State No.1H  
W/2W/2 Section 32-T18S-R31E  
Eddy County, New Mexico**

Mr. Gant:

In accordance with NMOCD Order No.R-13370, enclosed is an AFE for the above-captioned well. If you would like to participate in the well, please follow the instructions set forth in Paragraph (10) on Page 4 of the aforementioned Order.

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**Cimarex Energy Co.**

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Steve Burke, CPL  
Contract Landman  
432-571-7827

cc: Oil Conservation Division (Via: U.S. Mail)  
Attn: Florene Davidson  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

James Bruce  
Attorney at Law  
369 Montezuma, No.213  
Santa Fe, New Mexico 87501

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



March 11, 2011

LJS Resources, LLC  
c/o Nearburg Exploration Company, L.L.C.  
Attn: Terry Gant  
3300 North "A" Street  
Building 2, Suite 120  
Midland, Texas 79705-5421

**Via: Certified U.S. Mail-Return Receipt Requested No. 91 7108 2133 3938 0387 9595**

**Re: West Shugart "32" State No.1H  
W/2W/2 Section 32-T18S-R31E  
Eddy County, New Mexico**

Mr. Gant:

In accordance with NMOCD Order No.R-13370, enclosed is an AFE for the above-captioned well. If you would like to participate in the well, please follow the instructions set forth in Paragraph (10) on Page 4 of the aforementioned Order.

As previously conveyed, please remember that all previous offers to acquire your interest in the above described spacing unit expired on February 17, 2011, the date of the OCD hearing. We look forward to receiving your election to this well proposal.

Sincerely,

**Cimarex Energy Co.**

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

Steve Burke, CPL  
Contract Landman  
432-571-7827

cc: Oil Conservation Division (Via: U.S. Mail)  
Attn: Florene Davidson  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

James Bruce  
Attorney at Law  
369 Montezuma, No.213  
Santa Fe, New Mexico 87501

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



March 11, 2011

Roy G. Niederhoffer  
c/o Nearburg Exploration Company, L.L.C.  
Attn: Terry Gant  
3300 North "A" Street  
Building 2, Suite 120  
Midland, Texas 79705-5421

**Via: Certified U.S. Mail-Return Receipt Requested No. 91 7108 2133 3938 0387 9618**

**Re: West Shugart "32" State No.1H  
W/2W/2 Section 32-T18S-R31E  
Eddy County, New Mexico**

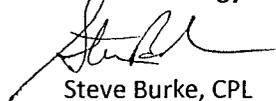
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Contract Landman  
432-571-7827

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Attn: Florene Davidson  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

James Bruce  
Attorney at Law  
369 Montezuma, No.213  
Santa Fe, New Mexico 87501

Cimarex Energy Co.

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432.571.7800



March 11, 2011

Robert G. Shelton  
c/o Nearburg Exploration Company, L.L.C.  
Attn: Terry Gant  
3300 North "A" Street  
Building 2, Suite 120  
Midland, Texas 79705-5421

**Via: Certified U.S. Mail-Return Receipt Requested No. 91 7108 2133 3938 0387 9625**

**Re: West Shugart "32" State No.1H  
W/2W/2 Section 32-T18S-R31E  
Eddy County, New Mexico**

Mr. Gant:

In accordance with NMOCD Order No.R-13370, enclosed is an AFE for the above-captioned well. If you would like to participate in the well, please follow the instructions set forth in Paragraph (10) on Page 4 of the aforementioned Order.

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Cimarex Energy Co.

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Steve Burke, CPL  
Contract Landman  
432-571-7827

cc: Oil Conservation Division (Via: U.S. Mail)  
Attn: Florene Davidson  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

James Bruce  
Attorney at Law  
369 Montezuma, No.213  
Santa Fe, New Mexico 87501

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



March 11, 2011

RN Limited Partnership  
c/o Nearburg Exploration Company, L.L.C.  
Attn: Terry Gant  
3300 North "A" Street  
Building 2, Suite 120  
Midland, Texas 79705-5421

**Via: Certified U.S. Mail-Return Receipt Requested No. 91 7108 2133 3938 0387 9632**

**Re: West Shugart "32" State No.1H  
W/2W/2 Section 32-T18S-R31E  
Eddy County, New Mexico**

Mr. Gant:

In accordance with NMOCD Order No.R-13370, enclosed is an AFE for the above-captioned well. If you would like to participate in the well, please follow the instructions set forth in Paragraph (10) on Page 4 of the aforementioned Order.

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**Cimarex Energy Co.**

  
Steve Burke, CPL  
Contract Landman  
432-571-7827

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Attn: Florene Davidson  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

James Bruce  
Attorney at Law  
369 Montezuma, No.213  
Santa Fe, New Mexico 87501

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



March 11, 2011

Lucie Investments, LP  
c/o Nearburg Exploration Company, L.L.C.  
Attn: Terry Gant  
3300 North "A" Street  
Building 2, Suite 120  
Midland, Texas 79705-5421

**Via: Certified U.S. Mail-Return Receipt Requested No. 91 7108 2133 3938 0387 9854**

**Re: West Shugart "32" State No.1H  
W/2W/2 Section 32-T18S-R31E  
Eddy County, New Mexico**

Mr. Gant:

In accordance with NMOCD Order No.R-13370, enclosed is an AFE for the above-captioned well. If you would like to participate in the well, please follow the instructions set forth in Paragraph (10) on Page 4 of the aforementioned Order.

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Sincerely,

**Cimarex Energy Co.**

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Steve Burke, CPL  
Contract Landman  
432-571-7827

cc: Oil Conservation Division (Via: U.S. Mail)  
Attn: Florene Davidson  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

James Bruce  
Attorney at Law  
369 Montezuma, No.213  
Santa Fe, New Mexico 87501

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



March 11, 2011

TB Partners, LP  
c/o Nearburg Exploration Company, L.L.C.  
Attn: Terry Gant  
3300 North "A" Street  
Building 2, Suite 120  
Midland, Texas 79705-5421

**Via: Certified U.S. Mail-Return Receipt Requested No. 91 7108 2133 3938 0387 9588**

**Re: West Shugart "32" State No.1H  
W/2W/2 Section 32-T18S-R31E  
Eddy County, New Mexico**

Mr. Gant:

In accordance with NMOCD Order No.R-13370, enclosed is an AFE for the above-captioned well. If you would like to participate in the well, please follow the instructions set forth in Paragraph (10) on Page 4 of the aforementioned Order.

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Steve Burke, CPL  
Contract Landman  
432-571-7827

cc: Oil Conservation Division (Via: U.S. Mail)  
Attn: Florene Davidson  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

James Bruce  
Attorney at Law  
369 Montezuma, No.213  
Santa Fe, New Mexico 87501

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



March 11, 2011

William C. Scalia  
c/o Nearburg Exploration Company, L.L.C.  
Attn: Terry Gant  
3300 North "A" Street  
Building 2, Suite 120  
Midland, Texas 79705-5421

**Via: Certified U.S. Mail-Return Receipt Requested No. 91 7108 2133 3938 0387 9847**

**Re: West Shugart "32" State No.1H  
W/2W/2 Section 32-T18S-R31E  
Eddy County, New Mexico**

Mr. Gant:

In accordance with NMOCD Order No.R-13370, enclosed is an AFE for the above-captioned well. If you would like to participate in the well, please follow the instructions set forth in Paragraph (10) on Page 4 of the aforementioned Order.

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Sincerely,

**Cimarex Energy Co.**

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Steve Burke, CPL  
Contract Landman  
432-571-7827

cc: Oil Conservation Division (Via: U.S. Mail)  
Attn: Florene Davidson  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

James Bruce  
Attorney at Law  
369 Montezuma, No.213  
Santa Fe, New Mexico 87501

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



March 11, 2011

Wright Family Trust  
c/o Nearburg Exploration Company, L.L.C.  
Attn: Terry Gant  
3300 North "A" Street  
Building 2, Suite 120  
Midland, Texas 79705-5421

**Via: Certified U.S. Mail-Return Receipt Requested No. 91 7108 2133 3938 0387 9878**

**Re: West Shuqart "32" State No.1H  
W/2W/2 Section 32-T18S-R31E  
Eddy County, New Mexico**

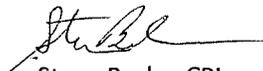
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432-571-7827

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Attn: Florene Davidson  
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Santa Fe, New Mexico 87505

James Bruce  
Attorney at Law  
369 Montezuma, No.213  
Santa Fe, New Mexico 87501

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 14581  
ORDER NO. R-13370

APPLICATION OF CIMAREX ENERGY CO. OF COLORADO FOR  
APPROVAL OF A NON-STANDARD OIL SPACING AND PRORATION  
UNIT AND COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on January 6, 2011 and February 17, 2011 at Santa Fe, New Mexico, before Examiner David K. Brooks.

NOW, on this 9<sup>th</sup> day of March, 2011, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and of the subject matter.

(2) Cimarex Energy Co. of Colorado ("Applicant"), seeks approval of a non-standard 160-acre oil spacing and proration unit and project area ("the Unit") in the Bone Spring formation [undesignated North Shugart-Bone Spring Pool (Pool Code 56405)] consisting of the W/2 of the W/2 (Units D, E, L and M) of Section 32, Township 18 South, Range 31 East, NMPM, in Eddy County, New Mexico. Applicant further seeks an order pooling all uncommitted interests in the Unit in the Bone Spring formation.

(3) The Unit is to be dedicated to Applicant's West Shugart 32 State Com. Well No. 1H (APJ No. 30-015-38294) ("the proposed well"), a horizontal well to be drilled from a standard surface location 330 feet from the North line and 990 feet from the West line (Unit D) of Section 32. The well will penetrate the Bone Spring formation at a standard oil well location in Unit D of Section 32 and continue horizontally in the Bone Spring to a standard terminus, or bottomhole location, 330 feet from the South line and 660 feet from the West line (Unit M) of Section 32.

Case No. 14581  
Order No. R-13370  
Page 2 of 5

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(4) Spacing in the North Shugart-Bone Spring Pool is governed by statewide Rule 15.9.A, which provides for standard 40-acre units, each comprising a governmental quarter-quarter section. The Unit consists of four adjacent quarter-quarter sections.

(5) Applicant appeared at the hearing through counsel and presented geologic evidence by affidavit to the effect that:

(a) this area is suitable for development by horizontal drilling; and

(b) all quarter sections to be included in the Unit are expected to be productive in the Bone Spring, so that formation of the Unit as requested will not impair correlative rights.

(6) Chesapeake Operating, LLC and Nearburg Exploration, LLC entered their appearance through counsel, but did not oppose the granting of this application. No other party appeared at the hearing, or otherwise opposed the granting of this application.

The Division concludes that:

(7) Approval of the proposed non-standard unit will enable Applicant to drill a horizontal well that will efficiently produce the reserves underlying the Unit, thereby preventing waste, and will not impair correlative rights.

(8) Two or more separately owned tracts are embraced within the Unit, and/or there are royalty interests and/or undivided interests in oil and gas minerals in one or more tracts included in the Unit that are separately owned.

(9) Applicant is an owner of an oil and gas working interest within the Unit. Applicant has the right to drill and proposes to drill the proposed well to a common source of supply within the Unit at the proposed location.

(10) There are interest owners in the Unit that have not agreed to pool their interests. There are no unlocated owners in the Unit, and there is no evidence of a title dispute.

(11) To avoid the drilling of unnecessary wells, protect correlative rights, prevent waste and afford to the owner of each interest in the Unit the opportunity to recover or receive without unnecessary expense its just and fair share of hydrocarbons, this application should be approved by pooling all uncommitted interests, whatever they may be, in the oil and gas within the Unit.

(12) Cimerex Energy Co. of Colorado should be designated the operator of the proposed well and of the Unit.

(13) Any pooled working interest owner who does not pay its share of estimated well costs should have withheld from production its share of reasonable well

Case No. 14581  
Order No. R-13370  
Page 3 of 5

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costs plus an additional 200% thereof as a reasonable charge for the risk involved in drilling the well.

(14) Reasonable charges for supervision (combined fixed rates) should be fixed at \$7,000 per month while drilling and \$700 per month while producing, provided that these rates should be adjusted annually pursuant to Section III.1.A.3. of the COPAS form titled "Accounting Procedure-Joint Operations."

**IT IS THEREFORE ORDERED THAT:**

(1) A non-standard 160-acre oil spacing and proration unit (the Unit) is hereby established in the Bone Spring formation [undesignated North Shugart-Bone Spring Pool (Pool Code 56405)], consisting of the W/2 W/2 of Section 32, Township 18 South, Range 31 East, NMPM, in Eddy County, New Mexico.

(2) Pursuant to the application of Cimarex Energy Co. of Colorado, all uncommitted interests, whatever they may be, in the oil and gas in the Bone Spring formation in the Unit, are hereby pooled.

(3) The Unit shall be dedicated to Applicant's West Shugart 32 State Com. Well No. 1H (API No. 30-015-38294) ("the proposed well"), a horizontal well to be drilled from a standard surface location 330 feet from the North line and 990 feet from the West line (Unit D) of Section 32. The well will penetrate the Bone Spring formation at a standard oil well location in Unit D of Section 32 and continue horizontally in the Bone Spring to a standard terminus, or bottomhole location, 330 feet from the South line and 660 feet from the West line (Unit M) of Section 32.

(4) The operator of the Unit shall commence drilling the proposed well on or before March 15, 2012, and shall thereafter continue drilling the well with due diligence to test the Bone Spring formation.

(5) In the event the operator does not commence drilling the proposed well on or before March 15, 2012, Ordering Paragraphs (1) and (2) shall be of no effect, unless the operator obtains a time extension from the Division Director for good cause demonstrated by satisfactory evidence.

(6) Should the proposed well not be drilled and completed within 120 days after commencement thereof, then Ordering Paragraphs (1) and (2) shall be of no further effect, and the unit and project area created by this order shall terminate, unless operator appears before the Division Director and obtains an extension of the time for completion of the proposed well for good cause shown by satisfactory evidence. If the proposed well is not completed in all of the quarter-quarter sections included in the proposed unit within 120 days after commencement of drilling, then the operator shall apply to the Division for an amendment to this Order to contract the Unit so that it includes only those quarter-quarter sections in which the well is completed.

Case No. 14581  
Order No. R-13370  
Page 4 of 5

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(7) Upon final plugging and abandonment of the proposed well and any other well drilled on the Unit pursuant to Division Rule 13.9, the pooled unit created by this Order shall terminate, unless this order has been amended to authorize further operations.

(8) Cimarex Energy Co. of Colorado [OGRID 162683] is hereby designated the operator of the well and of the Unit.

(9) After pooling, uncommitted working interest owners are referred to as pooled working interest owners. ("Pooled working interest owners" are owners of working interests in the Unit, including unleased mineral interests, who are not parties to an operating agreement governing the Unit.) After the effective date of this order, the operator shall furnish the Division and each known pooled working interest owner in the Unit an itemized schedule of estimated costs of drilling, completing and equipping the proposed well ("well costs").

(10) Within 30 days from the date the schedule of estimated well costs is furnished, any pooled working interest owner shall have the right to pay its share of estimated well costs to the operator in lieu of paying its share of reasonable well costs out of production as hereinafter provided, and any such owner who pays its share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges. Pooled working interest owners who elect not to pay their share of estimated well costs as provided in this paragraph shall thereafter be referred to as "non-consenting working interest owners."

(11) The operator shall furnish the Division and each known pooled working interest owner (including non-consenting working interest owners) an itemized schedule of actual well costs within 90 days following completion of the proposed well. If no objection to the actual well costs is received by the Division, and the Division has not objected, within 45 days following receipt of the schedule, the actual well costs shall be deemed to be the reasonable well costs. If there is an objection to actual well costs within the 45-day period, the Division will determine reasonable well costs after public notice and hearing.

(12) Within 60 days following determination of reasonable well costs, any pooled working interest owner who has paid its share of estimated costs in advance as provided above shall pay to the operator its share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator the amount, if any, that the estimated well costs it has paid exceed its share of reasonable well costs.

(13) The operator is hereby authorized to withhold the following costs and charges from production:

- (a) the proportionate share of reasonable well costs attributable to each non-consenting working interest owner; and

Case No. 14581  
Order No. R-13370  
Page 5 of 5

(b) as a charge for the risk involved in drilling the well,  
200% of the above costs.

(14) The operator shall distribute the costs and charges withheld from production, proportionately, to the parties who advanced the well costs.

(15) Reasonable charges for supervision (combined fixed rates) are hereby fixed at \$7,000 per month while drilling and \$700 per month while producing, provided that these rates shall be adjusted annually pursuant to Section III.1.A.3. of the COPAS form titled "Accounting Procedure-Joint Operations." The operator is authorized to withhold from production the proportionate share of both the supervision charges and the actual expenditures required for operating the well, not in excess of what are reasonable, attributable to pooled working interest owners.

(16) Any unleased mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under this order. Any well costs or charges that are to be paid out of production shall be withheld only from the working interests' share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

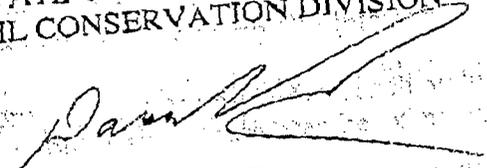
(17) Should all the parties to this compulsory pooling order reach voluntary agreement subsequent to entry of this order, this order shall thereafter be of no further effect.

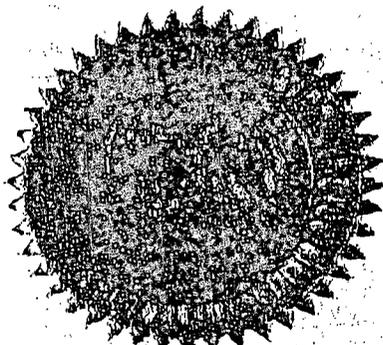
(18) The operator of the well and Unit shall notify the Division in writing of the subsequent voluntary agreement of all parties subject to the forced pooling provisions of this order.

(19) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
DANIEL SANCHEZ  
Acting Director



SEAL



**Authorization For Expenditure**

<b>Company/Entity</b> Cimarex Energy Co.	<b>Date Prepared</b> January 24, 2011
---	--

Region	Well Name	Well No.	Prospect or Field Name	Property Number	Drilling AFE No.
Permian	West Shugart 32 State	1	Shugart	309775-007.01	250065

Location	County	State	Type Well	
Sec. 32 - 18S - 31E	Eddy	NM	Oil	X
			Gas	Expl
				Prod
				X

Estimate Type	Est. Start Date	Est. Comp. Date	Formation	Tot. Measured Depth
Original Estimate	ⓐ			13,350'
Revised Estimate	○			Tot. Vertical Depth
Supplemental Estimate	○			8,825'

**Project Description:**  
Drill and complete a 2nd Bone spring horizontal well (pilot hole to 9150', target at 8825' TVD, 4600' VS). Cemented 5-1/2" long string.

Intangibles	Dry Hole Cost	After Casing Point	Completed Well Cost
Drilling Costs	\$1,920,500		\$1,920,500
Completion Costs		\$1,470,500	\$1,470,500
<b>Total Intangible Costs</b>	<b>\$1,920,500</b>	<b>\$1,470,500</b>	<b>\$3,391,000</b>

Tangibles			
Well Equipment	\$197,000	\$639,000	\$836,000
Lease Equipment		\$218,750	\$218,750
<b>Total Tangible Well Cost</b>	<b>\$197,000</b>	<b>\$857,750</b>	<b>\$1,054,750</b>

<b>Plug and Abandon Cost</b>	\$150,000	-\$150,000	\$0
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<b>Total Well Cost</b>	<b>\$2,267,500</b>	<b>\$2,178,250</b>	<b>\$4,445,750</b>
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**Comments on Well Costs:**  
1. All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

**Well Control Insurance:**  
Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

I elect to purchase my own well control insurance policy.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

**Marketing Election:**  
Cimarex sells its gas under arm's-length contracts with third party purchasers. Such contracts may include fees. In addition, penalties may be incurred for insufficient volumes delivered over time. Should you choose to market you share of gas with Cimarex, you will be subject to all of the terms of such contracts. Upon written request to Cimarex's Marketing Department, we will share with you the terms and conditions pursuant to which gas will be sold.

I elect to take my gas in kind.  
 I elect to market my gas with Cimarex pursuant to the terms and conditions of its contracts.

**Comments on AFE:**  
The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

**Cimarex Energy Co. Approval**

Prepared by	Drilling and Completion Manager	Regional Manager
Mark Audas	Doug Park	Roger Alexander

**Joint Interest Approval**

Company	By	Date



Project Cost Estimate

Lease Name: West Shugart 32 State

Well No.:

1

Intangibles					Codes	Dry Hole Cost	Codes	After Casing Point	Completed Well Cost
Roads & Location Preparation / Restoration					DIDC.100	\$35,000	DICC.100	\$0	\$35,000
Damages					DIDC.105	\$1,000	DICC.105	\$0	\$1,000
Mud / Fluids Disposal Charges					DIDC.255	\$90,000	DICC.235	\$47,000	\$137,000
Day Rate	34	DH Days	4	ACP Days @	DIDC.115	\$663,000	DICC.120	\$78,000	\$741,000
Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.)					DIDC.120	\$20,000			\$20,000
Bits					DIDC.125	\$90,000	DICC.125	\$2,000	\$92,000
Fuel	\$2.80	Per Gallon	1200	Gallons Per Day	DIDC.135	\$114,000	DICC.130	\$1,000	\$115,000
Water / Completion Fluids					DIDC.140	\$27,000	DICC.135	\$55,000	\$82,000
Mud & Additives					DIDC.145	\$41,000			\$41,000
Surface Rentals					DIDC.150	\$30,000	DICC.140	\$65,000	\$95,000
Downhole Rentals					DIDC.155	\$114,000	DICC.145	\$36,000	\$150,000
Formation Evaluation (DST, Coring including evaluation, G&G Services)					DIDC.160				\$0
Mud Logging					DIDC.170	\$30,000			\$30,000
Open Hole Logging					DIDC.180	\$25,000			\$25,000
Cementing & Float Equipment					DIDC.185	\$70,000	DICC.155	\$80,000	\$150,000
Tubular Inspections					DIDC.190	\$5,000	DICC.160	\$2,500	\$7,500
Casing Crews					DIDC.195	\$18,000	DICC.165	\$10,000	\$28,000
Extra Labor, Welding, Etc.					DIDC.200	\$15,000	DICC.170	\$6,000	\$21,000
Land Transportation (Trucking)					DIDC.205	\$14,000	DICC.175	\$17,000	\$31,000
Supervision					DIDC.210	\$63,000	DICC.180	\$25,000	\$88,000
Trailer House / Camp / Catering					DIDC.280	\$20,000	DICC.255	\$4,000	\$24,000
Other Misc Expenses					DIDC.220	\$2,000	DICC.190	\$10,000	\$12,000
Overhead					DIDC.225	\$12,000	DICC.195	\$4,000	\$16,000
Remedial Cementing					DIDC.231	\$0	DICC.215		\$0
MOB/DEMOB					DIDC.240	\$85,000			\$85,000
Directional Drilling Services					DIDC.245	\$180,000			\$180,000
Dock, Dispatcher, Crane					DIDC.250		DICC.230		\$0
Marine & Air Transportation					DIDC.275		DICC.250		\$0
Solids Control					DIDC.260	\$30,000			\$30,000
Well Control Equip (Snubbing Svcs.)					DIDC.265	\$27,000	DICC.240	\$13,000	\$40,000
Fishing & Sidetrack Operations					DIDC.270	\$0	DICC.245		\$0
Completion Rig							DICC.115	\$32,000	\$32,000
Coil Tubing							DICC.260	\$0	\$0
Completion Logging, Perforating, WL Units, WL Surveys							DICC.200	\$57,000	\$57,000
Stimulation							DICC.210	\$800,000	\$800,000
Legal / Regulatory / Curative					DIDC.300	\$3,500	DICC.280		\$3,500
Well Control Insurance					DIDC.285	\$5,000			\$5,000
Contingency					DIDC.435	\$91,000	DICC.220	\$50,000	\$141,000
Construction For Well Equipment							DWEA.110	\$8,500	\$8,500
Construction For Lease Equipment							DLEQ.110	\$67,500	\$67,500
Construction For Sales P/L							DICC.265	\$0	\$0
<b>Total Intangible Cost</b>						<b>\$1,920,500</b>		<b>\$1,470,500</b>	<b>\$3,391,000</b>

Tangible - Well Equipment									
		Size	Feet	\$ / Foot	Codes		Codes		
Casing									
Drive Pipe		20 "	40.00	\$0.00	DWEB.150	\$0			\$0
Conductor Pipe					DWEB.130	\$0			\$0
Water String					DWEB.135	\$0			\$0
Surface Casing		13-3/8"	550.00	\$40.12	DWEB.140	\$22,000			\$22,000
Intermediate Casing		9 5/8"	4200.00	\$38.60	DWEB.145	\$162,000			\$162,000
Drilling Liner					DWEB.145	\$0			\$0
Drilling Liner					DWEB.145	\$0			\$0
Production Casing or Liner		5 1/2"	13350.00	\$21.32			DWEA.100	\$288,000	\$288,000
Production Tie-Back							DWEA.100	\$0	\$0
Tubing		2 7/8"	8300.00	\$7.90			DWEA.105	\$66,000	\$66,000
N/C Well Equipment									
Wellhead, Tree, Chokes					DWEB.115	\$13,000	DWEA.120	\$5,000	\$18,000
Liner Hanger, Isolation Packer					DWEB.100	\$0	DWEA.125	\$1,000	\$1,000
Packer, Nipples							DWEA.130	\$10,000	\$10,000
Pumping Unit, Engine							DLEQ.100	\$193,500	\$193,500
Lift Equipment (BHP, Rods, Anchors)							DLEQ.105	\$67,500	\$67,500
Tangible - Lease Equipment									
N/C Lease Equipment									
Tanks, Tanks Steps, Stairs							DLEQ.115	\$60,250	\$60,250
Battery (Heater Treater, Separator, Gas Treating Equipment)							DLEQ.120	\$68,500	\$68,500
Flow Lines (Line Pipe from wellhead to central facility)							DLEQ.125	\$34,500	\$34,500
Offshore Production Structure for Facilities							DLEQ.130	\$5,500	\$5,500
Pipeline to Sales							DWEA.135	\$0	\$0
							DWEA.140	\$50,000	\$50,000
<b>Total Tangibles</b>						<b>\$197,000</b>		<b>\$857,750</b>	<b>\$1,054,750</b>
P&A Costs					DIDC.295	\$150,000	DICC.275	-\$150,000	\$0
<b>Total Cost</b>						<b>\$2,267,500</b>		<b>\$2,178,250</b>	<b>\$4,445,750</b>