

From: Davis Armour <darmour@chisholmenergy.com>
Sent: Monday, July 30, 2018 2:02 PM
To: Caitlin Pierce <cpierce@cimarex.com>
Subject: [External] Black River area offer

Caitlin,

Thank you for your time on the phone the other day. As we discussed, Cimarex is currently deemed to be non-consent in the Black River 3-10 Federal Com 4H, due to the fact that a timely election was not made within the prescribed 30 day period allocated under the well proposal, pursuant to NMOCD Order No. R-14719.

As you are aware, Chisholm and Cimarex were previously unable to reach a mutually acceptable form of agreement for a Term Assignment, prior to the expiration of said election period under the Order. During our call, you expressed an interest in revisiting the negotiations for a possible Term Assignment and trade. After visiting with the Chisholm management, they have agreed to extend an offer on the following terms and conditions:

- Term Assignment with an Effective date 6/8/18
- The term will be for **2 years** from the Execution Date of the assignment
- Consideration of \$2,500 per net acre for 92.60938 net acres
- Chisholm will earn all right, title and interest from the surface to 100 feet below the base of the producing formation
- Warranty of title, by through and under the Assignor
- Cimarex will deliver not less than a 78% NRI, on an 8/8ths basis
- Closing will occur on or before August 13th, 2018
- Lands Covered – W2 Section 10, T24S-26E - all right title and interest

In addition to the foregoing, Cimarex agrees to trading acreage on the following basis:

- Effective date 6/7/18
- 32 net acre assignment from Cimarex to Chisholm in W2 Section 10, T24S-R26E (all depths)
- 32 net acre assignment from Chisholm to Cimarex in the E2 of Section 3, T24S-R26EB (all depths)

The aforementioned terms are valid until Friday, August 3rd, 2018 at 5:00pm CST, and will expire at such time, unless we have received an affirmative response from Cimarex.

Thank you,

Davis Armour, CPL
Senior Landman



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