

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:

APPLICATION OF CIMAREX ENERGY CO. OF  
COLORADO FOR COMPULSORY POOLING, EDDY  
COUNTY, NEW MEXICO.

Case No. 14,770

VERIFIED STATEMENT OF HILARY CODER

Hilary Coder, being duly sworn upon her oath, deposes and states:

1. I am a landman for Cimarex Energy Co., and have personal knowledge of the matters stated herein.

2. Cimarex Energy Co. of Colorado is a wholly owned subsidiary of Cimarex Energy Co.

3. Pursuant to Division Rule NMAC 19.15.4.12.A(1)(b), the following information is submitted in support of the application filed herein:

(a) No opposition to this application is expected because the mineral interest owners being pooled have responded to well proposals but have not yet executed an operating agreement.

(b) A plat outlining the spacing units being pooled is attached hereto as Exhibit A. Applicant seeks an order pooling all mineral interests from the surface to the base of the Glorieta-Yeso formation underlying the following acreage in Township 19 South, Range 25 East, N.M.P.M.

(i) The NE/4SW/4 of Section 1 to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The unit will be dedicated to the Louisiana 1 Fee Well No. 1, to be drilled at an orthodox location:

30-015 - 39613

2310 FSL & 1650 FW

(ii) The NW/4SE/4 of Section 1 to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The unit will be dedicated to the Louisiana 1 Fee Well No. 2, to be drilled at an orthodox location:

30-015 - 39643

2310 FS 2310 FE

Oil Conservation Division

Case No. \_\_\_\_\_

Exhibit No. \_\_\_\_\_

44500/450



30-015-3964#  
(iii) The SE/4SW/4 of Section 1 to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The unit will be dedicated to the Louisiana 1 Fee Well No. 5, to be drilled at an orthodox location; and 990 FS 1650 FW

(iv) The SW/4SE/4 of Section 1 to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The unit will be dedicated to the Louisiana 1 Fee Well No. 6, to be drilled at an orthodox location.

30-015-39963 990 FS 2310 FE  
Mineral ownership in the well units is common as to the depths being pooled.

(c) The parties being pooled, their interests in the well unit, and their addresses, are as follows:

COG Operating, LLC 0.3214288%  
Suite 100  
550 West Texas  
Midland, Texas 79701

Yates Petroleum Corporation 10.6428304%  
Abo Petroleum Corporation  
Myco Industries, Inc.  
105 South Fourth Street  
Artesia, New Mexico 88201

(d) Copies of the proposal letters sent to the uncommitted mineral interest owners are attached hereto as Exhibits B-1, B-2, B-3, and B-4. In addition, we have called and e-mailed the parties being pooled.

(e) Cimarex Energy Co. has made a good faith effort to obtain the voluntary joinder of the uncommitted interest owners in the well.

(f) Pursuant to Division rules, applicant requests that a 200% risk charge be assessed against a non-consenting interest owner.

(g) Copies of the Authority for Expenditure for the proposed wells are attached hereto as Exhibits C-1, C-2, C-3, and C-4. The drilling and completion costs set forth therein are fair and reasonable, and are comparable to those of other wells of this depth drilled in this area of Eddy County.

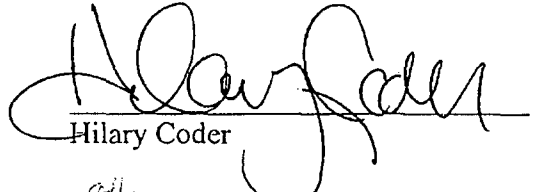
(h) Overhead charges of \$4500.00/month for a drilling well, and \$450.00/month for a producing well, are requested. These rates are fair and reasonable, and are in line with rates charged by other operators in this area for wells of this depth. Applicant requests that the rates be adjusted under the COPAS accounting procedure.

(i) Applicant requests that it be designated operator of the wells.

VERIFICATION

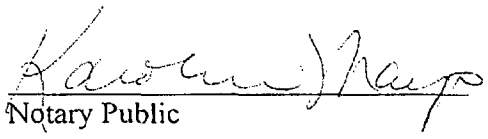
STATE OF TEXAS            )  
  ) ss.  
COUNTY OF MIDLAND    )

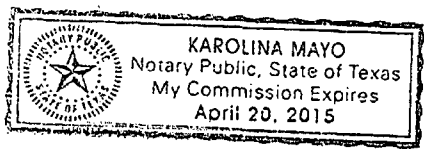
Hilary Coder, being duly sworn upon her oath, deposes and states that: She is a landman for Cimarex Energy Co.; she is authorized to make this verification on its behalf; she has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of her knowledge, information, and belief.

  
Hilary Coder

SUBSCRIBED AND SWORN TO before me this 8<sup>th</sup> day of May, 2012 by Hilary Coder.

My Commission Expires: 4/20/15

  
Notary Public



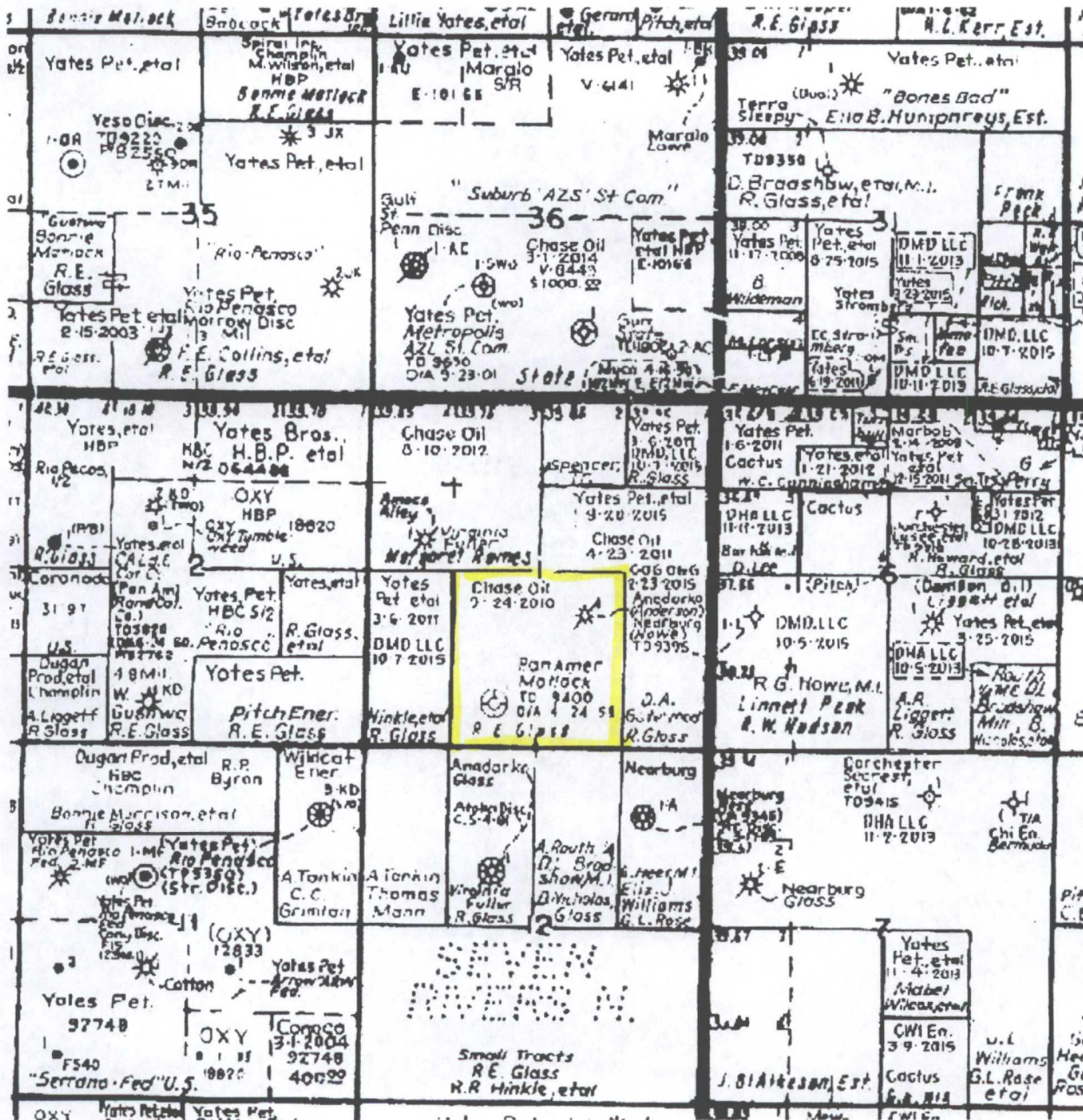


EXHIBIT     A

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



March 20, 2012

**Via: U.S. Certified Mail-Return Receipt No.91 7108 2133 3938 9332 7945**

Yates Petroleum Corporation  
Abo Petroleum Corporation  
MYCO Industries, Inc.  
Attn: Chuck Moran  
105 S 4<sup>th</sup> Street  
Artesia, New Mexico 88210

Re: New Well Proposal - Louisiana 1 Fee No.1  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: NE/4SW/4  
Eddy County, New Mexico

Dear Leasehold Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Louisiana 1 Fee No. 1 Well at legal location in the NE/4SW/4 of Section 1, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

The intended surface hole location for the well is 2310' FSL & 1650' FWL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the Penasco Draw San Andres-Yeso Associated Pool. The formations to be completed will be determined by operator after logs and reports are received and reviewed at casing point.

It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Cimarex's intended procedure. Cimarex will advise you of any such modifications.

Enclosed, in duplicate, is (i) our detailed AFE which sets forth the estimated costs associated with the well, and; (ii) our proposed form of Operating Agreement to govern operations for the Louisiana wells. If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with your contact information to receive well data, to the undersigned within thirty (30) days of receipt of this proposal. If you should elect to purchase your own well control insurance, you must provide a certificate of such

EXHIBIT

**B-1**

New Well Proposal – Louisiana 1 Fee No.1  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: NE/4SW/4  
Eddy County, New Mexico

insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.

Please call the undersigned with any questions or comments.

Respectfully Submitted,

Cimarex Energy Co.



Hilary R. Coder  
Contract Landman

---

**ELECTION TO PARTICIPATE**  
Louisiana 1 Fee No.1 Well

\_\_\_\_\_ Elects **TO** participate in the proposed Louisiana 1 Fee No.1 Well

\_\_\_\_\_ Elects **NOT** to participate in the proposed Louisiana 1 Fee No.1 Well

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**New Well Proposal – Louisiana 1 Fee No.1**  
**Township 19 South, Range 25 East, N.M.P.M.**  
**Section 1: NE/4SW/4**  
**Eddy County, New Mexico**

If your election above is TO participate in the proposed Louisiana 1 Fee No.1 Well, then:

\_\_\_\_\_ Elects TO be covered by well control insurance procured by Cimarex

\_\_\_\_\_ Elects NOT to be covered by well control insurance procured by Cimarex and agrees to provide Cimarex with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex

Company: \_\_\_\_\_

New Well Proposal – Louisiana 1 Fee No.1  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: NE/4SW/4  
Eddy County, New Mexico

**ELECTION TO PARTICIPATE**  
**Louisiana 1 Fee No. 1 Well**

\_\_\_\_\_ Elects **TO** participate in the proposed Louisiana 1 Fee No.1 Well

\_\_\_\_\_ Elects **NOT** to participate in the proposed Louisiana Fee No.1 Well

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

If your election above is TO participate in the proposed Louisiana 1 Fee No.1 Well,  
then:

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\_\_\_\_\_ Elects **NOT** to be covered by well control insurance procured by Cimarex  
and agrees to provide Cimarex with a certificate of insurance prior to  
commencement of drilling operations or be deemed to have elected to be  
covered by well control insurance procured by Cimarex

Company: \_\_\_\_\_



New Well Proposal – Louisiana 1 Fee No.1  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: NE/4SW/4  
Eddy County, New Mexico

**ELECTION TO PARTICIPATE**  
**Louisiana 1 Fee No. 1 Well**

\_\_\_\_\_ Elects **TO** participate in the proposed Louisiana 1 Fee No.1 Well

\_\_\_\_\_ Elects **NOT** to participate in the proposed Louisiana Fee No.1 Well

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

If your election above is TO participate in the proposed Louisiana 1 Fee No.1 Well,  
then:

\_\_\_\_\_ Elects **TO** be covered by well control insurance procured by Cimarex

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and agrees to provide Cimarex with a certificate of insurance prior to  
commencement of drilling operations or be deemed to have elected to be  
covered by well control insurance procured by Cimarex

Company: \_\_\_\_\_

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



August 12, 2011

**Via: U.S. Certified Mail-Return Receipt No. 91 7108 2133 3938 9332 2537**

Oxy Y-1 Company  
Attn: Katie A. Almeida, Land Negotiator  
5 Greenway Plaza, Suite 110  
Houston, Texas 77046-0521

Re: New Well Proposal-Louisiana 1 Fee No.1  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

Dear Leasehold Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Louisiana 1 Fee No.1 Well at legal location in the NE/4SW/4 of Section 1, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

The intended surface hole location for the well is 2310' FSL & 1650' FWL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the Glorieta-Yeso formations.

It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Cimarex's intended procedure. Cimarex will advise you of any such modifications.

Enclosed, in duplicate, is (i) our detailed AFE which sets forth the estimated costs associated with the well, and; (ii) our proposed form of Operating Agreement to govern operations for the Louisiana wells. If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with your contact information to receive well data, to the undersigned within thirty (30) days of receipt of this proposal. If you should elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.

New Well Proposal-Louisiana 1 Fee No.1  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

In the event you do not wish to participate in drilling the Louisiana wells, Cimarex will consider acquiring term assignment of your leasehold interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms:

- i.) Bonus Consideration of \$1000.00 per net mineral acre delivered;
- ii.) Reservation of an ORRI equal to difference between 25% and current lease burdens;
- iii.) Primary term of Three (3) years with 180-day continuous development thereafter

Please call the undersigned with any questions or comments.

Respectfully Submitted,

**Cimarex Energy Co.**

Hilary R. Coder  
Contract Landman

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**ELECTION TO PARTICIPATE**  
**Louisiana 1 Fee No.1 Well**

\_\_\_\_\_ Elects **TO** participate in the proposed Louisiana 1 Fee No.1 Well

\_\_\_\_\_ Elects **NOT** to participate in the proposed Louisiana 1 Fee No.1 Well

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**New Well Proposal-Louisiana 1 Fee No.1**  
**Township 19 South, Range 25 East, N.M.P.M.**  
**Section 1: E/2SW/4, W/2SE/4**  
**Eddy County, New Mexico**

If your election above is TO participate in the proposed **Louisiana 1 Fee No.1 Well**, then:

\_\_\_\_\_ Elects **TO** be covered by well control insurance procured by Cimarex

\_\_\_\_\_ Elects **NOT** to be covered by well control insurance procured by Cimarex and agrees to provide Cimarex with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex

New Well Proposal-Louisiana 1 Fee No.1  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
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Contract Landman

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Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

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Title: \_\_\_\_\_

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Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

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Cimarex Energy Co.

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432.571.7800



March 20, 2012

**Via: U.S. Certified Mail-Return Receipt No.91 7108 2133 3938 9332 7921**

COG Operating LLC  
Attn: Stuart Dirks  
550 West Texas Avenue, Suite 100  
Midland, Texas 79701

Re: New Well Proposal - Louisiana 1 Fee No.1  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: NE/4SW/4  
Eddy County, New Mexico

Dear Leasehold Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Louisiana 1 Fee No. 1 Well at legal location in the NE/4SW/4 of Section 1, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

The intended surface hole location for the well is 2310' FSL & 1650' FWL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the Penasco Draw San Andres-Yeso Associated Pool. The formations to be completed will be determined by operator after logs and reports are received and reviewed at casing point.

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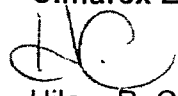
New Well Proposal – Louisiana 1 Fee No.1  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: NE/4SW/4  
Eddy County, New Mexico

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Respectfully Submitted,

**Cimarex Energy Co.**



Hilary R. Coder  
Contract Landman

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**ELECTION TO PARTICIPATE**  
**Louisiana 1 Fee No.1 Well**

\_\_\_\_\_ Elects **TO** participate in the proposed Louisiana 1 Fee No.1 Well

\_\_\_\_\_ Elects **NOT** to participate in the proposed Louisiana 1 Fee No.1 Well

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_



**New Well Proposal – Louisiana 1 Fee No.1**  
**Township 19 South, Range 25 East, N.M.P.M.**  
**Section 1: NE/4SW/4**  
**Eddy County, New Mexico**

If your election above is TO participate in the proposed Louisiana 1 Fee No.1 Well, then:

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Company: \_\_\_\_\_

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



August 12, 2011

**Via: U.S. Certified Mail-Return Receipt No. 91 7108 2133 3938 9332 1851**

Abo Petroleum Corporation  
Attn: Land Manager  
105 S. 4<sup>th</sup> Street  
Artesia, NM 88210

Re: New Well Proposal-Louisiana 1 Fee No.1  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

Dear Leasehold Owner:

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New Well Proposal-Louisiana 1 Fee No.1  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

In the event you do not wish to participate in drilling the Louisiana wells, Cimarex will consider acquiring term assignment of your leasehold interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms:

- i.) Bonus Consideration of \$1000.00 per net mineral acre delivered;
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- iii.) Primary term of Three (3) years with 180-day continuous development thereafter

Please call the undersigned with any questions or comments.

Respectfully Submitted,

**Cimarex Energy Co.**

Hilary R. Coder  
Contract Landman

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**ELECTION TO PARTICIPATE**  
**Louisiana 1 Fee No.1 Well**

\_\_\_\_\_ Elects **TO** participate in the proposed Louisiana 1 Fee No.1 Well

\_\_\_\_\_ Elects **NOT** to participate in the proposed Louisiana 1 Fee No.1 Well

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

New Well Proposal-Louisiana 1 Fee No.1  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

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New Well Proposal-Louisiana 1 Fee No.1  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

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Hilary R. Coder  
Contract Landman

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Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

New Well Proposal-Louisiana 1 Fee No.1  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
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Cimarex Energy Co.  
600 N. Marientfeld St.  
Suite 600  
Midland, Texas 79701  
PHONE 432.571.7800



March 20, 2012

**Via: U.S. Certified Mail-Return Receipt No.91 7108 2133 3938 9332 7921**

COG Operating LLC  
Attn: Stuart Dirks  
550 West Texas Avenue, Suite 100  
Midland, Texas 79701

Re: New Well Proposal - Louisiana 1 Fee No.1  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: NE/4SW/4  
Eddy County, New Mexico

Dear Leasehold Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Louisiana 1 Fee No. 1 Well at legal location in the NE/4SW/4 of Section 1, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

The intended surface hole location for the well is 2310' FSL & 1650' FWL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the Penasco Draw San Andres-Yeso Associated Pool. The formations to be completed will be determined by operator after logs and reports are received and reviewed at casing point.

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Enclosed, in duplicate, is (i) our detailed AFE which sets forth the estimated costs associated with the well, and; (ii) our proposed form of Operating Agreement to govern operations for the Louisiana wells. If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with your contact information to receive well data, to the undersigned within thirty (30) days of receipt of this proposal. If you should elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will

New Well Proposal – Louisiana 1 Fee No.1  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: NE/4SW/4  
Eddy County, New Mexico

be covered by insurance procured by Cimarex and will be responsible for your share of the cost.

Please call the undersigned with any questions or comments.

Respectfully Submitted,

**Cimarex Energy Co.**



Hilary R. Coder  
Contract Landman

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**ELECTION TO PARTICIPATE**  
**Louisiana 1 Fee No.1 Well**

\_\_\_\_\_ Elects TO participate in the proposed Louisiana 1 Fee No.1 Well

\_\_\_\_\_ Elects NOT to participate in the proposed Louisiana 1 Fee No.1 Well

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_



**New Well Proposal – Louisiana 1 Fee No.1**  
**Township 19 South, Range 25 East, N.M.P.M.**  
**Section 1: NE/4SW/4**  
**Eddy County, New Mexico**

If your election above is TO participate in the proposed Louisiana 1 Fee No.1 Well, then:

\_\_\_\_\_ Elects **TO** be covered by well control insurance procured by Cimarex

\_\_\_\_\_ Elects **NOT** to be covered by well control insurance procured by Cimarex and agrees to provide Cimarex with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex

Company: \_\_\_\_\_

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



August 12, 2011

**Via: U.S. Certified Mail-Return Receipt No. 91 7108 2133 3938 9332 1868**

Myco Industries, Inc  
Attn: Land Manager  
423 W. Main Street  
Artesia, NM 88210

Re: New Well Proposal-Louisiana 1 Fee No.1  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

Dear Leasehold Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Louisiana 1 Fee No.1 Well at legal location in the NE/4SW/4 of Section 1, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

The intended surface hole location for the well is 2310' FSL & 1650' FWL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the Glorieta-Yeso formations.

It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Cimarex's intended procedure. Cimarex will advise you of any such modifications.

Enclosed, in duplicate, is (i) our detailed AFE which sets forth the estimated costs associated with the well, and; (ii) our proposed form of Operating Agreement to govern operations for the Louisiana wells. If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with your contact information to receive well data, to the undersigned within thirty (30) days of receipt of this proposal. If you should elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.

New Well Proposal-Louisiana 1 Fee No.1  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

In the event you do not wish to participate in drilling the Louisiana wells, Cimarex will consider acquiring term assignment of your leasehold interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms:

- i.) Bonus Consideration of \$1000.00 per net mineral acre delivered;
- ii.) Reservation of an ORRI equal to difference between 25% and current lease burdens;
- iii.) Primary term of Three (3) years with 180-day continuous development thereafter

Please call the undersigned with any questions or comments.

Respectfully Submitted,

**Cimarex Energy Co.**

Hilary R. Coder  
Contract Landman

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**ELECTION TO PARTICIPATE**  
**Louisiana 1 Fee No.1 Well**

\_\_\_\_\_ Elects **TO** participate in the proposed Louisiana 1 Fee No.1 Well

\_\_\_\_\_ Elects **NOT** to participate in the proposed Louisiana 1 Fee No.1 Well

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

New Well Proposal-Louisiana 1 Fee No.1  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

If your election above is TO participate in the proposed **Louisiana 1 Fee No.1 Well**, then:

\_\_\_\_\_ Elects **TO** be covered by well control insurance procured by Cimarex

\_\_\_\_\_ Elects **NOT** to be covered by well control insurance procured by Cimarex and agrees to provide Cimarex with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex

New Well Proposal-Louisiana 1 Fee No.1  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

In the event you do not wish to participate in drilling the Louisiana wells, Cimarex will consider acquiring term assignment of your leasehold interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms:

- i.) Bonus Consideration of \$1000.00 per net mineral acre delivered;
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Please call the undersigned with any questions or comments.

Respectfully Submitted,

**Cimarex Energy Co.**

Hilary R. Coder  
Contract Landman

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**ELECTION TO PARTICIPATE**  
**Louisiana 1 Fee No.1 Well**

\_\_\_\_\_ Elects **TO** participate in the proposed Louisiana 1 Fee No.1 Well

\_\_\_\_\_ Elects **NOT** to participate in the proposed Louisiana 1 Fee No.1 Well

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

New Well Proposal-Louisiana 1 Fee No.1  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

If your election above is TO participate in the proposed **Louisiana 1 Fee No.1 Well**, then:

\_\_\_\_\_ Elects **TO** be covered by well control insurance procured by Cimarex

\_\_\_\_\_ Elects **NOT** to be covered by well control insurance procured by Cimarex and agrees to provide Cimarex with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex

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



August 12, 2011

**Via: U.S. Certified Mail-Return Receipt No. 91 7108 2133 3938 9332 2537**

Oxy Y-1 Company  
Attn: Katie A. Almeida, Land Negotiator  
5 Greenway Plaza, Suite 110  
Houston, Texas 77046-0521

Re: New Well Proposal-Louisiana 1 Fee No.1  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

Dear Leasehold Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Louisiana 1 Fee No.1 Well at legal location in the NE/4SW/4 of Section 1, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

The intended surface hole location for the well is 2310' FSL & 1650' FWL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the Glorieta-Yeso formations.

It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Cimarex's intended procedure. Cimarex will advise you of any such modifications.

Enclosed, in duplicate, is (i) our detailed AFE which sets forth the estimated costs associated with the well, and; (ii) our proposed form of Operating Agreement to govern operations for the Louisiana wells. If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with your contact information to receive well data, to the undersigned within thirty (30) days of receipt of this proposal. If you should elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.

New Well Proposal-Louisiana 1 Fee No.1  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

In the event you do not wish to participate in drilling the Louisiana wells, Cimarex will consider acquiring term assignment of your leasehold interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms:

- i.) Bonus Consideration of \$1000.00 per net mineral acre delivered;
- ii.) Reservation of an ORRI equal to difference between 25% and current lease burdens;
- iii.) Primary term of Three (3) years with 180-day continuous development thereafter

Please call the undersigned with any questions or comments.

Respectfully Submitted,

**Cimarex Energy Co.**

Hilary R. Coder  
Contract Landman

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**ELECTION TO PARTICIPATE**  
**Louisiana 1 Fee No.1 Well**

\_\_\_\_\_ Elects **TO** participate in the proposed Louisiana 1 Fee No.1 Well

\_\_\_\_\_ Elects **NOT** to participate in the proposed Louisiana 1 Fee No.1 Well

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_



New Well Proposal-Louisiana 1 Fee No.1  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

If your election above is TO participate in the proposed **Louisiana 1 Fee No.1 Well**, then:

\_\_\_\_\_ Elects **TO** be covered by well control insurance procured by Cimarex

\_\_\_\_\_ Elects **NOT** to be covered by well control insurance procured by Cimarex and agrees to provide Cimarex with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex

New Well Proposal-Louisiana 1 Fee No.1  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

In the event you do not wish to participate in drilling the Louisiana wells, Cimarex will consider acquiring term assignment of your leasehold interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms:

- i.) Bonus Consideration of \$1000.00 per net mineral acre delivered;
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Please call the undersigned with any questions or comments.

Respectfully Submitted,

**Cimarex Energy Co.**

Hilary R. Coder  
Contract Landman

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**ELECTION TO PARTICIPATE**  
**Louisiana 1 Fee No.1 Well**

\_\_\_\_\_ Elects **TO** participate in the proposed Louisiana 1 Fee No.1 Well

\_\_\_\_\_ Elects **NOT** to participate in the proposed Louisiana 1 Fee No.1 Well

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

New Well Proposal-Louisiana 1 Fee No.1  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

If your election above is TO participate in the proposed Louisiana 1 Fee No.1 Well, then:

\_\_\_\_\_ Elects **TO** be covered by well control insurance procured by Cimarex

\_\_\_\_\_ Elects **NOT** to be covered by well control insurance procured by Cimarex and agrees to provide Cimarex with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex

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



August 12, 2011

**Via: U.S. Certified Mail-Return Receipt No. 91 7108 2133 3938 9332 2520**

Yates Petroleum Corporation  
Attn: Land Manager  
105 S. 4<sup>th</sup> Street  
Artesia, NM 88210

Re: New Well Proposal-Louisiana 1 Fee No.1  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

Dear Leasehold Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Louisiana 1 Fee No.1 Well at legal location in the NE/4SW/4 of Section 1, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

The intended surface hole location for the well is 2310' FSL & 1650' FWL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the Glorieta-Yeso formations.

It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Cimarex's intended procedure. Cimarex will advise you of any such modifications.

Enclosed, in duplicate, is (i) our detailed AFE which sets forth the estimated costs associated with the well, and; (ii) our proposed form of Operating Agreement to govern operations for the Louisiana wells. If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with your contact information to receive well data, to the undersigned within thirty (30) days of receipt of this proposal. If you should elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.

New Well Proposal-Louisiana 1 Fee No.1  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

In the event you do not wish to participate in drilling the Louisiana wells, Cimarex will consider acquiring term assignment of your leasehold interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms:

- i.) Bonus Consideration of \$1000.00 per net mineral acre delivered;
- ii.) Reservation of an ORRI equal to difference between 25% and current lease burdens;
- iii.) Primary term of Three (3) years with 180-day continuous development thereafter

Please call the undersigned with any questions or comments.

Respectfully Submitted,

**Cimarex Energy Co.**

Hilary R. Coder  
Contract Landman

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**ELECTION TO PARTICIPATE**  
**Louisiana 1 Fee No.1 Well**

\_\_\_\_\_ Elects **TO** participate in the proposed **Louisiana 1 Fee No.1 Well**

\_\_\_\_\_ Elects **NOT** to participate in the proposed **Louisiana 1 Fee No.1 Well**

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

New Well Proposal-Louisiana 1 Fee No.1  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

If your election above is TO participate in the proposed **Louisiana 1 Fee No.1 Well**, then:

\_\_\_\_\_ Elects **TO** be covered by well control insurance procured by Cimarex

\_\_\_\_\_ Elects **NOT** to be covered by well control insurance procured by Cimarex and agrees to provide Cimarex with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex

New Well Proposal-Louisiana 1 Fee No.1  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

In the event you do not wish to participate in drilling the Louisiana wells, Cimarex will consider acquiring term assignment of your leasehold interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms:

- i.) Bonus Consideration of \$1000.00 per net mineral acre delivered;
- ii.) Reservation of an ORRI equal to difference between 25% and current lease burdens;
- iii.) Primary term of Three (3) years with 180-day continuous development thereafter

Please call the undersigned with any questions or comments.

Respectfully Submitted,

**Cimarex Energy Co.**

Hilary R. Coder  
Contract Landman

---

**ELECTION TO PARTICIPATE**  
**Louisiana 1 Fee No.1 Well**

\_\_\_\_\_ Elects **TO** participate in the proposed Louisiana 1 Fee No.1 Well

\_\_\_\_\_ Elects **NOT** to participate in the proposed Louisiana 1 Fee No.1 Well

Dated this \_\_\_\_ day of \_\_\_\_\_, 2011.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

New Well Proposal-Louisiana 1 Fee No.1  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

If your election above is TO participate in the proposed **Louisiana 1 Fee No.1 Well**, then:

\_\_\_\_\_ Elects **TO** be covered by well control insurance procured by Cimarex

\_\_\_\_\_ Elects **NOT** to be covered by well control insurance procured by Cimarex and agrees to provide Cimarex with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex



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



March 20, 2012

**Via: U.S. Certified Mail-Return Receipt No.91 7108 2133 3938 9332 7945**

Yates Petroleum Corporation  
Abo Petroleum Corporation  
MYCO Industries, Inc.  
Attn: Chuck Moran  
105 S 4<sup>th</sup> Street  
Artesia, New Mexico 88210

Re: New Well Proposal - Louisiana 1 Fee No.2  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: NW/4SE/4  
Eddy County, New Mexico

Dear Leasehold Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Louisiana 1 Fee No. 2 Well at legal location in the NW/4SE/4 of Section 1, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

The intended surface hole location for the well is 2310' FSL & 2310' FEL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the Penasco Draw San Andres-Yeso Associated Pool. The formations to be completed will be determined by operator after logs and reports are received and reviewed at casing point.

It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Cimarex's intended procedure. Cimarex will advise you of any such modifications.

Enclosed, in duplicate, is (i) our detailed AFE which sets forth the estimated costs associated with the well, and; (ii) our proposed form of Operating Agreement to govern operations for the Louisiana wells. If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with your contact information to receive well data, to the undersigned within thirty (30) days of receipt of this proposal. If you should elect to purchase your own well control insurance, you must provide a certificate of such

EXHIBIT **B-2**

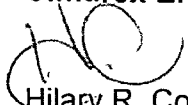
New Well Proposal – Louisiana 1 Fee No.2  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: NW/4SE/4  
Eddy County, New Mexico

insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.

Please call the undersigned with any questions or comments.

Respectfully Submitted,

**Cimarex Energy Co.**



Hillary R. Coder  
Contract Landman

---

**ELECTION TO PARTICIPATE**  
**Louisiana 1 Fee No.2 Well**

\_\_\_\_\_ Elects TO participate in the proposed Louisiana 1 Fee No.2 Well

\_\_\_\_\_ Elects NOT to participate in the proposed Louisiana 1 Fee No.2 Well

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

New Well Proposal – Louisiana 1 Fee No.2  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: NW/4SE/4  
Eddy County, New Mexico

If your election above is TO participate in the proposed Louisiana 1 Fee No.2 Well,  
then:

\_\_\_\_\_ Elects TO be covered by well control insurance procured by Cimarex

\_\_\_\_\_ Elects NOT to be covered by well control insurance procured by Cimarex  
and agrees to provide Cimarex with a certificate of insurance prior to  
commencement of drilling operations or be deemed to have elected to be  
covered by well control insurance procured by Cimarex

Company: \_\_\_\_\_

New Well Proposal – Louisiana 1 Fee No.2  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: NW/4SE/4  
Eddy County, New Mexico

**ELECTION TO PARTICIPATE**  
**Louisiana 1 Fee No. 2 Well**

\_\_\_\_\_ Elects **TO** participate in the proposed Louisiana 1 Fee No.2 Well

\_\_\_\_\_ Elects **NOT** to participate in the proposed Louisiana Fee No.2 Well

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

If your election above is TO participate in the proposed Louisiana 1 Fee No.2 Well,  
then:

\_\_\_\_\_ Elects **TO** be covered by well control insurance procured by Cimarex

\_\_\_\_\_ Elects **NOT** to be covered by well control insurance procured by Cimarex  
and agrees to provide Cimarex with a certificate of insurance prior to  
commencement of drilling operations or be deemed to have elected to be  
covered by well control insurance procured by Cimarex

Company: \_\_\_\_\_

New Well Proposal – Louisiana 1 Fee No.2  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: NW/4SE/4  
Eddy County, New Mexico

**ELECTION TO PARTICIPATE**  
**Louisiana 1 Fee No. 2 Well**

\_\_\_\_\_ Elects **TO** participate in the proposed Louisiana 1 Fee No.2 Well

\_\_\_\_\_ Elects **NOT** to participate in the proposed Louisiana Fee No.2 Well

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

If your election above is TO participate in the proposed Louisiana 1 Fee No.2 Well,  
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\_\_\_\_\_ Elects **TO** be covered by well control insurance procured by Cimarex

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commencement of drilling operations or be deemed to have elected to be  
covered by well control insurance procured by Cimarex

Company: \_\_\_\_\_

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



August 12, 2011

**Via: U.S. Certified Mail-Return Receipt No. 91 7108 2133 3938 9332 2537**

Oxy Y-1 Company  
Attn: Katie A. Almeida, Land Negotiator  
5 Greenway Plaza, Suite 110  
Houston, Texas 77046-0521

Re: New Well Proposal-Louisiana 1 Fee No.2  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

Dear Leasehold Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Louisiana 1 Fee No.2 Well at legal location in the NW/4SE/4 of Section 1, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

The intended surface hole location for the well is 2310' FSL & 2310' FEL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the Glorieta-Yeso formations.

It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Cimarex's intended procedure. Cimarex will advise you of any such modifications.

Enclosed, in duplicate, is (i) our detailed AFE which sets forth the estimated costs associated with the well, and; (ii) our proposed form of Operating Agreement to govern operations for the Louisiana wells. If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with your contact information to receive well data, to the undersigned within thirty (30) days of receipt of this proposal. If you should elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.

New Well Proposal-Louisiana 1 Fee No.2  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

In the event you do not wish to participate in drilling the Louisiana wells, Cimarex will consider acquiring term assignment of your leasehold interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms:

- i.) Bonus Consideration of \$1000.00 per net mineral acre delivered;
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- iii.) Primary term of Three (3) years with 180-day continuous development thereafter

Please call the undersigned with any questions or comments.

Respectfully Submitted,

**Cimarex Energy Co.**

Hilary R. Coder  
Contract Landman

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**ELECTION TO PARTICIPATE**  
**Louisiana 1 Fee No.2 Well**

\_\_\_\_\_ Elects **TO** participate in the proposed Louisiana 1 Fee No.2 Well

\_\_\_\_\_ Elects **NOT** to participate in the proposed Louisiana 1 Fee No.2 Well

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

New Well Proposal-Louisiana 1 Fee No.2  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

If your election above is TO participate in the proposed **Louisiana 1 Fee No.2 Well**, then:

\_\_\_\_\_ Elects **TO** be covered by well control insurance procured by Cimarex

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New Well Proposal-Louisiana 1 Fee No.2  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

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- i.) Bonus Consideration of \$1000.00 per net mineral acre delivered;
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Please call the undersigned with any questions or comments.

Respectfully Submitted,

**Cimarex Energy Co.**

Hilary R. Coder  
Contract Landman

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**Louisiana 1 Fee No.2 Well**

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Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

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



March 20, 2012

**Via: U.S. Certified Mail-Return Receipt No.91 7108 2133 3938 9332 7921**

COG Operating LLC  
Attn: Stuart Dirks  
550 West Texas Avenue, Suite 100  
Midland, Texas 79701

Re: New Well Proposal - Louisiana 1 Fee No.2  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: NW/4SE/4  
Eddy County, New Mexico

Dear Leasehold Owner:

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The intended surface hole location for the well is 2310' FSL & 2310' FEL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the Penasco Draw San Andres-Yeso Associated Pool. The formations to be completed will be determined by operator after logs and reports are received and reviewed at casing point.

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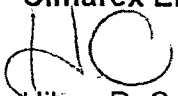
New Well Proposal – Louisiana 1 Fee No.2  
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New Well Proposal – Louisiana 1 Fee No.2  
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Company: \_\_\_\_\_



Authorization For Expenditure

Company/Entity Cimarex Energy Co.	Date Prepared February 25, 2011
--------------------------------------	------------------------------------

Region	Well Name	Well No.	Prospect or Field Name	Property Number	Drilling AFE No.
Permian	Louisiana 1 Fee	2	Paddock Extension-West		

Location	County	State	Type Well
Cap 1 - 100 - 7EE	Frdw	NM	Oil Gas X Expl Pro X

Estimate type	Est. Start Date	Est. Comp. Date	Formation	Well Measured Depth
Original Estimate				3,000'
Revised Estimate				3,000'
Supplemental Estimate				3,000'

**Project Description**  
Drill and complete a Paddock/Glorieta vertical hole well.

Intangibles	Dry Hole Cost	After Casing Point	Completed Well Cost
Drilling Costs	\$387,600		\$387,600
Completion Costs		\$614,000	\$614,000
<b>Total Intangible Costs</b>	<b>\$387,600</b>	<b>\$614,000</b>	<b>\$1,001,600</b>
Tangibles			
Well Equipment	\$26,000	\$290,000	\$316,000
Lease Equipment		\$69,500	\$69,500
<b>Total Tangible Well Cost</b>	<b>\$26,000</b>	<b>\$349,500</b>	<b>\$375,500</b>
Plug and Abandon Cost	\$30,000	-\$30,000	\$0
<b>Total Well Cost</b>	<b>\$443,600</b>	<b>\$933,500</b>	<b>\$1,377,100</b>

**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
Ryan Braxton	Doug Park	Roger Alexander

Joint Interest Approval

Company	By	Date



Project Cost Estimate

Lease Name: Louisiana 1 Fee

Well No.:

2

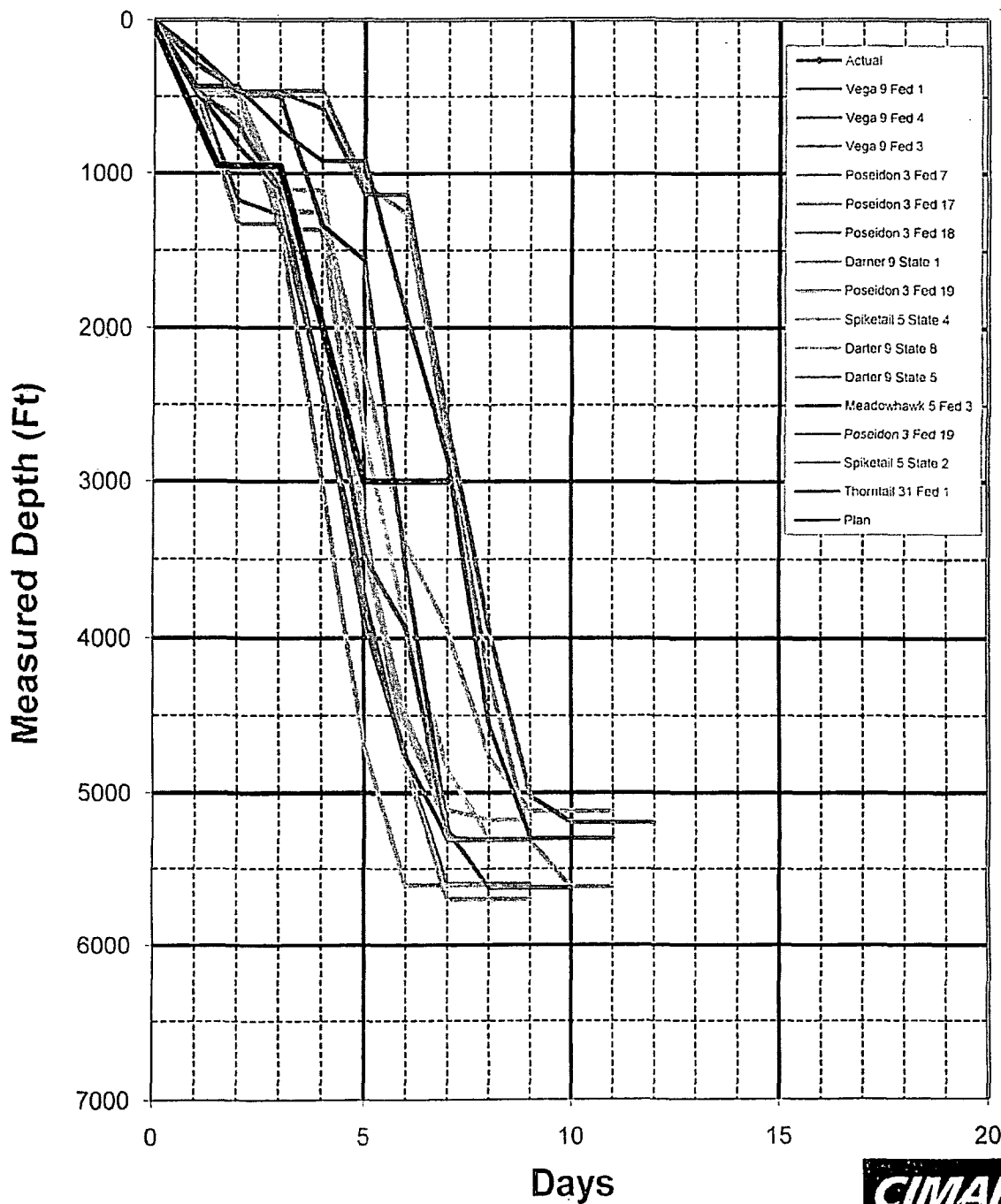
Intangibles	Code	Dry Hole Cost	Code	After Casing Point	Completed Well Cost			
Roads & Location Preparation / Restoration	DHCC.109	\$30,000	DHCC.109	\$3,500	\$33,500			
Damages	DHCC.108	\$4,000	DHCC.108	\$1,000	\$5,000			
Mud / Fluids Disposal Charges	DHCC.125	\$30,000	DHCC.235	\$13,000	\$43,000			
Day Rate	5   DH Days	2   AEP Days @	13,500   Per Day	DHCC.115	\$68,000	DHCC.120	\$27,000	\$95,000
Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.)	DHCC.120	\$12,000			\$12,000			
Bits	DHCC.125	\$15,000	DHCC.125	\$0	\$15,000			
Fuel	\$2.80   Per Gallon	800   Gallons Per Day	DHCC.135	\$11,000	DHCC.130	\$4,000	\$15,000	
Water / Completion Fluids	1,900   Per Day	DHCC.140	\$10,000	DHCC.135	\$63,000	\$73,000		
Mud & Additives	DHCC.145	\$12,500			\$12,500			
Surface Rentals	1,000   Per Day	DHCC.150	\$5,000	DHCC.140	\$40,000	\$45,000		
Downhole Rentals	DHCC.155	\$16,000	DHCC.145	\$32,000	\$48,000			
Formation Evaluation (DST, Coring including evaluation, G&G Services)	DHCC.160	\$0			\$0			
Mud Logging	\$2   Days @	1,200   Per Day	DHCC.170	\$4,500	\$4,500			
Open Hole Logging	DHCC.180	\$20,000			\$20,000			
Cementing & Flocc Equipment	DHCC.185	\$15,000	DHCC.155	\$20,000	\$35,000			
Tubular Inspections	DHCC.190	\$2,000	DHCC.160	\$1,000	\$3,000			
Casing Crews	DHCC.195	\$5,000	DHCC.165	\$5,000	\$10,000			
Extra Labor, Welding, Etc.	DHCC.200	\$3,000	DHCC.170	\$10,000	\$13,000			
Land Transportation (Trucking)	DHCC.205	\$3,000	DHCC.175	\$5,000	\$8,000			
Supervision	Per Day	DHCC.210	\$12,600	DHCC.180	\$12,000	\$24,600		
Trailer House / Camp / Catering	700   Per Day	DHCC.210	\$4,000	DHCC.185	\$1,000	\$5,000		
Other Misc Expenses	DHCC.220	\$2,000	DHCC.190	\$2,000	\$4,000			
Overhead	300   Per Day	DHCC.225	\$2,000	DHCC.195	\$2,000	\$4,000		
Remedial Cementing	DHCC.230	\$0	DHCC.200	\$0	\$0			
MOB/DEMOB	DHCC.240	\$45,000			\$45,000			
Directional Drilling Services	0   Days @	8,000   Per Day	DHCC.245	\$0	\$0			
Dock, Dispatcher, Crane	DHCC.250	\$0	DHCC.210	\$0	\$0			
Marine & Air Transportation	DHCC.275	\$0	DHCC.250	\$0	\$0			
Solids Control	3,000   Per Day	DHCC.280	\$15,000		\$15,000			
Well Control Equip (Snubbing Svcs.)	DHCC.285	\$12,000	DHCC.240	\$3,500	\$15,500			
Fishing & Sidetrack Operations	DHCC.290	\$0	DHCC.245	\$0	\$0			
Completion Rig	3   Days @	3,500   Per Day		DHCC.255	\$10,500	\$10,500		
Coil Tubing	Days @	Per Day		DHCC.260	\$0	\$0		
Completion Logging, Perforating, WL Units, WL Surveys				DHCC.290	\$10,000	\$10,000		
Stimulation				DHCC.310	\$258,000	\$258,000		
Legal / Regulatory / Creative				DHCC.320	\$10,000	\$10,000		
Well Control Insurance	\$0.35   Per Foot	DHCC.325	\$1,000		\$1,000			
Contingency	5%   of Drilling Intangibles	DHCC.435	\$18,000	DHCC.220	\$26,000	\$44,000		
Construction For Well Equipment				DHCC.410	\$6,500	\$6,500		
Construction For Lease Equipment				DHCC.410	\$52,500	\$52,500		
Construction For Sales P/L				DHCC.405	\$5,500	\$5,500		
<b>Total Intangible Cost</b>		<b>\$387,600</b>		<b>\$614,000</b>	<b>\$1,001,600</b>			

Tangible - Well Equipment	Size	Feet	\$ / Foot	Code	Code	Code	Code
Casing							
Drive Pipe	20 "	40.00	\$100.00	DWFA.150	\$0		\$0
Conductor Pipe	0 "	0.00	\$0.00	DWFA.130	\$0		\$0
Water String	0 "	0.00	\$0.00	DWFA.130	\$0		\$0
Surface Casing	8 5/8 "	950.00	\$22.18	DWFA.140	\$21,000		\$21,000
Intermediate Casing	0 "	0.00	\$0.00	DWFA.105	\$0		\$0
Drilling Liner	0 "	0.00	\$0.00	DWFA.105	\$0		\$0
Drilling Liner	0 "	0.00	\$0.00	DWFA.145	\$0		\$0
Production Casing or Liner	5 1/2 "	3000.00	\$19.93		DWFA.100	\$60,000	\$60,000
Production Tie-Back	0 "	0.00	\$0.00	DWFA.100	\$0		\$0
Tubing	2 7/8 "	2300.00	\$6.83		DWFA.105	\$16,000	\$16,000
N/C Well Equipment					DWFA.115	\$6,500	\$6,500
Wellhead, Tree, Chokes				DWFA.120	\$5,000	DWFA.120	\$10,000
Liner Hanger, Isolation Packer				DWFA.105	\$0	DWFA.115	\$0
Packer, Nipples					DWFA.130	\$0	\$0
Pumping Unit, Engine					DWFA.105	\$125,000	\$125,000
Lift Equipment (BHP, Rods, Anchors)					DHCC.105	\$62,500	\$62,500
<b>Tangible - Lease Equipment</b>							
N/C Lease Equipment					DHCC.115	\$21,000	\$21,000
Tanks, Tanks Steps, Stairs					DHCC.120	\$13,500	\$13,500
Battery (Heater Treater, Separator, Gas Treating Equipment)					DHCC.125	\$29,500	\$29,500
Flow Lines (Line Pipe from wellhead to central facility)					DHCC.130	\$5,500	\$5,500
Pipeline to Sales					DHCC.135	\$0	\$0
					DHCC.140	\$0	\$0
<b>Total Tangibles</b>					<b>\$26,000</b>	<b>\$349,500</b>	<b>\$375,500</b>

P&A Costs	DHCC.335	\$30,000	DHCC.275	-\$30,000	\$0
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<b>Total Cost</b>		<b>\$443,600</b>		<b>\$933,500</b>	<b>\$1,377,100</b>
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**Louisiana 1 Fee 2 DVD  
Eddy CO, NM  
(Days vs. Depth)**





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



August 12, 2011

**Via: U.S. Certified Mail-Return Receipt No. 91 7108 2133 3938 9332 1851**

Abo Petroleum Corporation  
Attn: Land Manager  
105 S. 4<sup>th</sup> Street  
Artesia, NM 88210

Re: New Well Proposal-Louisiana 1 Fee No.2  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

Dear Leasehold Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Louisiana 1 Fee No.2 Well at legal location in the NW/4SE/4 of Section 1, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

The intended surface hole location for the well is 2310' FSL & 2310' FEL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the Glorieta-Yeso formations.

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Hilary R. Coder  
Contract Landman

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**Louisiana 1 Fee No.2 Well**

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Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

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



March 20, 2012

**Via: U.S. Certified Mail-Return Receipt No.91 7108 2133 3938 9332 7921**

COG Operating LLC  
Attn: Stuart Dirks  
550 West Texas Avenue, Suite 100  
Midland, Texas 79701

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Company: \_\_\_\_\_



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



August 12, 2011

**Via: U.S. Certified Mail-Return Receipt No. 91 7108 2133 3938 9332 1868**

Myco Industries, Inc  
Attn: Land Manager  
423 W. Main Street  
Artesia, NM 88210

Re: New Well Proposal-Louisiana 1 Fee No.2  
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Enclosed, in duplicate, is (i) our detailed AFE which sets forth the estimated costs associated with the well, and; (ii) our proposed form of Operating Agreement to govern operations for the Louisiana wells. If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with your contact information to receive well data, to the undersigned within thirty (30) days of receipt of this proposal. If you should elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.

New Well Proposal-Louisiana 1 Fee No.2  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

In the event you do not wish to participate in drilling the Louisiana wells, Cimarex will consider acquiring term assignment of your leasehold interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms:

- i.) Bonus Consideration of \$1000.00 per net mineral acre delivered;
- ii.) Reservation of an ORRI equal to difference between 25% and current lease burdens;
- iii.) Primary term of Three (3) years with 180-day continuous development thereafter

Please call the undersigned with any questions or comments.

Respectfully Submitted,

**Cimarex Energy Co.**

Hilary R. Coder  
Contract Landman

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**ELECTION TO PARTICIPATE**  
**Louisiana 1 Fee No.2 Well**

\_\_\_\_\_ Elects **TO** participate in the proposed Louisiana 1 Fee No.2 Well

\_\_\_\_\_ Elects **NOT** to participate in the proposed Louisiana 1 Fee No.2 Well

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

New Well Proposal-Louisiana 1 Fee No.2  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

If your election above is TO participate in the proposed **Louisiana 1 Fee No.2 Well**, then:

\_\_\_\_\_ Elects **TO** be covered by well control insurance procured by Cimarex

\_\_\_\_\_ Elects **NOT** to be covered by well control insurance procured by Cimarex and agrees to provide Cimarex with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex

New Well Proposal-Louisiana 1 Fee No.2  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

In the event you do not wish to participate in drilling the Louisiana wells, Cimarex will consider acquiring term assignment of your leasehold interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms:

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Respectfully Submitted,

**Cimarex Energy Co.**

Hilary R. Coder  
Contract Landman

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**ELECTION TO PARTICIPATE**  
**Louisiana 1 Fee No.2 Well**

\_\_\_\_\_ Elects **TO** participate in the proposed Louisiana 1 Fee No.2 Well

\_\_\_\_\_ Elects **NOT** to participate in the proposed Louisiana 1 Fee No.2 Well

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

New Well Proposal-Louisiana 1 Fee No.2  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

If your election above is TO participate in the proposed **Louisiana 1 Fee No.2 Well**, then:

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\_\_\_\_\_ Elects **NOT** to be covered by well control insurance procured by Cimarex and agrees to provide Cimarex with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex

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



August 12, 2011

**Via: U.S. Certified Mail-Return Receipt No. 91 7108 2133 3938 9332 2537**

Oxy Y-1 Company  
Attn: Katie A. Almeida, Land Negotiator  
5 Greenway Plaza, Suite 110  
Houston, Texas 77046-0521

Re: New Well Proposal-Louisiana 1 Fee No.2  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

Dear Leasehold Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Louisiana 1 Fee No.2 Well at legal location in the NW/4SE/4 of Section 1, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

The intended surface hole location for the well is 2310' FSL & 2310' FEL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the Glorieta-Yeso formations.

It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Cimarex's intended procedure. Cimarex will advise you of any such modifications.

Enclosed, in duplicate, is (i) our detailed AFE which sets forth the estimated costs associated with the well, and; (ii) our proposed form of Operating Agreement to govern operations for the Louisiana wells. If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with your contact information to receive well data, to the undersigned within thirty (30) days of receipt of this proposal. If you should elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.

New Well Proposal-Louisiana 1 Fee No.2  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

In the event you do not wish to participate in drilling the Louisiana wells, Cimarex will consider acquiring term assignment of your leasehold interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms:

- i.) Bonus Consideration of \$1000.00 per net mineral acre delivered;
- ii.) Reservation of an ORRI equal to difference between 25% and current lease burdens;
- iii.) Primary term of Three (3) years with 180-day continuous development thereafter

Please call the undersigned with any questions or comments.

Respectfully Submitted,

**Cimarex Energy Co.**

Hilary R. Coder  
Contract Landman

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**ELECTION TO PARTICIPATE**  
**Louisiana 1 Fee No.2 Well**

\_\_\_\_\_ Elects **TO** participate in the proposed Louisiana 1 Fee No.2 Well

\_\_\_\_\_ Elects **NOT** to participate in the proposed Louisiana 1 Fee No.2 Well

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**New Well Proposal-Louisiana 1 Fee No.2**  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

If your election above is TO participate in the proposed **Louisiana 1 Fee No.2 Well**, then:

\_\_\_\_\_ Elects **TO** be covered by well control insurance procured by Cimarex

\_\_\_\_\_ Elects **NOT** to be covered by well control insurance procured by Cimarex and agrees to provide Cimarex with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex



New Well Proposal-Louisiana 1 Fee No.2  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

In the event you do not wish to participate in drilling the Louisiana wells, Cimarex will consider acquiring term assignment of your leasehold interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms:

- i.) Bonus Consideration of \$1000.00 per net mineral acre delivered;
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Please call the undersigned with any questions or comments.

Respectfully Submitted,

**Cimarex Energy Co.**

Hilary R. Coder  
Contract Landman

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**ELECTION TO PARTICIPATE**  
**Louisiana 1 Fee No.2 Well**

\_\_\_\_\_ Elects **TO** participate in the proposed Louisiana 1 Fee No.2 Well

\_\_\_\_\_ Elects **NOT** to participate in the proposed Louisiana 1 Fee No.2 Well

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**New Well Proposal-Louisiana 1 Fee No.2**  
**Township 19 South, Range 25 East, N.M.P.M.**  
**Section 1: E/2SW/4, W/2SE/4**  
**Eddy County, New Mexico**

If your election above is TO participate in the proposed **Louisiana 1 Fee No.2 Well**, then:

\_\_\_\_\_ Elects **TO** be covered by well control insurance procured by Cimarex

\_\_\_\_\_ Elects **NOT** to be covered by well control insurance procured by Cimarex and agrees to provide Cimarex with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex

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



August 12, 2011

**Via: U.S. Certified Mail-Return Receipt No. 91 7108 2133 3938 9332 2520**

Yates Petroleum Corporation  
Attn: Land Manager  
105 S. 4<sup>th</sup> Street  
Artesia, NM 88210

Re: New Well Proposal-Louisiana 1 Fee No.2  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

Dear Leasehold Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Louisiana 1 Fee No.2 Well at legal location in the NW/4SE/4 of Section 1, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

The intended surface hole location for the well is 2310' FSL & 2310' FEL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the Glorieta-Yeso formations.

It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Cimarex's intended procedure. Cimarex will advise you of any such modifications.

Enclosed, in duplicate, is (i) our detailed AFE which sets forth the estimated costs associated with the well, and; (ii) our proposed form of Operating Agreement to govern operations for the Louisiana wells. If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with your contact information to receive well data, to the undersigned within thirty (30) days of receipt of this proposal. If you should elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.

New Well Proposal-Louisiana 1 Fee No.2  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

In the event you do not wish to participate in drilling the Louisiana wells, Cimarex will consider acquiring term assignment of your leasehold interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms:

- i.) Bonus Consideration of \$1000.00 per net mineral acre delivered;
- ii.) Reservation of an ORRI equal to difference between 25% and current lease burdens;
- iii.) Primary term of Three (3) years with 180-day continuous development thereafter

Please call the undersigned with any questions or comments.

Respectfully Submitted,

**Cimarex Energy Co.**

Hilary R. Coder  
Contract Landman

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**ELECTION TO PARTICIPATE**  
**Louisiana 1 Fee No.2 Well**

\_\_\_\_\_ Elects **TO** participate in the proposed **Louisiana 1 Fee No.2 Well**

\_\_\_\_\_ Elects **NOT** to participate in the proposed **Louisiana 1 Fee No.2 Well**

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

New Well Proposal-Louisiana 1 Fee No.2  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

If your election above is TO participate in the proposed Louisiana 1 Fee No.2 Well, then:

\_\_\_\_\_ Elects **TO** be covered by well control insurance procured by Cimarex

\_\_\_\_\_ Elects **NOT** to be covered by well control insurance procured by Cimarex and agrees to provide Cimarex with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex

New Well Proposal-Louisiana 1 Fee No.2  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

In the event you do not wish to participate in drilling the Louisiana wells, Cimarex will consider acquiring term assignment of your leasehold interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms:

- i.) Bonus Consideration of \$1000.00 per net mineral acre delivered;
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Please call the undersigned with any questions or comments.

Respectfully Submitted,

**Cimarex Energy Co.**

Hilary R. Coder  
Contract Landman

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**ELECTION TO PARTICIPATE**  
**Louisiana 1 Fee No.2 Well**

\_\_\_\_\_ Elects **TO** participate in the proposed Louisiana 1 Fee No.2 Well

\_\_\_\_\_ Elects **NOT** to participate in the proposed Louisiana 1 Fee No.2 Well

Dated this \_\_\_\_ day of \_\_\_\_\_, 2011.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

New Well Proposal-Louisiana 1 Fee No.2  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

If your election above is TO participate in the proposed **Louisiana 1 Fee No.2 Well**, then:

\_\_\_\_\_ Elects **TO** be covered by well control insurance procured by Cimarex

\_\_\_\_\_ Elects **NOT** to be covered by well control insurance procured by Cimarex and agrees to provide Cimarex with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex

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



March 20, 2012

**Via: U.S. Certified Mail-Return Receipt No.91 7108 2133 3938 9332 7945**

Yates Petroleum Corporation  
Abo Petroleum Corporation  
MYCO Industries, Inc.  
Attn: Chuck Moran  
105 S 4<sup>th</sup> Street  
Artesia, New Mexico 88210

Re: New Well Proposal - Louisiana 1 Fee No.5  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: SE/4SW/4  
Eddy County, New Mexico

Dear Leasehold Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Louisiana 1 Fee No. 5 Well at legal location in the SE/4SW/4 of Section 1, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

The intended surface hole location for the well is 990' FSL & 1650' FWL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the Penasco Draw San Andres-Yeso Associated Pool. The formations to be completed will be determined by operator after logs and reports are received and reviewed at casing point.

It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Cimarex's intended procedure. Cimarex will advise you of any such modifications.

Enclosed, in duplicate, is (i) our detailed AFE which sets forth the estimated costs associated with the well, and; (ii) our proposed form of Operating Agreement to govern operations for the Louisiana wells. If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with your contact information to receive well data, to the undersigned within thirty (30) days of receipt of this proposal. If you should elect to purchase your own well control insurance, you must provide a certificate of such

EXHIBIT **B-3**



New Well Proposal – Louisiana 1 Fee No.5  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: SE/4SW/4  
Eddy County, New Mexico

insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.

Please call the undersigned with any questions or comments.

Respectfully Submitted,

Cimarex Energy Co.

  
Hilary R. Coder  
Contract Landman

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**ELECTION TO PARTICIPATE**  
**Louisiana 1 Fee No.5 Well**

\_\_\_\_\_ Elects **TO** participate in the proposed **Louisiana 1 Fee No.5 Well**

\_\_\_\_\_ Elects **NOT** to participate in the proposed **Louisiana 1 Fee No.5 Well**

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**New Well Proposal – Louisiana 1 Fee No.5**  
**Township 19 South, Range 25 East, N.M.P.M.**  
**Section 1: SE/4SW/4**  
**Eddy County, New Mexico**

If your election above is TO participate in the proposed Louisiana 1 Fee No.5 Well, then:

\_\_\_\_\_ Elects **TO** be covered by well control insurance procured by Cimarex

\_\_\_\_\_ Elects **NOT** to be covered by well control insurance procured by Cimarex and agrees to provide Cimarex with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex

Company: \_\_\_\_\_

New Well Proposal – Louisiana 1 Fee No.5  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: SE/4SW/4  
Eddy County, New Mexico

**ELECTION TO PARTICIPATE**  
**Louisiana 1 Fee No. 5 Well**

\_\_\_\_\_ Elects **TO** participate in the proposed Louisiana 1 Fee No.5 Well

\_\_\_\_\_ Elects **NOT** to participate in the proposed Louisiana Fee No.5 Well

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

If your election above is TO participate in the proposed Louisiana 1 Fee No.5 Well,  
then:

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and agrees to provide Cimarex with a certificate of insurance prior to  
commencement of drilling operations or be deemed to have elected to be  
covered by well control insurance procured by Cimarex

Company: \_\_\_\_\_

New Well Proposal – Louisiana 1 Fee No.5  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: SE/4SW/4  
Eddy County, New Mexico

**ELECTION TO PARTICIPATE**  
**Louisiana 1 Fee No. 5 Well**

\_\_\_\_\_ Elects **TO** participate in the proposed Louisiana 1 Fee No.5 Well

\_\_\_\_\_ Elects **NOT** to participate in the proposed Louisiana Fee No.5 Well

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

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commencement of drilling operations or be deemed to have elected to be  
covered by well control insurance procured by Cimarex

Company: \_\_\_\_\_

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



August 12, 2011

**Via: U.S. Certified Mail-Return Receipt No. 91 7108 2133 3938 9332 2537**

Oxy Y-1 Company  
Attn: Katie A. Almeida, Land Negotiator  
5 Greenway Plaza, Suite 110  
Houston, Texas 77046-0521

Re: New Well Proposal-Louisiana 1 Fee No.5  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

Dear Leasehold Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Louisiana 1 Fee No.5 Well at legal location in the SE/4SW/4 of Section 1, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

The intended surface hole location for the well is 990' FSL & 1650' FWL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the Glorieta-Yeso formations.

It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Cimarex's intended procedure. Cimarex will advise you of any such modifications.

Enclosed, in duplicate, is (i) our detailed AFE which sets forth the estimated costs associated with the well, and; (ii) our proposed form of Operating Agreement to govern operations for the Louisiana wells. If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with your contact information to receive well data, to the undersigned within thirty (30) days of receipt of this proposal. If you should elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.

New Well Proposal-Louisiana 1 Fee No.5  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

In the event you do not wish to participate in drilling the Louisiana wells, Cimarex will consider acquiring term assignment of your leasehold interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms:

- i.) Bonus Consideration of \$1000.00 per net mineral acre delivered;
- ii.) Reservation of an ORRI equal to difference between 25% and current lease burdens;
- iii.) Primary term of Three (3) years with 180-day continuous development thereafter

Please call the undersigned with any questions or comments.

Respectfully Submitted,

**Cimarex Energy Co.**

Hilary R. Coder  
Contract Landman

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**ELECTION TO PARTICIPATE**  
**Louisiana 1 Fee No.5 Well**

\_\_\_\_\_ Elects **TO** participate in the proposed Louisiana 1 Fee No.5 Well

\_\_\_\_\_ Elects **NOT** to participate in the proposed Louisiana 1 Fee No.5 Well

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

New Well Proposal-Louisiana 1 Fee No.5  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

If your election above is TO participate in the proposed **Louisiana 1 Fee No.5 Well**, then:

\_\_\_\_\_ Elects **TO** be covered by well control insurance procured by Cimarex

\_\_\_\_\_ Elects **NOT** to be covered by well control insurance procured by Cimarex and agrees to provide Cimarex with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex

New Well Proposal-Louisiana 1 Fee No.5  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

In the event you do not wish to participate in drilling the Louisiana wells, Cimarex will consider acquiring term assignment of your leasehold interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms:

- i.) Bonus Consideration of \$1000.00 per net mineral acre delivered;
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Please call the undersigned with any questions or comments.

Respectfully Submitted,

**Cimarex Energy Co.**

Hilary R. Coder  
Contract Landman

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**ELECTION TO PARTICIPATE**  
**Louisiana 1 Fee No.5 Well**

\_\_\_\_\_ Elects **TO** participate in the proposed Louisiana 1 Fee No.5 Well

\_\_\_\_\_ Elects **NOT** to participate in the proposed Louisiana 1 Fee No.5 Well

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_



New Well Proposal-Louisiana 1 Fee No.5  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

If your election above is TO participate in the proposed **Louisiana 1 Fee No.5 Well**, then:

\_\_\_\_\_ Elects **TO** be covered by well control insurance procured by Cimarex

\_\_\_\_\_ Elects **NOT** to be covered by well control insurance procured by Cimarex and agrees to provide Cimarex with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex

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



March 20, 2012

**Via: U.S. Certified Mail-Return Receipt No.91 7108 2133 3938 9332 7921**

COG Operating LLC  
Attn: Stuart Dirks  
550 West Texas Avenue, Suite 100  
Midland, Texas 79701

Re: New Well Proposal - Louisiana 1 Fee No.5  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: SE/4SW/4  
Eddy County, New Mexico

Dear Leasehold Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Louisiana 1 Fee No. 5 Well at legal location in the SE/4SW/4 of Section 1, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

The intended surface hole location for the well is 990' FSL & 1650' FWL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the Penasco Draw San Andres-Yeso Associated Pool. The formations to be completed will be determined by operator after logs and reports are received and reviewed at casing point.

It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Cimarex's intended procedure. Cimarex will advise you of any such modifications.

Enclosed, in duplicate, is (i) our detailed AFE which sets forth the estimated costs associated with the well, and; (ii) our proposed form of Operating Agreement to govern operations for the Louisiana wells. If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with your contact information to receive well data, to the undersigned within thirty (30) days of receipt of this proposal. If you should elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will


New Well Proposal – Louisiana 1 Fee No.5  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: SE/4SW/4  
Eddy County, New Mexico

be covered by insurance procured by Cimarex and will be responsible for your share of the cost.

Please call the undersigned with any questions or comments.

Respectfully Submitted,

Cimarex Energy Co.



Hilary R. Coder  
Contract Landman

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**ELECTION TO PARTICIPATE**  
**Louisiana 1 Fee No.5 Well**

\_\_\_\_\_ Elects **TO** participate in the proposed **Louisiana 1 Fee No.5 Well**

\_\_\_\_\_ Elects **NOT** to participate in the proposed **Louisiana 1 Fee No.5 Well**

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

New Well Proposal – Louisiana 1 Fee No.5  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: SE/4SW/4  
Eddy County, New Mexico

If your election above is TO participate in the proposed Louisiana 1 Fee No.5 Well,  
then:

\_\_\_\_\_ Elects **TO** be covered by well control insurance procured by Cimarex

\_\_\_\_\_ Elects **NOT** to be covered by well control insurance procured by Cimarex  
and agrees to provide Cimarex with a certificate of insurance prior to  
commencement of drilling operations or be deemed to have elected to be  
covered by well control insurance procured by Cimarex

Company: \_\_\_\_\_

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



August 12, 2011

**Via: U.S. Certified Mail-Return Receipt No. 91 7108 2133 3938 9332 1868**

Myco Industries, Inc  
Attn: Land Manager  
423 W. Main Street  
Artesia, NM 88210

Re: New Well Proposal-Louisiana 1 Fee No.5  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

Dear Leasehold Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Louisiana 1 Fee No.5 Well at legal location in the SE/4SW/4 of Section 1, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

The intended surface hole location for the well is 990' FSL & 1650' FWL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the Glorieta-Yeso formations.

It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Cimarex's intended procedure. Cimarex will advise you of any such modifications.

Enclosed, in duplicate, is (i) our detailed AFE which sets forth the estimated costs associated with the well, and; (ii) our proposed form of Operating Agreement to govern operations for the Louisiana wells. If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with your contact information to receive well data, to the undersigned within thirty (30) days of receipt of this proposal. If you should elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.

New Well Proposal-Louisiana 1 Fee No.5  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

In the event you do not wish to participate in drilling the Louisiana wells, Cimarex will consider acquiring term assignment of your leasehold interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms:

- i.) Bonus Consideration of \$1000.00 per net mineral acre delivered;
- ii.) Reservation of an ORRI equal to difference between 25% and current lease burdens;
- iii.) Primary term of Three (3) years with 180-day continuous development thereafter

Please call the undersigned with any questions or comments.

Respectfully Submitted,

**Cimarex Energy Co.**

Hilary R. Coder  
Contract Landman

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**ELECTION TO PARTICIPATE**  
**Louisiana 1 Fee No.5 Well**

\_\_\_\_\_ Elects **TO** participate in the proposed **Louisiana 1 Fee No.5 Well**

\_\_\_\_\_ Elects **NOT** to participate in the proposed **Louisiana 1 Fee No.5 Well**

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

New Well Proposal-Louisiana 1 Fee No.5  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

If your election above is TO participate in the proposed **Louisiana 1 Fee No.5 Well**, then:

\_\_\_\_\_ Elects **TO** be covered by well control insurance procured by Cimarex

\_\_\_\_\_ Elects **NOT** to be covered by well control insurance procured by Cimarex and agrees to provide Cimarex with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex

New Well Proposal-Louisiana 1 Fee No.5  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

In the event you do not wish to participate in drilling the Louisiana wells, Cimarex will consider acquiring term assignment of your leasehold interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms:

- i.) Bonus Consideration of \$1000.00 per net mineral acre delivered;
- ii.) Reservation of an ORRI equal to difference between 25% and current lease burdens;
- iii.) Primary term of Three (3) years with 180-day continuous development thereafter

Please call the undersigned with any questions or comments.

Respectfully Submitted,

**Cimarex Energy Co.**

Hilary R. Coder  
Contract Landman

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**ELECTION TO PARTICIPATE**  
**Louisiana 1 Fee No.5 Well**

\_\_\_\_\_ Elects **TO** participate in the proposed Louisiana 1 Fee No.5 Well

\_\_\_\_\_ Elects **NOT** to participate in the proposed Louisiana 1 Fee No.5 Well

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_



New Well Proposal-Louisiana 1 Fee No.5  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

If your election above is TO participate in the proposed **Louisiana 1 Fee No.5 Well**, then:

\_\_\_\_\_ Elects **TO** be covered by well control insurance procured by Cimarex

\_\_\_\_\_ Elects **NOT** to be covered by well control insurance procured by Cimarex and agrees to provide Cimarex with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex

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



August 12, 2011

**Via: U.S. Certified Mail-Return Receipt No. 91 7108 2133 3938 9332 2520**

Yates Petroleum Corporation  
Attn: Land Manager  
105 S. 4<sup>th</sup> Street  
Artesia, NM 88210

Re: New Well Proposal-Louisiana 1 Fee No.5  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

Dear Leasehold Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Louisiana 1 Fee No.5 Well at legal location in the SE/4SW/4 of Section 1, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

The intended surface hole location for the well is 990' FSL & 1650' FWL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the Glorieta-Yeso formations.

It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Cimarex's intended procedure. Cimarex will advise you of any such modifications.

Enclosed, in duplicate, is (i) our detailed AFE which sets forth the estimated costs associated with the well, and; (ii) our proposed form of Operating Agreement to govern operations for the Louisiana wells. If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with your contact information to receive well data, to the undersigned within thirty (30) days of receipt of this proposal. If you should elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.

New Well Proposal-Louisiana 1 Fee No.5  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

In the event you do not wish to participate in drilling the Louisiana wells, Cimarex will consider acquiring term assignment of your leasehold interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms:

- i.) Bonus Consideration of \$1000.00 per net mineral acre delivered;
- ii.) Reservation of an ORRI equal to difference between 25% and current lease burdens;
- iii.) Primary term of Three (3) years with 180-day continuous development thereafter

Please call the undersigned with any questions or comments.

Respectfully Submitted,

**Cimarex Energy Co.**

Hilary R. Coder  
Contract Landman

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**ELECTION TO PARTICIPATE**  
**Louisiana 1 Fee No.5 Well**

\_\_\_\_\_ Elects **TO** participate in the proposed Louisiana 1 Fee No.5 Well

\_\_\_\_\_ Elects **NOT** to participate in the proposed Louisiana 1 Fee No.5 Well

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**New Well Proposal-Louisiana 1 Fee No.5**  
**Township 19 South, Range 25 East, N.M.P.M.**  
**Section 1: E/2SW/4, W/2SE/4**  
**Eddy County, New Mexico**

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If your election above is TO participate in the proposed **Louisiana 1 Fee No.5 Well**, then:

\_\_\_\_\_ Elects **TO** be covered by well control insurance procured by Cimarex

\_\_\_\_\_ Elects **NOT** to be covered by well control insurance procured by Cimarex and agrees to provide Cimarex with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex

New Well Proposal-Louisiana 1 Fee No.5  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

In the event you do not wish to participate in drilling the Louisiana wells, Cimarex will consider acquiring term assignment of your leasehold interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms:

- i.) Bonus Consideration of \$1000.00 per net mineral acre delivered;
- ii.) Reservation of an ORRI equal to difference between 25% and current lease burdens;
- iii.) Primary term of Three (3) years with 180-day continuous development thereafter

Please call the undersigned with any questions or comments.

Respectfully Submitted,

**Cimarex Energy Co.**

Hilary R. Coder  
Contract Landman

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**ELECTION TO PARTICIPATE**  
**Louisiana 1 Fee No.5 Well**

\_\_\_\_\_ Elects **TO** participate in the proposed Louisiana 1 Fee No.5 Well

\_\_\_\_\_ Elects **NOT** to participate in the proposed Louisiana 1 Fee No.5 Well

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

New Well Proposal-Louisiana 1 Fee No.5  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

If your election above is TO participate in the proposed **Louisiana 1 Fee No.5 Well**, then:

\_\_\_\_\_ Elects **TO** be covered by well control insurance procured by Cimarex

\_\_\_\_\_ Elects **NOT** to be covered by well control insurance procured by Cimarex and agrees to provide Cimarex with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex

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



August 12, 2011

**Via: U.S. Certified Mail-Return Receipt No. 91 7108 2133 3938 9332 1851**

Abo Petroleum Corporation  
Attn: Land Manager  
105 S. 4<sup>th</sup> Street  
Artesia, NM 88210

Re: New Well Proposal-Louisiana 1 Fee No.5  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

Dear Leasehold Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Louisiana 1 Fee No.5 Well at legal location in the SE/4SW/4 of Section 1, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

The intended surface hole location for the well is 990' FSL & 1650' FWL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the Glorieta-Yeso formations.

It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Cimarex's intended procedure. Cimarex will advise you of any such modifications.

Enclosed, in duplicate, is (i) our detailed AFE which sets forth the estimated costs associated with the well, and; (ii) our proposed form of Operating Agreement to govern operations for the Louisiana wells. If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with your contact information to receive well data, to the undersigned within thirty (30) days of receipt of this proposal. If you should elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.

New Well Proposal-Louisiana 1 Fee No.5  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

In the event you do not wish to participate in drilling the Louisiana wells, Cimarex will consider acquiring term assignment of your leasehold interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms:

- i.) Bonus Consideration of \$1000.00 per net mineral acre delivered;
- ii.) Reservation of an ORRI equal to difference between 25% and current lease burdens;
- iii.) Primary term of Three (3) years with 180-day continuous development thereafter

Please call the undersigned with any questions or comments.

Respectfully Submitted,

**Cimarex Energy Co.**

Hilary R. Coder  
Contract Landman

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**ELECTION TO PARTICIPATE**  
**Louisiana 1 Fee No.5 Well**

\_\_\_\_\_ Elects **TO** participate in the proposed Louisiana 1 Fee No.5 Well

\_\_\_\_\_ Elects **NOT** to participate in the proposed Louisiana 1 Fee No.5 Well

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_



New Well Proposal-Louisiana 1 Fee No.5  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

If your election above is TO participate in the proposed Louisiana 1 Fee No.5 Well, then:

\_\_\_\_\_ Elects **TO** be covered by well control insurance procured by Cimarex

\_\_\_\_\_ Elects **NOT** to be covered by well control insurance procured by Cimarex and agrees to provide Cimarex with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex

New Well Proposal-Louisiana 1 Fee No.5  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

In the event you do not wish to participate in drilling the Louisiana wells, Cimarex will consider acquiring term assignment of your leasehold interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms:

- i.) Bonus Consideration of \$1000.00 per net mineral acre delivered;
- ii.) Reservation of an ORRI equal to difference between 25% and current lease burdens;
- iii.) Primary term of Three (3) years with 180-day continuous development thereafter

Please call the undersigned with any questions or comments.

Respectfully Submitted,

**Cimarex Energy Co.**

Hilary R. Coder  
Contract Landman

---

**ELECTION TO PARTICIPATE**  
**Louisiana 1 Fee No.5 Well**

\_\_\_\_\_ Elects **TO** participate in the proposed **Louisiana 1 Fee No.5 Well**

\_\_\_\_\_ Elects **NOT** to participate in the proposed **Louisiana 1 Fee No.5 Well**

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**New Well Proposal-Louisiana 1 Fee No.5**  
**Township 19 South, Range 25 East, N.M.P.M.**  
**Section 1: E/2SW/4, W/2SE/4**  
**Eddy County, New Mexico**

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If your election above is TO participate in the proposed **Louisiana 1 Fee No.5 Well**, then:

\_\_\_\_\_ Elects **TO** be covered by well control insurance procured by Cimarex

\_\_\_\_\_ Elects **NOT** to be covered by well control insurance procured by Cimarex and agrees to provide Cimarex with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex

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



March 20, 2012

Via: U.S. Certified Mail-Return Receipt No.91 7108 2133 3938 9332 7945

Yates Petroleum Corporation  
Abo Petroleum Corporation  
MYCO Industries, Inc.  
Attn: Chuck Moran  
105 S 4<sup>th</sup> Street  
Artesia, New Mexico 88210

Re: New Well Proposal - Louisiana 1 Fee No.6  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: SW/4SE/4  
Eddy County, New Mexico

Dear Leasehold Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Louisiana 1 Fee No. 6 Well at legal location in the SW/4SE/4 of Section 1, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

The intended surface hole location for the well is 990' FSL & 2310' FEL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the Penasco Draw San Andres-Yeso Associated Pool. The formations to be completed will be determined by operator after logs and reports are received and reviewed at casing point.

It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Cimarex's intended procedure. Cimarex will advise you of any such modifications.

Enclosed, in duplicate, is (i) our detailed AFE which sets forth the estimated costs associated with the well, and; (ii) our proposed form of Operating Agreement to govern operations for the Louisiana wells. If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with your contact information to receive well data, to the undersigned within thirty (30) days of receipt of this proposal. If you should elect to purchase your own well control insurance, you must provide a certificate of such

EXHIBIT B-4

New Well Proposal – Louisiana 1 Fee No.6  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: SW/4SE/4  
Eddy County, New Mexico

insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.

Please call the undersigned with any questions or comments.

Respectfully Submitted,

Cimarex Energy Co.



Hilary R. Coder  
Contract Landman

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**ELECTION TO PARTICIPATE**  
**Louisiana 1 Fee No.6 Well**

\_\_\_\_\_ Elects **TO** participate in the proposed Louisiana 1 Fee No.6 Well

\_\_\_\_\_ Elects **NOT** to participate in the proposed Louisiana 1 Fee No.6 Well

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

New Well Proposal – Louisiana 1 Fee No.6  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: SW/4SE/4  
Eddy County, New Mexico

If your election above is TO participate in the proposed Louisiana 1 Fee No.6 Well, then:

\_\_\_\_\_ Elects **TO** be covered by well control insurance procured by Cimarex

\_\_\_\_\_ Elects **NOT** to be covered by well control insurance procured by Cimarex and agrees to provide Cimarex with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex

Company: \_\_\_\_\_

New Well Proposal – Louisiana 1 Fee No.6  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: SW/4SE/4  
Eddy County, New Mexico

**ELECTION TO PARTICIPATE**  
**Louisiana 1 Fee No. 6 Well**

\_\_\_\_\_ Elects **TO** participate in the proposed Louisiana 1 Fee No.6 Well

\_\_\_\_\_ Elects **NOT** to participate in the proposed Louisiana Fee No.6 Well

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

If your election above is TO participate in the proposed Louisiana 1 Fee No.6 Well,  
then:

\_\_\_\_\_ Elects **TO** be covered by well control insurance procured by Cimarex

\_\_\_\_\_ Elects **NOT** to be covered by well control insurance procured by Cimarex  
and agrees to provide Cimarex with a certificate of insurance prior to  
commencement of drilling operations or be deemed to have elected to be  
covered by well control insurance procured by Cimarex

Company: \_\_\_\_\_

New Well Proposal – Louisiana 1 Fee No.6  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: SW/4SE/4  
Eddy County, New Mexico

**ELECTION TO PARTICIPATE**  
**Louisiana 1 Fee No.6 Well**

\_\_\_\_\_ Elects **TO** participate in the proposed Louisiana 1 Fee No.6 Well

\_\_\_\_\_ Elects **NOT** to participate in the proposed Louisiana Fee No.6 Well

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

If your election above is TO participate in the proposed Louisiana 1 Fee No.6 Well,  
then:

\_\_\_\_\_ Elects **TO** be covered by well control insurance procured by Cimarex

\_\_\_\_\_ Elects **NOT** to be covered by well control insurance procured by Cimarex  
and agrees to provide Cimarex with a certificate of insurance prior to  
commencement of drilling operations or be deemed to have elected to be  
covered by well control insurance procured by Cimarex

Company: \_\_\_\_\_



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



August 12, 2011

**Via: U.S. Certified Mail-Return Receipt No. 91 7108 2133 3938 9332 2537**

Oxy Y-1 Company  
Attn: Katie A. Almeida, Land Negotiator  
5 Greenway Plaza, Suite 110  
Houston, Texas 77046-0521

Re: New Well Proposal-Louisiana 1 Fee No.6  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

Dear Leasehold Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Louisiana 1 Fee No.6 Well at legal location in the SW/4SE/4 of Section 1, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

The intended surface hole location for the well is 990' FSL & 2310' FEL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the Glorieta-Yeso formations.

It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Cimarex's intended procedure. Cimarex will advise you of any such modifications.

Enclosed, in duplicate, is (i) our detailed AFE which sets forth the estimated costs associated with the well, and; (ii) our proposed form of Operating Agreement to govern operations for the Louisiana wells. If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with your contact information to receive well data, to the undersigned within thirty (30) days of receipt of this proposal. If you should elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.

New Well Proposal-Louisiana 1 Fee No.6  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

In the event you do not wish to participate in drilling the Louisiana wells, Cimarex will consider acquiring term assignment of your leasehold interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms:

- i.) Bonus Consideration of \$1000.00 per net mineral acre delivered;
- ii.) Reservation of an ORRI equal to difference between 25% and current lease burdens;
- iii.) Primary term of Three (3) years with 180-day continuous development thereafter

Please call the undersigned with any questions or comments.

Respectfully Submitted,

**Cimarex Energy Co.**

Hilary R. Coder  
Contract Landman

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**ELECTION TO PARTICIPATE**  
**Louisiana 1 Fee No.6 Well**

\_\_\_\_\_ Elects **TO** participate in the proposed Louisiana 1 Fee No.6 Well

\_\_\_\_\_ Elects **NOT** to participate in the proposed Louisiana 1 Fee No.6 Well

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**New Well Proposal-Louisiana 1 Fee No.6**  
**Township 19 South, Range 25 East, N.M.P.M.**  
**Section 1: E/2SW/4, W/2SE/4**  
**Eddy County, New Mexico**

If your election above is **TO** participate in the proposed **Louisiana 1 Fee No.6 Well**, then:

\_\_\_\_\_ Elects **TO** be covered by well control insurance procured by Cimarex

\_\_\_\_\_ Elects **NOT** to be covered by well control insurance procured by Cimarex and agrees to provide Cimarex with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex

New Well Proposal-Louisiana 1 Fee No.6  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

In the event you do not wish to participate in drilling the Louisiana wells, Cimarex will consider acquiring term assignment of your leasehold interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms:

- i.) Bonus Consideration of \$1000.00 per net mineral acre delivered;
- ii.) Reservation of an ORRI equal to difference between 25% and current lease burdens;
- iii.) Primary term of Three (3) years with 180-day continuous development thereafter

Please call the undersigned with any questions or comments.

Respectfully Submitted,

**Cimarex Energy Co.**

Hilary R. Coder  
Contract Landman

---

**ELECTION TO PARTICIPATE**  
**Louisiana 1 Fee No.6 Well**

\_\_\_\_\_ Elects **TO** participate in the proposed Louisiana 1 Fee No.6 Well

\_\_\_\_\_ Elects **NOT** to participate in the proposed Louisiana 1 Fee No.6 Well

Dated this \_\_\_\_ day of \_\_\_\_\_, 2011.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**New Well Proposal-Louisiana 1 Fee No.6**  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

If your election above is TO participate in the proposed **Louisiana 1 Fee No.6 Well**, then:

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



July 20, 2011

**Via: U.S. Certified Mail-Return Receipt No. 91 7108 2133 3938 0387 5269**

Concho Resources, Inc.  
Attn: Land Manager  
550 West Texas Avenue, Suite 100  
Midland, Texas 79701

Re: New Well Proposal-Louisiana 1 Fee No.6  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

Dear Leasehold Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Louisiana 1 Fee No.6 Well at legal location in the SW/4SE/4 of Section 1, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

The intended surface hole location for the well is 990' FSL & 2310' FEL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the Glorieta-Yeso formations.

It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Cimarex's intended procedure. Cimarex will advise you of any such modifications.

Enclosed, in duplicate, is (i) our detailed AFE which sets forth the estimated costs associated with the well, and; (ii) our proposed form of Operating Agreement to govern operations for the Louisiana wells. If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with your contact information to receive well data, to the undersigned within thirty (30) days of receipt of this proposal. If you should elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.

New Well Proposal-Louisiana 1 Fee No.6  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

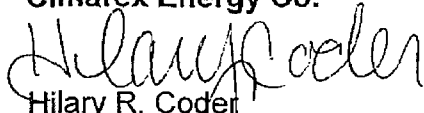
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Respectfully Submitted,

**Cimarex Energy Co.**

  
Hilary R. Coder  
Contract Landman

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**ELECTION TO PARTICIPATE**  
**Louisiana 1 Fee No.6 Well**

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Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

New Well Proposal-Louisiana 1 Fee No.6  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

If your election above is TO participate in the proposed **Louisiana 1 Fee No.6 Well**, then:

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Confirmation Services	Package ID: 9171082103393846807609	
	Destination ZIP Code: 79705	
	Customer Reference:	PROBP ENVPKG
	Recipient: _____	PSP Account #: 35644897
	Address: _____	Serial #: 3132785
		JUL 21 2011 1:20P



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



March 20, 2012

**Via: U.S. Certified Mail-Return Receipt No.91 7108 2133 3938 9332 7921**

COG Operating LLC  
Attn: Stuart Dirks  
550 West Texas Avenue, Suite 100  
Midland, Texas 79701

Re: New Well Proposal - Louisiana 1 Fee No.6  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: SW/4SE/4  
Eddy County, New Mexico

Dear Leasehold Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Louisiana 1 Fee No. 6 Well at legal location in the SW/4SE/4 of Section 1, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

The intended surface hole location for the well is 990' FSL & 2310' FEL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the Penasco Draw San Andres-Yeso Associated Pool. The formations to be completed will be determined by operator after logs and reports are received and reviewed at casing point.

It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Cimarex's intended procedure. Cimarex will advise you of any such modifications.

Enclosed, in duplicate, is (i) our detailed AFE which sets forth the estimated costs associated with the well, and; (ii) our proposed form of Operating Agreement to govern operations for the Louisiana wells. If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with your contact information to receive well data, to the undersigned within thirty (30) days of receipt of this proposal. If you should elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will

New Well Proposal – Louisiana 1 Fee No.6  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: SW/4SE/4  
Eddy County, New Mexico

be covered by insurance procured by Cimarex and will be responsible for your share of the cost.

Please call the undersigned with any questions or comments.

Respectfully Submitted,

**Cimarex Energy Co.**

Hilary R. Coder  
Contract Landman

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**ELECTION TO PARTICIPATE**  
**Louisiana 1 Fee No.6 Well**

\_\_\_\_\_ Elects **TO** participate in the proposed **Louisiana 1 Fee No.6 Well**

\_\_\_\_\_ Elects **NOT** to participate in the proposed **Louisiana 1 Fee No.6 Well**

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

New Well Proposal – Louisiana 1 Fee No.6  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: SW/4SE/4  
Eddy County, New Mexico

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commencement of drilling operations or be deemed to have elected to be  
covered by well control insurance procured by Cimarex

Company: \_\_\_\_\_

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



August 12, 2011

**Via: U.S. Certified Mail-Return Receipt No. 91 7108 2133 3938 9332 1851**

Abo Petroleum Corporation  
Attn: Land Manager  
105 S. 4<sup>th</sup> Street  
Artesia, NM 88210

Re: New Well Proposal-Louisiana 1 Fee No.6  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

Dear Leasehold Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Louisiana 1 Fee No.6 Well at legal location in the SW/4SE/4 of Section 1, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

The intended surface hole location for the well is 990' FSL & 2310' FEL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the Glorieta-Yeso formations.

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Enclosed, in duplicate, is (i) our detailed AFE which sets forth the estimated costs associated with the well, and; (ii) our proposed form of Operating Agreement to govern operations for the Louisiana wells. If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with your contact information to receive well data, to the undersigned within thirty (30) days of receipt of this proposal. If you should elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.

New Well Proposal-Louisiana 1 Fee No.6  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
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- iii.) Primary term of Three (3) years with 180-day continuous development thereafter

Please call the undersigned with any questions or comments.

Respectfully Submitted,

**Cimarex Energy Co.**

Hilary R. Coder  
Contract Landman

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**ELECTION TO PARTICIPATE**  
**Louisiana 1 Fee No.6 Well**

\_\_\_\_\_ Elects **TO** participate in the proposed Louisiana 1 Fee No.6 Well

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Dated this \_\_\_\_ day of \_\_\_\_\_, 2011.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

New Well Proposal-Louisiana 1 Fee No.6  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

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New Well Proposal-Louisiana 1 Fee No.6  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
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Printed Name: \_\_\_\_\_

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New Well Proposal-Louisiana 1 Fee No.6  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
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Cimarex Energy Co.  
600 N. Marienfeld St.  
Suite 600  
Midland, Texas 79701  
PHONE 432.571.7800



August 12, 2011

**Via: U.S. Certified Mail-Return Receipt No. 91 7108 2133 3938 9332 1868**

Myco Industries, Inc  
Attn: Land Manager  
423 W. Main Street  
Artesia, NM 88210

Re: New Well Proposal-Louisiana 1 Fee No.6  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

Dear Leasehold Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Louisiana 1 Fee No.6 Well at legal location in the SW/4SE/4 of Section 1, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

The intended surface hole location for the well is 990' FSL & 2310' FEL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the Glorieta-Yeso formations.

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New Well Proposal-Louisiana 1 Fee No.6  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
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Please call the undersigned with any questions or comments.

Respectfully Submitted,

**Cimarex Energy Co.**

Hilary R. Coder  
Contract Landman

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**ELECTION TO PARTICIPATE**  
**Louisiana 1 Fee No.6 Well**

\_\_\_\_\_ Elects **TO** participate in the proposed Louisiana 1 Fee No.6 Well

\_\_\_\_\_ Elects **NOT** to participate in the proposed Louisiana 1 Fee No.6 Well

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

New Well Proposal-Louisiana 1 Fee No.6  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

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New Well Proposal-Louisiana 1 Fee No.6  
Township 19 South, Range 25 East, N.M.P.M.  
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Hilary R. Coder  
Contract Landman

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Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

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Printed Name: \_\_\_\_\_

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**New Well Proposal-Louisiana 1 Fee No.6**  
**Township 19 South, Range 25 East, N.M.P.M.**  
**Section 1: E/2SW/4, W/2SE/4**  
**Eddy County, New Mexico**

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



August 12, 2011

**Via: U.S. Certified Mail-Return Receipt No. 91 7108 2133 3938 9332 2537**

Oxy Y-1 Company  
Attn: Katie A. Almeida, Land Negotiator  
5 Greenway Plaza, Suite 110  
Houston, Texas 77046-0521

Re: New Well Proposal-Louisiana 1 Fee No.6  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

Dear Leasehold Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Louisiana 1 Fee No.6 Well at legal location in the SW/4SE/4 of Section 1, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

The intended surface hole location for the well is 990' FSL & 2310' FEL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the Glorieta-Yeso formations.

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New Well Proposal-Louisiana 1 Fee No.6  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
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Respectfully Submitted,

**Cimarex Energy Co.**

Hilary R. Coder  
Contract Landman

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**ELECTION TO PARTICIPATE**  
**Louisiana 1 Fee No.6 Well**

\_\_\_\_\_ Elects **TO** participate in the proposed Louisiana 1 Fee No.6 Well

\_\_\_\_\_ Elects **NOT** to participate in the proposed Louisiana 1 Fee No.6 Well

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

New Well Proposal-Louisiana 1 Fee No.6  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

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New Well Proposal-Louisiana 1 Fee No.6  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
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Hilary R. Coder  
Contract Landman

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Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

New Well Proposal-Louisiana 1 Fee No.6  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

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



August 12, 2011

**Via: U.S. Certified Mail-Return Receipt No. 91 7108 2133 3938 9332 2520**

Yates Petroleum Corporation  
Attn: Land Manager  
105 S. 4<sup>th</sup> Street  
Artesia, NM 88210

Re: New Well Proposal-Louisiana 1 Fee No.6  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

Dear Leasehold Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Louisiana 1 Fee No.6 Well at legal location in the SW/4SE/4 of Section 1, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

The intended surface hole location for the well is 990' FSL & 2310' FEL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the Glorieta-Yeso formations.

It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Cimarex's intended procedure. Cimarex will advise you of any such modifications.

Enclosed, in duplicate, is (i) our detailed AFE which sets forth the estimated costs associated with the well, and; (ii) our proposed form of Operating Agreement to govern operations for the Louisiana wells. If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with your contact information to receive well data, to the undersigned within thirty (30) days of receipt of this proposal. If you should elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.

New Well Proposal-Louisiana 1 Fee No.6  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

In the event you do not wish to participate in drilling the Louisiana wells, Cimarex will consider acquiring term assignment of your leasehold interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms:

- i.) Bonus Consideration of \$1000.00 per net mineral acre delivered;
- ii.) Reservation of an ORRI equal to difference between 25% and current lease burdens;
- iii.) Primary term of Three (3) years with 180-day continuous development thereafter

Please call the undersigned with any questions or comments.

Respectfully Submitted,

**Cimarex Energy Co.**

Hilary R. Coder  
Contract Landman

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**ELECTION TO PARTICIPATE**  
**Louisiana 1 Fee No.6 Well**

\_\_\_\_\_ Elects **TO** participate in the proposed Louisiana 1 Fee No.6 Well

\_\_\_\_\_ Elects **NOT** to participate in the proposed Louisiana 1 Fee No.6 Well

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

New Well Proposal-Louisiana 1 Fee No.6  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

If your election above is TO participate in the proposed Louisiana 1 Fee No.6 Well, then:

\_\_\_\_\_ Elects TO be covered by well control insurance procured by Cimarex

\_\_\_\_\_ Elects NOT to be covered by well control insurance procured by Cimarex and agrees to provide Cimarex with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex

New Well Proposal-Louisiana 1 Fee No.6  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

In the event you do not wish to participate in drilling the Louisiana wells, Cimarex will consider acquiring term assignment of your leasehold interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms:

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Please call the undersigned with any questions or comments.

Respectfully Submitted,

**Cimarex Energy Co.**

Hilary R. Coder  
Contract Landman

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**ELECTION TO PARTICIPATE**  
**Louisiana 1 Fee No.6 Well**

\_\_\_\_\_ Elects **TO** participate in the proposed Louisiana 1 Fee No.6 Well

\_\_\_\_\_ Elects **NOT** to participate in the proposed Louisiana 1 Fee No.6 Well

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

New Well Proposal-Louisiana 1 Fee No.6  
Township 19 South, Range 25 East, N.M.P.M.  
Section 1: E/2SW/4, W/2SE/4  
Eddy County, New Mexico

If your election above is TO participate in the proposed **Louisiana 1 Fee No.6 Well**, then:

\_\_\_\_\_ Elects **TO** be covered by well control insurance procured by Cimarex

\_\_\_\_\_ Elects **NOT** to be covered by well control insurance procured by Cimarex and agrees to provide Cimarex with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex



Authorization For Expenditure

Company Entity: Cimarex Energy Co. Date Prepared: February 8, 2012

Region	Well Name	Well No.	Prospect or Field Name	Property Number	Drilling AFE No.
Permian	Louisiana 1 Fee	1	Paddock Extension West (EDDY)		

Location	County	State	Type Well		
	Eddy	NM	Oil	Expl	X
			Gas	Prod	

Estimate Type	Est. Start Date	Est. Comp Date	Formation	Ttl Measured Depth
Original Estimate <input checked="" type="radio"/>			Penasco Draw San	3,000'
Revised Estimate <input type="radio"/>			Andres-Yeso	Ttl Vertical Depth
Supplemental Estimate <input type="radio"/>			Associated Pool	3,000'

**Project Description**  
Drill and complete a 3000' Blinebry/Paddock vertical well

Intangibles	Dry Hole Cost	After Casing Point	Completed Well Cost
Drilling Costs	\$427,000		\$427,000
Completion Costs		\$1,646,000	\$1,646,000
<b>Total Intangible Costs</b>	<b>\$427,000</b>	<b>\$1,646,000</b>	<b>\$2,073,000</b>

Tangibles	Dry Hole Cost	After Casing Point	Completed Well Cost
Well Equipment	\$31,000	\$204,000	\$235,000
Lease Equipment		\$20,000	\$20,000
<b>Total Tangible Well Cost</b>	<b>\$31,000</b>	<b>\$224,000</b>	<b>\$255,000</b>

Plug and Abandon Cost	Dry Hole Cost	After Casing Point	Completed Well Cost
	\$30,000	\$30,000	\$0

Total Well Cost	Dry Hole Cost	After Casing Point	Completed Well Cost
	\$488,000	\$1,840,000	\$2,328,000

**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 therefor. 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 re-drilling 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 your 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
Steve Heitzman	Doug Park	Roger Alexander

**Joint Interest Approval**

Company	By	Date





Authorization For Expenditure

Company Entity: **Cimarex Energy Co.** Date Prepared: **February 8, 2012**

Region	Well Name	Well No.	Prospect or Field Name	Property Number	Drilling AFE No.
Permian	Louisiana 1 Fee	2	Paddock Extension West (EDDY)		

Location	County	State	Type Well	
	Eddy	NM	Oil <input checked="" type="checkbox"/>	Gas <input checked="" type="checkbox"/>
			Expl <input checked="" type="checkbox"/>	Prod <input checked="" type="checkbox"/>

Estimate Type	Est. Start Date	Est. Comp Date	Formation	Ttl Measured Depth
Original Estimate <input checked="" type="radio"/>			Penasco Draw San	3,000'
Revised Estimate <input type="radio"/>			Andres-Yeso	Ttl Vertical Depth
Supplemental Estimate <input type="radio"/>			Associated Pool	3,000'

**Project Description**  
 Drill and complete a 3000' Blinebry/Paddock vertical well. Install tank battery.

	Dry Hole Cost	After Casing Point	Completed Well Cost
<b>Intangibles</b>			
Drilling Costs	\$427,000		\$427,000
Completion Costs		\$1,847,000	\$1,847,000
<b>Total Intangible Costs</b>	<b>\$427,000</b>	<b>\$1,847,000</b>	<b>\$2,274,000</b>
<b>Tangibles</b>			
Well Equipment	\$31,000	\$294,000	\$325,000
Lease Equipment		\$465,800	\$465,800
<b>Total Tangible Well Cost</b>	<b>\$31,000</b>	<b>\$667,800</b>	<b>\$698,800</b>
Plug and Abandon Cost	\$30,000	\$30,000	\$0
<b>Total Well Cost</b>	<b>\$488,000</b>	<b>\$2,484,800</b>	<b>\$2,972,800</b>

**Comments on Well Costs**  
 I. 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
Steve Heitzman	Doug Park	Roger Alexander

**Joint Interest Approval**

Company	By	Date
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Authorization For Expenditure

Company Entity: **Cimarex Energy Co.** Date Prepared: **February 8, 2012**

Region	Well Name	Well No.	Prospect or Field Name	Property Number	Drilling AFE No.
Permian	Louisiana 1 Fee	5	Paddock Extension West (EDDY)		

Location	County	State	Type Well	
	Eddy	NM	Oil <input checked="" type="checkbox"/>	Gas <input checked="" type="checkbox"/>
			Expl <input checked="" type="checkbox"/>	Prod <input checked="" type="checkbox"/>

Estimate Type	Est. Start Date	Est. Comp Date	Formation	Ttl Measured Depth
Original Estimate <input checked="" type="radio"/>			Penasco Draw San	3,000'
Revised Estimate <input type="radio"/>			Andres-Yeso	Ttl Vertical Depth
Supplemental Estimate <input type="radio"/>			Associated Pool	3,000'

**Project Description**  
 Drill and complete a 3000' Blinebry/Paddock vertical well

Intangibles	Dry Hole Cost	After Casing Point	Completed Well Cost
Drilling Costs	\$427,000		\$427,000
Completion Costs		\$1,646,000	\$1,646,000
<b>Total Intangible Costs</b>	<b>\$427,000</b>	<b>\$1,646,000</b>	<b>\$2,073,000</b>

Tangibles	Dry Hole Cost	After Casing Point	Completed Well Cost
Well Equipment	\$31,000	\$204,000	\$235,000
Lease Equipment		\$20,000	\$20,000
<b>Total Tangible Well Cost</b>	<b>\$31,000</b>	<b>\$224,000</b>	<b>\$255,000</b>

Plug and Abandon Cost	Dry Hole Cost	After Casing Point	Completed Well Cost
	\$30,000	\$30,000	\$0

Total Well Cost	Dry Hole Cost	After Casing Point	Completed Well Cost
	<b>\$488,000</b>	<b>\$1,840,000</b>	<b>\$2,328,000</b>

**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
Steve Heltzman	Doug Park	Roger Alexander

**Joint Interest Approval**

Company	By	Date

EXHIBIT C-3



Authorization For Expenditure

Company Entity: **Cimarex Energy Co.** Date Prepared: **February 8, 2012**

Region	Well Name	Well No.	Prospect or Field Name	Property Number	Drilling AFE No.
Permian	Louisiana 1 Fee	6	Paddock Extension West (EDDY)		

Location	County	State	Type Well
	Eddy	NM	Oil <input checked="" type="checkbox"/> Gas <input type="checkbox"/> Expl <input checked="" type="checkbox"/> Prod <input type="checkbox"/>

Estimate Type	Est. Start Date	Est. Comp Date	Formation	Ttl Measured Depth
Original Estimate <input checked="" type="radio"/>			Penasco Draw San	3,000'
Revised Estimate <input type="radio"/>			Andres-Yeso	Ttl Vertical Depth
Supplemental Estimate <input type="radio"/>			Associated Pool	3,000'

**Project Description**  
 Drill and complete a 3000' Blinbery/Paddock vertical well

Intangibles	Dry Hole Cost	After Casing Point	Completed Well Cost
Drilling Costs	\$427,000		\$427,000
Completion Costs		\$1,646,000	\$1,646,000
<b>Total Intangible Costs</b>	<b>\$427,000</b>	<b>\$1,646,000</b>	<b>\$2,073,000</b>

Tangibles	Dry Hole Cost	After Casing Point	Completed Well Cost
Well Equipment	\$11,000	\$204,000	\$215,000
Lease Equipment		\$20,000	\$20,000
<b>Total Tangible Well Cost</b>	<b>\$31,000</b>	<b>\$224,000</b>	<b>\$255,000</b>

Plug and Abandon Cost	\$0	\$0	\$0
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<b>Total Well Cost</b>	<b>\$488,000</b>	<b>\$1,840,000</b>	<b>\$2,328,000</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.

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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
Steve Heltzman	Doug Park	Roger Alexander

**Joint Interest Approval**

Company	By	Date

EXHIBIT C-4