

# Affidavit of Publication

STATE OF NEW MEXICO  
COUNTY OF LEA

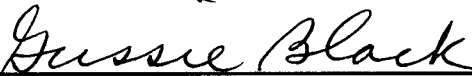
I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated  
November 26, 2014  
and ending with the issue dated  
November 26, 2014.



Publisher

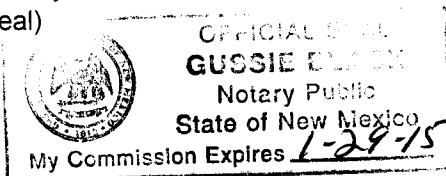
Sworn and subscribed to before me this  
26th day of November 2014.



Business Manager

My commission expires  
January 29, 2015

(Seal)



This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

## **LEGAL NOTICE November 26, 2014**

### **NOTICE**

To: Keith McKamey and Global Nevada Galaxy Inc., or your heirs, devisees, successors, or assigns: Harvey E. Yates Company seeks an order approving a 240-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the E/2SE/4 of Section 22 and E/2E/2 of Section 27, Township 19 South, Range 34 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard spacing and proration unit (project area) for all pools or formations developed on 40 or 80 acre spacing within that vertical extent. The unit is to be dedicated to the Mallon 27 Fed. Com. Well No. 1H, a horizontal well with a surface location 330 feet from the south line and 660 feet from the east line of Section 27, and a terminus 2310 feet from the south line and 660 feet from the east line of Section 22. The location is unorthodox under regulations for the Lea-Bone Spring Pool. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The application is scheduled to be heard at 8:15 a.m. on Thursday, December 4, 2014 at the Division's offices at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. As an interest owner in the well unit you have the right to enter an appearance and participate in the case. Failure to appear will preclude you from contesting this matter at a later date. The attorney for applicant is James Bruce, P.O. Box 1056, Santa Fe, New Mexico 87504. The unit is located approximately 11-1/2 miles west-southwest of Oil Center, New Mexico.

#29606

Oil Conservation Division  
Case No. 15233  
Exhibit No. 13

01101711

00148203

JAMES BRUCE, ATTORNEY AT LAW  
P.O. BOX 1056  
SANTA FE, NM 87504



# HARVEY E. YATES COMPANY

A MEMBER COMPANY OF HEYCO ENERGY GROUP

Mallon 27 Fed Cor  
#1  
Agreement

August 6, 2014

Cimarex Energy Co.  
202 S. Cheyenne Ave., Ste. 1000  
Tulsa, OK 74103-3001

Re: Operating Agreement dated August 1, 2014  
Contract Lands: Township 19 South, Range 34 East  
Section 22: SE/4, E/2SW/4  
Section 23: S/2SE/4, SE/4SW/4, W/2SW/4  
Section 26: E/2, E/2W/2, NW/4NW/4, W/2SW/4  
Section 27: E/2, E/2W/2  
Lea County, New Mexico

Ladies & Gentlemen:

Reference is made to our prior correspondence and discussions with you regarding Cimarex Energy Co. being the Sub-Operator for the Initial Well, along with the possibility of Subsequent Wells, under that certain Operating Agreement dated August 1, 2014, between Harvey E. Yates Company, ("HEYCO"), and Cimarex Energy Co. ("Cimarex"), covering the lands described above, limited to the Bone Spring formation only ("said OA").

In connection with the above, the parties (herein so called) hereto agree as follows:

- A. Except as provided in C. below, in the event of a conflict between this Letter Agreement and said OA, the provisions of this Letter Agreement shall control.
- B. Cimarex shall serve as Sub-Operator (herein so called) with all rights and privileges of Operator only as to (i) the drilling, completing, and equipping, including necessary tankage and/or surface facilities, of the Initial Well and such Subsequent Wells as may be mutually agreed to by the parties to this agreement and (ii) an additional period of time not to exceed sixty (60) days beyond the date of first production from a well, on a well by well basis. The duration of the drilling, completing, and equipping operations plus the sixty (60) days beyond the date of first production for a given well is herein called the "Sub-Operator Period".

During the Sub-Operator Period the Operator will provide pumper/gauger to monitor, measure and report production and Sub-Operator shall communicate through Operator personnel to ensure well flowback is carried out to Sub-Operator's satisfaction. In addition, Sub-Operator agrees that Operator may embed its technical staff as observers in any and all day-to-day operations during the Sub-Operator Period.

Ex. 13

Each Sub-Operator Period may be extended only with the mutual written consent of all parties to this agreement. Upon termination of a Sub-Operator Period, Cimarex shall turn over operations of each well to Operator. Promptly upon request by Sub-Operator, the parties shall execute ancillary filing(s) as may be required by an appropriate governmental agency in order to allow or provide that Sub-Operator has necessary and full authority to act as Operator, limited only by the duration of the Sub-Operator Period. Likewise, following termination of the Sub-Operator Period, Cimarex shall execute any filing(s) as may be required by an appropriate governmental agency in order to allow or provide the transition of operations to Operator.

- C. Following the complete execution of this Letter Agreement, Operator and Cimarex shall meet as reasonably necessary before September 1, 2014, to formulate a drilling schedule for wells to be drilled between September 1, 2014, and March 1, 2015, or such other period(s) during a calendar year when applicable governmental regulations allow twenty four (24) hour per day operations within the designated habitat of the Lesser Prairie Chicken, with such time period hereinafter referred to as the "Drilling Season". The parties will also select well location(s) of a well(s) (SHL & EOL/Terminus of the lateral), TVD/TMD, whether a pilot hole is or is not desired, orientation of the lateral, and timing and order of the drilling and completion of such well(s). Subsequent to the drilling of the Initial Well, Operator and Cimarex shall meet as necessary to establish Plans for each succeeding Drilling Season ("Subsequent Plan"). The parties shall meet or communicate as necessary or appropriate concerning execution of each Subsequent Plan as well as any revisions thereto which may be suggested by Operator or Cimarex. The drilling of wells as provided in this C shall occur with the agreement and acceptance of the parties; however, in the event such agreement cannot be obtained, then the rights and privileges of the parties as provided in Article VI. B. of said OA, subject to C. herein, shall prevail.
- D. For the Initial Well and thereafter upon proposal of a Subsequent Well by any party to said OA in which Cimarex acts as Sub-Operator, with Harvey E. Yates Company being the Operator of record with the applicable regulatory authorities, Cimarex shall prepare, file and seek all governmental approvals necessary to drill, complete, equip and produce wells. Prior to filing, Cimarex shall provide such information as reasonably requested and Cimarex shall furnish a copy of such filings to Operator for review prior to filing same with the proper governmental agency(ies) and after the same are filed shall provide Operator with copies of the actual filed reports/approvals. In the event that the applicable regulatory authorities require Cimarex to be the Operator during the Sub-Operator Period, then Cimarex shall prepare, file and seek all governmental approvals necessary to drill, complete, and equip wells, with Cimarex providing to Operator copies of such filings prior to filing to allow Operator to review and comment on same, again, prior to filing. Cimarex will provide Operator with copies of the actual filed reports/approvals.

- E. In the event Operator requests and Cimarex agrees to be the Sub-Operator of a well or wells, then Cimarex shall be responsible for and shall prepare the AFE for such wells, which shall include the drilling plan, geologic prognosis, necessary tankage or surface facilities, including access to the location, along with electrification and flowlines. In undertaking operations as Sub-Operator, Cimarex shall be entitled to overhead reimbursement at the established rates as set forth in said OA and/or its exhibits. Cimarex shall review, approve or seek adjustment relating to all invoices presented in connection with the Sub-Operator Period activities undertaken, along with billing Operator [which will include any other Non-Operator(s)] for their share of such costs, with Operator being responsible for the billing of such Non-Operators.

Notwithstanding anything herein to the contrary, Operator at all times shall be the designated Operator in connection with receiving and disbursing revenues associated with all production from said OA's Contract Area, pursuant to the terms and conditions of said OA.

- F. Operator and Cimarex shall exchange information regarding marketing of production to seek to maximize available pricing and terms of such as to production from the Contract Area.

To evidence your acceptance and agreement of this Letter Agreement, please execute both originals and return one fully executed original to this office.

Sincerely,



Arlene T. Rowland  
Vice President, Harvey E. Yates Company

Accepted and Agreed to this 4 <sup>SEPTEMBER</sup> of ~~August~~, 2014

Cimarex Energy Co.

By: 

Name: Roger Alexander

Title: Attorney-in-Fact