

Cimarex Energy Co.
508 W. Wall Street
Suite 600
Midland, Texas 79701
PHONE 432.571.7800
FAX 432.571.7832



December 22, 2005

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

Ms. Lynda Townsend
Chesapeake Energy Corporation
P. O. Box 18496
Oklahoma City, Oklahoma 73154-0496

CBS Partners, Ltd.
P. O. box 2236
Midland, Texas 79702

Re: Well Proposal
Full Tank 33 Fed No. 1
E/2 Section 33-17S-30E
Eddy County, New Mexico

Gentlemen:

Cimarex Energy Co., ("Cimarex") acting on behalf of its wholly owned subsidiaries, Magnum Hunter Production, Inc., ("MHPI") and Gruy Petroleum Management Company, ("Gruy"), hereby proposes the drilling of the Full Tank 33 Fed No. 1 well to a depth of approximately 11,750 feet to test the Morrow formation at a location of 660 feet from the North line and 1980 feet from the East line of Section 33, Township 17 South, Range 30 East, Eddy County, New Mexico. Accordingly, we have enclosed herewith, in duplicate, our AFE in the total amount of \$2,743,500.00 setting forth our estimated costs to drill and complete the captioned well. We have also enclosed a copy of our proposed joint operating agreement, along with an additional signature page, dated December 15, 2005, by and between Gruy Petroleum Management Company, as Agent for Magnum Hunter Production, Inc., as Operator, and Chesapeake Energy Corporation, et al, as Non-Operators.

Please indicate your concurrence and approval by signing the AFE and the additional signature page where indicated and returning one (1) copy of each to the undersigned at the above letterhead address.

If there is anything further that you should require in regard to this matter, please do not hesitate to call upon us.

Thank you very much.

Yours very truly,

Jon P. Tate
Senior Landman

JPT/tbm

OIL CONSERVATION DIVISION
CASE NUMBER
EXHIBIT NUMBER 3

508 W. Wall Street
Suite 600
Midland, Texas 79701
PHONE 432.571.7800
FAX 432.571.7832



March 10, 2006

HAND DELIVERED - 03/10/06

Mr. Doug Hurlbut
EOG Resources, Inc.
4000 N. Big Spring
Midland, Texas 79705

Re: Well Proposal
Full Tank 33 Fed No. 1
N/2 Section 33-17S-30E
Eddy County, New Mexico

Gentlemen:

Cimarex Energy Co., ("Cimarex") acting on behalf of its wholly owned subsidiaries, Magnum Hunter Production, Inc., ("MHPP") and Grady Petroleum Management Company, ("Grady"), hereby proposes the drilling of the Full Tank 33 Fed No. 1 well to a depth of approximately 11,750 feet to test the Morrow formation at a location of 660 feet from the North line and 1980 feet from the East line of Section 33, Township 17 South, Range 30 East, Eddy County, New Mexico. Ascendingly, we have enclosed herewith, in duplicate, our AFE in the total amount of \$2,743,600.00 setting forth our estimated costs to drill and complete the captioned well.

We have also enclosed our proposed form of joint operating agreement, with additional signature page, for your review and acceptance.

If all appears to be in good order, please indicate your concurrence and acceptance by signing the AFE's and additional signature page, where indicated and returning one (1) copy to the undersigned at the above letterhead address.

If there is anything further that you should require in regard to this matter, please do not hesitate to call upon us.

Thank you very much.

Yours very truly,

A handwritten signature in black ink, appearing to read "Jon P. Tate". The signature is written over the typed name and is somewhat stylized.

Jon P. Tate
Senior Landman

JPT/tbm

Cimarex Energy Co.
508 W. Wall Street
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Midland, Texas 79701
PHONE 432.571.7800
FAX 432.571.7832



March 28, 2006

Mr. Doug Hurlbut
EOG Resources
4000 N. Big Spring
Midland, Texas 79705

Re: Cimarex Energy Co.
Request for Term Assignment
Full Tank 33 fed No. 1
N/2 Section 33-17S-30E
Eddy County, New Mexico

Dear Mr. Hurlbut:

Pursuant to our telephone conversation of this week, the public records of Eddy County, New Mexico indicate that EOG Resources ("EOG") is the owner of an undivided 18.75% of the leasehold estate under the Northwest Quarter (NW/4) of Section 33-17S-30E, Eddy County, New Mexico. Magnum Hunter Production, Inc and Gruy Petroleum Management Co., both wholly owned subsidiaries of Cimarex Energy Co., (collectively "MHPI") would like to obtain a term assignment covering your interest under these specific lands. In this respect, MHPI sincerely requests that you consider the following proposal.

MHPI: will drill or cause to be drilled an 11,750 foot test well to be located in the contract area of Section 33-17S-30E, Eddy County, New Mexico. Said test well will thoroughly test the Morrow formation in this area;

EOG's obligation: We would request from EOG a term assignment covering your interest from 5,000 feet below the surface of the earth down to and including a depth of 11,900 feet under the contract area;

As consideration, MHPI will pay EOG \$200.00 per net leasehold acre and EOG will retain an overriding royalty interest such that MHPI will secure a 75.00% net revenue interest lease. Said overriding royalty would be on all oil, gas and casinghead gas produced from said tract.

This is the same trade we have affected with Chesapeake Energy covering their 81.25% interest under the same tract. We feel that your favorable approval upon our proposal will protect EOG's equity in field reserves and substantiate your leasehold estate in this area. This is a firm proposal to drill and we sincerely solicit your favorable approval upon our proposal.

If there is anything further that you should require in regard to this matter, please do not hesitate to call upon us.

Thank you very much.

Yours very truly,

A handwritten signature in black ink, appearing to read "Jon P. Tate", written over the typed name below.

Jon P. Tate
Senior Landman