

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Case No. 14361 Exhibit No.

Submitted by:

HYDE OIL AND GAS CORPORATION

Hearing Date: September 3, 2009

----- Forwarded Message -----

**From:** Hayden Tresner <htresner@cimarex.com>

**To:** blair hamburg <hogbhh@sbcglobal.net>

**Sent:** Wednesday, September 2, 2009 2:39:27 PM

**Subject:** RE: Mallon Proposals in Section 34-19S-34E, Lea Co., New Mexico

Blair,

We are looking for you to make a decision-do you want to participate in the wells or not? If you want to participate, we propose that you sign our operating agreements-one that covers all of Section 34 and another that covers all of Section 35. We are proposing to do it this way because you have an interest throughout both sections, save and except the SE/4SW/4 of Section 34 and S/2NE/4 of Section 35, and we have plans to drill a total of 4 wells across each section. Also, at the rate we're going, Cimarex could not get anything done if we waited to propose each well-we want to be able to drill the wells when needed. If I remember correctly, Don McClung started negotiations with Hyde last fall, **and we still do not have a commitment from you.** If you want to participate GREAT, and you can do so on a well-by-basis but an operating agreement needs to be in place before we spud the first well.

Alternatively, if Hyde does not want to participate in the wells, then we are offering you the opportunity to farm-out your interest across both sections. We are proposing to do it this way for the same reasons as stated above.

I really don't know any other way to explain it. We've talked about this time and time again, but the end result is no decision from Hyde.....



**Hayden P. Tresner**

Landman-Permian Basin Exploration

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**From:** blair hamburg [mailto:hogbhh@sbcglobal.net]

**Sent:** Wednesday, September 02, 2009 1:42 PM

**To:** Hayden Tresner

**Subject:** Re: Mallon Proposals in Section 34-19S-34E, Lea Co., New Mexico

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Hayden:

What exactly is it that Cimarex is looking for from Hyde Oil and Gas at this point in time? I want to be very clear before making a decision as things are currently quite confusing, given the inconsistent farmout offers, AFEs, Operating Agreement and pooling applications your company has recently forwarded. Cimarex's proposed farmout agreement covers sections 34 and 35 and list numerous tracts and wells, many of which we have never even discussed. We have received AFEs without footage locations and pooling applications for the re-entry of well 16 and wells 18, 19 and 20, which I now know will be new drills. On August 17th you told me that the pooling proceedings would be continued. On August 18th you provided a draft OA covering all of section 34. On August 26th you informed me that the pooling proceedings had gone forward and that if we did not agree to a farmout covering both Sections 34 and 35, we will be forced pooled and no longer have options over our interests.

I have told you numerous times that Hyde Oil and Gas does not want to, and will not, sign an agreement giving Cimarex the rights to two full sections. I have also told you that in the past we have proceeded in Lea County on a well by well basis and would prefer to do that again. We would also like to avoid any forced pooling so exactly what is the offer that Cimarex is making at this point?

Blair Hamburg  
Hyde Oil and Gas Corporation  
817-737-6300

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**From:** Hayden Tresner <htresner@cimarex.com>  
**To:** blair hamburg <hogbhh@sbcglobal.net>  
**Sent:** Tuesday, September 1, 2009 6:02:20 PM  
**Subject:** RE: Mallon Proposals in Section 34-19S-34E, Lea Co., New Mexico

Hi Blair, has Hyde O&G made a decision yet? The OCD heard the case involving your interest in the re-entry but hasn't issued an Order yet. The next three cases will be heard soon. I don't know how long I can convince my management to do a deal after Order are issued. Please let me know what ya'll decide to do ASAP. Thanks again.

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**Hayden P. Tresner**

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