

SURFACE USE AND COMPENSATION AGREEMENT

STATE OF NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF CHAVES

Bill R. Medlin, and wife Donna K. Medlin, whose address is P.O. Box 50, Maljamar, New Mexico 88264, hereinafter referred to as "Grantor", grants to Cimarex Energy Co., whose address is 600 N. Marienfeld Street, Suite 600, Midland, Texas 79701, hereinafter referred to as "Grantee", its successors and assigns, the right to ingress, egress, easement, rights of way and use the following described tracts of land (the "Land") situated in Chaves County, New Mexico.

The Land as described on Exhibit "A" attached hereto

In consideration of the terms, conditions and covenants hereinafter recited, the receipt and sufficiency of which are hereby acknowledged, it is agreed and understood that such consideration shall cover any such matters of ingress, egress, easement and rights of way necessary and any such damages resultant from or associated with the drilling and completion of well(s) located on the Land described on Exhibit "A" attached hereto.

- 1.) Grantee shall pay Grantor the cash sum of \$7,500.00 for each drillsite location, which Grantor constructs and utilizes for a re-entry of a plugged and/or abandoned well or the drilling of a new oil and/or gas or injection well(s) located on the Land. This amount shall represent surface damages for the reasonable use of the surface of the Land for the drillsite location, including, without limitation, the drillsite and reserve pit. Any injury or damage occurring to groundwater, lands adjacent to the drillsite location, other lands owned by Grantor or damage to any cattle as a result of the operations of Grantee is not hereby released.
- 2.) All pits used by Grantee shall be lined with plastic material of sufficient thickness to prevent the escape of saltwater and other materials on or into the Land. If requested by Grantor, Grantee shall fence off the entire well location, including drillsite pad, reserve pit and if applicable, tank batteries and pumping units, in order to prevent Grantor's livestock from coming onto the drillsite location. If livestock enter upon the drillsite location and ingest oil, or become otherwise injured as a direct result of Grantee insufficiently fencing off locations, Grantee shall be liable to Grantor for such damages.
- 3.) Grantee shall stockpile, adjacent to the location, the topsoil taken during the building of the drillsite location. If the well is a producer, Grantee shall redistribute the topsoil over the reserve pit area and restore the surface as near as reasonably possible to its condition prior to drilling operations. Grantee shall continue to be entitled to retain for its use as much of the Land as is reasonable and prudent for the performance of its operations. If the well is a dry hole, Grantee shall remove the caliche pad, redistribute the topsoil over the drill site location and restore the surface as near as is reasonably possible to its condition prior to drilling operations.
- 4.) Upon completion of the drilling operations, the reserve pit will be allowed to evaporate until dry, after which all plastic and contents of the pit shall be removed and disposed of off-site of the Land. Clean margins will be established both horizontally and vertically in the removal of reserve pit contents. The reserve pit shall be backfilled with the top layer containing topsoil 3' in depth. Grantee agrees to purchase topsoil owned by Grantor from Grantor for \$4.00 per cubic yard to back fill reserve pit, if necessary. The pit shall be leveled, leaving such land suitable for replanting. Rocks larger than 3" in diameter will be buried below ground level. After the above procedures are completed, Grantee shall reseed the reserve pit area with native grass seed. Grantee will cooperate with Grantor as to the type and quantity of seed to be planted and the time of year and technique of planting grass seed.

- 5.) Grantee agrees to purchase from and pay Grantor the cash sum of \$0.40 per barrel for water obtained from Grantor's water wells for drilling and completion operations; provided that Grantor's water wells are capable of supplying the quantity of water required by Grantee for its operations. Grantee shall furnish all necessary equipment for pumping, metering and delivery of the water to the well, and shall obtain the necessary permit(s) from the New Mexico State regulatory office with jurisdiction for the same. No fresh water from beneath the Land shall ever be used for secondary recovery or repressure operations (or any like operations) by Grantee.
- 6.) Grantee agrees to purchase caliche owned by Grantor necessary for the construction or modification of drillsite locations or access roads built on the Land from Grantor at a rate of \$4.00 per cubic yard.
- 7.) Upon written request of Grantor, Grantee agrees to bury all production lines, flow lines or injection lines, or any type of line, which Grantee may have installed or cause to be installed, at least 24" beneath the surface and to thereafter clean and level the land affected thereby; with there being no mound over the ditch line and restore it as near as reasonably possible to its state of condition prior to burying thereof. Grantee shall have the right to transport any water purchased from Grantor through temporary water lines installed on top of and across the Land. Grantee agrees to remove the temporary water lines within two (2) weeks after the temporary water lines are no longer necessary or needed for Grantee's use.
- 8.) Grantee shall pay Grantor the cash sum of \$30.00 per rod for any new road, whether one or more, which Grantee constructs or causes to be constructed on the Land. All roads to be built by Grantee on the Land shall be located as agreed upon by and between Grantor and Grantee, but Grantor may not unreasonably withhold permission to build a road on the Land and shall be reasonable in its location. Grantee shall consult with Grantor for the placement of any and all roads to be located on the Land.
- 9.) If any fence is cut by Grantee or its contractors, it shall properly brace same before cutting and shall install and maintain a proper cattle guard and at the request of Grantor, Grantee shall install a pipe gate across the cattle guard capable of being locked. Keys will be distributed to only those persons, as identified and determined by Grantee, requiring access to the Land. For so long as the road is used by Grantee, it shall maintain the road and shall not permit or cause production vehicles (or any other vehicles) to enlarge the margin of the road.
- 10.) When Grantee no longer uses the road to access its well(s) on the Land Grantee shall, upon written request of Grantor, remove the materials utilized to construct the road and restore the surface as near as reasonably possible to its condition prior to Grantee's drilling and/or production activities.
- 11.) Grantee agrees to remove the rig and its associated drilling equipment from the land as soon as reasonably possible following the completion of a well.
- 12.) If a well is plugged and abandoned, Grantee shall, within six (6) months, remove all equipment, all production lines and all other items of equipment used directly or indirectly by Grantee as it pertains to the well drilled by it on the Land, and restore the site, as near a reasonably possible, to its original condition. If Grantee should fail to remove all such equipment and lines within said six (6) months and if Grantee fails to remove same within fifteen (15) days after Grantor gives written notice specifying such failure to remove same, Grantors, at their option, shall be entitled, but is not obligated, to remove all or any part of same and dispose of it without further notice.
- 13.) Grantee shall pay Grantor the cash sum of \$50.00 per rod for any pipeline, eight inches (8") or larger in diameter, that Grantee builds on the Land, and shall pay Grantor the cash sum of \$100.00 per hole for each hole drilled or dug for installation of electrical poles used to support power lines on the Land.

- 14.) Grantee shall exercise reasonable diligence to remove and/or remediate any and all soil and water contamination resulting from the Grantee's operations in accordance with the rules and regulations set forth by the New Mexico Oil Conservation Division. However, nothing contained herein gives Grantee the right to leave in place or remediation on site contaminated soil unless there is a separate agreement between Grantor and Grantee for same.
- 15.) Grantee shall be solely responsible and liable for any harm or injuries caused to persons or property as a result of Grantee's operations, and shall indemnify and hold Grantor and their trustees, officers, employees and agents harmless from and against any and all claims, charges, assessments, damages, expenses, fines or penalties incurred in defense of Grantor as a result of Grantee's operations; provided, however that nothing herein shall be construed to require or obligate Grantee to indemnify Grantor against, or hold Grantor harmless from Grantor's own negligent acts or omissions. Further, Grantee shall indemnify and save Grantor and his trustees, officers, employees and agents harmless from any and all damages, cleanup expenses, fines, or penalties, resulting from a fire or any violation of, or non-compliance with, applicable local, state, or federal laws and regulations resulting from Grantee's operations.
- 16.) Notwithstanding anything herein contained to the contrary, this Agreement is made without prejudice as to the rights of Grantee pursuant to any existing Oil and Gas Lease or other agreement covering the Land and nothing herein shall be construed to lessen or alter Grantee's rights under any such Oil and Gas Lease or agreement.

THIS AGREEMENT shall be binding on the party's successors, assigns, agents and representatives. Grantee's agents and independent contractors who will enter upon the Land shall comply with the terms and conditions set forth herein. The covenants hereunder shall be performable in Chaves County, New Mexico.

IN WITNESS WHEREOF, this instrument is executed the 10th day of August, 2008.

Grantors:

Bill R. Medlin

Donna K. Medlin

Cimarex Energy Co.

Grantee:

By: Roger Alexander, Attorney-in-Fact

Exhibit "A"

Attached to and made part of that certain Surface Use and Compensation Agreement dated August 10th, 2008, by and between Bill R. Medlin and wife, Donna K. Medlin, as Grantors, and Cimarex Energy Co., as Grantee, covering the following described lands, all located in Township 15 South, Range 31 East, N.M.P.M., Chaves County, New Mexico:

Section 1: All;

Section 3: All;

Section 4: SW/4;

Section 5: S/2;

Section 7: E/2;

Section 8: W/2, SE/4;

Section 9: E/2, SW/4;

Section 10: W/2;

Section 11: NE/4NW/4, N/2NE/4, SE/4NE/4, E/2SE/4;

Section 12: All;

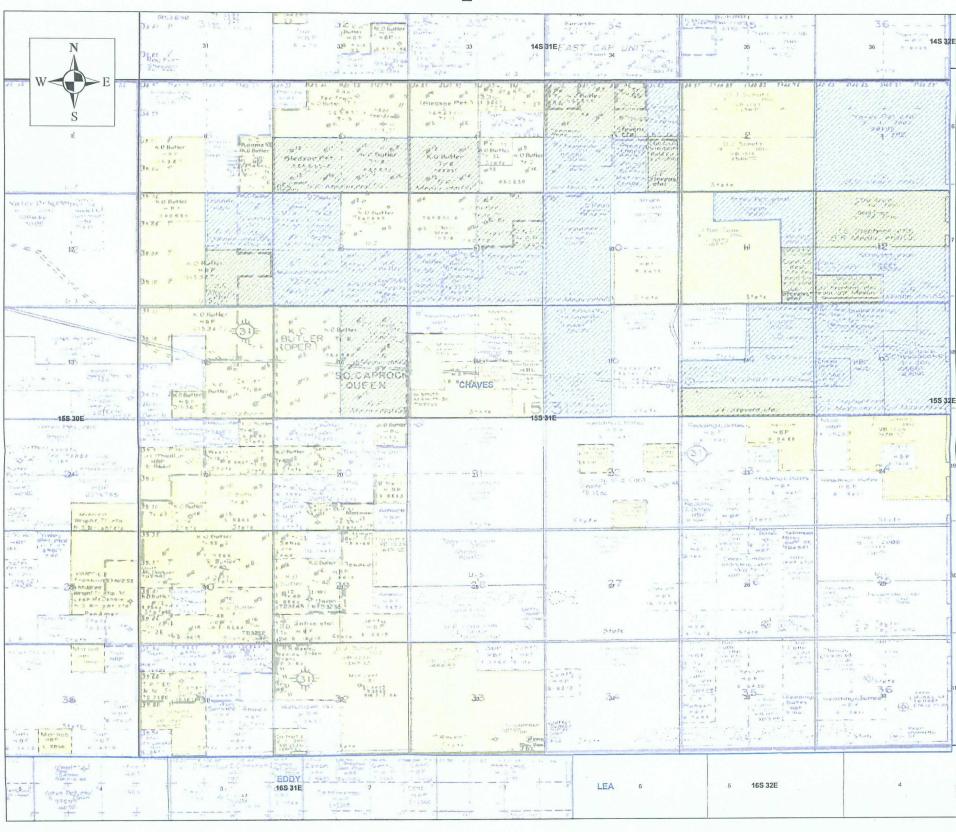
Section 13: All;

Section 14: NE/4, S/2;

Section 15: W/2;

Section 17: E/2

Caprock









DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
DISTRICT II
101 W. Grand Avenue, Artesia, NM 88210

ISTRICT III

State of New Mexico Energy, Minerals and Natural Resources Department

Form C-102 Revised October 15, 2009

Submit one copy to appropriate District Office

OIL CONSERVATION DIVISION

1220 South St. Francis Dr. Santa Fe, New Mexico 87505

1000 Rio Brazos Rd., Aztec, NM 87410 DISTRICT IV 1220 S. St. Francis Dr., Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name	
Property Code		Departy Name XER FEE	Well Number
OGRID No.	•	erator Name Y CO. OF COLORADO	Elevation 4412'

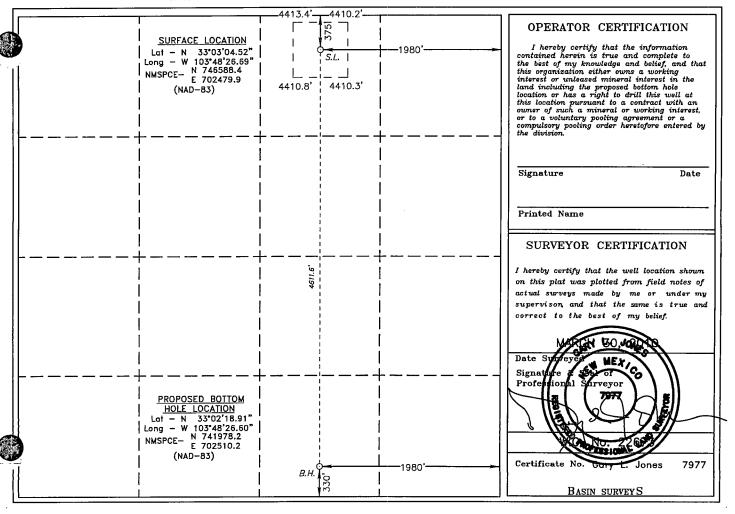
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
В	3	15 S	31 E		375	NORTH	1980	EAST	CHAVES

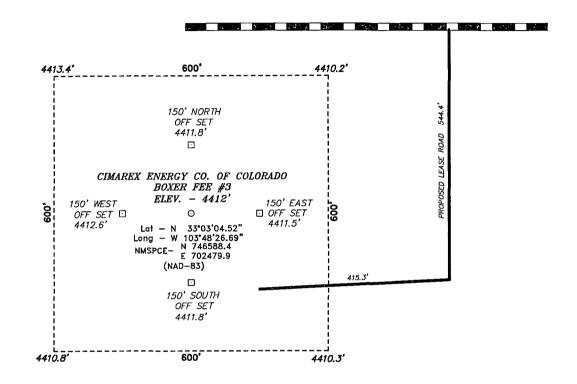
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	3	15 S	31 E		330	SOUTH	1980	EAST	CHAVES
Dedicated Acre	Joint o	r Infill Co	nsolidation	Code Ore	ler No.				

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



SECTION 3, TOWNSHIP 15 SOUTH, RANGE 31 EAST, N.M.P.M., CHAVES COUNTY, NEW MEXICO.



Directions to Location:

FROM THE JUNCTION OF HWY 172 AND VENUS ROAD, GO WEST ON VENUS ROAD FOR 0.3 MILES TO PROPOSED LEASE ROAD.

CIMAREX ENERGY CO. OF COLORADO

REF: BOXER FEE #3 / WELL PAD TOPO

THE BOXER FEE #3 LOCATED 375'

FROM THE NORTH LINE AND 1980' FROM THE EAST LINE OF SECTION 3, TOWNSHIP 15 SOUTH, RANGE 31 EAST,

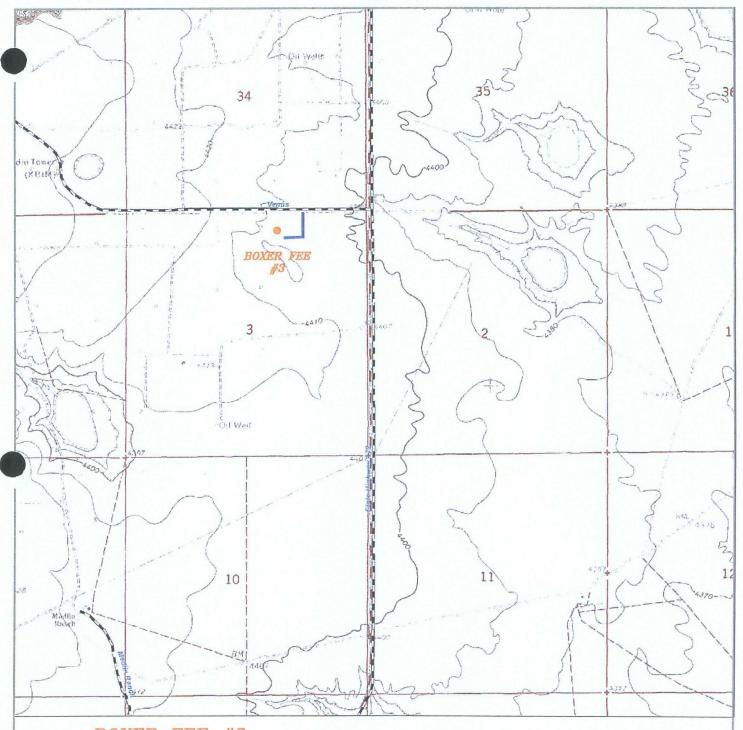
N.M.P.M., CHAVES COUNTY, NEW MEXICO.

Survey Date: 04-15-2010 | Sheet 1 of 1 Sheets

ASIN SURVEYS P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 22673 Drawn By: J. SMALL

Date: 04-20-2010 Disk: JMS 22673



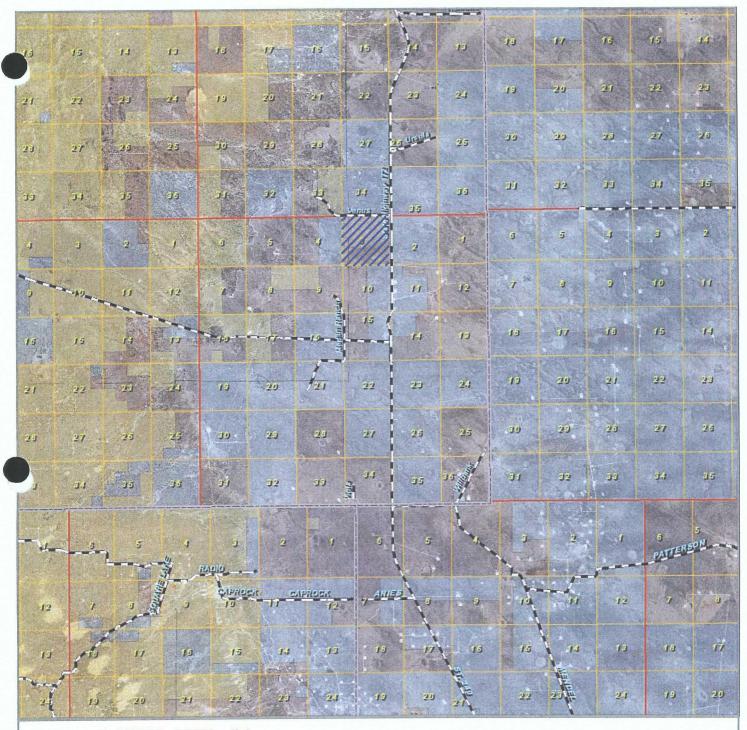
BOXER FEE #3 Located 375' FNL and 1980' FEL Section 3, Township 15 South, Range 31 East, N.M.P.M., Chaves County, New Mexico.



P.O. Box 1786 1120 N. West County Rd. Hobbs, New Mexico 88241 (575) 393-7316 - Office (575) 392-2206 - Fax basinsurveys.com

W.O. Number: JMS 22673 Survey Date: 04-15-2010 Scale: 1" = 2000' Date: 04-20-2010

CIMAREX ENERGY CO. OF COLORADO



BOXER FEE #4
Located 375' FNL and 1250' FEL
Section 3, Township 15 South, Range 31 East,
N.M.P.M., Chaves County, New Mexico.



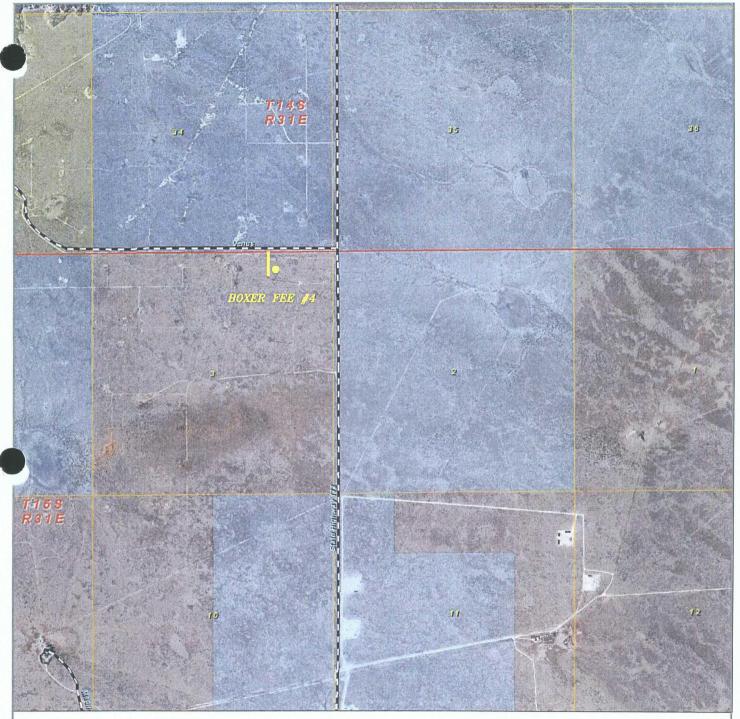
P.O. Box 1786 1120 N. West County Rd. Hobbs, New Mexico 88241 (575) 393—7316 — Office (575) 392—2206 — Fax basinsurveys.com W.O. Number: JMS 22674

Survey Date: 04-15-2010

Scale: 1" = 2 Miles

Date: 04-20-2010

CIMAREX ENERGY CO. OF COLORADO



BOXER FEE #4 Located 375' FNL and 1250' FEL Section 3, Township 15 South, Range 31 East, N.M.P.M., Chaves County, New Mexico.



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W.O. Number: JMS 22674

Scale: 1" = 2000'

YELLOW TINT — USA LAND BLUE TINT — STATE LAND NATURAL COLOR — FEE LAND



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DISTRICT II
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1220 S. St. Francis Dr., Santa Fe, NM 87505

API Number

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DISTRICT IV

State of New Mexico Energy, Minerals and Natural Resources Department Form C-102 Revised October 15, 2009

Submit one copy to appropriate
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1220 South St. Francis Dr. Santa Fe, New Mexico 87505

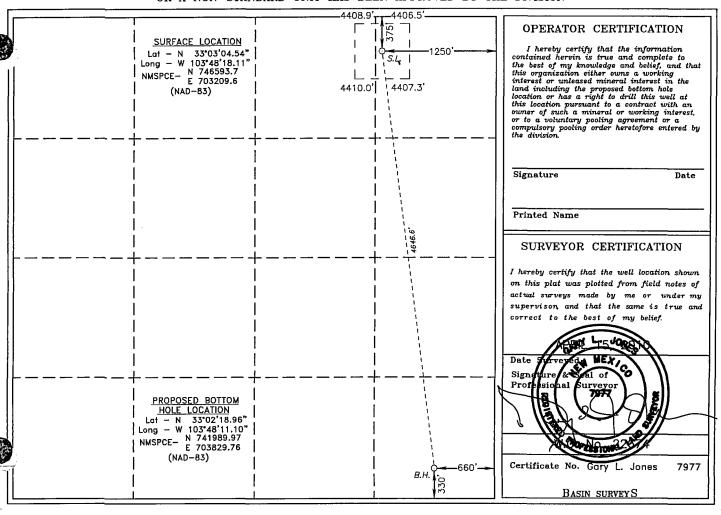
WELL LOCATION AND ACREAGE DEDICATION PLAT

Pool Code

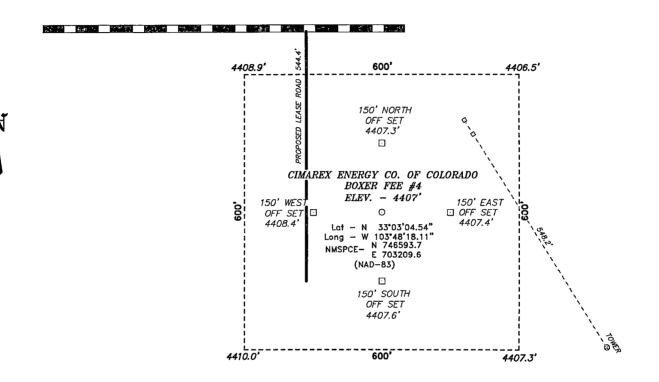
☐ AMENDED REPORT

Property	Code	1			Property Nam	ne		Well N	ımber	
					BOXER FE	Œ		4		
OGRID N	0.				Operator Nam	r Name Elevation				
			CIM	IAREX E	NERGY CO.	OF COLORADO)	440	<u> </u>	
					Surface Loca	ation				
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County	
Α	3	15 S	31 E		375	NORTH	1250	EAST	CHAVES	
			Bottom	Hole Loc	cation If Diffe	erent From Sur	face			
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County	
Р	3	15 S	31 E		330	SOUTH	660	EAST	CHAVES	
Dedicated Acre	s Joint	or Infill Co	nsolidation	Code Or	der No.					

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ASIN SURVEYS P.O. BOX 1786-HOBBS, NEW MEXICO

Drawn By:

200 0 200 400 FEET

SCALE: 1" = 200'

CIMAREX ENERGY CO. OF COLORADO

REF: BOXER FEE #4 / WELL PAD TOPO

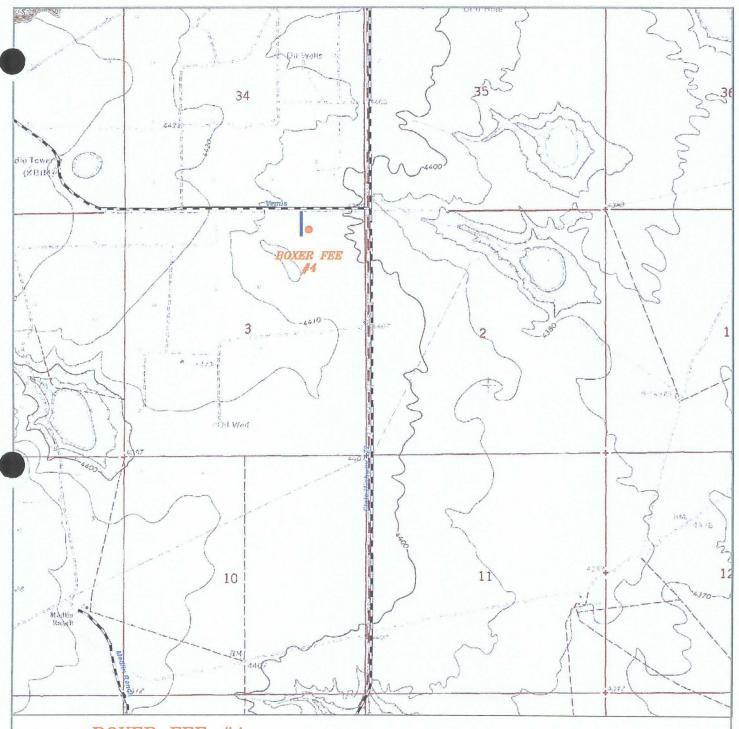
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FROM THE NORTH LINE AND 1250' FROM THE EAST LINE OF SECTION 3, TOWNSHIP 15 SOUTH, RANGE 31 EAST,

N.M.P.M., CHAVES COUNTY, NEW MEXICO.

J. SMALL N.M.P.M., CHAVES C

Date: 04-20-2010 Disk: JMS 22674 Survey Date: 04-15-2010 Sheet 1 of 1 Sheets



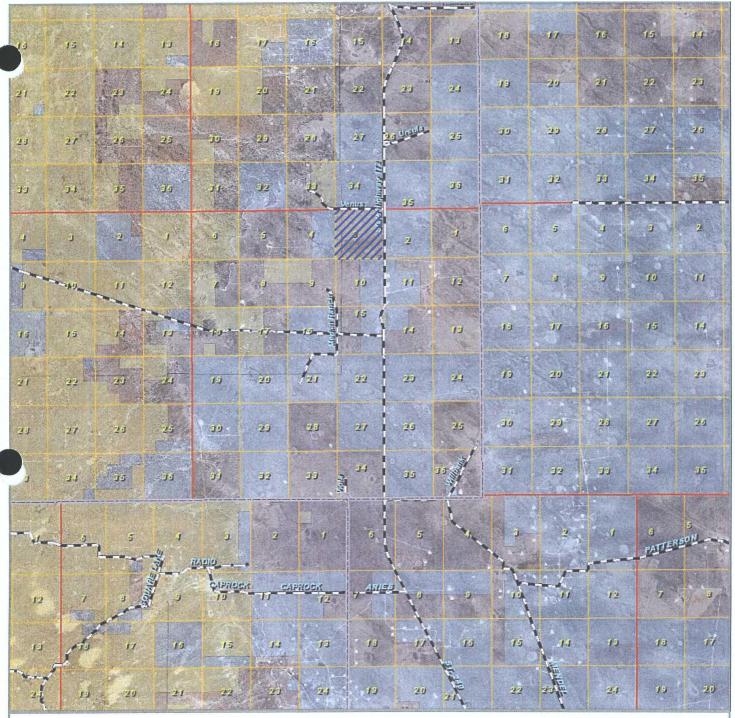
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CIMAREX ENERGY CO. OF COLORADO



BOXER FEE #4

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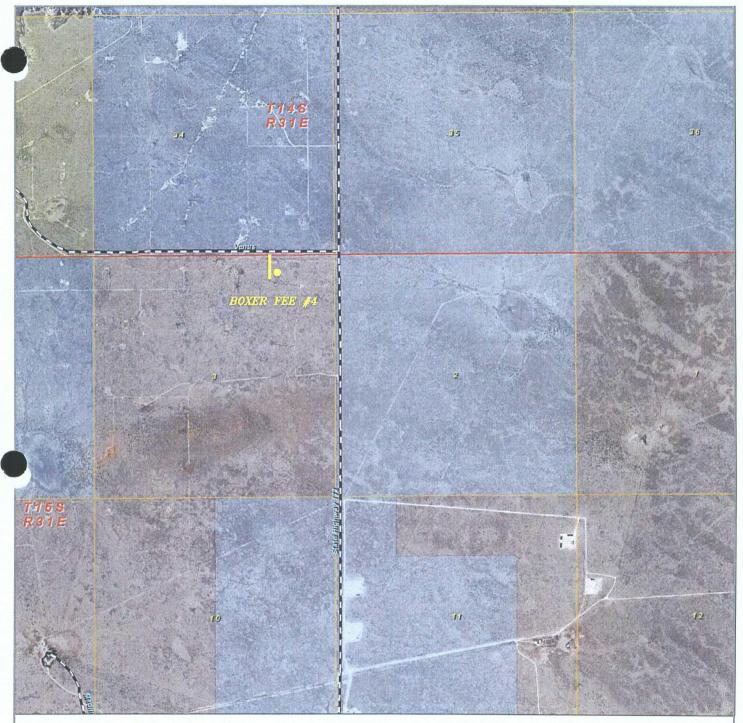
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Scale: 1" = 2 Miles

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W.O. Number: JMS

Scale: 1" = 2000'

YELLOW TINT — USA LAND BLUE TINT — STATE LAND NATURAL COLOR — FEE LAND



CIMAREX ENERGY CO. OF COLORADO

OMPLETE THIS SECTION ON DELIVERY SENDER: COMPLETE THIS SECTION Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. ☐ Agent □ Addressee Print your name and address on the reverse C. Date of Delivery so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. D. Is delivery address different from Item 12 If YES, enter delivery address below: 1. Article Addressed to: COG Oil & Gas, LP Attn: Jan Spradlin, Senior Landman 550 West Texas, Suite 100 ☐ Express Mail Midland, Texas 79701 Return Receipt for Mercha ☐ C.O.D. ☐ Yes 4. Restricted Delivery? (Extra Fee)

Cimarex Energy Co.

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432.571.7800

2. Article Number (Transfer from service label) Domestic Return Receipt PS Form 3811, February 2004

91 7108 2133 3937 9625 4133

102595-02-M-154

April 8, 2010



COG Oil & Gas, LP Attn: Jan Spradlin, Senior Landman 550 West Texas, Suite 100 Midland, Texas 79701

Re: New Well Proposal Boxer 3 Fee No. 3 Section 3, Township 15 South, Range 31 East, N.M.P.M. Chaves County, New Mexico

Dear Jan:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Boxer 3 Fee No. 3 Well at a legal location in the W/2E/2 of Section 3, Township 15 South, Range 31 East, N.M.P.M., Chaves County, New Mexico.

The intended surface hole location for the well is 375' FNL & 1980' FEL of Section 3 and the intended bottom hole location is 330' FSL & 1980' FEL of Section 3. The well is proposed to be drilled vertically to a depth of approximately 8,870' to the lower Abo formation and laterally in a Southerly direction within the formation to the referenced bottom hole location. Total measured depth of the well is proposed to be approximately 13,460' from surface to terminus.

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

Enclosed, in duplicate, is our detailed AFE reflecting estimated costs associated with this proposal. If you intend to participate, please approve and return one (1) original of the enclosed AFE. An operating agreement, identical in form to that previously agreed upon and entered into between Cimarex and COG, will follow under separate cover.

Please call the undersigned with any questions or comments.

Respectfully,

Cimarex Energy Co.

Willes Inter Hayden P. Tresner Landman



Authorization For Expenditure

Cimarex Energy Co.					April 1, 2010
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Permian	Boxer 3 Fee	3	Caprock	:	
					A STATE OF THE STA
	FEL Section 3-15S-31E FEL Section 3-15S-31E		Chaves	NM Gas	x Expl x
Edinalenzie			\$4.6046.4.3.1V.03.2.0	s.combac	omanon : JUDI Measured Ocean
Original Estimate Revised Estimate					13,460' Abo
Supplemental Estimo	ite C)			8,870'
	Lower ABO horizontal		Serra A. Lander S. Barristanas, Dr. a. a. 1914 and Tourisman Derivative and a service of		
:			·		
Intangibles			Dry Hole Cost	After Casing Point	Completed Well Cost
Drilling Costs			\$1,308.125		\$1,309,125
Completion Costs Total Intangible Cos	ts		\$1,309,125	\$1,344,980 \$1,344,980	\$1,544,980 \$2,654,105
, oan mangiore coo			A STATE OF THE PARTY OF THE PAR		
angibles			2 m 2 m 2000	CONSTRUCTION	20-2-20-6
Well Equipment Lease Equipment		5:	\$167,900 	956,2082 CCC,3448	\$275.366 \$146,500
Total Tangible Well	Cost		\$167,000	\$955,866	\$1,122,866
Plug and Ahanden C	est		\$250,000	-5.150,000	\$0
	4				
Total Well Cost			\$1,626,125	\$2,150,846	\$3,776,971
1. All tubulars, well		priced by COPAS and (CEPS guldelines using the Histori	c Price Multiplier.	
**************************************	BENEFITATION WATER 1200	AND THE RESIDENCE OF THE PARTY			
Unless otherwise inc	licated below, you, as	a non-operating work	ing interest owner, agree to be o		rol insurance procured by Operator
so long as Operator	conducts operations h	ereunder and to pay y	our prorated share of the premi	ums therefore. If you elect to p	urchase your own well control
					returned, if available, but in no event in, will result in your being covered
by insurance procur		such to a up to a such	ranara ta provida die continuaci	. or madrane, as provided here	in, will result in your being covered
[] I elect to purchase	my own well control insuran	ce policy,			
Well control insuran	ice procured by Operat	tor, provides, among o	other terms, for \$20,000,000 (100	0% W.I.) of Combined Single Lim	nit coverage for well control and
			g (through completion) with a \$		
		· · · · · · · · · · · · · · · · · · ·			
mmentativates					
 The above costs are without affecting the 	estimates only and an e authorization for exp	ticipate trouble free o enditure herein grant	perations without any foreseeat ed. By approval of this AFE, the	ole change in plans. The actual	costs may exceed the estimated costs to pay its proportionate share of
actual legal, curative	e, regulatory and well o	costs under term of th	e joint operating agreement, reg	ulatory order or other applicab	le agreement covering this well.
		*********	Cimarex Energy Co. Appro	wal	50- Prot 4744 Base
agareav a e					
Mark Audas	THE STATE OF THE PARTY OF THE P			The state of the s	The second secon
			bolosh baharana America	·	
Constitution			overest Asprovin		
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Project Cost Estimate

Well No.: 3 Boxer 3 Fee Lease Name: invioletos (After Casing Point \$30,000 301.130 \$3,000 \$33,000 Roads & Location Preparation / Restoration 2/00/200 \$6,000 \$6,000 Damages Mud / Fluids Disposal Charges \$46,000 V 02 1/2 \$46.875 0:00,022 S51,000 584,000 Day Rate 35 DH Days 7 ACP Days @ Per Day \$635,000 2022222 Misc Preparation Cost (mouse hale, rat hale, pads, pile clusters, misc.) \$5,000 \$5,000 3:200.0 Bits \$15,000 \$1,000 \$4,6,000 Fuel \$0.00 Per Gallon Gallons Per Day So \$1,000 \$1,000 Water / Completion Fluids Per Day \$30,625 \$58,125 0900240 588,750 Mud & Additives \$54,500 lataquar. \$64,500 Surface Rentals Per Day Ø 0-1.1-40 \$67,000 \$98,000 10/00/2,030 536,000 Downhole Rentals \$14,000 350,000 Formation Evaluation (DST, Coring including evaluation, G&G Services) 10/201130 50 \$30,000 30:Per Day \$30,000 Å Mud Logging \$850: Days @ 1 0000.50 Open Hole Logging \$35,000 \$35,000 000.12 Cementing & Float Equipment \$40,000 3 02.135 \$60,000 000,000 **Tubular Inspections** \$5,000 \$3,000 \$8,000 ರಚಿಸಲಾಗ Casing Crews \$9,000 \$14,000 \$23,000 Ø90.133 Extra Labor, Welding, Etc. \$11,000 \$5,000 \$16,000 Land Transporation (Trucking) \$21,000 12.55.55 5/5/0202 \$4,000 \$25,000 Supervision \$x\$,000, 2x2:s5 \$16,000 \$61,000 0100,250 Trailer House / Camp / Catering 400 Per Day \$4,000 \$25,000 000000 Other Misc Expenses \$2,000 \$7,000 \$9,000 COURT Overhead 300 Per Day 000.EFE \$3,000 10/02/12 \$16,000 2700,000 Remedial Cementing 303.55 \$0 s130 000 (1) MOB/DEMOB ŝo irectional Drilling Services 14: Days @ 7,800 Per Day \$130,000 Jock, Dispatcher, Crone 10/01/22/2 3/00/180 SO Marine & Air Transportation 50 0.000.00 Solids Control Per Day 346,000 \$46,000 pholites Well Control Equip (Snubbing Svcs.) \$6,000 \$11,000 \$3.7,000 Fishing & Sidetrack Operations \$0 0 0 0 1 1 1 1 1 Completion Ria 7: Davs @ 3.400 Per Day \$36,000 \$38,000 Coil Tubing 1 Days @ Per Day 2500.05 \$53,000 \$33,000 Completion Logging, Perforating, WL Units, WL Surveys \$8,000 2:00.000 \$8,000 Stimulation \$670,980 2001.11 \$670,980 Legal / Regulatory / Curative \$13,000 \$13,000 \$0.35 Per Foot Well Control Insurance 50,000 (120) 58000 \$5,000 5% of Drilling Intangibles Contingency \$162,030 × 12.50 \$117,000 Construction For Well Equipment \$10,000 \$10,000 Construction For Lease Equipment \$70,000 \$70,000 Construction For Sales P/L
Total Intangible Cost \$100,000 \$100,000 \$1,309,125 \$1,344,980 \$2,654,105 \$ / Foot \$0.00 \$0.00 Casina Size Feet Drive Pipe 20: 40.00 Conductor Pipe SO 50 Water String 27 35.033 30 SO 323,000 (Surface Casing 13-3/8" 340.00 \$60.46 DW 85.445 \$22,000 Intermediate Casina 9 5/8 3950.00 \$33.26 \$131,000 19793,143 \$131,000 Drilling Liner 300 80 Drilling Liner SO to Part \$0 Production Casing or Liner 7/1 8500.00 \$35.50 1795 £30,000 \$304,000 5301,000 4 1/2" Production Tie-Back 4500.00 \$14.21 74.21...27 \$65,366 565,366 Tubing 2 7/8" 8400.00 \$7.30 \$61,000 0 951,123 \$61,000 /C Well Equipment \$7,500 27723-222 \$7,500 Wellhead, Tree, Chokes \$15,000 \$10,000 \$35,000 21//23/02/2 Liner Hanger, Isolation Packer 177, 95,110 ŚO \$168,000 \$168,000 Packer, Nipples \$1,000 \$1,000 Pumpina Unit, Engine \$135,000 10462.000 \$135,000 Lift Equipment (BHP, Rods, Anchors) \$57,500 Manglote Cesse Equipment (ACC) Programme Acceptance (ACC) N/C Lease Equipment \$47,250 \$47,250 Tanks, Tanks Steps, Stairs \$61,500 561,500 Battery (Heater Treater, Separator, Gas Treating Equipment) ancini \$32,250 \$32,250 Flow Lines (Line Pipe from wellhead to central facility) 15.550,136 0.4186,639 \$5,500 \$5,500 Offshore Production Structure for Facilities \$0 SO Pipeline to Sales \$0 Total Tangibles \$955,866 \$1,122,866 \$167,000 P&A Costs foic stays \$150,000 5100.575 \$150,000 \$0 Total Cost \$1,626,125

\$3,776,971

\$2,150,846

SENDER: COMPLETE THIS SECTION A. Signature Complete items 1, 2, and 3. Also complete ☐ Agent item 4 if Restricted Delivery is desired. □ Addressee Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece. C. Date of Delivery B. Received by (Printed Name) or on the front if space permits. D. Is delivery address different from item 1? 1. Article Addressed to: □ No If YES, enter delivery address below; HK Chesapeake Exploration, L.L.C. 01 Attn: Hugh T. Brower ZUIV 6100 N. Western Avenue lail D Express Mail Oklahoma City, Oklahoma 73118 ☐ Return Receipt for Merchandise □ C.O.D. 4. Restricted Delivery? (Extra Fee) ☐ Yes 2. Article Number 7108 2133 3937 9625 4140 91

Cimarex Energy Co. 600 N. Marienfeld St.

(Transfer from service label) ______
PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

Suite 600 Midland, Texas 79701 PHONE 432.571.7800

April 8, 2010



Via: e-mail and U.S. Certified Mail-Return Receipt No. 91 7108 2133 3937 9625 4140

Chesapeake Exploration, LLC Attn: Hugh Brower, Landman 6100 N. Western Avenue Oklahoma City, Oklahoma 73118

Re: New Well Proposal
Boxer 3 Fee No. 3
Section 3, Township 15 South, Range 31 East, N.M.P.M.
Chaves County, New Mexico

Dear Hugh:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Boxer 3 Fee No. 3 Well at a legal location in the W/2E/2 of Section 3, Township 15 South, Range 31 East, N.M.P.M., Chaves County, New Mexico.

The intended surface hole location for the well is 375' FNL & 1980' FEL of Section 3 and the intended bottom hole location is 330' FSL & 1980' FEL of Section 3. The well is proposed to be drilled vertically to a depth of approximately 8,870' to the lower Abo formation and laterally in a Southerly direction within the formation to the referenced bottom hole location. Total measured depth of the well is proposed to be approximately 13,460' from surface to terminus.

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

Enclosed, in duplicate, is our detailed AFE reflecting estimated costs associated with this proposal. If you intend to participate, please approve and return one (1) original of the enclosed AFE. An operating agreement, identical in form to that previously agreed upon and entered into between Cimarex and Chesapeake, will follow under separate cover.

Please call the undersigned with any questions or comments.

Respectfully, Cimarex Energy Co.

Musikas Vices Hayden P. Tresner

Landman



Authorization For Expenditure

Cimarex Energy Co.			Decem	April 1, 2010
		annan arabasa da katanan araba		SECONDING ARENOTES
Permian	Boxer 3 Fee	3 Caprock	:	
SHL: 375 FNL & 1980 FEL BHL: 330 FSL & 1980 FEL	Section 3-15S-31E	Chaves	NM Oil Gas	x Expl x Prod
BHL: 330 FSL & 1980 FEL				
Original Estimate Revised Estimate Supplemental Estimate	• O			13,460' Abo 8,870'
ciolesta describitados de				
Drill and complete a Low	er ABO horizontal well. With p	ilot hole. 10 stages 4560' VS		:
				:
Mark 1999 - 19 199 - 1991 - 1992 - 1992 - 1993 - 1995 - 1995 - 1995 - 1995 - 1995 - 1995 - 1995 - 1995 - 1995 -	Y			
Intansibles		Dry tiole Cest	After Casing Point	Completed Well Cost
Drilling Costs Completion Costs		81,339,139	\$2,534,980	\$1,309,125 \$1,544,980
Total Intangible Costs		\$1,309,125	\$1,344,980	\$2,654,105
, angibles			- The state of the	
Well Equipment		S:\$50,080	\$800,366	5976,365
Lease Equipment Total Tangible Well Cost		\$167,000	\$126,500 \$955,866	\$446,500 \$1,122,866
Total Taligible Well Cost	The second secon	7107,000	755,000	Tilerioon
Plug and Abandon Cost		3000,000	-\$u50,000	50
Total Well Cost		\$1,626,125	\$2,150,846	\$3,776,971
1. All tubulars, well or le		PAS and CEPS guidelines using the H	istoric Price Multiplier.	trol insurance procured by Operator
so long as Operator con insurance, you must pro later than commenceme by insurance procured b	ducts operations hereunder an wide a certificate of such insura ent of drilling operations. You	d to pay your prorated share of the ance acceptable to Operator, as to fo	premiums therefore. If you elect to irm and limits, at the time this AFE is	
		s, among other terms, for \$20,000,00 ring drilling (through completion) wi	· , · · · · · · · · · · · · · · · · · ·	•
without affecting the au	imates only and anticipate trou ithorization for expenditure he		seeable change in plans. The actua , the working interest owner agrees	
<u></u>		Cimarex Energy Co. A	(sorove)	*
Mark Audas				
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Total Cost

Project Cost Estimate

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and legislation of the state of			V-00-2-2-1			Contract
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uel \$0.00 Per Gallon Gallons Per Day		3:0015	. 68	9 000,030	\$1,000:	\$1,0
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	Day	0:00.131	\$81,000	2000.000	\$67,000	\$98.0
ownhole Rentals		9900.550	\$36,000	-0100048 -014108-4118	\$14,000	\$50,0
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ementing & Float Equipment		0/0/1035	\$40,000	900763	\$20,000	\$60,0
ubular Inspections		-2125.035	\$5,000	2 11117	\$3,000	\$8.0
asing Crews		2.71254	\$9,000	. 2 : 14:42 -	\$14,000	\$73,0
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verhead 300 Per	r Day	10801.103	650,628	30771	\$3,000	\$16,0
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rectional Drilling Services 14 Days @ 7,800 Per	ruay	19/90/215	\$130,000		aranganga.	\$420,0
ock, Dispatcher, Crane		- D/DCDEC		2,01313		·-,
farine & Air Transportation		9/04/073	0.01905	2 71.020 2003-00-028	१९५८तम्बर्गस्य	A . 7 . 7
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'ell Control Equip (Snubbing Svcs.)		0.01.255	\$6,000	2757,240	\$11,000	\$3,7,0
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ontingency 5% of Drilling Intangibles		J 30 A05			AND MARKET	\$5,0
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bing 2.7/8" 8400.00	\$7.30	104 24 37	FOR MESSAGE	24/24/27	\$65,366	\$65.
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ellhead, Tree, Chokes		A Descriptions Devisions	\$15,000		\$10,000:	\$7.
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t Equipment (BHP, Rods, Anchors)	i			trate, res	\$57,500	\$\$7,
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It is the second of the second				0972.000	\$5,500	55,
/C Leose Equipment anks, Tanks Steps, Stairs ortery (Heater Treater, Separator, Gas Treating Equipment) low Lines (Line Pipe from wellhead to central facility) Iffshore Production Structure for Facilities				0 WFD.0 F 0 2 VV GALLES	\$5,500 \$0	\$5,3
/C Leose Equipment niks, Tanks Steps, Stairs nitery (Heater Treater, Separator, Gas Treating Equipment) ow Lines (Line Pipe from wellhead to central facility)		and the land	\$167,000	0972.000		\$1,122,



\$3,776,971

\$2,150,846

\$1,626,125

Cimarex Energy Co.

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

April 20, 2010



Working Interest Owners Listed on Page 3

Re: New Well Proposal
Boxer 3 Fee No. 3
Section 3, Township 15 South, Range 31 East, N.M.P.M.
Chaves County, New Mexico

Dear Working Interest Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Boxer 3 Fee No. 3 Well at a legal location in the W/2E/2 of Section 3, Township 15 South, Range 31 East, N.M.P.M., Chaves County, New Mexico.

The intended surface hole location for the well is 375' FNL & 1980' FEL of Section 3 and the intended bottom hole location is 330' FSL & 1980' FEL of Section 3. The well is proposed to be drilled vertically to a depth of approximately 8,870' to the lower Abo formation and laterally in a Southerly direction within the formation to the referenced bottom hole location. Total measured depth of the well is proposed to be approximately 13,460' from surface to terminus.

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 reflecting estimated costs associated with this proposal, and; (ii) our proposed form of Operating Agreement to govern operations of the Boxer 3 Fee No. 3 Well. 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 the contact information to receive your well data, to the undersigned within thirty (30) days of receipt of this proposal. If you 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.

In the event you do not wish to participate in drilling the proposed well, Cimarex will consider acquiring an Oil and Gas Lease covering your mineral interest in the proposed spacing or proration unit dedicated to the well for five hundred dollars (\$500.00) per net mineral acre, wherein, among other mutually agreeable terms, Cimarex would be delivered a seventy-five percent (75%) net revenue interest lease.

Please call the undersigned with any questions or comments.



Respectfully,

Cimarex Energy Co.

Muselin Accounts

Hayden P. Tresner Landman



ELECTION TO PARTICIPATE Boxer 3 Fee No. 3

Elects TO participate in the proposed Boxer 3 Fee No. 3 Well
Elects NOT to participate in the proposed Boxer 3 Fee No. 3 Well
ated this day of, 2010.
gnature:
inted Name:
tle:
your election above is TO participate in the proposed Boxer 3 Fee No. 3 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



Working Interest Owner Address List:

Via: e-mail and Federal Express Mail (Overnight Delivery)

Chisos Ltd.
Attn: Sue Ann Craddock, President
670 Dona Ana Road SW
Deming, New Mexico 88030

Via: Federal Express Mail (Overnight Delivery)

Pure Energy Group, Inc. 153 Treeline Park, Suite 220 San Antonio, Texas 78209

Via: e-mail and Federal Express Mail (Overnight Delivery)

The Blanco Co. Attn: Phil White 110 2nd Street Northwest Albuquerque, New Mexico 87109

Via: e-mail and Federal Express Mail (Overnight Delivery)

First Roswell Co. Attn: Thomas Jennings 111 South Kentucky Avenue Roswell, New Mexico 88203-4518



Authorization For Expenditure

imarex Energy Co.]			L	April 1	., 2010	
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managan kenggan dan da	Stanto Milional	er over en ser	ost-Zarasi	County Jan Ost I	Market State (1994)	Market Park	ente Type	Well	
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angibles Well Equipment				\$167,000	\$809,366			\$976,36	56
				CONTRACTOR C	\$146,500			\$146,50	
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Plug and Abandon Co Total Well Cost Control Well Cost 1. All tubulars, well co Well Control Insurance, you must insurance, you must insurance procure I elect to purchose r Well control insurance	ost or lease equipi icated below, conducts oper provide a cert ement of drilli- ed by Operato my own well conto	you, as a non- ations hereunc tificate of such ng operations. r. rol insurance policy y Operator, pro	by COPAS and operating woo jer and to pay insurance acc You agree the	\$150,000 \$1,626,125	-\$150,000 \$2,150,84 Price Multiplier. Price Multiplier. vered by Operator's vars therefore. If you is limits, at the time the finsurance, as proving the company of the c	well control ir elect to purch is AFE is retu ided herein, w	surance p nase your c rned, if ava vill result in	\$3,776,9	by Operator Control ut in no ever ing covered
Plug and Abandon Co Total Well Cost Continents on Well Cost Continents on Well Cost All tubulars, well of Well Control Insurant Unless otherwise and so long as Operator of insurance, you must later than commence by insurance procure I elect to purchase or Well control insurant related redrilling and	ost or lease equipi cated below, conducts open provide a cert ement of drilli d by Operato my own well contu- ce procured bi I clean-up/pol estimates only a authorizatior	you, as a non- ations hereunc ifficate of such ng operations. r. rol insurance policy y Operator, pro llution expense	operating worder and to pay insurance accessory over the covering drill accovering drill account account of the covering drill account of the coverin	\$1,626,125 S1,626,125 CEPS guidelines using the Historic deposition of the Historic deposition of the Historic deposition of the premium septiable to Operator, as to form and at failure to provide the certificate gother terms, for \$20,000,000 (100)	-\$150,000 \$2,150,84 Price Multiplier. Price Multiplier. Price Multiplier. Vered by Operator's vered by	well control in elect to purchis AFE is retuided herein, will deductible.	nsurance p nase your c rned, if ava vill result in overage for s may exce ay its prope	\$0 \$3,776,9 \$3,776,9 \$70cured borrocured bor	171 Ty Operator Control at in no evering covered trol and
Plug and Abandon Co Total Well Cost Comments of Well Cost Comments of Well Cost All tubulars, well of the Cost	ost or lease equipi icated below, conducts oper- provide a cert ement of drillil ed by Operato my own well control ce procured by a clean-up/pol estimates only e a carthorization c, regulatory at	you, as a non- ations hereunc ifficate of such ng operations. r. rol insurance policy y Operator, pro llution expense	operating worder and to pay insurance accessory over the covering drill accovering drill account account of the covering drill account of the coverin	\$150,000 \$1,626,125 I CEPS guidelines using the Historic and the Historic	-\$150,000 \$2,150,84 Price Multiplier. Price Multiplier. Vered by Operator's vered by	well control in elect to purchis AFE is retuided herein, will deductible.	nsurance p nase your c rned, if ava vill result in overage for s may exce ay its prope	\$0 \$3,776,9 \$3,776,9 \$70cured borrocured bor	ortal trol and trol and
Plug and Abandon Co Total Well Cost Comments on Well Cost L All tubulars, well of the cost of the co	ost or lease equipi icated below, conducts oper- provide a cert ement of drillil ed by Operato my own well control ce procured by a clean-up/pol estimates only e a carthorization c, regulatory at	you, as a non- ations hereunc ifficate of such ng operations. r. rol insurance policy y Operator, pro llution expense	operating wooder and to pay insurance according to a covering drill to be trouble free trouble free tree herein grander term of the covering drill to be the covering drill	\$1,526,125 3 CEPS guidelines using the Historic and the	-5150,000 \$2,150,64 \$2,150,64 Price Multiplier. Price Multiplier. vered by Operator's imms therefore. If you li limits, at the time the off insurance, as provided with the company of t	well control ir elect to purchis AFE is retuided herein, will deductible.	nsurance p nase your c rned, if ava vill result in overage for s may exce ay its prope	\$0 \$3,776,9 \$3,776,9 \$70cured borrocured bor	ortal trol and trol and
Plug and Abandon Co Total Well Cost Comments on Well Cost Comments on Well Cost All tubulars, well of the Cost	ost or lease equipi icated below, conducts oper- provide a cert ement of drillil ed by Operato my own well control ce procured by a clean-up/pol estimates only e a carthorization c, regulatory at	you, as a non- ations hereunc ifficate of such ng operations. r. rol insurance policy y Operator, pro llution expense	operating wooder and to pay insurance according to a covering drill to be trouble free trouble free tree herein grander term of the covering drill to be the covering drill	\$1,526,125 I CEPS guidelines using the Historic at CEPS guidelines at Salary and the CEPS guidelines at CEP	-5150,000 \$2,150,84 Price Multiplier. Price Multiplier. Vered by Operator's mas therefore. If you li limits, at the time the offinish in the time that offinish in the time that offinished in the t	well control ir elect to purchis AFE is retuided herein, will deductible.	nsurance p nase your c rned, if ava vill result in overage for s may exce ay its prope	\$0 \$3,776,9 \$3,776,9 \$70cured borrocured bor	171 Ty Operator Control at in no evering covered trol and
Plug and Abandon Co Total Well Cost Comments of Well Cost Comments of Well Cost All tubulars, well of the Cost	ost or lease equipi icated below, conducts oper- provide a cert ement of drillil ed by Operato my own well control ce procured by a clean-up/pol estimates only e a carthorization c, regulatory at	you, as a non- ations hereunc ifficate of such ng operations. r. rol insurance policy y Operator, pro llution expense	operating wooder and to pay insurance according to a covering drill to be trouble free trouble free tree herein grander term of the covering drill to be the covering drill	\$1,526,125 I CEPS guidelines using the Historic at CEPS guidelines at Salary and the CEPS guidelines at CEP	-5150,000 \$2,150,84 Price Multiplier. Price Multiplier. Vered by Operator's mas therefore. If you li limits, at the time the offinish in the time that offinish in the time that offinished in the t	well control ir elect to purchis AFE is retuided herein, will deductible.	nsurance p nase your c rned, if ava vill result in overage for s may exce ay its prope	\$0 \$3,776,9 \$3,776,9 \$70cured borrocured bor	171 Ty Operator Control at in no evering covered trol and



Project Cost Estimate

Day Rate 35 DH Days Per Day De Day Rose Day Rate 35 DH Days Per Day De Day Rate Day De Day Rate Day De Day Rate Day De	0C.105 0C.105 0C.105 0C.105 0C.105 0C.105 0C.105 0C.105 0C.105 0C.125 0C.		DICC.125 DICC.135 DICC.135 DICC.135 DICC.135 DICC.135 DICC.136 DICC.135 DICC.140 DICC.135 DICC.145 DICC.155 DICC.155 DICC.155 DICC.155 DICC.155 DICC.157 DICC.157 DICC.157 DICC.158	\$3,000 \$46,875 \$84,000 \$1,000 \$1,000 \$10,000 \$14,000 \$20,000 \$3,000 \$14,000 \$5,000 \$14,000 \$15,000 \$4,000 \$4,000	\$33,000 \$33,000 \$92,87 \$635,00 \$16,00 \$1,00 \$88,75 \$64,50 \$50,00 \$35,00
Roads & Location Preparation / Restoration Demoges Old Mud / Fluids Disposal Charges Day Rate 35 DH Days 10 Per 7 ACP Days 10 Per Day 10 Per Day 10 Per Per	DC.105 DC.255 DC.125 DC.	\$6,000 \$46,000 \$551,000 \$5,000 \$15,000 \$15,000 \$6,000 \$31,000 \$36,000 \$35,000 \$35,000 \$40,000 \$5,000 \$11,000 \$21,000 \$21,000	DICC.105 DICC.125 DICC.125 DICC.125 DICC.125 DICC.126 DICC.125 DICC.140 DICC.135 DICC.140 DICC.135 DICC.140 DICC.135 DICC.140 DICC.155 DICC.175 DICC.175 DICC.175	\$46,875 \$84,000 \$1,000 \$1,000 \$5,1000 \$67,000 \$14,000 \$20,000 \$3,000 \$14,000 \$5,000 \$4,000 \$4,000	\$6,00 \$92,87 \$635,00 \$16,00 \$1,00 \$1,00 \$88,75 \$64,50 \$98,00 \$50,00 \$30,00 \$35,
Domages Mud / Fluids Disposal Charges Doy Rate 335 DH Days 77 ACP Days Per Day Doy Rate Say Days Per Day Doy Rate Say DH Days Per Day Doy Rate Say DH Days Per Day Doy Rate Say Days Per Day Doy Rate Say Days Per Day Doy Doy Doy Doy Days Per Day Doy Doy Doy Doy Doy Doy Doy Doy Doy Do	DC.255 DC.	\$46,000 \$551,000 \$5,000 \$15,000 \$0 \$30,625 \$44,500 \$36,000 \$36,000 \$35,000 \$35,000 \$40,000 \$11,000 \$11,000 \$21,000 \$45,000	DICC.235 DICC.120 DICC.125 DICC.120 DICC.125 DICC.120 DICC.120 DICC.128 DICC.140 DICC.145 DICC.145 DICC.145 DICC.145 DICC.155 DICC.175 DICC.175 DICC.175	\$84,000] \$1,000 \$3,000 \$58,125 \$67,000 \$14,000 \$20,000 \$3,000 \$14,000 \$5,000 \$5,000 \$5,000	\$92,87 \$635,00 \$16,00 \$1,00 \$88,75 \$64,50 \$50,00 \$35,00 \$35,00 \$60,00 \$23,00 \$16,00 \$25,00 \$61,00
Mud / Fluids Disposal Charges Day Rate 35 DH Days Per Day Disposal Charges Day Rate 35 DH Days Per Day Disposal Control of Control	DC.115 DC.120 DC.125 DC.125 DC.140 DC.145 DC.140 DC.145 DC.145 DC.150 DC.	\$551,000 \$5,000 \$15,000 \$0 \$30,625 \$64,500 \$36,000 \$36,000 \$30,000 \$30,000 \$40,000 \$5,000 \$11,000 \$21,000 \$45,000	DICC.125 DICC.125 DICC.125 DICC.126 DICC.127 DICC.138 DICC.138 DICC.138 DICC.138 DICC.138 DICC.138 DICC.138	\$84,000] \$1,000 \$3,000 \$58,125 \$67,000 \$14,000 \$20,000 \$3,000 \$14,000 \$5,000 \$5,000 \$5,000	\$635,00 \$5,00 \$16,00 \$1,00 \$88,75 \$64,50 \$50,00 \$50,00 \$35
Day Rate 35 DH Days 7 ACP Days Per Day Dec Miss Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.) D.C. Bits Downhole Rentals Per Day Dec Miss Per Day Dec Day Dec Miss Per Day Dec Miss Per Day Dec Miss Per Day D	DC.129 DC.128 DC.128 DC.138 DC.140 DC.140 DC.145 DC.150 DC.150 DC.150 DC.170 DC.125 DC.150 DC.170 DC.125 DC.120 DC.125 DC.120 DC.120	\$5,000 \$15,000 \$15,000 \$30,625 \$54,500 \$31,000 \$36,000 \$35,000 \$35,000 \$40,000 \$11,000 \$21,000 \$45,000	DICC.125 DICC.125 DICC.126 DICC.127 DICC.140 DICC.145	\$1,000 \$1,000 \$58,125 \$67,000 \$14,000 \$20,000 \$3,000 \$14,000 \$5,000 \$4,000 \$16,000	\$5,00 \$16,00 \$1,00 \$88,75 \$64,50 \$98,00 \$50,00 \$35,00 \$35,00 \$35,00 \$23,00 \$16,00 \$16,00 \$225,00
Misc Preparation Cost (mouse hole, rot hole, pads, pile clusters, misc.) Bits Fuel So.00 Per Gallon Gallons Per Day Out Water / Completion Fluids Per Day Out Mud & Additives Out Surface Rentals Per Day Out Formation Evaluation (DST, Coring including evaluation, G&G Services) Out Mud Logging Services Out Mud Logging Open Hole Logging Out Cementing & Float Equipment Out Tubular Inspectations Out Casing Crews Out Extra Labor, Welding, Etc. Out Land Transporation (Trucking) Out Supervision Fer Day Out Other Misc Expenses Out Remedial Cementing A00 Per Day Out Other Misc Expenses Out Mob/DEMOB Out	DC.125 DC.139 DC.140 DC.145 DC.145 DC.150 DC.150 DC.150 DC.170 DC.150 DC.170 DC.193 DC.193 DC.193 DC.193 DC.193 DC.193 DC.193 DC.193 DC.290 DC.200	\$15,000 \$00 \$00,625 \$64,500 \$31,000 \$36,000 \$35,000 \$35,000 \$40,000 \$5,000 \$11,000 \$21,000 \$45,000	DICC.125 DICC.120 DICC.120 DICC.120 DICC.120 DICC.140 DICC.135 DICC.145 DICC.145 DICC.145 DICC.145 DICC.145 DICC.145 DICC.145 DICC.145	\$1,000 \$1,000 \$5,1000 \$67,000 \$14,000 \$20,000 \$3,000 \$14,000 \$5,000 \$5,000 \$4,000 \$16,000	\$16,00 \$1,00 \$88,75 \$64,50 \$98,00 \$50,00 \$35,00 \$35,00 \$35,00 \$23,00 \$16,00 \$25,00 \$61,00
Bits Fuel SQ.000 Per Gallon Gallons Per Day Out Water / Completion Fluids Mud & Additives Surface Rentals Downhole Rentals Per Day Out Per Day Out Per Day Out Ownhole Rentals Ownhole Rentals Per Day Out Ownhole Rentals Ownhole Rentals Per Day Out Ownhole Rentals Ownhole Ren	DC.18% DC.140 DC.145 DC.145 DC.157 DC.155 DC.170 DC.170 DC.170 DC.180 DC.190 DC.190 DC.190 DC.190 DC.190 DC.190 DC.190 DC.190 DC.190 DC.200 DC.	\$15,000 \$00 \$00,625 \$64,500 \$31,000 \$36,000 \$35,000 \$35,000 \$40,000 \$5,000 \$11,000 \$21,000 \$45,000	DICC.125 DICC.120 DICC.120 DICC.120 DICC.120 DICC.140 DICC.135 DICC.145 DICC.145 DICC.145 DICC.145 DICC.145 DICC.145 DICC.145 DICC.145	\$1,000 \$58,125 \$67,000 \$14,000 \$20,000 \$3,000 \$14,000 \$5,000 \$5,000 \$4,000 \$15,000	\$1,00 \$88,75 \$64,50 \$98,00 \$50,00 \$35,00 \$35,00 \$60,00 \$23,00 \$16,00 \$25,00 \$60,00 \$25,00 \$60
Fuel SQ,000 Per Gallon Gallons Per Day OIL Water / Completion Fluids Per Day OIL Water / Completion (DST, Coring including evaluation, G&G Services) Water / Completion (DST, Coring including evaluation, G&G Services) Water / Completion (DST, Coring including evaluation, G&G Services) Cementing & Float Equipment OIL Water / Completion Services Water / Completion Service	DC.140 DC.145 DC.151 DC.155 DC.150 DC.170 DC.170 DC.170 DC.170 DC.170 DC.180 DC.190 DC.190 DC.190 DC.190 DC.190 DC.190 DC.200 DC.	\$30,625 \$54,500 \$31,000 \$36,000 \$36,000 \$35,000 \$40,000 \$5,000 \$11,000 \$21,000 \$45,000	DICC.185 DICC.160 DICC.145 DICC.160 DICC.165 DICC.165 DICC.175 DICC.175 DICC.175	\$58,125 \$67,000 \$14,000 \$20,000 \$3,000 \$14,000 \$5,000 \$4,000 \$16,000	\$88,75 \$64,50 \$98,00 \$50,00 \$35,00 \$35,00 \$60,00 \$23,00 \$16,00 \$25,00 \$6
Water / Completion Fluids or Mud & Additives or Mud & Mud	DOC.145 DOC.150 DOC.150 DOC.150 DOC.150 DOC.150 DOC.150 DOC.195 DOC.195 DOC.195 DOC.195 DOC.290 DOC.200 DOC.210 DOC.230 DOC.	\$54,500 \$31,000 \$36,000 \$36,000 \$35,000 \$40,000 \$5,000 \$9,000 \$11,000 \$21,000 \$45,000	DICC.145 DICC.145 DICC.155 DICC.160 DICC.165 DICC.170 DICC.175 DICC.175	\$67,000 \$14,000 \$20,000 \$3,000 \$14,000 \$14,000 \$4,000 \$15,000	\$64,50 \$98,00 \$50,00 \$30,00 \$35,00 \$60,00 \$23,00 \$16,00 \$25,00 \$61,00
Mud & Additives Surface Rentals Downhole Rentals Downhole Rentals Formation Evaluation (DST, Coring including evaluation, G&G Services) Mud Logging General Services Mud Logging General Services Mud Logging General Services Open Hole Logging Cementing & Float Equipment Downhole Logging Cementing & Float Equipment Cosing Crews Casing Crews Extro Labor, Welding, Etc. Land Transporation (Trucking) Supervision Trailer House / Camp / Catering Other Misc Expenses Overhead Remedial Cementing MOB/DEMOB Dig Services Downhole Services Dow	BC.150 BC.155 BC.150 BC.150 BC.150 BC.150 BC.150 BC.150 BC.195 BC.195 BC.195 BC.290 BC.205 BC.205 BC.210 BC.210 BC.210 BC.210 BC.230 B	\$31,000 \$36,000 \$36,000 \$35,000 \$40,000 \$5,000 \$9,000 \$11,000 \$21,000	DICC.140 DICC.145 DICC.155 DICC.160 DICC.165 DICC.170 DICC.175 DICC.175	\$67,000 \$14,000 \$20,000 \$3,000 \$14,000 \$5,000 \$4,000 \$16,000	\$98,00 \$50,00 \$30,00 \$35,00 \$60,00 \$8,00 \$23,00 \$16,00 \$25,00 \$61,00
Surface Rentals Per Day Dec Downhole Rentals	DC.155 DC.150 DC.150 DC.150 DC.150 DC.125 DC.125 DC.125 DC.125 DC.125 DC.205 D	\$36,000 \$30,000 \$35,000 \$40,000 \$5,000 \$9,000 \$11,000 \$21,000 \$45,000	DICC.185 DICC.185 DICC.160 DICC.165 DICC.170 DICC.175 DICC.175	\$20,000 \$3,000 \$14,000 \$5,000 \$4,000 \$16,000	\$50,00 \$30,00 \$35,00 \$60,00 \$8,00 \$23,00 \$16,00 \$51,00
Downhole Rentals Formation Evaluation (DST, Coring including evaluation, G&G Services) Mud Logging Open Hole Logging Open Hole Logging Open Hole Logging Cementing & Float Equipment Dubular Inspections Open Hole Logging Open Hole	IDC.150 IDC.170 IDC.185 IDC.195 IDC.205 IDC.205 IDC.220 IDC.22	\$30,000 \$35,000 \$40,000 \$5,000 \$9,000 \$11,000 \$21,000 \$45,000	DICC.18S DICC.160 DICC.16S DICC.170 DICC.17S DICC.17S	\$20,000 \$3,000 \$14,000 \$5,000 \$4,000	\$30,00 \$35,00 \$60,00 \$8,00 \$23,00 \$16,00 \$25,00 \$61,00
Formation Evaluation (DST, Coring including evaluation, G&G Services) Mud Lagging Open Hole Lagging O	100.170 100.170 100.185 100.195 100.195 100.200 100.200 100.210 100.280 100.280	\$35,000 \$40,000 \$5,000 \$9,000 \$11,000 \$21,000 \$45,000	DICC.160 DICC.165 DICC.170 DICC.175 DICC.180	\$3,000 \$14,000 \$5,000 \$4,000 \$16,000	\$30,00 \$35,00 \$60,00 \$8,00 \$23,00 \$16,00 \$25,00 \$61,00
Mud Logging one \$850 Days @ 30 Per Day one Open Hole Logging Crews on the Hole Logging Crews one open Hole Logging Crews one open Hole Logging Crews on the Hole	(OC.180) (OC.185) (OC.190) (OC.195) (OC.206) (OC.210) (OC.210)	\$35,000 \$40,000 \$5,000 \$9,000 \$11,000 \$21,000 \$45,000	DICC.160 DICC.165 DICC.170 DICC.175 DICC.180	\$3,000 \$14,000 \$5,000 \$4,000 \$16,000	\$35,00 \$60,00 \$8,00 \$23,00 \$16,00 \$25,00 \$61,00
Open Hale Lagging Ord Cementing & Float Equipment Dut Trubular Inspections Ord Casing Crews Ord Extro Labor, Welding, Etc. Ord Land Transporation (Trucking) Ord Supervision Ord Trailer House / Camp / Catering Ord Other Misc Expenses Ord Overhead Overhead Remedial Cementing Did MOB/DEMOB Did	IDC.195 IDC.195 IDC.290 IDC.205 IDC.210 IDC.280	\$40,000 \$5,000 \$9,000 \$11,000 \$21,000 \$45,000	DICC.160 DICC.165 DICC.170 DICC.175 DICC.180	\$3,000 \$14,000 \$5,000 \$4,000 \$16,000	\$60,00 \$8,00 \$23,00 \$16,00 \$25,00 \$61,0
Cementing & Float Equipment Ont Tubular Inspections Oil Casing Crews Dist Extra Labor, Welding, Etc. Dist Land Transporation (Trucking) Oil Supervision Per Day Oil Trailer House / Camp / Catering Oil Oil Other Misc Expenses Oil Oil Overhead Southead Oil Remedial Cementing Dis MOB/DEMO8 Dis	OC.190 OC.195 OC.295 OC.205 OC.210	\$5,000 \$9,000 \$11,000 \$21,000 \$45,000	DICC.160 DICC.165 DICC.170 DICC.175 DICC.180	\$3,000 \$14,000 \$5,000 \$4,000 \$16,000	\$8,00 \$23,00 \$16,00 \$25,00 \$61,00
Tubular inspections Orf Casing Crews Dot Extro Labor, Welding, Etc. Dot Lond Transporation (Trucking) Orf Supervision Per Day Orf Trailer House / Camp / Catering Orf A00 Per Day Orf Other Misc Expenses Orf Orf Orf Orf Overhead Remedial Cementing Dri MOB/DEMOB Dri	OC.190 OC.195 OC.295 OC.205 OC.210	\$5,000 \$9,000 \$11,000 \$21,000 \$45,000	DICC.160 DICC.165 DICC.170 DICC.175 DICC.180	\$14,000 \$5,000 \$4,000 \$16,000	\$23,0 \$16,0 \$25,0 \$61,0
Casing Crews Disc Extro Labor, Welding, Etc. Disc Land Transporation (Trucking) Disc Supervision Per Day Trailer House / Camp / Catering Disc Other Misc Expenses Disc Overhead Disc Remedial Cementing Disc MOB/DEMOB Disc	IDC.200 IDC.200 IDC.200 IDC.210 IDC.210	\$11,000 \$21,000 \$45,000	DrCC.170 DrCC.175 DrCC.330	\$5,000 \$4,000 \$16,000	\$16,0 \$25,0 \$61,0
Extra Labor, Welding, Etc. Dis Land Transporation (Trucking) CHI Supervision CHI Trailer House / Camp / Catering CHI Other Misc Expenses CHI Overhead CHI Remedial Cementing CHI MOB/DEMOB DIS	IDC.205 IOC.210 IOC.280	\$21,000 \$45,000	DICC.175	\$4,000 \$16,000	\$25,0 \$61,0
Land Transporation (Trucking) Oct Supervision Per Day Oct Trailer House / Camp / Catering Oct 400 Per Day Oct Other Misc Expenses Oct Oct Oct Oct Overhead 300 Per Day Oct	IDC.210	\$45,000	DICC.330	\$16,000	\$61,0
Supervision A000 Per Day Dr. Trailer House / Camp / Catering A000 Per Day Ord Other Misc Expenses Dr. Ord Overhead A000 Per Day Dr. Remedial Cementing Dr. MOB/DEMO8 Dr.	IDC.280				
Trailer House / Camp / Catering SWEW-A00 Per Day One Other Miss Expenses Other Miss Expenses Other Miss Expenses Overhead Other Miss Expenses Other Miss Expenses Most Action of the Company of t	IDC.280	\$21,000	DICC.255	\$4,000	575.0
Other Miss Expenses DIT Overhead 300/Per Day DIT Remedial Cementing DIT MOB/DEMOB DIT					
Overhead 300 Per Day 3t Remedial Cementing 5t MOB/DEMOB 0t		\$2,000		\$7,000	\$9.0
Remedial Cementing DM MOB/DEMO8 DM	100.225	\$13,000		\$3,000	\$16,0
MOB/DEMOB DIG	(OC.232		DICC.215		
	100.240		0230377		
	IDC.245	\$130,000			\$130,0
	DC.250	\$250,000	DICC.230	(<i> </i>	3230,0
Sony Diopotentiny District	IDC.275		DICC.250	<u> </u>	
	100,250	\$46,000			\$46.0
	IDC.265	\$6,000	7.34 0.42 3.0	\$11,000	\$17,0
True control Equip (energy)	10C.270	\$0	,	311,000	717,0
Completion Ria 7 Days @ 3,400 Per Day	33078488	55799885575	0100.115	\$36,000	\$36,0
Coil Tubina Days @ Per Day			DICC.260	\$33,000	\$33,0
Completion Logging, Perforating, WL Units, WL Surveys			0100,200	\$8,000	\$8,0
Stimulation		16.77	DICC.200	\$670,980	\$670.9
	<i>9502005906.</i> HDC.300	\$13.000		3670,380	\$13.0
	10C.285				\$5.0
	IDC.435	\$62,000	FE-3-2-1-2-1-2-1-2-1	\$55,000	\$117.0
Construction For Well Equipment	73779900	777777777777	DIVER 210	\$10,000	\$10,0
Construction For Weil Equipment Construction For Lease Equipment			DUEQ.110	\$70,000	\$10,0
Construction For Lease Equipment Construction For Sales P/L			DICC.265	\$100,000	\$100,0
Total Intangible Cost	0 1 1 1 1 1 1 1 1	\$1,309,125	0000.293	\$1,344,980	\$2,654,1

Casing	Size	Feet	5/Foot	10 10 11 11 11 11 11	9191111111111	31151616	HARIAN PARA	MARCHANNER PROPERTY
Drive Pipe		40.00			\$0		90000000000000000000000000000000000000	\$0
Conductor Pipe		April 2000	THE STREET, W	DW/E8.130	\$0		<i>999999</i> 5-	\$0
Water String		A. 198 (20-35);	Na. 250	DW/5B.135	\$0		90000005-	\$0
Surface Casing	13-3/8"	340.00	\$60.46	DWE8.140	\$21,000		700000000 -	\$21,000
Intermediate Casing	9 5/8"	3950.00	\$33.26	OWES.145	\$131,000		WWW.	\$131,000
Drilling Liner	6/85/8/19	Michely Colors	TREET CARRY	OWE8.145	\$0		MANAMA	50
Drilling Liner .	199 1859	SPEZER PAR	ZEVEO 2767	DWEE.145	\$0	040.00	9999995 -	\$0
Production Casing or Liner	7 %33383	8500.00	\$35.50		Manage	DIVE4.100	\$304,000	\$304,000
Production Tie-Back	4 1/2"	4600.00	\$14.21		13011111	DWE4.100	\$65,366	\$65,366
Tubing	2/7/8%	8400:00	\$7.30			DWEA.105	\$61,000	\$61,000
/C Well Equipment				11/1/11/11	11/1/11/11/11	DWEA.115	\$7,500	\$7,500
Wellhead, Tree, Chokes				DWES.115	\$15,000	DWEA.120	\$10,000	\$25,000
Liner Hanger, Isolation Packer				001.82WC	\$0	DWE4.125	\$168,000	\$168,000
Packer, Nipples				Willey ?	111111111111111111111111111111111111111	DWE4.130	\$1,000	\$1,000
Pumping Unit, Engine				111/1/11		DLEQ, 100	\$135,000	\$135,000
Lift Equipment (BHP, Rods, Anchors)				Comment of the Commen		DLEQ.105	\$57,500	\$57,500
Tangible - Lease Equipment	的特别等等的	The state of the s	100	12.3	100	77.157	and a second	0.422.5
N/C Lease Equipment				(MANA)	anni ann an ann an ann an an an an an an an	DLEQ.125	\$47,250	\$47,250
Tonks, Tanks Steps, Stairs				111111111111111111111111111111111111111	10/11/11/11	DUEQ,120	\$61,500	\$61,500
Battery (Heater Treater, Separator, Gas Treating Equi	pment)			Marine.		DLEQ.125	\$32,250	\$32,250
Flow Lines (Line Pipe from wellhead to central facility,)			11/1/1/1/1		DLEO,130	\$5,500	\$5,500
Offshore Production Structure for Facilities					77.077.55	DAVEA.135	sol	SO
Pipeline to Sales						01VE4_140		SO.
Total Tangibles					\$167,000		\$955,866	\$1,122,866
				,				
P&A Costs				DIDC.295	\$150,000	0100,275	-\$150,000	\$0
Total Cost					\$1,626,125		\$2,150,846	\$3,776,971

Cimarex Energy Co.

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



June 24, 2010

Via: FedEx Overnight

Chesapeake Exploration, L.L.C.
Attn: Land Manager
P.O. Box 18496
Oklahoma City, Oklahoma 73154-0496

Re: Operating Agreement

Boxer 3 Fee No. 3

W/2E/2 Section 3-T15S-R31E Chaves County, New Mexico

Dear Working Interest Owner,

Enclosed, for your records, is an operating agreement that has been executed by Cimarex. The operating agreement covers the spacing unit dedicated to the above-captioned well. If you intend to participate in the well, please fully execute the signature page attached atop of the operating agreement and return same to the undersigned at the above-letterhead address. Please do not hesitate to contact Hayden Tresner at either (432) 571-7856 or htresner@cimarex.com if you should have any questions. Thank you.

Sincerely,

Cimarex Energy Co.

Musha Sencer

Samatha Spencer Land Department

Fed Ex.

Shipment Receipt **Address Information**

Ship to: Ship from: Land Manager Samatha Spencer

Chesapeake Exploration,

L.L.C. 6100 N WESTERN AVE

600 N Marienfeld

Cimarex Energy Co.

Suite 600 Midland, TX

OKLAHOMA CITY, OK 731181044

79701 US

US 4325717856

4325717800

Shipping Information

Tracking number: 793670049191

Ship date: 06/24/2010

Estimated shipping charges: 15.96

Package Information

Service type: Priority Overnight Package type: FedEx Envelope

Number of packages: 1 Total weight: 1LBS Declared value: 0.00USD Special Services:

Pickup/Drop-off: Use an already scheduled pickup at my location

Billing Information

Bill transportation to: Sender

Your reference: Proposed Operating Agreement

P.O. no.: Invoice no.: Department no.:

Thank you for shipping online with Fedex ShipManager at fedex.com.

Please Note

FREEX will not be responsible for any claim in excess of \$100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery, or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim. Limitations found in the current FedEX Service Guide apply. Your right to recover from FedEX for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental, consequential, or special is limited to the greater of \$100 or the authorized declared value. Recovery cannot exceed actual documented loss. Maximum for items of extraordinary value is \$500, eg., jewelry, precious metals, negotiable instruments and other items lised in our Service Guide. Written claims must be filed within strict time limits; Consult the applicable FedEx Service Guide for details.

The estimated shipping charge may be different than the actual charges for your shipment. Differences may occur based on actual weight, dimensions, and other factors. Consult the applicable FedEx Service Guide or the FedEx Rate Sheets for details on how shipping charges are calculated.

Cimarex Energy Co.

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



June 24, 2010

Via: FedEx Overnight

Pure Energy Group, Inc. 153 Treeline Park, Suite 220 San Antonio, Texas 78209

Re:

Operating Agreement

Spencer

Boxer 3 Fee No. 3

W/2E/2 Section 3-T15S-R31E Chaves County, New Mexico

Dear Working Interest Owner,

Enclosed, for your records, is an operating agreement that has been executed by Cimarex. The operating agreement covers the spacing unit dedicated to the above-captioned well. If you intend to participate in the well, please fully execute the signature page attached atop of the operating agreement and return same to the undersigned at the above-letterhead address. Please do not hesitate to contact Hayden Tresner at either (432) 571-7856 or htresner@cimarex.com if you should have any questions. Thank you.

Sincerely,

Cimarex Energy Co.

Samatha Spencer Land Department

Fed Ex

Shipment Receipt Address Information

Ship to:

Ship from:

Pure Energy Group, Inc.

Samatha Spencer Cimarex Energy Co.

153 TREELINE PARK

600 N Marienfeld

STE 220

Suite 600

SAN ANTONIO, TX

Midland, TX 79701

782091880 US

US

2102266700

4325717800

Shipping Information

Tracking number: 793669887157

Ship date: 06/24/2010

Estimated shipping charges: 13.77

Package Information

Service type: Priority Overnight Package type: FedEx Envelope

Number of packages: 1 Total weight: 1LBS Declared value: 0.00USD

Special Services:

Pickup/Drop-off: Use an already scheduled pickup at my location

Billing Information

Bill transportation to: Sender

Your reference: P.O. no.: Invoice no.: Department no.:

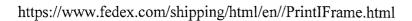
Thank you for shipping online with Fedex ShipManager at fedex.com.

Please Note

FIECASE TYOUR

FedEx will not be responsible for any claim in excess of \$100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery, or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim. Limitations found in the current FedEX Service Guide apply, Your right to recover from FedEx for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental, consequential, or special is limited to the greater of \$100 or the authorized declared value. Recovery cannot exceed actual documented loss. Maximum for items of extraordinary value is \$500, e.g., jewelry, precious metals, negotiable instruments and other items lised in our Service Guide. Written claims must be filed within strict time limits; Consult the applicable FedEx Service Guide for details.

Set settinated shipping charge may be different than the actual charges for your shipment. Differences may occur based on actual weight, dimensions, and other factors. Consult the applicable FedEx Service Guide or the FedEx Rate Sheets for details on how shipping charges are calculated.



Cimarex Energy Co.

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



June 24, 2010

Via: FedEx Overnight

Chisos, Ltd.
Attn: Sue Ann Craddock
670 Dona Ana Road SW
Deming, New Mexico 88030

Re: Operating Agreement

Boxer 3 Fee No. 3

W/2E/2 Section 3-T15S-R31E Chaves County, New Mexico

Dear Working Interest Owner,

Enclosed, for your records, is an operating agreement that has been executed by Cimarex. The operating agreement covers the spacing unit dedicated to the above-captioned well. If you intend to participate in the well, please fully execute the signature page attached atop of the operating agreement and return same to the undersigned at the above-letterhead address. Please do not hesitate to contact Hayden Tresner at either (432) 571-7856 or htresner@cimarex.com if you should have any questions. Thank you.

Sincerely,

Cimarex Energy Co.
Sawatha Spencer

Samatha Spencer Land Department

Fed Ext.

Shipment Receipt **Address Information**

Ship to:

Ship from:

Sue Ann Craddock Chisos, Ltd.

Samatha Spencer Cimarex Energy Co.

670 DONA ANA RD SW

600 N Marienfeld Suite 600

DEMING, NM

Midland, TX 79701

880306728 US

US

4325717806

4325717800

Shipping Information

Tracking number: 798792580352

Ship date: 06/24/2010

Estimated shipping charges: 19.55

Package Information

Service type: Priority Overnight Package type: FedEx Envelope

Number of packages: 1 Total weight: 1LBS Declared value: 0.00USD

Special Services: Residential Delivery

Pickup/Drop-off: Use an already scheduled pickup at my location

Billing Information

Bill transportation to: Sender

Your reference: P.O. no.: Invoice no.: Department no.:

Thank you for shipping online with Fedex ShipManager at fedex.com.

Please Note

FIEXSE INULE
FOREX will not be responsible for any claim in excess of \$100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery, or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim. Limitations found in the current FoeEx Service Guide apply, Your right to recover from FedEx for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental, consequential, or special is limited to the greater of 510 or the authorized declared value. Recovery cannot exceed actual documented loss. Maximum for items of extraordinary value is \$500, e.g., jevely, precious metals, negotiable instruments and other items lised in our Service Guide. Written claims must be filed within strict time limits; Consult the applicable FedEx Service Guide or the FedEx Rate Sheets for details on how shipping charges are calculated.

Cimarex Energy Co.

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



June 24, 2010

Via: FedEx Overnight

First Roswell Co.
Attn: Thomas E. Jennings, President
111 South Kentucky Ave.
Roswell, New Mexico 88203

Re: Operating Agreement

amatha Spencer

Boxer 3 Fee No. 3

W/2E/2 Section 3-T15S-R31E Chaves County, New Mexico

Dear Mr. Jennings,

Enclosed, for your records, is an operating agreement that has been executed by Cimarex. The operating agreement covers the spacing unit dedicated to the above-captioned well. If you intend to participate in the well, please fully execute the signature page attached atop of the operating agreement and return same to the undersigned at the above-letterhead address. Please do not hesitate to contact Hayden Tresner at either (432) 571-7856 or htresner@cimarex.com if you should have any questions. Thank you.

Sincerely,

Cimarex Energy Co.

Samatha Spencer Land Department

Fed Ex

Shipment Receipt **Address Information**

Ship to:

Thomas Jennings First Roswell Co.

Ship from: Samatha Spencer Cimarex Energy Co. 600 N Marienfeld

111 S KENTUCKY AVE ROSWELL, NM

Suite 600 Midland, TX 79701

882034518 US

US

2102266700

4325717800

Shipping Information

Tracking number: 793669755218

Ship date: 06/24/2010

Estimated shipping charges: 13.77

Package Information

Service type: Priority Overnight Package type: FedEx Envelope

Number of packages: 1 Total weight: 2LBS Declared value: 0.00USD

Special Services:

Pickup/Drop-off: Use an already scheduled pickup at my location

Billing Information

Bill transportation to: Sender

Your reference: P.O. no.: Invoice no .: Department no .:

Thank you for shipping online with Fedex ShipManager at fedex.com.

Please Note

FIGEX will not be responsible for any claim in excess of \$100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery, or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim. Limitations found in the current FedEx Service Guide apply, Your right to recover from FedEx for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental, consequential, or special is limited to the greater of 300 or the authorized declared value. Recovery cannot exceed actual documented loss. Maximum for items of extraordinary value is \$500, e.g., javelry, precious metals, negotiable instruments and other items lised in our Service Guide. Written claims must be filed within strict time limits; Consult the applicable FedEx Service Guide for details.

The estimated shipping charge may be different than the actual charges for your shipment. Differences may occur based on actual weight, dimensions, and other factors. Consult the applicable FedEx Service Guide or the FedEx Rate Sheets for details on how shipping charges are calculated.

SENDER: COMPLETE THIS SECTION				COMPLETE THIS SECTION ON DELIVERY				
■ Complete items 1, 2, and 3. Also item 4 if Restricted Delivery is des Print your name and address on t so that we can return the card to attach this card to the back of the or on the front if space permits.			A. Sign	nature			☐ Agent ☐ Addressee	
		piece,	B. Rec	elved by (F	Printed Nam	e) (C. Date of Delivery	
Article Addressed to:				elivery addre ES, enter de			1? Yes	
COG Oil & Gas, LP Attn: Jan Spradlin, Ser 550 West Texas, Suite			an	L				
Midland, Texas 79701	: 100	J		1i 			ot for Merchandise	
		4. Restricted Delivery? (Extra Fee)					☐ Yes	
Article Number (Transfer from service label)	71	7108	5733	3937	9625	4133		
PS Form 3811, February 2004 Domestic Return Receipt							102595-02-M-1540	

Cimarex Energy Co.

600 N. Marienfeld St. Suite 600

Midland, Texas 79701 PHONE 432.571.7800

April 8, 2010



Via: e-mail and U.S. Certified Mail-Return Receipt No. 91 7108 2133 3937 9625 4133

COG Oil & Gas, LP Attn: Jan Spradlin, Senior Landman 550 West Texas, Suite 100 Midland, Texas 79701

Re: New Well Proposal

Boxer 3 Fee No. 4 Section 3, Township 15 South, Range 31 East, N.M.P.M. Chaves County, New Mexico

Dear Jan:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Boxer 3 Fee No. 4 Well at a legal location in the E/2E/2 of Section 3, Township 15 South, Range 31 East, N.M.P.M., Chaves County, New Mexico.

The intended surface hole location for the well is 375' FNL & 660' FEL of Section 3 and the intended bottom hole location is 330' FSL & 660' FEL of Section 3. The well is proposed to be drilled vertically to a depth of approximately 8,870' to the lower Abo formation and laterally in a Southerly direction within the formation to the referenced bottom hole location. Total measured depth of the well is proposed to be approximately 13,460' from surface to terminus.

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

Enclosed, in duplicate, is our detailed AFE reflecting estimated costs associated with this proposal. If you intend to participate, please approve and return one (1) original of the enclosed AFE. An operating agreement, identical in form to that previously agreed upon and entered into between Cimarex and COG, will follow under separate cover.

Please call the undersigned with any questions or comments.

Respectfully,

Cimarex Energy Co.

huster tram

Hayden P. Tresner

Landman



Authorization For Expenditure

Cimarex Energy Co.				Pare Phenomen	April 1, 2010
Region Vell Nat	e e a la companya de	in a throspect of rigiditiane.	l Drobaty Number		DRIIIA AFE NO LE SE MAINT
Permian Boxer 3 F		Caprock			and the second second to a state of the second is second to the second t
		*** **********************************	a ^l anda na antina managamenta antina managamenta antina na erama	***** ********************************	CET COMMISSION OF STREET, AND AN OWNER, MADE ON SPACE AND
		Para Court Tally An		to all the transfer of the first har the l	A CONTRACTOR OF THE SECOND
SHL: 375 FNL & 660 FEL Section 3-155 BHL: 330 FSL & 660 FEL Section 3-155		Chaves	NM	Oil Gas	x Expl x Prod
	•				13,460'
Original Estimate Revised Estimate				Abo	13,450
Supplemental Estimate	0				8,870'
Drill and complete a Lower ABO horize	ontal well. With pilot hol	e. 10 stages 4560' VS			
ាក់គេកន្ទាំងខែទ Drilling Costs		2 St. 302,125	After Casing	Point	S4,309,125
Completion Costs	Land	* AMAGENCIANO	\$1,344.0	80	\$2,344,980
Total Intangible Costs		\$1,309,125	\$1,344,9	80	\$2,654,105
apidipa					
, .Angibles Well Equipment		\$167,000	\$809.34	86	\$975.366
Lease Equipment			3.885	00	\$2,46,500
Total Tangible Well Cost		\$167,000	\$955,86	56 	\$1,122,866
Plug and Abandan Cost		\$150,000	-8350.0	00	SO
Total Well Cost	A TO THE CONTRACT OF THE CONTR	\$1,626,125	\$2,150,8	146	\$3,776,971
Unless otherwise indicated below, yo so long as Operator conducts operatif insurance, you must provide a certific later than commencement of drilling by insurance procured by Operator. I elect to purchase my own well control is Well control insurance procured by Orelated redrilling and clean-up/pollution and the solution of the sol	u, as a non-operating we nos hereunder and to pa ate of such insurance ac operations. You agree the surance policy. Perator, provides, amon on expense covering dried anticipate trouble free or expenditure herein grant and anticipate troubles.	orking interest owner, agree to be a your prorated share of the premi ceptable to Operator, as to form a hat failure to provide the certificate g other terms, for \$20,000,000 (10) (10) (10) (10) (10) (10) (10) (overed by Operator's unst therefore. If you and limits, at the time of insurance, as pro 0% W.I.) of Combined 1,000,000 (100% W.I.) ole change in plans. The working interest own	s well control insur u elect to purchase this AFE is returne vided herein, will in d Single Limit cover deductible.	rance procured by Operator your own well control d, if available, but in no event esult in your being covered age for well control and age for well control and ay exceed the estimated costs ay exceed the control estimated for supproportionate share of
Mark Audas		Cimarex Energy Co. Appro	ovel		
for the contraction of grown with a deposition with the ball of the contraction to the contraction of contraction of the contraction of contr	a dalah kacaman kanggalan dan kanggalan sam	Joint Interest Approve			
Somenyarativas vastantaiv			Date:		



Project Cest Estimate

All the table to the contract of

Lease Name: Boxer 3 Fee				Wei	l Na.:	4
			12.0		Albert Carlotte Co	milens (Vel
Roads & Location Preparation / Restoration			\$30,000	0.00,000	\$3,000	2714120 000.882
Damages		* 'ofoc	\$6,000	0:00:100		\$6,000
Mud / Fluids Disposal Charges		905.335	\$46,000	2007.03	\$46,875	\$92,875
Day Rate 35: DH Days 7: ACP Days @	Per Doy	0/01.113	3551,000	277777	\$84,000	\$639,000
Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.)	- Ter boy	900.00	\$5,000 ?	vást todak	3000000 300000000000000000000000000000	\$5,000
Bits	- LANGESTON AND HOPE AND A	0/01.175 ·	\$15,000	rana yanatena Tana	\$1,000	\$16.000
	Gallons Per Day	1 -0 22,023	\$3:	1042 1.1.140	\$1,000	\$1,00
Water / Completion Fluids	Per Day	0 07000000	\$20,625	12/01/12	\$58,125	\$88,750
Mud & Additives		0.000041	\$64,500	5000-0000	3000202020	\$64,50
Surface Rentals	Per Dov	9.54.555	\$31,900	BNACHUURKKAA 13100000	\$67,000	\$98,000
Downhole Rentals		7.50.035	\$36,000	@10.12/5	\$14,000	\$50,00
			\$30,000	CHANGE THE COLOR	914,000.	330,000
Formation Evaluation (DST, Coring including evaluation, G&G Services	a l	1 00128	5350,5000	WANTED THE		\$30,00
	w j Su Per Day	000.00	\$35,000			
Open Hole Logging	·	3.007780		en e		\$35,000
Cementing & Float Equipment		0.000.088	\$40,000	0.000,038	\$20,000	\$60,000
Tubular Inspections		2 95.235	\$5,000	2/20.250	\$3,000	\$8.000
Casing Crews		01000123	\$9,000	7 00.149	\$14,000	\$23,00
Extra Labor, Welding, Etc.		2-20.22	\$11,000	24273	\$5,000	\$16.00
Land Transporation (Trucking)	<u></u>	0.00.203	\$21,000	0/01/255	\$4,000	\$25.00
Supervision	Per Day	0.000.285	345,000	2.07.252 -	\$16,000	\$61,00
Trailer House / Camp / Catering	400 Per Day	0.05.285	321,000	9 (0.03)	\$4,000	\$25,000
Other Misc Expenses		j posta:	\$2,000	2000.00	\$7,000	\$9,00
Overhead	300 Per Day	5 - 0-0 0 0.03	606,818	201.1.81	\$3,000	\$16,00
Remedial Cementing		0.000,000		200,008		5
MOB/DEMOB		0.000240		200		S
rectional Drilling Services 14 Days	@ 7,800 Per Day	5 0.000,048	\$250,200!		92/92/92/93	\$130,00
ock, Dispatcher, Crane		10.000,080		202.230		\$
Marine & Air Transportation		0.20.072		0.00,050		5
Solids Control	Per Day	3-00.080	846,000		25.657.556.67	\$16,00
Well Control Equip (Snubbing Svcs.)		10/00/2555	\$6,000	0.00000	\$11,000	\$17,00
Fishing & Sidetrack Operations		99,270	\$0	g 01.245 .		?
Completion Rig 7 Days	@ 3,400 Per Day	1800835120		2.0000	336,000	\$36,00
Coil Tubing 1. Days	@ Per Day			3 52.246	\$53,000	\$33,00
Completion Logging, Perforating, WL Units, WL Surveys				7 12.549	\$8,000	\$8.00
Stimulation	······································			0.01.110	\$670,980	\$670.98
Legal / Regulatory / Curative			\$13,000	2.00.000	1	\$.13,00
Well Control Insurance \$0.35 Per Foot		13 34.519	\$5,000		March State (A)	\$5,00
Contingency 5% of Drilling Intangibles		10 047/15	\$62,000	many salahan Manada	\$55,000	\$117.00
Construction For Well Equipment		Termina a		DANEAUTO (\$10,000;	\$10,00
Construction For Lease Equipment			建筑器	0.10.1.0	\$70,000	\$70,00
Construction For Sales P/L			er vand er de	0100.015 .	\$100,000	\$100,00
Total Intangible Cost		والموالة كالأنبالية تناولان المناسب	\$1,309,125		\$1,344,980	\$2,654,10
	DONE STATE AND ADDRESS OF THE PERSON OF THE	etelistis — 1712.		betweender to be a second	♥₩₩₩₩₩₩₩₩₩	34,034,1U

			WATER THE TO	MANAGE E			THE REPORT OF SHA	
Casing	Size	Feet	\$/Foot	HOUSE REP	and second			
Drive Pipe	20 "		\$0.00	3 (2% # 5.19 7			4/4/2014	\$0
Conductor Pipe	<u> </u>	·	1 1 1 1	179/7131.110	So			50
Water String	1000		4	12 (19,135	\$5			\$0
Surface Casing	13-3/8".				\$527,950,	Gizerz		\$21,000
Intermediate Casing	9 5/8"		\$33.26	150-39,543	\$324,000			\$131,000
Drilling Liner	100000		1	. 101 (5.01)	SO			SC
Drilling Liner	1		Jane Sara	100/94/2/3	30	7.0		50
Production Casing or Liner	7"	8500.00	\$35.50	10.650.00		011 14:100	\$304,000	\$304,000
Production Tie-Back	4 1/2"	4600.00	\$14.21		a separate a	29 55 500	\$65,366	\$65,366
Tubing	2 7/8"	8400.00	\$7.30			2V1.63.1V5	\$63,000	\$61,000
'C Well Equipment						20151-003	\$7,500;	\$7,500
Wellhead, Tree, Chokes				1 117.25.5	\$15,000	20 E4.5.22	\$10,000:	\$23,000
Liner Hanger, Isolation Packer				2 - 13.232	\$0	20/23/678	\$168,000	\$168,000
Packer, Nipples						334144.037	\$1,000	\$1,000
Pumping Unit, Engine						0.400.000	\$135,000	\$135,000
Lift Equipment (BHP, Rods, Anchors)						0.40.115	\$57,500	\$57,500
Tangible : Lease Equipment					如根据部分的			Wind Street
N/C Lease Equipment						9650,533	\$47,250:	\$47,250
Tanks, Tanks Steps, Stairs						2412.121	\$61,500	\$61,500
Battery (Heater Treater, Separator, Gas Treating Equipment)					3:12:125	\$32,250	\$32,250
Flow Lines (Line Pipe from wellhead to central facility)			***			01.(0.12)	\$5,500	\$5.500
Offshore Production Structure for Facilities						21.5853.123		30
Pipeline to Sales						CANGRITAC .		<u>```</u>
Total Tangibles					\$167,000		\$955,866	\$1,122,866
	<u> </u>					V P* . ***	\$233,600	\$1,122,00C
P&A Costs				7130.27	\$150,000	2/22.275	-\$450,000	Sc
Total Cost					\$1,626,125		\$2,150,846	\$3,776,97

SENDER: COMPLETE THIS SECTION . > COMPLETE THIS SECTION ON DELIVERY Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. ☐ Agent Print your name and address on the reverse so that we can return the card to you. B. Received by (Printed Name) C. Date of Delivery Attach this card to the back of the mailpiece or on the front if space permits. D. Is delivery address different from item 1? T Yes 1. Article Addressed to: If YES, enter delivery address below; □ No Chesapeake Exploration, L.L.C. (1) Attn: Hugh T. Brower 6100 N. Western Avenue LVIU Oklahoma City, Oklahoma 73118 lail ☐ Express Mail ☐ Return Receipt for Merchandisi ☐ C.O.D. 4. Restricted Delivery? (Extra Fee) ☐ Yes 2. Article Number 7108 2133 3937 9625 4140 71 (Transfer from service label) PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

Cimarex Energy Co.

600 N. Marienfeld St. PS Form 381

Suite 600

Midland, Texas 79701

PHONE 432.571.7800

April 8, 2010



Via: e-mail and U.S. Certified Mail-Return Receipt No. 91 7108 2133 3937 9625 4140

Chesapeake Exploration, LLC Attn: Hugh Brower, Landman 6100 N. Western Avenue Oklahoma City, Oklahoma 73118

Re: New Well Proposal

Boxer 3 Fee No. 4

Section 3, Township 15 South, Range 31 East, N.M.P.M.

Chaves County, New Mexico

Dear Hugh:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Boxer 3 Fee No. 4 Well at a legal location in the E/2E/2 of Section 3, Township 15 South, Range 31 East, N.M.P.M., Chaves County, New Mexico.

The intended surface hole location for the well is 375' FNL & 660' FEL of Section 3 and the intended bottom hole location is 330' FSL & 660' FEL of Section 3. The well is proposed to be drilled vertically to a depth of approximately 8,870' to the lower Abo formation and laterally in a Southerly direction within the formation to the referenced bottom hole location. Total measured depth of the well is proposed to be approximately 13,460' from surface to terminus.

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

Enclosed, in duplicate, is our detailed AFE reflecting estimated costs associated with this proposal. If you intend to participate, please approve and return one (1) original of the enclosed AFE. An operating agreement, identical in form to that previously agreed upon and entered into between Cimarex and Chesapeake, will follow under separate cover.

Please call the undersigned with any questions or comments.

Respectfully,

Cimarex Energy Co.

Millen Turnson

Landman



Authorization For Expenditure

Cimarex Energy Co.						April 1, 2010
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Project Cost Estimate

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\$2,150,846

\$1,626,125

Cimarex Energy Co.

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

April 20, 2010



Working Interest Owners Listed on Page 3

Re: New Well Proposal
Boxer 3 Fee No. 4
Section 3, Township 15 South, Range 31 East, N.M.P.M.
Chaves County, New Mexico

Dear Working Interest Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Boxer 3 Fee No. 4 Well at a legal location in the E/2E/2 of Section 3, Township 15 South, Range 31 East, N.M.P.M., Chaves County, New Mexico.

The intended surface hole location for the well is 375' FNL & 660' FEL of Section 3 and the intended bottom hole location is 330' FSL & 660' FEL of Section 3. The well is proposed to be drilled vertically to a depth of approximately 8,870' to the lower Abo formation and laterally in a Southerly direction within the formation to the referenced bottom hole location. Total measured depth of the well is proposed to be approximately 13,460' from surface to terminus.

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 reflecting estimated costs associated with this proposal, and; (ii) our proposed form of Operating Agreement to govern operations of the Boxer 3 Fee No. 4 Well. 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 the contact information to receive your well data, to the undersigned within thirty (30) days of receipt of this proposal. If you 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.

In the event you do not wish to participate in drilling the proposed well, Cimarex will consider acquiring an Oil and Gas Lease covering your mineral interest in the proposed spacing or proration unit dedicated to the well for five hundred dollars (\$500.00) per net mineral acre, wherein, among other mutually agreeable terms, Cimarex would be delivered a seventy-five percent (75%) net revenue interest lease.

Please call the undersigned with any questions or comments.

Respectfully,

Cimarex Energy Co.

Muncles Transport
Hayden P. Tresner
Landman

CIMAREX

ELECTION TO PARTICIPATE Boxer 3 Fee No. 4

Elects	s TO participate in the propose	d Boxer 3 Fee No. 4 Well
Elects	NOT to participate in the prop	posed Boxer 3 Fee No. 4 Well
Dated this	_ day of	_,2010.
Signature:		
Printed Name		
Title:		
If your election	on above is TO participate in th	e proposed Boxer 3 Fee No. 4 Well, then:
<u> </u>	_ Elects TO be covered by wel	Il control insurance procured by Cimarex
agrees drillin	to provide Cimarex with a	by well control insurance procured by Cimarex and certificate of insurance prior to commencement of have elected to be covered by well control insurance



Working Interest Owner Address List:

Via: e-mail and Federal Express Mail (Overnight Delivery)

The Blanco Co. Attn: Phil White 110 2nd Street Northwest Albuquerque, New Mexico 87109

Via: e-mail and Federal Express Mail (Overnight Delivery)

First Roswell Co. Attn: Thomas Jennings 111 South Kentucky Avenue Roswell, New Mexico 88203-4518



Authorization For Expenditure

Permitain Boxer 3 Fee 4 Caprock Strong Mark 560 FE Section 9-7158-9332 Chaves NM Cost 19-7158-9332 Chaves NM Cost	Ballotte Energy Co. Bellott Street	Anna Maria Caralla Car							
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Cimarex Energy Co. Approval Prepared by Regional Manager Mark Audas Joint Interest Approval	Cimarex Energy Co. Approval Prepared by Pr	Unless otherwise indicated below, you, as a non-oper so long as Operator conducts operations hereunder at insurance, you must provide a certificate of such insur later than commencement of drilling operations. You by insurance procured by Operator. I elect to purchase my own well control insurance policy. Well control insurance procured by Operator, provide related redrilling and clean-up/pollution expense covered by Operator, provide related redrilling and clean-up/pollution expense covered by Operator, provide related redrilling and clean-up/pollution expense covered by Operator, provide related redrilling and clean-up/pollution expense covered by Operator, provide related redrilling and clean-up/pollution expense covered by Operator, provide related redrilling and clean-up/pollution expense covered by Operator, provide related redrilling and clean-up/pollution expense covered by Operator, provide related redrilling and clean-up/pollution expense covered by Operator, provide related redrilling and clean-up/pollution expense covered by Operator, provide related redrilling and clean-up/pollution expense covered by Operator, provide related redrilling and clean-up/pollution expense covered by Operator, provide related redrilling and clean-up/pollution expense covered by Operator, provide related redrilling and clean-up/pollution expense covered by Operator, provide related redrilling and clean-up/pollution expense covered by Operator, provide related redrilling and clean-up/pollution expense covered by Operator, provide related redrilling and clean-up/pollution expense covered by Operator, provide related redrilling and clean-up/pollution expense covered by Operator, provide related redrilling and clean-up/pollution expense covered by Operator, provide redrilling and clean-up/pollution expense covered by Operator provide redrilling and clean-up/pollution expense covered by Operator provide redrilling and clean-up/pollution expense covered by Operator provide redrilling and clean-up/pollution expense covered by	ating wond to parance according work agree the second seco	rking interest owner, agree to be a your prorated share of the prem ceptable to Operator, as to form a nat failure to provide the certificat g other terms, for \$20,000,000 (10 ling (through completion) with a \$20,000,000 or \$20,000 or \$20,0	covered by Operator's ums therefore. If you and limits, at the time the of insurance, as provided of the office of insurance, as provided office offi	well control elect to pur is AFE is ret ded herein, single Limit deductible. e actual cor r agrees to	insurance p chase your of turned, if av will result in coverage fo coverage fo sts may excepay its prop	rocured by own well co allable, but n your being r well control ted the esti- ortionate sh	Operator ntrol in no even g covered ol and mated cost
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Project Cost Estimate

Total Intangible Cost

Well No.: intangibles Dry Hole Cast After Casing Complet Codes Point Co \$30,000 0100_100 \$3,000 0:00.100 \$33,000 Roads & Location Preparation / Restoration \$6,000 0100.105 \$6,000 Damages 0100.255 \$46,000 DICC.235 \$46,875 \$92,875 Mud / Fluids Disposal Charges 35 DH Days ACP Days @ Per Day \$84,000 DIDC.115 \$551,000 0100,120 \$635,000 Day Rate \$5,000 \$5,000 Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.) 010-0.120 \$1,000 \$16,000 Bits 0100.125 \$15,000 picc.125 ! \$1,000 \$1,000 \$0.00 Per Gallon Gallons Per Day 010C.135 \$0 0:00.130 \$30,625| DICC.125 \$64,500 \$58,125 \$88,750 Per Day 0100,140 Water / Completion Fluids 0100.145 11.116 \$64,500 Mud & Additives Per Day DIDC.150 \$31,000 0:00.140 \$67,000 \$98,000 Surface Rentals D'DC.135 \$36,000 DICC 145 \$14,000 \$50,000 Downhole Rentals \$30,000 Formation Evaluation (DST, Coring including evaluation, G&G Services) DIDC.1.50 \$0 \$30,000 30 Per Day \$850 Days @ 0.000,170 Mud Logging \$35,000 \$35,000 Open Hole Logging 0100,180 \$20,000 \$60,000 \$40,000 | Dicciass | 0100.725 Cementing & Float Equipment \$5,000 DICC.350 \$3,000 \$8,000 0100.190 Tubular Inspections \$9,000 0:00.155 \$14,000 \$23,000 DIDG.193 Casing Crews 0100.200 \$11,000 0105.270 | \$5,000 \$16,000 Extra Labor, Welding, Etc. 0100.205 \$21,000 DICC.175 \$4,000 \$25,000 Land Transporation (Trucking) \$45,000! DICC.180 \$16,000 Per Day 0100.210 \$61,000 Supervision 400 Per Day Trailer House / Camp / Catering 0100.380 \$21,000 DICC.355 \$4,000 \$25,000 \$2,000 0:00.190 \$7,000 \$9,000 Other Misc Expenses 0:00.220 300 Per Day \$13,000 0:00.195 \$3,000 \$16,000 Overhead 0106,325 \$0 0100.231 Remedial Cementing \$130,000 \$0 0:00,240 MOB/DEMOB 14 Days @ 7,800 Per Day 0.000.745 \$130,000 Nirectional Drilling Services Jock, Dispatcher, Crane DIDC.350 0100.330 \$0 Marine & Air Transportation DIDC.275 DICCISO \$0 \$46,000 Per Doy \$46,000 Solids Control 0100.260 \$6,000 0100.245 \$11,000 \$17,000 Well Control Equip (Snubbing Svcs.) D:DC.265 Fishing & Sidetrack Operations 0:DC.270 \$0 Drcc.245 \$0 7 Days @ 3,400 Per Day DICC.115 \$36,000 \$36,000 Completion Rig 1 Days @ Per Doy \$33,000 Coil Tubing D:C0.260 \$33,000 Completion Logging, Perforating, WL Units, WL Surveys 0100,200 \$8,000 \$8,000 Stimulation 0102210 \$670,980 \$670,980 Legal / Regulatory / Curative 0100,300 \$13,000 D(CC.280 \$13,000 \$5,000 \$0.35 Per Foot \$5,000 Well Control Insurance DIDC.285 \$62,000 0:00.220 5% of Drilling Intangibles DIOC.483 \$55,000 \$117,000 Contingency Construction For Well Equipment DWEA.110 \$10,000 \$10,000 0.50,110 DICC.265 \$70,000 \$70,000 Construction For Lease Equipment Construction For Sales P/L \$100,000 \$100,000

Size	Feet	\$/Foot	1.566	11011111111		SI SIII III S	GGGGGGGGGG
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\$1,309,125

\$1,344,980

\$2,654,105

Cimarex Energy Co.

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



June 24, 2010

Via: FedEx Overnight

COG Operating LLC Attn: Jan Spradlin 550 West Texas, Suite 1300 Midland, Texas 79701

Re:

Operating Agreement

Boxer 3 Fee No. 4

amatha Spencer

E/2E/2 Section 3-T15S-R31E Chaves County, New Mexico

Dear Mr. Spradlin,

Enclosed, for your records, is an operating agreement that has been executed by Cimarex. The operating agreement covers the spacing unit dedicated to the above-captioned well. If you intend to participate in the well, please fully execute the signature page attached atop of the operating agreement and return same to the undersigned at the above-letterhead address. Please do not hesitate to contact Hayden Tresner at either (432) 571-7856 or htresner@cimarex.com if you should have any questions. Thank you.

Sincerely,

Cimarex Energy Co.

Samatha Spencer Land Department



Shipment Receipt
Address Information

Ship to:Ship from:Jan SpradlinSamatha SpencerCOG Operating LLCCimarex Energy Co.550 W TEXAS AVE STE600 N Marienfeld

1300

Suite 600 MIDLAND, TX Midland, TX 797014210 79701 US US 4325717845 4325717800

Shipping Information

Tracking number: 793669735731 Ship date: 06/24/2010

Estimated shipping charges: 11.59

Package Information

Service type: Priority Overnight Package type: FedEx Envelope

Number of packages: 1 Total weight: 1LBS Declared value: 0.00USD

Special Services:

Pickup/Drop-off: Use an already scheduled pickup at my location

Billing Information

Bill transportation to: Sender

Your reference: P.O. no.: Invoice no.: Department no.:

Thank you for shipping online with Fedex ShipManager at fedex.com.

Please Note

FIGEX will not be responsible for any claim in excess of \$100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery, or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim. Limitations found in the current FodEX Service Guide apply, Your right to recover from FedEX for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, inclinetal, consequential, or special is limited to the greater of 500 of the authorized declared value. Recovery cannot exceed actual documented loss. Maximum for items of extraordinary value is \$500, e.g., jewelfy, precious metals, negotiable instruments and other items lised in our Service Guide. Written claims must be filed within strict time limits; Consult the applicable FedEx Service Guide for details.

The estimated shipping charges are calculated.

The estimated shipping charges are calculated.

The consult the applicable FedEx Service Guide or the FedEx Rate Service Guide or details.

Cimarex Energy Co.

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



June 24, 2010

Via: FedEx Overnight

Penroc Oil Corporation
Attn: M.Y. Merchant, President
P.O. Box 2769
Hobbs, New Mexico 88241-2769

Re:

Operating Agreement

Boxer 3 Fee No. 4

E/2E/2 Section 3-T15S-R31E Chaves County, New Mexico

Dear Mr. Merchant,

Enclosed, for your records, is an operating agreement that has been executed by Cimarex. The operating agreement covers the spacing unit dedicated to the above-captioned well. If you intend to participate in the well, please fully execute the signature page attached atop of the operating agreement and return same to the undersigned at the above-letterhead address. Please do not hesitate to contact Hayden Tresner at either (432) 571-7856 or htresner@cimarex.com if you should have any questions. Thank you.

Sincerely,

Cimarex Energy Co.

Somotha Spencer

Samatha Spencer Land Department



Shipment Receipt
Address Information

Ship to:

Addiess informati

Mr. Merch Merchant Penroc Oil Corporation 1515 W CALLE SUR ST Ship from: Samatha Spencer Cimarex Energy Co. 600 N Marienfeld

Suite 600

HOBBS, NM 882400998 Midland, TX 79701

US US

5754921236 4325717800

Shipping Information

Tracking number: 793669958006

Ship date: 06/24/2010

Estimated shipping charges: 15.64

Package Information

Service type: Priority Overnight Package type: FedEx Envelope

Number of packages: 1 Total weight: 1LBS Declared value: 0.00USD

Special Services:

Pickup/Drop-off: Use an already scheduled pickup at my location

Billing Information

Bill transportation to: Sender

Your reference: Proposed Operating Agreement

P.O. no.: Invoice no.: Department no.:

Thank you for shipping online with Fedex ShipManager at fedex.com.

Please Note

FedEx will not be responsible for any claim in excess of \$100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery, or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim. Limitations found in the current FedEx Service Guide apply, Your right to recover from FedEx for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental, consequential, or specials i limited to the greater of \$100 or the authorized declared value. Recovery cannot exceed actual documented loss. Maximum for items of extraordinary value is \$500, e.g., jewelly, precious metals, negotiable instruments and other farms lised in our Service Guide. Written claims must be filed within strict time limits; Consult the applicable FedEx Service Guide for details.

The estimated shipping charge may be different than the actual charges for your shipment. Differences may occur based on actual weight, dimensions, and other factors. Consult the applicable FedEx Service Guide or the FedEx Rete Sheets for details on how shipping charges are calculated.

Cimarex Energy Co.

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



June 24, 2010

Via: FedEx Overnight

First Roswell Co.
Attn: Thomas Jennings, President
111 South Kentucky Ave.
Roswell, New Mexico 88203

Re: Operating Agreement

Boxer 3 Fee No. 4

E/2E/2 Section 3-T15S-R31E Chaves County, New Mexico

Dear Mr. Jennings,

Enclosed, for your records, is an operating agreement that has been executed by Cimarex. The operating agreement covers the spacing unit dedicated to the above-captioned well. If you intend to participate in the well, please fully execute the signature page attached atop of the operating agreement and return same to the undersigned at the above-letterhead address. Please do not hesitate to contact Hayden Tresner at either (432) 571-7856 or htresner@cimarex.com if you should have any questions. Thank you.

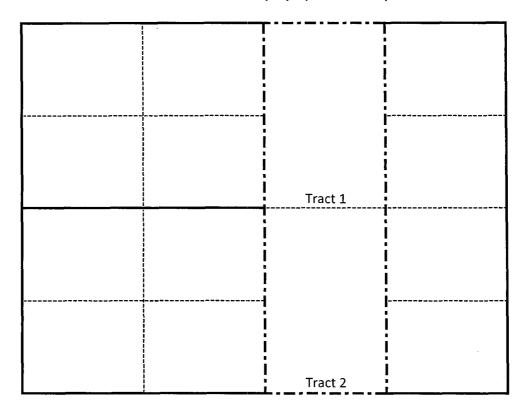
Sincerely,

Cimarex Energy Co.

matha Spencer

Samatha Spencer Land Department

Boxer 3 Fee No. 3: W/2E/2 (161.06 acres)



Tract 1: W/2NE/4: 81.06 acres

oo acres		
Tract Interest:	Tract Factor:	Unit Interest:
1	0.5032907	0.5032907
1.00000000		0.5032907
acres		
Tract Interest:	Tract Factor:	Unit Interest:
0.40000000	0.49670930	0.19868372
0.12500000	0.49670930	0.06208866
0.10000000	0.49670930	0.04967093
0.25000000	0.49670930	0.12417733
0.12500000	0.49670930	0.06208866
1.00000000		0.49670930
То	tal Committed Inter	est:
0.70197442 Cir	marex	0.70197442
0.12417733 Fir	st Roswell Co.	0.06208866
0.06208866 Ch	isos, Ltd.	0.04967093
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	Tract Interest: 1 1.00000000 acres Tract Interest: 0.40000000 0.12500000 0.12500000 1.00000000 To 0.70197442 Cir 0.12417733 Fir 0.06208866 Ch 0.06208866 To 0.04967093	Tract Interest: Tract Factor: 1 0.5032907 1.00000000 acres Tract Interest: Tract Factor: 0.40000000 0.49670930 0.12500000 0.49670930 0.10000000 0.49670930 0.12500000 0.49670930 1.00000000 Total Committed Interest 0.70197442 Cimarex 0.12417733 First Roswell Co. 0.06208866 Chisos, Ltd. 0.06208866 Total: 0.04967093

l		Tract 1
		1
		Tract 2

Tract 1: E/2NE/4: 81.02 acres

Owners:	Tract Interest:	Tract Factor:	Unit Interest:
Cimarex	0.666666667	0.50316731	0.335444873
First Roswell Co.	0.33333333	0.50316731	0.16772244
	1 0000000		0.50316731

Tract 2: E/2SE/4: 80 acres

Owners:	Tract Interest:	Tract Factor:	Unit Interest:
Cimarex	0.33962965	0.49683269	0.16873911
COG Oil & Gas, LP	0.25000000	0.49683269	0.12420817
Penroc Oil Corp.	0.16111111	0.49683269	0.08004527
Undetermined	0.24925923	0.49683269	0.12384014
	1.00000000		0.49683269
Takal Misli Indonesia	~		

Total Well Interest:		Total Committed Interest:	
Cimarex	0.50418399	Cimarex	0.50418399
First Roswell Co.	0.16772244	First Roswell Co.	0.16772244
COG Oil & Gas, LP	0.12420817	Penroc Oil Corp.	0.08004527
Penroc Oil Corp.	0.08004527		0.75195169
Undetermined	0.12384014	_	

Total: 1.00000000

July 20, 2010

New Mexico Oil Conservation Division Santa Fe, New Mexico

Re: Boxer 3 Fee Well No. 4 E/2E/2, Section 3, T-15-S, R-31-E Chaves County, New Mexico

Ladies & Gentlemen:

This letter is in support of Cimarex Energy Company to be designated as the operator of the captioned well. Penroc also supports Cimarex position to drill the well in a north to south orientation.

Penroc has participated with Cimarex over the past many years in this area of interest as well as others in Southeast New Mexico, and is satisfied with their expertise in drilling and completion of the wells and eventual operations of the wells. Penroc also believes Cimarex does a better job in controlling expenses in order for the wells to be economic for all working interest owners hence mineral owners.

If you have any questions, please do not hesitate to contact the undersigned. Thank you.

Sincerely,

M. Y. (Merch) Merchant President PENROC OIL CORORATION (575)492-1236 mymerch@penrocoil.com

CHISOS, LTD.

670 Dona Ana Road SW Deming, New Mexico 88030 575 546-8802 – Office 575 546-7551 – Fax sueanncraddock@zianet.com

July 19, 2010

Mr. Hayden P. Tresner Cimarex Energy Company 600 N. Marienfeld, Suite 600 Midland, Texas 79701

Re: Boxer "3" Fee No. 3

Section 3 Township 15 South, Range 31 East

Chaves County, New Mexico

Ladies and Gentlemen:

Please let this letter serve as the written notice that Chisos, Ltd. ("Chisos"), a working interest owner in the proposed well referenced above, does unequivocally support Cimarex Energy Company as the operator for this well.

Additionally, Chisos recommends and agrees that a north to south well orientation is most appropriate for the drilling of this well.

If you need anything else, please let me know.

Thank you.

. / |\

Sincerely,

Sue Ann Craddock

nakhar

President

FIRST ROSWELL COMPANY

III SOUTH KENTUCKY AVENUE POST OFFICE BOX 1797

ROSWELL, NEW MEXICO 88202-1797

19 July 2010

TELEPHONE (505) 623-8331 TELECOPIER (505) 622-8433

Cimarex Energy Company

Attention: Hayden Tresner, Land Department

600 Marienfeld Street, Suite 600

Midland, Texas 79701

Re: Boxer Number 3 well

T15S R31E, NMPM Section 3: W½E½;

Boxer Number 4 well

T15S R31E, NMPM Section 3: E1/2E1/2;

FRC - 006 Rodden

Township 15 South, Ranger 31 East, N.M.P.M.

Section 3: Lot 1, SE¼NE¼ (E ½ NE¼); (1/3 mineral interest)

containing 81.02 acres, more or less,

W½SE¼; (1/8 mineral interest)

containing 80.00 acres, more or less,

TEJ - 971 Gardner

Township 15 South, Ranger 31 East, N.M.P.M.

Section 3: W½SE¼; (1/8 mineral interest)

Chaves County, New Mexico

Hayden:

Pursuant to agreement with First Roswell Company regarding above Referenced wells enclosed and returned herewith for First Roswell Company (FRC) and Thomas E. Jennings (TEJ) are, as follows:

Operating Agreement signature pages (2) dated, executed by FRC, and notarized; Authority for Expenditure (AFE) dated and executed by FRC Assignment of Oil and Gas Lease original dated, executed by TEJ, and notarized; FRC Geological Requirements.

First Roswell Company and Thomas E. Jennings support Cimarex Energy Company's decision to drill wells in Section 3 as a stand-up unit to take advantage of the geological situation and structure.

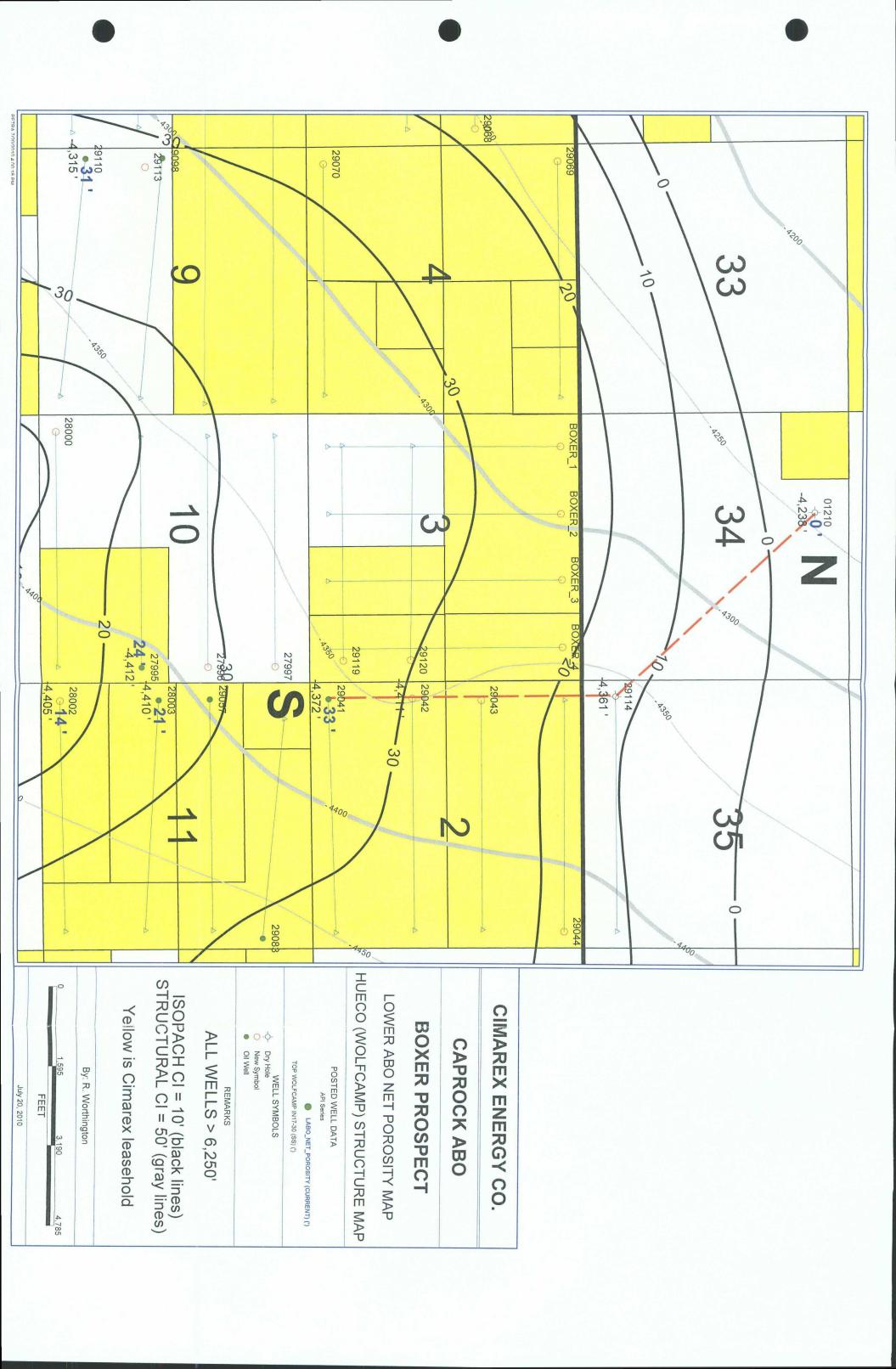
Should Cimarex Energy Company have any question, require additional documentation or information, or be unable to timely commence operations kindly provide written advise to the undersigned. With kind regards, I remain,

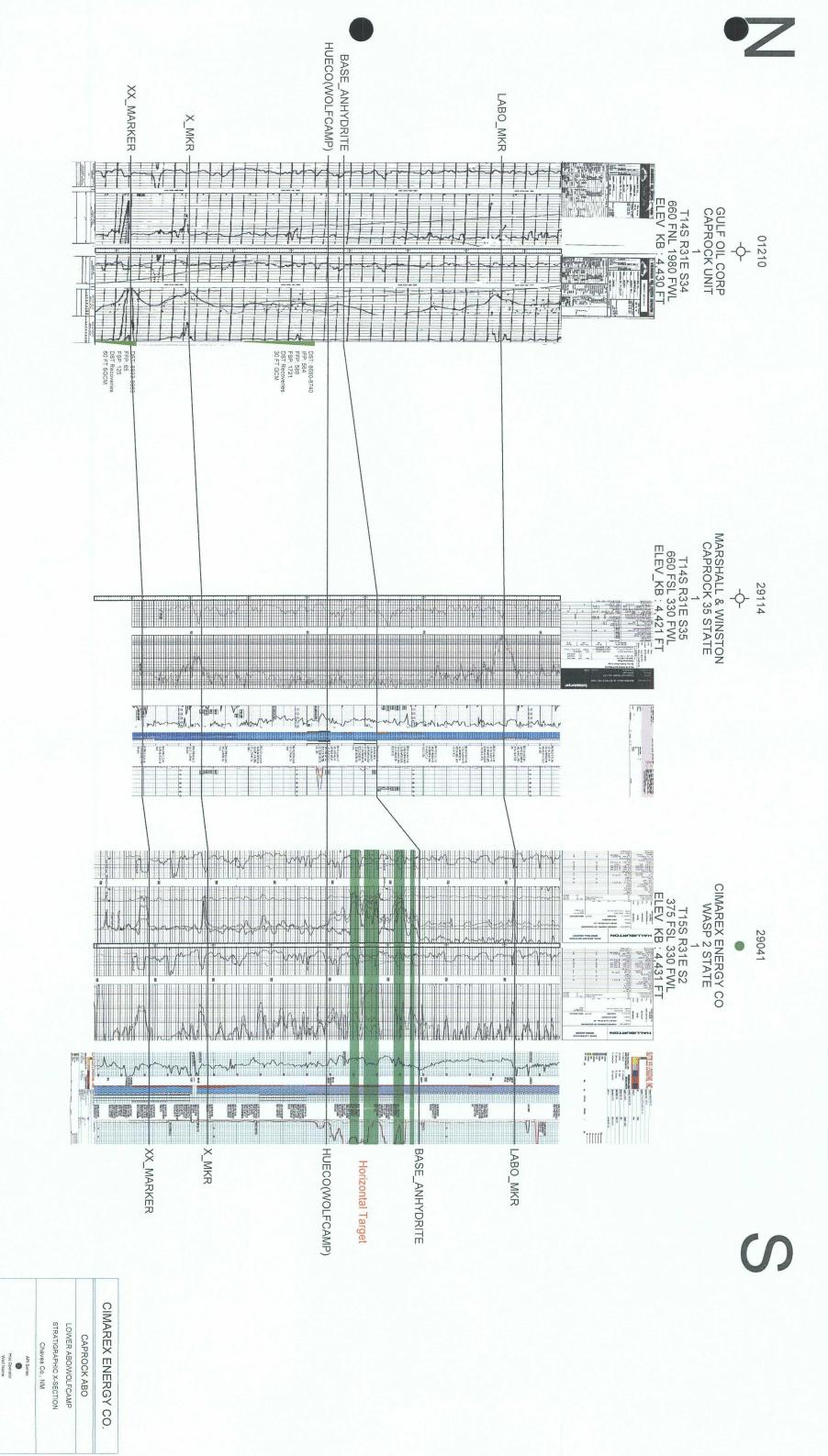
Respectfully.

Thomas E. Jennings

President and Individually

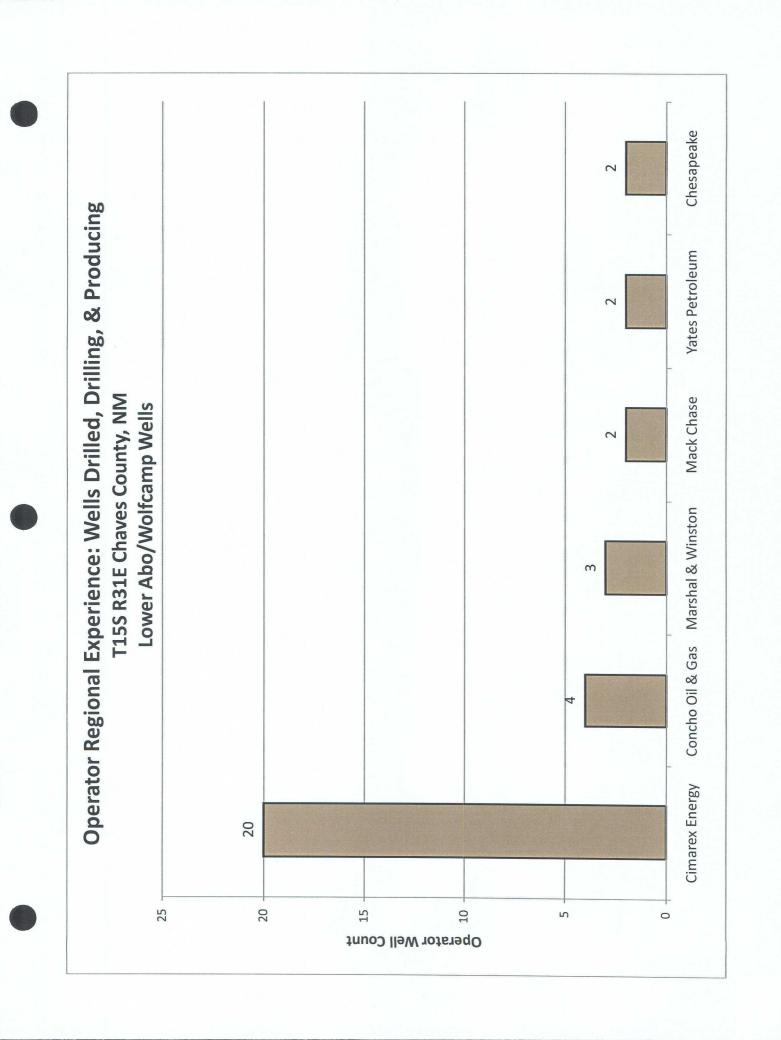
Enclosures stated.

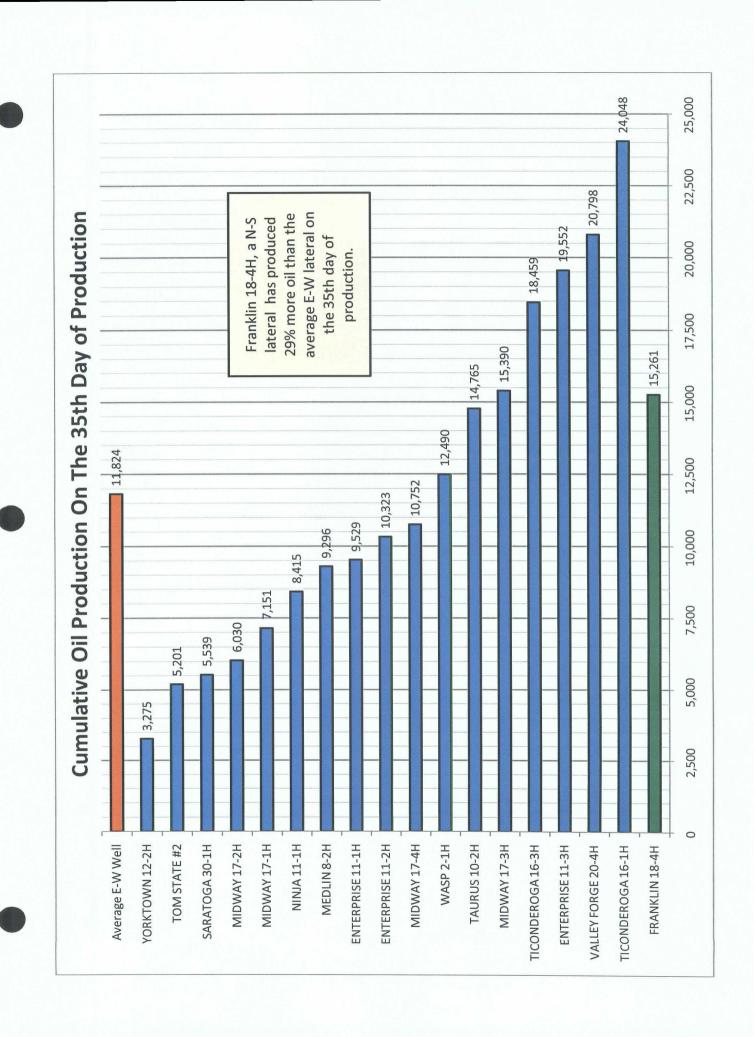




Constant Distance Between Wells Datum: Top Hueco (Wolfcamp) (base Abo) ME DE 2000/0010 0.02.30 PM SARATOGA 30-2H SARAJOGA 30-1H 19 19 $\frac{\omega}{2}$ $\frac{1}{0}$ 0 FRANKLIN 18-4H MIDWAY 17-2H MIDWAY 17-117 MEDLIN 8-2H VALLEY FORGE 20-3H 20 VALLEY FORGE 20-4H MIDWAY 17-3H MIDWAY 17-4H MEDLIN 8-1H 32 29 S ∞ ● TOM STATE 21-2H TICONDEROGA 16-3H TICONDEROGA 16-1H FICONDEROGA 16-2H TICONDEROGA 16-4H TOM STATE 21-1H VESPA BME MEDLIN 9-1H 21 ယ္သ 28 9 4 PERSEUS 10-3H TAURUS 10-2H TAURUS 10-1H HERCULES 15-2H 22 15 10 27 34 ယ ● ENTERPRISE 11-2H ANDROMEDA 14-1H ENTERPRISE 11-1H ENTERPRISE 11-3H WASP 2-1H NINJA BMN 26 14 23 N LOWER ABO/WOLFCAMP LOCATION MAP REMARKS

Map includes wells shown on the operator experience plot & on the production comparison graph of E-W & N-S lateral(s). CIMAREX ENERGY July 20, 2010 WRINKLE 13-1H YORKTOWN 12-2H 25 24 <u></u>





CAPROCK CUMLATIVE OIL PRODUCTION TRENDS

	CA	CAPROCK CUMICATIVE OIL PRODUCTION TRENDS	IIVE OIL PROL	OCTION TREN	US		
MELLINORGE			CUMULATIV	CUMULATIVE OIL PRODUCTION (Bbis)	TION (Bbls)		
WELL INAIVIE	5 TH DAY	10™ DAY	15™ DAY	20 [™] DAY	25 TH DAY	30™ DAY	35 TH DAY
FRANKLIN 18-4H	1,854	4,885	7,517	9,594	11,611	13,497	15,261
TICONDEROGA 16-1H	1,409	4,115	8,752	13,003	17,577	20,845	24,048
VALLEY FORGE 20-4H	3,259	6,972	10,451	13,250	15,754	18,355	20,798
ENTERPRISE 11-3H	386	2,692	6,302	9,094	12,778	16,252	19,552
TICONDEROGA 16-3H	3,196	6,175	9,220	11,575	13,894	16,388	18,459
MIDWAY 17-3H	2,084	4,283	6,181	8,218	10,619	13,194	15,390
TAURUS 10-2H	829	3,273	6,019	8,154	11,400	13,683	14,765
WASP 2-1H	1,555	3,350	5,410	7,410	9,183	10,822	12,490
MIDWAY 17-4H	1,310	5,809	4,163	5,546	7,229	8,632	10,752
ENTERPRISE 11-2H	431	1,255	2,901	4,657	6,751	8,570	10,323
ENTERPRISE 11-1H	1,548	2,659	4,123	5,537	6,842	8,195	9,529
MEDLIN 8-2H	719	1,861	3,156	4,642	6,132	7,570	9,296
NINJA 11-1H	1,022	2,751	4,008	5,151	6,413	7,457	8,415
MIDWAY 17-1H	601	1,838	3,309	4,090	5,002	6,103	7,151
MIDWAY 17-2H	754	1,514	2,219	2,994	3,875	4,998	6,030
SARATOGA 30-1H	1,370	2,418	3,274	3,944	4,490	5,064	5,539
TOM STATE #2	463	1,025	1,785	2,628	3,501	4,367	5,201
YORKTOWN 12-2H	348	089	1,102	1,586	2,072	2,685	3,275
Average E-W Well	1,252	2,922	4,846	6,558	8,442	10,187	11,824