

30-025-40163

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NOV 22 2010

Cimarex Energy Co
600 N. Marienfeld St.
Suite 600
Midland, Texas 79701
PHONE 432 571.7800



November 22, 2010

COG Operating, LLC
550 W. Texas St. Suite 100
Midland, Texas 79701
Attn: William Miller

Hand-Delivered

Re: Sec. 32-T19S-R32E
Lea County, New Mexico

Dear William;

As you are aware, by letter dated May 5, 2010, Cimarex submitted to Marbob Energy Corp a proposal to drill the South Lusk 32 State Well No.1 ("Lusk Well"), a horizontal Bone Spring formation well with a spacing unit covering the E2E2 of Section 32, T19S-R32E (being the E2NE4, NE4SE4, and Lot 4). Marbob replied positively to the proposal and suggested that the Operating Agreement, with Marbob as operator, dated October 1, 2002, covering Section 32 ("OA"), be revised to include the shallow depths of the N2NE4 of Section 32 owned 100% by Cimarex. Following initial conversations, Marbob informed us of its acquisition by COG. Shortly thereafter, Marbob and COG requested Cimarex postpone discussions and to delay further action on the Cimarex Well until after COG had completed the Marbob acquisition then estimated to occur in October, 2010.

By letter dated October 20, 2010, COG submitted to Cimarex a proposal to drill the Magnum Pronto State Com #4 Well ("Magnum Well") a horizontal Bone Spring formation well with a spacing unit covering the SE4NE4, NE4SE4, and Lot 4 of Section 32, T19S-R32E; such acreage lying entirely within the Contract Area of the OA.

In a telephone conversation last Friday between Matt Hyde and Roger Alexander, Matt asked that Cimarex submit a proposed resolution. Therefore, Cimarex offers the following:

1. Cimarex and COG agree to amend the OA to include the Bone Spring formation underlying the N2NE4 of Section 32, T19S, R32E, into the Contract Area creating a "Contract Area C". Contract Area C will cover and apply to the Bone Spring formation only in the E2 of Section 32 and will be owned in the following proportions:

COG	64.37263%
Cimarex	35.62737%

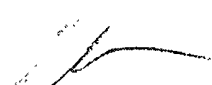
JUN 21 2011



2. COG agrees to amend its proposal of the Magnum Well such that it provides for a Bone Spring formation spacing unit comprised of the E2E2 of Section 32, T19S-R32E (being the E2NE4, NE4SE4, and Lot 4) and Cimarex agrees to participate in such well without the requirement for COG to re-propose the amended location and spacing. Cimarex shall cancel or assign to COG the application for a permit to drill the Lusk Well.
3. Cimarex agrees to dismiss Case numbers 14579 and 14580 seeking to pool the Bone Spring formation in the E2E2 and W2W2 of Section 32 and now pending before the Oil Conservation Division of the State of New Mexico.
4. Cimarex agrees to withdraw its May 5, 2010, proposal to drill the Lusk Well.
5. COG and Cimarex agree to amend the Exhibit "A" to the OA as shown on the attached Amended Exhibit "A" and that Contract Area C will also be deemed included in the Cost Allocation Formula in the same manner and method of ownership and depth allocation contemplated for Contract Area A and Contract Area B in Article XV of the OA.

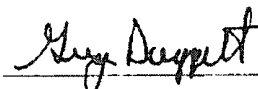
If the foregoing meets with your approval, please signify your acceptance by executing below and returning on original to the undersigned at the letterhead address.

Respectfully,


Mike Wallace
Landman
432.571.7873 (office)
432.301.4067 (mobile)
432.571.7840 (facsimile)

AGREED TO AND ACCEPTED this 10th day of ^{December} ~~November~~, 2010.

COG Operating, LLC

By: 

Title: LAND MANAGER

AMENDED EXHIBIT "A"
December
Amended *November 10th* 2010

Attached to and made a part of that certain Operating Agreement dated October 1, 2002,
between Marbob Energy Corporation (now COG Operating, LLC), as Operator,
and Gruy Petroleum Management Co. (now Cimarex Energy Co.), as Non-Operator.

1. IDENTIFICATION OF LANDS SUBJECT TO THIS AGREEMENT:

CONTRACT AREA "A":

Morrow and Strawn Formations as to the entire Section 32-T19S-R32E, N.M P.M. Lea County, New Mexico containing 642.28 acres.

CONTRACT AREA "B":

All other formations (Save and Except the Bone Spring formation in the E/2 of Section 32) as to the W/2, SE/4, and S/2NE/4 of Section 32-T19S-R32E, N.M. P.M., Lea County, New Mexico containing 562.28 acres.

CONTRACT AREA "C":

Bone Spring Formation as to the E/2 of Section 32-T19S-R32E, N.M. P.M., Lea County, New Mexico containing 320.65 acres.

2. RESTRICTIONS, IF ANY, AS TO DEPTHS, FORMATIONS OR SUBSTANCES:

Less and except existing wellbores and any and all production from existing wellbores as follows:

Well Name:	API#
New Mexico "CR" State #1	3002520563
New Mexico "CR" State #2	3002520936
New Mexico "CR" State #3	3002520959
New Mexico "CR" State #4	3002530133
New Mexico "CR" State #5	3002530762
Texaco Cities Service #1	3002520961
Foran "NF" State #1	3002530180
New Mexico State "DH" #1	3002523703
New Mexico State "DH" #1	3002523727

3. PERCENTAGES OR FRACTIONAL INTERESTS OF PARTIES TO THIS AGREEMENT:

Contract Area "A":

COG Operating, LLC

Working Interest

75.08875%

Prize Energy Resources, L.P.
(a wholly-owned subsidiary of
Magnum Hunter Resources, Inc.;
being a wholly-owned subsidiary
of Cimarex Energy Co.)

24.91125%

Contract Area "B":

COG Operating, LLC

Working Interest

85.77222%

Prize Energy Resources, L.P.
(a wholly-owned subsidiary of
Magnum Hunter Resources, Inc.;
being a wholly-owned subsidiary
of Cimarex Energy Co.)

14.22778%

Contract Area "C":

COG Operating, LLC

Working Interest

64.37263%

Prize Energy Resources, L.P.
(a wholly-owned subsidiary of
Magnum Hunter Resources, Inc.;
being a wholly-owned subsidiary
of Cimarex Energy Co.)

35.62737%

4. OIL AND GAS LEASES SUBJECT TO THIS AGREEMENT:

LESSOR: State of New Mexico -B-1482
LESSEE: Empire Gas and Fuel Company
DESCRIPTION: T19S-R32E, NMPM,
Section 32: N/2NE/4

DATED: 12/19/32
RECORDING: Book 938, Page 776, Oil and Gas Records, Lea County, New Mexico

LESSOR: State of New Mexico - E-9721
LESSEE: The Texas Company
DESCRIPTION: T19S-R32E, NMPM,
Section 32: Lots 1,2,3 and 4, S/2NE/4, NW/4 and N/2S/2

DATED: 1/17/56
RECORDING: Book 244, Page 352, Oil and Gas Records, Lea County, New Mexico

5. ADDRESS OF THE PARTIES:

COG Operating, LLC
550 W. Texas Street, Suite 100
Midland, Texas 79701
Attn: Land Manager
Phone: (432) 683-7443
Fax: (432) 686-3000

Cimarex Energy Co.
(on behalf of its wholly-owned subsidiary Magnum Hunter Production Inc.
600 N. Marienfeld, Suite 600
Midland, Texas 79701
Attn: Permian Basin Land Manager
Phone: 432.571.7800
Fax: 432.571.7840