

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

CTB-771

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
 [A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Cimarex Energy Co of Colorado- 162683
 Well: Crescent Hale 1 Fed #1 30-015-37652
 Crescent Hale 2 Fed #2 30-015-38524

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
☐ DHC ☒ CTB ☐ PLC ☒ PC ☐ OLS ☐ OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

- [D] Other: Specify _____

Pool
- Benson's Bone
Spring
5200

- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or ☐ Does Not Apply
 [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
 [B] ☐ Offset Operators, Leaseholders or Surface Owner
 [C] ☐ Application is One Which Requires Published Legal Notice
 [D] ☒ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] ☐ Waivers are Attached

- [3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

- [4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Aricka Easterling

Aricka Easterling

Regulatory Analyst

11/12/15

Print or Type Name

Signature

Title

Date

aeasterling@cimarex.com
 e-mail Address

Cimarex Energy Co.

202 S Cheyenne Ave

Suite 1000

Tulsa, Oklahoma 74103-4346

Phone 918.585.1100

Fax 918.749.8059



2015 11 03 P 3:42
RECEIVED OGD

November 12, 2015

NMOCD

1220 South St. Francis Drive

Santa Fe, NM 87505

RE: Request for a Commingle Oil Production

Crescent Hale 1 Fed 1 API# 30-015-37652

Crescent Hale 1 Fed 2 API# 30-015-38524

Pool: Benson; Bone Spring (5200)

Eddy County, New Mexico

Mr. McMillian:

Cimarex Energy Company respectfully requests approval to surface commingle oil production at the Crescent Hale 1 Federal Battery. Crescent Hale 1 Fed 1 & 2 produce from the Benson; Bone Spring (5200).

The working, royalty and overriding interest owners are common.

Please contact me should you have any questions or need anything further.

Thank you in advance for your time.

Sincerely,

Aricka Easterling
Aricka Easterling
Regulatory Analyst

Enclosure

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

5. Lease Serial No.
NMLC063613

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

7. If Unit or CA/Agreement, Name and/or No.

1. Type of Well
☒ Oil Well ☐ Gas Well ☐ Other

8. Well Name and No.
CRESCENT HALE 1 FED 1H BATTERY

2. Name of Operator
CIMAREX ENERGY COMPANY

Contact: ARICKA EASTERLING
E-Mail: aeasterling@cimarex.com

9. API Well No.
30-015-37652

3a. Address
202 S CHEYENNE AVE, SUITE 1000
TULSA, OK 74103

3b. Phone No. (include area code)
Ph: 918-560-7060

10. Field and Pool, or Exploratory
BONE SPRING

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Sec 1 T19S R30E NWNW 330FNL 330FWL

11. County or Parish, and State
EDDY COUNTY, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Surface Commingling
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Cimarex Energy Co. respectfully requests approval to Surface Commingle Oil production on the Crescent Hale 1 Fed #1 (API # 30-015-37652) and the Crescent Hale 1 Fed #2 (API# 30-015-38524) at the Crescent Hale 1 Federal Battery.

Please see attached application, economic justification, and other important information regarding this commingle request.

14. I hereby certify that the foregoing is true and correct.

**Electronic Submission #323421 verified by the BLM Well Information System
For CIMAREX ENERGY COMPANY, sent to the Carlsbad**

Name (Printed/Typed) ARICKA EASTERLING

Title REGULATORY ANALYST

Signature (Electronic Submission)

Date 11/12/2015

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

**** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ****



**Crescent Hale 1 Federal Battery Economic Justification
Sec. 1-19S-30E
Eddy County, NM**

CTB Commingling proposal for leases: NMNM129043, NMNM0560353, NMLC0063613

Federal Lease NMNM129043 & NMNM0560353 Royalty Rate 12-1/2%

Well Name	BOPD	Oil Gravity @60 deg	Value/bbl
Crescent Hale 1 Fed 1	11.9	42.5	38.5

Federal Lease NMNM129043 & NMNM0560353 & NMLC0063613 Royalty Rate 12-1/2%

Well Name	BOPD	Oil Gravity @60 deg	Value/bbl
Crescent Hale 1 Fed 2	7	42.5	38.5

Economic combined production

Federal Lease NMNM129043 & NMNM0560353 Royalty Rate 12-1/2%

Federal Lease NMNM129043 & NMNM0560353 & NMLC0063613 Royalty Rate 12-1/2%

Facility Name	BOPD	Oil Gravity @60 deg	Value/bbl
Crescent Hale 1			
Fed Battery	18.9	42.5	38.5

Signed:

Aricka Easterling

Printed Name: Aricka Easterling

Title: Regulatory Analyst

Phone: 918-560-7060

Date: 11/12/15

APPLICATION FOR COMMINGLING AT A COMMON CENTRAL TANK BATTERY

Proposal for Crescent Hale 1 Federal 1 & Crescent Hale 1 Fed 2 :

Cimarex Energy Co. is requesting approval for the Central Tank Battery Commingling:

Federal Lease :NMNM129043 & NMNM 0560353

Well Name	Location	API #	Pool	BOPD	Gravities
Crescent Hale 1 Fed 1	330 FNL & 330 FWL	30-015-37652	Benson, Bone Spring	11.9	42.5

Federal Lease NMNM129043 & NMNM 0560353 & NMLC 0063613

Well Name	Location	API #	Pool	BOPD	Gravities
Crescent Hale 1 Fed 2	330 FNL & 2310 FWL	30-015-38524	Benson, Bone Spring	7	42.5

The attached map shows the federal leases and well locations in Section 1-19S-30E.

The BLM's interest in all wells is Common. Lease NMNM129043 royalty rate is 12.5% and involves 520 acres, lease NMNM0560353 royalty rate is 12.5% and involves 1640.32 acres, and lease NMLC0063613 royalty rate is 12.5% and involves 204.4 acres.

Oil Metering:

The central tank battery is located on the well pad for the Crescent Hale 1 Fed 1 located in Sec. 1-19S-30E federal lease NMNM0560353 in Eddy County, New Mexico. The production from all wells will come to a common production header with isolation line to route each well's production.

The Crescent Hale 1 Fed Battery has 4 oil tanks at the central tank battery that all wells will utilize. Oil production volumes from each well producing to this battery will have its own three phase separator with Coriolis to meter the allocation back to each well utilizing a percentage of each wells monthly oil production.

Oil production will be allocated on a daily basis based on the Coriolis meter located downstream of the test heater treater. The Coriolis meter will be proven, as per API, NMOCD, and BLM specifications, when installed, once per month for the first 3 months (to establish a consistent repeatability factor), and then quarterly thereafter, the factor obtained will be used to allocate the production volumes.

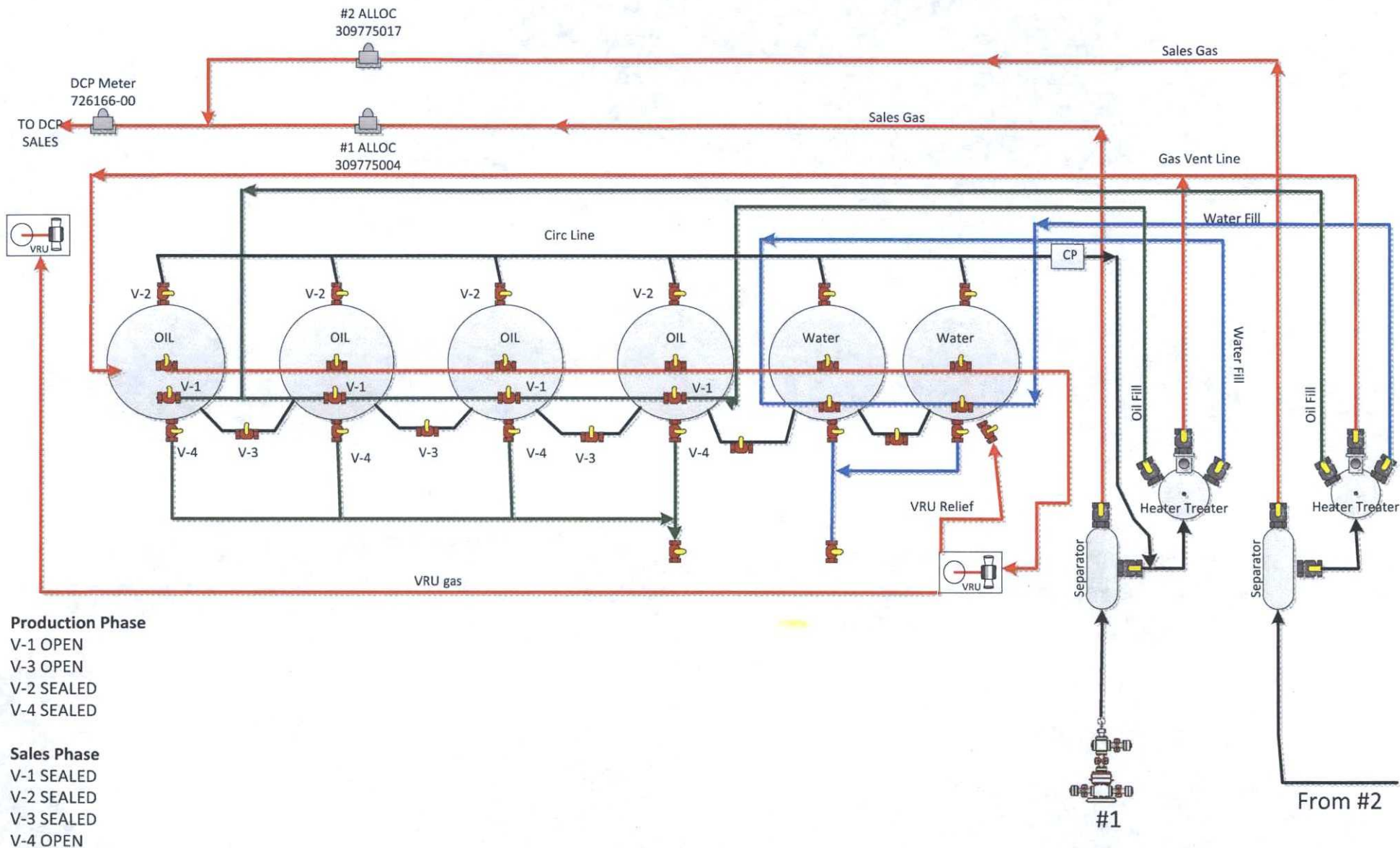
Process and Flow Descriptions:

The flow of production is shown in detail on enclosed facilities diagram and map, which shows the lease boundaries. Communitization agreement boundaries, location of wells, facility, and gas sales meter.

The commingling of this production is the most effective economical means of producing the reserves and will not result in reduced royalty or improper measurement of production. The proposed commingling will reduce operating expenses as well as reduce the surface facility footprint and overall emissions.

Cimarex Energy Co. understands the requested approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument.

Working, royalty, and overriding interest owners are common.



Cimarex Energy Co.

Crescent Hale 1 Federal com #1 & #2
 Sec 1, T19S, R30E
 API #1: 30-015-37652
 API #2: 30-015-38524
 Eddy county NM
 BLM #: NM 0560353



Cimarex Energy Co.
600 H. Marienfeld St.
Suite 600
Midland, TX 79701
Phone: 432.571.7800



October 19, 2015

OCD
Attn: Michael A. McMillan
1220 South St. Francis Dr.
Santa Fe, NM 87505

RE: Ownership of Developed Lands – Surface Commingling
Crescent Hale 1 Fed Com #1, Crescent Hale 1 Fed Com #2
Eddy County, New Mexico

To Whom It May Concern:

The above referenced wells have been drilled under Federal Lease NMNM129043, NMNM0560353 & NMLC0063613 and each proration unit for the above referenced well have the exact same WI, RI and ORRI owners. If you need any further information, you may contact me directly at 432-571-7896 or mcompton@cimarex.com

Sincerely,
Cimarex Energy Co.

A handwritten signature in black ink, appearing to read "Mark W. Compton", written over a horizontal line.

Mark Compton
Landman

Well Name:	CRESCENT HALE 1 FEDERAL COM # 001	API:	3001537652
Location:	D-1-19.0S-30E 330 FNL 330 FWL		
Lat:	32.69578333	Long:	-103.9330443
Operator Name:	CIMAREX ENERGY CO. OF COLORADO	County:	Eddy
Land Type:	Federal	Well Type:	Oil
Spud Date:	7/30/2010	Plug Date:	
Elevation GL:	3515	Depth TVD:	8698

Year: 2014

Pool Name: BENSON;BONE SPRING

Month	Oil(BBLS)	Gas(MCF)	Water(BBLS)	Days Produced	Accum. Oil(BBLS)	Accum. Gas(MCF)
January	1793	5477	2141	31	1793	5477
February	1154	3606	1358	22	2947	9083
March	1583	5079	1635	27	4530	14162
April	1655	6085	2183	29	6185	20247
May	1842	6173	2656	31	8027	26420
June	1717	6475	2372	30	9744	32895
July	1626	7992	2005	31	11370	40887
August	2049	9787	2683	31	13419	50674
September	1296	7358	2531	28	14715	58032
October	908	4536	728	21	15623	62568
November	1900	6493	2030	30	17523	69061
December	993	4203	947	25	18516	73264

Year: 2015

Pool Name: BENSON;BONE SPRING

Month	Oil(BBLS)	Gas(MCF)	Water(BBLS)	Days Produced	Accum. Oil(BBLS)	Accum. Gas(MCF)
January	1491	4896	1967	31	20007	78160
February	1299	4185	1935	28	21306	82345
March	1828	4441	5474	31	23134	86786
April	1621	4418	4775	30	24755	91204
May	0	0	0	0	24755	91204
June	0	0	0	0	24755	91204
July	0	0	0	0	24755	91204
August	0	0	0	0	24755	91204
September	0	0	0	0	24755	91204
October	0	0	0	0	24755	91204
November	0	0	0	0	24755	91204
December	0	0	0	0	24755	91204

Well_Name:	CRESCENT HALE 1 FEDERAL COM # 002	API:	3001538524
Location:	C-1-19.0S-30E 330 FNL 2310 FWL		
Lat:	32.69577758	Long:	-103.9265778
Operator Name:	CIMAREX ENERGY CO. OF COLORADO	County:	Eddy
Land Type:	Federal	Well Type:	Oil
Spud Date:	3/19/2011	Plug Date:	
Elevation GL:	3515	Depth TVD:	8702

Year: 2014						
Pool Name: BENSON;BONE SPRING						
Month	Oil(BBLS)	Gas(MCF)	Water(BBLS)	Days Produced	Accum. Oil(BBLS)	Accum. Gas(MCF)
January	983	3000	2149	31	983	3000
February	984	2908	1681	28	1967	5908
March	843	2420	1214	27	2810	8328
April	1027	2305	1548	30	3837	10633
May	852	2413	1145	31	4689	13046
June	696	2648	1248	30	5385	15694
July	404	1944	1314	31	5789	17638
August	133	779	633	14	5922	18417
September	1163	2672	2431	28	7085	21089
October	670	1700	885	20	7755	22789
November	1067	2536	2641	30	8822	25325
December	663	1883	1523	26	9485	27208

Year: 2015						
Pool Name: BENSON;BONE SPRING						
Month	Oil(BBLS)	Gas(MCF)	Water(BBLS)	Days Produced	Accum. Oil(BBLS)	Accum. Gas(MCF)
January	1318	3340	2625	30	10803	30548
February	1101	3670	3053	28	11904	34218
March	872	5078	3893	31	12776	39296
April	903	4848	2693	30	13679	44144
May	0	0	0	0	13679	44144
June	0	0	0	0	13679	44144
July	0	0	0	0	13679	44144
August	0	0	0	0	13679	44144
September	0	0	0	0	13679	44144
October	0	0	0	0	13679	44144
November	0	0	0	0	13679	44144
December	0	0	0	0	13679	44144

DISTRICT I
1825 N. French Dr., Hobbs, NM 88240

DISTRICT II
1201 W. Grand Avenue, Artesia, NM 88210

DISTRICT III
1000 Rio Arriba Ed., Lasco, NM 87410

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised October 16, 2000

Submit one copy to appropriate
District Office

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-015-37652	Pool Code 9200	BENSON; BONE SPRING Undesignated Bone Spring
Property Code 38004	Property Name CRESCENT HALE "1" FEDERAL COM	Well Number 1
OCRD No. 162683	Operator Name CIMAREX ENERGY CO. OF COLORADO	Elevation 3515'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
LOT 4	1	19 S	30 E		330	NORTH	330	WEST	EDDY

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
M	1	19 S	30 E		333	SOUTH	674	WEST	EDDY
Dedicated Acres 160.32	Joint or Infill	Consolidation Code	Order 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

	SURFACE LOCATION Lot - N 32°41'44.69" Long - W 103°55'58.76" NMSPC- E 884493.7 (HAD-83)
	SHL & P.P. Bone Spring 330 FNL & 330 FWL
	Reg of Prod Interval 430 FNL & 341 FWL
	BHL/End of Prod Interval 333 FSL & 674 FWL
OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undivided mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or is a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Zeno Farris 1/7/2011 Signature Date Zeno Farris Printed Name	
SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. NOVEMBER 24, 2009 Date Surveyed Signature of Professional Surveyor Professional Surveyor Certificate No. Gary L. Jones 7977 BASIN SURVEYS	

DISTRICT I
1820 N. French Dr., Hobbs, NM 88249

DISTRICT II
3501 W. Grand Avenue, Artesia, NM 88210

DISTRICT III
1090 Rio Grande Rd., Aztec, NM 87410

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

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-015-38524	Pool Code 5200	Pool Name Benson; Bone Spring
Property Code 38064	Property Name CRESCENT HALE "1" FEDERAL.COM	Well Number 2
OCRID No. 162683	Operator Name CIMAREX ENERGY CO. OF COLORADO	Elevation 3515'

Surface Location

UL or Lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	1	19 S	30 E		330	NORTH	2310	WEST	EDDY

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
N	1	19 S	30 E		330	SOUTH	2023	WEST	EDDY
Dedicated Acres 160	Joint or Infill	Consolidation Code P	Order 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**

	OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. <u>Natalie Krueger</u> 8/25/2011 Signature Date Natalie Krueger Printed Name
	SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief. Date Surveyed Signature & Seal of Professional Surveyor
	Certificate No. Gary L. Jones 7977 BASIN SURVYS



PERMIAN GAS SERVICES
Natural Gas Analysis

www.permianls.com

575.397.3713 2609 W Marland Hobbs NM 88240

For: Cimarex Energy
Attention: Mark Cummings
600 N. Marienfeld, Suite 600
Midland, Texas 79701

Sample: Sta. #CRSTHL1H
Identification: Crescent Hail 1 Fed Com
Company: Cimarex Energy
Lease:
Plant:

Sample Data: Date Sampled 3/27/2012
Analysis Date 4/2/2012
Pressure-PSIA 46
Sample Temp F 110
Atmos Temp F 86

Sampled by: K. Hooten/Gas Meas.
Analysis by: Vickie Sullivan

H2S =

Component Analysis

		Mol Percent	GPM
Hydrogen Sulfide	H2S		
Nitrogen	N2	2.580	
Carbon Dioxide	CO2	0.073	
Methane	C1	72.084	
Ethane	C2	13.439	3.585
Propane	C3	7.317	2.011
I-Butane	IC4	0.875	0.286
N-Butane	NC4	2.124	0.668
I-Pentane	IC5	0.428	0.156
N-Pentane	NC5	0.434	0.157
Hexanes Plus	C6+	<u>0.646</u>	<u>0.280</u>
		100.000	7.142

REAL BTU/CU.FT.

At 14.65 DRY	1316.7
At 14.65 WET	1293.7
At 14.696 DRY	1320.8
At 14.696 WET	1298.3
At 14.73 DRY	1323.8
At 14.73 Wet	1301.0

Specific Gravity

Calculated 0.7787

Molecular Weight

22.5534



LABORATORY SERVICES

Natural Gas Analysis

www.permianls.com

575.397.3713 2609 W Marland Hobbs NM 88240

For:	Cimarex Energy	Sample:	Sta. # 07025478
	Attention: Gary Greenwood	Identification:	Crescent Hale 1-2
	600 N. Marienfeld, Suite 600	Company:	Cimarex Energy
	Midland, Texas 79701	Lease:	
		Plant:	

Sample Data:	Date Sampled	11/6/2015	10:50 AM
	Analysis Date	11/10/2015	
	Pressure-PSI	46	Sampled by: J. Jiron
	Sample Temp F	79	Analysis by: Vicki McDaniel
	Atmos Temp F	61	

H2S = 0.1 PPM

H2O = lbs/MMCF

Component Analysis

		Mol Percent	GPM
Hydrogen Sulfide	H2S		
Nitrogen	N2	2.494	
Carbon Dioxide	CO2	0.144	
Methane	C1	73.183	
Ethane	C2	13.039	3.478
Propane	C3	6.695	1.840
I-Butane	IC4	0.779	0.254
N-Butane	NC4	1.947	0.612
I-Pentane	IC5	0.458	0.167
N-Pentane	NC5	0.483	0.175
Hexanes Plus	C6+	<u>0.778</u>	<u>0.337</u>
		100.000	6.863

REAL BTU/CU.FT.		Specific Gravity	
At 14.65 DRY	1306.0	Calculated	0.7722
At 14.65 WET	1283.2		
At 14.696 DRY	1310.1		
At 14.696 WET	1287.8	Molecular Weight	22.3636
At 14.73 DRY	1313.1		
At 14.73 Wet	1290.4		

Test Method GPA 2261-95

Calculations based on GPA 2145-09

COMMUNITIZATION AGREEMENT

Contract No. _____

THIS AGREEMENT is entered into as of the date shown in Section 10 hereof by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest;

WHEREAS, the parties hereto own working, royalty, or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement, which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement.

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Township 19 South, Range 30 East, N.M.P.M.
Section 1: W/2W/2
Eddy County, New Mexico

Containing 160.32 acres, and this agreement shall include only the **Bone Spring** formation(s) underlying said lands, and the oil, natural gas and associated liquid hydrocarbons, hereafter referred to as "communitized substances," producible from such formation(s).

2. Attached hereto, and made a part of this agreement for all purposes, are Exhibits A and B, designating the operator of the communitized area and showing the acreage, percentage, and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area, and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties, and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

All proceeds, 8/8ths, attributed to unleased Federal, State or fee land included within the communitized area are to be placed in an interest earning escrow or trust account by the designated operator until the land is leased or ownership is established.
6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any non-communitized lease production; provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any non-communitized lease production.

7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules, or regulations.
10. The date of this agreement is **October 1, 2010**, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier, upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of two (2) years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities; provided that, prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The two year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates, and any grant, transfer, or

conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.

12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occurs in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.
13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification, or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination. In connection with the performance of work under this agreement, the operator agrees to comply with all of the provisions of Section 202(1) to (7) inclusive of Executive Order 11246 (30 F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the date and year first above written and have set opposite their respective names the date of execution.

RECORD TITLE OWNER:

Crescent Porter Hale Foundation

Date: _____

By: _____

As: _____

ACKNOWLEDGEMENT

STATE OF _____)

COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2015 by _____, as _____ for **Crescent Porter Hale Foundation**, on behalf of said corporation.

My Commission Expires: _____

Notary Public

WORKING INTEREST OWNER:

Cimarex Energy Co.

Date: _____

By: _____

Title: Roger Alexander, Attorney in Fact

ACKNOWLEDGEMENT

STATE OF TEXAS)
)
COUNTY OF MIDLAND)

The foregoing instrument was acknowledged before me this ____ day of _____, 2015 by Roger Alexander, Attorney in Fact for **Cimarex Energy Co.**, a Delaware corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

EXHIBIT A

Crescent Hale 1 Fed Com #1 Well

SHL ○ NM-560353 Tract 1			
NM-560353 Tract 1			
NM-560353 Tract 1			
BHL ○ NM-129043 Tract 2			

DESCRIPTION OF LEASES COMMITTED

Tract No. 1

Lease Serial No.:	NM - 0560353	
Lease Date:	June 1, 1966	
Lessor:	U.S.A.	
Original Lessee:	Mabel E. Hale and Elwyn C. Hale	
Current Lessee:	Crescent Porter Hale	
Description of Land Committed:	Lot 4, SWNW & NWSW of Section 1, Township 19 South, Range 30 East, Eddy County, New Mexico	
Number of Acres:	120.32 acres	
Royalty Rate:	12.5 %	
Name and Percent ORRI Owners:	Crescent Porter Hale Foundation	12.5% - 15.0%
Name and Percent WI Owners:	Cimarex Energy Co.	100.00000%

Tract No. 2

Lease Serial No.: NM - 129043

Lease Date: April 4, 2011

Lessor: U.S.A.

Original Lessee: Mabel E. Hale and Elwyn C. Hale
Current Lessee: Crescent Porter Hale

Description of Land
Committed: SW/4SW/4 of Section 1, Township 19 South, Range 30 East,
Eddy County, New Mexico

Number of Acres: 40 acres

Royalty Rate: 12.5 %

Name and Percent
ORRI Owners: Crescent Porter Hale Foundation 12.5% - 15.0%

Name and Percent
WI Owners: Cimarex Energy Co. 100.00000%

RECAPITULATION

		Percentage of Interest
Tract No.	No. of Acres Committed	In Communitized Area
1	120.32	75.0499%
2	40.00	24.9501%
Total	160.32	100.00000%



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Pecos District
Carlsbad Field Office
620 E. Greene
Carlsbad, New Mexico 88220-6292
www.blm.gov/nm



IN REPLY REFER TO
NM134700
3105.2 (P0220)

Reference:

Amended Communitization Agreement
Crescent Hale 1 Fed Com 2
Lot 3, SENW, E2SW of Sec. 1
T. 19 S., R. 30 E., N.M.P.M.
Eddy County, NM

September 4, 2015

Cimarex
600 N. Marienfeld, #600
Midland, TX 79701

Gentlemen:

This is an amended approval letter to correct Exhibit A and B and to add missing lease of Communitization Agreement NM134700 involving 40.22 acres of Federal land in lease NMLC063613, 40 acres of Federal land in lease NM0560353 and 80 acres of Federal land in lease NMNM129043, Eddy County, New Mexico, which comprise a 160.22 acre well spacing unit.


The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath Lot 3, SENW and E2SW of sec. 1, T. 19 S., R. 30 E., N.M.P.M., Eddy County, NM, and is effective 5/19/2011. Approval of this agreement does not warrant or certify that the operator, thereof, and other working interest owners hold legal or equitable title to the leases which are committed hereto.

Copies of this approval letter are being distributed to the appropriate Federal agencies. You are requested to furnish all interested parties with the appropriate evidence of this approval. Any production royalties that are due must be reported and paid according to regulations set up by the Office of Natural Resources Revenue at 1-800-525-9167 or 303-231-3504.

If you have any questions regarding this approval, please contact Edward Fernandez, Petroleum Engineer at (575) 234-2220.

Please furnish all interested principals with appropriate evidence of this approval.

Sincerely,


Stephen Caffey
Assistant Field Manager,
Lands and Minerals

1 Enclosure:

1 - Communitization Agreement

cc:

ONRR, Denver (357B-1, Antoinette Contreras, Stacey Kaiser)

NM Taxation & Revenue Dept. (Revenue Processing Div.)

NMOCD

NM (9200)

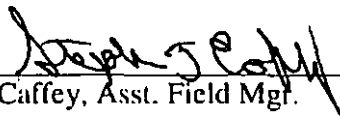
NM (P0220-CFO, File Room)

Determination - Approval - Certification

Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

- A. Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement will be in the public interest. Approval of this agreement does not warrant or certify that the operator thereof and other holders of operating rights hold legal or equitable title to those rights in the subject leases which are committed hereto.
- B. Approve the attached Communitization Agreement covering the Lot 3, SENE, E2SW of Sec. 1 T.19 S., R. 30 E, N.M.P.M., as to all producible hydrocarbons from the Bone Spring formation. This approval will become invalid if the public interest requirements under section 3105.2-3 (c) are not met.
- C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of the Federal lease or leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of the agreement.

Approved:



Stephen Caffey, Asst. Field Mgr.
Authorized Officer

Effective: 5/19/11

Contract No.: Com. Agr. NM134700

CONTRACT BRIEF

Prospect Name: New Mexico Bone Spring (Eddy) Prospect No: 309775
Well/Unit Name: Crescent Hale 1 Fed Com 2
Contract Type: Communitization Agreement Contract Date: 5/19/2011 Term: 2 years + See Remarks
Operator: Cimarex Energy Co. of Colorado Expires: See Remarks

State: New Mexico County: Eddy

Contract Provisions: (check all that apply)

Consent to Assign: n/a Non-Consent Penalty: n/a
Preferential Right: n/a Other: n/a

Execution of Agreement:

In Counterpart: Yes X No
All Parties Signed: Yes No

Lands Covered by Contract:

Township 19 South, Range 30 East, N.M.P.M., Eddy County, New Mexico
Section 1: E/2W/2

Containing 160.0 acres, more or less, and this agreement shall include only the Bone Spring formation(s) underlying said lands and the natural gas and associated liquid hydrocarbons, producible from such formation(s).

Associated Leases:

Tract 1: LC 063613 dtd 11/01/1947, Lessor: USA, Lessee: Mabel E. Hale & Elwyn C. Hale
Tract 2: NM 0560353 dtd 06/01/1966, Lessor: USA, Lessee: Mabel E. Hale & Elwyn C. Hale

Associated Contracts:

Associated Wells: Crescent Hale 1 Fed Com 2

Remarks / Comments / Unusual Terms of Deal:

Tract 1 - Lot 3 of Section 1, T19S-R30E, N.M.P.M. (40.22 acres)
Tract 2 - SE/4NW/4 and E/2SW/4 of Section 1, T19S-R30E, N.M.P.M. (120.0 acres)

Communitization Agreement will remain in effect for two (2) years and so long thereafter as communitized substances are produced or can be produced from the communitized area in paying quantities from communitized formation(s)

Prepared by: Kaimi Brownlee Date: 3/31/2015

Telephone: 432.571.7868

(To be entered by Land Administration)

Contract Number: BA Number:



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Pecos District

Carlsbad Field Office

620 E. Greene

Carlsbad, New Mexico 88220-6292

www.blm.gov/nm



IN REPLY REFER TO:

NM134700

3105.2 (P0220)

Reference:

Crescent Hale 1 Fed Com 2
Communitization agreement
E2W2 of sec. 1
T.19 S., R. 30 E, N.M.P.M.
Eddy County, NM

JUN 23 2015

Cimarex
600 N. Marienfeld, #600
Midland, TX 79701

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM134700 involving 40.22 acres of Federal land in lease LC063613, and 120 acres of Federal land in lease NM0560353, Eddy County, New Mexico, which comprise a 160.22 acre well spacing unit.

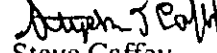
The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath the E2W2 of sec. 1, T.19 S., R. 30 E., N.M.P.M., Eddy County, NM, and is effective 5/19/2011. Approval of this agreement does not warrant or certify that the operator, thereof, and other working interest owners hold legal or equitable title to the leases which are committed hereto.

Copies of this approval letter are being distributed to the appropriate Federal agencies. You are requested to furnish all interested parties with the appropriate evidence of this approval. Any production royalties that are due must be reported and paid according to regulations set up by the Office of Natural Resources Revenue at 1-800-525-9167 or 303-231-3504.

If you have any questions regarding this approval, please contact Edward Fernandez, Petroleum Engineer at (575) 234-2220.

Please furnish all interested principals with appropriate evidence of this approval.

Sincerely,



Steve Caffey

Assistant Field Manager,
Lands and Minerals

1 Enclosure:

1 - Communitization Agreement

cc:

ONRR, Denver (357B-1, Antoinette Contreras, Stacey Kaiser)

NM Taxation & Revenue Dept. (Revenue Processing Div.)

NMOCD

NM (9200)

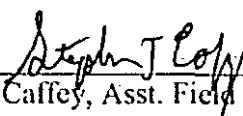
NM (P0220-CFO, File Room)

Determination - Approval - Certification

Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

- A. Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement will be in the public interest. Approval of this agreement does not warrant or certify that the operator thereof and other holders of operating rights hold legal or equitable title to those rights in the subject leases which are committed hereto.
- B. Approve the attached Communitization Agreement covering the E2W2 of sec. 1 T.19 S., R. 30 E, N.M.P.M., as to all producible hydrocarbons from the Bone Spring formation. This approval will become invalid if the public interest requirements under section 3105.2-3 (c) are not met.
- C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of the Federal lease or leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of the agreement.

Approved:



Stephen Caffey, Asst. Field Mgr.
Authorized Officer

Effective: 5/19/11

Contract No.: Com. Agr. NM134700

COMMUNITIZATION AGREEMENT

Contract No: 134900

THIS AGREEMENT is entered into as of the date shown in Section 10 hereof by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest;

WHEREAS, the parties hereto own working, royalty, or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement, which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement.

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Township 19 South, Range 30 East, N.M.P.M.
Section 1: E/2W/2
Eddy County, New Mexico

Containing 160.22 acres, and this agreement shall include only the Bone Spring formation(s) underlying said lands, and the oil, natural gas and associated liquid hydrocarbons, hereafter referred to as "communitized substances," producible from such formation(s).

BUREAU OF LAND MGMT
CARLSBAD FIELD OFFICE

2015 MAY -6 AM 8:45

RECEIVED

2. Attached hereto, and made a part of this agreement for all purposes, are Exhibits A and B, designating the operator of the communitized area and showing the acreage, percentage, and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area, and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties, and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

All proceeds, 8/8ths, attributed to unleased Federal, State or fee land included within the communitized area are to be placed in an interest earning escrow or trust account by the designated operator until the land is leased or ownership is established.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any non-communitized lease production; provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any non-communitized lease production.

7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules, or regulations.
10. The date of this agreement is **May 19, 2011**, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier, upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of two (2) years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities; provided that, prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The two year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates, and any grant, transfer, or

conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.

12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occurs in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.
13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification, or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination. In connection with the performance of work under this agreement, the operator agrees to comply with all of the provisions of Section 202(1) to (7) inclusive of Executive Order 11246 (30 F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the date and year first above written and have set opposite their respective names the date of execution.

RECORD TITLE OWNER:

Crescent Porter Hale Foundation

Date April 30, 2015

By: [Signature]
As: Director

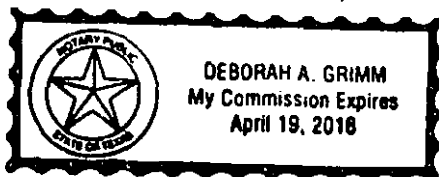
ACKNOWLEDGEMENT

STATE OF Texas)
COUNTY OF Harris)

The foregoing instrument was acknowledged before me this 30th day of April, 2015 by C. C. Ballard, as Director for **Crescent Porter Hale Foundation**, on behalf of said corporation.

My Commission Expires: 4/19/18

[Signature]
Notary Public

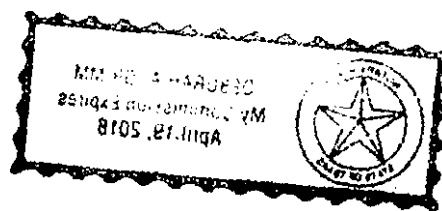


WORKING INTEREST OWNER:

Cimarex Energy Co. me

Date: _____

By: [Signature]
Title: Roger Alexander, Attorney in Fact



IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the date and year first above written and have set opposite their respective names the date of execution.

RECORD TITLE OWNER:

Crescent Porter Hale Foundation

Date: _____

By: _____

As: _____

ACKNOWLEDGEMENT

STATE OF _____)

COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2015 by _____, as _____ for **Crescent Porter Hale Foundation**, on behalf of said corporation.

My Commission Expires: _____

Notary Public

WORKING INTEREST OWNER:

Cimarex Energy Co.

Alc

Date: _____

By: _____

Title: Roger Alexander, Attorney in Fact

9

ACKNOWLEDGEMENT

STATE OF TEXAS)
)
COUNTY OF MIDLAND)

The foregoing instrument was acknowledged before me this 8th day of April, 2015 by Roger Alexander, Attorney in Fact for Cimarex Energy Co., a Delaware corporation, on behalf of said corporation.

My Commission Expires: March 26, 2019

Kaimi Brownlee
Notary Public

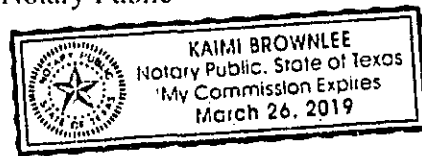


EXHIBIT A

Crescent Hale 1 Fed Com #2 Well

	SHL ○ LC-063613 Tract 1		
	NM-560353 Tract 2		
	NM-560353 Tract 2		
	BHL ○ NM-560353 Tract 2		

EXHIBIT B

DESCRIPTION OF LEASES COMMITTED

Tract No. 1

Lease Serial No.:	LC - 063613
Lease Date:	November 1, 1947
Lessor:	U.S.A.
Lessee:	Mabel E. Hale and Elwyn C. Hale
Description of Land Committed:	Lot 3 of Section 1, Township 19 South, Range 30 East, Eddy County, New Mexico
Number of Acres:	40.22 acres
Royalty Rate:	12.5 %
Name and Percent ORRI Owners:	Crescent Porter Hale Foundation 12.5% - 15.0%
Name and Percent WI Owners:	Cimarex Energy Co. 100.000000%

Tract No. 2

Lease Serial No.: NM - 0560353

Lease Date: June 1, 1966 – date segregated out of Tract #1

Lessor: U.S.A.

Lessee: Mabel E. Hale and Elwyn C. Hale

Description of Land
Committed: SE/4NW/4 and E/2SW/4 of Section 1, Township 19 South,
Range 30 East, Eddy County, New Mexico

Number of Acres: 120 acres

Royalty Rate: 12.5 %

Name and Percent
ORRI Owners: Crescent Porter Hale Foundation 12.5% - 15.0%

Name and Percent
WI Owners: Cimarex Energy Co. 100.00000%

RECAPITULATION

		Percentage of Interest
Tract No.	No. of Acres Committed	In Communitized Area
1	40.22	25.10298%
2	120.0	74.89702%
Total	160.22	100.00000%