

Cimarex Energy Co.
600 N. Maricopa St.
Suite 600
Midland, Texas 79701
PHONE 432 5717800



April 8, 2011

Mineral Owner Address List on Page 3

Re: New Well Proposal-Alaska 29 Fee No.6
Township, 18 South, Range 26 East, N.M.P.M.
Section 29: SW/4SE/4
Eddy County, New Mexico

Dear Mineral Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Alaska 29 Fee No.6 Well at legal location in the SW/4SE/4 of Section 29, Township 18 South, Range 26 East, N.M.P.M., Eddy County, New Mexico.

The intended surface hole location for the well is 990' FSL & 1650' FEL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the Glorieta-Yeso formations.

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 which sets forth the estimated costs associated with the well, and; (ii) our proposed form of Operating Agreement to govern operations for the Alaska wells. 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 your contact information to receive well data, to the undersigned within thirty (30) days of receipt of this proposal. If you should 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 Alaska wells, Cimarex will consider acquiring an Oil and Gas Lease on your mineral interest. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms:

Oil Conservation Division
Case No. 3
Exhibit No. 7

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- i.) \$1000.00 per net mineral acre bonus consideration;
- ii.) 25% royalty interest reserved;
- iii.) One (1) year primary term with 180-day continuous development thereafter

Please call the undersigned with any questions or comments.

Respectfully Submitted,

Cimarex Energy Co.

A handwritten signature in black ink, appearing to read "Hayden P. Tresner", written over a horizontal line.

Hayden P. Tresner
Landman

ELECTION TO PARTICIPATE
Alaska 29 Fee No.6 Well

_____ Elects **TO** participate in the proposed Alaska 29 Fee No.6 Well

_____ Elects **NOT** to participate in the proposed Alaska 29 Fee No.6 Well

Dated this _____ day of _____, 2011.

Company: _____

Signature: _____

Printed Name: _____

Title: _____

New Well Proposal-Alaska 29 Fee No.6
Township, 18 South, Range 26 East, N.M.P.M.
Section 29: SW/4SE/4
Eddy County, New Mexico



If your election above is TO participate in the proposed Alaska 29 Fee No.6 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

Mineral Owner Address List

Via: Certified U.S. Mail-Return Receipt No.91 7108 2133 3937 9627 5534

Sharbro Oil Limited Company
Attn: Hannah Palomin, Land Manager
P.O. Box 840
Artesia, New Mexico 88210

Via: Certified U.S. Mail-Return Receipt No.91 7108 2133 3937 9627 5541

Pitch Energy Corporation
Attn: Dean Chumbley
P.O. Box 304
Artesia, New Mexico 88211-0304

Via: Certified U.S. Mail-Return Receipt No.91 7108 2133 3937 9627 5558

COG Operating LLC
Attn: Dean Chumbley
2208 W Main Street
Artesia, New Mexico 88210-3720