STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARINGS CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:

APPLICATION OF CIMAREX ENERGY CO. OF COLORADO FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

Case No. 14,846

APPLICATION OF CIMAREX ENERGY CO. OF COLORADO FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

Case No. 14,847

VERIFIED STATEMENT OF HILARY CODER

Hilary Coder, being duly sworn upon her oath, deposes and states:

1. I am a landman for Cimarex Energy Co., and have personal knowledge of the matters stated herein.

2. Pursuant to Division Rule NMAC 19.15.4.12.A(1)(b), the following information is submitted in support of the applications filed herein:

(a) No opposition to the applications is expected because the mineral interest owners being pooled have responded to well proposals but have not yet executed an operating agreement or agreed to lease their interests.

(b) A plat outlining the spacing units being pooled is attached hereto as Exhibit A. Applicant seeks the following:

<u>Case No. 14846</u>: Applicant seeks an order pooling all mineral interests from the surface to the base of the Glorieta-Yeso formation underlying the NE/4SE/4 of Section 1, Township 19 South, Range 25 East, NMPM, to form a standard oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The unit will be dedicated to the Nebraska 1 Fee Well No. 1, to be drilled at an orthodox location.

<u>Case No. 14847</u>: Applicant seeks an order pooling all mineral interests from the surface to the base of the Glorieta-Yeso formation underlying the SE/4SE/4 of Section 1, Township 19 South, Range 25 East, NMPM, to form a standard oil spacing and proration unit for any and all formations or pools developed on 40-

Oil Conservation Division Case No. _____ Exhibit No. _____ acre spacing within that vertical extent. The unit will be dedicated to the Nebraska 1 Fee Well No. 3, to be drilled at an orthodox location.

Mineral ownership in the well units is common as to the depths being pooled.

(c) The parties being pooled, their interests in the well units, and their addresses, are as follows:

20.1339400%

Yates Petroleum Corporation Attn: Chuck Moran 104 S 4th Street Artesia, NM 88210

Abo Petroleum Corporation Attn: Chuck Moran 104 S 4th Street Artesia, NM 88210

Myco Industries, Inc. Attn: Chuck Moran 104 S 4th Street Artesia, NM 88210

Oxy Y-1 Company Attn: Katie Almeida 5 Greenway Plaza, Suite 110 Houston, Texas 77046

Edna Goodell 611 Quay Artesia, NM 88210

William Jackson 1613 Silver Saddle Dr. North Kerrville, TX 78028

Cade Jackson 320 Mountain Springs Dr. Boerne, Texas 78006

Ruth Dean Brillhart 1309 Ebony Alice, Texas 79332 1.3423600%

1.3423600%

0.7981200%

11.250000%

0.2312000%

0.2312000%

0.4123000%

Chad Chapman 6625 Victoria Ave North Ranchland Hills, Texas 76180

ADRESSES UNKNOWN

Thomas R. Fifer

0.2500000%

0.1124000%

Carol Clark

George Slaughter Gatewood

Jack A. Hester and Mary L. Hester

Tom C. Hester and Vallie Hester

Betty Louise Cook Webb

Laura Hester Cook a/k/a Laura Estelle Hester Cook

Georgia Ann Hester

Homer M. Dean

Steve H. Dean

Mildred Gothard

C.C. Gothard

Margaret Henry Mulligan and Jim Mulligan

N.E. Henry

Gatewood Henry

Forrest Henry

W.H. Henry

Mildred Fifer Reed and L.J. Reed

John Fifer

Elizabeth Fifer Drake and Robert P. Drake

Willie Fifer Bertholf and Don Bertholf

William Hugh Nott

Mary Lee Nott Lockwood and A.S. Lockwood

Albert Hester

Hal Edward Hester and Alice Hester

Raymond Hester and Myrtle Hester

Harold Hester and Pauline Hester

Ann Hester

Edna Marie Hester Patterson

Thomas Ray Hester,

Albertine Hester

(d) Copies of the proposal letters sent to the uncommitted mineral interest owners are attached hereto as Exhibit B. In addition, we have called and e-mailed the (locatable) parties being pooled.

(e) As to the unlocatable owners, we have examined the Eddy County records telephone records in the county of his or her last known address, and have conducted an internet search.

(f) Cimarex Energy Co. has made a good faith effort to obtain the voluntary joinder of the uncommitted interest owners in the well.

(g) Pursuant to Division rules, applicant requests that a 200% risk charge be assessed against a non-consenting interest owner.

(h) Copies of the Authority for Expenditure for the proposed wells are attached hereto as Exhibit C. The drilling and completion costs set forth therein are fair and reasonable, and are comparable to those of other wells of this depth drilled in this area of Eddy County.

(i) Overhead charges of \$4500.00/month for a drilling well, and \$450.00/month for a producing well, are requested. These rates are fair and reasonable, and are in line with

rates charged by other operators in this area for wells of this depth. Applicant requests that the rates be adjusted under the COPAS accounting procedure.

(j) Applicant requests that it be designated operator of the wells.

) ss.

VERIFICATION

STATE OF TEXAS

COUNTY OF MIDLAND

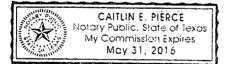
Hilary Coder, being duly sworn upon her oath, deposes and states that: She is a landman for Cimarex Energy Co.; she is authorized to make this verification on its behalf; she has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of her knowledge, information, and belief.

Hilary Coder

SUBSCRIBED AND SWORN TO before me this 22^{Md} day of June, 2012 by Hilary Coder.

My Commission Expires:

Notary Public



<u>Nebraska – Section 1, T19S-R25E, Eddy County,</u>

<u>New Mexico</u>

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EXHIBIT A

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432.571.7800

CIMAR

March 31, 2012

Via: Certified Mail Return Receipt # 91 7108 2133 3938 0388 7446

Yates Petroleum Corporation Attn: Land Manager 105 S. 4th Street Artesia, New Mexico 88210

Re: <u>New Well Proposal-Nebraska 1 Fee No.1</u> Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

Dear Leasehold Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Nebraska 1 Fee No.1 Well at legal location in the NE/4SE/4 of Section 1, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

The intended surface hole location for the well is 2310' FSL & 990' FEL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the San Andres-Glorieta-Yeso formations. The formations to be completed will be determined after logs and reports are received and reviewed.

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 Nebraska 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.

EXHIBIT

Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

In the event you do not wish to participate in drilling the Nebraska wells, Cimarex will consider acquiring a term assignment of your leasehold interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms:

- i.) Bonus Consideration of \$1000.00 per net mineral acre delivered;
- ii.) Reservation of an ORRI equal to the difference between 25% and current lease burdens;
- iii.) Primary term of Three (3) years with 180-day continuous development thereafter

Please call the undersigned with any questions or comments.

Respectfully Submitted,

Cimarex Energy Co.

Hilary R. Coder Contract Landman

ELECTION TO PARTICIPATE Nebraska 1 Fee No.1 Well

Elects TO participate in the proposed Nebraska 1 Fee No.1 Well

Elects NOT to participate in the proposed Nebraska 1 Fee No.1 Well

Dated this _____ day of _____, 2011.

Company: _____

Signature: _____

•	

Title: _____

Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

If your election above is TO participate in the proposed **Nebraska** 1 Fee No.1 Well, then:

Elects <u>TO</u> be covered by well control insurance procured by Cimarex

Elects <u>NOT</u> 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

Owner:

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432.571.7800

CIMAR

March 31, 2012

Via: Certified Mail Return Receipt # 91 7108 2133 3938 0388 7446

Abo Petroleum Corporation Attn: Land Manager 105 S. 4th Street Artesia, New Mexico 88210

Re: <u>New Well Proposal-Nebraska 1 Fee No.1</u> Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

Dear Leasehold Owner:

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Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

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Please call the undersigned with any questions or comments.

Respectfully Submitted,

Cimarex Energy Co.

Hilary R. Coder Contract Landman

ELECTION TO PARTICIPATE Nebraska 1 Fee No.1 Well

Elects <u>TO</u> participate in the proposed Nebraska 1 Fee No.1 Well

Elects NOT to participate in the proposed Nebraska 1 Fee No.1 Well

Dated this	_ day of	, 2011.
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Company: ______Signature: _____

Printed Name: _____

Title:

Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

If your election above is TO participate in the proposed Nebraska 1 Fee No.1 Well, then:

_____ Elects <u>TO</u> be covered by well control insurance procured by Cimarex

Elects <u>NOT</u> 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

Owner: _____

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432.571.7800

CIMAR

March 31, 2012

Via: Certified Mail Return Receipt # 91 7108 2133 3938 0388 7453

MYCO Industries, Inc. Attn: Land Manager P.O. Box 840 Artesia, New Mexico 88210

Re: <u>New Well Proposal-Nebraska 1 Fee No.1</u> Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

Dear Leasehold Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Nebraska 1 Fee No.1 Well at legal location in the NE/4SE/4 of Section 1, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

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Respectfully Submitted,

Cimarex Energy Co.

Hilary R. Coder Contract Landman

ELECTION TO PARTICIPATE Nebraska 1 Fee No.1 Well

Elects TO participate in the proposed Nebraska 1 Fee No.1 Well

Elects NOT to participate in the proposed Nebraska 1 Fee No.1 Well

Dated this _____ day of ______ , 2011.

Company:

Signature:

Printed Name: _____

Title: _____

Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

If your election above is TO participate in the proposed Nebraska 1 Fee No.1 Well, then:

Elects <u>TO</u> be covered by well control insurance procured by Cimarex

Elects <u>NOT</u> 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

Owner: _____

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432.571.7800

CIMAR

March 31, 2012

Via: Certified Mail Return Receipt # 91 7108 2133 3938 0388 7460

Oxy Y-1 Company Attn: Katie A. Almeida, Land Negotiator 5 Greenway Plaza, Suite 110 Houston, Texas 77046-0521

Re: <u>New Well Proposal-Nebraska 1 Fee No.1</u> Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

Dear Leasehold Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Nebraska 1 Fee No.1 Well at legal location in the NE/4SE/4 of Section 1, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

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Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

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Please call the undersigned with any questions or comments.

Respectfully Submitted,

Cimarex Energy Co.

Hilary R. Coder Contract Landman

ELECTION TO PARTICIPATE Nebraska 1 Fee No.1 Well

Elects TO participate in the proposed Nebraska 1 Fee No.1 Well

Elects **NOT** to participate in the proposed **Nebraska** 1 Fee No.1 Well

Dated this _____ day of ______, 2011.

Company: _____

Signature: _____

Printed Name: _____

Title:

Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

If your election above is TO participate in the proposed **Nebraska 1** Fee No.1 Well, then:

_____ Elects <u>TO</u> be covered by well control insurance procured by Cimarex

Elects <u>NOT</u> 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

Owner:

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432.571,7800

CHNAI

March 31, 2012

Via: Certified Mail Return Receipt #91 7108 2133 3938 0388 7545

Edna Goodell 611 Quay Artesia, New Mexico 88210

Re: <u>New Well Proposal-Nebraska 1 Fee No.1</u> Township 19'South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

Dear Mineral Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Nebraska 1 Fee No.1 Well at legal location in the NE/4SE/4 of Section 1, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

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Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

In the event you do not wish to participate in drilling the Nebraska wells, Cimarex will consider acquiring an Oil and Gas Lease of your mineral interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms:

i.) Bonus Consideration of \$1000.00 per net mineral acre delivered;

ii.) 25% Royalty;

iii.) Primary term of Three (3) years with 180-day continuous development thereafter

Please call the undersigned with any questions or comments.

Respectfully Submitted,

Cimarex Energy Co.

Hilary R. Coder Contract Landman

ELECTION TO PARTICIPATE Nebraska 1 Fee No.1 Well

Elects TO participate in th	e proposed Nebraska 1 Fee No.1 Well
-----------------------------	-------------------------------------

Elects <u>NOT</u> to participate in the proposed Nebraska 1 Fee No.1 Well

Dated this	day of	, 2012.
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Company:

Signature:

Printed Name:

Title:

Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

If your election above is TO participate in the proposed **Nebraska** 1 Fee No.1 Well, then:

Elects <u>TO</u> be covered by well control insurance procured by Cimarex

Elects <u>NOT</u> 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

Owner:

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701 PHONE 432 571,7800

CIMAR

March 31, 2012

Via: Certified Mail Return Receipt #91 7108 2133 3938 0388 7484

William R. Jackson 1613 Silver Saddle Dr. N Kerrville, Texas 78028

Re: <u>New Well Proposal-Nebraska 1 Fee No.1</u> Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

Dear Mineral Owner:

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Please call the undersigned with any questions or comments.

Respectfully Submitted,

Cimarex Energy Co.

Hilary R. Coder Contract Landman

ELECTION TO PARTICIPATE Nebraska 1 Fee No.1 Well

Elects TO participate in the proposed Nebraska 1 Fee No.1 Well

_____ Elects <u>NOT</u> to participate in the proposed Nebraska 1 Fee No.1 Well

Dated this _____ day of _____, 2012.

Company: _____

Signature:

Printed Name:

Title: _____

Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

If your election above is TO participate in the proposed Nebraska 1 Fee No.1 Well, then:

____ Elects TO be covered by well control insurance procured by Cimarex

Elects <u>NOT</u> 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

Owner:

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432.571 7800

CIMARE

March 31, 2012

Via: Certified Mail Return Receipt #91 7108 2133 3938 0388 7569

Cade Jackson 320 Mountain Spring Dr. Boerne, Texas 78006

Re: <u>New Well Proposal-Nebraska 1 Fee No.1</u> Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

Dear Mineral Owner:

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Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

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Please call the undersigned with any questions or comments.

Respectfully Submitted,

Cimarex Energy Co.

Hilary R. Coder Contract Landman

ELECTION TO PARTICIPATE Nebraska 1 Fee No.1 Well

Elects TO participate in the proposed Nebraska 1 Fee No.1 Well

_____ Elects NOT to participate in the proposed Nebraska 1 Fee No.1 Well

Dated this _____ day of ______, 2012.

Company: _____

Signature: _____

Printed Name: _____

Title:

Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

If your election above is TO participate in the proposed **Nebraska** 1 Fee No.1 Well, then:

Elects <u>TO</u> be covered by well control insurance procured by Cimarex

Elects <u>NOT</u> 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

Owner:

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701 PHONE 432.571.7800

CIMAR

March 31, 2012

Via: Certified Mail Return Receipt #91 7108 2133 3938 0388 7491

Ruth Brillhart 1309 Ebony Alice, Texas 78332

Re: <u>New Well Proposal-Nebraska 1 Fee No.1</u> Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

Dear Mineral Owner:

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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.

Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

In the event you do not wish to participate in drilling the Nebraska wells, Cimarex will consider acquiring an Oil and Gas Lease of your mineral interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms:

- i.) Bonus Consideration of \$1000.00 per net mineral acre delivered;
- ii.) 25% Royalty;
- iii.) Primary term of Three (3) years with 180-day continuous development thereafter

Please call the undersigned with any questions or comments.

Respectfully Submitted,

Cimarex Energy Co.

Hilary R. Coder Contract Landman

ELECTION TO PARTICIPATE Nebraska 1 Fee No.1 Well

Elects TO participate in the proposed Nebraska 1 Fee No.1 Well

_____ Elects NOT to participate in the proposed Nebraska 1 Fee No.1 Well

Dated this day of _____, 2012.

Company: _____

Signature:

Printed Name:

Title:

Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

If your election above is TO participate in the proposed Nebraska 1 Fee No.1 Well, then:

___ Elects <u>TO</u> be covered by well control insurance procured by Cimarex

Elects <u>NOT</u> 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

Owner:

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

PHONE 432.571.7800

CIMAR

March 31, 2012

Via: Certified Mail Return Receipt #91 7108 2133 3938 0388 7590

Chad Chipman 6625 Victoria Ave. North Ranchland Hills, Texas 76180

Re: <u>New Well Proposal-Nebraska 1 Fee No.1</u> Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

Dear Mineral Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Nebraska 1 Fee No.1 Well at legal location in the NE/4SE/4 of Section 1, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

The intended surface hole location for the well is 2310' FSL & 990' FEL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the San Andres-Glorieta-Yeso formations. The formations to be completed will be determined after logs and reports are received and reviewed.

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.

New Well Proposal-Nebraska 1 Fee No.1 Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

In the event you do not wish to participate in drilling the Nebraska wells, Cimarex will consider acquiring an Oil and Gas Lease of your mineral interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms:

- i.) Bonus Consideration of \$1000.00 per net mineral acre delivered;
- ii.) 25% Royalty;
- iii.) Primary term of Three (3) years with 180-day continuous development thereafter

Please call the undersigned with any questions or comments.

Respectfully Submitted,

Cimarex Energy Co.

Hilary R. Coder Contract Landman

ELECTION TO PARTICIPATE Nebraska 1 Fee No.1 Well

Elects TO participate in the proposed Nebraska 1 Fee No.1 Well

Elects NOT to participate in the proposed Nebraska 1 Fee No.1 Well

Dated this	day of	•	, 2012.
	uuj ui		,

Company:

Signature:

Printed Name: _____

Title:

Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

If your election above is TO participate in the proposed **Nebraska** 1 Fee No.1 Well, then:

Elects <u>TO</u> be covered by well control insurance procured by Cimarex

Elects <u>NOT</u> 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

Owner:

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432,571,7800

CIMAR

March 31, 2012

Via: Certified Mail Return Receipt #91 7108 2133 3938 0388 7576

Thomas R. Fifer 412 N. Penelope St. Belton, Texas 76513

Re: <u>New Well Proposal-Nebraska 1 Fee No.1</u> Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

Dear Mineral Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Nebraska 1 Fee No.1 Well at legal location in the NE/4SE/4 of Section 1, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

The intended surface hole location for the well is 2310' FSL & 990' FEL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the San Andres-Glorieta-Yeso formations. The formations to be completed will be determined after logs and reports are received and reviewed.

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Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

In the event you do not wish to participate in drilling the Nebraska wells, Cimarex will consider acquiring an Oil and Gas Lease of your mineral interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms:

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- ii.) 25% Royalty;
- iii.) Primary term of Three (3) years with 180-day continuous development thereafter

Please call the undersigned with any questions or comments.

Respectfully Submitted,

Cimarex Energy Co.

Hilary R. Coder Contract Landman

ELECTION TO PARTICIPATE Nebraska 1 Fee No.1 Well

Elects TO part	ticipate in the r	proposed Nebraska	1 Fee No.1 Well
----------------	-------------------	-------------------	-----------------

Elects NOT to participate in the proposed Nebraska 1 Fee No.1 Well

Dated this day of	, 2012.
-------------------	---------

Company: _____

Signature: _____

Printed Name:	
Printed Name	

Title:

Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

If your election above is TO participate in the proposed **Nebraska** 1 Fee No.1 Well, then:

Elects <u>TO</u> be covered by well control insurance procured by Cimarex

Elects <u>NOT</u> 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

Owner:

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701 PHONE 432,571,7800

CIMAR

March 31, 2012

Via: Certified Mail Return Receipt # 91 7108 2133 3938 0388 7446

Yates Petroleum Corporation Attn: Land Manager 105 S. 4th Street Artesia, New Mexico 88210

Re: <u>New Well Proposal-Nebraska 1 Fee No.3</u> Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

Dear Leasehold Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Nebraska 1 Fee No.3 Well at legal location in the SE/4SE/4 of Section 1, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

The intended surface hole location for the well is 990' FSL & 990' FEL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the San Andres-Glorieta-Yeso formations. The formations to be completed will be determined after logs and reports are received and reviewed.

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.

Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

In the event you do not wish to participate in drilling the Nebraska wells, Cimarex will consider acquiring a term assignment of your leasehold interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms:

- i.) Bonus Consideration of \$1000.00 per net mineral acre delivered;
- ii.) Reservation of an ORRI equal to the difference between 25% and current lease burdens;
- iii.) Primary term of Three (3) years with 180-day continuous development thereafter

Please call the undersigned with any questions or comments.

Respectfully Submitted,

Cimarex Energy Co.

Hilary R. Coder Contract Landman

ELECTION TO PARTICIPATE Nebraska 1 Fee No.3 Well

Elects <u>TO</u> participate in the proposed Nebraska 1 Fee No.3 Well

Elects <u>NOT</u> to participate in the proposed **Nebraska** 1 Fee No.3 Well

Dated this _____ day of ______, 2011.

Company: _____

Signature:

Printed Name:

Title:

Page 2

Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

If your election above is TO participate in the proposed **Nebraska** 1 Fee No.3 Well, then:

____ Elects <u>TO</u> be covered by well control insurance procured by Cimarex

Elects <u>NOT</u> 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

Owner:

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432.571,7800

CIMARI

March 31, 2012

Via: Certified Mail Return Receipt # 91 7108 2133 3938 0388 7446

Abo Petroleum Corporation Attn: Land Manager 105 S. 4th Street Artesia, New Mexico 88210

Re: <u>New Well Proposal-Nebraska 1 Fee No.3</u> Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

Dear Leasehold Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Nebraska 1 Fee No.3 Well at legal location in the SE/4SE/4 of Section 1, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

The intended surface hole location for the well is 990' FSL & 990' FEL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the San Andres-Glorieta-Yeso formations. The formations to be completed will be determined after logs and reports are received and reviewed.

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Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

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- iii.) Primary term of Three (3) years with 180-day continuous development thereafter

Please call the undersigned with any questions or comments.

Respectfully Submitted,

Cimarex Energy Co.

Hilary R. Coder Contract Landman

ELECTION TO PARTICIPATE Nebraska 1 Fee No.3 Well

Elects TO participate in the proposed Nebraska 1 Fee No.3 Well

Elects NOT to participate in the proposed Nebraska 1 Fee No.3 Well

Dated this _____ day of ______, 2011.

Company:

Signature: _____

Printed Name: _____

Title: _____

Page 2

New Well Proposal-Nebraska 1 Fee No.3 Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

If your election above is TO participate in the proposed Nebraska 1 Fee No.3 Well, then:

Elects <u>TO</u> be covered by well control insurance procured by Cimarex

Elects <u>NOT</u> 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

Owner:

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432.571.7800

CIMAR

March 31, 2012

Via: Certified Mail Return Receipt # 91 7108 2133 3938 0388 7453

MYCO Industries, Inc. Attn: Land Manager P.O. Box 840 Artesia, New Mexico 88210

Re: <u>New Well Proposal-Nebraska 1 Fee No.3</u> Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

Dear Leasehold Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Nebraska 1 Fee No.3 Well at legal location in the SE/4SE/4 of Section 1, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

The intended surface hole location for the well is 990' FSL & 990' FEL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the San Andres-Glorieta-Yeso formations. The formations to be completed will be determined after logs and reports are received and reviewed.

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Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

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Please call the undersigned with any questions or comments.

Respectfully Submitted,

Cimarex Energy Co.

Hilary R. Coder Contract Landman

ELECTION TO PARTICIPATE Nebraska 1 Fee No.3 Well

Elects TO participate in the proposed Nebraska 1 Fee No.3 Well

Elects NOT to participate in the proposed Nebraska 1 Fee No.3 Well

Dated this _____ day of ______, 2011.

Company:

Signature:

Printed Name:

Title: _____

Page 2

Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

If your election above is TO participate in the proposed **Nebraska 1** Fee No.3 Well, then:

Elects <u>TO</u> be covered by well control insurance procured by Cimarex

Elects <u>NOT</u> 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

Owner: _____

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432.571.7800

CIMAR

March 31, 2012

Via: Certified Mail Return Receipt # 91 7108 2133 3938 0388 7460

Oxy Y-1 Company Attn: Katie A. Almeida, Land Negotiator 5 Greenway Plaza, Suite 110 Houston, Texas 77046-0521

Re: <u>New Well Proposal-Nebraska 1 Fee No.3</u> Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

Dear Leasehold Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Nebraska 1 Fee No.3 Well at legal location in the SE/4SE/4 of Section 1, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

The intended surface hole location for the well is 990' FSL & 990' FEL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the San Andres-Glorieta-Yeso formations. The formations to be completed will be determined after logs and reports are received and reviewed.

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Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

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- iii.) Primary term of Three (3) years with 180-day continuous development thereafter

Please call the undersigned with any questions or comments.

Respectfully Submitted,

Cimarex Energy Co.

Hilary R. Coder Contract Landman

ELECTION TO PARTICIPATE Nebraska 1 Fee No.3 Well

Elects TO participate in the proposed Nebraska 1 Fee No.3 Well

Elects NOT to participate in the proposed Nebraska 1 Fee No.3 Well

Dated this	day of	

Company:

Signature: _____

Printed Name: _____

Title: _____

Page 2

<u>New Well Proposal-Nebraska 1 Fee No.3</u> Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

If your election above is TO participate in the proposed **Nebraska 1** Fee No.3 Well, then:

_____ Elects <u>TO</u> be covered by well control insurance procured by Cimarex

Elects <u>NOT</u> 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

Owner: _____

Page 3

600 N. Manenfeld St.

Suite 600

Midland, Jexas 79701

PHONE 432.571.7800

CIMAR

March 31, 2012

Via: Certified Mail Return Receipt #91 7108 2133 3938 0388 7545

Edna Goodell 611 Quay Artesia, New Mexico 88210

Re: <u>New Well Proposal-Nebraska 1 Fee No.3</u> Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

Dear Mineral Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Nebraska 1 Fee No.1 Well at legal location in the SE/4SE/4 of Section 1, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

The intended surface hole location for the well is 990' FSL & 990' FEL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the San Andres-Glorieta-Yeso formations. The formations to be completed will be determined after logs and reports are received and reviewed.

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Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

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- ii.) 25% Royalty;
- iii.) Primary term of Three (3) years with 180-day continuous development thereafter

Please call the undersigned with any questions or comments.

Respectfully Submitted,

Cimarex Energy Co.

Hilary R. Coder Contract Landman

ELECTION TO PARTICIPATE Nebraska 1 Fee No.3 Well

Elects TO participate in the proposed Nebraska 1 Fee No.3 Well

_____ Elects <u>NOT</u> to participate in the proposed Nebraska 1 Fee No.3 Well

Dated this _____ day of ______ , 2012.

Company: _____

Signature:

Printed Name:

Title: _____

Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

If your election above is TO participate in the proposed Nebraska 1 Fee No.3 Well, then:

_____ Elects <u>TO</u> be covered by well control insurance procured by Cimarex

Elects <u>NOT</u> 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

Owner: _____

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701 PHONE 432,571,7800

CIMARE

March 31, 2012

Via: Certified Mail Return Receipt #91 7108 2133 3938 0388 7484

William R. Jackson 1613 Silver Saddle Dr. N Kerrville, Texas 78028

Re: <u>New Well Proposal-Nebraska 1 Fee No.3</u> Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

Dear Mineral Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Nebraska 1 Fee No.1 Well at legal location in the SE/4SE/4 of Section 1, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

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<u>New Well Proposal-Nebraska 1 Fee No.3</u> Township 19 South, Range 25 East, N.M.P.M.

Section 1: E/2SE/4 Eddy County, New Mexico

In the event you do not wish to participate in drilling the Nebraska wells, Cimarex will consider acquiring an Oil and Gas Lease of your mineral interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms:

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- iii.) Primary term of Three (3) years with 180-day continuous development thereafter

Please call the undersigned with any questions or comments.

Respectfully Submitted,

Cimarex Energy Co.

Hilary R. Coder Contract Landman

ELECTION TO PARTICIPATE Nebraska 1 Fee No.3 Well

_____ Elects <u>TO</u> participate in the proposed Nebraska 1 Fee No.3 Well

Elects NOT to participate in the proposed Nebraska 1 Fee No.3 Well

Dated this _____ day of ______ , 2012.

Company: _____

Signature:

Printed Name:

Title:

<u>New Well Proposal-Nebraska 1 Fee No.3</u> Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

If your election above is TO participate in the proposed Nebraska 1 Fee No.3 Well, then:

Elects <u>TO</u> be covered by well control insurance procured by Cimarex

Elects <u>NOT</u> 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

Owner:

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432.571.7800

CIMARE

March 31, 2012

Via: Certified Mail Return Receipt #91 7108 2133 3938 0388 7569

Cade Jackson 320 Mountain Spring Dr. Boerne, Texas 78006

Re: <u>New Well Proposal-Nebraska 1 Fee No.3</u> Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

Dear Mineral Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Nebraska 1 Fee No.1 Well at legal location in the SE/4SE/4 of Section 1, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

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New Well Proposal-Nebraska 1 Fee No.3 Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

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- iii.) Primary term of Three (3) years with 180-day continuous development thereafter

Please call the undersigned with any questions or comments.

Respectfully Submitted,

Cimarex Energy Co.

Hilary R. Coder Contract Landman

ELECTION TO PARTICIPATE Nebraska 1 Fee No.3 Well

____ Elects <u>TO</u> participate in the proposed Nebraska 1 Fee No.3 Well

Elects NOT to participate in the proposed Nebraska 1 Fee No.3 Well

Dated this _____ day of ______ , 2012.

Company: _____

Signature:

Printed Name: _____

Title: _____

New Well Proposal-Nebraska 1 Fee No.3 Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

If your election above is TO participate in the proposed **Nebraska** 1 Fee No.3 Well, then:

____ Elects <u>TO</u> be covered by well control insurance procured by Cimarex

Elects <u>NOT</u> 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

Owner:

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432.571.7800

CIMARE,

March 31, 2012

Via: Certified Mail Return Receipt #91 7108 2133 3938 0388 7491

Ruth Brillhart 1309 Ebony Alice, Texas 78332

Re: <u>New Well Proposal-Nebraska 1 Fee No.3</u> Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

Dear Mineral Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Nebraska 1 Fee No.1 Well at legal location in the SE/4SE/4 of Section 1, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

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Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

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- ii.) 25% Royalty;
- iii.) Primary term of Three (3) years with 180-day continuous development thereafter

Please call the undersigned with any questions or comments.

Respectfully Submitted,

Cimarex Energy Co.

Hilary R. Coder Contract Landman

ELECTION TO PARTICIPATE Nebraska 1 Fee No.3 Well

_____ Elects <u>TO</u> participate in the proposed Nebraska 1 Fee No.3 Well

Elects <u>NOT</u> to participate in the proposed Nebraska 1 Fee No.3 Well

Dated this _____ day of _____, 2012.

Company: _____

Signature:

Printed Name: _____

Title: _____

Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

If your election above is TO participate in the proposed Nebraska 1 Fee No.3 Well, then:

Elects <u>TO</u> be covered by well control insurance procured by Cimarex

Elects <u>NOT</u> 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

Owner:

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432,571,7800

CIMAR

March 31, 2012

Via: Certified Mail Return Receipt #91 7108 2133 3938 0388 7590

Chad Chipman 6625 Victoria Ave. North Ranchland Hills, Texas 76180

Re: <u>New Well Proposal-Nebraska 1 Fee No.3</u> Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

Dear Mineral Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Nebraska 1 Fee No.1 Well at legal location in the SE/4SE/4 of Section 1, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

The intended surface hole location for the well is 990' FSL & 990' FEL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the San Andres-Glorieta-Yeso formations. The formations to be completed will be determined after logs and reports are received and reviewed.

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.

Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

In the event you do not wish to participate in drilling the Nebraska wells, Cimarex will consider acquiring an Oil and Gas Lease of your mineral interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms:

- i.) Bonus Consideration of \$1000.00 per net mineral acre delivered;
- ii.) 25% Royalty;
- iii.) Primary term of Three (3) years with 180-day continuous development thereafter

Please call the undersigned with any questions or comments.

Respectfully Submitted,

Cimarex Energy Co.

Hilary R. Coder Contract Landman

ELECTION TO PARTICIPATE Nebraska 1 Fee No.3 Well

Elects TO participate in the proposed Nebraska 1 Fee No.3 Well

Elects **NOT** to participate in the proposed **Nebraska** 1 Fee No.3 Well

Dated this	day d	of	, 2012.

Company: _____

Signature:

Printed Name:		
millou munio.		

Title: _____

New Well Proposal-Nebraska 1 Fee No.3 Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

If your election above is TO participate in the proposed **Nebraska** 1 Fee No.3 Well, then:

____ Elects <u>TO</u> be covered by well control insurance procured by Cimarex

Elects <u>NOT</u> 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

Owner: _____

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432.571.7800

CIMAR

March 31, 2012

Via: Certified Mail Return Receipt #91 7108 2133 3938 0388 7576

Thomas R. Fifer 412 N. Penelope St. Belton, Texas 76513

Re: <u>New Well Proposal-Nebraska 1 Fee No.3</u> Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

Dear Mineral Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Nebraska 1 Fee No.1 Well at legal location in the SE/4SE/4 of Section 1, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

The intended surface hole location for the well is 990' FSL & 990' FEL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the San Andres-Glorieta-Yeso formations. The formations to be completed will be determined after logs and reports are received and reviewed.

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.

Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

In the event you do not wish to participate in drilling the Nebraska wells, Cimarex will consider acquiring an Oil and Gas Lease of your mineral interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms:

- i.) Bonus Consideration of \$1000.00 per net mineral acre delivered;
- ii.) 25% Royalty;
- iii.) Primary term of Three (3) years with 180-day continuous development thereafter

Please call the undersigned with any questions or comments.

Respectfully Submitted,

Cimarex Energy Co.

Hilary R. Coder Contract Landman

ELECTION TO PARTICIPATE Nebraska 1 Fee No.3 Well

Elects TO participate in the proposed Nebraska 1.Fee No.3 Well

Elects NOT to participate in the proposed Nebraska 1 Fee No.3 Well

Dated this _____ day of ______ , 2012.

Company: ____

Signature:

Printed Name:

Title:

<u>New Well Proposal-Nebraska 1 Fee No.3</u> Township 19 South, Range 25 East, N.M.P.M. Section 1: E/2SE/4 Eddy County, New Mexico

If your election above is TO participate in the proposed Nebraska 1 Fee No.3 Well, then:

____ Elects <u>TO</u> be covered by well control insurance procured by Cimarex

Elects <u>NOT</u> 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

Owner:



Authorization For Expenditure

				Date Prepared, 12	ry 8, 2012
Region	Well Name	Well No. 1. S. Prospect or Field	Name	W INSTRUMENT	AFENO
· ·	lebraska 1 Fee	1 Paddock Extension W	1		
					
ocation		County		Oil x	e Well
		Eddy	NM	Gas	Prod
stimate Type	a for the state of the state of the	Est Start Date	Est. Como Date	Formation	Ttl Measured Death
Driginal Estimate	<u> </u>	Arr is and as a possible second se		Penasco Draw San	3,000'
Revised Estimate				Andres-Yeso Associated Pool	3,000'
roject Description	的。如果是自己的任何的问题的是实际			A STRANGTON STRATEGY IN	
ntangibles		Dry Hole Co	st After Casing	g Point Con	npleted Well Cost
Drilling Costs		\$427,000			\$427,000
Completion Costs		\$427,000	\$1,646,0 \$1,646,0		\$1,546,000 \$2,073,000
angibles Vell Equipment		\$31,000	\$204,0	00	\$235,000
ease Equipment		\$31,000		0	\$20,000
otal Tangible Well Cost		521,000			\$255,000
lug and Abandon Cost		\$30,000	-\$30,00	x0 0X	\$0
otal Well Cost		\$488,000	\$1,840,0		\$2,328,000
Unless otherwise indicated ong as Operator conducts o nsurance, you must provid	below, you, as a non-op operations hereunder a le a certificate of such ir	perating working interest owner, a ind to pay your prorated share of t isurance acceptable to Operator, a	ree to be covered by Operator' te premiums therefore. If you e s to form and limits, at the time	s well control insurance p lect to purchase your ow this AFE is returned, if av	procured by Operator s in well control railable, but in no event
Unless otherwise indicated long as Operator conducts of insurance, you must provid ater than commencement	below, you, as a non-op operations hereunder a le a certificate of such ir of drilling operations. 1 rator.	perating working interest owner, and ind to pay your prorated share of the Issurance acceptable to Operator, a You agree that failure to provide th	ree to be covered by Operator' te premiums therefore. If you e s to form and limits, at the time	s well control insurance p lect to purchase your ow this AFE is returned, if av	procured by Operator s in well control railable, but in no event
Unless otherwise indicated long as Operator conducts of insurance, you must provid later than commencement insurance procured by Ope 1 elect to purchase my own Well control insurance proc	below, you, as a non-o operations hereunder a le a certificate of such ir of drilling operations. 1 rrator. well centrol insurance poicy. cured by Operator, prov	perating working interest owner, and ind to pay your prorated share of the Issurance acceptable to Operator, a You agree that failure to provide th	pree to be covered by Operator te premiums therefore. If you e s to form and limits, at the time e certificate of insurance, as pro 00,000 (100% W.I.) of Combined	s well control insurance p lect to purchase your ow this AFE is returned, if av wided herein, will result in d Single Limit coverage fo	procured by Operator s in well control railable, but in no event n your being covered b
Unless otherwise indicated long as Operator conducts of insurance, you must provid later than commencement insurance procured by Ope 1 elect to purchase my own Well control insurance proc	below, you, as a non-o operations hereunder a le a certificate of such ir of drilling operations. 1 rrator. well centrol insurance poicy. cured by Operator, prov	perating working interest owner, and ind to pay your prorated share of th issurance acceptable to Operator, a fou agree that failure to provide th vides, among other terms, for \$20,6	pree to be covered by Operator te premiums therefore. If you e s to form and limits, at the time e certificate of insurance, as pro 00,000 (100% W.I.) of Combined	s well control insurance p lect to purchase your ow this AFE is returned, if av wided herein, will result in d Single Limit coverage fo	procured by Operator so in well control railable, but in no event n your being covered by
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Unless otherwise Indicated long as Operator conducts c insurance, you must provid atter than commencement insurance procured by Oper 1 elect to purchase my own Well control insurance proc related redrilling and clean- Maif keting Election Cimarex sells its gas under in request to Cimarex's Marke	below, you, as a non-op operations hereunder a le a certificate of such ir of drilling operations. It rator. well control insurance poicy. cured by Operator, prov- -up/pollution expense of airm's-length contracts to should you choose t eting Oppartment, we w	perating working interest owner, and ind to pay your prorated share of the ssurance acceptable to Operator, a feu agree that failure to provide the vides, among other terms, for \$20,0 covering drilling (through completion with third party purchasers. Such c	gree to be covered by Operator' re premiums therefore. If you e is to form and limits, at the lime e certificate of insurance, as pro 00,000 (100% W.I.) of Combiner n) with a \$1,000,000 (100% W.I ontracts may include fees. In ad arex, you will be subject to all o	s well control insurance p Hect to purchase your ow this AFE is returned, if av wided herein, will result li d Single Limit coverage fo .) deductible. dition, penalties may be i f the terms of such contra	procured by Operator s in well control railable, but in no event in your being covered b or well control and incurred for insufficient
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Unless otherwise Indicated long as Operator conducts s insurance, you must providi later than commencement insurance procured by Oper later than commencement insurance procured by Oper lated redrilling and clean- related redrilling and clean- Comarex sells its gas under in volumes delivered over tim request to Cimarex's Marke	below, you, as a non-op operations hereunder a le a certificate of such ir of drilling operations. It rator. well control insurance poicy. cured by Operator, prov- -up/pollution expense of airm's-length contracts in e. Should you choose t et eting Oppartment, we w ind.	perating working interest owner, ap ind to pay your prorated share of it issurance acceptable to Operator, a reu agree that failure to provide th vides, among other terms, for \$20,6 covering drilling (through completic with third party purchasers. Such c o market you share of gas with Clim	gree to be covered by Operator' re premiums therefore. If you e is to form and limits, at the lime e certificate of insurance, as pro 00,000 (100% W.I.) of Combiner n) with a \$1,000,000 (100% W.I ontracts may include fees. In ad arex, you will be subject to all o	s well control insurance p Hect to purchase your ow this AFE is returned, if av wided herein, will result li d Single Limit coverage fo .) deductible. dition, penalties may be i f the terms of such contra	procured by Operator si in well control railable, but in no event in your being covered b or well control and incurred for insufficient
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Unless otherwise indicated long as Operator conducts s insurance, you must providi later than commencement insurance procured by Oper letect to purchase my own Well control insurance proc related redrilling and clean- Matiketing Election Cimarex sells its gas under i volumes delivered over tim request to Cimarex's Market letect to market my gas in ki letect to market my gas in ki letect to market my gas in ki letect to market my gas with letect to market my gas with letect to market my gas with the above costs are estima without affecting the author	below, you, as a non-op operations hereunder a le a certificate of such ir of drilling operations. It rator. well centrol insurance poicy. cured by Operator, prov- -up/pollution expense of airm's-length contracts is. Should you choose t etting Oepartment, we wild and. the Gmarex pursuant to the to aird.	perating working interest owner, and ind to pay your prorated share of ti issurance acceptable to Operator, a feu agree that failure to provide th vides, among other terms, for \$20,6 covering drilling (through completic with third party purchasers. Such c o market you share of gas with Cim vill share with you the terms and co erms and conditions of its centracts.	pree to be covered by Operator te premiums therefore. If you e is to form and limits, at the time e certificate of insurance, as pro 00,000 (100% W.I.) of Combined in) with a \$1,000,000 (100% W.I. ontracts may include fees. In ad arex, you will be subject to all o nditions pursuant to which gas y foresceable change in plans. his AFE, the working interest ow seement, regulatory order or oth	s well control insurance p lect to purchase your ow this AFE is returned, if av wided herein, will result li d Single Limit coverage fo .) deductible. dition, penalties may be if the terms of such contra will be sold.	procured by Operator so in well control railable, but in no event n your being covered by nr well control and incurred for insufficient acts. Upon written eed the estimated cost: portionate share of
Unless otherwise indicated long as Operator conducts i insurance, you must provid later than commencement insurance procured by Oper latext to purchase my own Well control insurance proc related redrilling and clean- Marketing Election Cimarex sells its gas under i volumes delivered over tim request to Cimarex's Market latext to Lake my gas in kil letext to market my gas with letext to market my gas with Comments on AFE	below, you, as a non-op operations hereunder a le a certificate of such ir of drilling operations. It rator. well centrol insurance poicy. cured by Operator, prov- -up/pollution expense of airm's-length contracts is. Should you choose t etting Oepartment, we wild and. the Gmarex pursuant to the to aird.	perating working interest owner, and ind to pay your prorated share of it insurance acceptable to Operator, a feu agree that failure to provide th vides, among other terms, for \$20,0 covering drilling (through completic with third party purchasers. Such co on market you share of gas with Clim vill share with you the terms and co sms and conditions of its centracts.	pree to be covered by Operator te premiums therefore. If you e is to form and limits, at the time e certificate of insurance, as pro 00,000 (100% W.I.) of Combined in) with a \$1,000,000 (100% W.I. ontracts may include fees. In ad arex, you will be subject to all o nditions pursuant to which gas to inditions pursuant to which gas to sement, regulatory order or oth co. Approval	s well control insurance p lect to purchase your ow this AFE is returned, if av wided herein, will result li d Single Limit coverage fo .) deductible. dition, penalties may be if if the terms of such contra will be sold.	procured by Operator sin well control railable, but in no event n your being covered b nr well control and nr well control and incurred for insufficient acts. Upon written eed the estimated cost portionate share of
Unless otherwise indicated long as Operator conducts c insurance, you must provid atter than commencement insurance procured by Oper 1 text to purchase my own Well control insurance proc related redrilling and clean- difference of the second second Maifketing Election Gimarex sells its gas under it volumes delivered over tim request to Cimarex's Marke 1 text to take my gas in ki 1 text to take my gas in ki 1 text to take my gas in ki 1 text to market my gas without 1 elect to market my gas without the above costs are estima without affecting the autho actual legal, curative, regul	below, you, as a non-op operations hereunder a le a certificate of such ir of drilling operations. It rator. well centrol insurance poicy. cured by Operator, prov- -up/pollution expense of airm's-length contracts is. Should you choose t etting Oepartment, we wild and. the Gmarex pursuant to the to aird.	perating working interest owner, ag ind to pay your prorated share of it insurance acceptable to Operator, a feu agree that failure to provide th vides, among other terms, for \$20,0 covering drilling (through completic with third party purchasers. Such co o market you share of gas with Clim vill share with you the terms and co sms and conditions of its centracts.	pree to be covered by Operator te premiums therefore. If you e is to form and limits, at the time e certificate of insurance, as pro 00,000 (100% W.I.) of Combined in) with a \$1,000,000 (100% W.I. ontracts may include fees. In ad arex, you will be subject to all o nditions pursuant to which gas to inditions pursuant to which gas to sement, regulatory order or oth co. Approval	s well control insurance p lect to purchase your ow this AFE is returned, if av wided herein, will result li d Single Limit coverage fo .) deductible. dition, penalties may be i dition, penalties may be i dition, penalties may be i f the terms of such contra will be sold.	procured by Operator s in well control railable, but in no event n your being covered b or well control and incurred for insufficient acts. Upon written eed the estimated cost portionate share of
Unless otherwise indicated ong as Operator conducts on nsurance, you must provid ater than commencement insurance procured by Oper level to purchase my own Well control insurance proc related redrilling and clean- viewer sells its gas under a columes delivered over tim request to Cimarex's Market level to take my gas in ki level to take my gas in ki level to market my gas without attention AFE The above costs are estimativithout affecting the authout actual legal, curative, regul	below, you, as a non-op operations hereunder a le a certificate of such ir of drilling operations. It rator. well centrol insurance poicy. cured by Operator, prov- -up/pollution expense of airm's-length contracts is. Should you choose t etting Oepartment, we wild and. the Gmarex pursuant to the to aird.	perating working interest owner, and to pay your prorated share of the insurance acceptable to Operator, a reu agree that failure to provide the vides, among other terms, for \$20,0 covering drilling (through completion) with third party purchasers. Such coordinates of the second se	pree to be covered by Operator te premiums therefore. If you e is to form and limits, at the time e certificate of insurance, as pro 00,000 (100% W.I.) of Combined in) with a \$1,000,000 (100% W.I.) ontracts may include fees. In ad arex, you will be subject to all o nditions pursuant to which gas to arek, you will be subject to all o nditions pursuant to which gas to sis AFE, the working interest ow eement, regulatory order or oth Co. Approval Region	s well control insurance p lect to purchase your ow this AFE is returned, if av wided herein, will result li d Single Limit coverage fo .) deductible. dition, penalties may be if if the terms of such contra will be sold.	procured by Operator s in well control railable, but in no event n your being covered b or well control and incurred for insufficient acts. Upon written eed the estimated cost portionate share of

4/3/2012 5:05 PM

EXHIBIT



ease Name: Nebraska 1 Fee	a ha an		and the second second second	and the state of the second states	Section of the sector	ell No.:	11. N. 1. 1.
ntangibles			Codes	Dry Hole Cost	Codes	After Casing	Completed Well
loads & Lacation Preparation / Restoration			DIDC. 10	\$60,000		SS 000	\$65,000
Damages			DIDC.10	\$5,000	DICC.105	\$0	\$5,000
Mud / Fluids Disposal Charges			DIDC.255	\$30,000	DICC.235	\$100,000	\$130,000
Day Rate 3.5 DH Days	1 ACP Days @	15,000 Pcr	Day DIDC.11	\$53,000	DICC.120	\$15,000	\$68,000
Misc Preparation Cost (mouse hole, rat hole,	pads, pile clusters, misc.)		DIDC.120	\$16,000	and the	unnanna.	\$16,000
Bits			DIDC.17	\$15,000	DICC.125	\$0	\$15,000
Fuel \$3.50 Per	Gallon 8	00 Gallons Per Day	DIDC.13	\$15,000	DICC.130	\$3,000	\$18,000
Nater / Completion Fluids	-	Per	Day DIDC. 140	and the second se		\$230,000	\$255,000
Mud & Additives			E10C.143	\$10,000	anna anna anna anna anna anna anna ann		\$10,000
Surface Rentals		2,000 Per	Day Dicc.15	57,000 S7,000		\$125,000	\$132,000
Downhole Rentals	·····		DIDC. 15	\$20,000	DICC.145	\$2,000	\$22,000
Formation Evaluation (DST, Coring including			DIDC.160		× * * * * * * * * * * *		\$0
Mud Logging	:3 Days (1,500 Per	Day DIDC.170		1475555566		\$8,000
Open Hole Logging			DIDC.130			<u> Mananananananananananananananananananan</u>	\$0
Cementing & Float Equipment			DIDIC.18			\$25,000	\$47,000
Tubular Inspections			01DC.19			\$1,000	\$3,000
Casing Crews			0.000.191			\$8,000	\$13,000
Extra Labor, Welding, Etc.			0105.20		<u></u>	\$5,000	\$14,000
Land Transporation (Trucking)			DIDC.20			\$5,000	\$8,000
Supervision		1,700 Per			{	\$15,000	\$26,000
Trailer House / Camp / Catering		700 Per	Day Diec.250	\$5,000	DICC.255	\$0	\$5,000
Other Misc Expenses			DIDC.770			\$10,000	\$11,000
Overhead		300 Per	Day DIDC.22	\$1,000	DICC.195	\$2,000	\$3,000
Remedial Cementing			DIDC.23	s \$ 0	DICC.215	\$0	\$0
MOB/DEMOB			DIDC.24	\$50,000	AN HUL	ana an	\$50,000
Directional Drilling Services	0 Days (0 Pe	Day DIDC.24	s \$ 0	<u>Manna</u>	ummum.	<u>\$</u> (
Dock, Dispatcher, Crane			1 000.25	9 \$0	DICC.230	\$0	\$0
Marine & Air Transportation			DIDC.27	s \$0	DICC.250	\$0	S
Solids Control		3,500 Per	Day Dioc.26	516,000	VIIII (aanaaa aa ahaa ahaa ahaa ahaa ahaa ahaa	\$16,00
Well Control Equip (Snubbing Svcs.)			DIDC.26	\$ \$7,000	DICC.240	\$14,000	\$21.00
Fishing & Sidetrack Operations			0100.27	o \$C	DICC.245	\$0	Ś
Completion Rig	3 Days	P . 4,000 Pc	Doy HULL	en an	0100.115	\$12,000	\$12,00
Coil Tubing	Days	gi Per	Dey	mann	BICC.260	\$0	SI
Completion Logging, Perforating, WL Units,	WL Surveys		3000	es an	DICC.206	\$30,000	\$30,00
Stimulation			10022	E MANNA MARKA	DICC.210	\$900,000	\$900,00
Legal / Regulatory / Curative			DIDC.30	o \$10,000	DICC.280	\$0	\$10,00
Well Control Insurance	\$0.35 Per Fool		DIDC.28	5 \$1,000	VIIIII	AMAAAAAAAAAAAAAAAAAAAAAAAAAAAAAAAAAAAA	\$1,00
Contingency 5% of C	rilling Intangibles		DIDC.43	5 \$20,000		\$75,000	\$95,00
Construction For Well Equipment			XIIIIII	omsann	DWEA 110	\$15,000	\$15,000
Construction For Lease Equipment		·····	VIIIII	aanaana ah	DIFO.fio	\$49,000	\$49,00
Construction For Sales P/L			- WISH	Matta Matta	Dicc.245	SO SO	S
Total Intangible Cost				\$427,000		\$1,646,000	\$2,073,00

Tangible • Well Equipment			1) (s. 19		er de la composition	1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 -	5 . J S	
Casing	Size	Feet ·	\$/Foot	<u> ANGUN</u>	the state of the second sta	unom.	mmm	MAAAAAAAAAAAAAAAAAAAAAAAAAAAAAAAAAAAAA
Drive Pipe				OW/EE.150	\$0	tanan.	aaaaaaaaaaa ah	50
Conductor Pipe	· ·			DW/58.130	\$0	anaa.	umanna	\$0
Water String	• • • •			DWE8.135	\$0	MAAA	es man	\$0
Surface Casing	8 5/8"	950.00	\$29.00	DWEB, 140	\$28,000	Maaaaa	999777777	\$28,000
Intermediate Casing		1	1 · · · · · · · ·	DWE8.145	\$0	aaaa		\$0
Drilling Liner	· · · · ·	و ې د اند		DWEB.145	\$0	aaaa	aanna	\$0
Drilling Liner			1	DWEB.145	\$0	Hallen († 1916)		\$0
Production Casing or Liner	5 1/2"	3000.00	\$21.00	HUL MA	HE MANN	D'VEA.100	\$63,000	\$63,000
Production Tie-Back		Nº la s		an a	an a	DWEA.100	\$0	\$0
Tubing	2 7/8"	2900.00	\$8.00	aaaa	maaaa	DWEA.105	\$23,000	\$23,000
N/C Well Equipment				1990A	SHAMMANNA	DWEA 115	\$35,000	\$35,000
Wellhead, Tree, Chokes				DWE9.115	\$3,000	DW/EA.120	\$8,000	\$11,000
Liner Hanger, Isolation Packer				OWER.100	\$0	DWEA.125	\$0	
Packer, Nipples				ales ale	aaaaaa	DWEA.130	\$0	
Pumping Unit, Engine			:	tanan	annam	FOLCO-1003		
Lift Equipment (BHP, Rods, Anchors)		1		aaaa	UUUUUU	OLEO HOSE	\$25,000	\$25,000
Tangible - Lease Equipment			等的成果。		e na na se		مى بىرى بىرىيى مەر بىرى بىرى	17. ST 5.
N/C Lease Equipment				sinna a	omaaaaa	ouans	Super Source So	so so
Tonks, Tanks Steps, Stairs				VIIII III	san sa	D:10.120	中。 第二第二代的-SC	50
Battery (Heater Treater, Separator, Gas Treating Equipment)				VHAM.	e an	PDIED 125	SC SC	\$0
Flow Lines (Line Pipe from wellhead to central facility)				(MAM)	asaasaa	DIE0.130		
Offshore Production Structure for Facilities				aaaa		DIVEA 135	\$C	
Pipeline to Sales				VIIIIIII	LIDHAAAAAAAAAAAAAAAAAAAAAAAAAAAAAAAAAAAA	DWEA 140	SC	\$0
Total Tangibles					\$31,000		\$224,000	\$255,000
P&A Costs				0100.295	\$30,000	DICC.275	-\$30,000	50
Total Cost					\$488,000		\$1,840,000	\$2,328,000



Authorization For Expenditure

mpany Entity marex Energy Co							Date Prepar		ry 8, 2012	
	Well Nam			Prospect or Field I		Property Number		Drilling	AFE No.	
Permian	Nebraska 1	Fee	3	Paddock Extension We	est (EDDY)					
cation .		arte a fe to a th	A HISING	County		State	Oil	ан Стури х	é Wéll 🥍 - Expl	X
<u> </u>				Eddy		NM	Gas	····	Prod	
limate Type				Est:Start Date	I STATE	t. Comp Date	Form		Ttl Measi	
iginal Estimate vised Estimate		<u> </u>					Penasco D Andres		3, Ttl Verti	000 cal Dept
oplemental Estir	mate	0			·		Associat	ed Pool	3,	000'
lect Description	Nest And and the South States of Angels	en ala sia sing paga Sing sing sing sing sing sing sing sing s					445, 246, 400, 500, 500 445, 266, 400, 500, 500	4944 - 1944 - 1944 - 1944 - 1944 - 1944 - 1944 - 1944 - 1944 - 1944 - 1944 - 1944 - 1944 - 1944 - 1944 - 1944 - Alter - 1944 - 1944 - 1944 - 1944 - 1944 - 1944 - 1944 - 1944 - 1944 - 1944 - 1944 - 1944 - 1944 - 1944 - 1944 -		
				·						
angibles illing Costs				Dry Hole Cos \$427,000	it	After Casing P	oint	Con	npleted We \$427,000	
mpletion Costs			······································			\$1,847,000		• •	\$1,847,00	2
al Intangible Co	osis	······	<u></u>	\$427,000		\$1,847,000)		\$2,274,00	J
ngibles ell Equipment				\$31,000		\$204,000			\$235,000	
ase Equipment				\$1111111111111111	0111111	\$463,800			\$463,800	
tal Tangible We	ell Cost			\$31,000		\$667,800			\$698,800	
ig and Abandon	· ·			\$30,000	······	-\$30,000	1		\$0	
ug and Abandon otal Well Cost oniments on Wel All tubulars, we	n Cost	nt is priced by	y COPÁS an	9 \$30,000 \$488,000 d CEPS guidelines using t	the Historic	\$2,484,80))))))))))		\$0 \$2,972,80	0
All tubulars, we All tubulars, we fell Control Insur ness otherwise i ng as Operator c surance, you mu ter than comme surance procure lated to proho fell control insur elated redrilling a latketing Election marces sells its g olumes delivered	Il Cost Il Costs Il Costs Il or lease equipment Indicated below, yet conducts operations ust provide a certific to yoperator. use my own well control is ance procured by O and clean-up/polluti o as under arm's-lengt d over time. Should to	u, as a non-op hereunder a ate of such in operations. 1 nswance policy. perator, prov ion expense c th contracts s you choose to	ides, amon overing dril vith third p	\$488,000	ree to be c le premium to form an e certificate 00,000 (100 n) with a \$1 ontracts ma arex, you w	52,484,80 Price Multiplier. Price Multiplier. Swered by Operator's v s therefore. If you ele d limits, at the time th of insurance, as provid % W.I.) of Combined S ,000,000 (100% W.I.) of ,000,000 (rell control in rt to purchas is AFE is retui led herein, w ingle Limit co leductible.	e your own rned, if av. vill result ir overage for s may be in	52,972,80 Science of the second secon	Operator of in no ever covered of and insufficie
tal Weil Cost iniment/ori Wei All tubulars, we eli Control Insur aless otherwise I ag as Operator o surance, you mu- ter than commen- surance procure i text to purchar ale control insur- lated redrilling a ale redrilling a ale control insur- lated redrilling a ale control insur- ale contro	Il Cost Il	u, as a non-op hereunder a ate of such in operations. In nswance policy, perator, prov on expense c th contracts to th contracts to you choose to rument, we w	aerating wo nd to pay y isurance act au agree th ides, amon, overing dril with third p in market yo ill share wit	\$488,000 d CEPS guidelines using t rking interest owner, ag our prorated share of th ceptable to Operator, as hat failure to provide the g other terms, for \$20,00 ling (through completion arty purchasers. Such co u share of gas with Cima th you the terms and com	ree to be c le premium to form an e certificate 00,000 (100 n) with a \$1 ontracts ma arex, you w	52,484,80 Price Multiplier. Price Multiplier. Swered by Operator's v s therefore. If you ele d limits, at the time th of insurance, as provid % W.I.) of Combined S ,000,000 (100% W.I.) of ,000,000 (rell control in rt to purchas is AFE is retui led herein, w ingle Limit co leductible.	e your own rned, if av. vill result ir overage for s may be in	52,972,80 Science of the second secon	Operator of in no ever covered of and insufficie
all Control Insur all Control Insur all control Insur aless otherwise I g as Operator c burance, you mu er than commen burance, you mu er than comment burance, you mu er than comment	Il Cost Il Cost Il Cost Il or lease equipment indicated below, yea conducts operations ust provide a certific incement of drilling a dby Operator. ase my own well centrol is ance procured by O and clean-up/polluti as under arm's-leng a over time. Should y x's Marketing Depar my gas in kind. et my gas with Cenares p the authorization fo	u, as a non-op hereunder a ate of such in operations. It nsurance policy. perator, prov on expense c th contracts s you choose to rtment, we w	view in the second seco	\$488,000 d CEPS guidelines using t rking interest owner, ag our prorated share of th ceptable to Operator, as hat failure to provide the g other terms, for \$20,00 ling (through completion arty purchasers. Such co u share of gas with Cima th you the terms and com	00,000 (100 n) with a \$1 outracts ma arex, you w nditions pu	52,484,80 Price Multiplier. Price Multiplier. Price Multiplier. Price Multiplier. Price Multiplier. Price Multiplier. Price Multiplier. Price Multiplier. Swered by Operator's t state of the second second second second second second second second Swered by Operator's to state of the second second second second Swered by Operator's to state of the second second second second Swered by Operator's to state of the second second second second Swered by Operator's to state of the second second second second Swered by Operator's to state of the second second second second Swered by Operator's to state of the second second second second Swered by Operator's to state of the second second second second Swered by Operator's to state of the second second second second Swered by Operator's to state of the second second second second second second second Swered by Operator's to state of the second se	ell control in t to purchass is AFE is retur ted herein, w ingle Limit co teductible. is an entropy of the control of the cont	e your own rned, if av. rned, if av. vill result in overage for s may be in uch contra s may be in uch contra	52,972,80 procured by n well contra ailable, but n your being r well contra r well contra sects. Upon y	Operato ol in no eve c covered ol and insufficie insufficie mated co nare of

Steve Heitzman Doug Park Roger Alexander
Joint Interest Approval
Company

4/3/2012 5:05 PM



Lease Name:	Nebraska 1 Fee	

Lease Name: Nebraska 1 Fee		M National Association	/ell No.:	3
Intangibles	Codes Dry Hole	Cost Codes		Completed Well Cost
Roads & Location Preparation / Restoration	DIDC.100 \$6	0,000 DICC.100	SS.000	\$65,000
Damages	DIDC.105 \$	5,000 DICC.105	\$0	\$5,000
Mud / Fluids Disposal Charges	DIDC.255 \$3	0,000 DICC.235	\$100,000	\$130,000
Day Rate 3.5 DH Days 1 ACP Days (2015,000 Per Da	0100.115 \$5	3,000 DICC.120	\$15,000	\$68,000
Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.)	0100.120 \$1	6,000	84434444	\$16,000
<u> 6its</u>	Di0C.125 \$1	5,000 DICC.125	\$0	\$15,000
Fuel \$3.50 Per Gallon 800 Gallons Per Day	DIDC.135 \$1	5,000 DICC.130	\$3,000	\$18,000
Water / Completion Fluids Per Da	0100.140 \$2	5,000 DICC.135	\$230,000	\$255,000
Mud & Additives	DIDC.145 \$1	0,000		\$10,000
Surface Rentals 2,000 Per Da	010C.150 \$	7,000 DICC.140	\$125,000	\$132,000
Downhole Rentals	DIDC.155 \$2	0,000 DICC.145	\$2,000	\$22,000
Formation Evaluation (DST, Coring including evaluation, G&G Services)	DIDC. 160	S0 [[[[[]]	SISTATION IN	\$0
Mud Logging 3 Days @ 1,500 Per Da	DIDC.170 \$	8,000	Saanna m	\$8,000
Open Hole Logging	0100.100	50///////	AAAAAAAAAAAAAAAAAAAAAAAAAAAAAAAAAAAAAA	\$0
Cementing & Float Equipment	DIDC.155 \$2	2,000 DICC.155	\$25,000	\$47,000
Tubular Inspections	DIDC.190 \$	2,000 DICC.160	\$1,000	\$3,000
Cosing Crews	DIDC.195 5	5,000 DICC.165	\$8,000	\$13,000
Extro Labor, Welding, Etc.	DIDC.200 \$	9,000 DICC.170	\$5,000	\$14,000
Land Transporation (Trucking)	DIDC.205 \$	3,000 DICC.175	\$5,000	\$8,000
Supervision 1,700 Per Da	4 DIDC.210 \$1	1,000 picc.180	\$15,000	\$26,000
Trailer House / Camp / Catering 700 Per Da	DIDC.280 \$	5,000 DICC.255	\$0	\$5,000
Other Misc Expenses	DIDC.220 \$	1,000 DICC. 190	\$10,000	\$11,000
Overhead 300 Per Du	/ OIDC.225 \$	1,000 DICC.195	\$2,000	\$3,000
Remedial Cementing	DIDC.231	\$0 DICC.215	\$0	
MOB/DEMOB	DIDC.240 \$5	0.000	anna anna anna anna anna anna anna ann	\$50,000
Directional Drilling Services 0 Days @ 0 Per Da	DIDC.245	south	ta an	\$0
Dock, Dispatcher, Crane	0100.250	\$0 DICC.230	\$0	the second se
Marine & Air Transportation	DIDC.275	\$0 DICC.250	50	\$0
Solids Control 3.500 Per Da	000C.260 \$1	6,000	ka mana	\$16,000
Well Control Equip (Snubbing Svcs.)		7,000 DICC.240	\$14,000	\$21,000
Fishing & Sidetrack Operations	DIDC.270	\$0 DICC.245	50	
Completion Rig 31 Days @ 4,000 Per Da		Ella DICC.115	\$12,000	\$12,000
Coil Tubing Days @ Per Da		DICC.260	50	
Completion Logging, Perforating, WL Units, WL Surveys		0100.200	\$30,000	\$30,000
Simulation	- HAMMANN	DICC.210	\$900,000	
Legal / Regulatory / Curative	UIDC.300 \$1	0,000 0100.200	ŚQ	
Well Control Insurance \$0.35 Per Foot		1,000	ATTTTTTTTT	\$1,000
Contingency 5% of Drilling Intangibles		0,000 DICC.220	\$75,000	\$95,000
Construction For Well Equipment	- anninganna	0,000 DICC.220	I STATE TO AND A CONTRACTOR	
Construction For Lease Equipment		DIED 110	A state of the state of the state of the	\$192,000
Construction For Sales P/L		Dicc 265		\$192,000
Total Intangible Cost	<u></u>	7,000	\$1,847,000	\$2,274,000
	\$42	.7,000	\$1,847,000	\$2,214,000

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Tangible - Well Equipment								
Casing	Size	Feet	\$/Foct	tin 111	aanaan	ana an	maanna	<u>uuuuuu</u> u
Drive Pipe				DW18.150	\$0	<i>uuuu</i>	0003111B_	\$
Conductor Pipe	1			DW78.130	\$0	10.111bb		\$
Water String	1 017	Sec. Sec. 1		OWE8.135	SÓ	UKUUK	ana	S
Surface Casing	8 5/8"	950.00	\$29.00	DWE8.140	\$28,000	laa ah	aaaaaa_	\$28,00
Intermediate Casing				OWEB.145	\$0		aaaaaa	\$
Drilling Liner				OWE8,145	\$0	sanan	MAAAAAAAAA	\$
Drilling Liner		1. S. 2. S.	7	DWEB.145	\$0		aaaaa.	\$
Production Casing or Liner	S 1/2"	3000.00	\$21:00	dilla a	aasaan	DWEA.100	\$63,000	\$63,00
Production Tie-Back	1		- a (ji	umm	anna an sealt a	DWEA.100	\$0	5
Tubing	2 7/8"	2900.00	\$8.00	anan	mmm	DWEA.105	\$23,000	\$23,00
N/C Well Equipment				AMA AMA	aanaaa	DWEA.115	\$35,000	\$35,00
Wellhcod, Tree, Chokes				GW68.115	\$3,000	DWEA.120	\$8,000	\$11,00
Liner Hanger, Isolation Packer				OWE8.100	\$0	DWEA.125	\$0	. 5
Packer, Nipples				<i>auma</i>	saaama	DWEA.130	\$0	\$
Pumping Unit, Engine				MAAA	saaaaa	20110 190	\$50,000	\$50,00
Lift Equipment (BHP, Rods, Anchors)				umma.	4111111111	Journal	\$\$25,000	,\$25,00
Tangible - Lease Equipment	A							
N/C Lease Equipment				HUUU	AMARAA AMA	DELO 115	\$176,000	\$176,00
Tanks, Tanks Steps, Stairs				i an	aaaaaa	DLEO 120	\$178,000	\$178,00
Battery (Heater Treater, Separator, Gas Treating Equipment)				UMAN	ann an the state of the second se	0000125	\$92,000	\$92,00
Flow Lines (Line Pipe from wellhead to central facility)				10000	SIMAN.	DIEC 130	\$12,000	\$12,00
Offshore Production Structure for Facilities				111111	DAMADA)	DWEA.135	50	
Pipeline to Sales				VIIIII	an a	DWEA 140	55,800	\$5,8
Total Tangibles					\$31,000		\$667,800	\$698,8
				,	400.000		620.000	
P&A Costs		······································		DIDC.295	\$30,000	DICC.275	-\$30,000	
Total Cost					\$488,000		\$2,484,800	\$2,972,8