

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 30, 2007

Jessie L. Wissler, Agent for
Frank Free
7 N. Calvert Street
Baltimore, MD 21202

SHIPPED APR 30 2007

Re: **Pyramid #1**
W/2 of Section 31, Township 14 South, Range 38 East
Lea County, New Mexico

Dear Ms. Wissler:

According to our title research Frank Free owns an undivided 2.0005 net mineral acre under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this lease are a \$100.00 bonus consideration, three (3) year primary term and one-fifth (1/5) royalty. Please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

- Surface Hole Location: 2210' FSL & 430' FWL
- Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms listed above.

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS



Tim Lilley

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)
For delivery information visit our website at www.usps.com

OFFICIAL USE	
Postage	\$ 2.00.63
Certified Fee	1.85
Return Receipt Fee (Endorsement Required)	1.85
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.88

Postmark Here

Sent To: Jessie Wissler
Street, Apt. No., or PO Box No.
City, State, ZIP+4

PS Form 3800, June 2002

2412 2144 2312
4491 1844 2312
1000 0152 4002
7004 2510 0001



AUTHORIZATION FOR EXPENDITURE

COMPANY ENTITY Cimarex Energy Co.					DATE PREPARED March 8, 2007	
REGION Permian	WELL NAME Pyramid	WELL NO 1	PROSPECT OR FIELD NAME Star-Denton	PROPERTY NUMBER	DRILLING AFE NO.	
LOCATION SHL 2210' FSL & 430' FWL BHL 330' FSL & 430' FWL Sec 31, T14S, R38E			COUNTY Lea	STATE New Mexico	TYPE WELL OIL <input checked="" type="checkbox"/> EXPL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> PROD <input type="checkbox"/>	
ORIGINAL ESTIMATE	<input checked="" type="checkbox"/>	EST. START DATE	EST. COMP. DATE	FORMATION	EST. TD 9800 TVD 11600' MD	
REVISED ESTIMATE	<input type="checkbox"/>					
SUPPLEMENTAL ESTIMATE	<input type="checkbox"/>					

PROJECT DESCRIPTION:
Drill and complete a horizontal wolfcamp well.

<u>INTANGIBLES</u>	<u>DRY HOLE COST</u>	<u>AFTER CASING POINT</u>	<u>COMPLETED WELL COST</u>
Intangible Drilling Costs	<u>\$2,463,180</u>		<u>\$2,463,180</u>
Intangible Completion Costs		<u>712,750</u>	<u>712,750</u>
TOTAL INTANGIBLE COSTS	<u>2,463,180</u>	<u>712,750</u>	<u>3,175,930</u>
<u>TANGIBLES</u>			
Well Equipment	<u>132,000</u>	<u>474,000</u>	<u>606,000</u>
Lease Equipment		<u>84,000</u>	<u>84,000</u>
TOTAL TANGIBLE WELL COST	<u>132,000</u>	<u>558,000</u>	<u>690,000</u>
PLUG AND ABANDON COST	<u>60,000</u>	<u>(60,000)</u>	
TOTAL WELL COST:	<u>\$2,655,180</u>	<u>\$1,210,750</u>	<u>\$3,865,930</u>

Comments on Well Costs:

1. All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

I elect to purchase my own well control insurance policy.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

#VALUE!

CIMAREX ENERGY CO. APPROVAL

PREPARED BY Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	DRILLING AND COMPLETION MANAGER Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	REGIONAL MANAGER Roger Alexander, Regional Manager Permian Basin
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JOINT INTEREST APPROVAL

COMPANY	BY	DATE
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PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

INTANGIBLES	Codes	DRY HOLE COST	Codes	AFTER CASING POINT	COMPLETED WELL COST	
ROADS & LOCATION PREPARATION / RESTORATION	DIDC.100	\$100,000	DICC.100	\$8,000	\$108,000	
DAMAGES	DIDC.105	\$4,000	DICC.105	\$1,000	\$5,000	
MUD/FLUIDS DISPOSAL CHARGES	DIDC.255	\$20,000	DICC.235	\$20,000	\$40,000	
DAY RATE 46 DH DAYS 5 ACP DAYS @ 17430 PER DAY	DIDC.115	\$801,780	DICC.120	\$87,150	\$888,930	
MISC PREPARATION COST (mouse hole, rat hole, pads, pile clusters, misc.)	DIDC.120	\$8,000			\$8,000	
BITS	DIDC.125	\$100,000	DICC.125	\$1,000	\$101,000	
FUEL \$2.20 PER GALLON	DIDC.135	\$111,000	DICC.130	\$11,000	\$122,000	
WATER / COMPLETION FLUIDS	DIDC.140	\$32,200	DICC.135	\$25,000	\$57,200	
MUD & ADDITIVES	DIDC.145	\$64,400			\$64,400	
SURFACE RENTALS	DIDC.150	\$69,000	DICC.140	\$45,000	\$114,000	
DOWNHOLE RENTALS	DIDC.155	\$144,000	DICC.145	\$10,000	\$154,000	
FORMATION EVALUATION (DST, Coring including evaluation, G&G SERVICES)	DIDC.160					
MUD LOGGING 37 DAYS @ \$900 PER DAY	DIDC.170	\$47,000			\$47,000	
OPEN HOLE LOGGING	DIDC.180	\$65,000			\$65,000	
CEMENTING & FLOAT EQUIPMENT	DIDC.185	\$50,000	DICC.155	\$40,000	\$90,000	
TUBULAR INSPECTIONS	DIDC.190	\$5,000	DICC.160	\$2,500	\$7,500	
CASING CREWS	DIDC.195	\$12,000	DICC.165	\$15,000	\$27,000	
EXTRA LABOR, WELDING, ETC.	DIDC.200	\$27,600	DICC.170	\$5,000	\$32,600	
LAND TRANSPORTATION (Trucking)	DIDC.205	\$32,200	DICC.175	\$7,000	\$39,200	
SUPERVISION	DIDC.210	\$51,000	DICC.180	\$18,000	\$69,000	
TRAILER HOUSE/CAMP/CATERING	DIDC.280	\$17,000	DICC.255	\$2,500	\$19,500	
OTHER MISC EXPENSES	DIDC.220	\$5,000	DICC.190	\$5,000	\$10,000	
OVERHEAD	DIDC.225	\$14,000	DICC.195	\$4,200	\$18,200	
REMEDIAL CEMENTING	DIDC.231		DICC.215			
MOB/DEMOB	DIDC.240	\$150,000			\$150,000	
DIRECTIONAL DRILLING SERVICES 22 DAYS @ 9500 PER DAY	DIDC.245	\$209,000			\$209,000	
DOCK, DISPATCHER, CRANE	DIDC.250		DICC.230			
MARINE & AIR TRANSPORTATION	DIDC.275		DICC.250			
SOLIDS CONTROL	DIDC.260	\$166,000			\$166,000	
WELL CONTROL EQUIP (Snubbing services)	DIDC.265	\$28,000	DICC.240	\$16,800	\$44,800	
FISHING & SIDETRACK OPERATIONS	DIDC.270		DICC.245			
COMPLETION RIG 14 DAYS @ 4400 PER DAY			DICC.115	\$61,600	\$61,600	
COIL TUBING DAYS @ PER DAY			DICC.260			
COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS			DICC.200	\$35,000	\$35,000	
STIMULATION			DICC.210	\$220,000	\$220,000	
LEGAL/REGULATORY/CURATIVE	DIDC.300	\$10,000	DICC.280		\$10,000	
WELL CONTROL INSURANCE \$0.35 PER FOOT	DIDC.285	\$3,000			\$3,000	
CONTINGENCY 5% OF DRILLING INTANGIBLES	DIDC.435	\$117,000	DICC.220	\$32,000	\$149,000	
CONSTRUCTION FOR WELL EQUIPMENT			DWEA.110	\$1,000	\$1,000	
CONSTRUCTION FOR LEASE EQUIPMENT			DLEQ.110	\$39,000	\$39,000	
CONSTRUCTION FOR SALES P/L			DICC.265			
TOTAL INTANGIBLE COST		\$2,463,180		\$712,750	\$3,175,930	
TANGIBLE - WELL EQUIPMENT						
CASING	SIZE	FEET	\$/FOOT			
DRIVE PIPE	20"	40	100.00	DWEB.150	4,000	\$4,000
CONDUCTOR PIPE				DWEB.130		
WATER STRING				DWEB.135		
SURFACE CASING	13-3/8"	250	42.00	DWEB.140	11,000	\$11,000
INTERMEDIATE CASING	8-5/8"	4,500	23.40	DWEB.145	105,000	\$105,000
DRILLING LINER	7"			DWEB.145		
DRILLING LINER				DWEB.145		
PRODUCTION CASING OR LINER	5 1/2"	9,800	15.90			
PRODUCTION TIE-BACK						
TUBING	2 7/8"	12,000	6.50			
N/C WELL EQUIPMENT						
WELLHEAD, TREE, CHOKES				DWEB.115	12,000	\$40,000
LINER HANGER, ISOLATION PACKER				DWEB.100		
PACKER, NIPPLES						
PUMPING UNIT, ENGINE						
LIFT EQUIPMENT (BHP, Rods, Anchors)						
TANGIBLE - LEASE EQUIPMENT						
N/C LEASE EQUIPMENT						
TANKS, TANKS STEPS, STAIRS						
BATTERY (Heater Treater, Separator, Gas Treating Equipment)						
FLOW LINES (Line Pipe from wellhead to central facility)						
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES						
PIPELINES TO SALES						
TOTAL TANGIBLES		\$132,000		\$558,000	\$690,000	
P&A COSTS	DIDC.295	60,000	DICC.275	(60,000)		
TOTAL COST		\$2,655,180		\$1,210,750	\$3,865,930	

OIL & GAS LEASE

THIS AGREEMENT made this 30th day of April 2007, between Jessie L. Wissler, Agent for Frank Free, as Lessor (whether one or more), whose address is 7 N. Calvert Street, Baltimore, MD 21202, and Shaw Interests, Inc. whose address is 310 W. Wall St., Ste. 305, Midland, Texas 79701, Lessee,

WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East
W/2 of Section 31

Township 15 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of **Three (3) years** from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, **one-fifth (1/5)** of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of **one-fifth (1/5)** of the gas used, provided that on gas sold on or off the premises, the royalties shall be **one-fifth (1/5)** of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

Jessie L. Wissler, Agent for Frank Free

ACKNOWLEDGMENT

STATE OF MARYLAND §
 §
COUNTY OF §

This instrument was acknowledged before me on the _____ day of _____, 2007, by Jessie L. Wissler, Agent for Frank Free.

Notary Public, State of Maryland
My Commission Expires: _____

CERTIFIED MAIL

SHAW INTERESTS, INC
OIL & GAS PROPERTIES
310 W. WALL ST., SUITE 305
MIDLAND, TEXAS 79701

7001 0320 0004 1684 0600

NSN

 **NO SUCH NUMBER**
Jessie L. Wissler, Agent for
Frank-Free
851 Munsey Building
Baltimore, MD
7 N. Calvert St
21202

★ ★ ★
174
76309
9638
★ ★ ★
PB9 850377
04-880 APR 11 07
MAILED FROM ZIP CODE 79708

CERTIFIED MAIL

SHAW INTERESTS, IN
OIL & GAS PROPERTIES
310 W. WALL ST., SUITE 305
MIDLAND, TEXAS 79701

7001 0320 0004 1683 9802

 **INSUFFICIENT ADDRESS**
PLEASE YOUR CORRESPONDENT
CORRECT MAILING ADDRESS

★ ★ ★
178
76309
9638
★ ★ ★
PB9 850377
04-880 APR 11 07
MAILED FROM ZIP CODE 79708

JA

Jessie L. Wissler, Agent for
Frank-Free
851 Munsey Building
Baltimore, MD

7 N. Calvert St
21202

79701/5117

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 17, 2007

Jessie L. Wissler, Agent for
Frank Free
851 Munsey Building
Baltimore, MD 21240

**Re: Pyramid #1
W/2 of Section 31, Township 14 South, Range 38 East
Lea County, New Mexico**

Dear Ms. Wissler:

In conjunction with our proposal of April 11, 2007 to lease Frank Free's undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

- Surface Hole Location: 2210' FSL & 430' FWL
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- \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Maner B. Shaw

7001 0320 0004 1483 9802

U.S. Postal Service	
CERTIFIED MAIL RECEIPT	
<i>(Domestic Mail Only; No Insurance Coverage Provided)</i>	
OFFICIAL USE	
Postage	\$.39
Certified Fee	2.40
Return Receipt Fee (Endorsement Required)	1.85
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.64
Postmark Here	
Sent To	
Jessie Wissler, Frank Free	
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	

PS Form 3800, January 2006



AUTHORIZATION FOR EXPENDITURE

COMPANY ENTITY Cimarex Energy Co.				DATE PREPARED March 8, 2007	
REGION Permian	WELL NAME Pyramid	WELL NO. 1	PROSPECT OR FIELD NAME Star-Denton	PROPERTY NUMBER	DRILLING AFE NO.
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ORIGINAL ESTIMATE <input checked="" type="checkbox"/>	EST. START DATE	EST. COMP. DATE	FORMATION	EST. TD 9800 TVD 11600' MD	
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1. All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

_____ I elect to purchase my own well control insurance policy.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

#VALUE!

CIMAREX ENERGY CO. APPROVAL		
PREPARED BY Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	DRILLING AND COMPLETION MANAGER Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	REGIONAL MANAGER Roger Alexander, Regional Manager Permian Basin

JOINT INTEREST APPROVAL		
COMPANY	BY	DATE



PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

INTANGIBLES	Codes	DRY HOLE COST	Codes	AFTER CASING POINT	COMPLETED WELL COST	
ROADS & LOCATION PREPARATION / RESTORATION	DIDC.100	\$100,000	DICC.100	\$8,000	\$108,000	
DAMAGES	DIDC.105	\$4,000	DICC.105	\$1,000	\$5,000	
MUD/FLUIDS DISPOSAL CHARGES	DIDC.255	\$20,000	DICC.235	\$20,000	\$40,000	
DAY RATE 46 DH DAYS 5 ACP DAYS @ 17430 PER DAY	DIDC.115	\$801,780	DICC.120	\$87,150	\$888,930	
MISC PREPARATION COST (mouse hole, rat hole, pads, pile clusters, misc.)	DIDC.120	\$8,000			\$8,000	
BITS	DIDC.125	\$100,000	DICC.125	\$1,000	\$101,000	
FUEL \$2.20 PER GALLON	DIDC.135	\$111,000	DICC.130	\$11,000	\$122,000	
WATER / COMPLETION FLUIDS	DIDC.140	\$32,200	DICC.135	\$25,000	\$57,200	
MUD & ADDITIVES	DIDC.145	\$64,400			\$64,400	
SURFACE RENTALS	DIDC.150	\$69,000	DICC.140	\$45,000	\$114,000	
DOWNHOLE RENTALS	DIDC.155	\$144,000	DICC.145	\$10,000	\$154,000	
FORMATION EVALUATION (DST, Coring including evaluation, G&G SERVICES)	DIDC.160					
MUD LOGGING 37 DAYS @ \$900 PER DAY	DIDC.170	\$47,000			\$47,000	
OPEN HOLE LOGGING	DIDC.180	\$65,000			\$65,000	
CEMENTING & FLOAT EQUIPMENT	DIDC.185	\$50,000	DICC.155	\$40,000	\$90,000	
TUBULAR INSPECTIONS	DIDC.190	\$5,000	DICC.160	\$2,500	\$7,500	
CASING CREWS	DIDC.195	\$12,000	DICC.165	\$15,000	\$27,000	
EXTRA LABOR, WELDING, ETC.	DIDC.200	\$27,600	DICC.170	\$5,000	\$32,600	
LAND TRANSPORTATION (Trucking)	DIDC.205	\$32,200	DICC.175	\$7,000	\$39,200	
SUPERVISION	DIDC.210	\$51,000	DICC.180	\$18,000	\$69,000	
TRAILER HOUSE/CAMP/CATERING	DIDC.280	\$17,000	DICC.255	\$2,500	\$19,500	
OTHER MISC EXPENSES	DIDC.220	\$5,000	DICC.190	\$5,000	\$10,000	
OVERHEAD	DIDC.225	\$14,000	DICC.195	\$4,200	\$18,200	
REMEDIAL CEMENTING	DIDC.231		DICC.215			
MOB/DEMOB	DIDC.240	\$150,000			\$150,000	
DIRECTIONAL DRILLING SERVICES 22 DAYS @ 9500 PER DAY	DIDC.245	\$209,000			\$209,000	
DOCK, DISPATCHER, CRANE	DIDC.250		DICC.230			
MARINE & AIR TRANSPORTATION	DIDC.275		DICC.250			
SOLIDS CONTROL	DIDC.260	\$166,000			\$166,000	
WELL CONTROL EQUIP (Snubbing services)	DIDC.265	\$28,000	DICC.240	\$16,800	\$44,800	
FISHING & SIDETRACK OPERATIONS	DIDC.270		DICC.245			
COMPLETION RIG 14 DAYS @ 4400 PER DAY			DICC.115	\$61,600	\$61,600	
COIL TUBING DAYS @ PER DAY			DICC.260			
COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS			DICC.200	\$35,000	\$35,000	
STIMULATION			DICC.210	\$220,000	\$220,000	
LEGAL/REGULATORY/CURATIVE	DIDC.300	\$10,000	DICC.280		\$10,000	
WELL CONTROL INSURANCE \$0.35 PER FOOT	DIDC.285	\$3,000			\$3,000	
CONTINGENCY 5% OF DRILLING INTANGIBLES	DIDC.435	\$117,000	DICC.220	\$32,000	\$149,000	
CONSTRUCTION FOR WELL EQUIPMENT			DWEA.110	\$1,000	\$1,000	
CONSTRUCTION FOR LEASE EQUIPMENT			DLEQ.110	\$39,000	\$39,000	
CONSTRUCTION FOR SALES P/L			DICC.265			
TOTAL INTANGIBLE COST		\$2,463,180		\$712,750	\$3,175,930	
TANGIBLE - WELL EQUIPMENT						
CASING	SIZE	FEET	\$/FOOT			
DRIVE PIPE	20"	40	100.00	DWEB.150	4,000	\$4,000
CONDUCTOR PIPE				DWEB.130		
WATER STRING				DWEB.135		
SURFACE CASING	13-3/8"	230	42.00	DWEB.140	11,000	\$11,000
INTERMEDIATE CASING	8-5/8"	4,500	23.40	DWEB.145	105,000	\$105,000
DRILLING LINER	7"			DWEB.145		
DRILLING LINER				DWEB.145		
PRODUCTION CASING OR LINER	5 1/2"	9,800	15.90			
PRODUCTION TIE-BACK						
TUBING	2 7/8"	12,000	6.50			
N/C WELL EQUIPMENT						
WELLHEAD, TREE, CHOKES				DWEB.115	12,000	\$40,000
LINER HANGER, ISOLATION PACKER				DWEB.100		
PACKER, NIPPLES						
PUMPING UNIT, ENGINE						
LIFT EQUIPMENT (BHP, Rods, Anchors)						
TANGIBLE - LEASE EQUIPMENT						
N/C LEASE EQUIPMENT						
TANKS, TANKS STEPS, STAIRS						
BATTERY (Heater Treater, Separator, Gas Treating Equipment)						
FLOW LINES (Line Pipe from wellhead to central facility)						
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES						
PIPELINES TO SALES						
TOTAL TANGIBLES		\$132,000		\$558,000	\$690,000	
P&A COSTS	DIDC.295	60,000	DICC.275	(60,000)		
TOTAL COST		\$2,655,180		\$1,210,750	\$3,865,930	

OIL & GAS LEASE

THIS AGREEMENT made this 11th day of April 2007, between Jessie L. Wissler, Agent for Frank Free, as Lessor (whether one or more), whose address is 851 Munsey Building, Baltimore, MD 21240, and Shaw Interests, Inc. whose address is 310 W. Wall St., Ste. 305, Midland, Texas 79701, Lessee,

WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East
W/2 of Section 31

Township 15 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of **Three (3) years** from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, **one-fifth (1/5)** of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of **one-fifth (1/5)** of the gas used, provided that on gas sold on or off the premises, the royalties shall be **one-fifth (1/5)** of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

Jessie L. Wissler, Agent for Frank Free

ACKNOWLEDGMENT

STATE OF MARYLAND

§

COUNTY OF

§

§

This instrument was acknowledged before me on the _____ day of _____, 2007, by Jessie L. Wissler, Agent for Frank Free.

Notary Public, State of Maryland

My Commission Expires: _____

SHAW INTERESTS, INC
OIL & GAS PROPERTIES
310 W. WALL ST., SUITE 305
MIDLAND, TEXAS 79701

7001 0320 0004 1883 9796

UNC

Mollie E. Harris
C/o Henry H. Lawton
P.O. Box 94
Olean, N

NIXIE

142 SE 1

72 05/09/07

RETURN TO SENDER
UNCLAIMED
UNABLE TO FORWARD

BC: 79701511780 *2713-02301-23-33

14769499861884

|||||

SHAW INTERESTS, IN
OIL & GAS PROPERTIES
310 W. WALL ST., SUITE 305
MIDLAND, TEXAS 79701

7001 0320 0004 1884 0594

Ans

Mollie E. Harris
C/o Henry H. Lawton
P.O. Box 94
Olean, NY 14

NIXIE

142

72 06/17/07

RETURN TO SENDER
ATTEMPTED -
UNABLE TO FORWARD

BC: 79701511780 *0813-01791-17-19

7970105117

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★ ★ ★
149
76409 04.640
9749 MAILED FROM ZIP CODE 79701A
PB9850377
APR 19 07

★ ★ ★
190
76809 04.880
9613 MAILED FROM ZIP CODE 79708
PB9850377
APR 10 07

DEFERRED MAIL

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 17, 2007

Mollie E. Harris
C/o Henry H. Lawton
P.O. Box 94
Olean, NY 14760

**Re: Pyramid #1
W/2 of Section 31, Township 14 South, Range 38 East
Lea County, New Mexico**

Dear Mr. Lawton:

We are unable to locate a current address for Mollie Harris. In conjunction with our proposal of April 6, 2007 to lease Mollie's undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

- Surface Hole Location: 2210' FSL & 430' FWL
- Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

- \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS



Maner B. Shaw

7001 0320 0004 1883 9796

U.S. Postal Service	
CERTIFIED MAIL RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
OFFICIAL USE	
Postage	\$.39
Certified Fee	2.40
Return Receipt Fee (Endorsement Required)	1.85
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.64
Postmark Here	
Sent To	
Mollie E. Harris	
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	



AUTHORIZATION FOR EXPENDITURE

COMPANY ENTITY Cimarex Energy Co.				DATE PREPARED March 8, 2007	
REGION Permian	WELL NAME Pyramid	WELL NO. 1	PROSPECT OR FIELD NAME Star-Denton	PROPERTY NUMBER	DRILLING AFE NO.
LOCATION SHL 2210' FSL & 430' FWL BHL 330' FSL & 430' FWL Sec 31, T14S, R38E			COUNTY Lea	STATE New Mexico	TYPE WELL OIL <input checked="" type="checkbox"/> EXPL <input checked="" type="checkbox"/> GAS _____ PROD _____
ORIGINAL ESTIMATE	<input checked="" type="checkbox"/>	EST. START DATE	EST. COMP. DATE	FORMATION	EST. TD 9800 TVD 11600' MD
REVISED ESTIMATE	_____				
SUPPLEMENTAL ESTIMATE	_____				

PROJECT DESCRIPTION:

Drill and complete a horizontal wolfcamp well.

<u>INTANGIBLES</u>	<u>DRY HOLE COST</u>	<u>AFTER CASING POINT</u>	<u>COMPLETED WELL COST</u>
Intangible Drilling Costs	<u>\$2,463,180</u>		<u>\$2,463,180</u>
Intangible Completion Costs		<u>712,750</u>	<u>712,750</u>
TOTAL INTANGIBLE COSTS	<u>2,463,180</u>	<u>712,750</u>	<u>3,175,930</u>
<u>TANGIBLES</u>			
Well Equipment	<u>132,000</u>	<u>474,000</u>	<u>606,000</u>
Lease Equipment		<u>84,000</u>	<u>84,000</u>
TOTAL TANGIBLE WELL COST	<u>132,000</u>	<u>558,000</u>	<u>690,000</u>
PLUG AND ABANDON COST	<u>60,000</u>	<u>(60,000)</u>	
TOTAL WELL COST:	<u>\$2,655,180</u>	<u>\$1,210,750</u>	<u>\$3,865,930</u>

Comments on Well Costs:

1. All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

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Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related re-drilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

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#VALUE!

CIMAREX ENERGY CO. APPROVAL		
PREPARED BY Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	DRILLING AND COMPLETION MANAGER Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	REGIONAL MANAGER Roger Alexander, Regional Manager Permian Basin

JOINT INTEREST APPROVAL		
COMPANY	BY	DATE



PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

INTANGIBLES	DRY HOLE		AFTER CASING		COMPLETED WELL COST			
	Codes	COST	Codes	POINT				
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SUPERVISION	DIDC.210	\$51,000	DICC.180	\$18,000	\$69,000			
TRAILER HOUSE/CAMP/CATERING	DIDC.280	\$17,000	DICC.255	\$2,500	\$19,500			
OTHER MISC EXPENSES	DIDC.220	\$5,000	DICC.190	\$5,000	\$10,000			
OVERHEAD	DIDC.225	\$14,000	DICC.195	\$4,200	\$18,200			
REMEDIAL CEMENTING	DIDC.231		DICC.215					
MOB/DEMOB	DIDC.240	\$150,000			\$150,000			
DIRECTIONAL DRILLING SERVICES 22 DAYS @ 9500 PER DAY	DIDC.245	\$209,000			\$209,000			
DOCK, DISPATCHER, CRANE	DIDC.250		DICC.230					
MARINE & AIR TRANSPORTATION	DIDC.275		DICC.250					
SOLIDS CONTROL	DIDC.260	\$166,000			\$166,000			
WELL CONTROL EQUIP (Snubbing services)	DIDC.265	\$28,000	DICC.240	\$16,800	\$44,800			
FISHING & SIDETRACK OPERATIONS	DIDC.270		DICC.245					
COMPLETION RIG 14 DAYS @ 4400 PER DAY			DICC.115	\$61,600	\$61,600			
COIL TUBING DAYS @ PER DAY			DICC.260					
COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS			DICC.200	\$35,000	\$35,000			
STIMULATION			DICC.210	\$220,000	\$220,000			
LEGAL/REGULATORY/CURATIVE	DIDC.300	\$10,000	DICC.280		\$10,000			
WELL CONTROL INSURANCE \$0.35 PER FOOT	DIDC.285	\$3,000			\$3,000			
CONTINGENCY 5% OF DRILLING INTANGIBLES	DIDC.435	\$117,000	DICC.220	\$32,000	\$149,000			
CONSTRUCTION FOR WELL EQUIPMENT			DWEA.110	\$1,000	\$1,000			
CONSTRUCTION FOR LEASE EQUIPMENT			DLEQ.110	\$39,000	\$39,000			
CONSTRUCTION FOR SALES P/L			DICC.265					
TOTAL INTANGIBLE COST		\$2,463,180		\$712,750	\$3,175,930			
TANGIBLE - WELL EQUIPMENT								
CASING	SIZE	FEET	\$/FOOT					
DRIVE PIPE	20"	40	100.00	DWEB.150	4,000	\$4,000		
CONDUCTOR PIPE				DWEB.130				
WATER STRING				DWEB.135				
SURFACE CASING	13-3/8"	250	42.00	DWEB.140	11,000	\$11,000		
INTERMEDIATE CASING	8-5/8"	4,500	23.40	DWEB.145	105,000	\$105,000		
DRILLING LINER	7"			DWEB.145				
DRILLING LINER				DWEB.145				
PRODUCTION CASING OR LINER	5 1/2"	9,800	15.90		156,000	\$156,000		
PRODUCTION TIE-BACK					DWEA.100			
TUBING	2 7/8"	12,000	6.50		DWEA.105	78,000	\$78,000	
N/C WELL EQUIPMENT					DWEA.115	\$9,000	\$9,000	
WELLHEAD, TREE, CHOKES				DWEB.115	12,000	DWEA.120	\$28,000	\$40,000
LINER HANGER, ISOLATION PACKER				DWEB.100		DWEA.125		
PACKER, NIPPLES						DWEA.130	\$110,000	\$110,000
PUMPING UNIT, ENGINE						DLEQ.100	\$78,000	\$78,000
LIFT EQUIPMENT (BHP, Rods, Anchors)						DLEQ.105	\$15,000	\$15,000
TANGIBLE - LEASE EQUIPMENT								
N/C LEASE EQUIPMENT						DLEQ.115	\$44,000	\$44,000
TANKS, TANKS STEPS, STAIRS						DLEQ.120	\$21,000	\$21,000
BATTERY (Heater Treater, Separator, Gas Treating Equipment)						DLEQ.125	\$18,000	\$18,000
FLOW LINES (Line Pipe from wellhead to central facility)						DLEQ.130	\$1,000	\$1,000
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES						DWEA.135		
PIPELINES TO SALES						DWEA.140		
TOTAL TANGIBLES		\$132,000		\$558,000	\$690,000			
P&A COSTS	DIDC.295	60,000	DICC.275	(60,000)				
TOTAL COST		\$2,655,180		\$1,210,750	\$3,865,930			

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 6, 2007

Mollie E. Harris
C/o Henry H. Lawton
P.O. Box 94
Olean, NY 14760

Re: Oil & Gas Lease
W/2 of Section 31
Township 14 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4,
SW/4NE/4 and NW/4SE/4 of Section 6
Township 15 South, Range 38 East
Lea County, New Mexico

Dear Mr. Lawton:

According to our title research, Mollie E. Harris owns an undivided 2.0005 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this Lease are a \$100.00 per net mineral acre bonus consideration, three (3) year paid-up primary term and three-sixteenths (3/16) royalty.

If these terms are acceptable, please have her sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$200.05 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS

Tim Lilley

U.S. Postal Service	
CERTIFIED MAIL RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
OFFICIAL USE	
Postage	\$ 1.63
Certified Fee	2.40
Return Receipt Fee (Endorsement Required)	1.85
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.88
Postmark Here	
Sent To	Mollie E. HARRIS
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	
PS Form 3800, January 2001	
See Reverse for Instructions	

4650 4884 4000 0220 1007

OIL & GAS LEASE

THIS AGREEMENT made this 6th day of April, 2007, between Mollie E. Harris, herein dealing in her sole and separate property, as Lessor (whether one or more), C/o Henry H. Lawton, whose address is P.O. Box 94, Olean, NY 14760, and Shaw Interests, Inc. whose address is P.O. Box 9612, Midland, Texas 79708, Lessee,

WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East

W/2 of Section 31

Township 15 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of **Three (3) years** from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, **three-sixteenths (3/16)** of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of **three-sixteenths (3/16)** of the gas used, provided that on gas sold on or off the premises, the royalties shall be **three-sixteenths (3/16)** of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

Mollie E. Harris

ACKNOWLEDGMENT

STATE OF §
 §
COUNTY OF §

This instrument was acknowledged before me on the _____ day of _____, 2007, by Mollie E. Harris.

Notary Public, State of
My Commission Expires: _____

SHAW INTERESTS, INC
OIL & GAS PROPERTIES
310 W. WALL ST., SUITE 305
MIDLAND, TEXAS 79701

7001 0320 0004 1883 9734

CNK

Thomas F. McMahon
P.O. Box 94
Olean, NY 1

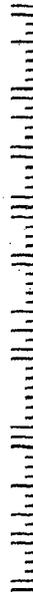
NIXIE

142 SE 1 72 05/09/07

RETURN TO SENDER
UNCLAIMED
UNABLE TO FORWARD

BC: 79701511780 *3013-04970-09-29

797015117



★ ★ ★ ED STATES POSTAGE
★ ★ ★ 430
★ ★ ★ 7690 04.640 APR 19 07
★ ★ ★ 9741 MAILED FROM ZIP CODE 79701A

SHAW INTERESTS, INC
OIL & GAS PROPERTIES
310 W. WALL ST., SUITE 305
MIDLAND, TEXAS 79701

7001 0320 0004 1883 9871

CNK

Thomas F. McMahon
P.O. Box 94
Olean, NY 14760

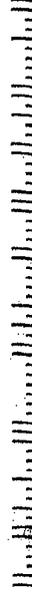
NIXIE

142 4E 1 72 05/07/07

RETURN TO SENDER
UNCLAIMED
UNABLE TO FORWARD

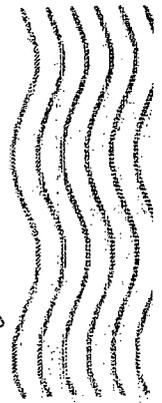
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★ ★ ★ 181
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★ ★ ★ 9636 MAILED FROM ZIP CODE 79701B

12 APR 2007 PM
TX 79727
MIDLAND, TEXAS 79701



SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 17, 2007

Thomas F. McMahon
P.O. Box 94
Olean, NY 14760

**Re: Pyramid #1
W/2 of Section 31, Township 14 South, Range 38 East
Lea County, New Mexico**

Dear Thomas:

In conjunction with our proposal of April 11, 2007 to lease your undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

- Surface Hole Location: 2210' FSL & 430' FWL
- Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

- \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Maner B. Shaw

U.S. Postal Service CERTIFIED MAIL RECEIPT (Domestic Mail Only; No Insurance Coverage Provided)	
OFFICIAL USE	
Postage	\$ 1.39
Certified Fee	2.40
Return Receipt Fee (Endorsement Required)	1.85
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.64
Postmark Here	
Sent To: THOMAS F. McMAHON	
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	

7001 0320 0004 1A83 9734

See Reverse for Instructions



AUTHORIZATION FOR EXPENDITURE

COMPANY ENTITY Cimarex Energy Co.				DATE PREPARED March 8, 2007	
REGION Permian	WELL NAME Pyramid	WELL NO 1	PROSPECT OR FIELD NAME Star-Denton	PROPERTY NUMBER	DRILLING AFE NO.
LOCATION SHL 2210' FSL & 430' FWL BHL 330' FSL & 430' FWL Sec 31, T14S, R38E			COUNTY Lea	STATE New Mexico	TYPE WELL OIL <input checked="" type="checkbox"/> EXPL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> PROD <input type="checkbox"/>
ORIGINAL ESTIMATE <input checked="" type="checkbox"/>	EST. START DATE	EST. COMP. DATE	FORMATION	EST. TD 9800 TVD 11600' MD	
REVISED ESTIMATE <input type="checkbox"/>					
SUPPLEMENTAL ESTIMATE					

PROJECT DESCRIPTION:
Drill and complete a horizontal wolfcamp well.

<u>INTANGIBLES</u>	<u>DRY HOLE COST</u>	<u>AFTER CASING POINT</u>	<u>COMPLETED WELL COST</u>
Intangible Drilling Costs	\$2,463,180		\$2,463,180
Intangible Completion Costs		712,750	712,750
TOTAL INTANGIBLE COSTS	2,463,180	712,750	3,175,930
<u>TANGIBLES</u>			
Well Equipment	132,000	474,000	606,000
Lease Equipment		84,000	84,000
TOTAL TANGIBLE WELL COST	132,000	558,000	690,000
PLUG AND ABANDON COST	60,000	(60,000)	
TOTAL WELL COST:	\$2,655,180	\$1,210,750	\$3,865,930

Comments on Well Costs:

- All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

_____ I elect to purchase my own well control insurance policy.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

#VALUE!

CIMAREX ENERGY CO. APPROVAL

PREPARED BY Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	DRILLING AND COMPLETION MANAGER Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	REGIONAL MANAGER Roger Alexander, Regional Manager Permian Basin
---	---	---

JOINT INTEREST APPROVAL

COMPANY	BY	DATE
---------	----	------



PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

INTANGIBLES				DRY HOLE		AFTER CASING		COMPLETED	
				Codes	COST	Codes	POINT	WELL COST	
ROADS & LOCATION PREPARATION / RESTORATION				DIDC.100	\$100,000	DICC.100	\$8,000	\$108,000	
DAMAGES				DIDC.105	\$4,000	DICC.105	\$1,000	\$5,000	
MUD/FLUIDS DISPOSAL CHARGES				DIDC.255	\$20,000	DICC.235	\$20,000	\$40,000	
DAY RATE 46 DH DAYS 5 ACP DAYS @ 17430 PER DAY				DIDC.115	\$801,780	DICC.120	\$87,150	\$888,930	
MISC PREPARATION COST (mouse hole, rat hole, pads, pile clusters, misc.)				DIDC.120	\$8,000			\$8,000	
BITS				DIDC.125	\$100,000	DICC.125	\$1,000	\$101,000	
FUEL \$2.20 PER GALLON				DIDC.135	\$111,000	DICC.130	\$11,000	\$122,000	
WATER / COMPLETION FLUIDS				DIDC.140	\$32,200	DICC.135	\$25,000	\$57,200	
MUD & ADDITIVES				DIDC.145	\$64,400			\$64,400	
SURFACE RENTALS				DIDC.150	\$69,000	DICC.140	\$45,000	\$114,000	
DOWNHOLE RENTALS				DIDC.155	\$144,000	DICC.145	\$10,000	\$154,000	
FORMATION EVALUATION (DST, Coring including evaluation, G&G SERVICES)				DIDC.160					
MUD LOGGING 37 DAYS @ \$900 PER DAY				DIDC.170	\$47,000			\$47,000	
OPEN HOLE LOGGING				DIDC.180	\$65,000			\$65,000	
CEMENTING & FLOAT EQUIPMENT				DIDC.185	\$50,000	DICC.155	\$40,000	\$90,000	
TUBULAR INSPECTIONS				DIDC.190	\$5,000	DICC.160	\$2,500	\$7,500	
CASING CREWS				DIDC.195	\$12,000	DICC.165	\$15,000	\$27,000	
EXTRA LABOR, WELDING, ETC.				DIDC.200	\$27,600	DICC.170	\$5,000	\$32,600	
LAND TRANSPORTATION (Trucking)				DIDC.205	\$32,200	DICC.175	\$7,000	\$39,200	
SUPERVISION				DIDC.210	\$51,000	DICC.180	\$18,000	\$69,000	
TRAILER HOUSE/CAMP/CATERING				DIDC.280	\$17,000	DICC.255	\$2,500	\$19,500	
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WELL CONTROL EQUIP (Snubbing services)				DIDC.265	\$28,000	DICC.240	\$16,800	\$44,800	
FISHING & SIDETRACK OPERATIONS				DIDC.270		DICC.245			
COMPLETION RIG 14 DAYS @ 4400 PER DAY						DICC.115	\$61,600	\$61,600	
COIL TUBING DAYS @ PER DAY						DICC.260			
COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS						DICC.200	\$35,000	\$35,000	
STIMULATION						DICC.210	\$220,000	\$220,000	
LEGAL/REGULATORY/CURATIVE				DIDC.300	\$10,000	DICC.280		\$10,000	
WELL CONTROL INSURANCE \$0.35 PER FOOT				DIDC.285	\$3,000			\$3,000	
CONTINGENCY 5% OF DRILLING INTANGIBLES				DIDC.435	\$117,000	DICC.220	\$32,000	\$149,000	
CONSTRUCTION FOR WELL EQUIPMENT						DWEA.110	\$1,000	\$1,000	
CONSTRUCTION FOR LEASE EQUIPMENT						DLEQ.110	\$39,000	\$39,000	
CONSTRUCTION FOR SALES P/L						DICC.265			
TOTAL INTANGIBLE COST					\$2,463,180		\$712,750	\$3,175,930	
TANGIBLE - WELL EQUIPMENT									
CASING				SIZE	FEET	\$/FOOT			
DRIVE PIPE				20"	40	100.00	DWEB.150	4,000	\$4,000
CONDUCTOR PIPE							DWEB.130		
WATER STRING							DWEB.135		
SURFACE CASING				13-3/8"	250	42.00	DWEB.140	11,000	\$11,000
INTERMEDIATE CASING				8-5/8"	4,500	23.40	DWEB.145	105,000	\$105,000
DRILLING LINER				7"			DWEB.145		
DRILLING LINER							DWEB.145		
PRODUCTION CASING OR LINER				5 1/2"	9,800	15.90			
PRODUCTION TIE-BACK							DWEA.100	156,000	\$156,000
TUBING				2 7/8"	12,000	6.50			
N/C WELL EQUIPMENT							DWEA.105	78,000	\$78,000
WELLHEAD, TREE, CHOKES							DWEA.115	\$9,000	\$9,000
LINER HANGER, ISOLATION PACKER							DWEB.115	12,000	\$40,000
PACKER, NIPPLES							DWEA.120	\$28,000	\$40,000
PUMPING UNIT, ENGINE							DWEA.125		
LIFT EQUIPMENT (BHP, Rods, Anchors)							DWEA.130	\$110,000	\$110,000
TANGIBLE - LEASE EQUIPMENT							DLEQ.100	\$78,000	\$78,000
N/C LEASE EQUIPMENT							DLEQ.105	\$15,000	\$15,000
TANKS, TANKS STEPS, STAIRS							DLEQ.115	\$44,000	\$44,000
BATTERY (Heater Treater, Separator, Gas Treating Equipment)							DLEQ.120	\$21,000	\$21,000
FLOW LINES (Line Pipe from wellhead to central facility)							DLEQ.125	\$18,000	\$18,000
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES							DLEQ.130	\$1,000	\$1,000
PIPELINES TO SALES							DWEA.135		
							DWEA.140		
TOTAL TANGIBLES								\$132,000	\$558,000
P&A COSTS				DIDC.295	60,000		DICC.275	(60,000)	
TOTAL COST					\$2,655,180		\$1,210,750	\$3,865,930	

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 11, 2007

Thomas F. McMahon
P.O. Box 94
Olean, NY 14760

**Re: Oil & Gas Lease
W/2 of Section 31
Township 14 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4,
SW/4NE/4 and NW/4SE/4 of Section 6
Township 15 South, Range 38 East
Lea County, New Mexico**

Dear Thomas:

According to our title research you own an undivided 2.0005 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this lease are a \$100.0 bonus consideration, three (3) year paid-up primary term and one-fifth (1/5) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$200.05 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS

Tim Lilley

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

OFFICIAL USE

Postage	\$.43
Certified Fee	2.46
Return Receipt Fee (Endorsement Required)	1.85
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.74

Postmark Here

Sent To Thomas McMahon

Street, Apt. No.,
or PO Box No.

State ZIP+4

11 0320 0004 1883 9871

OIL & GAS LEASE

THIS AGREEMENT made this 11th day of April 2007, between Thomas F. McMahon, herein dealing in his sole and separate property, as Lessor (whether one or more), whose address is P.O. Box 94, Olean, NY 14760, and Shaw Interests, Inc. whose address is 310 W. Wall St., Ste. 305, Midland, Texas 79701, Lessee,

WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East

W/2 of Section 31

Township 15 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of **Three (3) years** from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, **one-fifth (1/5)** of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of **one-fifth (1/5)** of the gas used, provided that on gas sold on or off the premises, the royalties shall be **one-fifth (1/5)** of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

Thomas F. McMahon

ACKNOWLEDGMENT

STATE OF NEW YORK §
 §
COUNTY OF §

This instrument was acknowledged before me on the _____ day of _____, 2007, by Thomas F. McMahon.

Notary Public, State of New York

My Commission Expires: _____

SHAW INTERESTS, INC
OIL & GAS PROPERTIES
310 W. WALL ST., SUITE 305
MIDLAND, TEXAS 79701

7001 0320 0004 1884 0075

★ ★ ★ ★
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7620 04.640
9757
MAILED FROM ZIP CODE 79708
UNITED STATES POSTAGE
Eagle logo
PB9 850377
APR 19 07

Betty & M.L. Tieche
38 Lotta Avenue
Battle Creek, MI 49014

Received at Registry Room

NIXIE 490 1 22 05/04/07

RETURN TO SENDER
UNCLAIMED
UNABLE TO FORWARD

BC: 79701511780 *1785-07850-04-21

490178952416515

|||||

CERTIFIED MAIL

SHAW INTERESTS, INC.
OIL & GAS PROPERTIES
310 W. WALL ST., SUITE 305
MIDLAND, TEXAS 79701

7001 0320 0004 1883 9888

★ ★ ★ ★
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7650 04.880
9637
MAILED FROM ZIP CODE 79708
UNITED STATES POSTAGE
Eagle logo
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ANK

Betty & M.L. Tieche
38 Lotta Avenue
Battle Creek, MI 49014

Received at Registry Room

NIXIE 490 1 22 04/19/07

RETURN TO SENDER
ATTEMPTED - NOT KNOWN
UNABLE TO FORWARD

BC: 79701511780 *0464-00169-14-32

490178952416515

|||||

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 17, 2007

Betty & M.L. Tieche
38 Lotta Avenue
Battle Creek, MI 49014

Re: Pyramid #1
W/2 of Section 31, Township 14 South, Range 38 East
Lea County, New Mexico

Dear Betty & M.L.:

In conjunction with our proposal of April 11, 2007 to lease your undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

- Surface Hole Location: 2210' FSL & 430' FWL
- Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

- \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Maner B. Shaw

U.S. Postal Service	
CERTIFIED MAIL RECEIPT	
*(Domestic Mail Only, No Insurance Coverage Provided)	
OFFICIAL USE	
Postage	\$.39
Certified Fee	2.40
Return Receipt Fee (Endorsement Required)	1.85
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.64
Sent To	Betty & M.L. Tieche
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	
PS Form 3800, January 2001	See Reverse for Instructions

5200 4884 0075
7001 0320 0004 1884 0075



AUTHORIZATION FOR EXPENDITURE

COMPANY ENTITY Cimarex Energy Co.				DATE PREPARED March 8, 2007	
REGION Permian	WELL NAME Pyramid	WELL NO. 1	PROSPECT OR FIELD NAME Star-Denton	PROPERTY NUMBER	DRILLING AFE NO.
LOCATION SHL 2210' FSL & 430' FWL BHL 330' FSL & 430' FWL Sec 31, T14S, R38E			COUNTY Lea	STATE New Mexico	TYPE WELL OIL <input checked="" type="checkbox"/> EXPL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> PROD <input type="checkbox"/>
ORIGINAL ESTIMATE	<u> X </u>	EST. START DATE	EST. COMP. DATE	FORMATION	EST. TD 9800 TVD 11600' MD
REVISED ESTIMATE	<u> </u>				
SUPPLEMENTAL ESTIMATE	<u> </u>				

PROJECT DESCRIPTION:
Drill and complete a horizontal wolfcamp well.

<u>INTANGIBLES</u>	<u>DRY HOLE COST</u>	<u>AFTER CASING POINT</u>	<u>COMPLETED WELL COST</u>
Intangible Drilling Costs	\$2,463,180		\$2,463,180
Intangible Completion Costs		712,750	712,750
TOTAL INTANGIBLE COSTS	2,463,180	712,750	3,175,930
<u>TANGIBLES</u>			
Well Equipment	132,000	474,000	606,000
Lease Equipment		84,000	84,000
TOTAL TANGIBLE WELL COST	132,000	558,000	690,000
PLUG AND ABANDON COST	60,000	(60,000)	
TOTAL WELL COST:	\$2,655,180	\$1,210,750	\$3,865,930

Comments on Well Costs:

1. All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

 I elect to purchase my own well control insurance policy.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

#VALUE!

CIMAREX ENERGY CO. APPROVAL

PREPARED BY Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	DRILLING AND COMPLETION MANAGER Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	REGIONAL MANAGER Roger Alexander, Regional Manager Permian Basin
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JOINT INTEREST APPROVAL

COMPANY	BY	DATE
---------	----	------



PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

INTANGIBLES	Codes	DRY HOLE COST	Codes	AFTER CASING POINT	COMPLETED WELL COST
ROADS & LOCATION PREPARATION / RESTORATION	DIDC.100	\$100,000	DICC.100	\$8,000	\$108,000
DAMAGES	DIDC.105	\$4,000	DICC.105	\$1,000	\$5,000
MUD/FLUIDS DISPOSAL CHARGES	DIDC.255	\$20,000	DICC.235	\$20,000	\$40,000
DAY RATE 46 DH DAYS 5 ACP DAYS @ 17430 PER DAY	DIDC.115	\$801,780	DICC.120	\$87,150	\$888,930
MISC PREPARATION COST (mouse hole, rat hole, pads, pile clusters, misc.)	DIDC.120	\$8,000			\$8,000
BITS	DIDC.125	\$100,000	DICC.125	\$1,000	\$101,000
FUEL \$2.20 PER GALLON	DIDC.135	\$111,000	DICC.130	\$11,000	\$122,000
WATER / COMPLETION FLUIDS	DIDC.140	\$32,200	DICC.135	\$25,000	\$57,200
MUD & ADDITIVES	DIDC.145	\$64,400			\$64,400
SURFACE RENTALS	DIDC.150	\$69,000	DICC.140	\$45,000	\$114,000
DOWNHOLE RENTALS	DIDC.155	\$144,000	DICC.145	\$10,000	\$154,000
FORMATION EVALUATION (DST, Coring including evaluation, G&G SERVICES)	DIDC.160				
MUD LOGGING 37 DAYS @ \$900 PER DAY	DIDC.170	\$47,000			\$47,000
OPEN HOLE LOGGING	DIDC.180	\$65,000			\$65,000
CEMENTING & FLOAT EQUIPMENT	DIDC.185	\$50,000	DICC.155	\$40,000	\$90,000
TUBULAR INSPECTIONS	DIDC.190	\$5,000	DICC.160	\$2,500	\$7,500
CASING CREWS	DIDC.195	\$12,000	DICC.165	\$15,000	\$27,000
EXTRA LABOR, WELDING, ETC.	DIDC.200	\$27,600	DICC.170	\$5,000	\$32,600
LAND TRANSPORTATION (Trucking)	DIDC.205	\$32,200	DICC.175	\$7,000	\$39,200
SUPERVISION	DIDC.210	\$51,000	DICC.180	\$18,000	\$69,000
TRAILER HOUSE/CAMP/CATERING	DIDC.280	\$17,000	DICC.255	\$2,500	\$19,500
OTHER MISC EXPENSES	DIDC.220	\$5,000	DICC.190	\$5,000	\$10,000
OVERHEAD	DIDC.225	\$14,000	DICC.195	\$4,200	\$18,200
REMEDIAL CEMENTING	DIDC.231		DICC.215		
MOB/DEMOB	DIDC.240	\$150,000			\$150,000
DIRECTIONAL DRILLING SERVICES 22 DAYS @ 9500 PER DAY	DIDC.245	\$209,000			\$209,000
DOCK, DISPATCHER, CRANE	DIDC.250		DICC.230		
MARINE & AIR TRANSPORTATION	DIDC.275		DICC.250		
SOLIDS CONTROL	DIDC.260	\$166,000			\$166,000
WELL CONTROL EQUIP (Snubbing services)	DIDC.265	\$28,000	DICC.240	\$16,800	\$44,800
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TUBING	2 7/8"	12,000	6.50	DWEA.105 78,000	\$78,000
N/C WELL EQUIPMENT				DWEA.115 9,000	\$9,000
WELLHEAD, TREE, CHOKES				DWEB.115 12,000 DWEA.120 28,000	\$40,000
LINER HANGER, ISOLATION PACKER				DWEB.100 DWEA.125	
PACKER, NIPPLES				DWEA.130 110,000	\$110,000
PUMPING UNIT, ENGINE				DLEQ.100 78,000	\$78,000
LIFT EQUIPMENT (BHP, Rods, Anchors)				DLEQ.105 15,000	\$15,000
TANGIBLE - LEASE EQUIPMENT					
N/C LEASE EQUIPMENT				DLEQ.115 44,000	\$44,000
TANKS, TANKS STEPS, STAIRS				DLEQ.120 21,000	\$21,000
BATTERY (Heater Treater, Separator, Gas Treating Equipment)				DLEQ.125 18,000	\$18,000
FLOW LINES (Line Pipe from wellhead to central facility)				DLEQ.130 1,000	\$1,000
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES				DWEA.135	
PIPELINES TO SALES				DWEA.140	
TOTAL TANGIBLES		\$132,000		\$558,000	\$690,000
P&A COSTS	DIDC.295	60,000	DICC.275	(60,000)	
TOTAL COST		\$2,655,180		\$1,210,750	\$3,865,930

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 11, 2007

Betty & M.L. Tieche
38 Lotta Avenue
Battle Creek, MI 49014

Re: **Oil & Gas Lease**
W/2 of Section 31
Township 14 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4,
SW/4NE/4 and NW/4SE/4 of Section 6
Township 15 South, Range 38 East
Lea County, New Mexico

Dear Betty & M.L.:

According to our title research you own an undivided .9092726 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this lease are a \$100.00 flat fee bonus consideration, three (3) year paid-up primary term and one-fifth (1/5) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$100.00 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS

Tim Lilley

U.S. Postal Service	
CERTIFIED MAIL RECEIPT	
<i>(Domestic Mail Only; No Insurance Coverage Provided)</i>	
OFFICIAL USE	
Postage	\$ 1.03
Certified Fee	2.40
Return Receipt Fee (Endorsement Required)	1.85
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.88
Sent To	Betty & M.L. Tieche
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	

9886 9887 4000 0220 1007

PS Form 3800, January 2001. See Reverse for Instructions.

OIL & GAS LEASE

THIS AGREEMENT made this 11th day of April 2007, between Betty Tieche and husband, M.L. Tieche, as Lessor (whether one or more), whose address is 38 Lotta Avenue, Battle Creek, MI 49014, and Shaw Interests, Inc. whose address is 310 W. Wall St., Ste. 305, Midland, Texas 79701, Lessee,

WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East

W/2 of Section 31

Township 15 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of **Three (3) years** from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, **one-fifth (1/5)** of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of **one-fifth (1/5)** of the gas used, provided that on gas sold on or off the premises, the royalties shall be **one-fifth (1/5)** of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

Betty Tieche

M.L. Tieche

ACKNOWLEDGMENT

STATE OF MICHIGAN §
 §
COUNTY OF §

This instrument was acknowledged before me on the _____ day of _____, 2007, by Betty Tieche.

Notary Public, State of Michigan
My Commission Expires: _____

ACKNOWLEDGMENT

STATE OF MICHIGAN §
 §
COUNTY OF §

This instrument was acknowledged before me on the _____ day of _____, 2007, by M.L. Tieche.

Notary Public, State of Michigan
My Commission Expires: _____

CERTIFIED MAIL

SHAW INTERESTS, INC
OIL & GAS PROPERTIES
310 W. WALL ST., SUITE 305
MIDLAND, TEXAS 79701

MIDLAND / ODESSA
TX 79712
12 APR 2007 1PM
MIDLAND / ODESSA TX 79712
MAILED FROM ZIP CODE 79708

7001 0320 0004 1883 9657

Ben and Kay Wicker
349 Walnut
Wyandotte, MI 48192

Name

NIXIE 482 SE 1 70 05/02/07

RETURN TO SENDER
UNCLAIMED
UNABLE TO FORWARD

BC: 79701511780 *1110-00112-12-45

48192+4306-480007
7970105117

SHAW INTERESTS, INC.
OIL & GAS PROPERTIES
310 W. WALL ST., SUITE 305
MIDLAND, TEXAS 79701

ON THE RETURN ADDRESS FOLD AT DOTTED LINE

CERTIFIED MAIL

UNITED STATES POSTAGE
150
7630904.64 APR 19 07
9755
MAILED FROM ZIP CODE 79708

AKW

7001 0320 0004 1883 9659

Ben and Kay Wicker
349 Walnut
Wyandotte, MI 48192

Name

NIXIE 482 SE 1 70 04/27/07

RETURN TO SENDER
ATTEMPTED - NOT KNOWN
UNABLE TO FORWARD

BC: 79701511780 *0990-09045-28-40

7970105117

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 17, 2007

Ben and Kay Wicker
349 Walnut
Wyandotte, MI 48192

**Re: Pyramid #1
W/2 of Section 31, Township 14 South, Range 38 East
Lea County, New Mexico**

Dear Ben & Kay:

In conjunction with our proposal of April 11, 2007 to lease your undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

- Surface Hole Location: 2210' FSL & 430' FWL
- Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

- \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Maner B. Shaw

7001 0320 0000 4883 1883 9659

U.S. Postal Service	
CERTIFIED MAIL RECEIPT	
<i>(Domestic Mail Only; No Insurance Coverage Provided)</i>	
OFFICIAL USE	
Postage	\$ 1.39
Certified Fee	2.40
Return Receipt Fee (Endorsement Required)	1.85
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.64
Postmark Here	
Sent To Ben & Kay Wicker	
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	



AUTHORIZATION FOR EXPENDITURE

COMPANY ENTITY Cimarex Energy Co.					DATE PREPARED March 8, 2007
REGION Permian	WELL NAME Pyramid	WELL NO. 1	PROSPECT OR FIELD NAME Star-Denton	PROPERTY NUMBER	DRILLING AFE NO.
LOCATION SHL 2210' FSL & 430' FWL BHL 330' FSL & 430' FWL Sec 31, T14S, R38E			COUNTY Lea	STATE New Mexico	TYPE WELL OIL <input checked="" type="checkbox"/> EXPL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> PROD <input type="checkbox"/>
ORIGINAL ESTIMATE <input checked="" type="checkbox"/>	EST. START DATE	EST. COMP. DATE	FORMATION	EST. TD 9800 TVD 11600' MD	
REVISED ESTIMATE					
SUPPLEMENTAL ESTIMATE					

PROJECT DESCRIPTION:
Drill and complete a horizontal wolfcamp well.

<u>INTANGIBLES</u>	<u>DRY HOLE COST</u>	<u>AFTER CASING POINT</u>	<u>COMPLETED WELL COST</u>
Intangible Drilling Costs	<u>\$2,463,180</u>		<u>\$2,463,180</u>
Intangible Completion Costs		<u>712,750</u>	<u>712,750</u>
TOTAL INTANGIBLE COSTS	<u>2,463,180</u>	<u>712,750</u>	<u>3,175,930</u>
<u>TANGIBLES</u>			
Well Equipment	<u>132,000</u>	<u>474,000</u>	<u>606,000</u>
Lease Equipment		<u>84,000</u>	<u>84,000</u>
TOTAL TANGIBLE WELL COST	<u>132,000</u>	<u>558,000</u>	<u>690,000</u>
PLUG AND ABANDON COST	<u>60,000</u>	<u>(60,000)</u>	
TOTAL WELL COST:	<u>\$2,655,180</u>	<u>\$1,210,750</u>	<u>\$3,865,930</u>

Comments on Well Costs:

1. All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

_____ I elect to purchase my own well control insurance policy.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

#VALUE!

CIMAREX ENERGY CO. APPROVAL		
PREPARED BY Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	DRILLING AND COMPLETION MANAGER Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	REGIONAL MANAGER Roger Alexander, Regional Manager Permian Basin

JOINT INTEREST APPROVAL		
COMPANY	BY	DATE



PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

INTANGIBLES	Codes	DRY HOLE COST	Codes	AFTER CASING POINT	COMPLETED WELL COST
ROADS & LOCATION PREPARATION / RESTORATION	DIDC.100	\$100,000	DICC.100	\$8,000	\$108,000
DAMAGES	DIDC.105	\$4,000	DICC.105	\$1,000	\$5,000
MUD/FLUIDS DISPOSAL CHARGES	DIDC.255	\$20,000	DICC.235	\$20,000	\$40,000
DAY RATE 46 DH DAYS 5 ACP DAYS @ 17430 PER DAY	DIDC.115	\$801,780	DICC.120	\$87,150	\$888,930
MISC PREPARATION COST (mouse hole, rat hole, pads, pile clusters, misc.)	DIDC.120	\$8,000			\$8,000
BITS	DIDC.125	\$100,000	DICC.125	\$1,000	\$101,000
FUEL \$2.20 PER GALLON	DIDC.135	\$111,000	DICC.130	\$11,000	\$122,000
WATER / COMPLETION FLUIDS	DIDC.140	\$32,200	DICC.135	\$25,000	\$57,200
MUD & ADDITIVES	DIDC.145	\$64,400			\$64,400
SURFACE RENTALS	DIDC.150	\$69,000	DICC.140	\$45,000	\$114,000
DOWNHOLE RENTALS	DIDC.155	\$144,000	DICC.145	\$10,000	\$154,000
FORMATION EVALUATION (DST, Coring including evaluation, G&G SERVICES)	DIDC.160				
MUD LOGGING 37 DAYS @ \$900 PER DAY	DIDC.170	\$47,000			\$47,000
OPEN HOLE LOGGING	DIDC.180	\$65,000			\$65,000
CEMENTING & FLOAT EQUIPMENT	DIDC.185	\$50,000	DICC.155	\$40,000	\$90,000
TUBULAR INSPECTIONS	DIDC.190	\$5,000	DICC.160	\$2,500	\$7,500
CASING CREWS	DIDC.195	\$12,000	DICC.165	\$15,000	\$27,000
EXTRA LABOR, WELDING, ETC.	DIDC.200	\$27,600	DICC.170	\$5,000	\$32,600
LAND TRANSPORTATION (Trucking)	DIDC.205	\$32,200	DICC.175	\$7,000	\$39,200
SUPERVISION	DIDC.210	\$51,000	DICC.180	\$18,000	\$69,000
TRAILER HOUSE/CAMP/CATERING	DIDC.280	\$17,000	DICC.255	\$2,500	\$19,500
OTHER MISC EXPENSES	DIDC.220	\$5,000	DICC.190	\$5,000	\$10,000
OVERHEAD	DIDC.225	\$14,000	DICC.195	\$4,200	\$18,200
REMEDIAL CEMENTING	DIDC.231		DICC.215		
MOB/DEMOB	DIDC.240	\$150,000			\$150,000
DIRECTIONAL DRILLING SERVICES 22 DAYS @ 9500 PER DAY	DIDC.245	\$209,000			\$209,000
DOCK, DISPATCHER, CRANE	DIDC.250		DICC.230		
MARINE & AIR TRANSPORTATION	DIDC.275		DICC.250		
SOLIDS CONTROL	DIDC.260	\$166,000			\$166,000
WELL CONTROL EQUIP (Snubbing services)	DIDC.265	\$28,000	DICC.240	\$16,800	\$44,800
FISHING & SIDETRACK OPERATIONS	DIDC.270		DICC.245		
COMPLETION RIG 14 DAYS @ 4400 PER DAY			DICC.115	\$61,600	\$61,600
COIL TUBING DAYS @ PER DAY			DICC.260		
COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS			DICC.200	\$35,000	\$35,000
STIMULATION			DICC.210	\$220,000	\$220,000
LEGAL/REGULATORY/CURATIVE	DIDC.300	\$10,000	DICC.280		\$10,000
WELL CONTROL INSURANCE \$0.35 PER FOOT	DIDC.285	\$3,000			\$3,000
CONTINGENCY 5% OF DRILLING INTANGIBLES	DIDC.435	\$117,000	DICC.220	\$32,000	\$149,000
CONSTRUCTION FOR WELL EQUIPMENT			DWEA.110	\$1,000	\$1,000
CONSTRUCTION FOR LEASE EQUIPMENT			DLEQ.110	\$39,000	\$39,000
CONSTRUCTION FOR SALES P/L			DICC.265		
TOTAL INTANGIBLE COST		\$2,463,180		\$712,750	\$3,175,930
TANGIBLE - WELL EQUIPMENT					
CASING	SIZE	FEET	\$/FOOT		
DRIVE PIPE	20"	40	100.00	DWEB.150 4,000	\$4,000
CONDUCTOR PIPE				DWEB.130	
WATER STRING				DWEB.135	
SURFACE CASING	13-3/8"	250	42.00	DWEB.140 11,000	\$11,000
INTERMEDIATE CASING	8-5/8"	4,500	23.40	DWEB.145 105,000	\$105,000
DRILLING LINER	7"			DWEB.145	
DRILLING LINER				DWEB.145	
PRODUCTION CASING OR LINER	5 1/2"	9,800	15.90		\$156,000
PRODUCTION TIE-BACK				DWEA.100	\$156,000
TUBING	2 7/8"	12,000	6.50		\$78,000
N/C WELL EQUIPMENT				DWEA.105 78,000	\$78,000
WELLHEAD, TREE, CHOKES				DWEA.115 9,000	\$9,000
LINER HANGER, ISOLATION PACKER				DWEB.115 12,000	\$40,000
PACKER, NIPPLES				DWEA.120 28,000	\$40,000
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				DLEQ.100 78,000	\$78,000
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				DWEA.140	
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P&A COSTS	DIDC.295	60,000	DICC.275	(60,000)	
TOTAL COST		\$2,655,180		\$1,210,750	\$3,865,930

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 11, 2007

Ben and Kay Wicker
349 Walnut
Wyandotte, MI 48192

**Re: Oil & Gas Lease
W/2 of Section 31
Township 14 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4,
SW/4NE/4 and NW/4SE/4 of Section 6
Township 15 South, Range 38 East
Lea County, New Mexico**

Dear Ben & Kay.:

According to our title research you own an undivided .9092726 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this lease are a \$100.00 flat fee bonus consideration, three (3) year paid-up primary term and one-fifth (1/5) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$100.00 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS

Tim Lilley

U.S. Postal Service	
CERTIFIED MAIL RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
OFFICIAL USE	
Postage	\$.63
Certified Fee	2.40
Return Receipt Fee (Endorsement Required)	1.85
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.88
Sent To	Ben & Kay Wicker
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	

7001 0320 0004 1883 9857

PS Form 3800, January 2001 See Reverse for Instructions

OIL & GAS LEASE

THIS AGREEMENT made this 11th day of April 2007, between Ben P. Wicker, Jr. and wife, Kay Wicker, as Lessor (whether one or more), whose address is 349 Walnut, Wyandotte, MI 48192, and Shaw Interests, Inc. whose address is 310 W. Wall St., Ste. 305, Midland, Texas 79701, Lessee,

WITNESSETH:

I. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East

W/2 of Section 31

Township 15 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of **Three (3) years** from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, **one-fifth (1/5)** of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of **one-fifth (1/5)** of the gas used, provided that on gas sold on or off the premises, the royalties shall be **one-fifth (1/5)** of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

Ben P. Wicker, Jr.

Kay Wicker

ACKNOWLEDGMENT

STATE OF MICHIGAN §
 §
COUNTY OF §

This instrument was acknowledged before me on the _____ day of _____, 2007, by Ben P. Wicker, Jr.

Notary Public, State of Michigan
My Commission Expires: _____

ACKNOWLEDGMENT

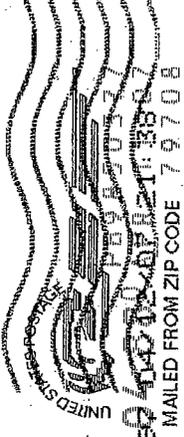
STATE OF MICHIGAN §
 §
COUNTY OF §

This instrument was acknowledged before me on the _____ day of _____, 2007, by Kay Wicker.

Notary Public, State of Michigan
My Commission Expires: _____

SHAW INTERESTS, INC
OIL & GAS PROPERTIES
310 W. WALL ST., SUITE 305
MIDLAND, TEXAS 79701

MIDLAND / ODESSA
TX 79712
12 APR 2007 3PM



MIDLAND-ODESSA 79707-9639
MAILED FROM ZIP CODE 79708

7001 0320 0004 1883 9895

Dan and Alice Wicker
12603 Farrell Drive
Silver Springs, MD 20904

[Handwritten signature]

NIXIE 208 1 08 04/17/07
RETURN TO SENDER
REFUSED
UNABLE TO FORWARD

BC: 79701511780 *1110-00910-12-45

7970105117

PERMITTED MAIL

SHAW INTERESTS, INC.
OIL & GAS PROPERTIES
310 W. WALL ST., SUITE 305
MIDLAND, TEXAS 79701

7001 0320 0004 1884 0068

Dan and Alice Wicker
12603 Farrell Drive
Silver Springs, MD 20904

[Handwritten signature]

UNITED STATES POSTAGE
173 * * *
7630 * 04.640 PB9 850377
9754 MAILED FROM ZIP CODE 79708
APR 19 07

NIXIE 208 5C 1 08 04/27/07
RETURN TO SENDER
ATTEMPTED - NOT KNOWN
UNABLE TO FORWARD

BC: 79701511780 *0791-00769-27-15

7970105117

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 17, 2007

Dan and Alice Wicker
12603 Farrell Drive
Silver Springs, MD 20901

**Re: Pyramid #1
W/2 of Section 31, Township 14 South, Range 38 East
Lea County, New Mexico**

Dear Dan & Alice:

In conjunction with our proposal of April 11, 2007 to lease your undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

- Surface Hole Location: 2210' FSL & 430' FWL
- Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

- \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Maner B. Shaw

U.S. Postal Service		CERTIFIED MAIL RECEIPT	
<i>(Domestic Mail Only; No Insurance Coverage Provided)</i>			
OFFICIAL USE			
Postage	\$.39	Postmark Here	
Certified Fee	2.40		
Return Receipt Fee (Endorsement Required)	1.85		
Restricted Delivery Fee (Endorsement Required)			
Total Postage & Fees	\$ 4.64		
Sent To <u>Dan & Alice Wicker</u>			
Street, Apt. No., or PO Box No.			
City, State, ZIP+4			

9000 4884 1884 0068
001 0320 0004 1884 0068



AUTHORIZATION FOR EXPENDITURE

COMPANY ENTITY Cimarex Energy Co.					DATE PREPARED March 8, 2007	
REGION Permian	WELL NAME Pyramid	WELL NO 1	PROSPECT OR FIELD NAME Star-Denton	PROPERTY NUMBER	DRILLING AFE NO.	
LOCATION SHL 2210' FSL & 430' FWL BHL 330' FSL & 430' FWL Sec 31, T14S, R38E			COUNTY Lea	STATE New Mexico	TYPE WELL OIL <input checked="" type="checkbox"/> EXPL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> PROD <input type="checkbox"/>	
ORIGINAL ESTIMATE <input checked="" type="checkbox"/>	EST. START DATE	EST. COMP. DATE	FORMATION	EST. TD 9800 TVD 11600' MD		
REVISED ESTIMATE						
SUPPLEMENTAL ESTIMATE						

PROJECT DESCRIPTION:
Drill and complete a horizontal wolfcamp well.

<u>INTANGIBLES</u>	<u>DRY HOLE COST</u>	<u>AFTER CASING POINT</u>	<u>COMPLETED WELL COST</u>
Intangible Drilling Costs	<u>\$2,463,180</u>		<u>\$2,463,180</u>
Intangible Completion Costs		<u>712,750</u>	<u>712,750</u>
TOTAL INTANGIBLE COSTS	<u>2,463,180</u>	<u>712,750</u>	<u>3,175,930</u>
<u>TANGIBLES</u>			
Well Equipment	<u>132,000</u>	<u>474,000</u>	<u>606,000</u>
Lease Equipment		<u>84,000</u>	<u>84,000</u>
TOTAL TANGIBLE WELL COST	<u>132,000</u>	<u>558,000</u>	<u>690,000</u>
PLUG AND ABANDON COST	<u>60,000</u>	<u>(60,000)</u>	
TOTAL WELL COST:	<u>\$2,655,180</u>	<u>\$1,210,750</u>	<u>\$3,865,930</u>

Comments on Well Costs:
1. All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

_____ I elect to purchase my own well control insurance policy.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

#VALUE!

CIMAREX ENERGY CO. APPROVAL		
PREPARED BY Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	DRILLING AND COMPLETION MANAGER Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	REGIONAL MANAGER Roger Alexander, Regional Manager Permian Basin

JOINT INTEREST APPROVAL		
COMPANY	BY	DATE



PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

INTANGIBLES	Codes	DRY HOLE COST	Codes	AFTER CASING POINT	COMPLETED WELL COST	
ROADS & LOCATION PREPARATION / RESTORATION	DIDC.100	\$100,000	DICC.100	\$8,000	\$108,000	
DAMAGES	DIDC.105	\$4,000	DICC.105	\$1,000	\$5,000	
MUD/FLUIDS DISPOSAL CHARGES	DIDC.255	\$20,000	DICC.235	\$20,000	\$40,000	
DAY RATE 46 DH DAYS 5 ACP DAYS @ 17430 PER DAY	DIDC.115	\$801,780	DICC.120	\$87,150	\$888,930	
MISC PREPARATION COST (mouse hole, rat hole, pads, pile clusters, misc.)	DIDC.120	\$8,000			\$8,000	
BITS	DIDC.125	\$100,000	DICC.125	\$1,000	\$101,000	
FUEL \$2.20 PER GALLON	DIDC.135	\$111,000	DICC.130	\$11,000	\$122,000	
WATER / COMPLETION FLUIDS	DIDC.140	\$32,200	DICC.135	\$25,000	\$57,200	
MUD & ADDITIVES	DIDC.145	\$64,400			\$64,400	
SURFACE RENTALS	DIDC.150	\$69,000	DICC.140	\$45,000	\$114,000	
DOWNHOLE RENTALS	DIDC.155	\$144,000	DICC.145	\$10,000	\$154,000	
FORMATION EVALUATION (DST, Coring including evaluation, G&G SERVICES)	DIDC.160					
MUD LOGGING 37 DAYS @ \$900 PER DAY	DIDC.170	\$47,000			\$47,000	
OPEN HOLE LOGGING	DIDC.180	\$65,000			\$65,000	
CEMENTING & FLOAT EQUIPMENT	DIDC.185	\$50,000	DICC.155	\$40,000	\$90,000	
TUBULAR INSPECTIONS	DIDC.190	\$5,000	DICC.160	\$2,500	\$7,500	
CASING CREWS	DIDC.195	\$12,000	DICC.165	\$15,000	\$27,000	
EXTRA LABOR, WELDING, ETC.	DIDC.200	\$27,600	DICC.170	\$5,000	\$32,600	
LAND TRANSPORTATION (Trucking)	DIDC.205	\$32,200	DICC.175	\$7,000	\$39,200	
SUPERVISION	DIDC.210	\$51,000	DICC.180	\$18,000	\$69,000	
TRAILER HOUSE/CAMP/CATERING	DIDC.280	\$17,000	DICC.255	\$2,500	\$19,500	
OTHER MISC EXPENSES	DIDC.220	\$5,000	DICC.190	\$5,000	\$10,000	
OVERHEAD	DIDC.225	\$14,000	DICC.195	\$4,200	\$18,200	
REMEDIAL CEMENTING	DIDC.231		DICC.215			
MOB/DEMOB	DIDC.240	\$150,000			\$150,000	
DIRECTIONAL DRILLING SERVICES 22 DAYS @ 9500 PER DAY	DIDC.245	\$209,000			\$209,000	
DOCK, DISPATCHER, CRANE	DIDC.250		DICC.230			
MARINE & AIR TRANSPORTATION	DIDC.275		DICC.250			
SOLIDS CONTROL	DIDC.260	\$166,000			\$166,000	
WELL CONTROL EQUIP (Snubbing services)	DIDC.265	\$28,000	DICC.240	\$16,800	\$44,800	
FISHING & SIDETRACK OPERATIONS	DIDC.270		DICC.245			
COMPLETION RIG 14 DAYS @ 4400 PER DAY			DICC.115	\$61,600	\$61,600	
COIL TUBING DAYS @ PER DAY			DICC.260			
COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS			DICC.200	\$35,000	\$35,000	
STIMULATION			DICC.210	\$220,000	\$220,000	
LEGAL/REGULATORY/CURATIVE	DIDC.300	\$10,000	DICC.280		\$10,000	
WELL CONTROL INSURANCE \$0.35 PER FOOT	DIDC.285	\$3,000			\$3,000	
CONTINGENCY 5% OF DRILLING INTANGIBLES	DIDC.435	\$117,000	DICC.220	\$32,000	\$149,000	
CONSTRUCTION FOR WELL EQUIPMENT			DWEA.110	\$1,000	\$1,000	
CONSTRUCTION FOR LEASE EQUIPMENT			DLEQ.110	\$39,000	\$39,000	
CONSTRUCTION FOR SALES P/L			DICC.265			
TOTAL INTANGIBLE COST		\$2,463,180		\$712,750	\$3,175,930	
TANGIBLE - WELL EQUIPMENT						
CASING	SIZE	FEET	\$/FOOT			
DRIVE PIPE	20"	40	100.00	DWEB.150	4,000	\$4,000
CONDUCTOR PIPE				DWEB.130		
WATER STRING				DWEB.135		
SURFACE CASING	13-3/8"	250	42.00	DWEB.140	11,000	\$11,000
INTERMEDIATE CASING	8-5/8"	4,500	23.40	DWEB.145	105,000	\$105,000
DRILLING LINER	7"			DWEB.145		
DRILLING LINER				DWEB.145		
PRODUCTION CASING OR LINER	5 1/2"	9,800	15.90			
PRODUCTION TIE-BACK						
TUBING	2 7/8"	12,000	6.50			
N/C WELL EQUIPMENT						
WELLHEAD, TREE, CHOKES				DWEB.115	12,000	\$40,000
LINER HANGER, ISOLATION PACKER				DWEB.100		
PACKER, NIPPLES						
PUMPING UNIT, ENGINE						
LIFT EQUIPMENT (BHP, Rods, Anchors)						
TANGIBLE - LEASE EQUIPMENT						
N/C LEASE EQUIPMENT						
TANKS, TANKS STEPS, STAIRS						
BATTERY (Heater Treater, Separator, Gas Treating Equipment)						
FLOW LINES (Line Pipe from wellhead to central facility)						
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES						
PIPELINES TO SALES						
TOTAL TANGIBLES		\$132,000		\$558,000	\$690,000	
P&A COSTS	DIDC.295	60,000	DICC.275	(60,000)		
TOTAL COST		\$2,655,180		\$1,210,750	\$3,865,930	

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 11, 2007

Dan and Alice Wicker
12603 Farrell Drive
Silver Springs, MD 20901

**Re: Oil & Gas Lease
W/2 of Section 31
Township 14 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4,
SW/4NE/4 and NW/4SE/4 of Section 6
Township 15 South, Range 38 East
Lea County, New Mexico**

Dear Dan & Alice:

According to our title research you own an undivided .9092726 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this lease are a \$100.00 flat fee bonus consideration, three (3) year paid-up primary term and one-fifth (1/5) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$100.00 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS

Tim Lilley

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

OFFICIAL USE

Postage	\$.63	Postmark Here
Certified Fee	2.40	
Return Receipt Fee (Endorsement Required)	1.85	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 4.88	

Sent To: Dan & Alice Wicker
Street, Apt. No., or PO Box No.
City, State, ZIP+4

PS Form 3800, January 2001 See Reverse for Instructions

5986 9895
7001 0320 0004 1883 4000 0220 1002

OIL & GAS LEASE

THIS AGREEMENT made this 11th day of April 2007, between Dan Wicker and wife, Alice Wicker, as Lessor (whether one or more), whose address is 12603 Farrell Drive, Silver Springs, MD 20901, and Shaw Interests, Inc. whose address is 310 W. Wall St., Ste. 305, Midland, Texas 79701, Lessee,

WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East

W/2 of Section 31

Township 15 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of **Three (3) years** from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, **one-fifth (1/5)** of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of **one-fifth (1/5)** of the gas used, provided that on gas sold on or off the premises, the royalties shall be **one-fifth (1/5)** of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

Dan Wicker

Alice Wicker

ACKNOWLEDGMENT

STATE OF MARYLAND §
 §
COUNTY OF §

This instrument was acknowledged before me on the _____ day of _____, 2007, by Dan Wicker.

Notary Public, State of Maryland

My Commission Expires: _____

ACKNOWLEDGMENT

STATE OF MARYLAND §
 §
COUNTY OF §

This instrument was acknowledged before me on the _____ day of _____, 2007, by Alice Wicker.

Notary Public, State of Maryland

My Commission Expires: _____

SHAW INTERESTS, INC
OIL & GAS PROPERTIES
310 W. WALL ST., SUITE 305
MIDLAND, TEXAS 79701

CERTIFIED MAIL

7001 0320 0004 1883 9666

UNITED STATES POSTAGE
144
7670 504.640 APR 19 07
9753
MAILED FROM ZIP CODE 79708
PB9850377

James Wicker
2755 Fourth Street
Wyandotte, MI 48192

NIXIE

482 SC 1

70 04/25/07
RETURN TO SENDER
NO SUCH NUMBER
UNABLE TO FORWARD

7970105117

BC: 79701511780 *0790-06595-25-04

SHAW INTERESTS, INC
OIL & GAS PROPERTIES
310 W. WALL ST., SUITE 305
MIDLAND, TEXAS 79701

CERTIFIED MAIL

7001 0320 0004 1883 9664

James Wicker
2755 Fourth Street
Wyandotte, MI 48192

NIXIE

482

1

70 04/17/07

RETURN TO SENDER
NO SUCH NUMBER
UNABLE TO FORWARD

BC: 79701511780

*110-00305-12-45

48192+5807-950105117

MIDLAND / ODESSA
TX 797 2 14
12 APR 2007 4 PM
MIDLAND/ODESSA TX 79701
9 635
MAILED FROM ZIP CODE 79708

NSN

Name
See Mailing



AUTHORIZATION FOR EXPENDITURE

COMPANY ENTITY Cimarex Energy Co.				DATE PREPARED March 8, 2007	
REGION Permian	WELL NAME Pyramid	WELL NO. 1	PROSPECT OR FIELD NAME Star-Denton	PROPERTY NUMBER	DRILLING AFE NO.
LOCATION SHL 2210' FSL & 430' FWL BHL 330' FSL & 430' FWL Sec 31, T14S, R38E			COUNTY Lea	STATE New Mexico	TYPE WELL OIL <input checked="" type="checkbox"/> EXPL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> PROD <input type="checkbox"/>
ORIGINAL ESTIMATE <input checked="" type="checkbox"/>	EST. START DATE	EST. COMP. DATE	FORMATION	EST. TD 9800 TVD 11600' MD	
REVISED ESTIMATE					
SUPPLEMENTAL ESTIMATE					

PROJECT DESCRIPTION:
Drill and complete a horizontal wolfcamp well.

<u>INTANGIBLES</u>	<u>DRY HOLE COST</u>	<u>AFTER CASING POINT</u>	<u>COMPLETED WELL COST</u>
Intangible Drilling Costs	\$2,463,180		\$2,463,180
Intangible Completion Costs		712,750	712,750
TOTAL INTANGIBLE COSTS	2,463,180	712,750	3,175,930
<u>TANGIBLES</u>			
Well Equipment	132,000	474,000	606,000
Lease Equipment		84,000	84,000
TOTAL TANGIBLE WELL COST	132,000	558,000	690,000
PLUG AND ABANDON COST	60,000	(60,000)	
TOTAL WELL COST:	\$2,655,180	\$1,210,750	\$3,865,930

Comments on Well Costs:

- All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

_____ I elect to purchase my own well control insurance policy.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

#VALUE!

CIMAREX ENERGY CO. APPROVAL

PREPARED BY Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	DRILLING AND COMPLETION MANAGER Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	REGIONAL MANAGER Roger Alexander, Regional Manager Permian Basin
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JOINT INTEREST APPROVAL

COMPANY	BY	DATE
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PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

INTANGIBLES	DRY HOLE		AFTER CASING		COMPLETED WELL COST
	Codes	COST	Codes	POINT	
ROADS & LOCATION PREPARATION / RESTORATION	DIDC.100	\$100,000	DICC.100	\$8,000	\$108,000
DAMAGES	DIDC.105	\$4,000	DICC.105	\$1,000	\$5,000
MUD/FLUIDS DISPOSAL CHARGES	DIDC.255	\$20,000	DICC.235	\$20,000	\$40,000
DAY RATE 46 DH DAYS 5 ACP DAYS @ 17430 PER DAY	DIDC.115	\$801,780	DICC.120	\$87,150	\$888,930
MISC PREPARATION COST (mouse hole, rat hole, pads, pile clusters, misc.)	DIDC.120	\$8,000			\$8,000
BITS	DIDC.125	\$100,000	DICC.125	\$1,000	\$101,000
FUEL \$2.20 PER GALLON	DIDC.135	\$111,000	DICC.130	\$11,000	\$122,000
WATER / COMPLETION FLUIDS	DIDC.140	\$32,200	DICC.135	\$25,000	\$57,200
MUD & ADDITIVES	DIDC.145	\$64,400			\$64,400
SURFACE RENTALS	DIDC.150	\$69,000	DICC.140	\$45,000	\$114,000
DOWNHOLE RENTALS	DIDC.155	\$144,000	DICC.145	\$10,000	\$154,000
FORMATION EVALUATION (DST, Coring including evaluation, G&G SERVICES)	DIDC.160				
MUD LOGGING 37 DAYS @ \$900 PER DAY	DIDC.170	\$47,000			\$47,000
OPEN HOLE LOGGING	DIDC.180	\$65,000			\$65,000
CEMENTING & FLOAT EQUIPMENT	DIDC.185	\$50,000	DICC.155	\$40,000	\$90,000
TUBULAR INSPECTIONS	DIDC.190	\$5,000	DICC.160	\$2,500	\$7,500
CASING CREWS	DIDC.195	\$12,000	DICC.165	\$15,000	\$27,000
EXTRA LABOR, WELDING, ETC.	DIDC.200	\$27,600	DICC.170	\$5,000	\$32,600
LAND TRANSPORTATION (Trucking)	DIDC.205	\$32,200	DICC.175	\$7,000	\$39,200
SUPERVISION	DIDC.210	\$51,000	DICC.180	\$18,000	\$69,000
TRAILER HOUSE/CAMP/CATERING	DIDC.280	\$17,000	DICC.255	\$2,500	\$19,500
OTHER MISC EXPENSES	DIDC.220	\$5,000	DICC.190	\$5,000	\$10,000
OVERHEAD	DIDC.225	\$14,000	DICC.195	\$4,200	\$18,200
REMEDIAL CEMENTING	DIDC.231		DICC.215		
MOB/DEMOB	DIDC.240	\$150,000			\$150,000
DIRECTIONAL DRILLING SERVICES 22 DAYS @ 9500 PER DAY	DIDC.245	\$209,000			\$209,000
DOCK, DISPATCHER, CRANE	DIDC.250		DICC.230		
MARINE & AIR TRANSPORTATION	DIDC.275		DICC.250		
SOLIDS CONTROL	DIDC.260	\$166,000			\$166,000
WELL CONTROL EQUIP (Snubbing services)	DIDC.265	\$28,000	DICC.240	\$16,800	\$44,800
FISHING & SIDETRACK OPERATIONS	DIDC.270		DICC.245		
COMPLETION RIG 14 DAYS @ 4400 PER DAY			DICC.115	\$61,600	\$61,600
COIL TUBING DAYS @ PER DAY			DICC.260		
COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS			DICC.200	\$35,000	\$35,000
STIMULATION			DICC.210	\$220,000	\$220,000
LEGAL/REGULATORY/CURATIVE	DIDC.300	\$10,000	DICC.280		\$10,000
WELL CONTROL INSURANCE \$0.35 PER FOOT	DIDC.285	\$3,000			\$3,000
CONTINGENCY 5% OF DRILLING INTANGIBLES	DIDC.435	\$117,000	DICC.220	\$32,000	\$149,000
CONSTRUCTION FOR WELL EQUIPMENT			DWEA.110	\$1,000	\$1,000
CONSTRUCTION FOR LEASE EQUIPMENT			DLEQ.110	\$39,000	\$39,000
CONSTRUCTION FOR SALES P/L			DICC.265		
TOTAL INTANGIBLE COST		\$2,463,180		\$712,750	\$3,175,930
TANGIBLE - WELL EQUIPMENT					
CASING	SIZE	FEET	\$/FOOT		
DRIVE PIPE	20"	40	100.00	DWEB.150 4,000	\$4,000
CONDUCTOR PIPE				DWEB.130	
WATER STRING				DWEB.135	
SURFACE CASING	13-3/8"	250	42.00	DWEB.140 11,000	\$11,000
INTERMEDIATE CASING	8-5/8"	4,500	23.40	DWEB.145 105,000	\$105,000
DRILLING LINER	7"			DWEB.145	
DRILLING LINER				DWEB.145	
PRODUCTION CASING OR LINER	5 1/2"	9,800	15.90		\$156,000
PRODUCTION TIE-BACK				DWEA.100	\$156,000
TUBING	2 7/8"	12,000	6.50	DWEA.105 78,000	\$78,000
N/C WELL EQUIPMENT				DWEA.115 9,000	\$9,000
WELLHEAD, TREE, CHOKES				DWEB.115 12,000 DWEA.120 28,000	\$40,000
LINER HANGER, ISOLATION PACKER				DWEB.100 DWEA.125	
PACKER, NIPPLES				DWEA.130 110,000	\$110,000
PUMPING UNIT, ENGINE				DLEQ.100 78,000	\$78,000
LIFT EQUIPMENT (BHP, Rods, Anchors)				DLEQ.105 15,000	\$15,000
TANGIBLE - LEASE EQUIPMENT					
N/C LEASE EQUIPMENT				DLEQ.115 44,000	\$44,000
TANKS, TANKS STEPS, STAIRS				DLEQ.120 21,000	\$21,000
BATTERY (Heater Treater, Separator, Gas Treating Equipment)				DLEQ.125 18,000	\$18,000
FLOW LINES (Line Pipe from wellhead to central facility)				DLEQ.130 1,000	\$1,000
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES				DWEA.135	
PIPELINES TO SALES				DWEA.140	
TOTAL TANGIBLES		\$132,000		\$558,000	\$690,000
P&A COSTS	DIDC.295	60,000	DICC.275	(60,000)	
TOTAL COST		\$2,655,180		\$1,210,750	\$3,865,930

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 11, 2007

James Wicker
2755 Fourth Street
Wyandotte, MI 48192

**Re: Oil & Gas Lease
W/2 of Section 31
Township 14 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4,
SW/4NE/4 and NW/4SE/4 of Section 6
Township 15 South, Range 38 East
Lea County, New Mexico**

Dear James:

According to our title research you own an undivided .4546863 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this lease are a \$100.00 flat fee bonus consideration, three (3) year paid-up primary term and one-fifth (1/5) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$100.00 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS

Tim Lilley

U.S. Postal Service CERTIFIED MAIL RECEIPT (Domestic Mail Only; No Insurance Coverage Provided)	
OFFICIAL USE	
Postage	\$ 1.03
Certified Fee	2.40
Return Receipt Fee (Endorsement Required)	1.85
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.88
Postmark Here	
Sent To	
James Wicker	
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	
PS Form 3800, January 2001	
See Reverse for Instructions	

4996 9864
1883 E9PT
4000 02ED
7002

OIL & GAS LEASE

THIS AGREEMENT made this 11th day of April 2007, between James Wicker, herein dealing in his sole and separate property, as Lessor (whether one or more), whose address is 2755 Fourth Street, Wyandotte, MI 48192, and Shaw Interests, Inc. whose address is 310 W. Wall St., Ste. 305, Midland, Texas 79701, Lessee,

WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save; take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East

W/2 of Section 31

Township 15 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of **Three (3) years** from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, **one-fifth (1/5)** of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of **one-fifth (1/5)** of the gas used, provided that on gas sold on or off the premises, the royalties shall be **one-fifth (1/5)** of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

James Wicker

ACKNOWLEDGMENT

STATE OF MICHIGAN §
 §
COUNTY OF §

This instrument was acknowledged before me on the _____ day of _____, 2007, by James Wicker.

Notary Public, State of Michigan
My Commission Expires: _____

INTERESTS, INC.
310 W. WALL ST., SUITE 305
MIDLAND, TEXAS 79701

REASON CHECKED
Undelivered
Refused
Attempted Not Known
Insufficient Address
No Such Street
No Such Number
Do not return in this envelope

7001 0320 0004 1884 0921

Ms. Henrietta B. Schenck
Rt. 1, 339 Halama St.
Kihei, Maui, HA 96753

96753@9999

SHAW INTERESTS, INC.
OIL & GAS PROPERTIES
310 W. WALL ST., SUITE 305
MIDLAND, TEXAS 79701

CERTIFIED MAIL

7001 0320 0004 1883 9697

Ms. Henrietta B. Schenck
Rt. 1, 339 Halama St.
Kihei, Maui, HA 96753

NIXIE

79701@5117

EC: 79701511780

958 SC 1
RETURN TO SENDER
NO SUCH NUMBER
UNABLE TO FORWARD
*2272-06661-29-05

UNITED STATES POSTAGE
197
7640
9616
04.880 APR 10 07
MAILED FROM ZIP CODE 79708

UNITED STATES POSTAGE
150
7640
9759
04.640 APR 19 07
MAILED FROM ZIP CODE 79708

PAID

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 17, 2007

Ms. Henrietta B. Schenck
Rt. 1, 339 Halama St.
Kihei, Maui, HA 96753

**Re: Pyramid #1
W/2 of Section 31, Township 14 South, Range 38 East
Lea County, New Mexico**

Dear Henrietta:

In conjunction with our proposal of April 5, 2007 to lease your undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

- Surface Hole Location: 2210' FSL & 430' FWL
- Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

- \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Maner B. Shaw

7001 0320 0004 1883 9697

U.S. Postal Service	
CERTIFIED MAIL RECEIPT	
<i>(Domestic Mail Only, No Insurance Coverage Provided)</i>	
OFFICIAL USE	
Postage	\$.39
Certified Fee	2.40
Return Receipt Fee (Endorsement Required)	1.85
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.64
Sent To: Henrietta Schenck	
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	

PS Form 3800, January 2007



AUTHORIZATION FOR EXPENDITURE

COMPANY ENTITY Cimarex Energy Co.				DATE PREPARED March 8, 2007	
REGION Permian	WELL NAME Pyramid	WELL NO. 1	PROSPECT OR FIELD NAME Star-Denton	PROPERTY NUMBER	DRILLING AFE NO.
LOCATION SHL 2210' FSL & 430' FWL BHL 330' FSL & 430' FWL Sec 31, T14S, R38E			COUNTY Lea	STATE New Mexico	TYPE WELL OIL <input checked="" type="checkbox"/> EXPL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> PROD <input type="checkbox"/>
ORIGINAL ESTIMATE <input checked="" type="checkbox"/>	REVISIED ESTIMATE <input type="checkbox"/>	SUPPLEMENTAL ESTIMATE <input type="checkbox"/>	EST. START DATE	EST. COMP. DATE	FORMATION EST. TD 9800 TVD 11600' MD

PROJECT DESCRIPTION:
Drill and complete a horizontal wolfcamp well.

<u>INTANGIBLES</u>	<u>DRY HOLE COST</u>	<u>AFTER CASING POINT</u>	<u>COMPLETED WELL COST</u>
Intangible Drilling Costs	\$2,463,180		\$2,463,180
Intangible Completion Costs		712,750	712,750
TOTAL INTANGIBLE COSTS	2,463,180	712,750	3,175,930
<u>TANGIBLES</u>			
Well Equipment	132,000	474,000	606,000
Lease Equipment		84,000	84,000
TOTAL TANGIBLE WELL COST	132,000	558,000	690,000
PLUG AND ABANDON COST	60,000	(60,000)	
TOTAL WELL COST:	\$2,655,180	\$1,210,750	\$3,865,930

Comments on Well Costs:

1. All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

I elect to purchase my own well control insurance policy.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

#VALUE!

CIMAREX ENERGY CO. APPROVAL

PREPARED BY Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	DRILLING AND COMPLETION MANAGER Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	REGIONAL MANAGER Roger Alexander, Regional Manager Permian Basin
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JOINT INTEREST APPROVAL

COMPANY	BY	DATE
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PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.: 1

INTANGIBLES	DRY HOLE			AFTER CASING		COMPLETED WELL COST
	Codes	COST	Codes	POINT		
ROADS & LOCATION PREPARATION / RESTORATION	DIDC.100	\$100,000	DICC.100	\$8,000	\$108,000	
DAMAGES	DIDC.105	\$4,000	DICC.105	\$1,000	\$5,000	
MUD/FLUIDS DISPOSAL CHARGES	DIDC.255	\$20,000	DICC.235	\$20,000	\$40,000	
DAY RATE 46 DH DAYS 5 ACP DAYS @ 17430 PER DAY	DIDC.115	\$801,780	DICC.120	\$87,150	\$888,930	
MISC PREPARATION COST (mouse hole, rat hole, pads, pile clusters, misc.)	DIDC.120	\$8,000			\$8,000	
BITS	DIDC.125	\$100,000	DICC.125	\$1,000	\$101,000	
FUEL \$2.20 PER GALLON	DIDC.135	\$111,000	DICC.130	\$11,000	\$122,000	
WATER / COMPLETION FLUIDS	DIDC.140	\$32,200	DICC.135	\$25,000	\$57,200	
MUD & ADDITIVES	DIDC.145	\$64,400			\$64,400	
SURFACE RENTALS	DIDC.150	\$69,000	DICC.140	\$45,000	\$114,000	
DOWNHOLE RENTALS	DIDC.155	\$144,000	DICC.145	\$10,000	\$154,000	
FORMATION EVALUATION (DST, Coring including evaluation, G&G SERVICES)	DIDC.160					
MUD LOGGING 37 DAYS @ \$900 PER DAY	DIDC.170	\$47,000			\$47,000	
OPEN HOLE LOGGING	DIDC.180	\$65,000			\$65,000	
CEMENTING & FLOAT EQUIPMENT	DIDC.185	\$50,000	DICC.155	\$40,000	\$90,000	
TUBULAR INSPECTIONS	DIDC.190	\$5,000	DICC.160	\$2,500	\$7,500	
CASING CREWS	DIDC.195	\$12,000	DICC.165	\$15,000	\$27,000	
EXTRA LABOR, WELDING, ETC.	DIDC.200	\$27,600	DICC.170	\$5,000	\$32,600	
LAND TRANSPORTATION (Trucking)	DIDC.205	\$32,200	DICC.175	\$7,000	\$39,200	
SUPERVISION	DIDC.210	\$51,000	DICC.180	\$18,000	\$69,000	
TRAILER HOUSE/CAMP/CATERING	DIDC.280	\$17,000	DICC.255	\$2,500	\$19,500	
OTHER MISC EXPENSES	DIDC.220	\$5,000	DICC.190	\$5,000	\$10,000	
OVERHEAD	DIDC.225	\$14,000	DICC.195	\$4,200	\$18,200	
REMEDIAL CEMENTING	DIDC.231		DICC.215			
MOB/DEMOB	DIDC.240	\$150,000			\$150,000	
DIRECTIONAL DRILLING SERVICES 22 DAYS @ 9500 PER DAY	DIDC.245	\$209,000			\$209,000	
DOCK, DISPATCHER, CRANE	DIDC.250		DICC.230			
MARINE & AIR TRANSPORTATION	DIDC.275		DICC.250			
SOLIDS CONTROL	DIDC.260	\$166,000			\$166,000	
WELL CONTROL EQUIP (Snubbing services)	DIDC.265	\$28,000	DICC.240	\$16,800	\$44,800	
FISHING & SIDETRACK OPERATIONS	DIDC.270		DICC.245			
COMPLETION RIG 14 DAYS @ 4400 PER DAY			DICC.115	\$61,600	\$61,600	
COIL TUBING DAYS @ PER DAY			DICC.260			
COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS			DICC.200	\$35,000	\$35,000	
STIMULATION			DICC.210	\$220,000	\$220,000	
LEGAL/REGULATORY/CURATIVE	DIDC.300	\$10,000	DICC.280		\$10,000	
WELL CONTROL INSURANCE \$0.35 PER FOOT	DIDC.285	\$3,000			\$3,000	
CONTINGENCY 5% OF DRILLING INTANGIBLES	DIDC.435	\$117,000	DICC.220	\$32,000	\$149,000	
CONSTRUCTION FOR WELL EQUIPMENT			DWEA.110	\$1,000	\$1,000	
CONSTRUCTION FOR LEASE EQUIPMENT			DLEQ.110	\$39,000	\$39,000	
CONSTRUCTION FOR SALES P/L			DICC.265			
TOTAL INTANGIBLE COST		\$2,463,180		\$712,750	\$3,175,930	
TANGIBLE - WELL EQUIPMENT						
CASING	SIZE	FEET	\$/FOOT			
DRIVE PIPE	20"	40	100.00	DWEB.150	4,000	\$4,000
CONDUCTOR PIPE				DWEB.130		
WATER STRING				DWEB.135		
SURFACE CASING	13-3/8"	250	42.00	DWEB.140	11,000	\$11,000
INTERMEDIATE CASING	8-5/8"	4,500	23.40	DWEB.145	105,000	\$105,000
DRILLING LINER	7"			DWEB.145		
DRILLING LINER				DWEB.145		
PRODUCTION CASING OR LINER	5 1/2"	9,800	15.90			
PRODUCTION TIE-BACK						
TUBING	2 7/8"	12,000	6.50			
N/C WELL EQUIPMENT						
WELLHEAD, TREE, CHOKES				DWEB.115	12,000	\$40,000
LINER HANGER, ISOLATION PACKER				DWEB.100		
PACKER, NIPPLES						
PUMPING UNIT, ENGINE						
LIFT EQUIPMENT (BHP, Rods, Anchors)						
TANGIBLE - LEASE EQUIPMENT						
N/C LEASE EQUIPMENT						
TANKS, TANKS STEPS, STAIRS						
BATTERY (Heater Treater, Separator, Gas Treating Equipment)						
FLOW LINES (Line Pipe from wellhead to central facility)						
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES						
PIPELINES TO SALES						
TOTAL TANGIBLES			\$132,000		\$558,000	\$690,000
P&A COSTS	DIDC.295	60,000		DICC.275	(60,000)	
TOTAL COST		\$2,655,180		\$1,210,750	\$3,865,930	

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 5, 2007

Ms. Henrietta B. Schenck
Rt. 1, 339 Halama St.
Kihei, Maui, HA 96753

**Re: Oil & Gas Lease
W/2 of Section 31
Township 14 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4,
SW/4NE/4 and NW/4SE/4 of Section 6
Township 15 South, Range 38 East
Lea County, New Mexico**

Dear Ms.Schenck:

According to our title research you own an undivided 10.0025 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this lease are a \$100.00 flat fee bonus consideration; three (3) year paid-up primary term and one-fifth (1/5) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$1,000.25 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS

Tim Lilley

U.S. Postal Service	
CERTIFIED MAIL RECEIPT	
<i>(Domestic Mail Only; No Insurance Coverage Provided)</i>	
OFFICIAL USE	
Postage	\$ 1.03
Certified Fee	2.40
Return Receipt Fee (Endorsement Required)	1.85
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.88
Sent To	Henrietta B. Schenck
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	

7001 0320 0004 1884 0921

PS Form 3800, January 2001 See Reverse for Instructions

OIL & GAS LEASE

THIS AGREEMENT made this 5th day of April 2007, between Henrietta B. Schenck, herein dealing in her sole and separate property, as Lessor (whether one or more), whose address is Rt. 1, 339 Halama St., Kihei, Maui, Hawaii 96753, and Shaw Interests, Inc. whose address is 310 W. Wall St., Ste. 305, Midland, Texas 79701, Lessee,

WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East

W/2 of Section 31

Township 15 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of **Three (3) years** from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, **one-fifth (1/5)** of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of **one-fifth (1/5)** of the gas used, provided that on gas sold on or off the premises, the royalties shall be **one-fifth (1/5)** of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

Henrietta B. Schenck

ACKNOWLEDGMENT

STATE OF HAWAII §
 §
COUNTY OF §

This instrument was acknowledged before me on the _____ day of _____, 2007, by Henrietta B. Schenck.

Notary Public, State of Hawaii

My Commission Expires: _____

SHAW INTERESTS, INC.
OIL & GAS PROPERTIES
310 W. WALL ST., SUITE 305
MIDLAND, TEXAS 79701

7001 0320 0004 1883 9833

MIDLAND / ODESSA
TX 79712
12 APR 2007 7PM
MIDLAND/ODESSA TX 79712
9832 MAILED FROM ZIP CODE 79708

John Millard Wicker
1496 23rd Street
Wyandotte, MI 48192

FOE

NIXIE 482 1 70 04/18/07
RETURN TO SENDER
NOT DELIVERABLE AS ADDRESSED
UNABLE TO FORWARD

BC: 79701511790 *1110-00311-12-45

797015117

SHAW INTERESTS, INC.
OIL & GAS PROPERTIES
310 W. WALL ST., SUITE 305
MIDLAND, TEXAS 79701

7001 0320 0004 1883 9880

John Millard Wicker
1496 23rd Street
Wyandotte, MI 48192

FOE

NIXIE 482 SE 1 70 04/25/07
RETURN TO SENDER
NOT DELIVERABLE AS ADDRESSED
UNABLE TO FORWARD

BC: 79701511790 *0790-06429-25-04

797015117

UNITED STATES POSTAGE
108
7650 \$04.640 APR 19 07
97A1 MAILED FROM ZIP CODE 79708

CERTIFIED MAIL

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 17, 2007

John Millard Wicker
1496 23rd Street
Wyandotte, MI 48192

**Re: Pyramid #1
W/2 of Section 31, Township 14 South, Range 38 East
Lea County, New Mexico**

Dear John:

In conjunction with our proposal of April 11, 2007 to lease your undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

- Surface Hole Location: 2210' FSL & 430' FWL
- Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

- \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Maner B. Shaw

7001 0320 0004 1883 9680

U.S. Postal Service	
CERTIFIED MAIL RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
OFFICIAL USE	
Postage	\$.39
Certified Fee	2.40
Return Receipt Fee (Endorsement Required)	1.85
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.64
Sent To	
John Millard Wicker	
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	

PS Form 3800, January 2001 See Reverse for Instructions



AUTHORIZATION FOR EXPENDITURE

COMPANY ENTITY Cimarex Energy Co.					DATE PREPARED March 8, 2007
REGION Permian	WELL NAME Pyramid	WELL NO 1	PROSPECT OR FIELD NAME Star-Denton	PROPERTY NUMBER	DRILLING AFE NO.
LOCATION SHL 2210' FSL & 430' FWL BHL 330' FSL & 430' FWL Sec 31, T14S, R38E			COUNTY Lea	STATE New Mexico	TYPE WELL OIL <input checked="" type="checkbox"/> EXPL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> PROD <input type="checkbox"/>
ORIGINAL ESTIMATE <input checked="" type="checkbox"/>	EST. START DATE	EST. COMP. DATE	FORMATION	EST. TD 9800 TVD 11600' MD	
REVISED ESTIMATE					
SUPPLEMENTAL ESTIMATE					

PROJECT DESCRIPTION:
Drill and complete a horizontal wolfcamp well.

<u>INTANGIBLES</u>	<u>DRY HOLE COST</u>	<u>AFTER CASING POINT</u>	<u>COMPLETED WELL COST</u>
Intangible Drilling Costs	\$2,463,180		\$2,463,180
Intangible Completion Costs		712,750	712,750
TOTAL INTANGIBLE COSTS	2,463,180	712,750	3,175,930
<u>TANGIBLES</u>			
Well Equipment	132,000	474,000	606,000
Lease Equipment		84,000	84,000
TOTAL TANGIBLE WELL COST	132,000	558,000	690,000
PLUG AND ABANDON COST	60,000	(60,000)	
TOTAL WELL COST:	\$2,655,180	\$1,210,750	\$3,865,930

Comments on Well Costs:
1: All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

_____ I elect to purchase my own well control insurance policy.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

#VALUE!

CIMAREX ENERGY CO. APPROVAL		
PREPARED BY Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	DRILLING AND COMPLETION MANAGER Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	REGIONAL MANAGER Roger Alexander, Regional Manager Permian Basin

JOINT INTEREST APPROVAL		
COMPANY	BY	DATE



PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.: 1

INTANGIBLES	Codes	DRY HOLE COST	Codes	AFTER CASING POINT	COMPLETED WELL COST
ROADS & LOCATION PREPARATION / RESTORATION	DIDC.100	\$100,000	DICC.100	\$8,000	\$108,000
DAMAGES	DIDC.105	\$4,000	DICC.105	\$1,000	\$5,000
MUD/FLUIDS DISPOSAL CHARGES	DIDC.255	\$20,000	DICC.235	\$20,000	\$40,000
DAY RATE 46 DH DAYS 5 ACP DAYS @ 17430 PER DAY	DIDC.115	\$801,780	DICC.120	\$87,150	\$888,930
MISC PREPARATION COST (mouse hole, rat hole, pads, pile clusters, misc.)	DIDC.120	\$8,000			\$8,000
BITS	DIDC.125	\$100,000	DICC.125	\$1,000	\$101,000
FUEL \$2.20 PER GALLON	DIDC.135	\$111,000	DICC.130	\$11,000	\$122,000
WATER / COMPLETION FLUIDS	DIDC.140	\$32,200	DICC.135	\$25,000	\$57,200
MUD & ADDITIVES	DIDC.145	\$64,400			\$64,400
SURFACE RENTALS	DIDC.150	\$69,000	DICC.140	\$45,000	\$114,000
DOWNHOLE RENTALS	DIDC.155	\$144,000	DICC.145	\$10,000	\$154,000
FORMATION EVALUATION (DST, Coring including evaluation, G&G SERVICES)	DIDC.160				
MUD LOGGING 37 DAYS @ \$900 PER DAY	DIDC.170	\$47,000			\$47,000
OPEN HOLE LOGGING	DIDC.180	\$65,000			\$65,000
CEMENTING & FLOAT EQUIPMENT	DIDC.185	\$50,000	DICC.155	\$40,000	\$90,000
TUBULAR INSPECTIONS	DIDC.190	\$5,000	DICC.160	\$2,500	\$7,500
CASING CREWS	DIDC.195	\$12,000	DICC.165	\$15,000	\$27,000
EXTRA LABOR, WELDING, ETC.	DIDC.200	\$27,600	DICC.170	\$5,000	\$32,600
LAND TRANSPORTATION (Trucking)	DIDC.205	\$32,200	DICC.175	\$7,000	\$39,200
SUPERVISION	DIDC.210	\$51,000	DICC.180	\$18,000	\$69,000
TRAILER HOUSE/CAMP/CATERING	DIDC.280	\$17,000	DICC.255	\$2,500	\$19,500
OTHER MISC EXPENSES	DIDC.220	\$5,000	DICC.190	\$5,000	\$10,000
OVERHEAD	DIDC.225	\$14,000	DICC.195	\$4,200	\$18,200
REMEDIAL CEMENTING	DIDC.231		DICC.215		
MOB/DEMOB	DIDC.240	\$150,000			\$150,000
DIRECTIONAL DRILLING SERVICES 22 DAYS @ 9500 PER DAY	DIDC.245	\$209,000			\$209,000
DOCK, DISPATCHER, CRANE	DIDC.250		DICC.230		
MARINE & AIR TRANSPORTATION	DIDC.275		DICC.250		
SOLIDS CONTROL	DIDC.260	\$166,000			\$166,000
WELL CONTROL EQUIP (Snubbing services)	DIDC.265	\$28,000	DICC.240	\$16,800	\$44,800
FISHING & SIDETRACK OPERATIONS	DIDC.270		DICC.245		
COMPLETION RIG 14 DAYS @ 4400 PER DAY			DICC.115	\$61,600	\$61,600
COIL TUBING DAYS @ PER DAY			DICC.260		
COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS			DICC.200	\$35,000	\$35,000
STIMULATION			DICC.210	\$220,000	\$220,000
LEGAL/REGULATORY/CURATIVE	DIDC.300	\$10,000	DICC.280		\$10,000
WELL CONTROL INSURANCE \$0.35 PER FOOT	DIDC.285	\$3,000			\$3,000
CONTINGENCY 5% OF DRILLING INTANGIBLES	DIDC.435	\$117,000	DICC.220	\$32,000	\$149,000
CONSTRUCTION FOR WELL EQUIPMENT			DWEA.110	\$1,000	\$1,000
CONSTRUCTION FOR LEASE EQUIPMENT			DLEQ.110	\$39,000	\$39,000
CONSTRUCTION FOR SALES P/L			DICC.265		
TOTAL INTANGIBLE COST		\$2,463,180		\$712,750	\$3,175,930
TANGIBLE - WELL EQUIPMENT					
CASING	SIZE	FEET	\$/FOOT		
DRIVE PIPE	20"	40	100.00	DWEB.150	4,000
CONDUCTOR PIPE				DWEB.130	
WATER STRING				DWEB.135	
SURFACE CASING	13-3/8"	250	42.00	DWEB.140	11,000
INTERMEDIATE CASING	8-5/8"	4,500	23.40	DWEB.145	105,000
DRILLING LINER	7"			DWEB.145	
DRILLING LINER				DWEB.145	
PRODUCTION CASING OR LINER	5 1/2"	9,800	15.90		156,000
PRODUCTION TIE-BACK				DWEA.100	
TUBING	2 7/8"	12,000	6.50		78,000
N/C WELL EQUIPMENT				DWEA.115	\$9,000
WELLHEAD, TREE, CHOKES				DWEB.115	12,000
LINER HANGER, ISOLATION PACKER				DWEB.100	
PACKER, NIPPLES				DWEA.125	
PUMPING UNIT, ENGINE				DWEA.130	\$110,000
LIFT EQUIPMENT (BHP, Rods, Anchors)				DLEQ.100	\$78,000
TANGIBLE - LEASE EQUIPMENT					
N/C LEASE EQUIPMENT				DLEQ.105	\$15,000
TANKS, TANKS STEPS, STAIRS				DLEQ.115	\$44,000
BATTERY (Heater Treater, Separator, Gas Treating Equipment)				DLEQ.120	\$21,000
FLOW LINES (Line Pipe from wellhead to central facility)				DLEQ.125	\$18,000
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES				DLEQ.130	\$1,000
PIPELINES TO SALES				DWEA.135	
				DWEA.140	
TOTAL TANGIBLES		\$132,000		\$558,000	\$690,000
P&A COSTS	DIDC.295	60,000	DICC.275	(60,000)	
TOTAL COST		\$2,655,180		\$1,210,750	\$3,865,930

SHAW INTERESTS, INC.
OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 11, 2007

John Millard Wicker
1496 23rd Street
Wyandotte, MI 48192

**Re: Oil & Gas Lease
W/2 of Section 31
Township 14 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4,
SW/4NE/4 and NW/4SE/4 of Section 6
Township 15 South, Range 38 East
Lea County, New Mexico**

Dear John:

According to our title research you own an undivided .9092726 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this lease are a \$100.00 flat fee bonus consideration, three (3) year paid-up primary term and one-fifth (1/5) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$100.00 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS

Tim Lilley

7001 0320 0004 1883 9833

U.S. Postal Service	
CERTIFIED MAIL RECEIPT	
Domestic Mail Only; No Insurance Coverage Provided	
OFFICIAL USE	
Postage	\$ 1.63
Certified Fee	2.40
Return Receipt Fee (Endorsement Required)	1.85
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.88
Postmark Here	
Sent To	
John Millard Wicker	
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	

PS Form 3800, January 2001 See Reverse for Instructions

OIL & GAS LEASE

THIS AGREEMENT made this 11th day of April 2007, between John Millard Wicker, herein dealing in his sole and separate property, as Lessor (whether one or more), whose address is 1496 23rd Street, Wyandotte, MI 48192, and Shaw Interests, Inc. whose address is 310 W. Wall St., Ste. 305, Midland, Texas 79701, Lessee,

WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East
W/2 of Section 31

Township 15 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of Three (3) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, one-fifth (1/5) of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of one-fifth (1/5) of the gas used, provided that on gas sold on or off the premises, the royalties shall be one-fifth (1/5) of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

John Millard Wicker

ACKNOWLEDGMENT

STATE OF MICHIGAN §
 §
COUNTY OF §

This instrument was acknowledged before me on the _____ day of _____, 2007, by John Millard Wicker.

Notary Public, State of Michigan

My Commission Expires: _____

SHAW INTERESTS, INC
OIL & GAS PROPERTIES
310 W. WALL ST., SUITE 305
MIDLAND, TEXAS 79701

7001 0320 0004 1683 9727

Mary S. William
11 West 42nd Street
New York, NY 10095

UNITED STATES POSTAGE
167
PB9 850377
APR 11 1967
MAILED FROM ZIP CODE 79701

REASON CHECKED
Unclaimed
Refused
Attempted Not Known
Insufficient Address
No Such Street
No Such Number
No Such Office In State
No Such Office In ZIP Code
Do Not Return Mail In This Case

ANK

1003658002 0003

CERTIFIED MAIL

SHAW INTERESTS, IN
OIL & GAS PROPERTIES
310 W. WALL ST., SUITE 305
MIDLAND, TEXAS 79701

7001 0320 0004 1684 0037

UNITED STATES POSTAGE
167
PB9 850377
APR 21 1967
MAILED FROM ZIP CODE 79701

REASON CHECKED
Unclaimed
Refused
Attempted Not Known
Insufficient Address
No Such Street
No Such Number
No Such Office In State

Mary S. William
11 West 42nd Street
New York, NY 10095

NIXIE 100 1 40 04/19/67

RETURN TO SENDER
ATTEMPTED - NOT KNOWN
UNABLE TO FORWARD

BC: 79701511780 *1110-00045-12-44

1003658002 0003

SHAW INTERESTS, INC.
OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 17, 2007

Mary S. William
11 West 42nd Street
New York, NY 10095

Re: Pyramid #1
W/2 of Section 31, Township 14 South, Range 38 East
Lea County, New Mexico

Dear Mary:

In conjunction with our proposal of April 11, 2007 to lease your undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

- Surface Hole Location: 2210' FSL & 430' FWL
- Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

- \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Maner B. Shaw

U.S. Postal Service	
CERTIFIED MAIL RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
OFFICIAL USE	
Postage	\$ 1.39
Certified Fee	2.40
Return Receipt Fee (Endorsement Required)	1.85
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.64
Sent To: <u>Mary S. William</u>	
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	
PS Form 3800, January 2001 See Reverse for Instructions	

7221 9727 1883 1000 0220 0004 4000 0004 1000



AUTHORIZATION FOR EXPENDITURE

COMPANY ENTITY Cimarex Energy Co.				DATE PREPARED March 8, 2007	
REGION Permian	WELL NAME Pyramid	WELL NO 1	PROSPECT OR FIELD NAME Star-Denton	PROPERTY NUMBER	DRILLING AFE NO.
LOCATION SHL 2210' FSL & 430' FWL BHL 330' FSL & 430' FWL Sec 31, T14S, R38E			COUNTY Lea	STATE New Mexico	TYPE WELL OIL <input checked="" type="checkbox"/> EXPL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> PROD <input type="checkbox"/>
ORIGINAL ESTIMATE <input checked="" type="checkbox"/>	EST. START DATE	EST. COMP. DATE	FORMATION	EST. TD 9800 TVD 11600' MD	
REVISED ESTIMATE					
SUPPLEMENTAL ESTIMATE					

PROJECT DESCRIPTION:
Drill and complete a horizontal wolfcamp well.

<u>INTANGIBLES</u>	<u>DRY HOLE COST</u>	<u>AFTER CASING POINT</u>	<u>COMPLETED WELL COST</u>
Intangible Drilling Costs	.. \$2,463,180		\$2,463,180
Intangible Completion Costs		712,750	712,750
TOTAL INTANGIBLE COSTS	2,463,180	712,750	3,175,930
<u>TANGIBLES</u>			
Well Equipment	132,000	474,000	606,000
Lease Equipment		84,000	84,000
TOTAL TANGIBLE WELL COST	132,000	558,000	690,000
PLUG AND ABANDON COST	60,000	(60,000)	
TOTAL WELL COST:	\$2,655,180	\$1,210,750	\$3,865,930

Comments on Well Costs:

1. All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

_____ I elect to purchase my own well control insurance policy.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related re-drilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

#VALUE!

CIMAREX ENERGY CO. APPROVAL		
PREPARED BY Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	DRILLING AND COMPLETION MANAGER Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	REGIONAL MANAGER Roger Alexander, Regional Manager Permian Basin

JOINT INTEREST APPROVAL		
COMPANY	BY	DATE



PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

INTANGIBLES				Codes	DRY HOLE COST	Codes	AFTER CASING POINT	COMPLETED WELL COST	
ROADS & LOCATION PREPARATION / RESTORATION				DIDC.100	\$100,000	DICC.100	\$8,000	\$108,000	
DAMAGES				DIDC.105	\$4,000	DICC.105	\$1,000	\$5,000	
MUD/FLUIDS DISPOSAL CHARGES				DIDC.255	\$20,000	DICC.235	\$20,000	\$40,000	
DAY RATE 46 DH DAYS 5 ACP DAYS @ 17430 PER DAY				DIDC.115	\$801,780	DICC.120	\$87,150	\$888,930	
MISC PREPARATION COST (mouse hole, rat hole, pads, pile clusters, misc.)				DIDC.120	\$8,000			\$8,000	
BITS				DIDC.125	\$100,000	DICC.125	\$1,000	\$101,000	
FUEL \$2.20 PER GALLON				DIDC.135	\$111,000	DICC.130	\$11,000	\$122,000	
WATER / COMPLETION FLUIDS				DIDC.140	\$32,200	DICC.135	\$25,000	\$57,200	
MUD & ADDITIVES				DIDC.145	\$64,400			\$64,400	
SURFACE RENTALS				DIDC.150	\$69,000	DICC.140	\$45,000	\$114,000	
DOWNHOLE RENTALS				DIDC.155	\$144,000	DICC.145	\$10,000	\$154,000	
FORMATION EVALUATION (DST, Coring including evaluation, G&G SERVICES)				DIDC.160					
MUD LOGGING 37 DAYS @ \$900 PER DAY				DIDC.170	\$47,000			\$47,000	
OPEN HOLE LOGGING				DIDC.180	\$65,000			\$65,000	
CEMENTING & FLOAT EQUIPMENT				DIDC.185	\$50,000	DICC.155	\$40,000	\$90,000	
TUBULAR INSPECTIONS				DIDC.190	\$5,000	DICC.160	\$2,500	\$7,500	
CASING CREWS				DIDC.195	\$12,000	DICC.165	\$15,000	\$27,000	
EXTRA LABOR, WELDING, ETC.				DIDC.200	\$27,600	DICC.170	\$5,000	\$32,600	
LAND TRANSPORTATION (Trucking)				DIDC.205	\$32,200	DICC.175	\$7,000	\$39,200	
SUPERVISION				DIDC.210	\$51,000	DICC.180	\$18,000	\$69,000	
TRAILER HOUSE/CAMP/CATERING				DIDC.280	\$17,000	DICC.255	\$2,500	\$19,500	
OTHER MISC EXPENSES				DIDC.220	\$5,000	DICC.190	\$5,000	\$10,000	
OVERHEAD				DIDC.225	\$14,000	DICC.195	\$4,200	\$18,200	
REMEDIAL CEMENTING				DIDC.231		DICC.215			
MOB/DEMOB				DIDC.240	\$150,000			\$150,000	
DIRECTIONAL DRILLING SERVICES 22 DAYS @ 9500 PER DAY				DIDC.245	\$209,000			\$209,000	
DOCK, DISPATCHER, CRANE				DIDC.250		DICC.230			
MARINE & AIR TRANSPORTATION				DIDC.275		DICC.250			
SOLIDS CONTROL				DIDC.260	\$166,000			\$166,000	
WELL CONTROL EQUIP (Snubbing services)				DIDC.265	\$28,000	DICC.240	\$16,800	\$44,800	
FISHING & SIDETRACK OPERATIONS				DIDC.270		DICC.245			
COMPLETION RIG 14 DAYS @ 4400 PER DAY						DICC.115	\$61,600	\$61,600	
COIL TUBING DAYS @ PER DAY						DICC.260			
COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS						DICC.200	\$35,000	\$35,000	
STIMULATION						DICC.210	\$220,000	\$220,000	
LEGAL/REGULATORY/CURATIVE				DIDC.300	\$10,000	DICC.280		\$10,000	
WELL CONTROL INSURANCE \$0.35 PER FOOT				DIDC.285	\$3,000			\$3,000	
CONTINGENCY 5% OF DRILLING INTANGIBLES				DIDC.435	\$117,000	DICC.220	\$32,000	\$149,000	
CONSTRUCTION FOR WELL EQUIPMENT						DWEA.110	\$1,000	\$1,000	
CONSTRUCTION FOR LEASE EQUIPMENT						DLEQ.110	\$39,000	\$39,000	
CONSTRUCTION FOR SALES P/L						DICC.265			
TOTAL INTANGIBLE COST					\$2,463,180		\$712,750	\$3,175,930	
TANGIBLE - WELL EQUIPMENT									
CASING				SIZE	FEET	\$/FOOT			
DRIVE PIPE				20"	40	100.00	DWEB.150	4,000	\$4,000
CONDUCTOR PIPE							DWEB.130		
WATER STRING							DWEB.135		
SURFACE CASING				13-3/8"	250	42.00	DWEB.140	11,000	\$11,000
INTERMEDIATE CASING				8-5/8"	4,500	23.40	DWEB.145	105,000	\$105,000
DRILLING LINER				7"			DWEB.145		
DRILLING LINER							DWEB.145		
PRODUCTION CASING OR LINER				5 1/2"	9,800	15.90			
PRODUCTION TIE-BACK									
TUBING				2 7/8"	12,000	6.50			
N/C WELL EQUIPMENT									
WELLHEAD, TREE, CHOKES							DWEB.115	12,000	\$12,000
LINER HANGER, ISOLATION PACKER							DWEB.100		
PACKER, NIPPLES									
PUMPING UNIT, ENGINE							DWEA.130	\$110,000	\$110,000
LIFT EQUIPMENT (BHP, Rods, Anchors)							DLEQ.100	\$78,000	\$78,000
LIFT EQUIPMENT (BHP, Rods, Anchors)							DLEQ.105	\$15,000	\$15,000
TANGIBLE - LEASE EQUIPMENT									
N/C LEASE EQUIPMENT									
TANKS, TANKS STEPS, STAIRS							DLEQ.115	\$44,000	\$44,000
BATTERY (Heater Treater, Separator, Gas Treating Equipment)							DLEQ.120	\$21,000	\$21,000
FLOW LINES (Line Pipe from wellhead to central facility)							DLEQ.125	\$18,000	\$18,000
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES							DLEQ.130	\$1,000	\$1,000
PIPELINES TO SALES							DWEA.135		
PIPELINES TO SALES							DWEA.140		
TOTAL TANGIBLES								\$132,000	\$558,000
P&A COSTS				DIDC.295	60,000		DICC.275	(60,000)	
TOTAL COST					\$2,655,180		\$1,210,750	\$3,865,930	

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 11, 2007

Mary S. William
11 West 42nd Street
New York, NY 10095

**Re: Oil & Gas Lease
W/2 of Section 31
Township 14 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4,
SW/4NE/4 and NW/4SE/4 of Section 6
Township 15 South, Range 38 East
Lea County, New Mexico**

Dear Mary:

According to our title research you own an undivided 2.0005 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this lease are a \$100.00 bonus consideration, three (3) year paid-up primary term and one-fifth (1/5) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$200.05 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS

Tim Lilley

U.S. Postal Service	
CERTIFIED MAIL RECEIPT	
<i>(Domestic Mail Only; No Insurance Coverage Provided)</i>	
OFFICIAL USE	
Postage	\$.63
Certified Fee	2.40
Return Receipt Fee (Endorsement Required)	1.85
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.88
Postmark Here	
Sent To <u>Mary William</u>	
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	
PS Form 3800, January 2001	
See Reverse for Instructions	

7001 0320 0004 1884 0037

OIL & GAS LEASE

THIS AGREEMENT made this 11th day of April 2007, between Mary S. William, herein dealing in her sole and separate property, as Lessor (whether one or more), whose address is 11 West 42nd Street, New York, NY 10095, and Shaw Interests, Inc. whose address is 310 W. Wall St., Ste. 305, Midland, Texas 79701, Lessee,

WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East

W/2 of Section 31

Township 15 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of **Three (3) years** from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, **one-fifth (1/5)** of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of **one-fifth (1/5)** of the gas used, provided that on gas sold on or off the premises, the royalties shall be **one-fifth (1/5)** of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

Mary S. William

ACKNOWLEDGMENT

STATE OF NEW YORK §
 §
COUNTY OF §

This instrument was acknowledged before me on the _____ day of _____, 2007, by Mary S. William.

Notary Public, State of New York

My Commission Expires: _____

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 18, 2007

Rose Berger
C/o Henry Kemp
480 Lexington
New York, NY 10167

**Re: Pyramid #1
W/2 of Section 31, Township 14 South, Range 38 East
Lea County, New Mexico**

Dear Mr. Kemp:

We are unable to locate a current address for Rose Berger. In conjunction with our proposal of April 6, 2007 to lease Rose's undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

- Surface Hole Location: 2210' FSL & 430' FWL
- Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

- \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Maner B. Shaw

7001 0320 0004 1883 9789

U.S. Postal Service CERTIFIED MAIL RECEIPT (Domestic Mail Only; No Insurance Coverage Provided)	
OFFICIAL USE	
Postage	\$.39
Certified Fee	2.40
Return Receipt Fee (Endorsement Required)	1.85
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.64
Postmark Here	
Sent To: <u>Rose Berger</u>	
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	

See Reverse for Instructions



AUTHORIZATION FOR EXPENDITURE

COMPANY ENTITY Cimarex Energy Co.					DATE PREPARED March 8, 2007
REGION Permian	WELL NAME Pyramid	WELL NO 1	PROSPECT OR FIELD NAME Star-Denton	PROPERTY NUMBER	DRILLING AFE NO.
LOCATION SHL 2210' FSL & 430' FWL BHL 330' FSL & 430' FWL Sec 31, T14S, R38E			COUNTY Lea	STATE New Mexico	TYPE WELL OIL <input checked="" type="checkbox"/> EXPL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> PROD <input type="checkbox"/>
ORIGINAL ESTIMATE <input checked="" type="checkbox"/>	REVISIED ESTIMATE <input type="checkbox"/>	SUPPLEMENTAL ESTIMATE <input type="checkbox"/>	EST. START DATE	EST. COMP. DATE	FORMATION
					EST. TD 9800 TVD 11600' MD

PROJECT DESCRIPTION:
Drill and complete a horizontal wolfcamp well.

<u>INTANGIBLES</u>	<u>DRY HOLE COST</u>	<u>AFTER CASING POINT</u>	<u>COMPLETED WELL COST</u>
Intangible Drilling Costs	<u>\$2,463,180</u>		<u>\$2,463,180</u>
Intangible Completion Costs		<u>712,750</u>	<u>712,750</u>
TOTAL INTANGIBLE COSTS	<u>2,463,180</u>	<u>712,750</u>	<u>3,175,930</u>
<u>TANGIBLES</u>			
Well Equipment	<u>132,000</u>	<u>474,000</u>	<u>606,000</u>
Lease Equipment		<u>84,000</u>	<u>84,000</u>
TOTAL TANGIBLE WELL COST	<u>132,000</u>	<u>558,000</u>	<u>690,000</u>
PLUG AND ABANDON COST	<u>60,000</u>	<u>(60,000)</u>	
TOTAL WELL COST:	<u>\$2,655,180</u>	<u>\$1,210,750</u>	<u>\$3,865,930</u>

Comments on Well Costs:

- All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

_____ I elect to purchase my own well control insurance policy.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related re-drilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

#VALUE!

CIMAREX ENERGY CO. APPROVAL		
PREPARED BY Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	DRILLING AND COMPLETION MANAGER Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	REGIONAL MANAGER Roger Alexander, Regional Manager Permian Basin

JOINT INTEREST APPROVAL		
COMPANY	BY	DATE



PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

INTANGIBLES	DRY HOLE		AFTER CASING		COMPLETED WELL COST
	Codes	COST	Codes	POINT	
ROADS & LOCATION PREPARATION / RESTORATION	DIDC.100	\$100,000	DICC.100	\$8,000	\$108,000
DAMAGES	DIDC.105	\$4,000	DICC.105	\$1,000	\$5,000
MUD/FLUIDS DISPOSAL CHARGES	DIDC.255	\$20,000	DICC.235	\$20,000	\$40,000
DAY RATE 46 DH DAYS 5 ACP DAYS @ 17430 PER DAY	DIDC.115	\$801,780	DICC.120	\$87,150	\$888,930
MISC PREPARATION COST (mouse hole, rat hole, pads, pile clusters, misc.)	DIDC.120	\$8,000			\$8,000
BITS	DIDC.125	\$100,000	DICC.125	\$1,000	\$101,000
FUEL \$2.20 PER GALLON	DIDC.135	\$111,000	DICC.130	\$11,000	\$122,000
WATER / COMPLETION FLUIDS	DIDC.140	\$32,200	DICC.135	\$25,000	\$57,200
MUD & ADDITIVES	DIDC.145	\$64,400			\$64,400
SURFACE RENTALS	DIDC.150	\$69,000	DICC.140	\$45,000	\$114,000
DOWNHOLE RENTALS	DIDC.155	\$144,000	DICC.145	\$10,000	\$154,000
FORMATION EVALUATION (DST, Coring including evaluation, G&G SERVICES)	DIDC.160				
MUD LOGGING 37 DAYS @ \$900 PER DAY	DIDC.170	\$47,000			\$47,000
OPEN HOLE LOGGING	DIDC.180	\$65,000			\$65,000
CEMENTING & FLOAT EQUIPMENT	DIDC.185	\$50,000	DICC.155	\$40,000	\$90,000
TUBULAR INSPECTIONS	DIDC.190	\$5,000	DICC.160	\$2,500	\$7,500
CASING CREWS	DIDC.195	\$12,000	DICC.165	\$15,000	\$27,000
EXTRA LABOR, WELDING, ETC.	DIDC.200	\$27,600	DICC.170	\$5,000	\$32,600
LAND TRANSPORTATION (Trucking)	DIDC.205	\$32,200	DICC.175	\$7,000	\$39,200
SUPERVISION	DIDC.210	\$51,000	DICC.180	\$18,000	\$69,000
TRAILER HOUSE/CAMP/CATERING	DIDC.280	\$17,000	DICC.255	\$2,500	\$19,500
OTHER MISC EXPENSES	DIDC.220	\$5,000	DICC.190	\$5,000	\$10,000
OVERHEAD	DIDC.225	\$14,000	DICC.195	\$4,200	\$18,200
REMEDIAL CEMENTING	DIDC.231		DICC.215		
MOB/DEMOB	DIDC.240	\$150,000			\$150,000
DIRECTIONAL DRILLING SERVICES 22 DAYS @ 9500 PER DAY	DIDC.245	\$209,000			\$209,000
DOCK, DISPATCHER, CRANE	DIDC.250		DICC.230		
MARINE & AIR TRANSPORTATION	DIDC.275		DICC.250		
SOLIDS CONTROL	DIDC.260	\$166,000			\$166,000
WELL CONTROL EQUIP (Snubbing services)	DIDC.265	\$28,000	DICC.240	\$16,800	\$44,800
FISHING & SIDETRACK OPERATIONS	DIDC.270		DICC.245		
COMPLETION RIG 14 DAYS @ 4400 PER DAY			DICC.115	\$61,600	\$61,600
COIL TUBING DAYS @ PER DAY			DICC.260		
COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS			DICC.200	\$35,000	\$35,000
STIMULATION			DICC.210	\$220,000	\$220,000
LEGAL/REGULATORY/CURATIVE	DIDC.300	\$10,000	DICC.280		\$10,000
WELL CONTROL INSURANCE \$0.35 PER FOOT	DIDC.285	\$3,000			\$3,000
CONTINGENCY 5% OF DRILLING INTANGIBLES	DIDC.435	\$117,000	DICC.220	\$32,000	\$149,000
CONSTRUCTION FOR WELL EQUIPMENT			DWEA.110	\$1,000	\$1,000
CONSTRUCTION FOR LEASE EQUIPMENT			DLEQ.110	\$39,000	\$39,000
CONSTRUCTION FOR SALES P/L			DICC.265		
TOTAL INTANGIBLE COST		\$2,463,180		\$732,750	\$3,195,930
TANGIBLE - WELL EQUIPMENT					
CASING	SIZE	FEET	\$/FOOT		
DRIVE PIPE	20"	40	100.00	DWEB.150 4,000	\$4,000
CONDUCTOR PIPE				DWEB.130	
WATER STRING				DWEB.135	
SURFACE CASING	13-3/8"	250	42.00	DWEB.140 11,000	\$11,000
INTERMEDIATE CASING	8-5/8"	4,500	23.40	DWEB.145 105,000	\$105,000
DRILLING LINER	7"			DWEB.145	
DRILLING LINER				DWEB.145	
PRODUCTION CASING OR LINER	5 1/2"	9,800	15.90	DWEA.100 156,000	\$156,000
PRODUCTION TIE-BACK				DWEA.100	
TUBING	2 7/8"	12,000	6.50	DWEA.105 78,000	\$78,000
N/C WELL EQUIPMENT				DWEA.115 9,000	\$9,000
WELLHEAD, TREE, CHOKES				DWEB.115 12,000 DWEA.120 28,000	\$40,000
LINER HANGER, ISOLATION PACKER				DWEB.100 DWEA.125	
PACKER, NIPPLES				DWEA.130 110,000	\$110,000
PUMPING UNIT, ENGINE				DLEQ.100 78,000	\$78,000
LIFT EQUIPMENT (BHP, Rods, Anchors)				DLEQ.105 15,000	\$15,000
TANGIBLE - LEASE EQUIPMENT					
N/C LEASE EQUIPMENT				DLEQ.115 44,000	\$44,000
TANKS, TANKS STEPS, STAIRS				DLEQ.120 21,000	\$21,000
BATTERY (Heater Treater, Separator, Gas Treating Equipment)				DLEQ.125 18,000	\$18,000
FLOW LINES (Line Pipe from wellhead to central facility)				DLEQ.130 1,000	\$1,000
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES				DWEA.135	
PIPELINES TO SALES				DWEA.140	
TOTAL TANGIBLES		\$132,000		\$556,000	\$690,000
P&A COSTS	DIDC.295	60,000	DICC.275	(60,000)	
TOTAL COST		\$2,655,180		\$1,210,750	\$3,865,930

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 6, 2007

Rose Berger
C/o Henry Kemp
480 Lexington
New York, NY 10167

**Re: Oil & Gas Lease
W/2 of Section 31
Township 14 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4,
SW/4NE/4 and NW/4SE/4 of Section 6
Township 15 South, Range 38 East
Lea County, New Mexico**

Dear Mr. Kemp:

According to our title research, Rose Berger owns an undivided 3.00075 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this Lease are a \$100.00 per net mineral acre bonus consideration, three (3) year paid-up primary term and three-sixteenths (3/16) royalty.

If these terms are acceptable, please have her sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward her a check in the amount of \$300.08 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS

Tim Lilley

7001 0320 0004 1884 0174

U.S. Postal Service	
CERTIFIED MAIL RECEIPT	
<i>(Domestic Mail Only; No Insurance Coverage Provided)</i>	
OFFICIAL USE	
Postage	\$.63
Certified Fee	2.40
Return Receipt Fee (Endorsement Required)	1.85
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$4.88
Postmark Here	
Sent To <u>Rose Berger</u>	
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	

PS Form 3800, January 2001 See Reverse for Instructions

OIL & GAS LEASE

THIS AGREEMENT made this 6th day of April, 2007, between Rose Berger, herein dealing in his sole and separate property, as Lessor (whether one or more), C/o Henry Kemp, whose address is 480 Lexington, New York, NY 10167, and Shaw Interests, Inc. whose address is P.O. Box 9612, Midland, Texas 79708, Lessee,

WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East

W/2 of Section 31

Township 15 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of **Three (3) years** from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, **three-sixteenths (3/16)** of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of **three-sixteenths (3/16)** of the gas used, provided that on gas sold on or off the premises, the royalties shall be **three-sixteenths (3/16)** of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

Rose Berger

ACKNOWLEDGMENT

STATE OF NEW YORK §
 §
COUNTY OF §

This instrument was acknowledged before me on the _____ day of _____, 2007, by Rose Berger.

Notary Public, State of New York
My Commission Expires: _____

SHAW INTERESTS, IN
OIL & GAS PROPERTIES
310 W. WALL ST., SUITE 305
MIDLAND, TEXAS 79701

7001 0320 0004 1883 9710

UNITED STATES POSTAGE
100 PB9850377
7650 04.640 APR 19 07
97AN MAILED FROM ZIP CODE 79708

Vanda Dale Byars
8900 Comanche
Olivette, MO 63132

NIXIE 691 SE 1 75 05/02/07

RETURN TO SENDER
UNABLE TO FORWARD

BC: 79701511780 *0416-04570-23-32

63132+2312 0004

CERTIFIED MAIL

SHAW INTERESTS, IN
OIL & GAS PROPERTIES
310 W. WALL ST., SUITE 305
MIDLAND, TEXAS 79701

7001 0320 0004 1884 0211

MIDLAND / ODESSA TX 797 2 *
11 APR 2007 4 PM
MIDLAND / ODESSA TX 797 2 *
9 6 1 5 MAILED FROM ZIP CODE 79708



Vanda Dale Byars
8900 Comanche
Olivette, MO 63132

YAC
ANIX

63132+2312-00 0020

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Handwritten notes:
NO →
ANIX
7001
0211

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 17, 2007

Vanda Dale Byars
8900 Comanche
Olivette, MO 63132

**Re: Pyramid #1
W/2 of Section 31, Township 14 South, Range 38 East
Lea County, New Mexico**

Dear Vanda:

In conjunction with our proposal of April 6, 2007 to lease your undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

- Surface Hole Location: 2210' FSL & 430' FWL
- Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

- \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Maner B. Shaw

7001 0320 0004 1883 1881 9710

U.S. Service	
CERTIFIED MAIL RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
OFFICIAL USE	
Postage	\$.39
Certified Fee	2.20
Return Receipt Fee (Endorsement Required)	1.85
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.44
Postmark Here	
Sent To	
Vanda Dale Byars	
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	

PS Form 3800, January 2001 See Reverse for Instructions



AUTHORIZATION FOR EXPENDITURE

COMPANY ENTITY Cimarex Energy Co.				DATE PREPARED March 8, 2007	
REGION Permian	WELL NAME Pyramid	WELL NO 1	PROSPECT OR FIELD NAME Star-Denton	PROPERTY NUMBER	DRILLING AFE NO.
LOCATION SHL 2210' FSL & 430' FWL BHL 330' FSL & 430' FWL Sec 31, T14S, R38E			COUNTY Lea	STATE New Mexico	TYPE WELL OIL <input checked="" type="checkbox"/> EXPL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> PROD <input type="checkbox"/>
ORIGINAL ESTIMATE	<input checked="" type="checkbox"/>	EST. START DATE	EST. COMP. DATE	FORMATION	EST. TD 9800 TVD 11600' MD
REVISED ESTIMATE	<input type="checkbox"/>				
SUPPLEMENTAL ESTIMATE	<input type="checkbox"/>				

PROJECT DESCRIPTION:
Drill and complete a horizontal wolfcamp well.

<u>INTANGIBLES</u>	<u>DRY HOLE COST</u>	<u>AFTER CASING POINT</u>	<u>COMPLETED WELL COST</u>
Intangible Drilling Costs	<u>\$2,463,180</u>		<u>\$2,463,180</u>
Intangible Completion Costs		<u>712,750</u>	<u>712,750</u>
TOTAL INTANGIBLE COSTS	<u>2,463,180</u>	<u>712,750</u>	<u>3,175,930</u>
<u>TANGIBLES</u>			
Well Equipment	<u>132,000</u>	<u>474,000</u>	<u>606,000</u>
Lease Equipment		<u>84,000</u>	<u>84,000</u>
TOTAL TANGIBLE WELL COST	<u>132,000</u>	<u>558,000</u>	<u>690,000</u>
PLUG AND ABANDON COST	<u>60,000</u>	<u>(60,000)</u>	
TOTAL WELL COST:	<u>\$2,655,180</u>	<u>\$1,210,750</u>	<u>\$3,865,930</u>

Comments on Well Costs:
1. All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

_____ I elect to purchase my own well control insurance policy.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

#VALUE!

CIMAREX ENERGY CO. APPROVAL

PREPARED BY Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	DRILLING AND COMPLETION MANAGER Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	REGIONAL MANAGER Roger Alexander, Regional Manager Permian Basin
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JOINT INTEREST APPROVAL

COMPANY	BY	DATE
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PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

INTANGIBLES	DRY HOLE		AFTER CASING		COMPLETED WELL COST
	Codes	COST	Codes	POINT	
ROADS & LOCATION PREPARATION / RESTORATION	DIDC.100	\$100,000	DICC.100	\$8,000	\$108,000
DAMAGES	DIDC.105	\$4,000	DICC.105	\$1,000	\$5,000
MUD/FLUIDS DISPOSAL CHARGES	DIDC.255	\$20,000	DICC.235	\$20,000	\$40,000
DAY RATE 46 DH DAYS 5 ACP DAYS @ 17430 PER DAY	DIDC.115	\$801,780	DICC.120	\$87,150	\$888,930
MISC PREPARATION COST (mouse hole, rat hole, pads, pile clusters, misc.)	DIDC.120	\$8,000			\$8,000
BITS	DIDC.125	\$100,000	DICC.125	\$1,000	\$101,000
FUEL \$2.20 PER GALLON	DIDC.135	\$111,000	DICC.130	\$11,000	\$122,000
WATER / COMPLETION FLUIDS	DIDC.140	\$32,200	DICC.135	\$25,000	\$57,200
MUD & ADDITIVES	DIDC.145	\$64,400			\$64,400
SURFACE RENTALS	DIDC.150	\$69,000	DICC.140	\$45,000	\$114,000
DOWNHOLE RENTALS	DIDC.155	\$144,000	DICC.145	\$10,000	\$154,000
FORMATION EVALUATION (DST, Coring including evaluation, G&G SERVICES)	DIDC.160				
MUD LOGGING 37 DAYS @ \$900 PER DAY	DIDC.170	\$47,000			\$47,000
OPEN HOLE LOGGING	DIDC.180	\$65,000			\$65,000
CEMENTING & FLOAT EQUIPMENT	DIDC.185	\$50,000	DICC.155	\$40,000	\$90,000
TUBULAR INSPECTIONS	DIDC.190	\$5,000	DICC.160	\$2,500	\$7,500
CASING CREWS	DIDC.195	\$12,000	DICC.165	\$15,000	\$27,000
EXTRA LABOR, WELDING, ETC.	DIDC.200	\$27,600	DICC.170	\$5,000	\$32,600
LAND TRANSPORTATION (Trucking)	DIDC.205	\$32,200	DICC.175	\$7,000	\$39,200
SUPERVISION	DIDC.210	\$51,000	DICC.180	\$18,000	\$69,000
TRAILER HOUSE/CAMP/CATERING	DIDC.280	\$17,000	DICC.255	\$2,500	\$19,500
OTHER MISC EXPENSES	DIDC.220	\$5,000	DICC.190	\$5,000	\$10,000
OVERHEAD	DIDC.225	\$14,000	DICC.195	\$4,200	\$18,200
REMEDIAL CEMENTING	DIDC.231		DICC.215		
MOB/DEMOB	DIDC.240	\$150,000			\$150,000
DIRECTIONAL DRILLING SERVICES 22 DAYS @ 9500 PER DAY	DIDC.245	\$209,000			\$209,000
DOCK, DISPATCHER, CRANE	DIDC.250		DICC.230		
MARINE & AIR TRANSPORTATION	DIDC.275		DICC.250		
SOLIDS CONTROL	DIDC.260	\$166,000			\$166,000
WELL CONTROL EQUIP (Snubbing services)	DIDC.265	\$28,000	DICC.240	\$16,800	\$44,800
FISHING & SIDETRACK OPERATIONS	DIDC.270		DICC.245		
COMPLETION RIG 14 DAYS @ 4400 PER DAY			DICC.115	\$61,600	\$61,600
COIL TUBING DAYS @ PER DAY			DICC.260		
COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS			DICC.200	\$35,000	\$35,000
STIMULATION			DICC.210	\$220,000	\$220,000
LEGAL/REGULATORY/CURATIVE	DIDC.300	\$10,000	DICC.280		\$10,000
WELL CONTROL INSURANCE \$0.35 PER FOOT	DIDC.285	\$3,000			\$3,000
CONTINGENCY 5% OF DRILLING INTANGIBLES	DIDC.435	\$117,000	DICC.220	\$32,000	\$149,000
CONSTRUCTION FOR WELL EQUIPMENT			DWEA.110	\$1,000	\$1,000
CONSTRUCTION FOR LEASE EQUIPMENT			DLEQ.110	\$39,000	\$39,000
CONSTRUCTION FOR SALES P/L			DICC.265		
TOTAL INTANGIBLE COST		\$2,463,180		\$712,750	\$3,175,930
TANGIBLE - WELL EQUIPMENT					
CASING	SIZE	FEET	\$/FOOT		
DRIVE PIPE	20"	40	100.00	DWEB.150 4,000	\$4,000
CONDUCTOR PIPE				DWEB.130	
WATER STRING				DWEB.135	
SURFACE CASING	13-3/8"	250	42.00	DWEB.140 11,000	\$11,000
INTERMEDIATE CASING	8-5/8"	4,500	23.40	DWEB.145 105,000	\$105,000
DRILLING LINER	7"			DWEB.145	
DRILLING LINER				DWEB.145	
PRODUCTION CASING OR LINER	5 1/2"	9,800	15.90		\$156,000
PRODUCTION TIE-BACK					\$156,000
TUBING	2 7/8"	12,000	6.50		\$78,000
N/C WELL EQUIPMENT				DWEA.115	\$9,000
WELLHEAD, TREE, CHOKES				DWEB.115 12,000	\$40,000
LINER HANGER, ISOLATION PACKER				DWEB.100	
PACKER, NIPPLES				DWEA.130	\$110,000
PUMPING UNIT, ENGINE				DLEQ.100	\$78,000
LIFT EQUIPMENT (BHP, Rods, Anchors)				DLEQ.105	\$15,000
TANGIBLE - LEASE EQUIPMENT					
N/C LEASE EQUIPMENT				DLEQ.115	\$44,000
TANKS, TANKS STEPS, STAIRS				DLEQ.120	\$21,000
BATTERY (Heater Treater, Separator, Gas Treating Equipment)				DLEQ.125	\$18,000
FLOW LINES (Line Pipe from wellhead to central facility)				DLEQ.130	\$1,000
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES				DWEA.135	
PIPELINES TO SALES				DWEA.140	
TOTAL TANGIBLES		\$132,000		\$558,000	\$690,000
P&A COSTS	DIDC.295	60,000	DICC.275	(60,000)	
TOTAL COST		\$2,655,180		\$1,210,750	\$3,865,930

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 6, 2007

Vanda Dale Byars
8900 Comanche
Olivette, MO 63132

**Re: Oil & Gas Lease
W/2 of Section 31
Township 14 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4,
SW/4NE/4 and NW/4SE/4 of Section 6
Township 15 South, Range 38 East
Lea County, New Mexico**

Dear Ms. Byars:

According to our title research, you own an undivided 4.25606 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this Lease are a \$100.00 per net mineral acre bonus consideration, three (3) year paid-up primary term and three-sixteenths (3/16) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$425.61 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS

Tim Lilley

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

OFFICIAL USE

Postage	\$ 1.63	Postmark Here
Certified Fee	2.40	
Return Receipt Fee (Endorsement Required)	1.85	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 4.88	

Sent To: Vanda Dale Byars
Street, Apt. No.,
or PO Box No.
City, State, ZIP+4

PS Form 3800, January 2001 See Reverse for Instructions

7001 0320 0004 1884 0211

OIL & GAS LEASE

THIS AGREEMENT made this 6th day of April, 2007, between Vanda Dale Byars, herein dealing in her sole and separate property, as Lessor (whether one or more), whose address is 8900 Comanche, Olivette, MO 63132, and Shaw Interests, Inc. whose address is P.O. Box 9612, Midland, Texas 79708, Lessee,

WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East

W/2 of Section 31

Township 15 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of **Three (3) years** from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, **three-sixteenths (3/16)** of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of **three-sixteenths (3/16)** of the gas used, provided that on gas sold on or off the premises, the royalties shall be **three-sixteenths (3/16)** of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

Vanda Dale Byars

ACKNOWLEDGMENT

STATE OF MISSOURI

§
§
§

COUNTY OF

This instrument was acknowledged before me on the _____ day of _____, 2007, by Vanda Dale Byars.

Notary Public, State of Missouri

My Commission Expires: _____

SHAW INTERESTS, INC.
OIL & GAS PROPERTIES

310 WEST WALL, STE. 305

MIDLAND, TX 79701

(432) 685-1404

April 17, 2007

Clay Allen Cureton
6582 Vanguard Avenue
Garden Grove, CA 92845

Re: Pyramid #1
W/2 of Section 31, Township 14 South, Range 38 East
Lea County, New Mexico

Dear Clay:

In conjunction with our proposal of April 6, 2007 to lease your undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

- Surface Hole Location: 2210' FSL & 430' FWL
- Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

- \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Maner B. Shaw

7001 0320 0004 1883 9703

U.S. Postal Service	
CERTIFIED MAIL RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
OFFICIAL USE	
Postage	\$.39
Certified Fee	2.40
Return Receipt Fee (Endorsement Required)	1.85
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.64
Sent To <u>Clay Allen Cureton</u>	
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	

PS Form 3800, January 2001 See Reverse for Instructions



AUTHORIZATION FOR EXPENDITURE

COMPANY ENTITY Cimarex Energy Co.				DATE PREPARED March 8, 2007	
REGION Permian	WELL NAME Pyramid	WELL NO 1	PROSPECT OR FIELD NAME Star-Denton	PROPERTY NUMBER	DRILLING AFE NO.
LOCATION SHL 2210' FSL & 430' FWL BHL 330' FSL & 430' FWL Sec 31, T14S, R38E			COUNTY Lea	STATE New Mexico	TYPE WELL OIL <input checked="" type="checkbox"/> EXPL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> PROD <input type="checkbox"/>
ORIGINAL ESTIMATE <input checked="" type="checkbox"/>	EST. START DATE	EST. COMP. DATE	FORMATION	EST. TD 9800 TVD 11600' MD	
REVISED ESTIMATE					
SUPPLEMENTAL ESTIMATE					

PROJECT DESCRIPTION:
Drill and complete a horizontal wolfcamp well.

<u>INTANGIBLES</u>	<u>DRY HOLE COST</u>	<u>AFTER CASING POINT</u>	<u>COMPLETED WELL COST</u>
Intangible Drilling Costs	<u>\$2,463,180</u>		<u>\$2,463,180</u>
Intangible Completion Costs		<u>712,750</u>	<u>712,750</u>
TOTAL INTANGIBLE COSTS	<u>2,463,180</u>	<u>712,750</u>	<u>3,175,930</u>
<u>TANGIBLES</u>			
Well Equipment	<u>132,000</u>	<u>474,000</u>	<u>606,000</u>
Lease Equipment		<u>84,000</u>	<u>84,000</u>
TOTAL TANGIBLE WELL COST	<u>132,000</u>	<u>558,000</u>	<u>690,000</u>
PLUG AND ABANDON COST	<u>60,000</u>	<u>(60,000)</u>	
TOTAL WELL COST:	<u>\$2,655,180</u>	<u>\$1,210,750</u>	<u>\$3,865,930</u>

Comments on Well Costs:

- All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

_____ I elect to purchase my own well control insurance policy.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

#VALUE!

CIMAREX ENERGY CO. APPROVAL		
PREPARED BY Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	DRILLING AND COMPLETION MANAGER Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	REGIONAL MANAGER Roger Alexander, Regional Manager Permian Basin

JOINT INTEREST APPROVAL		
COMPANY	BY	DATE



PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

INTANGIBLES	DRY HOLE		AFTER CASING		COMPLETED WELL COST
	Codes	COST	Codes	POINT	
ROADS & LOCATION PREPARATION / RESTORATION	DIDC.100	\$100,000	DICC.100	\$8,000	\$108,000
DAMAGES	DIDC.105	\$4,000	DICC.105	\$1,000	\$5,000
MUD/FLUIDS DISPOSAL CHARGES	DIDC.255	\$20,000	DICC.235	\$20,000	\$40,000
DAY RATE 46 DH DAYS 5 ACP DAYS @ 17430 PER DAY	DIDC.115	\$801,780	DICC.120	\$87,150	\$888,930
MISC PREPARATION COST (mouse hole, rat hole, pads, pile clusters, misc.)	DIDC.120	\$8,000			\$8,000
BITS	DIDC.125	\$100,000	DICC.125	\$1,000	\$101,000
FUEL \$2.20 PER GALLON	DIDC.135	\$111,000	DICC.130	\$11,000	\$122,000
WATER / COMPLETION FLUIDS	DIDC.140	\$32,200	DICC.135	\$25,000	\$57,200
MUD & ADDITIVES	DIDC.145	\$64,400			\$64,400
SURFACE RENTALS	DIDC.150	\$69,000	DICC.140	\$45,000	\$114,000
DOWNHOLE RENTALS	DIDC.155	\$144,000	DICC.145	\$10,000	\$154,000
FORMATION EVALUATION (DST, Coring including evaluation, G&G SERVICES)	DIDC.160				
MUD LOGGING 37 DAYS @ \$900 PER DAY	DIDC.170	\$47,000			\$47,000
OPEN HOLE LOGGING	DIDC.180	\$65,000			\$65,000
CEMENTING & FLOAT EQUIPMENT	DIDC.185	\$50,000	DICC.155	\$40,000	\$90,000
TUBULAR INSPECTIONS	DIDC.190	\$5,000	DICC.160	\$2,500	\$7,500
CASING CREWS	DIDC.195	\$12,000	DICC.165	\$15,000	\$27,000
EXTRA LABOR, WELDING, ETC.	DIDC.200	\$27,600	DICC.170	\$5,000	\$32,600
LAND TRANSPORTATION (Trucking)	DIDC.205	\$32,200	DICC.175	\$7,000	\$39,200
SUPERVISION	DIDC.210	\$51,000	DICC.180	\$18,000	\$69,000
TRAILER HOUSE/CAMP/CATERING	DIDC.280	\$17,000	DICC.255	\$2,500	\$19,500
OTHER MISC EXPENSES	DIDC.220	\$5,000	DICC.190	\$5,000	\$10,000
OVERHEAD	DIDC.225	\$14,000	DICC.195	\$4,200	\$18,200
REMEDIAL CEMENTING	DIDC.231		DICC.215		
MOB/DEMOB	DIDC.240	\$150,000			\$150,000
DIRECTIONAL DRILLING SERVICES 22 DAYS @ 9500 PER DAY	DIDC.245	\$209,000			\$209,000
DOCK, DISPATCHER, CRANE	DIDC.250		DICC.230		
MARINE & AIR TRANSPORTATION	DIDC.275		DICC.250		
SOLIDS CONTROL	DIDC.280	\$166,000			\$166,000
WELL CONTROL EQUIP (Snubbing services)	DIDC.285	\$28,000	DICC.240	\$16,800	\$44,800
FISHING & SIDETRACK OPERATIONS	DIDC.270		DICC.245		
COMPLETION RIG 14 DAYS @ 4400 PER DAY			DICC.115	\$61,600	\$61,600
COIL TUBING DAYS @ PER DAY			DICC.260		
COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS			DICC.200	\$35,000	\$35,000
STIMULATION			DICC.210	\$220,000	\$220,000
LEGAL/REGULATORY/CURATIVE	DIDC.300	\$10,000	DICC.280		\$10,000
WELL CONTROL INSURANCE \$0.35 PER FOOT	DIDC.285	\$3,000			\$3,000
CONTINGENCY 5% OF DRILLING INTANGIBLES	DIDC.435	\$117,000	DICC.220	\$32,000	\$149,000
CONSTRUCTION FOR WELL EQUIPMENT			DWEA.110	\$1,000	\$1,000
CONSTRUCTION FOR LEASE EQUIPMENT			DLEQ.110	\$39,000	\$39,000
CONSTRUCTION FOR SALES P/L			DICC.265		
TOTAL INTANGIBLE COST		\$2,463,180		\$712,750	\$3,175,930
TANGIBLE - WELL EQUIPMENT					
CASING	SIZE	FEET	\$/FOOT		
DRIVE PIPE	20"	40	100.00	DWEB.150 4,000	\$4,000
CONDUCTOR PIPE				DWEB.130	
WATER STRING				DWEB.135	
SURFACE CASING	13-3/8"	250	42.00	DWEB.140 11,000	\$11,000
INTERMEDIATE CASING	8-5/8"	4,500	23.40	DWEB.145 105,000	\$105,000
DRILLING LINER	7"			DWEB.145	
DRILLING LINER				DWEB.145	
PRODUCTION CASING OR LINER	5 1/2"	9,800	15.90	DWEA.100 156,000	\$156,000
PRODUCTION TIE-BACK				DWEA.100	
TUBING	2 7/8"	12,000	6.50	DWEA.105 78,000	\$78,000
N/C WELL EQUIPMENT				DWEA.115 9,000	\$9,000
WELLHEAD, TREE, CHOKES				DWEB.115 12,000 DWEA.120 28,000	\$40,000
LINER HANGER, ISOLATION PACKER				DWEB.100 DWEA.125	
PACKER, NIPPLES				DWEA.130 110,000	\$110,000
PUMPING UNIT, ENGINE				DLEQ.100 78,000	\$78,000
LIFT EQUIPMENT (BHP, Rods, Anchors)				DLEQ.105 15,000	\$15,000
TANGIBLE - LEASE EQUIPMENT					
N/C LEASE EQUIPMENT				DLEQ.115 44,000	\$44,000
TANKS, TANKS STEPS, STAIRS				DLEQ.120 21,000	\$21,000
BATTERY (Heater Treater, Separator, Gas Treating Equipment)				DLEQ.125 18,000	\$18,000
FLOW LINES (Line Pipe from wellhead to central facility)				DLEQ.130 1,000	\$1,000
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES				DWEA.135	
PIPELINES TO SALES				DWEA.140	
TOTAL TANGIBLES			\$132,000	\$558,000	\$690,000
P&A COSTS	DIDC.295	60,000	DICC.275	(60,000)	
TOTAL COST		\$2,655,180		\$1,210,750	\$3,865,930

SHAW INTERESTS, INC.
OIL & GAS PROPERTIES

310 WEST WALL, STE. 305

MIDLAND, TX 79701

(432) 685-1404

April 6, 2007

Clay Allen Cureton
6582 Vanguard Avenue
Garden Grove, CA 92845

Re: Oil & Gas Lease
W/2 of Section 31
Township 14 South, Range 38 East
Lea County, New Mexico

Dear Mr. Cureton:

According to our title research, you own an undivided 2.87 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this Lease are \$100.00 per net mineral acre bonus consideration, three (3) year paid-up primary term and three-sixteenths (3/16) royalty.

If the terms of this lease are acceptable, please sign the Lease in the presence of a Notary Public, and thereafter, return the Lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$287.00 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS

Tim Lilley

7001 0320 0004 1884 0242

U.S. Postal Service	
CERTIFIED MAIL RECEIPT	
Domestic Mail Only; No Insurance Coverage Provided	
OFFICIAL USE	
Postage	\$.63
Certified Fee	2.40
Return Receipt Fee (Endorsement Required)	1.85
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.88
Sent To	Clay Allen Cureton
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	
PS Form 3800, January 2001	See Reverse for Instructions

OIL & GAS LEASE

THIS AGREEMENT made this 6th day of April 2007, between Clay Allen Cureton, herein dealing in her sole and separate property, as Lessor (whether one or more), whose address is 6582 Vanguard Avenue, Garden Grove, CA 92845, and Shaw Interests, Inc. whose address is 310 West Wall Street, Suite 305, Midland, TX 79701, Lessee,

WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East W/2 of Section 31

Said land is estimated to comprise 320.0 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of **Three (3) years** from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, **three-sixteenths (3/16)** of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of **three-sixteenths (3/16)** of the gas used, provided that on gas sold on or off the premises, the royalties shall be **three-sixteenths (3/16)** of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

Clay Allen Cureton

ACKNOWLEDGMENT

STATE OF

§
§
§

COUNTY OF

This instrument was acknowledged before me on the _____ day of _____, 2007, by Clay Allen Cureton.

Notary Public, State of

My Commission Expires: _____

SHAW INTERESTS, IN
OIL & GAS PROPERTIES
 310 W. WALL ST., SUITE 305
 MIDLAND, TEXAS 79701

7001 0320 0004 1883 9765

UNITED STATES POSTAGE
 PB9 850377
 187
 7640 \$04.640 APR 19 1977
 9747 MAILED FROM ZIP CODE 79708

RETURNED TO SENDER
 ATTEMPTED, UNKNOWN
 MOVED, UNABLE TO FORWARD
 INSUFFICIENT ADDRESS
 UNDELIVERABLE AS ADDRESSED
 MOVED, LEFT NO ADDRESS
 FORWARDING ORDER EXPIRES
 OUT OF BUSINESS
 PAID IN FULL

RETURNED TO SENDER
 DAILY DELIVERY ORDER
 616 ADV. BY CARRY ORDER
 2300 S. W. WALL ST. ROOM 910
 MIDLAND, TEXAS 79701
 MOVED, LEFT NO ADDRESS
 FORWARDING ORDER EXPIRES
 OUT OF BUSINESS
 PAID IN FULL

CERTIFIED MAIL

SHAW INTERESTS, INC.
OIL & GAS PROPERTIES
 310 W. WALL ST., SUITE 305
 MIDLAND, TEXAS 79701

7001 0320 0004 1884 0099

MIDLAND / ODESSA
 TX 79702
 11 APR 2007 3 PM
 MIDLAND, ODESSA TX 79702
 MAILED FROM ZIP CODE 79708

RETURNED TO SENDER
 ATTEMPTED, UNKNOWN
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 INSUFFICIENT ADDRESS
 UNDELIVERABLE AS ADDRESSED
 MOVED, LEFT NO ADDRESS
 FORWARDING ORDER EXPIRES
 OUT OF BUSINESS
 PAID IN FULL

RETURNED TO SENDER
 ROOM 910
 2300 S. W. WALL ST.
 MIDLAND, TEXAS 79701
 MOVED, LEFT NO ADDRESS
 FORWARDING ORDER EXPIRES
 OUT OF BUSINESS
 PAID IN FULL

RETURNED TO SENDER
 ATTEMPTED, UNKNOWN
 MOVED, UNABLE TO FORWARD
 INSUFFICIENT ADDRESS
 UNDELIVERABLE AS ADDRESSED
 MOVED, LEFT NO ADDRESS
 FORWARDING ORDER EXPIRES
 OUT OF BUSINESS
 PAID IN FULL

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 18, 2007

Dorothy Davis
C/o D.A. Carey
2 Rector St. - Room 910
New York, NY 10006

**Re: Pyramid #1
W/2 of Section 31, Township 14 South, Range 38 East
Lea County, New Mexico**

Dear Mr. Carey:

We are unable to locate a current address for Dorothy Davis. In conjunction with our proposal of April 6, 2007 to lease Dorothy's undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

- Surface Hole Location: 2210' FSL & 430' FWL
- Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

- \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Maner B. Shaw

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

OFFICIAL USE

Postage	\$.39	Postmark Here
Certified Fee	2.40	
Return Receipt Fee (Endorsement Required)	1.85	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 4.64	

Sent To

Dorothy Davis

Street, Apt. No.,
or PO Box No.

City, State, ZIP+4

10 0320 0004 1883 9765



AUTHORIZATION FOR EXPENDITURE

COMPANY ENTITY Cimarex Energy Co.				DATE PREPARED March 8, 2007	
REGION Permian	WELL NAME Pyramid	WELL NO 1	PROSPECT OR FIELD NAME Star-Denton	PROPERTY NUMBER	DRILLING AFE NO.
LOCATION SHL 2210' FSL & 430' FWL BHL 330' FSL & 430' FWL Sec 31, T14S, R38E			COUNTY Lea	STATE New Mexico	TYPE WELL OIL <input checked="" type="checkbox"/> EXPL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> PROD <input type="checkbox"/>
ORIGINAL ESTIMATE	<input checked="" type="checkbox"/>	EST. START DATE	EST. COMP. DATE	FORMATION	EST. TD 9800 TVD 11600' MD
REVISED ESTIMATE	<input type="checkbox"/>				
SUPPLEMENTAL ESTIMATE	<input type="checkbox"/>				

PROJECT DESCRIPTION:
Drill and complete a horizontal wolfcamp well.

<u>INTANGIBLES</u>	<u>DRY HOLE COST</u>	<u>AFTER CASING POINT</u>	<u>COMPLETED WELL COST</u>
Intangible Drilling Costs	<u>\$2,463,180</u>		<u>\$2,463,180</u>
Intangible Completion Costs		<u>712,750</u>	<u>712,750</u>
TOTAL INTANGIBLE COSTS	<u>2,463,180</u>	<u>712,750</u>	<u>3,175,930</u>
<u>TANGIBLES</u>			
Well Equipment	<u>132,000</u>	<u>474,000</u>	<u>606,000</u>
Lease Equipment		<u>84,000</u>	<u>84,000</u>
TOTAL TANGIBLE WELL COST	<u>132,000</u>	<u>558,000</u>	<u>690,000</u>
PLUG AND ABANDON COST	<u>60,000</u>	<u>(60,000)</u>	
TOTAL WELL COST:	<u>\$2,655,180</u>	<u>\$1,210,750</u>	<u>\$3,865,930</u>

Comments on Well Costs:

- All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

I elect to purchase my own well control insurance policy.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

#VALUE!

CIMAREX ENERGY CO. APPROVAL

PREPARED BY Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	DRILLING AND COMPLETION MANAGER Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	REGIONAL MANAGER Roger Alexander, Regional Manager Permian Basin
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JOINT INTEREST APPROVAL

COMPANY	BY	DATE
---------	----	------



PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

INTANGIBLES	Codes	DRY HOLE COST	Codes	AFTER CASING POINT	COMPLETED WELL COST
ROADS & LOCATION PREPARATION / RESTORATION	DIDC.100	\$100,000	DICC.100	\$8,000	\$108,000
DAMAGES	DIDC.105	\$4,000	DICC.105	\$1,000	\$5,000
MUD/FLUIDS DISPOSAL CHARGES	DIDC.255	\$20,000	DICC.235	\$20,000	\$40,000
DAY RATE 46 DH DAYS 5 ACP DAYS @ 17430 PER DAY	DIDC.115	\$801,780	DICC.120	\$87,150	\$888,930
MISC PREPARATION COST (mouse hole, rat hole, pads, pile clusters, misc.)	DIDC.120	\$8,000			\$8,000
BITS	DIDC.125	\$100,000	DICC.125	\$1,000	\$101,000
FUEL \$2.20 PER GALLON	DIDC.135	\$111,000	DICC.130	\$11,000	\$122,000
WATER / COMPLETION FLUIDS	DIDC.140	\$32,200	DICC.135	\$25,000	\$57,200
MUD & ADDITIVES	DIDC.145	\$64,400			\$64,400
SURFACE RENTALS	DIDC.150	\$69,000	DICC.140	\$45,000	\$114,000
DOWNHOLE RENTALS	DIDC.155	\$144,000	DICC.145	\$10,000	\$154,000
FORMATION EVALUATION (DST, Coring including evaluation, G&G SERVICES)	DIDC.160				
MUD LOGGING 37 DAYS @ \$900 PER DAY	DIDC.170	\$47,000			\$47,000
OPEN HOLE LOGGING	DIDC.180	\$65,000			\$65,000
CEMENTING & FLOAT EQUIPMENT	DIDC.185	\$50,000	DICC.155	\$40,000	\$90,000
TUBULAR INSPECTIONS	DIDC.190	\$5,000	DICC.160	\$2,500	\$7,500
CASING CREWS	DIDC.195	\$12,000	DICC.165	\$15,000	\$27,000
EXTRA LABOR, WELDING, ETC.	DIDC.200	\$27,600	DICC.170	\$5,000	\$32,600
LAND TRANSPORTATION (Trucking)	DIDC.205	\$32,200	DICC.175	\$7,000	\$39,200
SUPERVISION	DIDC.210	\$51,000	DICC.180	\$18,000	\$69,000
TRAILER HOUSE/CAMP/CATERING	DIDC.280	\$17,000	DICC.255	\$2,500	\$19,500
OTHER MISC EXPENSES	DIDC.220	\$5,000	DICC.190	\$5,000	\$10,000
OVERHEAD	DIDC.225	\$14,000	DICC.195	\$4,200	\$18,200
REMEDIAL CEMENTING	DIDC.231		DICC.215		
MOB/DEMOB	DIDC.240	\$150,000			\$150,000
DIRECTIONAL DRILLING SERVICES 22 DAYS @ 9500 PER DAY	DIDC.245	\$209,000			\$209,000
DOCK, DISPATCHER, CRANE	DIDC.250		DICC.230		
MARINE & AIR TRANSPORTATION	DIDC.275		DICC.250		
SOLIDS CONTROL	DIDC.260	\$166,000			\$166,000
WELL CONTROL EQUIP (Snubbing services)	DIDC.265	\$28,000	DICC.240	\$16,800	\$44,800
FISHING & SIDETRACK OPERATIONS	DIDC.270		DICC.245		
COMPLETION RIG 14 DAYS @ 4400 PER DAY			DICC.115	\$61,600	\$61,600
COIL TUBING DAYS @ PER DAY			DICC.260		
COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS			DICC.200	\$35,000	\$35,000
STIMULATION			DICC.210	\$220,000	\$220,000
LEGAL/REGULATORY/CURATIVE	DIDC.300	\$10,000	DICC.280		\$10,000
WELL CONTROL INSURANCE \$0.35 PER FOOT	DIDC.285	\$3,000			\$3,000
CONTINGENCY 5% OF DRILLING INTANGIBLES	DIDC.435	\$117,000	DICC.220	\$32,000	\$149,000
CONSTRUCTION FOR WELL EQUIPMENT			DWEA.110	\$1,000	\$1,000
CONSTRUCTION FOR LEASE EQUIPMENT			DLEQ.110	\$39,000	\$39,000
CONSTRUCTION FOR SALES P/L			DICC.265		
TOTAL INTANGIBLE COST		\$2,463,180		\$712,750	\$3,175,930
TANGIBLE - WELL EQUIPMENT					
CASING	SIZE	FEET	\$/FOOT		
DRIVE PIPE	20"	40	100.00	DWEB.150	4,000
CONDUCTOR PIPE				DWEB.130	
WATER STRING				DWEB.135	
SURFACE CASING	13-3/8"	250	42.00	DWEB.140	11,000
INTERMEDIATE CASING	8-5/8"	4,500	23.40	DWEB.145	105,000
DRILLING LINER	7"			DWEB.145	
DRILLING LINER				DWEB.145	
PRODUCTION CASING OR LINER	5 1/2"	9,800	15.90		
PRODUCTION TIE-BACK				DWEA.100	156,000
TUBING	2 7/8"	12,900	6.50		
N/C WELL EQUIPMENT				DWEA.105	78,000
WELLHEAD, TREE, CHOKES				DWEA.115	\$9,000
LINER HANGER, ISOLATION PACKER				DWEB.115	12,000
PACKER, NIPPLES				DWEA.120	\$28,000
PUMPING UNIT, ENGINE				DWEA.125	
LIFT EQUIPMENT (BHP, Rods, Anchors)				DWEA.130	\$110,000
TANGIBLE - LEASE EQUIPMENT				DLEQ.100	\$78,000
N/C LEASE EQUIPMENT				DLEQ.105	\$15,000
TANKS, TANKS STEPS, STAIRS				DLEQ.115	\$44,000
BATTERY (Heater Treater, Separator, Gas Treating Equipment)				DLEQ.120	\$21,000
FLOW LINES (Line Pipe from wellhead to central facility)				DLEQ.125	\$18,000
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES				DLEQ.130	\$1,000
PIPELINES TO SALES				DWEA.135	
				DWEA.140	
TOTAL TANGIBLES		\$132,000		\$558,000	\$690,000
P&A COSTS	DIDC.295	60,000	DICC.275	(60,000)	
TOTAL COST		\$2,655,180		\$1,210,750	\$3,865,930

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 6, 2007

D.A. Carey
2 Rector St. - Room 910
New York, NY 10006

**Re: Oil & Gas Lease
W/2 of Section 31
Township 14 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4,
SW/4NE/4 and NW/4SE/4 of Section 6
Township 15 South, Range 38 East
Lea County, New Mexico**

Dear Mr. Carey:

According to our title research, Dorothy Davis owns an undivided 1.00025 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this Lease are a \$100.00 per net mineral acre bonus consideration, three (3) year paid-up primary term and three-sixteenths (3/16) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$100.03 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS

Tim Lilley

7001 0320 0004 1884 0099

U.S. Postal Service	
CERTIFIED MAIL RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
OFFICIAL USE	
Postage	\$ 1.63
Certified Fee	2.40
Return Receipt Fee (Endorsement Required)	1.85
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.88
Sent To: Dorothy Davis	
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	

Postmark Here

PS Form 3800, January 2001 See Reverse for Instructions

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

Dorothy Davis

ACKNOWLEDGMENT

STATE OF NEW YORK §
 §
COUNTY OF §

This instrument was acknowledged before me on the _____ day of _____, 2007, by Dorothy Davis.

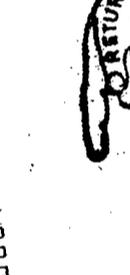
Notary Public, State of New York

My Commission Expires: _____

SHAW INTERESTS, INC
 OIL & GAS PROPERTIES
 310 W. WALL ST., SUITE 305
 MIDLAND, TEXAS 79701



- ATTEMPTED, UNKNOWN
 - MOVED, UNABLE TO FORWARD
 - INSUFFICIENT ADDRESS
 - UNDELIVERABLE AS ADDRESS
 - MOVED, LEFT NO ADDRESS
 - FORWARDING ORDER EXPIRES
 - OUT OF BUSINESS
- RITE # _____ CARL INTS.



- ATTEMPTED, UNKNOWN
 - MOVED, UNABLE TO FORWARD
 - INSUFFICIENT ADDRESS
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 - MOVED, LEFT NO ADDRESS
 - FORWARDING ORDER EXPIRES
 - OUT OF BUSINESS
- RITE # _____ CARL INTS.

2001 0320 0004 1884 0082



- ATTEMPTED, UNKNOWN
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 - INSUFFICIENT ADDRESS
 - UNDELIVERABLE AS ADDRESS
 - MOVED, LEFT NO ADDRESS
 - FORWARDING ORDER EXPIRES
 - OUT OF BUSINESS
- RITE # _____ CARL INTS.



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 - FORWARDING ORDER EXPIRES
 - OUT OF BUSINESS
- RITE # _____ CARL INTS.

MIDLAND / ODESSA
 TX 79702
 11 APR 2007 11:50 AM
 MILED FROM ZIP CODE 79708

UNITED STATES POSTAGE
 101
 7680 \$04.640 APR 19 07
 9743 MAILED FROM ZIP CODE 79708

CERTIFIED MAIL
 ADDRESS VALID AT POSTED TIME

SHAW INTERESTS, INC
 OIL & GAS PROPERTIES
 310 W. WALL ST., SUITE 305
 MIDLAND, TEXAS 79701

7001 0320 0004 1883 9758



- ATTEMPTED, UNKNOWN
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 - FORWARDING ORDER EXPIRES
 - OUT OF BUSINESS
- RITE # _____ CARL INTS.



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 - UNDELIVERABLE AS ADDRESS
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 - OUT OF BUSINESS
- RITE # _____ CARL INTS.

THANK

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 18, 2007

Stewart Mott Davis
C/o D. A. Carey
2 Rector St. - Room 910
New York, NY 10006

**Re: Pyramid #1
W/2 of Section 31, Township 14 South, Range 38 East
Lea County, New Mexico**

Dear Mr. Carey:

We are unable to locate a current address for Stewart Mott Davis. In conjunction with our proposal of April 6, 2007 to lease Stewart's undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

- Surface Hole Location: 2210' FSL & 430' FWL
- Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

- \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Maner B. Shaw

U.S. Postal Service	
CERTIFIED MAIL RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
OFFICIAL USE	
Postage	\$.39
Certified Fee	2.40
Return Receipt Fee (Endorsement Required)	1.85
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.64
Sent To	Stewart Mott Davis
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	

9525 975A
101 0320 0004 1883



AUTHORIZATION FOR EXPENDITURE

COMPANY ENTITY Cimarex Energy Co.					DATE PREPARED March 8, 2007
REGION Permian	WELL NAME Pyramid	WELL NO 1	PROSPECT OR FIELD NAME Star-Denton	PROPERTY NUMBER	DRILLING AFE NO.
LOCATION SHL 2210' FSL & 430' FWL BHL 330' FSL & 430' FWL Sec 31, T14S, R38E			COUNTY Lea	STATE New Mexico	TYPE WELL OIL <input checked="" type="checkbox"/> EXPL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> PROD <input type="checkbox"/>
ORIGINAL ESTIMATE	<input checked="" type="checkbox"/>	EST. START DATE	EST. COMP. DATE	FORMATION	EST. TD 9800 TVD
REVISED ESTIMATE	<input type="checkbox"/>				11600' MD
SUPPLEMENTAL ESTIMATE	<input type="checkbox"/>				

PROJECT DESCRIPTION:
Drill and complete a horizontal wolfcamp well.

<u>INTANGIBLES</u>	<u>DRY HOLE COST</u>	<u>AFTER CASING POINT</u>	<u>COMPLETED WELL COST</u>
Intangible Drilling Costs	<u>\$2,463,180</u>		<u>\$2,463,180</u>
Intangible Completion Costs		<u>712,750</u>	<u>712,750</u>
TOTAL INTANGIBLE COSTS	<u>2,463,180</u>	<u>712,750</u>	<u>3,175,930</u>
<u>TANGIBLES</u>			
Well Equipment	<u>132,000</u>	<u>474,000</u>	<u>606,000</u>
Lease Equipment		<u>84,000</u>	<u>84,000</u>
TOTAL TANGIBLE WELL COST	<u>132,000</u>	<u>558,000</u>	<u>690,000</u>
PLUG AND ABANDON COST	<u>60,000</u>	<u>(60,000)</u>	
TOTAL WELL COST:	<u>\$2,655,180</u>	<u>\$1,210,750</u>	<u>\$3,865,930</u>

Comments on Well Costs:
1. All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

_____ I elect to purchase my own well control insurance policy.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

#VALUE!

CIMAREX ENERGY CO. APPROVAL

PREPARED BY Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	DRILLING AND COMPLETION MANAGER Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	REGIONAL MANAGER Roger Alexander, Regional Manager Permian Basin
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JOINT INTEREST APPROVAL

COMPANY	BY	DATE
---------	----	------



PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

INTANGIBLES	DRY HOLE		AFTER CASING		COMPLETED WELL COST
	Codes	COST	Codes	POINT	
ROADS & LOCATION PREPARATION / RESTORATION	DIDC.100	\$100,000	DICC.100	\$8,000	\$108,000
DAMAGES	DIDC.105	\$4,000	DICC.105	\$1,000	\$5,000
MUD/FLUIDS DISPOSAL CHARGES	DIDC.255	\$20,000	DICC.235	\$20,000	\$40,000
DAY RATE 46 DH DAYS 5 ACP DAYS @ 17430 PER DAY	DIDC.115	\$801,780	DICC.120	\$87,150	\$888,930
MISC PREPARATION COST (mouse hole, rat hole, pads, pile clusters, misc.)	DIDC.120	\$8,000			\$8,000
BITS	DIDC.125	\$100,000	DICC.125	\$1,000	\$101,000
FUEL \$2.20 PER GALLON	DIDC.135	\$111,000	DICC.130	\$11,000	\$122,000
WATER / COMPLETION FLUIDS	DIDC.140	\$32,200	DICC.135	\$25,000	\$57,200
MUD & ADDITIVES	DIDC.145	\$64,400			\$64,400
SURFACE RENTALS	DIDC.150	\$69,000	DICC.140	\$45,000	\$114,000
DOWNHOLE RENTALS	DIDC.155	\$144,000	DICC.145	\$10,000	\$154,000
FORMATION EVALUATION (DST, Coring including evaluation, G&G SERVICES)	DIDC.160				
MUD LOGGING 37 DAYS @ \$900 PER DAY	DIDC.170	\$47,000			\$47,000
OPEN HOLE LOGGING	DIDC.180	\$65,000			\$65,000
CEMENTING & FLOAT EQUIPMENT	DIDC.185	\$50,000	DICC.155	\$40,000	\$90,000
TUBULAR INSPECTIONS	DIDC.190	\$5,000	DICC.160	\$2,500	\$7,500
CASING CREWS	DIDC.195	\$12,000	DICC.165	\$15,000	\$27,000
EXTRA LABOR, WELDING, ETC.	DIDC.200	\$27,600	DICC.170	\$5,000	\$32,600
LAND TRANSPORTATION (Trucking)	DIDC.205	\$32,200	DICC.175	\$7,000	\$39,200
SUPERVISION	DIDC.210	\$51,000	DICC.180	\$18,000	\$69,000
TRAILER HOUSE/CAMP/CATERING	DIDC.280	\$17,000	DICC.255	\$2,500	\$19,500
OTHER MISC EXPENSES	DIDC.220	\$5,000	DICC.190	\$5,000	\$10,000
OVERHEAD	DIDC.225	\$14,000	DICC.195	\$4,200	\$18,200
REMEDIAL CEMENTING	DIDC.231		DICC.215		
MOB/DEMOB	DIDC.240	\$150,000			\$150,000
DIRECTIONAL DRILLING SERVICES 22 DAYS @ 9500 PER DAY	DIDC.245	\$209,000			\$209,000
DOCK, DISPATCHER, CRANE	DIDC.250		DICC.230		
MARINE & AIR TRANSPORTATION	DIDC.275		DICC.250		
SOLIDS CONTROL	DIDC.260	\$166,000			\$166,000
WELL CONTROL EQUIP (Snubbing services)	DIDC.265	\$28,000	DICC.240	\$16,800	\$44,800
FISHING & SIDETRACK OPERATIONS	DIDC.270		DICC.245		
COMPLETION RIG 14 DAYS @ 4400 PER DAY			DICC.115	\$61,600	\$61,600
COIL TUBING DAYS @ PER DAY			DICC.260		
COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS			DICC.200	\$35,000	\$35,000
STIMULATION			DICC.210	\$220,000	\$220,000
LEGAL/REGULATORY/CURATIVE	DIDC.300	\$10,000	DICC.280		\$10,000
WELL CONTROL INSURANCE \$0.35 PER FOOT	DIDC.285	\$3,000			\$3,000
CONTINGENCY 5% OF DRILLING INTANGIBLES	DIDC.435	\$117,000	DICC.220	\$32,000	\$149,000
CONSTRUCTION FOR WELL EQUIPMENT			DWEA.110	\$1,000	\$1,000
CONSTRUCTION FOR LEASE EQUIPMENT			DLEQ.110	\$39,000	\$39,000
CONSTRUCTION FOR SALES P/L			DICC.265		
TOTAL INTANGIBLE COST:		\$2,463,180		\$712,750	\$3,175,930
TANGIBLE - WELL EQUIPMENT					
CASING:	SIZE	FEET	\$/FOOT		
DRIVE PIPE	20"	40	100.00	DWEB.150 4,000	\$4,000
CONDUCTOR PIPE				DWEB.130	
WATER STRING				DWEB.135	
SURFACE CASING	13-3/8"	250	42.00	DWEB.140 11,000	\$11,000
INTERMEDIATE CASING	8-5/8"	4,500	23.40	DWEB.145 105,000	\$105,000
DRILLING LINER	7"			DWEB.145	
DRILLING LINER				DWEB.145	
PRODUCTION CASING OR LINER	5 1/2"	9,800	15.90		
PRODUCTION TIE-BACK				DWEA.100	
TUBING	2 7/8"	12,000	6.50	DWEA.105 78,000	\$78,000
N/C WELL EQUIPMENT				DWEA.115 9,000	\$9,000
WELLHEAD, TREE, CHOKES				DWEB.115 12,000	\$40,000
LINER HANGER, ISOLATION PACKER				DWEB.100	
PACKER, NIPPLES				DWEA.130	\$110,000
PUMPING UNIT, ENGINE				DLEQ.100	\$78,000
LIFT EQUIPMENT (BHP, Rods, Anchors)				DLEQ.105	\$15,000
TANGIBLE - LEASE EQUIPMENT					
N/C LEASE EQUIPMENT				DLEQ.115	\$44,000
TANKS, TANKS STEPS, STAIRS				DLEQ.120	\$21,000
BATTERY (Heater Treater, Separator, Gas Treating Equipment)				DLEQ.125	\$18,000
FLOW LINES (Line Pipe from wellhead to central facility)				DLEQ.130	\$1,000
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES				DWEA.135	
PIPELINES TO SALES				DWEA.140	
TOTAL TANGIBLES:		\$132,000		\$558,000	\$690,000
P&A COSTS	DIDC.295	60,000	DICC.275	(60,000)	
TOTAL COST:		\$2,655,180		\$1,210,750	\$3,865,930

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 6, 2007

Stewart Mott Davis
C/o D. A. Carey
2 Rector St. - Room 910
New York, NY 10006

**Re: Oil & Gas Lease
W/2 of Section 31
Township 14 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4,
SW/4NE/4 and NW/4SE/4 of Section 6
Township 15 South, Range 38 East
Lea County, New Mexico**

Dear Mr. Carey:

According to our title research, Stewart Mott Davis owns an undivided 1.00025 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this Lease are a \$100.00 per net mineral acre bonus consideration, three (3) year paid-up primary term and three-sixteenths (3/16) royalty.

If these terms are acceptable, please have him sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$100.03 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS

Tim Lilley

U.S. Postal Service	
CERTIFIED MAIL RECEIPT	
<i>(Domestic Mail Only; No Insurance Coverage Provided)</i>	
OFFICIAL USE	
Postage	\$ 1.63
Certified Fee	2.40
Return Receipt Fee (Endorsement Required)	1.65
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.88
Sent To <u>Stewart Mott Davis</u>	
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	
PS Form 3800, January 2001	
See Reverse for Instructions	

2800 4984 1884 4000 0220 1002

OIL & GAS LEASE

THIS AGREEMENT made this 6th day of April, 2007, between Stewart Mott Davis, herein dealing in his sole and separate, as Lessor (whether one or more), C/o D. A. Carey, whose address is 2 Rector St. - Room 910, New York, NY 10006, and Shaw Interests, Inc. whose address is P.O. Box 9612, Midland, Texas 79708, Lessee,

WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East

W/2 of Section 31

Township 15 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of **Three (3) years** from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, **three-sixteenths (3/16)** of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of **three-sixteenths (3/16)** of the gas used, provided that on gas sold on or off the premises, the royalties shall be **three-sixteenths (3/16)** of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

Stewart Mott Davis

ACKNOWLEDGMENT

STATE OF NEW YORK §
 §
COUNTY OF §

This instrument was acknowledged before me on the _____ day of _____, 2007, by Stewart Mott Davis.

Notary Public, State of New York

My Commission Expires: _____

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 11, 2007

Jean and Orville Morris
655 Plum Avenue
Wyandotte, MI 48192

**Re: Oil & Gas Lease
W/2 of Section 31
Township 14 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4,
SW/4NE/4 and NW/4SE/4 of Section 6
Township 15 South, Range 38 East
Lea County, New Mexico**

Dear Jean and Orville:

According to our title research you own an undivided .9092726 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this lease are a \$100.00 flat fee bonus consideration, three (3) year paid-up primary term and one-fifth (1/5) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$100.00 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS

Tim Lilley

7001 0320 0004 1884 0617

U.S. Postal Service	
CERTIFIED MAIL RECEIPT	
<i>(Domestic Mail Only; No Insurance Coverage Provided)</i>	
OFFICIAL USE	
Postage	\$.63
Certified Fee	2.80
Return Receipt Fee (Endorsement Required)	1.85
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.88
Postmark Here	
Sent To JEAN & ORVILLE MORRIS	
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	
PS Form 3800, January 2001	
See Reverse for Instructions	

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 17, 2007

Jean and Orville Morris
655 Plum Avenue
Wyandotte, MI 48192

**Re: Pyramid #1
W/2 of Section 31, Township 14 South, Range 38 East
Lea County, New Mexico**

Dear Jean & Orville:

In conjunction with our proposal of April 11, 2007 to lease your undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

- Surface Hole Location: 2210' FSL & 430' FWL
- Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

- \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Maner B. Shaw

U.S. Postal Service CERTIFIED MAIL RECEIPT (Domestic Mail Only; No Insurance Coverage Provided)	
OFFICIAL USE	
Postage	\$.39
Certified Fee	2.40
Return Receipt Fee (Endorsement Required)	1.85
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.64
Postmark Here	
Sent To <u>Jean & Orville Morris</u>	
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	

7001 0320 0004 1883 9673

See Reverse for Instructions



AUTHORIZATION FOR EXPENDITURE

COMPANY ENTITY Cimarex Energy Co.					DATE PREPARED March 8, 2007
REGION Permian	WELL NAME Pyramid	WELL NO 1	PROSPECT OR FIELD NAME Star-Denton	PROPERTY NUMBER	DRILLING AFE NO.
LOCATION SHL 2210' FSL & 430' FWL BHL 330' FSL & 430' FWL Sec 31, T14S, R38E			COUNTY Lea	STATE New Mexico	TYPE WELL OIL <input checked="" type="checkbox"/> EXPL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> PROD <input type="checkbox"/>
ORIGINAL ESTIMATE <input checked="" type="checkbox"/>	REVISIED ESTIMATE <input type="checkbox"/>	SUPPLEMENTAL ESTIMATE <input type="checkbox"/>	EST. START DATE	EST. COMP. DATE	FORMATION
					EST. TD 9800 TVD 11600' MD

PROJECT DESCRIPTION:
Drill and complete a horizontal wolfcamp well.

<u>INTANGIBLES</u>	<u>DRY HOLE COST</u>	<u>AFTER CASING POINT</u>	<u>COMPLETED WELL COST</u>
Intangible Drilling Costs	\$2,463,180		\$2,463,180
Intangible Completion Costs		712,750	712,750
TOTAL INTANGIBLE COSTS	2,463,180	712,750	3,175,930
<u>TANGIBLES</u>			
Well Equipment	132,000	474,000	606,000
Lease Equipment		84,000	84,000
TOTAL TANGIBLE WELL COST	132,000	558,000	690,000
PLUG AND ABANDON COST	60,000	(60,000)	
TOTAL WELL COST:	\$2,655,180	\$1,210,750	\$3,865,930

Comments on Well Costs:

1. All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

_____ I elect to purchase my own well control insurance policy.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related re-drilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

#VALUE!

CIMAREX ENERGY CO. APPROVAL		
PREPARED BY Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	DRILLING AND COMPLETION MANAGER Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	REGIONAL MANAGER Roger Alexander, Regional Manager Permian Basin

JOINT INTEREST APPROVAL		
COMPANY	BY	DATE



PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

INTANGIBLES	Codes	DRY HOLE COST	Codes	AFTER CASING POINT	COMPLETED WELL COST
ROADS & LOCATION PREPARATION / RESTORATION	DIDC.100	\$100,000	DICC.100	\$8,000	\$108,000
DAMAGES	DIDC.105	\$4,000	DICC.105	\$1,000	\$5,000
MUD/FLUIDS DISPOSAL CHARGES	DIDC.255	\$20,000	DICC.235	\$20,000	\$40,000
DAY RATE 46 DH DAYS 5 ACP DAYS @ 17430 PER DAY	DIDC.115	\$801,780	DICC.120	\$87,150	\$888,930
MISC PREPARATION COST (mouse hole, rat hole, pads, pile clusters, misc.)	DIDC.120	\$8,000			\$8,000
BITS	DIDC.125	\$100,000	DICC.125	\$1,000	\$101,000
FUEL \$2.20 PER GALLON	DIDC.135	\$111,000	DICC.130	\$11,000	\$122,000
WATER / COMPLETION FLUIDS	DIDC.140	\$32,200	DICC.135	\$25,000	\$57,200
MUD & ADDITIVES	DIDC.145	\$64,400			\$64,400
SURFACE RENTALS	DIDC.150	\$69,000	DICC.140	\$45,000	\$114,000
DOWNHOLE RENTALS	DIDC.155	\$144,000	DICC.145	\$10,000	\$154,000
FORMATION EVALUATION (DST, Coring including evaluation, G&G SERVICES)	DIDC.160				
MUD LOGGING 37 DAYS @ \$900 PER DAY	DIDC.170	\$47,000			\$47,000
OPEN HOLE LOGGING	DIDC.180	\$65,000			\$65,000
CEMENTING & FLOAT EQUIPMENT	DIDC.185	\$50,000	DICC.155	\$40,000	\$90,000
TUBULAR INSPECTIONS	DIDC.190	\$5,000	DICC.160	\$2,500	\$7,500
CASING CREWS	DIDC.195	\$12,000	DICC.165	\$15,000	\$27,000
EXTRA LABOR, WELDING, ETC.	DIDC.200	\$27,600	DICC.170	\$5,000	\$32,600
LAND TRANSPORTATION (Trucking)	DIDC.205	\$32,200	DICC.175	\$7,000	\$39,200
SUPERVISION	DIDC.210	\$51,000	DICC.180	\$18,000	\$69,000
TRAILER HOUSE/CAMP/CATERING	DIDC.280	\$17,000	DICC.255	\$2,500	\$19,500
OTHER MISC EXPENSES	DIDC.220	\$5,000	DICC.190	\$5,000	\$10,000
OVERHEAD	DIDC.225	\$14,000	DICC.195	\$4,200	\$18,200
REMEDIAL CEMENTING	DIDC.231		DICC.215		
MOB/DEMOB	DIDC.240	\$150,000			\$150,000
DIRECTIONAL DRILLING SERVICES 22 DAYS @ 9500 PER DAY	DIDC.245	\$209,000			\$209,000
DOCK, DISPATCHER, CRANE	DIDC.250		DICC.230		
MARINE & AIR TRANSPORTATION	DIDC.275		DICC.250		
SOLIDS CONTROL	DIDC.260	\$166,000			\$166,000
WELL CONTROL EQUIP (Snubbing services)	DIDC.265	\$28,000	DICC.240	\$16,800	\$44,800
FISHING & SIDETRACK OPERATIONS	DIDC.270		DICC.245		
COMPLETION RIG 14 DAYS @ 4400 PER DAY			DICC.115	\$61,600	\$61,600
COIL TUBING DAYS @ PER DAY			DICC.260		
COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS			DICC.200	\$35,000	\$35,000
STIMULATION			DICC.210	\$220,000	\$220,000
LEGAL/REGULATORY/CURATIVE	DIDC.300	\$10,000	DICC.280		\$10,000
WELL CONTROL INSURANCE \$0.35 PER FOOT	DIDC.285	\$3,000			\$3,000
CONTINGENCY 5% OF DRILLING INTANGIBLES	DIDC.435	\$117,000	DICC.220	\$32,000	\$149,000
CONSTRUCTION FOR WELL EQUIPMENT			DWEA.110	\$1,000	\$1,000
CONSTRUCTION FOR LEASE EQUIPMENT			DLEQ.110	\$39,000	\$39,000
CONSTRUCTION FOR SALES P/L			DICC.265		
TOTAL INTANGIBLE COST		\$2,463,180		\$742,750	\$3,175,930
TANGIBLE - WELL EQUIPMENT					
CASING	SIZE	FEET	\$/FOOT		
DRIVE PIPE	20"	40	100.00	DWEB.150	4,000
CONDUCTOR PIPE				DWEB.130	
WATER STRING				DWEB.135	
SURFACE CASING	13-3/8"	250	42.00	DWEB.140	11,000
INTERMEDIATE CASING	8-5/8"	4,500	23.40	DWEB.145	105,000
DRILLING LINER	7"			DWEB.145	
DRILLING LINER				DWEB.145	
PRODUCTION CASING OR LINER	5 1/2"	9,800	15.90		
PRODUCTION TIE-BACK				DWEA.100	156,000
TUBING	2 7/8"	12,000	6.50	DWEA.100	78,000
N/C WELL EQUIPMENT				DWEA.105	9,000
WELLHEAD, TREE, CHOKES				DWEA.115	\$28,000
LINER HANGER, ISOLATION PACKER				DWEA.120	\$40,000
PACKER, NIPPLES				DWEA.125	
PUMPING UNIT, ENGINE				DWEA.130	\$110,000
LIFT EQUIPMENT (BHP, Rods, Anchors)				DLEQ.100	\$78,000
TANGIBLE - LEASE EQUIPMENT				DLEQ.105	\$15,000
N/C LEASE EQUIPMENT				DLEQ.115	\$44,000
TANKS, TANKS STEPS, STAIRS				DLEQ.120	\$21,000
BATTERY (Heater Treater, Separator, Gas Treating Equipment)				DLEQ.125	\$18,000
FLOW LINES (Line Pipe from wellhead to central facility)				DLEQ.130	\$1,000
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES				DWEA.135	
PIPELINES TO SALES				DWEA.140	
TOTAL TANGIBLES					\$132,000
TOTAL TANGIBLES					\$558,000
TOTAL TANGIBLES					\$690,000
P&A COSTS	DIDC.295	60,000	DICC.275	(60,000)	
TOTAL COST		\$2,655,180		\$1,210,750	\$3,865,930

OIL & GAS LEASE

THIS AGREEMENT made this 11th day of April 2007, between Jean Morris and husband, Orville Morris, as Lessor (whether one or more), whose address is 655 Plum Avenue, Wyandotte, MI 48192, and Shaw Interests, Inc. whose address is 310 W. Wall St., Ste. 305, Midland, Texas 79701, Lessee,

WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East
W/2 of Section 31

Township 15 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of **Three (3) years** from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, **one-fifth (1/5)** of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of **one-fifth (1/5)** of the gas used, provided that on gas sold on or off the premises, the royalties shall be **one-fifth (1/5)** of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

Jean Morris

Orville Morris

ACKNOWLEDGMENT

STATE OF MICHIGAN §
 §
COUNTY OF §

This instrument was acknowledged before me on the _____ day of _____, 2007, by Jean Morris.

Notary Public, State of Michigan

My Commission Expires: _____

ACKNOWLEDGMENT

STATE OF MICHIGAN §
 §
COUNTY OF §

This instrument was acknowledged before me on the _____ day of _____, 2007, by Orville Morris.

Notary Public, State of Michigan

My Commission Expires: _____

CERTIFIED MAIL

SHAW INTERESTS, I
OIL & GAS PROPERTII
310 W. WALL ST., SUITE 301
MIDLAND, TEXAS 79701

★ ★ ★
157
76109
9746
★ ★ ★
PB9 850377
04-640 APR 19 07
MAILED FROM ZIP CODE 79701

7001 0320 0004 1883 9826

W. Doyle

James E. O'Brien & Robert E. O'Brien,
Trustees u/w/o
Frank O. Doyle, dec'd
1724 Adam' A
Dunmore, F O S

- INSUFFICIENT ADDRESS
- ATTEMPTED NOT KNOWN
- NO SUCH NUMBER/ STREET
- NOT DELIVERABLE AS ADDRESSED
- UNABLE TO FORWARD

RTS
RETURN TO SENDER

18509+2009-24 C061

CERTIFIED MAIL

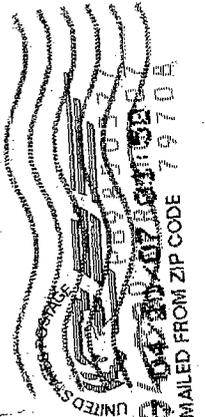
SHAW INTERESTS, IN
OIL & GAS PROPERTIES
310 W. WALL ST., SUITE 305
MIDLAND, TEXAS 79701

7001 0320 0004 1684 0226

MIDLAND / ODESSA
TX 79702

11 APR 2007 0PM

MIDLAND / ODESSA TX 79702
MAILED FROM ZIP CODE 79702A



Handwritten signature/initials

James O'Brien
4724 Adams
Duquesne, PA 18509-2008

A C S

- INSUFFICIENT ADDRESS
- ATTEMPTED NOT KNOWN
- NO SUCH NUMBER/ STREET
- NOT DELIVERABLE AS ADDRESSED
- UNABLE TO FORWARD

RTS
RETURN TO SENDER

18509-2008-24 0061

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 18, 2007

James E. O'Brien & Robert E. O'Brien, Trustees u/w/o
Frank O. Doyle, dec'd
1724 Adams
Dunmore, PA 18509-2008

**Re: Pyramid #1
W/2 of Section 31, Township 14 South, Range 38 East
Lea County, New Mexico**

Dear Mr. O'Brien:

In conjunction with our proposal of April 6, 2007 to lease the undivided mineral interest in the Doyle Testamentary Trust in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

- Surface Hole Location: 2210' FSL & 430' FWL
- Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

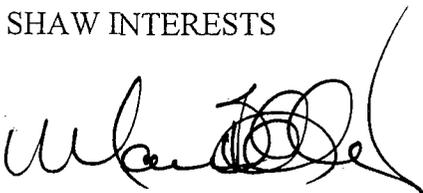
If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

- \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS



Maner B. Shaw

**U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)**

OFFICIAL USE

9226 6826 1883 4000 0220 1000

Postage	\$.39
Certified Fee	2.40
Return Receipt Fee (Endorsement Required)	1.85
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.64

Postmark
Here

Sent To JAMES & ROBERT O'BRIEN
Street, Apt. No.,
or PO Box No.
City, State, ZIP+4



AUTHORIZATION FOR EXPENDITURE

COMPANY ENTITY Cimarex Energy Co.				DATE PREPARED March 8, 2007	
REGION Permian	WELL NAME Pyramid	WELL NO. 1	PROSPECT OR FIELD NAME Star-Denton	PROPERTY NUMBER	DRILLING AFE NO.
LOCATION SHL 2210' FSL & 430' FWL BHL 330' FSL & 430' FWL Sec 31, T14S, R38E			COUNTY Lea	STATE New Mexico	TYPE WELL OIL <input checked="" type="checkbox"/> EXPL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> PROD <input type="checkbox"/>
ORIGINAL ESTIMATE	<u> X </u>	EST. START DATE	EST. COMP. DATE	FORMATION	EST. TD 9800 TVD 11600' MD
REVISED ESTIMATE	<u> </u>				
SUPPLEMENTAL ESTIMATE	<u> </u>				

PROJECT DESCRIPTION:
Drill and complete a horizontal wolfcamp well.

<u>INTANGIBLES</u>	<u>DRY HOLE COST</u>	<u>AFTER CASING POINT</u>	<u>COMPLETED WELL COST</u>
Intangible Drilling Costs	<u>\$2,463,180</u>		<u>\$2,463,180</u>
Intangible Completion Costs		<u>712,750</u>	<u>712,750</u>
TOTAL INTANGIBLE COSTS	<u>2,463,180</u>	<u>712,750</u>	<u>3,175,930</u>
<u>TANGIBLES</u>			
Well Equipment	<u>132,000</u>	<u>474,000</u>	<u>606,000</u>
Lease Equipment		<u>84,000</u>	<u>84,000</u>
TOTAL TANGIBLE WELL COST	<u>132,000</u>	<u>558,000</u>	<u>690,000</u>
PLUG AND ABANDON COST	<u>60,000</u>	<u>(60,000)</u>	
TOTAL WELL COST:	<u>\$2,655,180</u>	<u>\$1,210,750</u>	<u>\$3,865,930</u>

Comments on Well Costs:
1. All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

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Comments on AFE

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#VALUE!

CIMAREX ENERGY CO. APPROVAL

PREPARED BY Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	DRILLING AND COMPLETION MANAGER Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	REGIONAL MANAGER Roger Alexander, Regional Manager Permian Basin
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JOINT INTEREST APPROVAL

COMPANY	BY	DATE
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PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

INTANGIBLES	Codes	DRY HOLE COST	Codes	AFTER CASING POINT	COMPLETED WELL COST
ROADS & LOCATION PREPARATION / RESTORATION	DIDC.100	\$100,000	DICC.100	\$8,000	\$108,000
DAMAGES	DIDC.105	\$4,000	DICC.105	\$1,000	\$5,000
MUD/FLUIDS DISPOSAL CHARGES	DIDC.255	\$20,000	DICC.235	\$20,000	\$40,000
DAY RATE 46 DH DAYS 5 ACP DAYS @ 17430 PER DAY	DIDC.115	\$801,760	DICC.120	\$87,150	\$888,930
MISC PREPARATION COST (mouse hole, rat hole, pads, pile clusters, misc.)	DIDC.120	\$8,000			\$8,000
BITS	DIDC.125	\$100,000	DICC.125	\$1,000	\$101,000
FUEL \$2.20 PER GALLON	DIDC.135	\$111,000	DICC.130	\$11,000	\$122,000
WATER / COMPLETION FLUIDS	DIDC.140	\$32,200	DICC.135	\$25,000	\$57,200
MUD & ADDITIVES	DIDC.145	\$64,400			\$64,400
SURFACE RENTALS	DIDC.150	\$69,000	DICC.140	\$45,000	\$114,000
DOWNHOLE RENTALS	DIDC.155	\$144,000	DICC.145	\$10,000	\$154,000
FORMATION EVALUATION (DST, Coring including evaluation, G&G SERVICES)	DIDC.160				
MUD LOGGING 37 DAYS @ \$900 PER DAY	DIDC.170	\$47,000			\$47,000
OPEN HOLE LOGGING	DIDC.180	\$65,000			\$65,000
CEMENTING & FLOAT EQUIPMENT	DIDC.185	\$50,000	DICC.155	\$40,000	\$90,000
TUBULAR INSPECTIONS	DIDC.190	\$5,000	DICC.160	\$2,500	\$7,500
CASING CREWS	DIDC.195	\$12,000	DICC.165	\$15,000	\$27,000
EXTRA LABOR, WELDING, ETC.	DIDC.200	\$27,600	DICC.170	\$5,000	\$32,600
LAND TRANSPORTATION (Trucking)	DIDC.205	\$32,200	DICC.175	\$7,000	\$39,200
SUPERVISION	DIDC.210	\$51,000	DICC.180	\$18,000	\$69,000
TRAILER HOUSE/CAMP/CATERING	DIDC.280	\$17,000	DICC.255	\$2,500	\$19,500
OTHER MISC EXPENSES	DIDC.220	\$5,000	DICC.190	\$5,000	\$10,000
OVERHEAD	DIDC.225	\$14,000	DICC.195	\$4,200	\$18,200
REMEDIAL CEMENTING	DIDC.231		DICC.215		
MOB/DEMOB	DIDC.240	\$150,000			\$150,000
DIRECTIONAL DRILLING SERVICES 22 DAYS @ 9500 PER DAY	DIDC.245	\$209,000			\$209,000
DOCK, DISPATCHER, CRANE	DIDC.250		DICC.230		
MARINE & AIR TRANSPORTATION	DIDC.275		DICC.250		
SOLIDS CONTROL	DIDC.260	\$166,000			\$166,000
WELL CONTROL EQUIP (Snubbing services)	DIDC.265	\$28,000	DICC.240	\$16,800	\$44,800
FISHING & SIDETRACK OPERATIONS	DIDC.270		DICC.245		
COMPLETION RIG 14 DAYS @ 4400 PER DAY			DICC.115	\$61,600	\$61,600
COIL TUBING DAYS @ PER DAY			DICC.260		
COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS			DICC.200	\$35,000	\$35,000
STIMULATION			DICC.210	\$220,000	\$220,000
LEGAL/REGULATORY/CURATIVE	DIDC.300	\$10,000	DICC.280		\$10,000
WELL CONTROL INSURANCE \$0.35 PER FOOT	DIDC.285	\$3,000			\$3,000
CONTINGENCY 5% OF DRILLING INTANGIBLES	DIDC.435	\$117,000	DICC.220	\$32,000	\$149,000
CONSTRUCTION FOR WELL EQUIPMENT			DWEA.110	\$1,000	\$1,000
CONSTRUCTION FOR LEASE EQUIPMENT			DLEQ.110	\$39,000	\$39,000
CONSTRUCTION FOR SALES P/L			DICC.265		
TOTAL INTANGIBLE COST		\$2,463,180		\$712,750	\$3,175,930
TANGIBLE - WELL EQUIPMENT					
CASING	SIZE	FEET	\$/FOOT		
DRIVE PIPE	20"	40	100.00	DWEB.150	4,000
CONDUCTOR PIPE				DWEB.130	
WATER STRING				DWEB.135	
SURFACE CASING	13-3/8"	250	42.00	DWEB.140	11,000
INTERMEDIATE CASING	8-5/8"	4,500	23.40	DWEB.145	105,000
DRILLING LINER	7"			DWEB.145	
DRILLING LINER				DWEB.145	
PRODUCTION CASING OR LINER	5 1/2"	9,800	15.90		
PRODUCTION TIE-BACK				DWEA.100	
TUBING	2 7/8"	12,000	6.50		
N/C WELL EQUIPMENT				DWEA.105	78,000
WELLHEAD, TREE, CHOKES				DWEA.115	\$9,000
LINER HANGER, ISOLATION PACKER				DWEA.120	\$28,000
PACKER, NIPPLES				DWEA.125	
PUMPING UNIT, ENGINE				DWEA.130	\$110,000
LIFT EQUIPMENT (BHP, Rods, Anchors)				DLEQ.100	\$78,000
TANGIBLE - LEASE EQUIPMENT				DLEQ.105	\$15,000
N/C LEASE EQUIPMENT				DLEQ.115	\$44,000
TANKS, TANKS STEPS, STAIRS				DLEQ.120	\$21,000
BATTERY (Heater Treater, Separator, Gas Treating Equipment)				DLEQ.125	\$18,000
FLOW LINES (Line Pipe from wellhead to central facility)				DLEQ.130	\$1,000
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES				DWEA.135	
PIPELINES TO SALES				DWEA.140	
TOTAL TANGIBLES					\$132,000
P&A COSTS	DIDC.295	60,000	DICC.275	(60,000)	
TOTAL COST		\$2,655,180		\$1,210,750	\$3,865,930

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 6, 2007

James O'Brien
1724 Adams
Dunmore, PA 18509-2008

**Re: Oil & Gas Lease
Frank O. Doyle Trust
W/2 of Section 31
Township 14 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4,
SW/4NE/4 and NW/4SE/4 of Section 6
Township 15 South, Range 38 East
Lea County, New Mexico**

Dear James:

According to our title research, you own an undivided 5.00125 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this Lease are a \$100.00 per net mineral acre bonus consideration, three (3) year paid-up primary term and three-sixteenths (3/16) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$500.13 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS

Tim Lilley

7001 0320 0004 1884 0228

U.S. Postal Service	
CERTIFIED MAIL RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
OFFICIAL USE	
Postage	\$.63
Certified Fee	2.40
Return Receipt Fee (Endorsement Required)	1.85
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.88
Postmark Here	
Sent To <u>JAMES O'BRIEN</u>	
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	

PS Form 3800, January 2001 See Reverse for Instructions

OIL & GAS LEASE

THIS AGREEMENT made this 6th day of April 2007, between James O'Brien, John O'Brien, and Mary O'Brien, each dealing in their sole and separate property, as Lessor (whether one or more), whose address is 1724 Adams, Dunmore, PA 18509-2008, and Shaw Interests, Inc. whose address is 310 W. Wall., Midland, Texas 79708, Lessee,

WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East

W/2 of Section 31

Township 15 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of **Three (3) years** from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, **three-sixteenths (3/16)** of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of **three-sixteenths (3/16)** of the gas used, provided that on gas sold on or off the premises, the royalties shall be **three-sixteenths (3/16)** of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

James O'Brien

John O'Brien

Mary O'Brien

ACKNOWLEDGMENT

STATE OF PENNSYLVANIA §
 §
COUNTY OF §

This instrument was acknowledged before me on the _____ day of _____, 2007, by James O'Brien.

Notary Public, State of Pennsylvania

My Commission Expires: _____

ACKNOWLEDGMENT

STATE OF PENNSYLVANIA §
 §
COUNTY OF §

This instrument was acknowledged before me on the _____ day of _____, 2007, by John O'Brien.

Notary Public, State of Pennsylvania

My Commission Expires: _____

ACKNOWLEDGMENT

STATE OF PENNSYLVANIA §
 §
COUNTY OF §

This instrument was acknowledged before me on the _____ day of _____, 2007, by Mary O'Brien.

Notary Public, State of Pennsylvania

My Commission Expires: _____

SHAW INTERESTS, INC.
OIL & GAS PROPERTIES
310 W. WALL ST., SUITE 305
MIDLAND, TEXAS 79701

RT # _____
INIT _____

ATTEMPTED DELIVERY
 NO MAIL RECEIPT
 REFUSE
 NOT DEL AS ADDRESSED
UNABLE TO FORWARD

*Return
to sender*

0004 1883 9741

Marjorie M. Olds
1004 Regue Valley Manor
Medford, OR 97501

*deceased
1969*

MEDFORD OR 975

26 APR 2007

PM 11
143
76209
9747

DEAR BLOSSOM

UNION POST OFFICE
FESTIVAL

04:04 APR 19 07

MAILED FROM ZIP CODE 97501

97502+2748-04 0050



SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 17, 2007

Marjorie M. Olds
1004 Rogue Valley Manor
Medford, OR 97501

**Re: Pyramid #1
W/2 of Section 31, Township 14 South, Range 38 East
Lea County, New Mexico**

Dear Marjorie:

In conjunction with our proposal of April 6, 2007 to lease your undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

- Surface Hole Location: 2210' FSL & 430' FWL
- Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

- \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Maner B. Shaw

U.S. Postal Service	
CERTIFIED MAIL RECEIPT	
<i>(Domestic Mail Only; No Insurance Coverage Provided)</i>	
OFFICIAL USE	
Postage	\$.39
Certified Fee	2.40
Return Receipt Fee (Endorsement Required)	1.85
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.64
Sent To	Marjorie Olds
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	

7001 0320 0004 1883 9741

PS Form 3800, January 2001



AUTHORIZATION FOR EXPENDITURE

COMPANY ENTITY Cimarex Energy Co.				DATE PREPARED March 8, 2007	
REGION Permian	WELL NAME Pyramid	WELL NO. 1	PROSPECT OR FIELD NAME Star-Denton	PROPERTY NUMBER	DRILLING AFE NO.
LOCATION SHL 2210' FSL & 430' FWL BHL 330' FSL & 430' FWL Sec 31, T14S, R38E			COUNTY Lea	STATE New Mexico	TYPE WELL OIL <input checked="" type="checkbox"/> EXPL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> PROD <input type="checkbox"/>
ORIGINAL ESTIMATE	<u> X </u>	EST. START DATE	EST. COMP. DATE	FORMATION	EST. TD 9800 TVD 11600' MD
REVISED ESTIMATE	<u> </u>				
SUPPLEMENTAL ESTIMATE	<u> </u>				

PROJECT DESCRIPTION:
Drill and complete a horizontal wolfcamp well.

<u>INTANGIBLES</u>	<u>DRY HOLE COST</u>	<u>AFTER CASING POINT</u>	<u>COMPLETED WELL COST</u>
Intangible Drilling Costs	<u>\$2,463,180</u>		<u>\$2,463,180</u>
Intangible Completion Costs		<u>712,750</u>	<u>712,750</u>
TOTAL INTANGIBLE COSTS	<u>2,463,180</u>	<u>712,750</u>	<u>3,175,930</u>
<u>TANGIBLES</u>			
Well Equipment	<u>132,000</u>	<u>474,000</u>	<u>606,000</u>
Lease Equipment		<u>84,000</u>	<u>84,000</u>
TOTAL TANGIBLE WELL COST	<u>132,000</u>	<u>558,000</u>	<u>690,000</u>
PLUG AND ABANDON COST	<u>60,000</u>	<u>(60,000)</u>	
TOTAL WELL COST:	<u>\$2,655,180</u>	<u>\$1,210,750</u>	<u>\$3,865,930</u>

Comments on Well Costs:
1. All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

 I elect to purchase my own well control insurance policy.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related re-drilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

#VALUE!

CIMAREX ENERGY CO. APPROVAL		
PREPARED BY Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	DRILLING AND COMPLETION MANAGER Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	REGIONAL MANAGER Roger Alexander, Regional Manager Permian Basin

JOINT INTEREST APPROVAL		
COMPANY	BY	DATE



PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

INTANGIBLES	Codes	DRY HOLE COST	Codes	AFTER CASING POINT	COMPLETED WELL COST
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LAND TRANSPORTATION (Trucking)	DIDC.205	\$32,200	DICC.175	\$7,000	\$39,200
SUPERVISION	DIDC.210	\$51,000	DICC.180	\$18,000	\$69,000
TRAILER HOUSE/CAMP/CATERING	DIDC.280	\$17,000	DICC.255	\$2,500	\$19,500
OTHER MISC EXPENSES	DIDC.220	\$5,000	DICC.190	\$5,000	\$10,000
OVERHEAD	DIDC.225	\$14,000	DICC.195	\$4,200	\$18,200
REMEDIAL CEMENTING	DIDC.231		DICC.215		
MOB/DEMOB	DIDC.240	\$150,000			\$150,000
DIRECTIONAL DRILLING SERVICES 22 DAYS @ 9500 PER DAY	DIDC.245	\$209,000			\$209,000
DOCK, DISPATCHER, CRANE	DIDC.250		DICC.230		
MARINE & AIR TRANSPORTATION	DIDC.275		DICC.250		
SOLIDS CONTROL	DIDC.260	\$166,000			\$166,000
WELL CONTROL EQUIP (Snubbing services)	DIDC.265	\$28,000	DICC.240	\$16,800	\$44,800
FISHING & SIDETRACK OPERATIONS	DIDC.270		DICC.245		
COMPLETION RIG 14 DAYS @ 4400 PER DAY			DICC.115	\$61,600	\$61,600
COIL TUBING DAYS @ PER DAY			DICC.260		
COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS			DICC.200	\$35,000	\$35,000
STIMULATION			DICC.210	\$220,000	\$220,000
LEGAL/REGULATORY/CURATIVE	DIDC.300	\$10,000	DICC.280		\$10,000
WELL CONTROL INSURANCE \$0.35 PER FOOT	DIDC.285	\$3,000			\$3,000
CONTINGENCY 5% OF DRILLING INTANGIBLES	DIDC.435	\$117,000	DICC.220	\$32,000	\$149,000
CONSTRUCTION FOR WELL EQUIPMENT			DWEA.110	\$1,000	\$1,000
CONSTRUCTION FOR LEASE EQUIPMENT			DLEQ.110	\$39,000	\$39,000
CONSTRUCTION FOR SALES P/L			DICC.265		
TOTAL INTANGIBLE COST		\$2,463,180		\$712,750	\$3,175,930
TANGIBLE - WELL EQUIPMENT					
CASING	SIZE	FEET	\$/FOOT		
DRIVE PIPE	20"	40	100.00	DWEB.150	4,000
CONDUCTOR PIPE				DWEB.130	
WATER STRING				DWEB.135	
SURFACE CASING	13-3/8"	250	42.00	DWEB.140	11,000
INTERMEDIATE CASING	8-5/8"	4,500	23.40	DWEB.145	105,000
DRILLING LINER	7"			DWEB.145	
DRILLING LINER				DWEB.145	
PRODUCTION CASING OR LINER	5 1/2"	9,800	15.90	DWEA.100	156,000
PRODUCTION TIE-BACK				DWEA.100	
TUBING	2 7/8"	12,000	6.50	DWEA.105	78,000
N/C WELL EQUIPMENT				DWEA.115	\$9,000
WELLHEAD, TREE, CHOKES				DWEB.115	12,000
LINER HANGER, ISOLATION PACKER				DWEB.100	
PACKER, NIPPLES				DWEA.125	
PUMPING UNIT, ENGINE				DWEA.130	\$110,000
LIFT EQUIPMENT (BHP, Rods, Anchors)				DLEQ.100	\$78,000
TANGIBLE - LEASE EQUIPMENT					
N/C LEASE EQUIPMENT				DLEQ.105	\$15,000
TANKS, TANKS STEPS, STAIRS				DLEQ.115	\$44,000
BATTERY (Heater Treater, Separator, Gas Treating Equipment)				DLEQ.120	\$21,000
FLOW LINES (Line Pipe from wellhead to central facility)				DLEQ.125	\$18,000
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES				DLEQ.130	\$1,000
PIPELINES TO SALES				DWEA.135	
				DWEA.140	
TOTAL TANGIBLES		\$132,000		\$558,000	\$690,000
P&A COSTS	DIDC.295	60,000	DICC.275	(60,000)	
TOTAL COST		\$2,655,180		\$1,210,750	\$3,865,930

SHAW INTERESTS, INC.
OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 6, 2007

Marjorie M. Olds
1004 Rogue Valley Manor
Medford, OR 97501

Re: Oil & Gas Lease
Estate of Francis E. Olds
W/2 of Section 31
Township 14 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4,
SW/4NE/4 and NW/4SE/4 of Section 6
Township 15 South, Range 38 East
Lea County, New Mexico

Dear Ms. Olds:

According to our title research, the Trust owns an undivided 1.00025 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this Lease are a \$100.00 per net mineral acre bonus consideration, three (3) year paid-up primary term and three-sixteenths (3/16) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$100.00 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS

Tim Lilley

7001 0320 0004 1684 0105

U.S. Postal Service	
CERTIFIED MAIL RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
OFFICIAL USE	
Postage	\$ 1.43
Certified Fee	2.40
Return Receipt Fee (Endorsement Required)	1.85
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.88
Sent To <u>Marjorie M. Olds</u>	
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	
Postmark Here	

PS Form 3800, January 2001 See Reverse for Instructions

OIL & GAS LEASE

THIS AGREEMENT made this 6th day of April 2007, between Marjorie M. Olds, individually and as Executrix of the Estate of Francis E. Olds, deceased, as Lessor (whether one or more), whose address is 1004 Rogue Valley Manor, Medford, OR 97501, and Shaw Interests, Inc. whose address is P.O. Box 9612, Midland, Texas 79708, Lessee,

WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East

W/2 of Section 31

Township 15 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of **Three (3) years** from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, **three-sixteenths (3/16)** of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of **three-sixteenths (3/16)** of the gas used, provided that on gas sold on or off the premises, the royalties shall be **three-sixteenths (3/16)** of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

Marjorie M. Olds, individually and as Executrix of the Estate of Francis E. Olds, deceased

ACKNOWLEDGMENT

STATE OF OREGON §
 §
COUNTY OF §

This instrument was acknowledged before me on the _____ day of _____, 2007, by Marjorie M. Olds, individually and as Executrix of the Estate of Francis E. Olds, deceased.

Notary Public, State of Oregon
My Commission Expires: _____

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 18, 2007

Loleita Fay Patterson
C/o Marco and Ruby Fox
1402 West Clayton Ave.
Lovington, NM 88250

**Re: Pyramid #1
W/2 of Section 31, Township 14 South, Range 38 East
Lea County, New Mexico**

Dear Mr. & Mrs. Fox:

We are unable to locate a current address for Loleita Fay Pattereson. In conjunction with our proposal of April 6, 2007 to lease Loleita's undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

- Surface Hole Location: 2210' FSL & 430' FWL
- Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

- \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Maner B. Shaw

U.S. Postal Service		Postmark Here
CERTIFIED MAIL RECEIPT		
<i>(Domestic Mail Only; No Insurance Coverage Provided)</i>		
OFFICIAL USE		
Postage	\$.39	
Certified Fee	2.40	
Return Receipt Fee (Endorsement Required)	1.85	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 4.64	
Sent To		
Street, Apt. No., or PO Box No.		Loleita Fay Patterson
City, State ZIP+4		

01 0320 0004 1883 9772



AUTHORIZATION FOR EXPENDITURE

COMPANY ENTITY Cimarex Energy Co.					DATE PREPARED March 8, 2007
REGION Permian	WELL NAME Pyramid	WELL NO. 1	PROSPECT OR FIELD NAME Star-Denton	PROPERTY NUMBER	DRILLING AFE NO.
LOCATION SHL 2210' FSL & 430' FWL BHL 330' FSL & 430' FWL Sec 31, T14S, R38E			COUNTY Lea	STATE New Mexico	TYPE WELL OIL <input checked="" type="checkbox"/> EXPL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> PROD <input type="checkbox"/>
ORIGINAL ESTIMATE <input checked="" type="checkbox"/>	REVISED ESTIMATE <input type="checkbox"/>	SUPPLEMENTAL ESTIMATE <input type="checkbox"/>	EST. START DATE	EST. COMP. DATE	FORMATION
					EST. TD 9800 TVD 11600' MD

PROJECT DESCRIPTION:
Drill and complete a horizontal wolfcamp well.

<u>INTANGIBLES</u>	<u>DRY HOLE COST</u>	<u>AFTER CASING POINT</u>	<u>COMPLETED WELL COST</u>
Intangible Drilling Costs	<u>\$2,463,180</u>		<u>\$2,463,180</u>
Intangible Completion Costs		<u>712,750</u>	<u>712,750</u>
TOTAL INTANGIBLE COSTS	<u>2,463,180</u>	<u>712,750</u>	<u>3,175,930</u>
<u>TANGIBLES</u>			
Well Equipment	<u>132,000</u>	<u>474,000</u>	<u>606,000</u>
Lease Equipment		<u>84,000</u>	<u>84,000</u>
TOTAL TANGIBLE WELL COST	<u>132,000</u>	<u>558,000</u>	<u>690,000</u>
PLUG AND ABANDON COST	<u>60,000</u>	<u>(60,000)</u>	
TOTAL WELL COST:	<u>\$2,655,180</u>	<u>\$1,210,750</u>	<u>\$3,865,930</u>

Comments on Well Costs:

- All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

I elect to purchase my own well control insurance policy.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related re-drilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

#VALUE!

CIMAREX ENERGY CO. APPROVAL

PREPARED BY Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	DRILLING AND COMPLETION MANAGER Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	REGIONAL MANAGER Roger Alexander, Regional Manager Permian Basin
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JOINT INTEREST APPROVAL

COMPANY	BY	DATE
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PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

INTANGIBLES	Codes	DRY HOLE COST	Codes	AFTER CASING POINT	COMPLETED WELL COST	
ROADS & LOCATION PREPARATION / RESTORATION	DIDC.100	\$100,000	DICC.100	\$8,000	\$108,000	
DAMAGES	DIDC.105	\$4,000	DICC.105	\$1,000	\$5,000	
MUD/FLUIDS DISPOSAL CHARGES	DIDC.255	\$20,000	DICC.235	\$20,000	\$40,000	
DAY RATE 46 DH DAYS 5 ACP DAYS @ 17430 PER DAY	DIDC.115	\$801,780	DICC.120	\$87,150	\$888,930	
MISC PREPARATION COST (mouse hole, rat hole, pads, pile clusters, misc.)	DIDC.120	\$8,000			\$8,000	
BITS	DIDC.125	\$100,000	DICC.125	\$1,000	\$101,000	
FUEL \$2.20 PER GALLON	DIDC.135	\$111,000	DICC.130	\$11,000	\$122,000	
WATER / COMPLETION FLUIDS	DIDC.140	\$32,200	DICC.135	\$25,000	\$57,200	
MUD & ADDITIVES	DIDC.145	\$64,400			\$64,400	
SURFACE RENTALS	DIDC.150	\$69,000	DICC.140	\$45,000	\$114,000	
DOWNHOLE RENTALS	DIDC.155	\$144,000	DICC.145	\$10,000	\$154,000	
FORMATION EVALUATION (DST, Coring including evaluation, G&G SERVICES)	DIDC.160					
MUD LOGGING 37 DAYS @ \$900 PER DAY	DIDC.170	\$47,000			\$47,000	
OPEN HOLE LOGGING	DIDC.180	\$65,000			\$65,000	
CEMENTING & FLOAT EQUIPMENT	DIDC.185	\$50,000	DICC.155	\$40,000	\$90,000	
TUBULAR INSPECTIONS	DIDC.190	\$5,000	DICC.160	\$2,500	\$7,500	
CASING CREWS	DIDC.195	\$12,000	DICC.165	\$15,000	\$27,000	
EXTRA LABOR, WELDING, ETC.	DIDC.200	\$27,600	DICC.170	\$5,000	\$32,600	
LAND TRANSPORTATION (Trucking)	DIDC.205	\$32,200	DICC.175	\$7,000	\$39,200	
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PRODUCTION TIE-BACK						
TUBING	2 7/8"	12,000	6.50			
N/C WELL EQUIPMENT						
WELLHEAD, TREE, CHOKES				DWEB.115	12,000	\$40,000
LINER HANGER, ISOLATION PACKER				DWEB.100		
PACKER, NIPPLES						
PUMPING UNIT, ENGINE						
LIFT EQUIPMENT (BHP, Rods, Anchors)						
TANGIBLE - LEASE EQUIPMENT						
N/C LEASE EQUIPMENT						
TANKS, TANKS STEPS, STAIRS						
BATTERY (Heater Treater, Separator, Gas Treating Equipment)						
FLOW LINES (Line Pipe from wellhead to central facility)						
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES						
PIPELINES TO SALES						
TOTAL TANGIBLES		\$132,000		\$558,000	\$690,000	
P&A COSTS	DIDC.295	60,000	DICC.275	(60,000)		
TOTAL COST		\$2,655,180		\$1,210,750	\$3,865,930	

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 6, 2007

Loleita Fay Patterson
C/o Marco and Ruby Fox
1402 West Clayton Ave.
Lovington, NM 88250

**Re: Oil & Gas Lease
Marco B. and Ruby O. Fox Trust dated 2-12-90
W/2 of Section 31
Township 14 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4,
SW/4NE/4 and NW/4SE/4 of Section 6
Township 15 South, Range 38 East
Lea County, New Mexico**

Dear Ms. Patterson:

According to our title research, you own an undivided 2.50062 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this Lease are a \$100.00 per net mineral acre bonus consideration, three (3) year paid-up primary term and three-sixteenths (3/16) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$250.06 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS

Tim Lilley

U.S. Postal Service	
CERTIFIED MAIL RECEIPT	
<i>(Domestic Mail Only; No Insurance Coverage Provided)</i>	
OFFICIAL USE	
Postage	\$ 63
Certified Fee	2.40
Return Receipt Fee (Endorsement Required)	1.85
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.88
Postmark Here	
Sent To <u>Loleita Fay Patterson</u>	
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	

PS Form 3800, January 2001 See Reverse for Instructions

7001 0320 0004 1884 0167

OIL & GAS LEASE

THIS AGREEMENT made this 6th day of April, 2007, between Loleita Fay Patterson, herein dealing in her sole and separate property, as Lessor (whether one or more), C/o Marco and Ruby Fox, whose address is 1402 West Clayton Ave., Lovington, NM 88250, and Shaw Interests, Inc. whose address is P.O. Box 9612, Midland, Texas 79708, Lessee,

WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East

W/2 of Section 31

Township 15 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of **Three (3) years** from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, **three-sixteenths (3/16)** of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of **three-sixteenths (3/16)** of the gas used, provided that on gas sold on or off the premises, the royalties shall be **three-sixteenths (3/16)** of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

Loleita Fay Patterson

ACKNOWLEDGMENT

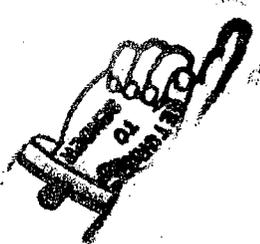
STATE OF NEW MEXICO §
 §
COUNTY OF §

This instrument was acknowledged before me on the _____ day of _____, 2007, by Loleita Fay Patterson.

Notary Public, State of New Mexico

My Commission Expires: _____

SHAW INTERESTS, INC
OIL & GAS PROPERTIES
 310 W. WALL ST., SUITE 305
 MIDLAND, TEXAS 79701



Elaine and James Wolf
 403 Arbana Avenue

7001 0320 0004 1883 9901



155 *
 9640 *
 UNITED STATES POSTAL SERVICE
 MAIL FROM ZIP CODE 79708

311 MD
 303

MD
 4-17-07

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

1066 8981 4000 0280 1002

Postage	\$.43	Postmark Here
Certified Fee	2.40	
Return Receipt Fee (Endorsement Required)	1.85	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 4.88	

Sent To ELAINE & JAMES WOLF
 Street, Apt. No. or PO Box No.
 City, State, ZIP

PS Form 3800, 5-80 Reverse for Instructions

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 11, 2007

Elaine and James Wolf
403 Arbana Avenue
Ann Arbor, MI 48103

**Re: Oil & Gas Lease
W/2 of Section 31
Township 14 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4,
SW/4NE/4 and NW/4SE/4 of Section 6
Township 15 South, Range 38 East
Lea County, New Mexico**

Dear Elaine and James:

According to our title research you own an undivided .9093726 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this lease are a \$100.00 flat fee bonus consideration, three (3) year paid-up primary term and one-fifth (1/5) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$100.00 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS

Tim Lilley

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 17, 2007

Elaine and James Wolf
403 Arbana Avenue
Ann Arbor, MI 48103

**Re: Pyramid #1
W/2 of Section 31, Township 14 South, Range 38 East
Lea County, New Mexico**

Dear Elaine & James:

In conjunction with our proposal of April 11, 2007 to lease your undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

- Surface Hole Location: 2210' FSL & 430' FWL
- Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

- \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS

Maner B. Shaw

7001 0320 0004 1884 0051

U.S. Postal Service	
CERTIFIED MAIL RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
OFFICIAL USE	
Postage	\$.39
Certified Fee	2.40
Return Receipt Fee (Endorsement Required)	1.85
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.64
Postmark Here	
Sent To Elaine & James Wolf	
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	

PS Form 3800 January 2001 See Reverse for Instructions



AUTHORIZATION FOR EXPENDITURE

COMPANY ENTITY Cimarex Energy Co.				DATE PREPARED March 8, 2007	
REGION Permian	WELL NAME Pyramid	WELL NO 1	PROSPECT OR FIELD NAME Star-Denton	PROPERTY NUMBER	DRILLING AFE NO.
LOCATION SHL 2210' FSL & 430' FWL BHL 330' FSL & 430' FWL Sec 31, T14S, R38E			COUNTY Lea	STATE New Mexico	TYPE WELL OIL <input checked="" type="checkbox"/> EXPL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> PROD <input type="checkbox"/>
ORIGINAL ESTIMATE <input checked="" type="checkbox"/>	EST. START DATE	EST. COMP. DATE	FORMATION	EST. TD 9800 TVD 11600' MD	
REVISED ESTIMATE					
SUPPLEMENTAL ESTIMATE					

PROJECT DESCRIPTION:
Drill and complete a horizontal wolfcamp well.

<u>INTANGIBLES</u>	<u>DRY HOLE COST</u>	<u>AFTER CASING POINT</u>	<u>COMPLETED WELL COST</u>
Intangible Drilling Costs	<u>\$2,463,180</u>		<u>\$2,463,180</u>
Intangible Completion Costs		<u>712,750</u>	<u>712,750</u>
TOTAL INTANGIBLE COSTS	<u>2,463,180</u>	<u>712,750</u>	<u>3,175,930</u>
<u>TANGIBLES</u>			
Well Equipment	<u>132,000</u>	<u>474,000</u>	<u>606,000</u>
Lease Equipment		<u>84,000</u>	<u>84,000</u>
TOTAL TANGIBLE WELL COST	<u>132,000</u>	<u>558,000</u>	<u>690,000</u>
PLUG AND ABANDON COST	<u>60,000</u>	<u>(60,000)</u>	
TOTAL WELL COST:	<u>\$2,655,180</u>	<u>\$1,210,750</u>	<u>\$3,865,930</u>

Comments on Well Costs:

1. All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

I elect to purchase my own well control insurance policy.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related re-drilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

#VALUE!

CIMAREX ENERGY CO. APPROVAL

PREPARED BY Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	DRILLING AND COMPLETION MANAGER Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	REGIONAL MANAGER Roger Alexander, Regional Manager Permian Basin
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JOINT INTEREST APPROVAL

COMPANY	BY	DATE
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PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

INTANGIBLES	DRY HOLE		AFTER CASING		COMPLETED WELL COST
	Codes	COST	Codes	POINT	
ROADS & LOCATION PREPARATION / RESTORATION	DIDC.100	\$100,000	DICC.100	\$8,000	\$108,000
DAMAGES	DIDC.105	\$4,000	DICC.105	\$1,000	\$5,000
MUD/FLUIDS DISPOSAL CHARGES	DIDC.255	\$20,000	DICC.235	\$20,000	\$40,000
DAY RATE 46 DH DAYS 5 ACP DAYS @ 17430 PER DAY	DIDC.115	\$801,780	DICC.120	\$87,150	\$888,930
MISC PREPARATION COST (mouse hole, rat hole, pads, pile clusters, misc.)	DIDC.120	\$8,000			\$8,000
BITS	DIDC.125	\$100,000	DICC.125	\$1,000	\$101,000
FUEL \$2.20 PER GALLON	DIDC.135	\$111,000	DICC.130	\$11,000	\$122,000
WATER / COMPLETION FLUIDS	DIDC.140	\$32,200	DICC.135	\$25,000	\$57,200
MUD & ADDITIVES	DIDC.145	\$64,400			\$64,400
SURFACE RENTALS	DIDC.150	\$69,000	DICC.140	\$45,000	\$114,000
DOWNHOLE RENTALS	DIDC.155	\$144,000	DICC.145	\$10,000	\$154,000
FORMATION EVALUATION (DST, Coring including evaluation, G&G SERVICES)	DIDC.160				
MUD LOGGING 37 DAYS @ \$900 PER DAY	DIDC.170	\$47,000			\$47,000
OPEN HOLE LOGGING	DIDC.180	\$65,000			\$65,000
CEMENTING & FLOAT EQUIPMENT	DIDC.185	\$50,000	DICC.155	\$40,000	\$90,000
TUBULAR INSPECTIONS	DIDC.190	\$5,000	DICC.160	\$2,500	\$7,500
CASING CREWS	DIDC.195	\$12,000	DICC.165	\$15,000	\$27,000
EXTRA LABOR, WELDING, ETC.	DIDC.200	\$27,600	DICC.170	\$5,000	\$32,600
LAND TRANSPORTATION (Trucking)	DIDC.205	\$32,200	DICC.175	\$7,000	\$39,200
SUPERVISION	DIDC.210	\$51,000	DICC.180	\$18,000	\$69,000
TRAILER HOUSE/CAMP/CATERING	DIDC.280	\$17,000	DICC.255	\$2,500	\$19,500
OTHER MISC EXPENSES	DIDC.220	\$5,000	DICC.190	\$5,000	\$10,000
OVERHEAD	DIDC.225	\$14,000	DICC.195	\$4,200	\$18,200
REMEDIAL CEMENTING	DIDC.231		DICC.215		
MOB/DEMOB	DIDC.240	\$150,000			\$150,000
DIRECTIONAL DRILLING SERVICES 22 DAYS @ 9500 PER DAY	DIDC.245	\$209,000			\$209,000
DOCK, DISPATCHER, CRANE	DIDC.250		DICC.230		
MARINE & AIR TRANSPORTATION	DIDC.275		DICC.250		
SOLIDS CONTROL	DIDC.260	\$166,000			\$166,000
WELL CONTROL EQUIP (Snubbing services)	DIDC.265	\$28,000	DICC.240	\$16,800	\$44,800
FISHING & SIDETRACK OPERATIONS	DIDC.270		DICC.245		
COMPLETION RIG 14 DAYS @ 4400 PER DAY			DICC.115	\$61,600	\$61,600
COIL TUBING DAYS @ PER DAY			DICC.260		
COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS			DICC.200	\$35,000	\$35,000
STIMULATION			DICC.210	\$220,000	\$220,000
LEGAL/REGULATORY/CURATIVE	DIDC.300	\$10,000	DICC.280		\$10,000
WELL CONTROL INSURANCE \$0.35 PER FOOT	DIDC.285	\$3,000			\$3,000
CONTINGENCY 5% OF DRILLING INTANGIBLES	DIDC.435	\$117,000	DICC.220	\$32,000	\$149,000
CONSTRUCTION FOR WELL EQUIPMENT			DWEA.110	\$1,000	\$1,000
CONSTRUCTION FOR LEASE EQUIPMENT			DLEQ.110	\$39,000	\$39,000
CONSTRUCTION FOR SALES P/L			DICC.265		
TOTAL INTANGIBLE COST		\$2,463,180		\$712,750	\$3,175,930
TANGIBLE - WELL EQUIPMENT					
CASING	SIZE	FEET	\$/FOOT		
DRIVE PIPE	20"	40	100.00	DWEB.150	4,000
CONDUCTOR PIPE				DWEB.130	
WATER STRING				DWEB.135	
SURFACE CASING	13-3/8"	250	42.00	DWEB.140	11,000
INTERMEDIATE CASING	8-5/8"	4,500	23.40	DWEB.145	105,000
DRILLING LINER	7"			DWEB.145	
DRILLING LINER				DWEB.145	
PRODUCTION CASING OR LINER	5 1/2"	9,800	15.90		
PRODUCTION TIE-BACK				DWEA.100	156,000
TUBING	2 7/8"	12,000	6.50	DWEA.105	78,000
N/C WELL EQUIPMENT				DWEA.115	\$9,000
WELLHEAD, TREE, CHOKES				DWEB.115	12,000
LINER HANGER, ISOLATION PACKER				DWEB.100	
PACKER, NIPPLES				DWEA.130	\$110,000
PUMPING UNIT, ENGINE				DLEQ.100	\$78,000
LIFT EQUIPMENT (BHP, Rods, Anchors)				DLEQ.105	\$15,000
TANGIBLE - LEASE EQUIPMENT					
N/C LEASE EQUIPMENT				DLEQ.115	\$44,000
TANKS, TANKS STEPS, STAIRS				DLEQ.120	\$21,000
BATTERY (Heater Treater, Separator, Gas Treating Equipment)				DLEQ.125	\$18,000
FLOW LINES (Line Pipe from wellhead to central facility)				DLEQ.130	\$1,000
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES				DWEA.135	
PIPELINES TO SALES				DWEA.140	
TOTAL TANGIBLES		\$132,000		\$558,000	\$690,000
P&A COSTS	DIDC.295	60,000	DICC.275	(60,000)	
TOTAL COST		\$2,655,180		\$1,210,750	\$3,865,930

OIL & GAS LEASE

THIS AGREEMENT made this 11th day of April 2007, between Elaine Wolf and husband, James Wolf, as Lessor (whether one or more), whose address is 403 Arbana Avenue, Ann Arbor, MI 48103, and Shaw Interests, Inc. whose address is 310 W. Wall St., Ste. 305, Midland, Texas 79701, Lessee,

WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East

W/2 of Section 31

Township 15 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of **Three (3) years** from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, **one-fifth (1/5)** of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of **one-fifth (1/5)** of the gas used, provided that on gas sold on or off the premises, the royalties shall be **one-fifth (1/5)** of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

Elaine Wolf

James Wolf

ACKNOWLEDGMENT

STATE OF MICHIGAN §
 §
COUNTY OF §

This instrument was acknowledged before me on the _____ day of _____, 2007, by Elaine Wolf.

Notary Public, State of Michigan

My Commission Expires: _____

ACKNOWLEDGMENT

STATE OF MICHIGAN §
 §
COUNTY OF §

This instrument was acknowledged before me on the _____ day of _____, 2007, by James Wolf.

Notary Public, State of Michigan

My Commission Expires: _____

CERTIFIED MAIL

1320 0004 1884 0624

7001 0320 0004 1884 0624

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

OFFICIAL USE

Postage	\$ 2.31	Postmark Here
Certified Fee	2.40	
Return Receipt Fee (Endorsement Required)	1.85	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 4.56	

Sent to Marguerite C. Buckley
 Street, Apt. No.,
 or PO Box No.
 City, State, ZIP+4

PS Form 3800, January 2001



Shaw Interests, Inc.
Oil & Gas Properties
310 W. 7th, Suite 805, Midland, TX 79701

Marguerite C. Buckley
9446 Litzsingle Road
St. Louis, MO 63114



SEWACCT

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 17, 2007

Hollis G. Gerrish

C/o Marguerite C. Buckley

9446 Litzsingle Road

St. Louis, MO 63144

— THIS ADDRESS IS NO LONGER VALID.
PRIOR O&G CORRESPONDENCE RETURNED
UNDELIVERABLE.

Re: Pyramid #1

W/2 of Section 31, Township 14 South, Range 38 East

Lea County, New Mexico

Dear Ms. Buckley:

In conjunction with our proposal of April 6, 2007 to lease your undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

- Surface Hole Location: 2210' FSL & 430' FWL
- Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

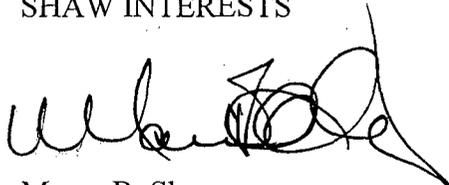
If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

- \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS



Maner B. Shaw



AUTHORIZATION FOR EXPENDITURE

COMPANY ENTITY Cimarex Energy Co.				DATE PREPARED March 8, 2007	
REGION Permian	WELL NAME Pyramid	WELL NO. 1	PROSPECT OR FIELD NAME Star-Denton	PROPERTY NUMBER	DRILLING AFE NO.
LOCATION SHL 2210' FSL & 430' FWL BHL 330' FSL & 430' FWL Sec 31, T14S, R38E			COUNTY Lea	STATE New Mexico	TYPE WELL OIL <input checked="" type="checkbox"/> EXPL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> PROD <input type="checkbox"/>
ORIGINAL ESTIMATE <input checked="" type="checkbox"/>	EST. START DATE	EST. COMP. DATE	FORMATION	EST. TD 9800 TVD 11600' MD	
REVISED ESTIMATE					
SUPPLEMENTAL ESTIMATE					

PROJECT DESCRIPTION:
Drill and complete a horizontal wolfcamp well.

<u>INTANGIBLES</u>	<u>DRY HOLE COST</u>	<u>AFTER CASING POINT</u>	<u>COMPLETED WELL COST</u>
Intangible Drilling Costs	<u>\$2,463,180</u>		<u>\$2,463,180</u>
Intangible Completion Costs		<u>712,750</u>	<u>712,750</u>
TOTAL INTANGIBLE COSTS	<u>2,463,180</u>	<u>712,750</u>	<u>3,175,930</u>
<u>TANGIBLES</u>			
Well Equipment	<u>132,000</u>	<u>474,000</u>	<u>606,000</u>
Lease Equipment		<u>84,000</u>	<u>84,000</u>
TOTAL TANGIBLE WELL COST	<u>132,000</u>	<u>558,000</u>	<u>690,000</u>
PLUG AND ABANDON COST	<u>60,000</u>	<u>(60,000)</u>	
TOTAL WELL COST:	<u>\$2,655,180</u>	<u>\$1,210,750</u>	<u>\$3,865,930</u>

Comments on Well Costs:

1: All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

I elect to purchase my own well control insurance policy.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

#VALUE!

CIMAREX ENERGY CO. APPROVAL		
PREPARED BY Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	DRILLING AND COMPLETION MANAGER Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	REGIONAL MANAGER Roger Alexander, Regional Manager Permian Basin

JOINT INTEREST APPROVAL		
COMPANY	BY	DATE



PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

INTANGIBLES	Codes	DRY HOLE COST	Codes	AFTER CASING POINT	COMPLETED WELL COST
ROADS & LOCATION PREPARATION / RESTORATION	DIDC.100	\$100,000	DICC.100	\$8,000	\$108,000
DAMAGES	DIDC.105	\$4,000	DICC.105	\$1,000	\$5,000
MUD/FLUIDS DISPOSAL CHARGES	DIDC.255	\$20,000	DICC.235	\$20,000	\$40,000
DAY RATE 46 DH DAYS 5 ACP DAYS @ 17430 PER DAY	DIDC.115	\$801,780	DICC.120	\$87,150	\$888,930
MISC PREPARATION COST (mouse hole, rat hole, pads, pile clusters, misc.)	DIDC.120	\$8,000			\$8,000
BITS	DIDC.125	\$100,000	DICC.125	\$1,000	\$101,000
FUEL \$2.20 PER GALLON	DIDC.135	\$111,000	DICC.130	\$11,000	\$122,000
WATER / COMPLETION FLUIDS	DIDC.140	\$32,200	DICC.135	\$25,000	\$57,200
MUD & ADDITIVES	DIDC.145	\$64,400			\$64,400
SURFACE RENTALS	DIDC.150	\$69,000	DICC.140	\$45,000	\$114,000
DOWNHOLE RENTALS	DIDC.155	\$144,000	DICC.145	\$10,000	\$154,000
FORMATION EVALUATION (DST, Coring including evaluation, G&G SERVICES)	DIDC.160				
MUD LOGGING 37 DAYS @ \$900 PER DAY	DIDC.170	\$47,000			\$47,000
OPEN HOLE LOGGING	DIDC.180	\$65,000			\$65,000
CEMENTING & FLOAT EQUIPMENT	DIDC.185	\$50,000	DICC.155	\$40,000	\$90,000
TUBULAR INSPECTIONS	DIDC.190	\$5,000	DICC.160	\$2,500	\$7,500
CASING CREWS	DIDC.195	\$12,000	DICC.165	\$15,000	\$27,000
EXTRA LABOR, WELDING, ETC.	DIDC.200	\$27,600	DICC.170	\$5,000	\$32,600
LAND TRANSPORTATION (Trucking)	DIDC.205	\$32,200	DICC.175	\$7,000	\$39,200
SUPERVISION	DIDC.210	\$51,000	DICC.180	\$18,000	\$69,000
TRAILER HOUSE/CAMP/CATERING	DIDC.280	\$17,000	DICC.255	\$2,500	\$19,500
OTHER MISC EXPENSES	DIDC.220	\$5,000	DICC.190	\$5,000	\$10,000
OVERHEAD	DIDC.225	\$14,000	DICC.195	\$4,200	\$18,200
REMEDIAL CEMENTING	DIDC.231		DICC.215		
MOB/DEMOB	DIDC.240	\$150,000			\$150,000
DIRECTIONAL DRILLING SERVICES 22 DAYS @ 9500 PER DAY	DIDC.245	\$209,000			\$209,000
DOCK, DISPATCHER, CRANE	DIDC.250		DICC.230		
MARINE & AIR TRANSPORTATION	DIDC.275		DICC.250		
SOLIDS CONTROL	DIDC.260	\$166,000			\$166,000
WELL CONTROL EQUIP (Snubbing services)	DIDC.265	\$28,000	DICC.240	\$16,800	\$44,800
FISHING & SIDETRACK OPERATIONS	DIDC.270		DICC.245		
COMPLETION RIG 14 DAYS @ 4400 PER DAY			DICC.115	\$61,600	\$61,600
COIL TUBING DAYS @ PER DAY			DICC.260		
COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS			DICC.200	\$35,000	\$35,000
STIMULATION			DICC.210	\$220,000	\$220,000
LEGAL/REGULATORY/CURATIVE	DIDC.300	\$10,000	DICC.280		\$10,000
WELL CONTROL INSURANCE \$0.35 PER FOOT	DIDC.285	\$3,000			\$3,000
CONTINGENCY 5% OF DRILLING INTANGIBLES	DIDC.435	\$117,000	DICC.220	\$32,000	\$149,000
CONSTRUCTION FOR WELL EQUIPMENT			DWEA.110	\$1,000	\$1,000
CONSTRUCTION FOR LEASE EQUIPMENT			DLEQ.110	\$39,000	\$39,000
CONSTRUCTION FOR SALES P/L			DICC.265		
TOTAL INTANGIBLE COST		\$2,463,180		\$712,750	\$3,175,930
TANGIBLE - WELL EQUIPMENT					
CASING	SIZE	FEET	\$/FOOT		
DRIVE PIPE	20"	40	100.00	DWEB.150 4,000	\$4,000
CONDUCTOR PIPE				DWEB.130	
WATER STRING				DWEB.135	
SURFACE CASING	13-3/8"	250	42.00	DWEB.140 11,000	\$11,000
INTERMEDIATE CASING	8-5/8"	4,500	23.40	DWEB.145 105,000	\$105,000
DRILLING LINER	7"			DWEB.145	
DRILLING LINER				DWEB.145	
PRODUCTION CASING OR LINER	5 1/2"	9,800	15.90	DWEA.100	\$156,000
PRODUCTION TIE-BACK				DWEA.100	
TUBING	2 7/8"	12,000	6.50	DWEA.105	\$78,000
N/C WELL EQUIPMENT				DWEA.115	\$9,000
WELLHEAD, TREE, CHOKES				DWEB.115 12,000	\$40,000
LINER HANGER, ISOLATION PACKER				DWEB.100	
PACKER, NIPPLES				DWEA.130	\$110,000
PUMPING UNIT, ENGINE				DLEQ.100	\$78,000
LIFT EQUIPMENT (BHP, Rods, Anchors)				DLEQ.105	\$15,000
TANGIBLE - LEASE EQUIPMENT					
N/C LEASE EQUIPMENT				DLEQ.115	\$44,000
TANKS, TANKS STEPS, STAIRS				DLEQ.120	\$21,000
BATTERY (Heater Treater, Separator, Gas Treating Equipment)				DLEQ.125	\$18,000
FLOW LINES (Line Pipe from wellhead to central facility)				DLEQ.130	\$1,000
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES				DWEA.135	
PIPELINES TO SALES				DWEA.140	
TOTAL TANGIBLES		\$132,000		\$558,000	\$690,000
P&A COSTS	DIDC.295	60,000	DICC.275	(60,000)	
TOTAL COST		\$2,655,180		\$1,210,750	\$3,865,930

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 6, 2007

Hollis G. Gerrish
C/o Marguerite C. Buckley
9446 Litzsingle Road
St. Louis, MO 63144

**Re: Oil & Gas Lease
W/2 of Section 31
Township 14 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4,
SW/4NE/4 and NW/4SE/4 of Section 6
Township 15 South, Range 38 East
Lea County, New Mexico**

Dear Mr. Gerrish:

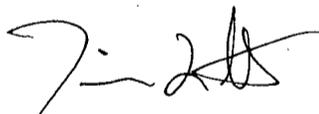
According to our title research, you own an undivided 6.0015 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this Lease are a \$100.00 per net mineral acre bonus consideration, three (3) year paid-up primary term and three-sixteenths (3/16) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$600.15 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS



Tim Lilley

OIL & GAS LEASE

THIS AGREEMENT made this 6th day of April, 2007, between Hollis G. Gerrish, herein dealing in his sole and separate property, as Lessor (whether one or more), c/o Marguerite C. Buckley, whose address is 9446 Litzsingle Road, St. Louis, MO 63144, and Shaw Interests, Inc. whose address is 310 W. Wall St., Suite 305, Midland, Texas 79701, Lessee,

WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East
W/2 of Section 31

Township 15 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of **Three (3) years** from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, **three-sixteenths (3/16)** of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of **three-sixteenths (3/16)** of the gas used, provided that on gas sold on or off the premises, the royalties shall be **three-sixteenths (3/16)** of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

Hollis G. Gerrish

ACKNOWLEDGMENT

STATE OF MISSOURI §
 §
COUNTY OF §

This instrument was acknowledged before me on the _____ day of _____, 2007, by Hollis G. Gerrish.

Notary Public, State of Missouri

My Commission Expires: _____

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 17, 2007

Maurice and Bernard Krasner

C/o Marguerite C. Buckley

9446 Litzsingle Road

St. Louis, MO 63144

**Re: Pyramid #1
W/2 of Section 31, Township 14 South, Range 38 East
Lea County, New Mexico**

Dear Ms. Buckley:

In conjunction with our proposal of April 6, 2007 to lease your undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

- Surface Hole Location: 2210' FSL & 430' FWL
- Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

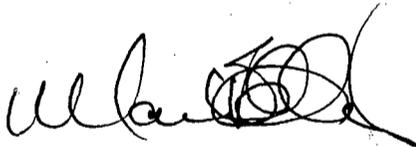
If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

- \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS



Maner B. Shaw



AUTHORIZATION FOR EXPENDITURE

COMPANY ENTITY Cimarex Energy Co.				DATE PREPARED March 8, 2007	
REGION Permian	WELL NAME Pyramid	WELL NO. 1	PROSPECT OR FIELD NAME Star-Denton	PROPERTY NUMBER	DRILLING AFE NO.
LOCATION SHL 2210' FSL & 430' FWL BHL 330' FSL & 430' FWL Sec 31, T14S, R38E			COUNTY Lea	STATE New Mexico	TYPE WELL OIL <input checked="" type="checkbox"/> EXPL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> PROD <input type="checkbox"/>
ORIGINAL ESTIMATE	<input checked="" type="checkbox"/>	EST. START DATE	EST. COMP. DATE	FORMATION	EST. TD 9800 TVD 11600' MD
REVISED ESTIMATE	<input type="checkbox"/>				
SUPPLEMENTAL ESTIMATE	<input type="checkbox"/>				

PROJECT DESCRIPTION:
Drill and complete a horizontal wolfcamp well.

<u>INTANGIBLES</u>	<u>DRY HOLE COST</u>	<u>AFTER CASING POINT</u>	<u>COMPLETED WELL COST</u>
Intangible Drilling Costs	<u>\$2,463,180</u>		<u>\$2,463,180</u>
Intangible Completion Costs		<u>712,750</u>	<u>712,750</u>
TOTAL INTANGIBLE COSTS	<u>2,463,180</u>	<u>712,750</u>	<u>3,175,930</u>
<u>TANGIBLES</u>			
Well Equipment	<u>132,000</u>	<u>474,000</u>	<u>606,000</u>
Lease Equipment		<u>84,000</u>	<u>84,000</u>
TOTAL TANGIBLE WELL COST	<u>132,000</u>	<u>558,000</u>	<u>690,000</u>
PLUG AND ABANDON COST	<u>60,000</u>	<u>(60,000)</u>	
TOTAL WELL COST:	<u>\$2,655,180</u>	<u>\$1,210,750</u>	<u>\$3,865,930</u>

Comments on Well Costs:

1. All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

_____ I elect to purchase my own well control insurance policy.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related re-drilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

#VALUE!

CIMAREX ENERGY CO. APPROVAL

PREPARED BY Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	DRILLING AND COMPLETION MANAGER Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	REGIONAL MANAGER Roger Alexander, Regional Manager Permian Basin
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JOINT INTEREST APPROVAL

COMPANY	BY	DATE
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PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.: 1

INTANGIBLES	DRY HOLE		AFTER CASING		COMPLETED WELL COST
	Codes	COST	Codes	POINT	
ROADS & LOCATION PREPARATION / RESTORATION	DIDC.100	\$100,000	DICC.100	\$8,000	\$108,000
DAMAGES	DIDC.105	\$4,000	DICC.105	\$1,000	\$5,000
MUD/FLUIDS DISPOSAL CHARGES	DIDC.255	\$20,000	DICC.235	\$20,000	\$40,000
DAY RATE 46 DH DAYS 5 ACP DAYS @ 17430 PER DAY	DIDC.115	\$801,780	DICC.120	\$87,150	\$888,930
MISC PREPARATION COST (mouse hole, rat hole, pads, pile clusters, misc.)	DIDC.120	\$8,000			\$8,000
BITS	DIDC.125	\$100,000	DICC.125	\$1,000	\$101,000
FUEL \$2.20 PER GALLON	DIDC.135	\$111,000	DICC.130	\$11,000	\$122,000
WATER / COMPLETION FLUIDS	DIDC.140	\$32,200	DICC.135	\$25,000	\$57,200
MUD & ADDITIVES	DIDC.145	\$64,400			\$64,400
SURFACE RENTALS	DIDC.150	\$69,000	DICC.140	\$45,000	\$114,000
DOWNHOLE RENTALS	DIDC.155	\$144,000	DICC.145	\$10,000	\$154,000
FORMATION EVALUATION (DST, Coring including evaluation, G&G SERVICES)	DIDC.160				
MUD LOGGING 37 DAYS @ \$900 PER DAY	DIDC.170	\$47,000			\$47,000
OPEN HOLE LOGGING	DIDC.180	\$65,000			\$65,000
CEMENTING & FLOAT EQUIPMENT	DIDC.185	\$50,000	DICC.155	\$40,000	\$90,000
TUBULAR INSPECTIONS	DIDC.190	\$5,000	DICC.160	\$2,500	\$7,500
CASING CREWS	DIDC.195	\$12,000	DICC.165	\$15,000	\$27,000
EXTRA LABOR, WELDING, ETC.	DIDC.200	\$27,600	DICC.170	\$5,000	\$32,600
LAND TRANSPORTATION (Trucking)	DIDC.205	\$32,200	DICC.175	\$7,000	\$39,200
SUPERVISION	DIDC.210	\$51,000	DICC.180	\$18,000	\$69,000
TRAILER HOUSE/CAMP/CATERING	DIDC.280	\$17,000	DICC.255	\$2,500	\$19,500
OTHER MISC EXPENSES	DIDC.220	\$5,000	DICC.190	\$5,000	\$10,000
OVERHEAD	DIDC.225	\$14,000	DICC.195	\$4,200	\$18,200
REMEDIAL CEMENTING	DIDC.231		DICC.215		
MOB/DEMOB	DIDC.240	\$150,000			\$150,000
DIRECTIONAL DRILLING SERVICES 22 DAYS @ 9500 PER DAY	DIDC.245	\$209,000			\$209,000
DOCK, DISPATCHER, CRANE	DIDC.250		DICC.230		
MARINE & AIR TRANSPORTATION	DIDC.275		DICC.250		
SOLIDS CONTROL	DIDC.260	\$166,000			\$166,000
WELL CONTROL EQUIP (Snubbing services)	DIDC.265	\$28,000	DICC.240	\$16,800	\$44,800
FISHING & SIDETRACK OPERATIONS	DIDC.270		DICC.245		
COMPLETION RIG 14 DAYS @ 4400 PER DAY			DICC.115	\$61,600	\$61,600
COIL TUBING DAYS @ PER DAY			DICC.260		
COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS			DICC.200	\$35,000	\$35,000
STIMULATION			DICC.210	\$220,000	\$220,000
LEGAL/REGULATORY/CURATIVE	DIDC.300	\$10,000	DICC.280		\$10,000
WELL CONTROL INSURANCE \$0.35 PER FOOT	DIDC.285	\$3,000			\$3,000
CONTINGENCY 5% OF DRILLING INTANGIBLES	DIDC.435	\$117,000	DICC.220	\$32,000	\$149,000
CONSTRUCTION FOR WELL EQUIPMENT			DWEA.110	\$1,000	\$1,000
CONSTRUCTION FOR LEASE EQUIPMENT			DLEQ.110	\$39,000	\$39,000
CONSTRUCTION FOR SALES P/L			DICC.265		
TOTAL INTANGIBLE COST		\$2,463,180		\$712,750	\$3,175,930
TANGIBLE - WELL EQUIPMENT					
CASING	SIZE	FEET	\$/FOOT		
DRIVE PIPE	20"	40	100.00	DWEB.150	4,000
CONDUCTOR PIPE				DWEB.130	
WATER STRING				DWEB.135	
SURFACE CASING	13-3/8"	250	42.00	DWEB.140	11,000
INTERMEDIATE CASING	8-5/8"	4,500	23.40	DWEB.145	105,000
DRILLING LINER	7"			DWEB.145	
DRILLING LINER				DWEB.145	
PRODUCTION CASING OR LINER	5 1/2"	9,800	15.90		
PRODUCTION TIE-BACK				DWEA.100	156,000
TUBING	2 7/8"	12,000	6.50	DWEA.105	78,000
N/C WELL EQUIPMENT				DWEA.115	\$9,000
WELLHEAD, TREE, CHOKES				DWEB.115	12,000
LINER HANGER, ISOLATION PACKER				DWEB.100	
PACKER, NIPPLES				DWEA.130	\$110,000
PUMPING UNIT, ENGINE				DLEQ.100	\$78,000
LIFT EQUIPMENT (BHP, Rods, Anchors)				DLEQ.105	\$15,000
TANGIBLE - LEASE EQUIPMENT					
N/C LEASE EQUIPMENT				DLEQ.115	\$44,000
TANKS, TANKS STEPS, STAIRS				DLEQ.120	\$21,000
BATTERY (Heater Treater, Separator, Gas Treating Equipment)				DLEQ.125	\$18,000
FLOW LINES (Line Pipe from wellhead to central facility)				DLEQ.130	\$1,000
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES				DWEA.135	
PIPELINES TO SALES				DWEA.140	
TOTAL TANGIBLES		\$132,000		\$558,000	\$690,000
P&A COSTS	DIDC.295	60,000	DICC.275	(60,000)	
TOTAL COST		\$2,655,180		\$1,210,750	\$3,865,930

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 6, 2007

Maurice and Bernard Krasner
C/o Marguerite C. Buckley
9446 Litzsingle Road
St. Louis, MO 63144

**Re: Oil & Gas Lease
W/2 of Section 31
Township 14 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4,
SW/4NE/4 and NW/4SE/4 of Section 6
Township 15 South, Range 38 East
Lea County, New Mexico**

Dear Maurice and Bernard:

According to our title research, you own an undivided 2.0005 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this Lease are a \$100.00 per net mineral acre bonus consideration, three (3) year paid-up primary term and three-sixteenths (3/16) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$200.05 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS



Tim Lilley

OIL & GAS LEASE

THIS AGREEMENT made this 6th day of April, 2007, between Maurice and/or Bernard Krasner, as Lessor (whether one or more), c/o Marguerite C. Buckley, whose address is 9446 Litzsingle Road, St. Louis, MO 63144, and Shaw Interests, Inc. whose address is P.O. Box 9612, Midland, Texas 79708, Lessee,

WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East
W/2 of Section 31

Township 15 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of **Three (3) years** from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, **three-sixteenths (3/16)** of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of **three-sixteenths (3/16)** of the gas used, provided that on gas sold on or off the premises, the royalties shall be **three-sixteenths (3/16)** of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

Maurice Krasner

Bernard Krasner

ACKNOWLEDGMENT

STATE OF MISSOURI §
 §
COUNTY OF §

This instrument was acknowledged before me on the _____ day of _____, 2007, by Maurice Krasner.

Notary Public, State of Missouri

My Commission Expires: _____

ACKNOWLEDGMENT

STATE OF MISSOURI §
 §
COUNTY OF §

This instrument was acknowledged before me on the _____ day of _____, 2005, by Bernard Krasner.

Notary Public, State of Missouri

My Commission Expires: _____

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 17, 2007

Ralph H. Coburn
C/o Marguerite C. Buckley
9446 Litzsingle Road — *UNDECIPHERABLE*
St. Louis, MO 63144

**Re: Pyramid #1
W/2 of Section 31, Township 14 South, Range 38 East
Lea County, New Mexico**

Dear Ms. Buckley:

In conjunction with our proposal of April 6, 2007 to lease your undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

- Surface Hole Location: 2210' FSL & 430' FWL
- Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

- \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS



Maner B. Shaw



AUTHORIZATION FOR EXPENDITURE

COMPANY ENTITY Cimarex Energy Co.				DATE PREPARED March 8, 2007	
REGION Permian	WELL NAME Pyramid	WELL NO. 1	PROSPECT OR FIELD NAME Star-Denton	PROPERTY NUMBER	DRILLING AFE NO.
LOCATION SHL 2210' FSL & 430' FWL BHL 330' FSL & 430' FWL Sec 31, T14S, R38E			COUNTY Lea	STATE New Mexico	TYPE WELL OIL <input checked="" type="checkbox"/> EXPL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> PROD <input type="checkbox"/>
ORIGINAL ESTIMATE <input checked="" type="checkbox"/>	EST. START DATE	EST. COMP. DATE	FORMATION	EST. TD 9800 TVD 11600' MD	
REVISED ESTIMATE <input type="checkbox"/>					
SUPPLEMENTAL ESTIMATE <input type="checkbox"/>					

PROJECT DESCRIPTION:
Drill and complete a horizontal wolfcamp well.

<u>INTANGIBLES</u>	<u>DRY HOLE COST</u>	<u>AFTER CASING POINT</u>	<u>COMPLETED WELL COST</u>
Intangible Drilling Costs	\$2,463,180		\$2,463,180
Intangible Completion Costs		712,750	712,750
TOTAL INTANGIBLE COSTS	2,463,180	712,750	3,175,930
<u>TANGIBLES</u>			
Well Equipment	132,000	474,000	606,000
Lease Equipment		84,000	84,000
TOTAL TANGIBLE WELL COST	132,000	558,000	690,000
PLUG AND ABANDON COST	60,000	(60,000)	
TOTAL WELL COST:	\$2,655,180	\$1,210,750	\$3,865,930

Comments on Well Costs:

1. All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

_____ I elect to purchase my own well control insurance policy.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

#VALUE!

CIMAREX ENERGY CO. APPROVAL

PREPARED BY Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	DRILLING AND COMPLETION MANAGER Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	REGIONAL MANAGER Roger Alexander, Regional Manager Permian Basin
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JOINT INTEREST APPROVAL

COMPANY	BY	DATE
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PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

INTANGIBLES	Codes	DRY HOLE COST	Codes	AFTER CASING POINT	COMPLETED WELL COST
ROADS & LOCATION PREPARATION / RESTORATION	DIDC.100	\$100,000	DICC.100	\$8,000	\$108,000
DAMAGES	DIDC.105	\$4,000	DICC.105	\$1,000	\$5,000
MUD/FLUIDS DISPOSAL CHARGES	DIDC.255	\$20,000	DICC.235	\$20,000	\$40,000
DAY RATE 46 DH DAYS 5 ACP DAYS @ 17430 PER DAY	DIDC.115	\$801,780	DICC.120	\$87,150	\$888,930
MISC PREPARATION COST (mouse hole, rat hole, pads, pile clusters, misc.)	DIDC.120	\$8,000			\$8,000
BITS	DIDC.125	\$100,000	DICC.125	\$1,000	\$101,000
FUEL \$2.20 PER GALLON	DIDC.135	\$111,000	DICC.130	\$11,000	\$122,000
WATER / COMPLETION FLUIDS	DIDC.140	\$32,200	DICC.135	\$25,000	\$57,200
MUD & ADDITIVES	DIDC.145	\$64,400			\$64,400
SURFACE RENTALS	DIDC.150	\$69,000	DICC.140	\$45,000	\$114,000
DOWNHOLE RENTALS	DIDC.155	\$144,000	DICC.145	\$10,000	\$154,000
FORMATION EVALUATION (DST, Coring including evaluation, G&G SERVICES)	DIDC.160				
MUD LOGGING 37 DAYS @ \$900 PER DAY	DIDC.170	\$47,000			\$47,000
OPEN HOLE LOGGING	DIDC.180	\$65,000			\$65,000
CEMENTING & FLOAT EQUIPMENT	DIDC.185	\$50,000	DICC.155	\$40,000	\$90,000
TUBULAR INSPECTIONS	DIDC.190	\$5,000	DICC.160	\$2,500	\$7,500
CASING CREWS	DIDC.195	\$12,000	DICC.165	\$15,000	\$27,000
EXTRA LABOR, WELDING, ETC.	DIDC.200	\$27,600	DICC.170	\$5,000	\$32,600
LAND TRANSPORTATION (Trucking)	DIDC.205	\$32,200	DICC.175	\$7,000	\$39,200
SUPERVISION	DIDC.210	\$51,000	DICC.180	\$18,000	\$69,000
TRAILER HOUSE/CAMP/CATERING	DIDC.280	\$17,000	DICC.255	\$2,500	\$19,500
OTHER MISC EXPENSES	DIDC.220	\$5,000	DICC.190	\$5,000	\$10,000
OVERHEAD	DIDC.225	\$14,000	DICC.195	\$4,200	\$18,200
REMEDIAL CEMENTING	DIDC.231		DICC.215		
MOB/DEMOB	DIDC.240	\$150,000			\$150,000
DIRECTIONAL DRILLING SERVICES 22 DAYS @ 9500 PER DAY	DIDC.245	\$209,000			\$209,000
DOCK, DISPATCHER, CRANE	DIDC.250		DICC.230		
MARINE & AIR TRANSPORTATION	DIDC.275		DICC.250		
SOLIDS CONTROL	DIDC.260	\$166,000			\$166,000
WELL CONTROL EQUIP (Snubbing services)	DIDC.265	\$28,000	DICC.240	\$16,800	\$44,800
FISHING & SIDETRACK OPERATIONS	DIDC.270		DICC.245		
COMPLETION RIG 14 DAYS @ 4400 PER DAY			DICC.115	\$61,600	\$61,600
COIL TUBING DAYS @ PER DAY			DICC.260		
COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS			DICC.200	\$35,000	\$35,000
STIMULATION			DICC.210	\$220,000	\$220,000
LEGAL/REGULATORY/CURATIVE	DIDC.300	\$10,000	DICC.280		\$10,000
WELL CONTROL INSURANCE \$0.35 PER FOOT	DIDC.285	\$3,000			\$3,000
CONTINGENCY 5% OF DRILLING INTANGIBLES	DIDC.435	\$117,000	DICC.220	\$32,000	\$149,000
CONSTRUCTION FOR WELL EQUIPMENT			DWEA.110	\$1,000	\$1,000
CONSTRUCTION FOR LEASE EQUIPMENT			DLEQ.110	\$39,000	\$39,000
CONSTRUCTION FOR SALES P/L			DICC.265		
TOTAL INTANGIBLE COST		\$2,463,180		\$712,750	\$3,175,930
TANGIBLE - WELL EQUIPMENT					
CASING	SIZE	FEET	\$/FOOT		
DRIVE PIPE	20"	40	100.00	DWEB.150	4,000
CONDUCTOR PIPE				DWEB.130	
WATER STRING				DWEB.135	
SURFACE CASING	13-3/8"	250	42.00	DWEB.140	11,000
INTERMEDIATE CASING	8-5/8"	4,500	23.40	DWEB.145	105,000
DRILLING LINER	7"			DWEB.145	
DRILLING LINER				DWEB.145	
PRODUCTION CASING OR LINER	5 1/2"	9,800	15.90		
PRODUCTION TIE-BACK					
TUBING	2 7/8"	12,000	6.50		
N/C WELL EQUIPMENT					
WELLHEAD, TREE, CHOKES				DWEB.115	12,000
LINER HANGER, ISOLATION PACKER				DWEB.100	
PACKER, NIPPLES					
PUMPING UNIT, ENGINE					
LIFT EQUIPMENT (BHP, Rods, Anchors)				DLEQ.100	\$78,000
				DLEQ.105	\$15,000
TANGIBLE - LEASE EQUIPMENT					
N/C LEASE EQUIPMENT					
TANKS, TANKS STEPS, STAIRS					
BATTERY (Heater Treater, Separator, Gas Treating Equipment)				DLEQ.125	\$18,000
FLOW LINES (Line Pipe from wellhead to central facility)				DLEQ.130	\$1,000
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES				DWEA.135	
PIPELINES TO SALES				DWEA.140	
TOTAL TANGIBLES		\$132,000		\$558,000	\$690,000
P&A COSTS	DIDC.295	60,000	DICC.275	(60,000)	
TOTAL COST		\$2,655,180		\$1,210,750	\$3,865,930

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 6, 2007

Ralph H. Coburn
C/o Marguerite C. Buckley
9446 Litzsingle Road
St. Louis, MO 63144

**Re: Oil & Gas Lease
W/2 of Section 31
Township 14 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4,
SW/4NE/4 and NW/4SE/4 of Section 6
Township 15 South, Range 38 East
Lea County, New Mexico**

Dear Ms. Buckley:

According to our title research, Ralph Coburn owns an undivided 2.0005 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this Lease are a \$100.00 per net mineral acre bonus consideration, three (3) year paid-up primary term and three-sixteenths (3/16) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$200.05 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS



Tim Lilley

OIL & GAS LEASE

THIS AGREEMENT made this 6th day of April, 2007, between Ralph H. Coburn, herein dealing in his sole and separate property, as Lessor (whether one or more), C/o Marguerite C. Buckley, whose address is 9446 Litzsingle Road, St. Louis, MO 63144, and Shaw Interests, Inc. whose address is P.O. Box 9612, Midland, Texas 79708, Lessee,

WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East
W/2 of Section 31

Township 15 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of **Three (3) years** from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, **three-sixteenths (3/16)** of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of **three-sixteenths (3/16)** of the gas used, provided that on gas sold on or off the premises, the royalties shall be **three-sixteenths (3/16)** of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

Ralph H. Coburn

ACKNOWLEDGMENT

STATE OF §
 §
COUNTY OF §

This instrument was acknowledged before me on the _____ day of _____, 2007, by Ralph H. Coburn.

Notary Public, State of
My Commission Expires: _____

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 17, 2007

Eugene F. Arnold
C/o Marguerite C. Buckley
9446 Litzsingle Road - UNDELINCRABLE
St. Louis, MO 63144

**Re: Pyramid #1
W/2 of Section 31, Township 14 South, Range 38 East
Lea County, New Mexico**

Dear Ms. Buckley:

In conjunction with our proposal of April 6, 2007 to lease your undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

- Surface Hole Location: 2210' FSL & 430' FWL
- Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

- \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS



Maner B. Shaw



AUTHORIZATION FOR EXPENDITURE

COMPANY ENTITY Cimarex Energy Co.					DATE PREPARED March 8, 2007
REGION Permian	WELL NAME Pyramid	WELL NO. 1	PROSPECT OR FIELD NAME Star-Denton	PROPERTY NUMBER	DRILLING AFE NO.
LOCATION SHL 2210' FSL & 430' FWL BHL 330' FSL & 430' FWL Sec 31, T14S, R38E			COUNTY Lea	STATE New Mexico	TYPE WELL OIL <input checked="" type="checkbox"/> EXPL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> PROD <input type="checkbox"/>
ORIGINAL ESTIMATE <input checked="" type="checkbox"/>	EST. START DATE	EST. COMP. DATE	FORMATION	EST. TD 9800 TVD 11600' MD	
REVISED ESTIMATE					
SUPPLEMENTAL ESTIMATE					

PROJECT DESCRIPTION:

Drill and complete a horizontal wolfcamp well.

<u>INTANGIBLES</u>	<u>DRY HOLE COST</u>	<u>AFTER CASING POINT</u>	<u>COMPLETED WELL COST</u>
Intangible Drilling Costs	<u>\$2,463,180</u>		<u>\$2,463,180</u>
Intangible Completion Costs		<u>712,750</u>	<u>712,750</u>
TOTAL INTANGIBLE COSTS	<u>2,463,180</u>	<u>712,750</u>	<u>3,175,930</u>
<u>TANGIBLES</u>			
Well Equipment	<u>132,000</u>	<u>474,000</u>	<u>606,000</u>
Lease Equipment		<u>84,000</u>	<u>84,000</u>
TOTAL TANGIBLE WELL COST	<u>132,000</u>	<u>558,000</u>	<u>690,000</u>
PLUG AND ABANDON COST	<u>60,000</u>	<u>(60,000)</u>	
TOTAL WELL COST:	<u>\$2,655,180</u>	<u>\$1,210,750</u>	<u>\$3,865,930</u>

Comments on Well Costs:

1. All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

_____ I elect to purchase my own well control insurance policy.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

#VALUE!

CIMAREX ENERGY CO. APPROVAL

PREPARED BY Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	DRILLING AND COMPLETION MANAGER Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	REGIONAL MANAGER Roger Alexander, Regional Manager Permian Basin
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JOINT INTEREST APPROVAL

COMPANY	BY	DATE
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PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

INTANGIBLES	DRY HOLE		AFTER CASING		COMPLETED WELL COST
	Codes	COST	Codes	POINT	
ROADS & LOCATION PREPARATION / RESTORATION	DIDC.100	\$100,000	DICC.100	\$8,000	\$108,000
DAMAGES	DIDC.105	\$4,000	DICC.105	\$1,000	\$5,000
MUD/FLUIDS DISPOSAL CHARGES	DIDC.255	\$20,000	DICC.235	\$20,000	\$40,000
DAY RATE 46 DH DAYS 5 ACP DAYS @ 17430 PER DAY	DIDC.115	\$801,780	DICC.120	\$87,150	\$888,930
MISC PREPARATION COST (mouse hole, rat hole, pads, pile clusters, misc.)	DIDC.120	\$8,000			\$8,000
BITS	DIDC.125	\$100,000	DICC.125	\$1,000	\$101,000
FUEL \$2.20 PER GALLON	DIDC.135	\$111,000	DICC.130	\$11,000	\$122,000
WATER / COMPLETION FLUIDS	DIDC.140	\$32,200	DICC.135	\$25,000	\$57,200
MUD & ADDITIVES	DIDC.145	\$64,400			\$64,400
SURFACE RENTALS	DIDC.150	\$69,000	DICC.140	\$45,000	\$114,000
DOWNHOLE RENTALS	DIDC.155	\$144,000	DICC.145	\$10,000	\$154,000
FORMATION EVALUATION (DST, Coring including evaluation; G&G SERVICES)	DIDC.160				
MUD LOGGING 37 DAYS @ \$900 PER DAY	DIDC.170	\$47,000			\$47,000
OPEN HOLE LOGGING	DIDC.180	\$65,000			\$65,000
CEMENTING & FLOAT EQUIPMENT	DIDC.185	\$50,000	DICC.155	\$40,000	\$90,000
TUBULAR INSPECTIONS	DIDC.190	\$5,000	DICC.160	\$2,500	\$7,500
CASING CREWS	DIDC.195	\$12,000	DICC.165	\$15,000	\$27,000
EXTRA LABOR, WELDING, ETC.	DIDC.200	\$27,600	DICC.170	\$5,000	\$32,600
LAND TRANSPORTATION (Trucking)	DIDC.205	\$32,200	DICC.175	\$7,000	\$39,200
SUPERVISION	DIDC.210	\$51,000	DICC.180	\$18,000	\$69,000
TRAILER HOUSE/CAMP/CATERING	DIDC.280	\$17,000	DICC.255	\$2,500	\$19,500
OTHER MISC EXPENSES	DIDC.220	\$5,000	DICC.190	\$5,000	\$10,000
OVERHEAD	DIDC.225	\$14,000	DICC.195	\$4,200	\$18,200
REMEDIAL CEMENTING	DIDC.231		DICC.215		
MOB/DEMOB	DIDC.240	\$150,000			\$150,000
DIRECTIONAL DRILLING SERVICES 22 DAYS @ 9500 PER DAY	DIDC.245	\$209,000			\$209,000
DOCK, DISPATCHER, CRANE	DIDC.250		DICC.230		
MARINE & AIR TRANSPORTATION	DIDC.275		DICC.250		
SOLIDS CONTROL	DIDC.260	\$166,000			\$166,000
WELL CONTROL EQUIP (Snubbing services)	DIDC.265	\$28,000	DICC.240	\$16,800	\$44,800
FISHING & SIDETRACK OPERATIONS	DIDC.270		DICC.245		
COMPLETION RIG 14 DAYS @ 4400 PER DAY			DICC.115	\$61,600	\$61,600
COIL TUBING DAYS @ PER DAY			DICC.260		
COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS			DICC.200	\$35,000	\$35,000
STIMULATION			DICC.210	\$220,000	\$220,000
LEGAL/REGULATORY/CURATIVE	DIDC.300	\$10,000	DICC.280		\$10,000
WELL CONTROL INSURANCE \$0.35 PER FOOT	DIDC.285	\$3,000			\$3,000
CONTINGENCY 5% OF DRILLING INTANGIBLES	DIDC.435	\$117,000	DICC.220	\$32,000	\$149,000
CONSTRUCTION FOR WELL EQUIPMENT			DWEA.110	\$1,000	\$1,000
CONSTRUCTION FOR LEASE EQUIPMENT			DLEQ.110	\$39,000	\$39,000
CONSTRUCTION FOR SALES P/L			DICC.265		
TOTAL INTANGIBLE COST		\$2,463,180		\$712,750	\$3,175,930
TANGIBLE - WELL EQUIPMENT					
CASING	SIZE	FEET	\$/FOOT		
DRIVE PIPE	20"	40	100.00	DWEB.150 4,000	\$4,000
CONDUCTOR PIPE				DWEB.130	
WATER STRING				DWEB.135	
SURFACE CASING	13-3/8"	250	42.00	DWEB.140 11,000	\$11,000
INTERMEDIATE CASING	8-5/8"	4,500	23.40	DWEB.145 105,000	\$105,000
DRILLING LINER	7"			DWEB.145	
DRILLING LINER				DWEB.145	
PRODUCTION CASING OR LINER	5 1/2"	9,800	15.90	DWEA.100 156,000	\$156,000
PRODUCTION TIE-BACK				DWEA.100	
TUBING	2 7/8"	12,000	6.50	DWEA.105 78,000	\$78,000
N/C WELL EQUIPMENT				DWEA.115 9,000	\$9,000
WELLHEAD, TREE, CHOKES				DWEB.115 12,000 DWEA.120 28,000	\$40,000
LINER HANGER, ISOLATION PACKER				DWEB.100 DWEA.125	
PACKER, NIPPLES				DWEA.130 110,000	\$110,000
PUMPING UNIT, ENGINE				DLEQ.100 78,000	\$78,000
LIFT EQUIPMENT (BHP, Rods, Anchors)				DLEQ.105 15,000	\$15,000
TANGIBLE - LEASE EQUIPMENT					
N/C LEASE EQUIPMENT				DLEQ.115 44,000	\$44,000
TANKS, TANKS STEPS, STAIRS				DLEQ.120 21,000	\$21,000
BATTERY (Heater Treater, Separator, Gas Treating Equipment)				DLEQ.125 18,000	\$18,000
FLOW LINES (Line Pipe from wellhead to central facility)				DLEQ.130 1,000	\$1,000
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES				DWEA.135	
PIPELINES TO SALES				DWEA.140	
TOTAL TANGIBLES		\$132,000		\$558,000	\$690,000
P&A COSTS	DIDC.295	60,000	DICC.275	(60,000)	
TOTAL COST		\$2,655,180		\$1,210,750	\$3,865,930

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 6, 2007

Eugene F. Arnold
C/o Marguerite C. Buckley
9446 Litzsingle Road
St. Louis, MO 63144

**Re: Oil & Gas Lease
W/2 of Section 31
Township 14 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4,
SW/4NE/4 and NW/4SE/4 of Section 6
Township 15 South, Range 38 East
Lea County, New Mexico**

Dear Ms. Buckley:

According to our title research, Eugene Arnold owns an undivided 2.0005 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this Lease are a \$100.00 per net mineral acre bonus consideration, three (3) year paid-up primary term and three-sixteenths (3/16) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$200.05 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS



Tim Lilley

OIL & GAS LEASE

THIS AGREEMENT made this 6th day of April, 2007, between Eugene F. Arnold, herein dealing in his sole and separate property, as Lessor (whether one or more), C/o Marguerite C. Buckley, whose address is 9446 Litzsingle Road, St. Louis, MO 63144, and Shaw Interests, Inc. whose address is P.O. Box 9612, Midland, Texas 79708, Lessee,

WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East

W/2 of Section 31

Township 15 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of **Three (3) years** from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, **three-sixteenths (3/16)** of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of **three-sixteenths (3/16)** of the gas used, provided that on gas sold on or off the premises, the royalties shall be **three-sixteenths (3/16)** of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

Eugene F. Arnold

ACKNOWLEDGMENT

STATE OF §
 §
COUNTY OF §

This instrument was acknowledged before me on the _____ day of _____, 2007, by Eugene F. Arnold.

Notary Public, State of

My Commission Expires: _____

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 17, 2007

R. E. Carter

C/o Marguerite C. Buckley

9446 Litzsingle Road — UNDELIVERABLE

St. Louis, MO 63144

**Re: Pyramid #1
W/2 of Section 31, Township 14 South, Range 38 East
Lea County, New Mexico**

Dear Ms. Buckley:

In conjunction with our proposal of April 6, 2007 to lease your undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

- Surface Hole Location: 2210' FSL & 430' FWL
- Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

- \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS



Maner B. Shaw



AUTHORIZATION FOR EXPENDITURE

COMPANY ENTITY Cimarex Energy Co.				DATE PREPARED March 8, 2007	
REGION Permian	WELL NAME Pyramid	WELL NO. 1	PROSPECT OR FIELD NAME Star-Denton	PROPERTY NUMBER	DRILLING AFE NO.
LOCATION SHL 2210' FSL & 430' FWL BHL 330' FSL & 430' FWL Sec 31, T14S, R38E			COUNTY Lea	STATE New Mexico	TYPE WELL OIL <input checked="" type="checkbox"/> EXPL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> PROD <input type="checkbox"/>
ORIGINAL ESTIMATE <input checked="" type="checkbox"/>	EST. START DATE	EST. COMP. DATE	FORMATION	EST. TD 9800 TVD 11600' MD	
REVISED ESTIMATE					
SUPPLEMENTAL ESTIMATE					

PROJECT DESCRIPTION:
Drill and complete a horizontal wolfcamp well.

<u>INTANGIBLES</u>	<u>DRY HOLE COST</u>	<u>AFTER CASING POINT</u>	<u>COMPLETED WELL COST</u>
Intangible Drilling Costs	\$2,463,180		\$2,463,180
Intangible Completion Costs		712,750	712,750
TOTAL INTANGIBLE COSTS	2,463,180	712,750	3,175,930
<u>TANGIBLES</u>			
Well Equipment	132,000	474,000	606,000
Lease Equipment		84,000	84,000
TOTAL TANGIBLE WELL COST	132,000	558,000	690,000
PLUG AND ABANDON COST	60,000	(60,000)	
TOTAL WELL COST:	\$2,655,180	\$1,210,750	\$3,865,930

Comments on Well Costs:

1. All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

I elect to purchase my own well control insurance policy.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

#VALUE!

CIMAREX ENERGY CO. APPROVAL

PREPARED BY Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	DRILLING AND COMPLETION MANAGER Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	REGIONAL MANAGER Roger Alexander, Regional Manager Permian Basin
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JOINT INTEREST APPROVAL

COMPANY	BY	DATE
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PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

INTANGIBLES				Codes	DRY HOLE COST	Codes	AFTER CASING POINT	COMPLETED WELL COST			
ROADS & LOCATION PREPARATION / RESTORATION				DIDC.100	\$100,000	DICC.100	\$8,000	\$108,000			
DAMAGES				DIDC.105	\$4,000	DICC.105	\$1,000	\$5,000			
MUD/FLUIDS DISPOSAL CHARGES				DIDC.255	\$20,000	DICC.235	\$20,000	\$40,000			
DAY RATE	46	DH DAYS	5	ACP DAYS @	17430	PER DAY					
MISC PREPARATION COST (mouse hole, rat hole, pads, pile clusters, misc.)				DIDC.120	\$8,000			\$8,000			
BITS				DIDC.125	\$100,000	DICC.125	\$1,000	\$101,000			
FUEL	\$2.20 PER GALLON			DIDC.135	\$111,000	DICC.130	\$11,000	\$122,000			
WATER / COMPLETION FLUIDS				DIDC.140	\$32,200	DICC.135	\$25,000	\$57,200			
MUD & ADDITIVES				DIDC.145	\$64,400			\$64,400			
SURFACE RENTALS				DIDC.150	\$69,000	DICC.140	\$45,000	\$114,000			
DOWNHOLE RENTALS				DIDC.155	\$144,000	DICC.145	\$10,000	\$154,000			
FORMATION EVALUATION (DST, Coring including evaluation, G&G SERVICES)				DIDC.160							
MUD LOGGING 37 DAYS @ \$900 PER DAY				DIDC.170	\$47,000			\$47,000			
OPEN HOLE LOGGING				DIDC.180	\$65,000			\$65,000			
CEMENTING & FLOAT EQUIPMENT				DIDC.185	\$50,000	DICC.155	\$40,000	\$90,000			
TUBULAR INSPECTIONS				DIDC.190	\$5,000	DICC.160	\$2,500	\$7,500			
CASING CREWS				DIDC.195	\$12,000	DICC.165	\$15,000	\$27,000			
EXTRA LABOR, WELDING, ETC.				DIDC.200	\$27,600	DICC.170	\$5,000	\$32,600			
LAND TRANSPORTATION (Trucking)				DIDC.205	\$32,200	DICC.175	\$7,000	\$39,200			
SUPERVISION				DIDC.210	\$51,000	DICC.180	\$18,000	\$69,000			
TRAILER HOUSE/CAMP/CATERING				DIDC.280	\$17,000	DICC.255	\$2,500	\$19,500			
OTHER MISC EXPENSES				DIDC.220	\$5,000	DICC.190	\$5,000	\$10,000			
OVERHEAD				DIDC.225	\$14,000	DICC.195	\$4,200	\$18,200			
REMEDIAL CEMENTING				DIDC.231		DICC.215					
MOB/DEMOB				DIDC.240	\$150,000			\$150,000			
DIRECTIONAL DRILLING SERVICES 22 DAYS @ 9500 PER DAY				DIDC.245	\$209,000			\$209,000			
DOCK, DISPATCHER, CRANE				DIDC.250		DICC.230					
MARINE & AIR TRANSPORTATION				DIDC.275		DICC.250					
SOLIDS CONTROL				DIDC.260	\$166,000			\$166,000			
WELL CONTROL EQUIP (Snubbing services)				DIDC.265	\$28,000	DICC.240	\$16,800	\$44,800			
FISHING & SIDETRACK OPERATIONS				DIDC.270		DICC.245					
COMPLETION RIG 14 DAYS @ 4400 PER DAY						DICC.115	\$61,600	\$61,600			
COIL TUBING DAYS @ PER DAY						DICC.260					
COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS						DICC.200	\$35,000	\$35,000			
STIMULATION						DICC.210	\$220,000	\$220,000			
LEGAL/REGULATORY/CURATIVE				DIDC.300	\$10,000	DICC.280		\$10,000			
WELL CONTROL INSURANCE \$0.35 PER FOOT				DIDC.285	\$3,000			\$3,000			
CONTINGENCY 5% OF DRILLING INTANGIBLES				DIDC.435	\$117,000	DICC.220	\$32,000	\$149,000			
CONSTRUCTION FOR WELL EQUIPMENT						DWEA.110	\$1,000	\$1,000			
CONSTRUCTION FOR LEASE EQUIPMENT						DLEQ.110	\$39,000	\$39,000			
CONSTRUCTION FOR SALES P/L						DICC.265					
TOTAL INTANGIBLE COST					\$2,463,180		\$742,750	\$3,175,930			
TANGIBLE - WELL EQUIPMENT											
CASING				SIZE	FEET	\$/FOOT					
DRIVE PIPE				20"	40	100.00	DWEB.150	4,000	\$4,000		
CONDUCTOR PIPE							DWEB.130				
WATER STRING							DWEB.135				
SURFACE CASING				13-3/8"	250	42.00	DWEB.140	11,000	\$11,000		
INTERMEDIATE CASING				8-5/8"	4,500	23.40	DWEB.145	105,000	\$105,000		
DRILLING LINER				7"			DWEB.145				
DRILLING LINER							DWEB.145				
PRODUCTION CASING OR LINER				5 1/2"	9,800	15.90		DWEA.100	156,000	\$156,000	
PRODUCTION TIE-BACK								DWEA.100			
TUBING				2 7/8"	12,000	6.50		DWEA.105	78,000	\$78,000	
N/C WELL EQUIPMENT								DWEA.115	\$9,000	\$9,000	
WELLHEAD, TREE, CHOKES							DWEB.115	12,000	DWEA.120	\$28,000	\$40,000
LINER HANGER, ISOLATION PACKER							DWEB.100		DWEA.125		
PACKER, NIPPLES								DWEA.130	\$110,000	\$110,000	
PUMPING UNIT, ENGINE								DLEQ.100	\$78,000	\$78,000	
LIFT EQUIPMENT (BHP, Rods, Anchors)								DLEQ.105	\$15,000	\$15,000	
TANGIBLE - LEASE EQUIPMENT											
N/C LEASE EQUIPMENT								DLEQ.115	\$44,000	\$44,000	
TANKS, TANKS STEPS, STAIRS								DLEQ.120	\$21,000	\$21,000	
BATTERY (Heater Treater, Separator, Gas Treating Equipment)								DLEQ.125	\$18,000	\$18,000	
FLOW LINES (Line Pipe from wellhead to central facility)								DLEQ.130	\$1,000	\$1,000	
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES								DWEA.135			
PIPELINES TO SALES								DWEA.140			
TOTAL TANGIBLES								\$132,000	\$556,000	\$690,000	
P&A COSTS				DIDC.295	60,000		DICC.275	(60,000)			
TOTAL COST					\$2,655,180			\$1,210,750	\$3,865,930		

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 6, 2007

R. E. Carter
C/o Marguerite C. Buckley
9446 Litzsingle Road
St. Louis, MO 63144

**Re: Oil & Gas Lease
W/2 of Section 31
Township 14 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4,
SW/4NE/4 and NW/4SE/4 of Section 6
Township 15 South, Range 38 East
Lea County, New Mexico**

Dear Ms. Buckley:

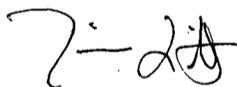
According to our title research, R. E. Carter owns an undivided 2.0005 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this Lease are a \$100.00 per net mineral acre bonus consideration, three (3) year paid-up primary term and three-sixteenths (3/16) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$200.05 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS



Tim Lilley

OIL & GAS LEASE

THIS AGREEMENT made this 6th day of April, 2007, between R. E. Carter, herein dealing in his sole and separate property, as Lessor (whether one or more), C/o Marguerite C. Buckley, whose address is 9446 Litzsingle Road, St. Louis, MO 63144, and Shaw Interests, Inc. whose address is P.O. Box 9612, Midland, Texas 79708, Lessee,

WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East

W/2 of Section 31

Township 15 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of Three (3) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, three-sixteenths (3/16) of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of three-sixteenths (3/16) of the gas used, provided that on gas sold on or off the premises, the royalties shall be three-sixteenths (3/16) of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

R. E. Carter

ACKNOWLEDGMENT

STATE OF

§
§
§

COUNTY OF

This instrument was acknowledged before me on the _____ day of _____, 2007, by R. E. Carter.

Notary Public, State of

My Commission Expires: _____

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 17, 2007

Helen Pape
C/o Marguerite C. Buckley
9446 Litzsingle Road
St. Louis, MO 63144

- UNDELIVERABLE

**Re: Pyramid #1
W/2 of Section 31, Township 14 South, Range 38 East
Lea County, New Mexico**

Dear Ms. Buckley:

In conjunction with our proposal of April 6, 2007 to lease your undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

- Surface Hole Location: 2210' FSL & 430' FWL
- Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

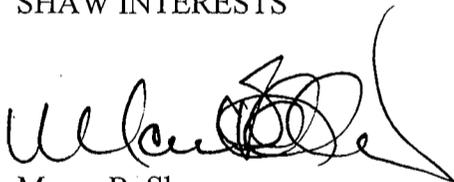
If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

- \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS



Maner B. Shaw



AUTHORIZATION FOR EXPENDITURE

COMPANY ENTITY Cimarex Energy Co.				DATE PREPARED March 8, 2007	
REGION Permian	WELL NAME Pyramid	WELL NO. 1	PROSPECT OR FIELD NAME Star-Denton	PROPERTY NUMBER	DRILLING AFE NO.
LOCATION SHL 2210' FSL & 430' FWL BHL 330' FSL & 430' FWL Sec 31, T14S, R38E			COUNTY Lea	STATE New Mexico	TYPE WELL OIL <input checked="" type="checkbox"/> EXPL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> PROD <input type="checkbox"/>
ORIGINAL ESTIMATE	<input checked="" type="checkbox"/>	EST. START DATE	EST. COMP. DATE	FORMATION	EST. TD 9800 TVD 11600' MD
REVISED ESTIMATE	<input type="checkbox"/>				
SUPPLEMENTAL ESTIMATE	<input type="checkbox"/>				

PROJECT DESCRIPTION:
Drill and complete a horizontal wolfcamp well.

<u>INTANGIBLES</u>	<u>DRY HOLE COST</u>	<u>AFTER CASING POINT</u>	<u>COMPLETED WELL COST</u>
Intangible Drilling Costs	<u>\$2,463,180</u>		<u>\$2,463,180</u>
Intangible Completion Costs		<u>712,750</u>	<u>712,750</u>
TOTAL INTANGIBLE COSTS	<u>2,463,180</u>	<u>712,750</u>	<u>3,175,930</u>
<u>TANGIBLES</u>			
Well Equipment	<u>132,000</u>	<u>474,000</u>	<u>606,000</u>
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TOTAL TANGIBLE WELL COST	<u>132,000</u>	<u>558,000</u>	<u>690,000</u>
PLUG AND ABANDON COST	<u>60,000</u>	<u>(60,000)</u>	
TOTAL WELL COST:	<u>\$2,655,180</u>	<u>\$1,210,750</u>	<u>\$3,865,930</u>

Comments on Well Costs:

1. All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

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Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related re-drilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

Comments on AFE

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#VALUE!

CIMAREX ENERGY CO. APPROVAL

PREPARED BY Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	DRILLING AND COMPLETION MANAGER Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	REGIONAL MANAGER Roger Alexander, Regional Manager Permian Basin
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JOINT INTEREST APPROVAL

COMPANY	BY	DATE
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PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

INTANGIBLES	Codes	DRY HOLE COST	Codes	AFTER CASING POINT	COMPLETED WELL COST
ROADS & LOCATION PREPARATION / RESTORATION	DIDC.100	\$100,000	DICC.100	\$8,000	\$108,000
DAMAGES	DIDC.105	\$4,000	DICC.105	\$1,000	\$5,000
MUD/FLUIDS DISPOSAL CHARGES	DIDC.255	\$20,000	DICC.235	\$20,000	\$40,000
DAY RATE 46 DH DAYS 5 ACP DAYS @ 17430 PER DAY	DIDC.115	\$801,780	DICC.120	\$87,150	\$888,930
MISC PREPARATION COST (mouse hole, rat hole, pads, pile clusters, misc.)	DIDC.120	\$8,000			\$8,000
BITS	DIDC.125	\$100,000	DICC.125	\$1,000	\$101,000
FUEL \$2.20 PER GALLON	DIDC.135	\$111,000	DICC.130	\$11,000	\$122,000
WATER / COMPLETION FLUIDS	DIDC.140	\$32,200	DICC.135	\$25,000	\$57,200
MUD & ADDITIVES	DIDC.145	\$64,400			\$64,400
SURFACE RENTALS	DIDC.150	\$69,000	DICC.140	\$45,000	\$114,000
DOWNHOLE RENTALS	DIDC.155	\$144,000	DICC.145	\$10,000	\$154,000
FORMATION EVALUATION (DST, Coring including evaluation, G&G SERVICES)	DIDC.160				
MUD LOGGING 37 DAYS @ \$900 PER DAY	DIDC.170	\$47,000			\$47,000
OPEN HOLE LOGGING	DIDC.180	\$65,000			\$65,000
CEMENTING & FLOAT EQUIPMENT	DIDC.185	\$50,000	DICC.155	\$40,000	\$90,000
TUBULAR INSPECTIONS	DIDC.190	\$5,000	DICC.160	\$2,500	\$7,500
CASING CREWS	DIDC.195	\$12,000	DICC.165	\$15,000	\$27,000
EXTRA LABOR, WELDING, ETC.	DIDC.200	\$27,600	DICC.170	\$5,000	\$32,600
LAND TRANSPORTATION (Trucking)	DIDC.205	\$32,200	DICC.175	\$7,000	\$39,200
SUPERVISION	DIDC.210	\$51,000	DICC.180	\$18,000	\$69,000
TRAILER HOUSE/CAMP/CATERING	DIDC.280	\$17,000	DICC.255	\$2,500	\$19,500
OTHER MISC EXPENSES	DIDC.220	\$5,000	DICC.190	\$5,000	\$10,000
OVERHEAD	DIDC.225	\$14,000	DICC.195	\$4,200	\$18,200
REMEDIAL CEMENTING	DIDC.231		DICC.215		
MOB/DEMOB	DIDC.240	\$150,000			\$150,000
DIRECTIONAL DRILLING SERVICES 22 DAYS @ 9500 PER DAY	DIDC.245	\$209,000			\$209,000
DOCK, DISPATCHER, CRANE	DIDC.250		DICC.230		
MARINE & AIR TRANSPORTATION	DIDC.275		DICC.250		
SOLIDS CONTROL	DIDC.260	\$166,000			\$166,000
WELL CONTROL EQUIP (Snubbing services)	DIDC.265	\$28,000	DICC.240	\$16,800	\$44,800
FISHING & SIDETRACK OPERATIONS	DIDC.270		DICC.245		
COMPLETION RIG 14 DAYS @ 4400 PER DAY			DICC.115	\$61,600	\$61,600
COIL TUBING DAYS @ PER DAY			DICC.260		
COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS			DICC.200	\$35,000	\$35,000
STIMULATION			DICC.210	\$220,000	\$220,000
LEGAL/REGULATORY/CURATIVE	DIDC.300	\$10,000	DICC.280		\$10,000
WELL CONTROL INSURANCE \$0.35 PER FOOT	DIDC.285	\$3,000			\$3,000
CONTINGENCY 5% OF DRILLING INTANGIBLES	DIDC.435	\$117,000	DICC.220	\$32,000	\$149,000
CONSTRUCTION FOR WELL EQUIPMENT			DWEA.110	\$1,000	\$1,000
CONSTRUCTION FOR LEASE EQUIPMENT			DLEQ.110	\$39,000	\$39,000
CONSTRUCTION FOR SALES P/L			DICC.265		
TOTAL INTANGIBLE COST		\$2,463,180		\$712,750	\$3,175,930
TANGIBLE - WELL EQUIPMENT					
CASING	SIZE	FEET	\$/FOOT		
DRIVE PIPE	20"	40	100.00	DWEB.150	4,000
CONDUCTOR PIPE				DWEB.130	
WATER STRING				DWEB.135	
SURFACE CASING	13-3/8"	250	42.00	DWEB.140	11,000
INTERMEDIATE CASING	8-5/8"	4,500	23.40	DWEB.145	105,000
DRILLING LINER	7"			DWEB.145	
DRILLING LINER				DWEB.145	
PRODUCTION CASING OR LINER	5 1/2"	9,800	15.90	DWEA.100	156,000
PRODUCTION TIE-BACK				DWEA.100	
TUBING	2 7/8"	12,000	6.50	DWEA.105	78,000
N/C WELL EQUIPMENT				DWEA.115	\$9,000
WELLHEAD, TREE, CHOKES				DWEB.115	12,000
LINER HANGER, ISOLATION PACKER				DWEB.100	
PACKER, NIPPLES				DWEA.130	\$110,000
PUMPING UNIT, ENGINE				DLEQ.100	\$78,000
LIFT EQUIPMENT (BHP, Rods, Anchors)				DLEQ.105	\$15,000
TANGIBLE - LEASE EQUIPMENT					
N/C LEASE EQUIPMENT				DLEQ.115	\$44,000
TANKS, TANKS STEPS, STAIRS				DLEQ.120	\$21,000
BATTERY (Heater Treater, Separator, Gas Treating Equipment)				DLEQ.125	\$18,000
FLOW LINES (Line Pipe from wellhead to central facility)				DLEQ.130	\$1,000
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES				DWEA.135	
PIPELINES TO SALES				DWEA.140	
TOTAL TANGIBLES		\$132,000		\$558,000	\$690,000
P&A COSTS	DIDC.295	60,000	DICC.275	(60,000)	
TOTAL COST		\$2,655,180		\$1,210,750	\$3,865,930

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 6, 2007

Helen Pape
C/o Marguerite C. Buckley
9446 Litzsingle Road
St. Louis, MO 63144

**Re: Oil & Gas Lease
W/2 of Section 31
Township 14 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4,
SW/4NE/4 and NW/4SE/4 of Section 6
Township 15 South, Range 38 East
Lea County, New Mexico**

Dear Ms. Pape:

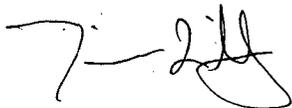
According to our title research, you own an undivided 5.00125 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this Lease are a \$100.00 per net mineral acre bonus consideration, three (3) year paid-up primary term and three-sixteenths (3/16) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$500.13 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS



Tim Lilley

OIL & GAS LEASE

THIS AGREEMENT made this 6th day of April, 2007, between Helen Pape, herein dealing in her sole and separate property, as Lessor (whether one or more), c/o Marguerite C. Buckley, whose address is 9446 Litzsingle Road, St. Louis, MO 63144, and Shaw Interests, Inc. whose address is P.O. Box 9612, Midland, Texas 79708, Lessee,

WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East

W/2 of Section 31

Township 15 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of **Three (3) years** from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, **three-sixteenths (3/16)** of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of **three-sixteenths (3/16)** of the gas used, provided that on gas sold on or off the premises, the royalties shall be **three-sixteenths (3/16)** of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

Helen Pape

ACKNOWLEDGMENT

STATE OF MISSOURI §
 §
COUNTY OF §

This instrument was acknowledged before me on the _____ day of _____, 2007, by Helen Pape.

Notary Public, State of Missouri

My Commission Expires: _____

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 17, 2007

C. H. Stevenson

C/o Marguerite C. Buckley

9446 Litzsingle Road

St. Louis, MO 63144

— *CONFIDENTIAL*

**Re: Pyramid #1
W/2 of Section 31, Township 14 South, Range 38 East
Lea County, New Mexico**

Dear Ms. Buckley:

In conjunction with our proposal of April 6, 2007 to lease your undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

- Surface Hole Location: 2210' FSL & 430' FWL
- Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

- \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS



Maner B. Shaw



AUTHORIZATION FOR EXPENDITURE

COMPANY ENTITY Cimarex Energy Co.				DATE PREPARED March 8, 2007	
REGION Permian	WELL NAME Pyramid	WELL NO. 1	PROSPECT OR FIELD NAME Star-Denton	PROPERTY NUMBER	DRILLING AFE NO.
LOCATION SHL 2210' FSL & 430' FWL BHL 330' FSL & 430' FWL Sec 31, T14S, R38E			COUNTY Lea	STATE New Mexico	TYPE WELL OIL <input checked="" type="checkbox"/> EXPL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> PROD <input type="checkbox"/>
ORIGINAL ESTIMATE <input checked="" type="checkbox"/>	EST. START DATE	EST. COMP. DATE	FORMATION	EST. TD 9800 TVD 11600' MD	
REVISED ESTIMATE					
SUPPLEMENTAL ESTIMATE					

PROJECT DESCRIPTION:
Drill and complete a horizontal wolfcamp well.

<u>INTANGIBLES</u>	<u>DRY HOLE COST</u>	<u>AFTER CASING POINT</u>	<u>COMPLETED WELL COST</u>
Intangible Drilling Costs	\$2,463,180		\$2,463,180
Intangible Completion Costs		712,750	712,750
TOTAL INTANGIBLE COSTS	2,463,180	712,750	3,175,930
<u>TANGIBLES</u>			
Well Equipment	132,000	474,000	606,000
Lease Equipment		84,000	84,000
TOTAL TANGIBLE WELL COST	132,000	558,000	690,000
PLUG AND ABANDON COST	60,000	(60,000)	
TOTAL WELL COST:	\$2,655,180	\$1,210,750	\$3,865,930

Comments on Well Costs:
1. All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

_____ I elect to purchase my own well control insurance policy.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

#VALUE!

CIMAREX ENERGY CO. APPROVAL

PREPARED BY Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	DRILLING AND COMPLETION MANAGER Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	REGIONAL MANAGER Roger Alexander, Regional Manager Permian Basin
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JOINT INTEREST APPROVAL

COMPANY	BY	DATE
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PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

INTANGIBLES	Codes	DRY HOLE COST	Codes	AFTER CASING POINT	COMPLETED WELL COST
ROADS & LOCATION PREPARATION / RESTORATION	DIDC.100	\$100,000	DICC.100	\$8,000	\$108,000
DAMAGES	DIDC.105	\$4,000	DICC.105	\$1,000	\$5,000
MUD/FLUIDS DISPOSAL CHARGES	DIDC.255	\$20,000	DICC.235	\$20,000	\$40,000
DAY RATE 46 DH DAYS 5 ACP DAYS @ 17430 PER DAY	DIDC.115	\$801,780	DICC.120	\$87,150	\$888,930
MISC PREPARATION COST (mouse hole, rat hole, pads, pile clusters, misc.)	DIDC.120	\$8,000			\$8,000
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MOB/DEMOB	DIDC.240	\$150,000			\$150,000
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DOCK, DISPATCHER, CRANE	DIDC.250		DICC.230		
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CONDUCTOR PIPE				DWEB.130	
WATER STRING				DWEB.135	
SURFACE CASING	13-3/8"	250	42.00	DWEB.140	11,000
INTERMEDIATE CASING	8-5/8"	4,500	23.40	DWEB.145	105,000
DRILLING LINER	7"			DWEB.145	
DRILLING LINER				DWEB.145	
PRODUCTION CASING OR LINER	5 1/2"	9,800	15.90		
PRODUCTION TIE-BACK				DWEA.100	156,000
TUBING	2 7/8"	12,000	6.50	DWEA.105	78,000
N/C WELL EQUIPMENT				DWEA.115	\$9,000
WELLHEAD, TREE, CHOKES				DWEB.115	12,000
LINER HANGER, ISOLATION PACKER				DWEB.100	
PACKER, NIPPLES				DWEA.130	\$110,000
PUMPING UNIT, ENGINE				DLEQ.100	\$78,000
LIFT EQUIPMENT (BHP, Rods, Anchors)				DLEQ.105	\$15,000
TANGIBLE - LEASE EQUIPMENT					
N/C LEASE EQUIPMENT				DLEQ.115	\$44,000
TANKS, TANKS STEPS, STAIRS				DLEQ.120	\$21,000
BATTERY (Heater Treater, Separator, Gas Treating Equipment)				DLEQ.125	\$18,000
FLOW LINES (Line Pipe from wellhead to central facility)				DLEQ.130	\$1,000
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES				DWEA.135	
PIPELINES TO SALES				DWEA.140	
TOTAL TANGIBLES		\$132,000		\$558,000	\$690,000
P&A COSTS	DIDC.295	60,000	DICC.275	(60,000)	
TOTAL COST		\$2,655,180		\$1,210,750	\$3,865,930

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 6, 2007

C. H. Stevenson
C/o Marguerite C. Buckley
9446 Litzsingle Road
St. Louis, MO 63144

**Re: Oil & Gas Lease
W/2 of Section 31
Township 14 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4,
SW/4NE/4 and NW/4SE/4 of Section 6
Township 15 South, Range 38 East
Lea County, New Mexico**

Dear Mr. Stevenson:

According to our title research, you own an undivided 3.00075 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this Lease are a \$100.00 per net mineral acre bonus consideration, three (3) year paid-up primary term and three-sixteenths (3/16) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$300.08 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS



Tim Lilley

OIL & GAS LEASE

THIS AGREEMENT made this 6th day of April, 2007, between C. H. Stevenson, herein dealing in his sole and separate property, as Lessor (whether one or more), c/o Marguerite C. Buckley, whose address is 9446 Litzsingle Road, St. Louis, MO 63144, and Shaw Interests, Inc. whose address is P.O. Box 9612, Midland, Texas 79708, Lessee,

WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East

W/2 of Section 31

Township 15 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of **Three (3) years** from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, **three-sixteenths (3/16)** of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of **three-sixteenths (3/16)** of the gas used, provided that on gas sold on or off the premises, the royalties shall be **three-sixteenths (3/16)** of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

C. H. Stevenson

ACKNOWLEDGMENT

STATE OF MISSOURI §
 §
COUNTY OF §

This instrument was acknowledged before me on the _____ day of _____, 2007, by C. H. Stevenson.

Notary Public, State of Missouri

My Commission Expires: _____

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 17, 2007

Jennie Spack

C/o Marguerite C. Buckley

9446 Litzsingle Road - **UNDELIVERABLE**

St. Louis, MO 63144

**Re: Pyramid #1
W/2 of Section 31, Township 14 South, Range 38 East
Lea County, New Mexico**

Dear Ms. Buckley:

In conjunction with our proposal of April 6, 2007 to lease your undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

- Surface Hole Location: 2210' FSL & 430' FWL
- Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

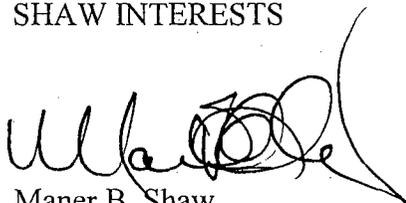
If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

- \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS



Maner B. Shaw



AUTHORIZATION FOR EXPENDITURE

COMPANY ENTITY Cimarex Energy Co.				DATE PREPARED March 8, 2007	
REGION Permian	WELL NAME Pyramid	WELL NO 1	PROSPECT OR FIELD NAME Star-Denton	PROPERTY NUMBER	DRILLING AFE NO.
LOCATION SHL 2210' FSL & 430' FWL BHL 330' FSL & 430' FWL Sec 31, T14S, R38E			COUNTY Lea	STATE New Mexico	TYPE WELL OIL <input checked="" type="checkbox"/> EXPL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> PROD <input type="checkbox"/>
ORIGINAL ESTIMATE <input checked="" type="checkbox"/>	REVISED ESTIMATE <input type="checkbox"/>	SUPPLEMENTAL ESTIMATE <input type="checkbox"/>	EST. START DATE	EST. COMP. DATE	FORMATION
					EST. TD 9800 TVD 11600' MD

PROJECT DESCRIPTION:
Drill and complete a horizontal wolfcamp well.

<u>INTANGIBLES</u>	<u>DRY HOLE COST</u>	<u>AFTER CASING POINT</u>	<u>COMPLETED WELL COST</u>
Intangible Drilling Costs	<u>\$2,463,180</u>		<u>\$2,463,180</u>
Intangible Completion Costs		<u>712,750</u>	<u>712,750</u>
TOTAL INTANGIBLE COSTS	<u>2,463,180</u>	<u>712,750</u>	<u>3,175,930</u>
<u>TANGIBLES</u>			
Well Equipment	<u>132,000</u>	<u>474,000</u>	<u>606,000</u>
Lease Equipment		<u>84,000</u>	<u>84,000</u>
TOTAL TANGIBLE WELL COST	<u>132,000</u>	<u>558,000</u>	<u>690,000</u>
PLUG AND ABANDON COST	<u>60,000</u>	<u>(60,000)</u>	
TOTAL WELL COST:	<u>\$2,655,180</u>	<u>\$1,210,750</u>	<u>\$3,865,930</u>

Comments on Well Costs:

1. All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

I elect to purchase my own well control insurance policy.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related re-drilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

#VALUE!

CIMAREX ENERGY CO. APPROVAL		
PREPARED BY Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	DRILLING AND COMPLETION MANAGER Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	REGIONAL MANAGER Roger Alexander, Regional Manager Permian Basin

JOINT INTEREST APPROVAL		
COMPANY	BY	DATE



PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

INTANGIBLES	Codes	DRY HOLE COST	Codes	AFTER CASING POINT	COMPLETED WELL COST
ROADS & LOCATION PREPARATION / RESTORATION	DIDC.100	\$100,000	DICC.100	\$8,000	\$108,000
DAMAGES	DIDC.105	\$4,000	DICC.105	\$1,000	\$5,000
MUD/FLUIDS DISPOSAL CHARGES	DIDC.255	\$20,000	DICC.235	\$20,000	\$40,000
DAY RATE 46 DH DAYS 5 ACP DAYS @ 17430 PER DAY	DIDC.115	\$801,780	DICC.120	\$87,150	\$888,930
MISC PREPARATION COST (mouse hole, rat hole, pads, pile clusters, misc.)	DIDC.120	\$8,000			\$8,000
BITS	DIDC.125	\$100,000	DICC.125	\$1,000	\$101,000
FUEL \$2.20 PER GALLON	DIDC.135	\$111,000	DICC.130	\$11,000	\$122,000
WATER / COMPLETION FLUIDS	DIDC.140	\$32,200	DICC.135	\$25,000	\$57,200
MUD & ADDITIVES	DIDC.145	\$64,400			\$64,400
SURFACE RENTALS	DIDC.150	\$69,000	DICC.140	\$45,000	\$114,000
DOWNHOLE RENTALS	DIDC.155	\$144,000	DICC.145	\$10,000	\$154,000
FORMATION EVALUATION (DST, Coring including evaluation, G&G SERVICES)	DIDC.160				
MUD LOGGING 37 DAYS @ \$900 PER DAY	DIDC.170	\$47,000			\$47,000
OPEN HOLE LOGGING	DIDC.180	\$65,000			\$65,000
CEMENTING & FLOAT EQUIPMENT	DIDC.185	\$50,000	DICC.155	\$40,000	\$90,000
TUBULAR INSPECTIONS	DIDC.190	\$5,000	DICC.160	\$2,500	\$7,500
CASING CREWS	DIDC.195	\$12,000	DICC.165	\$15,000	\$27,000
EXTRA LABOR, WELDING, ETC.	DIDC.200	\$27,600	DICC.170	\$5,000	\$32,600
LAND TRANSPORTATION (Trucking)	DIDC.205	\$32,200	DICC.175	\$7,000	\$39,200
SUPERVISION	DIDC.210	\$51,000	DICC.180	\$18,000	\$69,000
TRAILER HOUSE/CAMP/CATERING	DIDC.280	\$17,000	DICC.255	\$2,500	\$19,500
OTHER MISC EXPENSES	DIDC.220	\$5,000	DICC.190	\$5,000	\$10,000
OVERHEAD	DIDC.225	\$14,000	DICC.195	\$4,200	\$18,200
REMEDIAL CEMENTING	DIDC.231		DICC.215		
MOB/DEMOB	DIDC.240	\$150,000			\$150,000
DIRECTIONAL DRILLING SERVICES 22 DAYS @ 9500 PER DAY	DIDC.245	\$209,000			\$209,000
DOCK, DISPATCHER, CRANE	DIDC.250		DICC.230		
MARINE & AIR TRANSPORTATION	DIDC.275		DICC.250		
SOLIDS CONTROL	DIDC.260	\$166,000			\$166,000
WELL CONTROL EQUIP (Snubbing services)	DIDC.265	\$28,000	DICC.240	\$16,800	\$44,800
FISHING & SIDETRACK OPERATIONS	DIDC.270		DICC.245		
COMPLETION RIG 14 DAYS @ 4400 PER DAY			DICC.115	\$61,600	\$61,600
COIL TUBING DAYS @ PER DAY			DICC.260		
COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS			DICC.200	\$35,000	\$35,000
STIMULATION			DICC.210	\$220,000	\$220,000
LEGAL/REGULATORY/CURATIVE	DIDC.300	\$10,000	DICC.280		\$10,000
WELL CONTROL INSURANCE \$0.35 PER FOOT	DIDC.285	\$3,000			\$3,000
CONTINGENCY 5% OF DRILLING INTANGIBLES	DIDC.435	\$117,000	DICC.220	\$32,000	\$149,000
CONSTRUCTION FOR WELL EQUIPMENT			DWEA.110	\$1,000	\$1,000
CONSTRUCTION FOR LEASE EQUIPMENT			DLEQ.110	\$39,000	\$39,000
CONSTRUCTION FOR SALES P/L			DICC.265		
TOTAL INTANGIBLE COST		\$2,463,180		\$712,750	\$3,175,930
TANGIBLE - WELL EQUIPMENT					
CASING	SIZE	FEET	\$/FOOT		
DRIVE PIPE	20"	40	100.00	DWEB.150	4,000
CONDUCTOR PIPE				DWEB.130	
WATER STRING				DWEB.135	
SURFACE CASING	13-3/8"	250	42.00	DWEB.140	11,000
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LINER HANGER, ISOLATION PACKER				DWEA.120	\$28,000
PACKER, NIPPLES				DWEA.125	
PUMPING UNIT, ENGINE				DWEA.130	\$110,000
LIFT EQUIPMENT (BHP, Rods, Anchors)				DLEQ.100	\$78,000
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PIPELINES TO SALES				DWEA.140	
TOTAL TANGIBLES		\$132,000		\$556,000	\$690,000
P&A COSTS	DIDC.295	60,000	DICC.275	(60,000)	
TOTAL COST		\$2,655,180		\$1,210,750	\$3,865,930

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 6, 2007

Jennie Spack
C/o Marguerite C. Buckley
9446 Litzsingle Road
St. Louis, MO 63144

**Re: Oil & Gas Lease
W/2 of Section 31
Township 14 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4,
SW/4NE/4 and NW/4SE/4 of Section 6
Township 15 South, Range 38 East
Lea County, New Mexico**

Dear Ms. Spack:

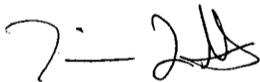
According to our title research, you own an undivided 2.0005 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this Lease are a \$100.00 per net mineral acre bonus consideration, three (3) year paid-up primary term and three-sixteenths (3/16) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$200.05 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS



Tim Lilley

OIL & GAS LEASE

THIS AGREEMENT made this 6th day of April, 2007, between Jennie Spack, herein dealing in her sole and separate property, as Lessor (whether one or more), c/o Marguerite C. Buckley, whose address is 9446 Litzsingle Road, St. Louis, MO 63144, and Shaw Interests, Inc. whose address is P.O. Box 9612, Midland, Texas 79708, Lessee,

WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East

W/2 of Section 31

Township 15 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of **Three (3) years** from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, **three-sixteenths (3/16)** of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of **three-sixteenths (3/16)** of the gas used, provided that on gas sold on or off the premises, the royalties shall be **three-sixteenths (3/16)** of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

Jennie Spack

ACKNOWLEDGMENT

STATE OF MISSOURI §
 §
COUNTY OF §

This instrument was acknowledged before me on the _____ day of _____, 2007, by Jennie Spack.

Notary Public, State of Missouri
My Commission Expires: _____

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 17, 2007

T. D. Fussell

C/o Marguerite C. Buckley

9446 Litzsingle Road - UNDECIDABLE

St. Louis, MO 63144

**Re: Pyramid #1
W/2 of Section 31, Township 14 South, Range 38 East
Lea County, New Mexico**

Dear Ms. Buckley:

In conjunction with our proposal of April 6, 2007 to lease your undivided mineral interest in the above described lands, please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

- Surface Hole Location: 2210' FSL & 430' FWL
- Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

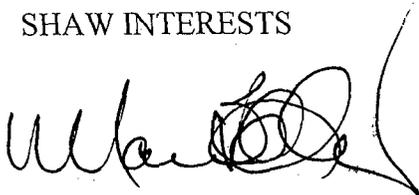
If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

- \$100/Acre, 1/5 Royalty, 3 years

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS


Maner B. Shaw



AUTHORIZATION FOR EXPENDITURE

COMPANY ENTITY Cimarex Energy Co.				DATE PREPARED March 8, 2007	
REGION Permian	WELL NAME Pyramid	WELL NO. 1	PROSPECT OR FIELD NAME Star-Denton	PROPERTY NUMBER	DRILLING AFE NO.
LOCATION SHL 2210' FSL & 430' FWL BHL 330' FSL & 430' FWL Sec 31, T14S, R38E			COUNTY Lea	STATE New Mexico	TYPE WELL OIL <input checked="" type="checkbox"/> EXPL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> PROD <input type="checkbox"/>
ORIGINAL ESTIMATE <input checked="" type="checkbox"/>	EST. START DATE	EST. COMP. DATE	FORMATION	EST. TD 9800 TVD 11600' MD	
REVISED ESTIMATE					
SUPPLEMENTAL ESTIMATE					

PROJECT DESCRIPTION:
Drill and complete a horizontal wolfcamp well.

<u>INTANGIBLES</u>	<u>DRY HOLE COST</u>	<u>AFTER CASING POINT</u>	<u>COMPLETED WELL COST</u>
Intangible Drilling Costs	<u>\$2,463,180</u>		<u>\$2,463,180</u>
Intangible Completion Costs		<u>712,750</u>	<u>712,750</u>
TOTAL INTANGIBLE COSTS	<u>2,463,180</u>	<u>712,750</u>	<u>3,175,930</u>
<u>TANGIBLES</u>			
Well Equipment	<u>132,000</u>	<u>474,000</u>	<u>606,000</u>
Lease Equipment		<u>84,000</u>	<u>84,000</u>
TOTAL TANGIBLE WELL COST	<u>132,000</u>	<u>558,000</u>	<u>690,000</u>
PLUG AND ABANDON COST	<u>60,000</u>	<u>(60,000)</u>	
TOTAL WELL COST:	<u>\$2,655,180</u>	<u>\$1,210,750</u>	<u>\$3,865,930</u>

Comments on Well Costs:

- All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

_____ I elect to purchase my own well control insurance policy.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related re-drilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

#VALUE!

CIMAREX ENERGY CO. APPROVAL

PREPARED BY Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	DRILLING AND COMPLETION MANAGER Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	REGIONAL MANAGER Roger Alexander, Regional Manager Permian Basin
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JOINT INTEREST APPROVAL

COMPANY	BY	DATE
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PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.: 1

INTANGIBLES	DRY HOLE		AFTER CASING		COMPLETED WELL COST
	Codes	COST	Codes	POINT	
ROADS & LOCATION PREPARATION / RESTORATION	DIDC.100	\$100,000	DICC.100	\$8,000	\$108,000
DAMAGES	DIDC.105	\$4,000	DICC.105	\$1,000	\$5,000
MUD/FLUIDS DISPOSAL CHARGES	DIDC.255	\$20,000	DICC.235	\$20,000	\$40,000
DAY RATE 46 DH DAYS 5 ACP DAYS @ 17430 PER DAY	DIDC.115	\$801,780	DICC.120	\$87,150	\$888,930
MISC PREPARATION COST (mouse hole, rat hole, pads, pile clusters, misc.)	DIDC.120	\$8,000			\$8,000
BITS	DIDC.125	\$100,000	DICC.125	\$1,000	\$101,000
FUEL \$2.20 PER GALLON	DIDC.135	\$111,000	DICC.130	\$11,000	\$122,000
WATER / COMPLETION FLUIDS	DIDC.140	\$32,200	DICC.135	\$25,000	\$57,200
MUD & ADDITIVES	DIDC.145	\$64,400			\$64,400
SURFACE RENTALS	DIDC.150	\$69,000	DICC.140	\$45,000	\$114,000
DOWNHOLE RENTALS	DIDC.155	\$144,000	DICC.145	\$10,000	\$154,000
FORMATION EVALUATION (DST, Coring including evaluation, G&G SERVICES)	DIDC.160				
MUD LOGGING 37 DAYS @ \$900 PER DAY	DIDC.170	\$47,000			\$47,000
OPEN HOLE LOGGING	DIDC.180	\$65,000			\$65,000
CEMENTING & FLOAT EQUIPMENT	DIDC.185	\$50,000	DICC.155	\$40,000	\$90,000
TUBULAR INSPECTIONS	DIDC.190	\$5,000	DICC.160	\$2,500	\$7,500
CASING CREWS	DIDC.195	\$12,000	DICC.165	\$15,000	\$27,000
EXTRA LABOR, WELDING, ETC.	DIDC.200	\$27,600	DICC.170	\$5,000	\$32,600
LAND TRANSPORTATION (Trucking)	DIDC.205	\$32,200	DICC.175	\$7,000	\$39,200
SUPERVISION	DIDC.210	\$51,000	DICC.180	\$18,000	\$69,000
TRAILER HOUSE/CAMP/CATERING	DIDC.280	\$17,000	DICC.255	\$2,500	\$19,500
OTHER MISC EXPENSES	DIDC.220	\$5,000	DICC.190	\$5,000	\$10,000
OVERHEAD	DIDC.225	\$14,000	DICC.195	\$4,200	\$18,200
REMEDIAL CEMENTING	DIDC.231		DICC.215		
MOB/DEMOB	DIDC.240	\$150,000			\$150,000
DIRECTIONAL DRILLING SERVICES 22 DAYS @ 9500 PER DAY	DIDC.245	\$209,000			\$209,000
DOCK, DISPATCHER, CRANE	DIDC.250		DICC.230		
MARINE & AIR TRANSPORTATION	DIDC.275		DICC.250		
SOLIDS CONTROL	DIDC.260	\$166,000			\$166,000
WELL CONTROL EQUIP (Snubbing services)	DIDC.265	\$28,000	DICC.240	\$16,800	\$44,800
FISHING & SIDETRACK OPERATIONS	DIDC.270		DICC.245		
COMPLETION RIG 14 DAYS @ 4400 PER DAY			DICC.115	\$61,600	\$61,600
COIL TUBING DAYS @ PER DAY			DICC.260		
COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS			DICC.200	\$35,000	\$35,000
STIMULATION			DICC.210	\$220,000	\$220,000
LEGAL/REGULATORY/CURATIVE	DIDC.300	\$10,000	DICC.280		\$10,000
WELL CONTROL INSURANCE \$0.35 PER FOOT	DIDC.285	\$3,000			\$3,000
CONTINGENCY 5% OF DRILLING INTANGIBLES	DIDC.435	\$117,000	DICC.220	\$32,000	\$149,000
CONSTRUCTION FOR WELL EQUIPMENT			DWEA.110	\$1,000	\$1,000
CONSTRUCTION FOR LEASE EQUIPMENT			DLEQ.110	\$39,000	\$39,000
CONSTRUCTION FOR SALES P/L			DICC.265		
TOTAL INTANGIBLE COST		\$2,463,180		\$712,750	\$3,175,930
TANGIBLE - WELL EQUIPMENT					
CASING	SIZE	FEET	\$/FOOT		
DRIVE PIPE	20"	40	100.00	DWEB.150 4,000	\$4,000
CONDUCTOR PIPE				DWEB.130	
WATER STRING				DWEB.135	
SURFACE CASING	13-3/8"	250	42.00	DWEB.140 11,000	\$11,000
INTERMEDIATE CASING	8-5/8"	4,500	23.40	DWEB.145 105,000	\$105,000
DRILLING LINER	7"			DWEB.145	
DRILLING LINER				DWEB.145	
PRODUCTION CASING OR LINER	5 1/2"	9,800	15.90		
PRODUCTION TIE-BACK					
TUBING	2 7/8"	12,000	6.50		
N/C WELL EQUIPMENT				DWEA.115	\$9,000
WELLHEAD, TREE, CHOKES				DWEB.115 12,000	\$40,000
LINER HANGER, ISOLATION PACKER				DWEB.100	
PACKER, NIPPLES				DWEA.130	\$110,000
PUMPING UNIT, ENGINE				DLEQ.100	\$78,000
LIFT EQUIPMENT (BHP, Rods, Anchors)				DLEQ.105	\$15,000
TANGIBLE - LEASE EQUIPMENT					
N/C LEASE EQUIPMENT				DLEQ.115	\$44,000
TANKS, TANKS STEPS, STAIRS				DLEQ.120	\$21,000
BATTERY (Heater Treater, Separator, Gas Treating Equipment)				DLEQ.125	\$18,000
FLOW LINES (Line Pipe from wellhead to central facility)				DLEQ.130	\$1,000
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES				DWEA.135	
PIPELINES TO SALES				DWEA.140	
TOTAL TANGIBLES		\$132,000		\$558,000	\$690,000
P&A COSTS	DIDC.295	60,000	DICC.275	(60,000)	
TOTAL COST		\$2,655,180		\$1,210,750	\$3,865,930

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 6, 2007

T. D. Fussell
C/o Marguerite C. Buckley
9446 Litzsingle Road
St. Louis, MO 63144

**Re: Oil & Gas Lease
W/2 of Section 31
Township 14 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4,
SW/4NE/4 and NW/4SE/4 of Section 6
Township 15 South, Range 38 East
Lea County, New Mexico**

Dear Ms. Buckley:

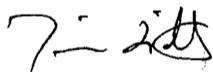
According to our title research, T. D. Fussell owns an undivided 2.0005 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this Lease are a \$100.00 per net mineral acre bonus consideration, three (3) year paid-up primary term and three-sixteenths (3/16) royalty.

If these terms are acceptable, please sign the lease in the presence of a Notary Public, and thereafter, return the lease along with the completed W-9 form to the above letterhead address. Upon receipt, subject to approval of title, we will process the Lease and forward you a check in the amount of \$200.05 within thirty (30) days.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to call.

Sincerely,

SHAW INTERESTS



Tim Lilley

OIL & GAS LEASE

THIS AGREEMENT made this 6th day of April, 2007, between T. D. Fussell, herein dealing in his sole and separate property, as Lessor (whether one or more), C/o Marguerite C. Buckley, whose address is 9446 Litzsingle Road, St. Louis, MO 63144, and Shaw Interests, Inc. whose address is P.O. Box 9612, Midland, Texas 79708, Lessee,

WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East

W/2 of Section 31

Township 15 South, Range 38 East

Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of **Three (3) years** from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, **three-sixteenths (3/16)** of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of **three-sixteenths (3/16)** of the gas used, provided that on gas sold on or off the premises, the royalties shall be **three-sixteenths (3/16)** of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

T. D. Fussell

ACKNOWLEDGMENT

STATE OF §
 §
COUNTY OF §

This instrument was acknowledged before me on the _____ day of _____, 2007, by T. D. Fussell.

Notary Public, State of

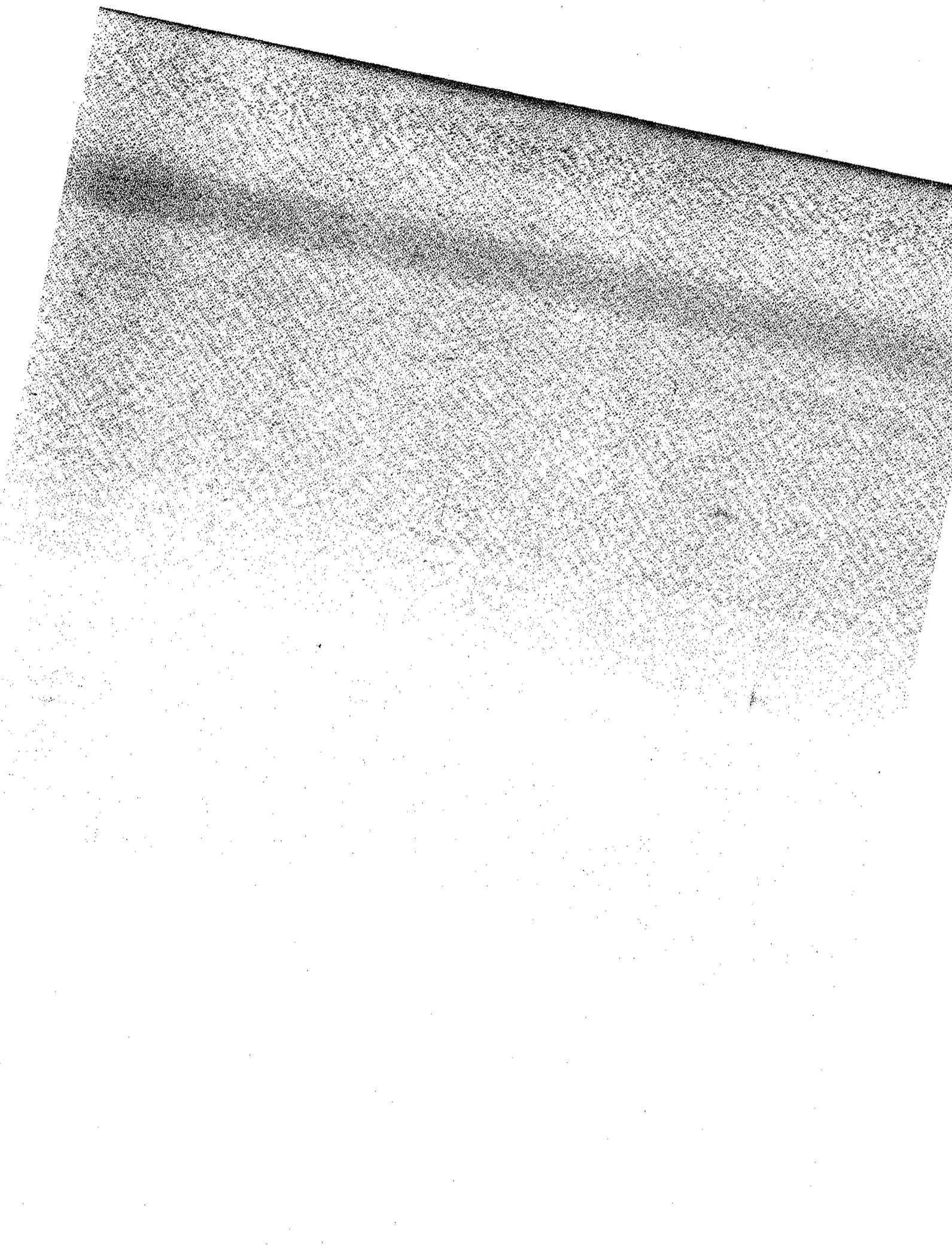
My Commission Expires: _____

TEXAS 79701

7004 2510 0001 1844 2489

113
766150
0056 MAIL

Frank Lilley
325 Lakeside Drive
Littleton, NC 27850



SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> ■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits. 	A. Signature X <input type="checkbox"/> Agent <input type="checkbox"/> Addressee	
1. Article Addressed to: Frank Lilley 325 LAKE SIDE DRIVE LITTLETON, NC 27850	B. Received by (<i>Printed Name</i>)	C. Date of Delivery
2. Article Number (Transfer from service label)	D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
	3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
	4. Restricted Delivery? (<i>Extra Fee</i>) <input type="checkbox"/> Yes	
	7004 2510 0001 1844 2489	

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

310 W. WALL, STE. 305

MIDLAND, TX 79701

(432) 685-1404

May 21, 2007

Frank Lilley
325 Lakeside Drive
Littleton, NC 27850

(252) 904-8697

**Re: Oil & Gas Lease
W/2 of Section 31
Township 14 South, Range 38 East
Lea County, New Mexico**

Dear Mr. Lilley:

According to our title research you own an undivided 3.125 net mineral acre under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this lease are a \$150.00 an acre bonus consideration, three (3) year primary term and one-fifth (1/5) royalty. Please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

- Surface Hole Location: 2210' FSL & 430' FWL
- Bottom Hole Location: 330' FSL & 430' FWL

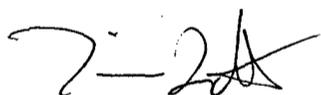
Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms listed above.

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS



Tim Lilley



AUTHORIZATION FOR EXPENDITURE

COMPANY ENTITY Cimarex Energy Co.				DATE PREPARED March 8, 2007	
REGION Permian	WELL NAME Pyramid	WELL NO. 1	PROSPECT OR FIELD NAME Star-Denton	PROPERTY NUMBER	DRILLING AFE NO.
LOCATION SHL 2210' FSL & 430' FWL BHL 330' FSL & 430' FWL Sec 31, T14S, R38E			COUNTY Lea	STATE New Mexico	TYPE WELL OIL <input checked="" type="checkbox"/> EXPL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> PROD <input type="checkbox"/>
ORIGINAL ESTIMATE	<input checked="" type="checkbox"/>	EST. START DATE	EST. COMP. DATE	FORMATION	EST. TD 9800 TVD 11600' MD
REVISED ESTIMATE	<input type="checkbox"/>				
SUPPLEMENTAL ESTIMATE	<input type="checkbox"/>				

PROJECT DESCRIPTION:
Drill and complete a horizontal wolfcamp well.

<u>INTANGIBLES</u>	<u>DRY HOLE COST</u>	<u>AFTER CASING POINT</u>	<u>COMPLETED WELL COST</u>
Intangible Drilling Costs	\$2,463,180		\$2,463,180
Intangible Completion Costs		712,750	712,750
TOTAL INTANGIBLE COSTS	2,463,180	712,750	3,175,930
<u>TANGIBLES</u>			
Well Equipment	132,000	474,000	606,000
Lease Equipment		84,000	84,000
TOTAL TANGIBLE WELL COST	132,000	558,000	690,000
PLUG AND ABANDON COST	60,000	(60,000)	
TOTAL WELL COST:	\$2,655,180	\$1,210,750	\$3,865,930

Comments on Well Costs:
1. All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

I elect to purchase my own well control insurance policy.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related re-drilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

#VALUE!

CIMAREX ENERGY CO. APPROVAL		
PREPARED BY Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	DRILLING AND COMPLETION MANAGER. Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	REGIONAL MANAGER Roger Alexander, Regional Manager Permian Basin

JOINT INTEREST APPROVAL		
COMPANY	BY	DATE



PROJECT COST ESTIMATE

LEASE NAME: Pyramjd

WELL NO.:

1

INTANGIBLES	DRY HOLE		AFTER CASING		COMPLETED WELL COST
	Codes	COST	Codes	POINT	
ROADS & LOCATION PREPARATION / RESTORATION	DIDC.100	\$100,000	DICC.100	\$8,000	\$108,000
DAMAGES	DIDC.105	\$4,000	DICC.105	\$1,000	\$5,000
MUD/FLUIDS DISPOSAL CHARGES	DIDC.255	\$20,000	DICC.235	\$20,000	\$40,000
DAY RATE 46 DH DAYS 5 ACP DAYS @ 17430 PER DAY	DIDC.115	\$801,780	DICC.120	\$87,150	\$888,930
MISC PREPARATION COST (mouse hole, rat hole, pads, pile clusters, misc.)	DIDC.120	\$8,000			\$8,000
BITS	DIDC.125	\$100,000	DICC.125	\$1,000	\$101,000
FUEL \$2.20 PER GALLON	DIDC.135	\$111,000	DICC.130	\$11,000	\$122,000
WATER / COMPLETION FLUIDS	DIDC.140	\$32,200	DICC.135	\$25,000	\$57,200
MUD & ADDITIVES	DIDC.145	\$64,400			\$64,400
SURFACE RENTALS	DIDC.150	\$69,000	DICC.140	\$45,000	\$114,000
DOWNHOLE RENTALS	DIDC.155	\$144,000	DICC.145	\$10,000	\$154,000
FORMATION EVALUATION (DST, Coring including evaluation, G&G SERVICES)	DIDC.160				
MUD LOGGING 37 DAYS @ \$900 PER DAY	DIDC.170	\$47,000			\$47,000
OPEN HOLE LOGGING	DIDC.180	\$65,000			\$65,000
CEMENTING & FLOAT EQUIPMENT	DIDC.185	\$50,000	DICC.155	\$40,000	\$90,000
TUBULAR INSPECTIONS	DIDC.190	\$5,000	DICC.160	\$2,500	\$7,500
CASING CREWS	DIDC.195	\$12,000	DICC.165	\$15,000	\$27,000
EXTRA LABOR, WELDING, ETC.	DIDC.200	\$27,600	DICC.170	\$5,000	\$32,600
LAND TRANSPORTATION (Trucking)	DIDC.205	\$32,200	DICC.175	\$7,000	\$39,200
SUPERVISION	DIDC.210	\$51,000	DICC.180	\$18,000	\$69,000
TRAILER HOUSE/CAMP/CATERING	DIDC.280	\$17,000	DICC.255	\$2,500	\$19,500
OTHER MISC EXPENSES	DIDC.220	\$5,000	DICC.190	\$5,000	\$10,000
OVERHEAD	DIDC.225	\$14,000	DICC.195	\$4,200	\$18,200
REMEDIAL CEMENTING	DIDC.231		DICC.215		
MOB/DEMOB	DIDC.240	\$150,000			\$150,000
DIRECTIONAL DRILLING SERVICES 22 DAYS @ 9500 PER DAY	DIDC.245	\$209,000			\$209,000
DOCK, DISPATCHER, CRANE	DIDC.250		DICC.230		
MARINE & AIR TRANSPORTATION	DIDC.275		DICC.250		
SOLIDS CONTROL	DIDC.260	\$166,000			\$166,000
WELL CONTROL EQUIP (Snubbing services)	DIDC.265	\$28,000	DICC.240	\$16,800	\$44,800
FISHING & SIDETRACK OPERATIONS	DIDC.270		DICC.245		
COMPLETION RIG 14 DAYS @ 4400 PER DAY			DICC.115	\$61,600	\$61,600
COIL TUBING DAYS @ PER DAY			DICC.260		
COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS			DICC.200	\$35,000	\$35,000
STIMULATION			DICC.210	\$220,000	\$220,000
LEGAL/REGULATORY/CURATIVE	DIDC.300	\$10,000	DICC.280		\$10,000
WELL CONTROL INSURANCE \$0.35 PER FOOT	DIDC.285	\$3,000			\$3,000
CONTINGENCY 5% OF DRILLING INTANGIBLES	DIDC.435	\$117,000	DICC.220	\$32,000	\$149,000
CONSTRUCTION FOR WELL EQUIPMENT			DWEA.110	\$1,000	\$1,000
CONSTRUCTION FOR LEASE EQUIPMENT			DLEQ.110	\$39,000	\$39,000
CONSTRUCTION FOR SALES P/L			DICC.265		
TOTAL INTANGIBLE COST		\$2,463,180		\$742,750	\$3,175,930
TANGIBLE - WELL EQUIPMENT					
CASING	SIZE	FEET	\$/FOOT		
DRIVE PIPE	20"	40	100.00	DWEB.150	4,000
CONDUCTOR PIPE				DWEB.130	
WATER STRING				DWEB.135	
SURFACE CASING	13-3/8"	250	42.00	DWEB.140	11,000
INTERMEDIATE CASING	8-5/8"	4,500	23.40	DWEB.145	105,000
DRILLING LINER	7"			DWEB.145	
DRILLING LINER				DWEB.145	
PRODUCTION CASING OR LINER	5 1/2"	9,800	15.90		
PRODUCTION TIE-BACK				DWEA.100	156,000
TUBING	2 7/8"	12,000	6.50	DWEA.105	78,000
N/C WELL EQUIPMENT				DWEA.115	\$9,000
WELLHEAD, TREE, CHOKES				DWEB.115	12,000
LINER HANGER, ISOLATION PACKER				DWEB.100	
PACKER, NIPPLES				DWEA.130	\$110,000
PUMPING UNIT, ENGINE				DLEQ.100	\$78,000
LIFT EQUIPMENT (BHP, Rods, Anchors)				DLEQ.105	\$15,000
TANGIBLE - LEASE EQUIPMENT					
N/C LEASE EQUIPMENT				DLEQ.115	\$44,000
TANKS, TANKS STEPS, STAIRS				DLEQ.120	\$21,000
BATTERY (Heater Treater, Separator, Gas Treating Equipment)				DLEQ.125	\$18,000
FLOW LINES (Line Pipe from wellhead to central facility)				DLEQ.130	\$1,000
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES				DWEA.135	
PIPELINES TO SALES				DWEA.140	
TOTAL TANGIBLES			\$132,000	\$558,000	\$690,000
P&A COSTS	DIDC.295	60,000		(60,000)	
TOTAL COST		\$2,655,180		\$1,210,750	\$3,865,930

OIL & GAS LEASE

THIS AGREEMENT made this 21st day of May, 2007, between Frank Lilley, herein dealing in his sole and separate property, as Lessor (whether one or more), whose address is 325 Lakeside Drive, Littleton, N.C., 27850, and Shaw Interests, Inc. whose address is 310 West Wall Street, Suite 305, Midland, Texas 79701, Lessee,

WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East
W/2 of Section 31

Township 15 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of **Three (3) years** from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, **one-fifth (1/5)** of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of **one-fifth (1/5)** of the gas used, provided that on gas sold on or off the premises, the royalties shall be **one-fifth (1/5)** of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

Frank Lilley

ACKNOWLEDGMENT

STATE OF

§
§
§

COUNTY OF

This instrument was acknowledged before me on the _____ day of _____, 2007, by Frank Lilley:

Notary Public, State of

My Commission Expires: _____

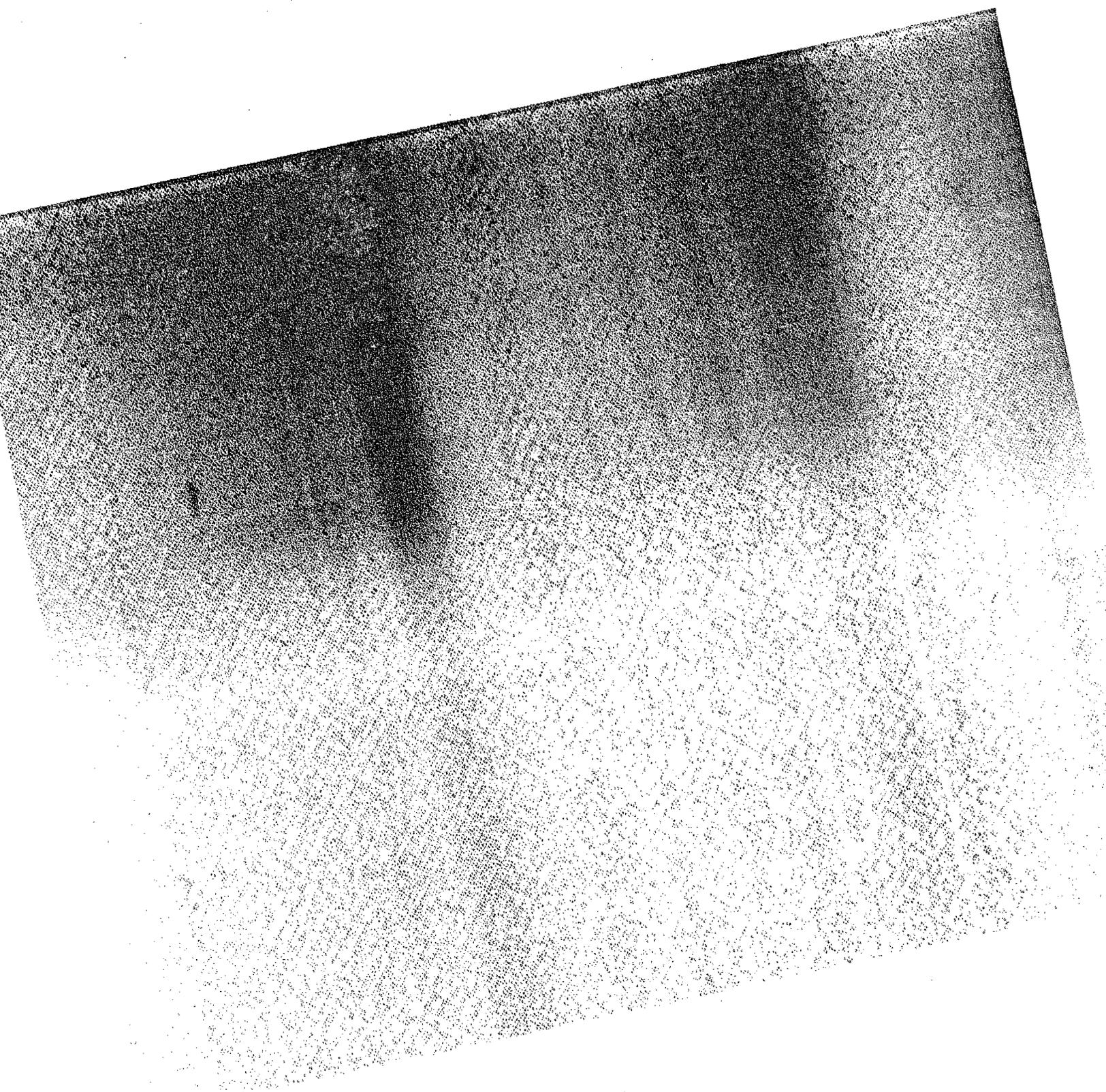
REGISTERED MAIL™

INC.
TIES
305
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7004 2510 0001 1844 2366

Gayle Lilley
c/o Frank Lilley
325 Lakeside Drive
Littleton, NC 27850

★ ★ ★
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MAY 21 07
PB9850377
MAILED FROM ZIP CODE 79708



SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Gayle Lilley
c/o Frank Lilley
325 Lakeside Drive
Littleton, NC 27850

2. Article Number

(Transfer from service label)

7004 2510 0001 1844 2366

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

Agent

Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? Yes

If YES, enter delivery address below: No

3. Service Type

Certified Mail

Express Mail

Registered

Return Receipt for Merchandise

Insured Mail

C.O.D.

4. Restricted Delivery? (Extra Fee)

Yes

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

310 W. WALL, STE. 305

MIDLAND, TX 79701

(432) 685-1404

May 21, 2007

Gayle Lilley
c/o Frank Lilley
325 Lakeside Drive
Littleton, NC 27850

(252) 904-8697

**Re: Oil & Gas Lease
W/2 of Section 31
Township 14 South, Range 38 East
Lea County, New Mexico**

Dear Gayle:

According to our title research you own an undivided 3.125 net mineral acre under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this lease are a \$150.00 an acre bonus consideration, three (3) year primary term and one-fifth (1/5) royalty. Please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

- Surface Hole Location: 2210' FSL & 430' FWL
- Bottom Hole Location: 330' FSL & 430' FWL

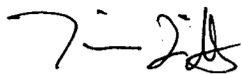
Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms listed above.

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS



Tim Lilley



AUTHORIZATION FOR EXPENDITURE

COMPANY ENTITY Cimarex Energy Co.				DATE PREPARED March 8, 2007	
REGION Permian	WELL NAME Pyramid	WELL NO. 1	PROSPECT OR FIELD NAME Star-Denton	PROPERTY NUMBER	DRILLING AFE NO.
LOCATION SHL 2210' FSL & 430' FWL BHL 330' FSL & 430' FWL Sec 31, T14S, R38E			COUNTY Lea	STATE New Mexico	TYPE WELL OIL <input checked="" type="checkbox"/> EXPL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> PROD <input type="checkbox"/>
ORIGINAL ESTIMATE <input checked="" type="checkbox"/>	EST. START DATE	EST. COMP. DATE	FORMATION	EST. TD 9800 TVD 11600' MD	
REVISED ESTIMATE					
SUPPLEMENTAL ESTIMATE					

PROJECT DESCRIPTION:
Drill and complete a horizontal wolfcamp well.

<u>INTANGIBLES</u>	<u>DRY HOLE COST</u>	<u>AFTER CASING POINT</u>	<u>COMPLETED WELL COST</u>
Intangible Drilling Costs	\$2,463,180		\$2,463,180
Intangible Completion Costs		712,750	712,750
TOTAL INTANGIBLE COSTS	2,463,180	712,750	3,175,930
<u>TANGIBLES</u>			
Well Equipment	132,000	474,000	606,000
Lease Equipment		84,000	84,000
TOTAL TANGIBLE WELL COST	132,000	558,000	690,000
PLUG AND ABANDON COST	60,000	(60,000)	
TOTAL WELL COST:	\$2,655,180	\$1,210,750	\$3,865,930

Comments on Well Costs:

- All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

I elect to purchase my own well control insurance policy.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

#VALUE!

CIMAREX ENERGY CO. APPROVAL

PREPARED BY Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	DRILLING AND COMPLETION MANAGER Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	REGIONAL MANAGER Roger Alexander, Regional Manager Permian Basin
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JOINT INTEREST APPROVAL

COMPANY	BY	DATE
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PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.:

1

INTANGIBLES	DRY HOLE		AFTER CASING		COMPLETED WELL COST
	Codes	COST	Codes	POINT	
ROADS & LOCATION PREPARATION / RESTORATION	DIDC.100	\$100,000	DICC.100	\$8,000	\$108,000
DAMAGES	DIDC.105	\$4,000	DICC.105	\$1,000	\$5,000
MUD/FLUIDS DISPOSAL CHARGES	DIDC.255	\$20,000	DICC.235	\$20,000	\$40,000
DAY RATE 46 DH DAYS 5 ACP DAYS @ 17430 PER DAY	DIDC.115	\$801,780	DICC.120	\$87,150	\$888,930
MISC PREPARATION COST (mouse hole, rat hole, pads, pile clusters, misc.)	DIDC.120	\$8,000			\$8,000
BITS	DIDC.125	\$100,000	DICC.125	\$1,000	\$101,000
FUEL \$2.20 PER GALLON	DIDC.135	\$111,000	DICC.130	\$11,000	\$122,000
WATER / COMPLETION FLUIDS	DIDC.140	\$32,200	DICC.135	\$25,000	\$57,200
MUD & ADDITIVES	DIDC.145	\$64,400			\$64,400
SURFACE RENTALS	DIDC.150	\$69,000	DICC.140	\$45,000	\$114,000
DOWNHOLE RENTALS	DIDC.155	\$144,000	DICC.145	\$10,000	\$154,000
FORMATION EVALUATION (DST, Coring including evaluation, G&G SERVICES)	DIDC.160				
MUD LOGGING 37 DAYS @ \$900 PER DAY	DIDC.170	\$47,000			\$47,000
OPEN HOLE LOGGING	DIDC.180	\$65,000			\$65,000
CEMENTING & FLOAT EQUIPMENT	DIDC.185	\$50,000	DICC.155	\$40,000	\$90,000
TUBULAR INSPECTIONS	DIDC.190	\$5,000	DICC.160	\$2,500	\$7,500
CASING CREWS	DIDC.195	\$12,000	DICC.165	\$15,000	\$27,000
EXTRA LABOR, WELDING, ETC.	DIDC.200	\$27,600	DICC.170	\$5,000	\$32,600
LAND TRANSPORTATION (Trucking)	DIDC.205	\$32,200	DICC.175	\$7,000	\$39,200
SUPERVISION	DIDC.210	\$51,000	DICC.180	\$18,000	\$69,000
TRAILER HOUSE/CAMP/CATERING	DIDC.280	\$17,000	DICC.255	\$2,500	\$19,500
OTHER MISC EXPENSES	DIDC.220	\$5,000	DICC.190	\$5,000	\$10,000
OVERHEAD	DIDC.225	\$14,000	DICC.195	\$4,200	\$18,200
REMEDIAL CEMENTING	DIDC.231		DICC.215		
MOB/DEMOB	DIDC.240	\$150,000			\$150,000
DIRECTIONAL DRILLING SERVICES 22 DAYS @ 9500 PER DAY	DIDC.245	\$209,000			\$209,000
DOCK, DISPATCHER, CRANE	DIDC.250		DICC.230		
MARINE & AIR TRANSPORTATION	DIDC.275		DICC.250		
SOLIDS CONTROL	DIDC.260	\$166,000			\$166,000
WELL CONTROL EQUIP (Snubbing services)	DIDC.265	\$28,000	DICC.240	\$16,800	\$44,800
FISHING & SIDETRACK OPERATIONS	DIDC.270		DICC.245		
COMPLETION RIG 14 DAYS @ 4400 PER DAY			DICC.115	\$61,600	\$61,600
COIL TUBING DAYS @ PER DAY			DICC.260		
COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS			DICC.200	\$35,000	\$35,000
STIMULATION			DICC.210	\$220,000	\$220,000
LEGAL/REGULATORY/CURATIVE	DIDC.300	\$10,000	DICC.280		\$10,000
WELL CONTROL INSURANCE \$0.35 PER FOOT	DIDC.285	\$3,000			\$3,000
CONTINGENCY 5% OF DRILLING INTANGIBLES	DIDC.435	\$117,000	DICC.220	\$32,000	\$149,000
CONSTRUCTION FOR WELL EQUIPMENT			DWEA.110	\$1,000	\$1,000
CONSTRUCTION FOR LEASE EQUIPMENT			DLEQ.110	\$39,000	\$39,000
CONSTRUCTION FOR SALES P/L			DICC.265		
TOTAL INTANGIBLE COST		\$2,463,180		\$712,750	\$3,175,930
TANGIBLE - WELL EQUIPMENT					
CASING	SIZE	FEET	\$/FOOT		
DRIVE PIPE	20"	40	100.00	DWEB.150 4,000	\$4,000
CONDUCTOR PIPE				DWEB.130	
WATER STRING				DWEB.135	
SURFACE CASING	13-3/8"	250	42.00	DWEB.140 11,000	\$11,000
INTERMEDIATE CASING	8-5/8"	4,500	23.40	DWEB.145 105,000	\$105,000
DRILLING LINER	7"			DWEB.145	
DRILLING LINER				DWEB.145	
PRODUCTION CASING OR LINER	5 1/2"	9,800	15.90		
PRODUCTION TIE-BACK				DWEA.100	156,000
TUBING	2 7/8"	12,000	6.50	DWEA.105 78,000	\$78,000
N/C WELL EQUIPMENT				DWEA.115 9,000	\$9,000
WELLHEAD, TREE, CHOKES				DWEB.115 12,000	\$40,000
LINER HANGER, ISOLATION PACKER				DWEB.100	
PACKER, NIPPLES				DWEA.130	\$110,000
PUMPING UNIT, ENGINE				DLEQ.100	\$78,000
LIFT EQUIPMENT (BHP, Rods, Anchors)				DLEQ.105	\$15,000
TANGIBLE - LEASE EQUIPMENT					
N/C LEASE EQUIPMENT				DLEQ.115	\$44,000
TANKS, TANKS STEPS, STAIRS				DLEQ.120	\$21,000
BATTERY (Heater Treater, Separator, Gas Treating Equipment)				DLEQ.125	\$18,000
FLOW LINES (Line Pipe from wellhead to central facility)				DLEQ.130	\$1,000
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES				DWEA.135	
PIPELINES TO SALES				DWEA.140	
TOTAL TANGIBLES		\$132,000		\$556,000	\$690,000
P&A COSTS	DIDC.295	60,000	DICC.275	(60,000)	
TOTAL COST		\$2,655,180		\$1,210,750	\$3,865,930

OIL & GAS LEASE

THIS AGREEMENT made this 21st day of May, 2007, between Gayle Lilley, herein dealing in her sole and separate property, as Lessor (whether one or more), whose address is c/o 325 Lakeside Drive, Littleton, N.C., 27850, and Shaw Interests, Inc. whose address is 310 West Wall Street, Suite 305, Midland, Texas 79701, Lessee,

WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East
W/2 of Section 31

Township 15 South, Range 38 East
Lots 3, 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4 of Section 6

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of **Three (3) years** from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, **one-fifth (1/5)** of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of **one-fifth (1/5)** of the gas used, provided that on gas sold on or off the premises, the royalties shall be **one-fifth (1/5)** of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

Gayle Lilley

ACKNOWLEDGMENT

STATE OF §
 §
COUNTY OF §

This instrument was acknowledged before me on the _____ day of _____, 2007, by Gayle Lilley.

Notary Public, State of
My Commission Expires: _____

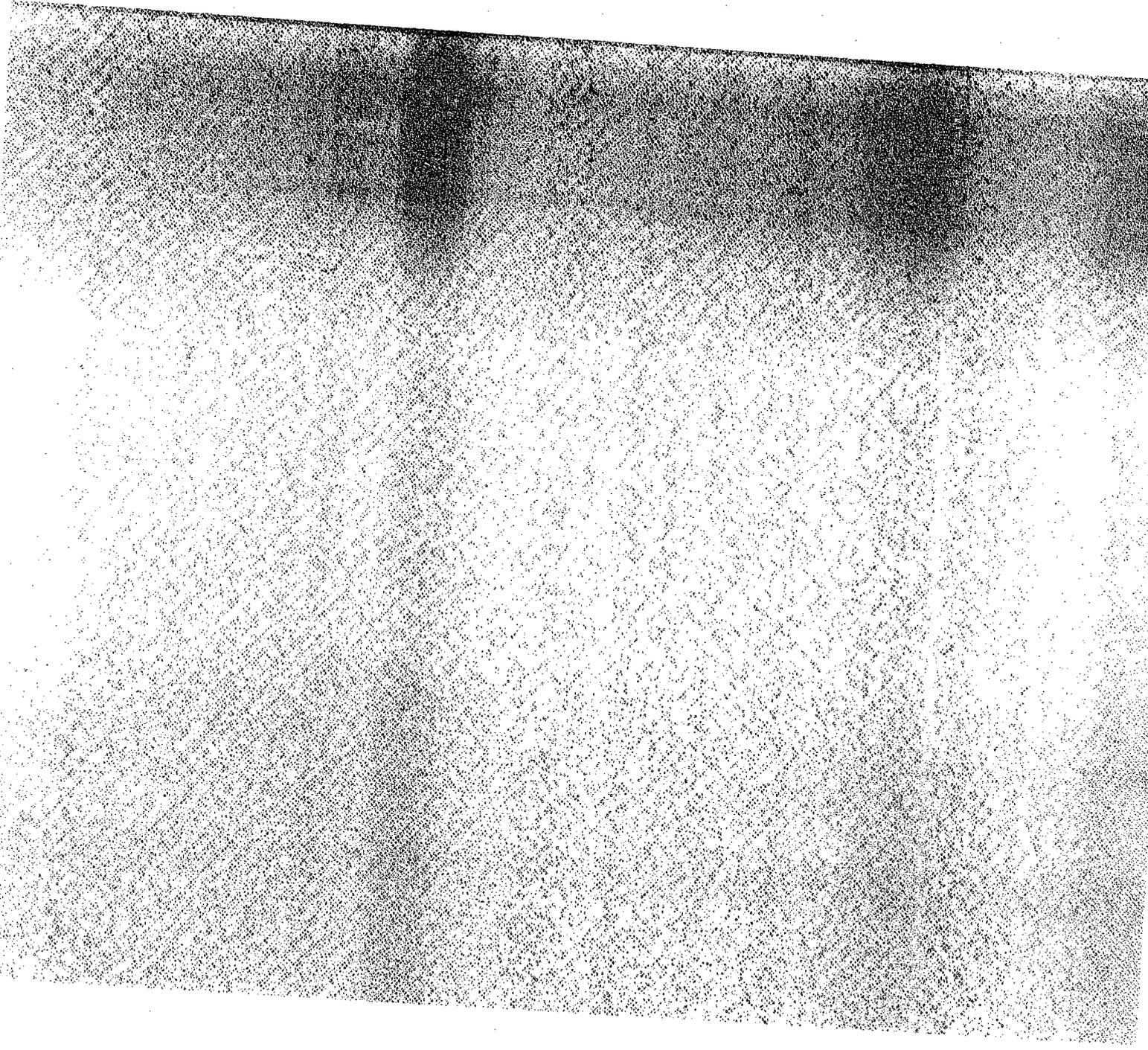
INTERESTS, INC.
GAS PROPERTIES
7 WALL ST., SUITE 305
LAND, TEXAS 79701

REGISTERED MAIL

UNITED STATES POSTAGE
160
7691 05.380 MAY 21 0
0058 MAILED FROM ZIP CODE 79701

7004 2510 0001 1844 2373

Virginia Fulton Gausa
79 Dosoris Lane
Glen Cove, NY 11542



SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Virginia Fulton Graussa
 79 DOBORS LANE
 Glen Cove, NY 11542

2. Article Number

(Transfer from service label)

7004 2510 0001 1844 2373

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X Agent Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? YesIf YES, enter delivery address below: No

3. Service Type

 Certified Mail Express Mail Registered Return Receipt for Merchandise Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee)

 Yes

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

310 W. WALL, STE. 305

MIDLAND, TX 79701

(432) 685-1404

May 21, 2007

Virginia Fulton Gaussa
79 Dosoris Lane
Glen Cove, NY 11542

516-671-2111

**Re: Oil & Gas Lease
W/2 of Section 31
Township 14 South, Range 38 East
Lea County, New Mexico**

Dear Mrs. Gaussa:

According to our title research you own an undivided 12.5 net mineral acre under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this lease are a \$150.00 an acre bonus consideration, three (3) year primary term and one-fifth (1/5) royalty. Please be advised that our client, Cimarex Energy Co., proposes to drill a horizontal Wolfcamp test at the following location in Section 31, Township 14 South, Range 38 East, Lea County, New Mexico:

- Surface Hole Location: 2210' FSL & 430' FWL
- Bottom Hole Location: 330' FSL & 430' FWL

Enclosed is a detailed AFE reflecting estimated well costs.

If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms listed above.

Please do not hesitate to contact us with any questions. We look forward to your response.

Sincerely,

SHAW INTERESTS



Tim Lilley



AUTHORIZATION FOR EXPENDITURE

COMPANY ENTITY Cimarex Energy Co.				DATE PREPARED March 8, 2007	
REGION Permian	WELL NAME Pyramid	WELL NO 1	PROSPECT OR FIELD NAME Star-Denton	PROPERTY NUMBER	DRILLING AFE NO.
LOCATION SHL 2210' FSL & 430' FWL BHL 330' FSL & 430' FWL Sec 31, T14S, R38E			COUNTY Lea	STATE New Mexico	TYPE WELL OIL <input checked="" type="checkbox"/> EXPL <input checked="" type="checkbox"/> GAS _____ PROD _____
ORIGINAL ESTIMATE REVISIED ESTIMATE SUPPLEMENTAL ESTIMATE	<input checked="" type="checkbox"/> _____ _____	EST. START DATE	EST. COMP. DATE	FORMATION	EST. TD 9800 TVD 11600' MD

PROJECT DESCRIPTION:
Drill and complete a horizontal wolfcamp well.

<u>INTANGIBLES</u>	<u>DRY HOLE COST</u>	<u>AFTER CASING POINT</u>	<u>COMPLETED WELL COST</u>
Intangible Drilling Costs	\$2,463,180		\$2,463,180
Intangible Completion Costs		712,750	712,750
TOTAL INTANGIBLE COSTS	2,463,180	712,750	3,175,930
<u>TANGIBLES</u>			
Well Equipment	132,000	474,000	606,000
Lease Equipment		84,000	84,000
TOTAL TANGIBLE WELL COST	132,000	558,000	690,000
PLUG AND ABANDON COST	60,000	(60,000)	
TOTAL WELL COST:	\$2,655,180	\$1,210,750	\$3,865,930

Comments on Well Costs:

1: All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

WELL CONTROL INSURANCE:

Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

_____ I elect to purchase my own well control insurance policy.

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related re-drilling and clean-up/pollution expense covering drilling (through completion) with a \$1,000,000 (100% W.I.) deductible.

Comments on AFE

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

#VALUE!

CIMAREX ENERGY CO. APPROVAL

PREPARED BY Mark Audas, Sr. Drilling/Completion Engineer Permian Basin	DRILLING AND COMPLETION MANAGER Doug Park, Mgr Drilling/Completion Operations Offshore and Permian Regions	REGIONAL MANAGER Roger Alexander, Regional Manager Permian Basin
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JOINT INTEREST APPROVAL

COMPANY	BY	DATE
---------	----	------



PROJECT COST ESTIMATE

LEASE NAME: Pyramid

WELL NO.: 1

INTANGIBLES	DRY HOLE		AFTER CASING		COMPLETED WELL COST
	Codes	COST	Codes	POINT	
ROADS & LOCATION PREPARATION / RESTORATION	DIDC.100	\$100,000	DICC.100	\$8,000	\$108,000
DAMAGES	DIDC.105	\$4,000	DICC.105	\$1,000	\$5,000
MUD/FLUIDS DISPOSAL CHARGES	DIDC.255	\$20,000	DICC.235	\$20,000	\$40,000
DAY RATE 46 DH DAYS 5 ACP DAYS @ 17430 PER DAY	DIDC.115	\$801,780	DICC.120	\$87,150	\$888,930
MISC PREPARATION COST (mouse hole, rat hole, pads, pile clusters, misc.)	DIDC.120	\$8,000			\$8,000
BITS	DIDC.125	\$100,000	DICC.125	\$1,000	\$101,000
FUEL \$2.20 PER GALLON	DIDC.135	\$111,000	DICC.130	\$11,000	\$122,000
WATER / COMPLETION FLUIDS	DIDC.140	\$32,200	DICC.135	\$25,000	\$57,200
MUD & ADDITIVES	DIDC.145	\$64,400			\$64,400
SURFACE RENTALS	DIDC.150	\$69,000	DICC.140	\$45,000	\$114,000
DOWNHOLE RENTALS	DIDC.155	\$144,000	DICC.145	\$10,000	\$154,000
FORMATION EVALUATION (DST, Coring including evaluation, G&G SERVICES)	DIDC.160				
MUD LOGGING 37-DAYS @ \$900 PER DAY	DIDC.170	\$47,000			\$47,000
OPEN HOLE LOGGING	DIDC.180	\$65,000			\$65,000
CEMENTING & FLOAT EQUIPMENT	DIDC.185	\$50,000	DICC.155	\$40,000	\$90,000
TUBULAR INSPECTIONS	DIDC.190	\$5,000	DICC.160	\$2,500	\$7,500
CASING CREWS	DIDC.195	\$12,000	DICC.165	\$15,000	\$27,000
EXTRA LABOR, WELDING, ETC.	DIDC.200	\$27,600	DICC.170	\$5,000	\$32,600
LAND TRANSPORTATION (Trucking)	DIDC.205	\$32,200	DICC.175	\$7,000	\$39,200
SUPERVISION	DIDC.210	\$51,000	DICC.180	\$18,000	\$69,000
TRAILER HOUSE/CAMP/CATERING	DIDC.280	\$17,000	DICC.255	\$2,500	\$19,500
OTHER MISC EXPENSES	DIDC.220	\$5,000	DICC.190	\$5,000	\$10,000
OVERHEAD	DIDC.225	\$14,000	DICC.195	\$4,200	\$18,200
REMEDIAL CEMENTING	DIDC.231		DICC.215		
MOB/DEMOB	DIDC.240	\$150,000			\$150,000
DIRECTIONAL DRILLING SERVICES 22 DAYS @ 9500 PER DAY	DIDC.245	\$209,000			\$209,000
DOCK, DISPATCHER, CRANE	DIDC.250		DICC.230		
MARINE & AIR TRANSPORTATION	DIDC.275		DICC.250		
SOLIDS CONTROL	DIDC.260	\$166,000			\$166,000
WELL CONTROL EQUIP (Snubbing services)	DIDC.265	\$28,000	DICC.240	\$16,800	\$44,800
FISHING & SIDETRACK OPERATIONS	DIDC.270		DICC.245		
COMPLETION RIG 14 DAYS @ 4400 PER DAY			DICC.115	\$61,600	\$61,600
COIL TUBING DAYS @ PER DAY			DICC.260		
COMPLETION LOGGING, PERFORATING, WL UNITS, WL SURVEYS			DICC.200	\$35,000	\$35,000
STIMULATION			DICC.210	\$220,000	\$220,000
LEGAL/REGULATORY/CURATIVE	DIDC.300	\$10,000	DICC.280		\$10,000
WELL CONTROL INSURANCE \$0.35 PER FOOT	DIDC.285	\$3,000			\$3,000
CONTINGENCY 5% OF DRILLING INTANGIBLES	DIDC.435	\$117,000	DICC.220	\$32,000	\$149,000
CONSTRUCTION FOR WELL EQUIPMENT			DWEA.110	\$1,000	\$1,000
CONSTRUCTION FOR LEASE EQUIPMENT			DLEQ.110	\$39,000	\$39,000
CONSTRUCTION FOR SALES P/L			DICC.265		
TOTAL INTANGIBLE COST		\$2,463,180		\$742,750	\$3,175,930
TANGIBLE - WELL EQUIPMENT					
CASING	SIZE	FEET	\$/FOOT		
DRIVE PIPE	20"	40	100.00	DWEB.150 4,000	\$4,000
CONDUCTOR PIPE				DWEB.130	
WATER STRING				DWEB.135	
SURFACE CASING	13-3/8"	250	42.00	DWEB.140 11,000	\$11,000
INTERMEDIATE CASING	8-5/8"	4,500	23.40	DWEB.145 105,000	\$105,000
DRILLING LINER	7"			DWEB.145	
DRILLING LINER				DWEB.145	
PRODUCTION CASING OR LINER	5 1/2"	9,800	15.90	DWEA.100 156,000	\$156,000
PRODUCTION TIE-BACK				DWEA.100	
TUBING	2 7/8"	12,000	6.50	DWEA.105 78,000	\$78,000
N/C WELL EQUIPMENT				DWEA.115 9,000	\$9,000
WELLHEAD, TREE, CHOKES				DWEB.115 12,000	\$40,000
LINER HANGER, ISOLATION PACKER				DWEB.100	
PACKER, NIPPLES				DWEA.130 \$110,000	\$110,000
PUMPING UNIT, ENGINE				DLEQ.100 \$78,000	\$78,000
LIFT EQUIPMENT (BHP, Rods, Anchors)				DLEQ.105 \$15,000	\$15,000
TANGIBLE - LEASE EQUIPMENT					
N/C LEASE EQUIPMENT				DLEQ.115 \$44,000	\$44,000
TANKS, TANKS STEPS, STAIRS				DLEQ.120 \$21,000	\$21,000
BATTERY (Heater Treater, Separator, Gas Treating Equipment)				DLEQ.125 \$18,000	\$18,000
FLOW LINES (Line Pipe from wellhead to central facility)				DLEQ.130 \$1,000	\$1,000
OFFSHORE PRODUCTION STRUCTURE FOR FACILITIES				DWEA.135	
PIPELINES TO SALES				DWEA.140	
TOTAL TANGIBLES				\$132,000	\$690,000
P&A COSTS	DIDC.295	60,000	DICC.275	(60,000)	
TOTAL COST		\$2,655,180		\$1,210,750	\$3,865,930

OIL & GAS LEASE

THIS AGREEMENT made this 16th day of February, 2007, between Virginia Fulton Gaussa, herein dealing in her sole and separate property, as Lessor (whether one or more), whose address is 79 Dosoris Lane, Glen Cove, NY 11542, and Shaw Interests, Inc. whose address is 310 West Wall Street, Suite 305, Midland, Texas 79701, Lessee,

WITNESSETH:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 14 South, Range 38 East
Section 31: W/2

Township 15 South, Range 38 East
Section 6: Lots 3 & 4, S/2NW/4, N/2SW/4, SW/4NE/4 and NW/4SE/4

Said land is estimated to comprise 640.15998 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of Three (3) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, one-fifth (1/5) of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of one-fifth (1/5) of the gas used, provided that on gas sold on or off the premises, the royalties shall be one-fifth (1/5) of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, Lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of Lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas; so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such change or division shall be binding upon Lessee for any purpose until 30 days after Lessee has been furnished by certified mail at Lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, or governmental inactivity, then while so prevented, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at is option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this lease covers a less interest in the oil and gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

Virginia Fulton Gaussa

ACKNOWLEDGMENT

STATE OF §
 §
COUNTY OF §

This instrument was acknowledged before me on the _____ day of _____, 2007, by Virginia Fulton Gaussa.

Notary Public, State of _____

My Commission Expires: _____