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

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

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

Case No. 14,771

#### VERIFIED STATEMENT OF HILARY CODER

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

- I am a landman for Cimarex Energy Co., and have personal knowledge of the 1. matters stated herein.
- 2. Cimarex Energy Co. of Colorado is a wholly owned subsidiary of Cimarex Energy Co.
- Pursuant to Division Rule NMAC 19.15.4.12.A(1)(b), the following information is submitted in support of the application filed herein:
  - (a) No opposition to this application is expected because the mineral interest owners being pooled have responded to well proposals but have not yet executed an operating agreement.
  - A plat outlining the spacing units being pooled is attached hereto as Exhibit A. (b) Applicant seeks an order pooling all mineral interests from the surface to the base of the Glorieta-Yeso formation underlying the following acreage in Township 19 South, Range - 30-015-396OB 25 East, N.M.P.M.
    - The NW/4SW/4 of Section 1 to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The unit will be dedicated to the Montana 1 Fee Well -L 2310FS 330FW No. 1, to be drilled at an orthodox location; and
    - The SW/4SW/4 of Section 1 to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent. The unit will be dedicated to the Montana 1 Fee Well No. 3, to be drilled at an orthodox location.

Oil Conservation Division
Case No. \_\_\_\_\_
Exhibit No. \_\_\_\_

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

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

COG Operating, LLC Suite 100 550 West Texas Midland, Texas 79701 3.00000000%

Yates Petroleum Corporation

14.60416688%

105 South Fourth Street Artesia, New Mexico 88201

Abo Petroleum Corporation 105 South Fourth Street Artesia. New Mexico 88201

0.64583340%

Myco Industries, Inc.

0.64583340%

P.O. Box 840

Artesia, New Mexico 88211

OXY Y-1 Company Suite 110 5 Greenway Plaza Houston, Texas 77046 0.16666670%

- (d) Copies of the proposal letters sent to the uncommitted mineral interest owners are attached hereto as Exhibits B-1 and B-2. In addition, we have called and e-mailed the parties being pooled
- (e) Cimarex Energy Co. has made a good faith effort to obtain the voluntary joinder of the uncommitted interest owners in the well.
- (f) Pursuant to Division rules, applicant requests that a 200% risk charge be assessed against a non-consenting interest owner.
- (g) Copies of the Authority for Expenditure for the proposed wells are attached hereto as Exhibits C-1 and C-2. The drilling and completion costs set forth therein are fair and reasonable, and are comparable to those of other wells of this depth drilled in this area of Eddy County.
- (h) Overhead charges of \$4500.00/month for a drilling well, and \$450.00/month for a producing well, are requested. These rates are fair and reasonable, and are in line with rates charged by other operators in this area for wells of this depth. Applicant requests that the rates be adjusted under the COPAS accounting procedure.

- (f) Pursuant to Division rules, applicant requests that a 200% risk charge be assessed against a non-consenting interest owner.
- (g) Copies of the Authority for Expenditure for the proposed wells are attached hereto as Exhibits C-1, C-2, C-3, and C-4. The drilling and completion costs set forth therein are fair and reasonable, and are comparable to those of other wells of this depth drilled in this area of Eddy County.
- (h) Overhead charges of \$4,500.00/month for a drilling well, and \$450.00/month for a producing well, are requested. These rates are fair and reasonable, and are in line with rates charged by other operators in this area for wells of this depth. Applicant requests that the rates be adjusted under the COPAS accounting procedure.
- (i) Applicant requests that it be designated operator of the wells.

#### **VERIFICATION**

Hilary Coder, being duly sworn upon her oath, deposes and states that: She is a landman for Cimarex Energy Co.; she is authorized to make this verification on its behalf; she has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of her knowledge, information, and belief.  SUBSCRIBED AND SWORN TO before me this	STATE OF TEXAS	)		
Hilary Coder, being duly sworn upon her oath, deposes and states that: She is a landman for Cimarex Energy Co.; she is authorized to make this verification on its behalf; she has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of her knowledge, information, and belief.  SUBSCRIBED AND SWORN TO before me this		) ss.		
for Cimarex Energy Co.; she is authorized to make this verification on its behalf; she has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of her knowledge, information, and belief.  SUBSCRIBED AND SWORN TO before me this	COUNTY OF MIDLAND	)		
SUBSCRIBED AND SWORN TO before me this day of May, 2012 by Hilary Coder.  My Commission Expires: 4// 20 //5	for Cimarex Energy Co.; she foregoing statement, and known	is authorized to make this ows the contents thereof; a	s verification on its beh	alf; she has read the
My Commission Expires: 4/20/15 Karolin ) Mayo			Hilary Coder	A COLL
My Commission Expires: 4/20/15 Karolin ) Mayo			C. II	
My Commission Expires: 4//20/15 Karolin ) Mayo	SUBSCRIBED AND	SWORN TO before me	this day of N	May, 2012 by Hilary
My Commission Expires: 4// 20/15   Karolin ) May Notary Public	Coder.		7	
$oldsymbol{\mathcal{U}}$	My Commission Expires:	4//20/15	Motary Public	~) Mayo
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KAROLINA MAYO otary Public, State of Texas My Commission Expires April 20, 2015

A.C.Kerr, Est. Sensia Meliack Bandock Totas are Little Vates, etal etal Pitch, etal R.E. 61833 Champin M. Wilson, etal Xates Pet. etal Yoles Pet. etal Yates Pet. Ptal Marglo E-1016E S/R Senme Metteck (Buo:) # "Bones Bad" \* 3 JX Ella B. Hunipareys, Est. Yeso Ciac. Maralo 39.64 ₩82555 D.Brashbw,era, M.J. R. Glass, et al Yates Pet, etal ZTM. Peck A Suburb AZS St Com. R. Glass, e ra: -36--Bonzie D WI AE Yates Per Chase Oil 1:5wo 3-1-2014 V-0443 \$ 1000.52 METIDER RIO-PETOSCO" R.E. 740 Yutes 2 23 2015 - 1 Totes Pet etal Morrow Disc 2-15-2003 F. E. Collins, etal Yates Pct. Strong San James 10-7-801-Willow 2 AC Metropolis AZL St. Com 10 3630 Ora 5:23:01 State Mych 4 & Bo 41 18 M 3140.54 TLEE.78 111178 Vates Pet 3 6 2011 10-1 - VOIS R. Slass Yores, eta! Hac H.B.P. etal Yates Pet. Chase Oil 8 - 10 - 2012 Cactus 1-21-2012 1 SPETCEL, Rio Pecos Alley Vygginis Mel forel Remes 2 60 OXY MOTESTATE Yotes Pet. Pta DHE LLC Cactus M. Haward etal H. Haward etal H. Grass (Darrison B.1) (1984 etal Yortes Pet etal HBP 9-20-2015 Serol Cay Tumble 18620 (P/8) REGION CALZE Chase Oil Bur his m. 10-28-2013 Yates erol 4-23-2011 COS ONG 2:23 2015 Anedorko (Anedorko (Anedorko) Nedrbyrg (NoWe) TO 9395 D.100 Yotes Yates,eta Chase Oit · Pilch! Pan Am Yotes Pet Yates and Panagoo HBC 5/2 105584 R.o. R. Glass Retrieve Petrol Panagoo Penasco Petrol Patrol Panagoo Penasco Petrol Panagoo Penasco Penas Pet etai 24-2010 31 97 OMD.LLC 3.6. 2011 0HALLC 10-5-2013 DMD LLC 10.5.2015 Dugan Prodetal TOUR G. HOWE, M.I. Panamer ROW IS WARE DIL Brudeshow Min , B. Histoles, show Yotes Pet. 48MI Morrock TC 9400 TA 1 24 51 W. MKD Gushwa R.E.Glass A.A. Liggert R. Gloss hamplin 2.A. Linnett Peak Pitch Ener. R.E. Glass A.Lingetf R Sloss GUTH MO linkle, eto R. W. Hudson ₽ € 61ps8 R.Gloss Dugan Frad, etal R.P. R. Gloss Wildcat Corchester Secrest, etul Todais Nearburg Amadarka Glass 3.KD Chi En. (B) 10 Atoho Disc Bonnie Marrison, et al 11-7-2013 Per Per Aro Fendero I-ME Aro Fendero Co Con Control Contro A Routh 4 D. Brod 6 theer MI ShowM. 1 Vinelities Fuller A Tonkin A ichin Nearburg G/055 Cotton PiA A Victorios Williams C.C Thomas Mann C.E Grimton (OXY) SEVEN RIVERS Yutes Fet et 8 Yotas Pet Mabel Yoles Pet. Wilconer Congco CWI En. 3 9-2015 97748 OXY u.L 30 Small Tracts RE. Glass R.R. Hinkle, etal Williams Hee 8 1 15 97748 Cactus G.L.Rose erai FOR 40020 J. BIAIRESON Est. Serrano · Fed "U.S. Yates Petelo Yates Pet

EXHIBIT A

600 N. Marienfeld St.

Suite 60**0** 

Midland, Texas 79701

PHONE 432.571,7800



March 20, 2012

## Via: U.S. Certified Mail-Return Receipt No.91 7108 2133 3938 9332 7815

Yates Petroleum Corporation Abo Petroleum Corporation MYCO Industries, Inc. Attn: Chuck Moran 105 S 4<sup>th</sup> Street Artesia, New Mexico 88210

Re: New Well Proposal - Montana 1 Fee No.1
Township 19 South, Range 25 East, N.M.P.M.
Section 1: NW//4 SW//4

Section 1: NW/4SW/4 Eddy County, New Mexico

#### Dear Leasehold Owner:

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

The intended surface hole location for the well is 2310' FSL & 330' FWL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the Penasco Draw San Andres-Yeso Associated Pool. The formations to be completed will be determined by operator after logs and reports are received and reviewed at casing point.

It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Cimarex's intended procedure. Cimarex will advise you of any such modifications.

Enclosed, in duplicate, is (i) our detailed AFE which sets forth the estimated costs associated with the well, and; (ii) our proposed form of Operating Agreement to govern operations for the Montana wells. If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with your contact information to receive well data, to the undersigned within thirty (30) days of receipt of this proposal. If you should elect to purchase your own well control insurance, you must provide a certificate of such



New Well Proposal – Montana 1 Fee No.1
Township 19 South, Range 25 East, N.M.P.M.
Section 1: NW/4SW/4
Eddy County, New Mexico
insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.
Please call the undersigned with any questions or comments.
Respectfully Submitted,
Cimarex Energy Co.
Hilary R. Coder
Contract Landman
ELECTION TO PARTICIPATE
Montana 1 Fee No.1 Well
Elects TO participate in the proposed Montana 1 Fee No.1 Well
Elects NOT to participate in the proposed Montana 1 Fee No.1 Well
Ziodo 1401 to participate in the proposed montana 11 50 110.1 1101
Dated this day of , 2012.
Dated this day of , 2012.
Company:
Signature:
Printed Name:
Title:

New Well Proposal – Montana 1 Fee No.1
Township 19 South, Range 25 East, N.M.P.M.
Section 1: NW/4SW/4
Eddy County, New Mexico
If your election above is TO participate in the proposed Montana 1 Fee No.1 Well, then:
Elects TO be covered by well control insurance procured by Cimarex
Elects <u>NOT</u> to be covered by well control insurance procured by Cimarex and agrees to provide Cimarex with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex
Company:

New Well Proposal – Montana 1 Fee No.1

Township 19 South, Range 25 East, N.M.P.M.

Section 1: NW/4SW/4

**Eddy County, New Mexico** 

# ELECTION TO PARTICIPATE Montana 1 Fee No. 1 Well

Elects TO participate in the proposed Montana 1 Fee No.1 Well
Elects NOT to participate in the proposed Montana Fee No.1 Well
Dated this day of , 2012.
Company:
Signature:
Printed Name:
Title:
If your election above is TO participate in the proposed Montana 1 Fee No.1 Well, then:
Elects TO be covered by well control insurance procured by Cimarex
Elects <u>NOT</u> to be covered by well control insurance procured by Cimarex and agrees to provide Cimarex with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex
Company:

New Well Proposal - Montana 1 Fee No.1

Township 19 South, Range 25 East, N.M.P.M.

Section 1: NW/4SW/4 Eddy County, New Mexico

# ELECTION TO PARTICIPATE Montana 1 Fee No. 1 Well

Elects TO participate in the proposed Montana 1 Fee No.1 Well
Elects NOT to participate in the proposed Montana Fee No.1 Well
Dated this day of , 2012.
Company:
Signature:
Printed Name:
Title:
If your election above is TO participate in the proposed Montana 1 Fee No.1 Well, then:
Elects TO be covered by well control insurance procured by Cimarex
Elects <u>NOT</u> to be covered by well control insurance procured by Cimarex and agrees to provide Cimarex with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex
Company:

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432,571,7800



March 20, 2012

## Via: U.S. Certified Mail-Return Receipt No.91 7108 2133 3938 9332 7914

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

Re: New Well Proposal - Montana 1 Fee No.1

Township 19 South, Range 25 East, N.M.P.M.

Section 1: NW/4SW/4 Eddy County, New Mexico

Dear Leasehold Owner:

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

The intended surface hole location for the well is 2310' FSL & 330' FWL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the Penasco Draw San Andres-Yeso Associated Pool. The formations to be completed will be determined by operator after logs and reports are received and reviewed at casing point.

It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Cimarex's intended procedure. Cimarex will advise you of any such modifications.

Enclosed, in duplicate, is (i) our detailed AFE which sets forth the estimated costs associated with the well, and; (ii) our proposed form of Operating Agreement to govern operations for the Montana wells. If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with your contact information to receive well data, to the undersigned within thirty (30) days of receipt of this proposal. If you should elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will

New Well Proposal – Montana 1 Fee No.1
Township 19 South, Range 25 East, N.M.P.M.
Section 1: NW/4SW/4
Eddy County, New Mexico
be covered by insurance procured by Cimarex and will be responsible for your share of the cost.
Please call the undersigned with any questions or comments.
Respectfully Submitted,
Cimarex Energy Co.
(T)
Hillian B. Carlan
Hilary R. Coder Contract Landman
Contract Landman
ELECTION TO PARTICIPATE
Montana 1 Fee No.1 Well
Elects TO participate in the proposed Montana 1 Fee No.1 Well
Elects NOT to participate in the proposed Montana 1 Fee No.1 Well
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Dated this day of, 2012.
, ====
Company:
Signature:
Printed Name:
Tu

New Well Proposal – Montana 1 Fee No.1
Township 19 South, Range 25 East, N.M.P.M.
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Company:
• • • • • • • • • • • • • • • • • • • •

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432.571,7800



March 20, 2012

## Via: U.S. Certified Mail-Return Receipt No.91 7108 2133 3938 9332 7891

COG Operating LLC Attn: Stuart Dirks 550 West Texas Avenue, Suite 100 Midland, Texas 79701

Re: New Well Proposal - Montana 1 Fee No.1

Township 19 South, Range 25 East, N.M.P.M.

Section 1: NW/4SW/4 Eddy County, New Mexico

Dear Leasehold Owner:

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Enclosed, in duplicate, is (i) our detailed AFE which sets forth the estimated costs associated with the well, and; (ii) our proposed form of Operating Agreement to govern operations for the Montana wells. If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with your contact information to receive well data, to the undersigned within thirty (30) days of receipt of this proposal. If you should elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will

New Well Proposal – Montana 1 Fee No.1  Township 19 South, Range 25 East, N.M.P.M.  Section 1: NW/4SW/4  Eddy County, New Mexico	
be covered by insurance procured by Cimarex and will be responsible for your share of the cost.	)f
Please call the undersigned with any questions or comments.	
Respectfully Submitted,	
Cimarex Energy Co.  Hilary R. Coder Contract Landman	
ELECTION TO PARTICIPATE  Montana 1 Fee No.1 Well	_
Elects <u>TO</u> participate in the proposed <b>Montana 1</b> Fee No.1 Well	
Elects NOT to participate in the proposed Montana 1 Fee No.1 Well	
Dated this , 2012.	
Company:	
Signature:	
Printed Name:	
Title	

New Well Proposal – Montana 1 Fee No.1
Township 19 South, Range 25 East, N.M.P.M.
Section 1: NW/4SW/4
Eddy County, New Mexico
$\cdot$
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Elects TO be covered by well control insurance procured by Cimarex
Elects NOT to be covered by well control insurance procured by Cimarez and agrees to provide Cimarex with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex
Company:
Tonipanj.



July 20, 2011

## Via: U.S. Certified Mail-Return Receipt No. 91 7108 2133 3938 0387 5290

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

Re: New Well Proposal - Montana 1 Fee No.1

Township 19 South, Range 25 East, N.M.P.M.

Section 1: Lot 1, W/2SW/4 Eddy County, New Mexico

#### Dear Leasehold Owner:

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

The intended surface hole location for the well is 2310' FSL & 990' FWL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the Glorieta-Yeso formations.

It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Cimarex's intended procedure. Cimarex will advise you of any such modifications.

Enclosed, in duplicate, is (i) our detailed AFE which sets forth the estimated costs associated with the well, and; (ii) our proposed form of Operating Agreement to govern operations for the Montana wells. If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with your contact information to receive well data, to the undersigned within thirty (30) days of receipt of this proposal. If you should elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.

New Well Proposal-Montana 1 Fee No.1  Township 19 South, Range 25 East, N.M.P.M.  Section 1: Lot 1, W/2SW/4  Eddy County, New Mexico  In the event you do not wish to participate in drilling the Montana wells, Cimarex will
consider acquiring term assignment of your leasehold interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms:
<ul> <li>i.) Bonus Consideration of \$1000.00 per net mineral acre delivered;</li> <li>ii.) Reservation of an ORRI equal to difference between 25% and current</li> </ul>
lease burdens; iii.) Primary term of Three (3) years with 180-day continuous development thereafter
Please call the undersigned with any questions or comments.
Respectfully Submitted,
Cimarex Energy Co.  Hilary R. Coder Contract Landman
ELECTION TO PARTICIPATE  Montana 1 Fee No.1 Well
Elects TO participate in the proposed Montana 1 Fee No.1 Well
Elects <u>NOT</u> to participate in the proposed <b>Montana 1</b> Fee No.1 Well

	Elects <u>TO</u> participate in the pro	pposed <b>Montana 1</b> Fee No.1
	Elects <u>NOT</u> to participate in the	e proposed <b>Montana 1</b> Fee N
Dated	this day of	, 2011.
Compa	any:	
Signat	ure:	
Printed	d Name:	
Title: _		

New Well Proposal-Montana 1 Fee No.1  Township 19 South, Range 25 East, N.M.P.M.  Section 1: Lot 1, W/2SW/4  Eddy County, New Mexico
If your election above is TO participate in the proposed Montana 1 Fee No.1 Well, then:
Elects TO be covered by well control insurance procured by Cimarex
Elects NOT to be covered by well control insurance procured by Cimarex and agrees to provide Cimarex with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex

Cimarex En

600 N. Marie

Suite 600

Midland, Tex.

PHONE 432.

Package ID: 9171082133393803875306

Destination ZIP Code: 88210

Customer Reference:

Recipient: \_\_\_\_\_\_

PRCBP ENVPKG

PBP Account #: 35644897

Serial #: 3132785
JUL 21 2011 1:20P

July 20, 2011

## Via: U.S. Certified Mail-Return Receipt No. 91 7108 2133 3938 0387 5306

Abo Petroleum Corporation Attn: Land Manager 105 S. 4<sup>th</sup> Street Artesia. NM 88210

Re: New Well Proposal - Montana 1 Fee No.1

Township 19 South, Range 25 East, N.M.P.M.

Section 1: Lot 1, W/2SW/4 Eddy County, New Mexico

Dear Leasehold Owner:

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

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Township 19 Section 1: 1	roposal-Montana 1 Fee No.1 9 South, Range 25 East, N.M.P.M. Lot 1, W/2SW/4 y, New Mexico
consider ac	t you do not wish to participate in drilling the Montana wells, Cimarex will equiring term assignment of your leasehold interests. Cimarex's offer is upon final verification of your title and is based on the following general
i.) ii.) iii.)	Bonus Consideration of \$1000.00 per net mineral acre delivered; Reservation of an ORRI equal to difference between 25% and current lease burdens; Primary term of Three (3) years with 180-day continuous development thereafter
Please call	the undersigned with any questions or comments.
Respectfully	/ Submitted,
Cimarex Er Lill Hilary R. Co Contract La	Hoden State of the
	ELECTION TO PARTICIPATE  Montana 1 Fee No.1 Well
Elec	ts <u>TO</u> participate in the proposed <b>Montana 1</b> Fee No.1 Well
Elec	ts NOT to participate in the proposed Montana 1 Fee No.1 Well
	day of , 2011.
	<u> </u>
Signature: _	
Drinted Man	no:

Title:

New Well Proposal-Montana 1 Fee No.1  Township 19 South, Range 25 East, N.M.P.M.  Section 1: Lot 1, W/2SW/4  Eddy County, New Mexico
If your election above is TO participate in the proposed Montana 1 Fee No.1 Well, then:
Elects TO be covered by well control insurance procured by Cimarex
Elects NOT to be covered by well control insurance procured by Cimares and agrees to provide Cimarex with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex

Cima: 600 N Suite ·	rimation Services	Package ID: 91710821333 Destination ZIP Code: 882 Customer Reference: Recipient:
Midla	Cont	Address:
PHON	ပ	

Package ID: \$17108213339381/3375313

Destination ZIP Code: 88210 PRCBP ENVPKG

Customer Reference:

Recipient: PBP Account #: 35644897

Serial #: 3132785

JUL 21 2011 1:20P



July 20, 2011

## Via: U.S. Certified Mail-Return Receipt No. 91 7108 2133 3938 0387 5313

Myco Industries, Inc Attn: Land Manager 423 W. Main Street Artesia, NM 88210

Re: New Well Proposal - Montana 1 Fee No.1

Township 19 South, Range 25 East, N.M.P.M.

Section 1: Lot 1, W/2SW/4 Eddy County, New Mexico

Dear Leasehold Owner:

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

The intended surface hole location for the well is 2310' FSL & 990' FWL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the Glorieta-Yeso formations.

It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Cimarex's intended procedure. Cimarex will advise you of any such modifications.

Enclosed, in duplicate, is (i) our detailed AFE which sets forth the estimated costs associated with the well, and; (ii) our proposed form of Operating Agreement to govern operations for the Montana wells. If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with your contact information to receive well data, to the undersigned within thirty (30) days of receipt of this proposal. If you should elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.

Township 19 Section 1: Le Eddy County In the event consider acc	South, Range 25 East, N.M.P.M. ot 1, W/2SW/4 v, New Mexico  you do not wish to participate in drilling the Montana wells, Cimarex will quiring term assignment of your leasehold interests. Cimarex's offer is pon final verification of your title and is based on the following general
terms: i.) ii.) iii.)	Bonus Consideration of \$1000.00 per net mineral acre delivered; Reservation of an ORRI equal to difference between 25% and current lease burdens; Primary term of Three (3) years with 180-day continuous development thereafter
Please call the	he undersigned with any questions or comments.
Respectfully	Submitted,
Cimarex En Lill Hilary R. Co Contract Lar	(COLL) der
	ELECTION TO PARTICIPATE  Montana 1 Fee No.1 Well
	rs <u>TO</u> participate in the proposed <b>Montana 1</b> Fee No.1 Well rs <u>NOT</u> to participate in the proposed <b>Montana 1</b> Fee No.1 Well
Dated this _	day of , 2011.
Company: _	· · · · · · · · · · · · · · · · · · ·

Signature:

Printed Name:

Title:

Section	nip 19 South, Range 25 East, N.M.P.M.  11: Lot 1, W/2SW/4  County, New Mexico
If your	election above is TO participate in the proposed Montana 1 Fee No.1 Well, then:
	Elects TO be covered by well control insurance procured by Cimarex
•	Elects <u>NOT</u> to be covered by well control insurance procured by Cimarex and agrees to provide Cimarex with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex

New Well Proposal-Montana 1 Fee No.1

July 20, 2011

## Via: U.S. Certified Mail-Return Receipt No. 91 7108 2133 3938 0387 5283

Yates Petroleum Corporation Attn: Land Manager 105 S. 4<sup>th</sup> Street Artesia. NM 88210

Re: New Well Proposal - Montana 1 Fee No.1

Township 19 South, Range 25 East, N.M.P.M.

Section 1: Lot 1, W/2SW/4 Eddy County, New Mexico

Dear Leasehold Owner:

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

The intended surface hole location for the well is 2310' FSL & 990' FWL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the Glorieta-Yeso formations.

It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Cimarex's intended procedure. Cimarex will advise you of any such modifications.

Enclosed, in duplicate, is (i) our detailed AFE which sets forth the estimated costs associated with the well, and; (ii) our proposed form of Operating Agreement to govern operations for the Montana wells. If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with your contact information to receive well data, to the undersigned within thirty (30) days of receipt of this proposal. If you should elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.

consider acquir	u do not wish to participate in drilling the Montana wells, Cimarex will ring term assignment of your leasehold interests. Cimarex's offer is n final verification of your title and is based on the following general
ii.) Ro le: iii.) Po	onus Consideration of \$1000.00 per net mineral acre delivered; eservation of an ORRI equal to difference between 25% and current ase burdens; imary term of Three (3) years with 180-day continuous development ereafter
Please call the	undersigned with any questions or comments.
Respectfully Su	bmitted,
Cimarex Energy Hilary R. Coder Contract Landre	oden
	ELECTION TO PARTICIPATE  Montana 1 Fee No.1 Well
	O participate in the proposed Montana 1 Fee No.1 Well  IOT to participate in the proposed Montana 1 Fee No.1 Well
	_ day of , 2011.

Signature:

Printed Name:

Title:

New Well Proposal-Montana 1 Fee No.1  Township 19 South, Range 25 East, N.M.P.M.  Section 1: Lot 1, W/2SW/4  Eddy County, New Mexico
If your election above is TO participate in the proposed Montana 1 Fee No.1 Well, then:  Elects TO be covered by well control insurance procured by Cimarex
Elects NOT to be covered by well control insurance procured by Cimarex and agrees to provide Cimarex with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432,571,7800



March 20, 2012

## Via: U.S. Certified Mail-Return Receipt No.91 7108 2133 3938 9332 7815

Yates Petroleum Corporation Abo Petroleum Corporation MYCO Industries, Inc. Attn: Chuck Moran 105 S 4<sup>th</sup> Street Artesia, New Mexico 88210

Re: New Well Proposal - Montana 1 Fee No.3

Township 19 South, Range 25 East, N.M.P.M.

Section 1: SW/4SW/4 Eddy County, New Mexico

Dear Leasehold Owner:

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

The intended surface hole location for the well is 990' FSL & 330' FWL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the Penasco Draw San Andres-Yeso Associated Pool. The formations to be completed will be determined by operator after logs and reports are received and reviewed at casing point.

It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Cimarex's intended procedure. Cimarex will advise you of any such modifications.

Enclosed, in duplicate, is (i) our detailed AFE which sets forth the estimated costs associated with the well, and; (ii) our proposed form of Operating Agreement to govern operations for the Montana wells. If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with your contact information to receive well data, to the undersigned within thirty (30) days of receipt of this proposal. If you should elect to purchase your own well control insurance, you must provide a certificate of such



New Well Proposal – Montana 1 Fee No.3
Township 19 South, Range 25 East, N.M.P.M.
Section 1: SW/4SW/4
Eddy County, New Mexico
insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.
Please call the undersigned with any questions or comments.
Respectfully Submitted,
Cimarex Energy Co.
the ,
-Hilary R. Coder Contract Landman
Contract Landman
ELECTION TO PARTICIPATE
Montana 1 Fee No.3 Well
Elects TO participate in the proposed Montana 1 Fee No.3 Well
Ziooto <u></u> partioipate in the proposed institute in so its in
Elects NOT to participate in the proposed Montana 1 Fee No.3 Well
Dated this day of , 2012.
Company:
Signature:
Printed Name:
Title:

New Well Proposal – Montana 1 Fee No.3
Township 19 South, Range 25 East, N.M.P.M.
Section 1: SW/4SW/4
Eddy County, New Mexico
·
If your election above is TO participate in the proposed Montana 1 Fee No.3 Well, then
Elects TO be covered by well control insurance procured by Cimarex
Elects NOT to be covered by well control insurance procured by Cimare and agrees to provide Cimarex with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex
Company:

New Well Proposal – Montana 1 Fee No.3

Township 19 South, Range 25 East, N.M.P.M.

Section 1: SW/4SW/4 Eddy County, New Mexico

## ELECTION TO PARTICIPATE Montana 1 Fee No. 3 Well

Elects <u>TO</u> participate in the proposed <b>Montana 1</b> Fee No.3 Well
Elects <u>NOT</u> to participate in the proposed Montana Fee No.3 Well
Dated this day of , 2012.
Company:
Signature:
Printed Name:
Title:
If your election above is TO participate in the proposed Montana 1 Fee No.3 Well, then:
Elects TO be covered by well control insurance procured by Cimarex
Elects <u>NOT</u> to be covered by well control insurance procured by Cimarex and agrees to provide Cimarex with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex
Company:

New Well Proposal - Montana 1 Fee No.3

Township 19 South, Range 25 East, N.M.P.M.

Section 1: SW/4SW/4 Eddy County, New Mexico

# ELECTION TO PARTICIPATE Montana 1 Fee No. 3 Well

Elects TO participate in the proposed Montana 1 Fee No.3 Well
Elects NOT to participate in the proposed Montana Fee No.3 Well
Dated this day of , 2012.
Company:
Signature:
Printed Name:
Title:
If your election above is TO participate in the proposed Montana 1 Fee No.3 Well, then:
Elects TO be covered by well control insurance procured by Cimarex
Elects <u>NOT</u> to be covered by well control insurance procured by Cimarex and agrees to provide Cimarex with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex
Company:

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432,571,7800



March 20, 2012

## Via: U.S. Certified Mail-Return Receipt No.91 7108 2133 3938 9332 7914

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

Re: New Well Proposal - Montana 1 Fee No.3

Township 19 South, Range 25 East, N.M.P.M.

Section 1: SW/4SW/4 Eddy County, New Mexico

Dear Leasehold Owner:

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

The intended surface hole location for the well is 990' FSL & 330' FWL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the Penasco Draw San Andres-Yeso Associated Pool. The formations to be completed will be determined by operator after logs and reports are received and reviewed at casing point.

It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Cimarex's intended procedure. Cimarex will advise you of any such modifications.

Enclosed, in duplicate, is (i) our detailed AFE which sets forth the estimated costs associated with the well, and; (ii) our proposed form of Operating Agreement to govern operations for the Montana wells. If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with your contact information to receive well data, to the undersigned within thirty (30) days of receipt of this proposal. If you should elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will

New Well Proposal – Montana 1 Fee No.3  Township 19 South, Range 25 East, N.M.P.M.  Section 1: SW/4SW/4  Eddy County, New Mexico
be covered by insurance procured by Cimarex and will be responsible for your share of the cost.
Please call the undersigned with any questions or comments.
Respectfully Submitted,
Cimarex Energy Co.  Hilary R. Coder Contract Landman
ELECTION TO PARTICIPATE  Montana 1 Fee No.3 Well
Elects <u>TO</u> participate in the proposed Montana 1 Fee No.3 Well
Elects NOT to participate in the proposed Montana 1 Fee No.3 Well
Dated this day of , 2012.
Company:
Signature:
Printed Name:

Section 1: SW/4SW/4
Eddy County, New Mexico

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

\_\_\_\_\_ Elects TO be covered by well control insurance procured by Cimarex

\_\_\_\_ Elects NOT to be covered by well control insurance procured by Cimarex and agrees to provide Cimarex with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex

Company: \_\_\_\_\_\_\_\_

New Well Proposal – Montana 1 Fee No.3 Township 19 South, Range 25 East, N.M.P.M.

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432,571,7800



March 20, 2012

## Via: U.S. Certified Mail-Return Receipt No.91 7108 2133 3938 9332 7891

COG Operating LLC Attn: Stuart Dirks 550 West Texas Avenue. Suite 100 Midland. Texas 79701

Re: New Well Proposal - Montana 1 Fee No.3

Township 19 South, Range 25 East, N.M.P.M.

Section 1: SW/4SW/4 Eddy County, New Mexico

Dear Leasehold Owner:

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

The intended surface hole location for the well is 990' FSL & 330' FWL. The well is proposed to be drilled vertically to a total depth of approximately 3,000' to test the Penasco Draw San Andres-Yeso Associated Pool. The formations to be completed will be determined by operator after logs and reports are received and reviewed at casing point.

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New Well Proposal – Montana 1 Fee No.3  Township 19 South, Range 25 East, N.M.P.M.
Section 1: SW/4SW/4
Eddy County, New Mexico
be covered by insurance procured by Cimarex and will be responsible for your share of the cost.
Please call the undersigned with any questions or comments.
Respectfully Submitted,
Cimarex Energy Co.
Hilary R. Coder
Contract Landman
ELECTION TO PARTICIPATE  Montana 1 Fee No.3 Well
Elects TO participate in the proposed Montana 1 Fee No.3 Well
Elects NOT to participate in the proposed Montana 1 Fee No.3 Well
Dated this , 2012.
Company:
Signature:
Printed Name:
Title:

New Well Proposal – Montana 1 Fee No.3
Township 19 South, Range 25 East, N.M.P.M. Section 1: SW/4SW/4
Eddy County, New Mexico
If your election above is TO participate in the proposed Montana 1 Fee No.3 Well, then:
Elects TO be covered by well control insurance procured by Cimarex
Elects NOT to be covered by well control insurance procured by Cimarex and agrees to provide Cimarex with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex
Company:

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432.571.7800



July 20, 2011

#### Via: U.S. Certified Mail-Return Receipt No. 91 7108 2133 3938 0387 5344

Concho Resources, Inc. Attn: Land Manager 550 West Texas Avenue, Suite 100 Midland, Texas 79701

Re: New Well Proposal - Montana 1 Fee No.3

Township 19 South, Range 25 East, N.M.P.M.

Section 1: Lot 1, W/2SW/4 Eddy County, New Mexico

Dear Leasehold Owner:

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

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

It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Cimarex's intended procedure. Cimarex will advise you of any such modifications.

New Well Proposal-Montaria 1 Fee No.3 Township 19 South, Range 25 East, N.M.P.M. Section 1: Lot 1, W/2SW/4 Eddy County, New Mexico In the event you do not wish to participate in drilling the Montana wells, Cimarex will consider acquiring term assignment of your leasehold interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms: i.) Bonus Consideration of \$1000.00 per net mineral acre delivered; Reservation of an ORRI equal to difference between 25% and current ii.) lease burdens; Primary term of Three (3) years with 180-day continuous development iii.) thereafter Please call the undersigned with any questions or comments. Respectfully Submitted, Cimarex Energy Co. Contract Landman **ELECTION TO PARTICIPATE** Montana 1 Fee No.3 Well Well No.3 Well

Elects TO participate in the proposed Montana 1 Fee No.3
Elects NOT to participate in the proposed Montana 1 Fee N
Dated this , 2011.
Company:
Signature:
Printed Name:
Title:

New Well Proposal-Montana 1 Fee No.3

Township 19 South, Range 25 East, N.M.P.M.

Section 1: Lot 1, W/2SW/4

Eddy County, New Mexico

If your election above is TO participate in the proposed Montana 1 Fee No.3 Well, the	∍n:
Elects TO be covered by well control insurance procured by Cimarex	
Elects NOT to be covered by well control insurance procured by Cima and agrees to provide Cimarex with a certificate of insurance prior commencement of drilling operations or be deemed to have elected to covered by well control insurance procured by Cimarex	to

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432.571.7800



July 20, 2011

### Via: U.S. Certified Mail-Return Receipt No. 91 7108 2133 3938 4680 5283

Yates Petroleum Corporation Attn: Land Manager 105 S. 4<sup>th</sup> Street Artesia, NM 88210

Re: New Well Proposal - Montana 1 Fee No.3

Township 19 South, Range 25 East, N.M.P.M.

Section 1: Lot 1, W/2SW/4 Eddy County, New Mexico

Dear Leasehold Owner:

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

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

It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Cimarex's intended procedure. Cimarex will advise you of any such modifications.

New Well Proposal-Montana 1 Fee No.3 Township 19 South, Range 25 East, N.M.P.M. Section 1: Lot 1, W/2SW/4 Eddy County, New Mexico In the event you do not wish to participate in drilling the Montana wells, Cimarex will consider acquiring term assignment of your leasehold interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms: Bonus Consideration of \$1000.00 per net mineral acre delivered; i.) Reservation of an ORRI equal to difference between 25% and current ii.)

lease burdens:

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

Please call the undersigned with any questions or comments.

Respectfully Submitted,

Cimarex Energy Co.

Contract Landman

ELECTION TO PARTICIPATE  Montana 1 Fee No.3 Well
Elects <u>TO</u> participate in the proposed <b>Montana 1</b> Fee No.3 Well  Elects <u>NOT</u> to participate in the proposed <b>Montana 1</b> Fee No.3 Well
Dated this day of, 2011.
Company:
Signature:
Printed Name:
Title:

New Well Proposal-Monusia 1 Fee No.3

Township 19 South, Range 25 East, N.M.P.M.

Section 1: Lot 1, W/2SW/4

Eddy County, New Mexico

If your election above is TO participate in the proposed Mor	ntana 1 Fee No.3 Well, then:
Elects TO be covered by well control insuran	ice procured by Cimarex
Elects NOT to be covered by well control instand agrees to provide Cimarex with a certific commencement of drilling operations or be deer covered by well control insurance produced by Cimare	cate of insurance prior to med to have elected to be

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432,571,7800



July 20, 2011

## Via: U.S. Certified Mail-Return Receipt No. 91 7108 2133 3938 4680 5306

Abo Petroleum Corporation Attn: Land Manager 105 S. 4<sup>th</sup> Street Artesia, NM 88210

Re: New Well Proposal - Montana 1 Fee No.3

Township 19 South, Range 25 East, N.M.P.M.

Section 1: Lot 1, W/2SW/4 Eddy County, New Mexico

#### Dear Leasehold Owner:

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

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

It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Cimarex's intended procedure. Cimarex will advise you of any such modifications.

Township 19 Section 1: L	oposal-Montana 1 Fee No.3 South, Range 25 East, N.M.P.M. ot 1, W/2SW/4 v, New Mexico
consider acc	you do not wish to participate in drilling the Montana wells, Cimarex will quiring term assignment of your leasehold interests. Cimarex's offer is pon final verification of your title and is based on the following general
i.) ii.)	Bonus Consideration of \$1000.00 per net mineral acre delivered; Reservation of an ORRI equal to difference between 25% and current lease burdens;
iii.)	Primary term of Three (3) years with 180-day continuous development thereafter
Please call the	he undersigned with any questions or comments.
Respectfully	Submitted,
Cimarex En Hilary R. Co Contract Lar	der (dl)
	ELECTION TO PARTICIPATE  Montana 1 Fee No.3 Well
Elect	s <u>TO</u> participate in the proposed <b>Montana 1</b> Fee No.3 Well
Elect	s <u>NOT</u> to participate in the proposed <b>Montana 1</b> Fee No.3 Well
Dated this _	day of , 2011.
Company: _	
Signature: _	
Printed Nam	ne:

Title: \_\_\_\_\_

New Well Proposal-Monu...a 1 Fee No.3

Township 19 South, Range 25 East, N.M.P.M.

Section 1: Lot 1, W/2SW/4

Eddy County, New Mexico

lf you	r election above is TO participate in the proposed Montana 1 Fee No.3 Well, then:
	Elects TO be covered by well control insurance procured by Cimarex
	Elects <u>NOT</u> to be covered by well control insurance procured by Cimarex and agrees to provide Cimarex with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432,571,7800



July 20, 2011

### Via: U.S. Certified Mail-Return Receipt No. 91 7108 2133 3938 4680 5290

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

Re: New Well Proposal - Montana 1 Fee No.3

Township 19 South, Range 25 East, N.M.P.M.

Section 1: Lot 1, W/2SW/4 Eddy County, New Mexico

Dear Leasehold Owner:

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

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

It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Cimarex's intended procedure. Cimarex will advise you of any such modifications.

New Well Proposal-Montana 1 Fee No.3 Township 19 South, Range 25 East, N.M.P.M. Section 1: Lot 1, W/2SW/4 Eddy County, New Mexico In the event you do not wish to participate in drilling the Montana wells, Cimarex will consider acquiring term assignment of your leasehold interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms: Bonus Consideration of \$1000.00 per net mineral acre delivered; **i.**) ii.) Reservation of an ORRI equal to difference between 25% and current lease burdens: iii.) Primary term of Three (3) years with 180-day continuous development thereafter Please call the undersigned with any questions or comments. Respectfully Submitted, Cimarex Energy Co. Hilary R. Coder Contract Landman **ELECTION TO PARTICIPATE** Montana 1 Fee No.3 Well Elects TO participate in the proposed Montana 1 Fee No.3 Well Elects NOT to participate in the proposed Montana 1 Fee No.3 Well Dated this \_\_\_\_\_ , 2011.

Company: \_\_\_\_

Signature:

Printed Name:

Title:

New Well Proposal-Montania 1 Fee No.3

Township 19 South, Range 25 East, N.M.P.M.

Section 1: Lot 1, W/2SW/4

Eddy County, New Mexico

lf your ele	ction above is TO participate in the proposed Montana 1 Fee No.3 Well, then:
	Elects TO be covered by well control insurance procured by Cimarex
cor	Elects NOT to be covered by well control insurance procured by Cimares agrees to provide Cimarex with a certificate of insurance prior to immension the common of drilling operations or be deemed to have elected to be vered by well control insurance procured by Cimarex

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432.571.7800



July 20, 2011

# Via: U.S. Certified Mail-Return Receipt No. 91 7108 2133 3938 4680 5313

Myco Industries, Inc Attn: Land Manager 423 W. Main Street Artesia. NM 88210

Re: New Well Proposal - Montana 1 Fee No.3

Township 19 South, Range 25 East, N.M.P.M.

Section 1: Lot 1, W/2SW/4 Eddy County, New Mexico

Dear Leasehold Owner:

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

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

It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Cimarex's intended procedure. Cimarex will advise you of any such modifications.

New Well Proposal-Montana 1 Fee No.3 Township 19 South, Range 25 East, N.M.P.M. Section 1: Lot 1, W/2SW/4 Eddy County, New Mexico In the event you do not wish to participate in drilling the Montana wells, Cimarex will consider acquiring term assignment of your leasehold interests. Cimarex's offer is contingent upon final verification of your title and is based on the following general terms: Bonus Consideration of \$1000.00 per net mineral acre delivered; i.) Reservation of an ORRI equal to difference between 25% and current ii.) lease burdens: Primary term of Three (3) years with 180-day continuous development iii.) thereafter Please call the undersigned with any questions or comments. Respectfully Submitted, Cimarex Energy Co. Contract Landman **ELECTION TO PARTICIPATE** Montana 1 Fee No.3 Well 3 Well

Elects TO participate in the proposed Montana 1 Fee No.3 Well
Elects NOT to participate in the proposed Montana 1 Fee No.3 Well
Dated this day of , 2011.
Company:
Signature:
Printed Name:
Title:

New Well Proposal-Montana 1 Fee No.3

Township 19 South, Range 25 East, N.M.P.M.

Section 1: Lot 1, W/2SW/4

Eddy County, New Mexico

f your election above is TO participate in the proposed Montana 1 Fee No.3 Well, then
Elects TO be covered by well control insurance procured by Cimarex
Elects <u>NOT</u> to be covered by well control insurance procured by Cimare and agrees to provide Cimarex with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex



#### **Authorization For Expenditure**

Cimarex Energy Co.		-		والمستوال	أحبي سيسين في الأراق	
Region Permian	Well Name Montana 1 Fee	Well No.	Prospect or Field Name	T	one of the second	ng AFE No.
Location	The second secon	and the state of the	County	State State	ту	pe Well
			Eddy	NM	Oil x Gas	Expl X Prod
Estimate Type			st Start Date	st. Comp Date	Formation	Tt! Measured Depth
Original Estimate Revised Estimate Supplemental Estim	@ O				Penasco Draw San Andres-Yeso Associated Pool	3,000' Ttl Vertical Depth 3,000'
		CHICAGO AD PROTOCO			T. Orlows Design	
Intangibles Drilling Costs	3000' Blinebry/Paddock verti		Ory Hole Cost \$427,000	After Casing Po		impleted Well Cost 5427,000
Completion Costs  Total Intangible Cos	sts		\$427,000	\$1,646,000 \$1,646,000		\$1,646,000 \$2,073,000
10020-1-1						
Tangibles Well Equipment			\$31,000	\$204,000	1	\$235,000
Lease Equipment	Cost		9/16/16/9/16/9/16/9/16	\$20,000 \$224,000	Translating and appears to the state of the	\$20,000
Total Tangible Well	COST		\$31,000	\$224,000		\$255,000
Plug and Abandon C	Cost		\$30,600	-\$30,000		\$0
Total Well Cost			\$488,000	\$1,840,000		\$2,328,000
All tubulars, well     Control insurar	or lease equipment is priced to	by COPAS and	I CEPS guidelines using the Histor	c Price Multiplier.		
Well Control Insurar Unless otherwise Iong as Operator co insurance, you must later than commenc insurance procured I elect to purchase Well control insuran	or lease equipment is priced in the provide a certificate of such coment of drilling operations, by Operator.  The my own well control insurance policy ince procured by Operator, produce procured by Operator, procured	operating wo and to pay yo insurance acc You agree th	CEPS guidelines using the Histor	c Price Multiplier.  covered by Operator's w so therefore. If you elec- nd limits, at the time thi- e of insurance, as provid	ell control insurance t to purchase your or s AFE is returned, if a ed herein, will result ngle Limit coverage f	procured by Operator s wn well control vailable, but in no event in your being covered b
Well Control Insurar Unless otherwise in long as Operator co insurance, you must later than commenc insurance procured  I elect to purchase Well control insurar related redrilling an  Marketing Election Cimarex sells its gas volumes delivered o request to Cimarex'	or lease equipment is priced in the priced in the priced in the provide a certificate of such comment of drilling operations. By Operator.  The my own well control insurance policy ince procured by Operator, provide clean-up/pollution expense is under arm's-length contracts over time. Should you choose is Marketing Department, we will be a support the procured in the provided clean-up/pollution expense.	operating wo and to pay yo insurance acc You agree the wides, among covering drill with third pa to market yo will share wit	I CEPS guidelines using the Histor of CEPS guidelines using the Histor with the certification of the premium that the certification of the premium that the certification of the	c Price Multiplier.  covered by Operator's w is therefore. If you elect ind limits, at the time the e of insurance, as provid  0% W.I.) of Combined Si 1,000,000 (100% W.I.) d  ay include fees. In additi vill be subject to all of the	ell control insurance t to purchase your or s AFE is returned, if a ed herein, will result ngle Limit coverage f eductible. on, penalties may be e terms of such cont	procured by Operator so wn well control vailable, but in no event in your being covered b or well control and
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EXHIBIT C



#### Authorization For Expenditure

ompany Entity imarex Energy Co.					Date Prepared Februar	ry 8, 2012
Region	Well Name	Well No. Prospe	ct or Field Name	Property Number	Drilling	AFE No.
Permian	Montana 1 Fee	3 Paddock Ex	tension West (EDDY)			
cation		Line and the state of the state	County	State	Туре	e Well
			Eddy	NM	Oil x Gos	Expl X Prod
timate Type		Est Start Date	i de la compania de l	t: Comp Date	Formation	Ttl Measured Dept
riginal Estimate	0				Penasco Draw San	3,000
vised Estimate pplemental Estima	and a series of the contract of the series o	<u> </u>			Andres-Yeso Associated Pool	3,000°
oject Description	3000' Blinebry/Paddock vertic	al well. Install tank batte	ry.	on the state of th	endergilde og de konsteller skalende skalende skalende skalende	. a shamifusi sagaa kak ab bagaasa birini
tangibles		Di	y Hole Cost	After Casing Po	oint ! Com	pleted Well Cost
illing Costs	erro y manufalle a proposanophopological dell'appropriate		\$427,000	An arministration		5427,000
ompletion Costs  Otal Intangible Cost	ts	i	\$427,000	\$1,847,000 <b>\$1,847,000</b>		\$1,847,000 <b>\$2,274,000</b>
				7.,,	P. T. T. C. T.	
ingibles			£31,000	630.66		f 225 000
'ell Equipment Pase Equipment	gaganisma in 1976 in 1971 in 1971 in 1981 in 1982 in 1984 in 1987 in 1987 in 1984 in 1	300000	531,000 i	\$204,000 \$463,800		\$235,000 \$463,800
tal Tangible Well	Cost		\$31,000	\$667,800		\$698,800
ug and Abandon C	ost		530,000	-\$30,000		\$0
tal Well Cost			\$488,000	\$2,484,800		\$2,972,800
All tubulars, well o	Costs or lease equipment is priced by	, COPAS and CEPS guidel	ines using the Historic			
ell control insurancing as Operator cor surance, you must ter than commenc surance procured to let to purchase fell control insurance	or lease equipment is priced by the control of the	cOPAS and CEPS guidely consider the constant of the constant o	owner, agree to be co share of the premiums perator, as to form an provide the certificate	Price Multiplier.  Vered by Operator's wered by Operator's witherefore. If you elect it limits, at the time this of insurance, as provid	ell control insurance pi t to purchase your own AFE is returned, if ava ed herein, will result in ngle Limit coverage for	rocured by Operator n well control silable, but in no ëver n your being covered
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