

Correspondence and Conversation Log  
 Colton "7" Fed Com #1  
 N/2 Section 7, 21-S, R-27E  
 Eddy County, New Mexico

Party	Date	Comment
Devon Energy Production Company, L.P.	5/26/05	Well proposal and JOA mailed certified, rec'd by Devon 5/31/05
	6/1/05	Called Ken Gray at Devon, out until 7/6, left message
	6/9/05	Rec'd voice message from KG
	6/10/05	Called KG, left message
	6/13/05	Spoke with KG, he advised of previous unrecorded JOA. He emailed JOA to me, covers 120 acres in the N/2, was discussed. Informed him of term assignment deadline. Faxed him title opinion.
	6/15/05	<i>Spoke with KG, agreed that JOA was not applicable since all of N/2 not included. Discussed Devon's 2003 decision to participate, terms of a possible deal.</i>
	6/27/05	<i>Called KG, lm</i>
		<i>Devon geologist Curt McKinney informed Cimarex geologist that Devon would try to make a deal tomorrow morning.</i>
	6/28/05	<i>KG called. The do not want to participate. Offered unacceptable farmout terms.</i>
Fidelity Exploration & Production Company	5/26/05	Well proposal and JOA mailed certified, rec'd by Fidelity 5/31/05
	6/1/05	Called John Shiel at Fidelity, discussed well proposal and need to go forward with Compulsory Pooling Application. They will evaluate, promised a response by the week of 6/13.
	6/7/05	JS called, wants to know what Cimarex will offer. Their NRI is low.
	6/20/05	JS called, wanted to know if it Cimarex would market their share of gas as they don't have a marketing department. I said yes.
	6/27/05	JS called, lm that they will participate, had sent in AFE and he will evaluate JOA when he returns to his office on the 29 <sup>th</sup> or 30 <sup>th</sup> . I called him back and lm that without the JOA we couldn't dismiss them from the hearing.

Note: Regular font represent Elizabeth Moses contact  
*Italics represent Jeff Gotcher contact*

Cimarex Energy Co.  
508 W. Wall  
Suite 600  
Midland, Texas 79701-5073  
PHONE: 432.571.7823



WELL ELECTION

\_\_\_\_ I/WE ELECT TO PARTICIPATE IN CIMAREX'S WELL PROPOSAL OF THE COLTON "7" FED COM #1 WELL.

\_\_\_\_ I/WE ELECT NOT TO PARTICIPATE IN CIMAREX'S WELL PROPOSAL OF THE COLTON "7" FED COM #1 WELL.

DEVON ENERGY PRODUCTION COMPANY, L.P.

May 26, 2005

**CERTIFIED MAIL 70041160000699751392**  
Devon Energy Production Company, L.P.  
Attention: Mr. Ken Gray  
20 N. Broadway, Suite 1500  
Oklahoma City, OK 73102

RE: Colton "7" Fed Com #1 Well  
N/2 of Section 7, T-21-S, R-27-E  
Eddy County, New Mexico

Gentlemen:

Cimarex Energy Co. proposes to drill and complete the Colton "7" Fed Com #1 Well with a surface location of 1,250' FNL and 2,170' FWL of Section 7, T-21-S, R-27-E to a depth of 11,475' to test the Morrow formation. The bottom hole location is to be 1,250' FNL and 1,650' FWL of said Section 7. The estimated cost of this operation is \$2,176,248 as detailed more specifically in the attached AFE.

Please evidence your election by marking the appropriate space below and returning one (1) copy of this letter to the letterhead address. Should you elect to participate, we also ask that you return a signed AFE. Enclosed please find Cimarex's proposed Joint Operating Agreement covering the proposed operations, which also requires your review and execution, if acceptable.

Cimarex would also be willing to acquire your interest on mutually agreeable terms, please contact the undersigned at (432) 570-9622 to discuss this further of if you have any questions regarding this well proposal.

Sincerely,

Elizabeth E. Moses  
Consulting Landman

Enclosures

By: \_\_\_\_\_

Date: \_\_\_\_\_

Cimarex Energy Co.  
508 W. Wall  
Suite 600  
Midland, Texas 79701-5073  
PHONE: 432.571.7823



WELL ELECTION

\_\_\_\_ I/WE ELECT TO PARTICIPATE IN CIMAREX'S WELL PROPOSAL OF THE COLTON "7" FED COM #1 WELL.

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FIDELITY EXPLORATION & PRODUCTION COMPANY

May 26, 2005

**CERTIFIED MAIL 70041160000699751408**  
Fidelity Exploration & Production Company  
Attention: Mr. John Schiel  
1700 Lincoln Street, Suite 4600  
Denver, CO 80203

RE: Colton "7" Fed Com #1 Well  
N/2 of Section 7, T-21-S, R-27-E  
Eddy County, New Mexico

Gentlemen:

Cimarex Energy Co. proposes to drill and complete the Colton "7" Fed Com #1 Well with a surface location of 1,250' FNL and 2,170' FWL of Section 7, T-21-S, R-27-E to a depth of 11,475' to test the Morrow formation. The bottom hole location is to be 1,250' FNL and 1,650' FWL of said Section 7. The estimated cost of this operation is \$2,176,248 as detailed more specifically in the attached AFE.

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Sincerely,

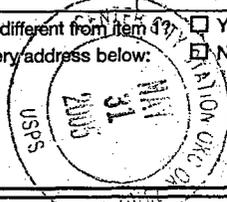
Elizabeth E. Moses  
Consulting Landman

Enclosures

By: \_\_\_\_\_

Date: \_\_\_\_\_

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>		A. Signature <input checked="" type="checkbox"/> <i>[Signature]</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee	
1. Article Addressed to:  <div style="border: 1px solid black; padding: 5px;"> Devon Energy Production Company  Attention: Mr. Ken Gray  20 N. Broadway, Suite 1500  Oklahoma City, OK 73102 </div>		B. Received by ( <i>Printed Name</i> ) _____ C. Date of Delivery _____  D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input checked="" 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	
2. Article Number ( <i>Trans</i> ) <u>7004 1160 0006 9975 1392</u>			
PS Form 3811, February 2004		Domestic Return Receipt	
		102595-02-M-1540	



SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>		A. Signature <input checked="" type="checkbox"/> <i>[Signature]</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee	
1. Article Addressed to:  <div style="border: 1px solid black; padding: 5px;"> Fidelity Exploration &amp; Production Co  Attention: Mr. John Schiel  1700 Lincoln Street, Suite 4600  Denver, CO 80203 </div>		B. Received by ( <i>Printed Name</i> ) _____ C. Date of Delivery <u>5-31-05</u>  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	
2. Article Number ( <i>Trans</i> ) <u>7004 1160 0006 9975 1408</u>			
PS Form 3811, February 2004		Domestic Return Receipt	
		102595-02-M-1540	

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## Elizabeth Moses

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**From:** Gray, Ken (OKC) [Ken.Gray@dvn.com]  
**Sent:** Monday, June 13, 2005 11:03 AM  
**To:** emoses@pobox.com  
**Subject:** Colton 7 Fed Com #1



Gray, Ken (grayk) -  
06-13-05 -...

Elizabeth, per our telephone conversation, attached is a copy of a 5/22/74 JOA covering all of Section 7. The term of the JOA is for the life of the leases, so it looks like the JOA, and the associated contractual interests are still in effect for all leases except the Jeffers lease (NE/4 NW/4). Not sure how all of this fits together with the pooling application, but we'll look at it and get back to you. Let me know if questions.