

Cimarex Energy Co.  
600 N. Marienfeld St.  
Suite 600  
Midland, Texas 79701  
PHONE 432.571.7800



August 8, 2012

**Via: E-mail @ jhdial@dow.com**

**And U.S. Certified Mail- Return Receipt No. 91 7108 2133 3938 0388 8917**

The Dow Chemical Company  
c/o Jere H. Dial  
P.O. Box 4286  
Houston, Texas 77210-4286

Re: New Well Proposal- Snoddy Federal No. 21  
Township 20 South, Range 32 East, N.M.P.M.  
Section 26: E/2E/2  
Lea County, New Mexico

Dear Jere:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Snoddy Federal No. 21 (the "Well") at a legal location in the E2E2 of Section 26, Township 20 South, Range 32 East, N.M.P.M., Lea County, New Mexico.

The intended surface hole location for the Well is 768' FNL & 555' FEL of Section 26 and the intended bottom hole location is 330' FSL & 526' FEL of Section 26. The Well is proposed to be drilled to a vertical depth of approximately 9,625' to the Bone Spring formation and laterally in a Southwesterly direction within the formation to the referenced bottom hole location. The true vertical depth of the Well is proposed to be approximately 9,900' and the total measured depth is proposed to be approximately 14,300' from surface to terminus.

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 reflecting estimated costs associated with this proposal, and; (ii) our proposed form of Operating Agreement to govern operations of the Well. If you intend to participate, please approve and return one (1) original of the

Oil Conservation Division  
Case No. \_\_\_\_\_  
Exhibit No. 3

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New Well Proposal- Snoddy Federal No. 21  
Township 20 South, Range 32 East, N.M.P.M.  
Section 26: E/2E/2  
Lea County, New Mexico

enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with the contact information to receive your well data, to the undersigned within thirty (30) days of your receipt of this proposal. If you 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.

The Public Records of Lea County, New Mexico indicate that The Dow Chemical Company ("Dow") owns a 15% working interest in the S/2 of Section 26, covering a total of 48 net mineral acres. In the event Dow does not wish to participate in drilling the Well, Cimarex would request a term assignment of Dow's working interest. Cimarex's offer is based on the following general terms:

- i.) bonus consideration equal to \$500 per net mineral acre assigned;
- ii.) reservation of an ORRI equal to the positive difference, if any, between 25% and existing lease burdens, thereby delivering a 75% net revenue interest lease to Cimarex (my Title Opinion shows that Dow's working interest is burdened by a 12.5% royalty; therefore, Dow would retain an 12.5% ORRI, proportionately reduced to the 15% working interest being assigned to Cimarex);
- iii.) primary term of 3 years with 180-day continuous development thereafter

I have enclosed Cimarex's proposed form of Term Assignment for your review. As you are aware, this well is scheduled to be drilled in November, 2012 so anything that you could do to expedite the processing of this proposal would be greatly appreciated.

If there is anything further that you should require, please contact the undersigned directly at (432) 571-7856 or by e-mail at [htresner@cimarex.com](mailto:htresner@cimarex.com).

Respectfully Submitted,

**Cimarex Energy Co.**

  
Hayden P. Tresner  
Landman

Enclosures//

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New Well Proposal- Snoddy Federal No. 21 \_\_\_\_\_  
Township 20 South, Range 32 East, N.M.P.M.  
Section 26: E/2E/2  
Lea County, New Mexico

**WELL ELECTION**  
**Snoddy Federal No. 21 Well**

\_\_\_\_\_ Elects **TO** participate in the proposed Snoddy Federal No. 21 Well

\_\_\_\_\_ Elects **NOT** to participate in the proposed Snoddy Federal No. 21 Well

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

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

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

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

If your election above is TO participate in the proposed Snoddy Federal No. 21 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 Energy Co.  
600 N. Marienfeld St.  
Suite 600  
Midland, Texas 79701  
PHONE 432.571.7800



August 8, 2012

Via: E-mail @ jhdial@dow.com  
And U.S. Certified Mail- Return Receipt No. 91 7108 2133 3938 0388 8917

The Dow Chemical Company  
c/o Jere H. Dial  
P.O. Box 4286  
Houston, Texas 77210-4286

Re: New Well Proposal- Snoddy Federal No. 22  
Township 20 South, Range 32 East, N.M.P.M.  
Section 26: NENE, SENE, SWNE, NWSE, NESW, SWSE, SESW  
Lea County, New Mexico

Dear Jere:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Snoddy Federal No. 22 (the "Well") at a legal location in the NENE, SENE, SWNE, NWSE, NESW, SWSE, SESW of Section 26, Township 20 South, Range 32 East, N.M.P.M., Lea County, New Mexico.

The intended surface hole location for the Well is 797 FNL & 596' FEL of Section 26 and the intended bottom hole location is 330' FSL & 1980' FWL of Section 26. The Well is proposed to be drilled to a vertical depth of approximately 9,625' to the Bone Spring formation and laterally in a Southwesterly direction within the formation to the referenced bottom hole location. The true vertical depth of the Well is proposed to be approximately 9,900' and the total measured depth is proposed to be approximately 14,300' from surface to terminus.

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 reflecting estimated costs associated with this proposal, and; (ii) our proposed form of Operating Agreement to govern operations

New Well Proposal- Snoddy Federal No. 22

Township 20 South, Range 32 East, N.M.P.M.

Section 26: NENE, SENE, SWNE, NWSE, NESW, SWSE, SESW  
Lea County, New Mexico

of the Well. 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 the contact information to receive your well data, to the undersigned within thirty (30) days of your receipt of this proposal. If you 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.

The Public Records of Lea County, New Mexico indicate that The Dow Chemical Company ("Dow") owns a 15% working interest in the S/2 of Section 26, covering a total of 48 net mineral acres. In the event Dow does not wish to participate in drilling the Well, Cimarex would request a term assignment of Dow's working interest. Cimarex's offer is based on the following general terms:

- i.) bonus consideration equal to \$500 per net mineral acre assigned;
- ii.) reservation of an ORRI equal to the positive difference, if any, between 25% and existing lease burdens, thereby delivering a 75% net revenue interest lease to Cimarex (my Title Opinion shows that Dow's working interest is burdened by a 12.5% royalty; therefore, Dow would retain an 12.5% ORRI, proportionately reduced to the 15% working interest being assigned to Cimarex);
- iii.) primary term of 3 years with 180-day continuous development thereafter

I have enclosed Cimarex's proposed form of Term Assignment for your review. Be advised this well is scheduled to be drilled during the 1st quarter of 2013, so anything that you could do to expedite the processing of this proposal would be greatly appreciated.

If there is anything further that you should require, please contact the undersigned directly at (432) 571-7856 or by e-mail at htresner@cimarex.com.

Respectfully Submitted,

Cimarex Energy Co.



Hayden P. Tresner  
Landman

Enclosures//

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New Well Proposal- Snoddy Federal No. 22  
Township 20 South, Range 32 East, N.M.P.M.  
Section 26: NENE, SENE, SWNE, NWSE, NESW, SWSE, SESW  
Lea County, New Mexico

**WELL ELECTION**  
**Snoddy Federal No. 22 Well**

\_\_\_\_\_ Elects **TO** participate in the proposed Snoddy Federal No. 22 Well

\_\_\_\_\_ Elects **NOT** to participate in the proposed Snoddy Federal No. 22 Well

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

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

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

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

If your election above is TO participate in the proposed Snoddy Federal No. 22 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 Energy Co.  
600 N. Marienfeld St.  
Suite 600  
Midland, Texas 79701  
PHONE 432.571.7800



August 8, 2012

**Via: E-mail @ jhdial@dow.com**

**And U.S. Certified Mail- Return Receipt No. 91 7108 2133 3938 0388 8917**

The Dow Chemical Company  
c/o Jere H. Dial  
P.O. Box 4286  
Houston, Texas 77210-4286

Re: New Well Proposal- Snoddy Federal No. 23  
Township 20 South, Range 32 East, N.M.P.M.  
Section 26: NENE, NWNE, SWNE, SENW, SWNW, NWSW  
Lea County, New Mexico

Dear Jere:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Snoddy Federal No. 23 (the "Well") at a legal location in the NENE, NWNE, SWNE, SENW, SWNW, NWSW of Section 26, Township 20 South, Range 32 East, N.M.P.M., Lea County, New Mexico.

The intended surface hole location for the Well is 811' FNL & 644' FEL of Section 26 and the intended bottom hole location is 2310' FSL & 330' FWL of Section 26. The Well is proposed to be drilled to a vertical depth of approximately 9,625' to the Bone Spring formation and laterally in a Southwesterly direction within the formation to the referenced bottom hole location. The true vertical depth of the Well is proposed to be approximately 9,900' and the total measured depth is proposed to be approximately 14,300' from surface to terminus.

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 reflecting estimated costs associated with this proposal, and; (ii) our proposed form of Operating Agreement to govern operations of the Well. If you intend to participate, please approve and return one (1) original of the

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New Well Proposal- Snoddy Federal No. 23  
Township 20 South, Range 32 East, N.M.P.M.  
Section 26: NENE, NWNE, SWNE, SENW, SWNW, NWSW  
Lea County, New Mexico

enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with the contact information to receive your well data, to the undersigned within thirty (30) days of your receipt of this proposal. If you 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.

The Public Records of Lea County, New Mexico indicate that The Dow Chemical Company ("Dow") owns a 15% working interest in the S/2 of Section 26, covering a total of 48 net mineral acres. In the event Dow does not wish to participate in drilling the Well, Cimarex would request a term assignment of Dow's working interest. Cimarex's offer is based on the following general terms:

- i.) bonus consideration equal to \$500 per net mineral acre assigned;
- ii.) reservation of an ORRI equal to the positive difference, if any, between 25% and existing lease burdens, thereby delivering a 75% net revenue interest lease to Cimarex (my Title Opinion shows that Dow's working interest is burdened by a 12.5% royalty; therefore, Dow would retain an 12.5% ORRI, proportionately reduced to the 15% working interest being assigned to Cimarex);
- iii.) primary term of 3 years with 180-day continuous development thereafter

I have enclosed Cimarex's proposed form of Term Assignment for your review. Be advised this well is scheduled to be drilled during the 1st quarter of 2013, so anything that you could do to expedite the processing of this proposal would be greatly appreciated.

If there is anything further that you should require, please contact the undersigned directly at (432) 571-7856 or by e-mail at htresner@cimarex.com.

Respectfully Submitted,

Cimarex Energy Co.

  
Hayden P. Tresner  
Landman

Enclosures//



New Well Proposal- Snoddy Federal No. 23  
Township 20 South, Range 32 East, N.M.P.M.  
Section 26: NENE, NWNE, SWNE, SENW, SWNW, NWSW  
Lea County, New Mexico

**WELL ELECTION**  
**Snoddy Federal No. 23 Well**

\_\_\_\_\_ Elects **TO** participate in the proposed Snoddy Federal No. 23 Well

\_\_\_\_\_ Elects **NOT** to participate in the proposed Snoddy Federal No. 23 Well

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

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

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

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

If your election above is TO participate in the proposed Snoddy Federal No. 23 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

## 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:

The Dow Chemical Company  
C/o Jere H. Dial  
P.O. Box 4286  
Houston, Texas 77210-4286

## COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☒ Agent☐ Addressee

B. Received by (Printed Name)

K. Co. P. Co.

C. Date of Delivery

8/21/12

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

2. Article Number

(Transfer from service label)

91 7108 2133 3938 0388 8917

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

Cimarex Energy Co.  
600 N. Marienfeld St.  
Suite 600  
Midland, Texas 79701  
PHONE 432.571.7800



December 11, 2012

**Via: E-mail @ jhdial@dow.com**

**And U.S. Certified Mail- Return Receipt No. 91 7108 2133 3938 9333 4462**

The Dow Chemical Company  
c/o Jere H. Dial  
P.O. Box 4286  
Houston, Texas 77210-4286

Re: Amendment to New Well Proposal- Snoddy Federal No. 22  
Township 20 South, Range 32 East, N.M.P.M.  
Section 26: NENE, SENE, SWNE, NWSE, NESW, SESW, SWSW  
Lea County, New Mexico

Dear Jere:


By New Well Proposal Letter dated August 8, 2012 (the "Proposal"), Cimarex Energy Co. ("Cimarex") proposed to drill the Snoddy Federal No. 22 (the "Well") at a legal location in the NENE, SENE, SWNE, NWSE, NESW, SWSE, SESW of Section 26, Township 20 South, Range 32 East, N.M.P.M., Lea County, New Mexico. Further, the intended bottom hole location of the Well was described as being 330' FSL & 1980' FWL of Section 26.

Be advised that the bottom hole location of the Well has been moved to 330' FSL & 990' FWL of Section 26, which will result in the Well being drilled at a legal location in the NENE, SENE, SWNE, NWSE, NESW, SESW, SWSW of Section 26. There have been no other changes to the information contained in the Proposal except as herein described.

If you should have any questions in regard to this matter, please contact the undersigned directly at (432) 571-7856 or by e-mail at htresner@cimarex.com.

Respectfully Submitted,

**Cimarex Energy Co.**

  
Hayden P. Tresner  
Landman