

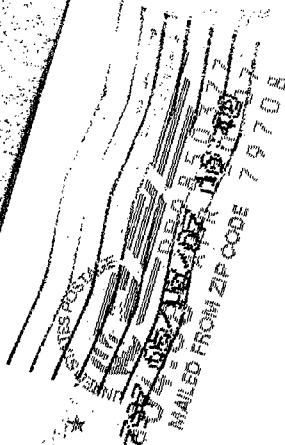
SHAW INTERESTS, INC.
OIL & GAS PROPERTIES
310 W. WALL ST., SUITE 305
MIDLAND, TEXAS 79701

**INSUFFICIENT
ADDRESS**

7004 2510 0001 1844 2342

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

212021940-99 8841



Oil Conservation Division
Case No. _____
Exhibit No. 3

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

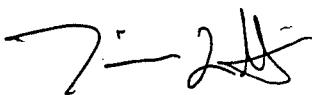
Enclosed is a detailed AFE reflecting estimated well costs.

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 ServiceTM
CERTIFIED MAILTM 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	1.00.74
Return Receipt Fee (Endorsement Required)	1.85
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.88

Postmark Here

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

PS Form 3800, June 2002



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 X EXPL X GAS PROD
ORIGINAL ESTIMATE X		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.

INTANGIBLES	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
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
TANGIBLES			
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			\$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

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: _____

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

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

7001 0320 0004 1884 0600

NSN

NO SUCH
NUMBER
7 N. Culvert St
21202

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

CERTIFIED MAIL

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

★ ★ ★
178
76309
9638
★ ★ ★
04-880
APR 22 07
MAILED FROM ZIP CODE 79708

7001 0320 0004 1883 9802

INSUFFICIENT
ADDRESS
CORRECT MAILING ADDRESS

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

7 N. Culvert 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
- 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	
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.
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.

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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"	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			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

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

1476049986 8884

NIXIE 142 SE 1 72 05/09/07
RETURN TO SENDER
UNCLAIMED
UNABLE TO FORWARD
BC: 79701511780 *2713-02301-23-33

|||||

UNITED STATES POSTAGE
149 PB9850377
76405 04.640 APR 19 07
9749 MAILED FROM ZIP CODE 79701A

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

7001 0320 0004 1884 0594

Ant

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

NIXIE 142 72 04/17/07
RETURN TO SENDER
ATTEMPTED - NOT KNOWN
UNABLE TO FORWARD
BC: 79701511780 *0813-01731-17-19

7970105117

|||||

UNITED STATES POSTAGE
190 PB9850377
76805 04.880 APR 10 07
9613 MAILED FROM ZIP CODE 79701B

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

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

7001 0320 0004 1883 9796

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	OIL GAS TYPE WELL X EXPL X PROD	
ORIGINAL ESTIMATE X		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
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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			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

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
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 488T 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 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.

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

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 *3013-04370-09-29

7970105117

|||||

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

7001 0320 0004 1883 9871

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

BC: 79701511780 *2813-00859-15-00

7970105117

|||||

12 APR 2007 2 PM
TX 79721
MIDLAND / ODESSA
V55301

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	
See Reverse for Instructions	

7001 0320 0004 1A83 9734



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 X		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.

INTANGIBLES	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
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
TANGIBLES			
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
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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 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.	
City, 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 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.

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

★ ★ ★ ★
158
7620
9757
PB9850377
04.640 APR 19 07
MAILED FROM ZIP CODE 79708

7001 0320 0004 1884 0075

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

4901783957816515

BC: 79701511780 *1785-07850-04-21

CERTIFIED MAIL

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

7001 0320 0004 1883 9888

★ ★ ★ ★
198
7650
9637
PB9850377
04.880 APR 11 07
MAILED FROM ZIP CODE 79708

ANK

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

Received at Registry Room
NAME
1st NOTICE
2nd NOTICE

NIXIE 490 1 22 04/19/07
RETURN TO SENDER
ATTEMPTED - NOT KNOWN
UNABLE TO FORWARD

BC: 79701511780 *0464-00163-14-32

4901783957816515

BC: 79701511780 *0464-00163-14-32

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	2.46
Return Receipt Fee (Endorsement Required)	1.85
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.70
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	



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 X	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			\$4,000
CONDUCTOR PIPE				DWEB.130				
WATER STRING				DWEB.135				
SURFACE CASING	13-3/8"	250	42.00	DWEB.140	11,000			\$11,000
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PACKER, NIPPLES						DWEA.130	\$110,000	\$110,000
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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	
(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
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.	

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: _____

REGISTERED MAIL

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

MIDLAND / ODESSA

TX 79702 *
12 APR 2007 1PM

MIDLAND / ODESSA TX 79702 *
MAILED FROM ZIP CODE 79708

7001 0320 0004 1883 9857

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+4306-48 0007
7970105117

UP THE RETURN ADDRESS FOLD AT DOTTED LINE

CERTIFIED MAIL

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

★ ★ ★
150
7630904.64 APR 19 07
9755
MAILED FROM ZIP CODE 7970A

7001 0320 0004 1883 9857

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

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 Ben & Kay Wicker	
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	

7001 0320 0004 1883 9659



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 X		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.

INTANGIBLES	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
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
TANGIBLES			
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			\$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 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
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Lea County, New Mexico

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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	
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:

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.

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 79708
9639 MAILED FROM ZIP CODE 79708

7001 0320 0004 1883 9895

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

NIXIE

208

1

08 04/17/07

RETURN TO SENDER
REFUSED
UNABLE TO FORWARD

BC: 79701511780 *1110-00910-12-45

7970105117

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

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

7001 0320 0004 1884 0068

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

NIXIE

208

1

08 04/27/07

RETURN TO SENDER
ATTEMPTED - NOT KNOWN
UNABLE TO FORWARD

BC: 79701511780 *0731-00763-27-15

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	
(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>Dan & Alice Wicker</u>	
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			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 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
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 Dan & Alice Wicker	
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	
PS Form 3800, January 2001 See Reverse for Instructions	

7001 0320 0004 1883 9895

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 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.

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

144
7670 804.640 APR 19 07
0753
MAILED FROM ZIP CODE 79701
UNITED STATES POSTAGE

James Wicker
2755 Fourth Street
Wyandotte, MI 48192

NIXIE

482 SC 1

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

7970105117

BC: 79701511780 *0790-06595-25-04

CERTIFIED MAIL

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

7001 0320 0004 1883 9664

James Wicker
2755 Fourth Street
Wyandotte, MI 48192

NIXIE

482

1

RETURN TO SENDER
NO SUCH NUMBER
UNABLE TO FORWARD
70 04/17/07

BC: 79701511780

*1110-00305-12-45

48192+5807-7970105117

MIDLAND / ODESSA
TX 797 12 12
12 APR 2007 4 PM
MIDLAND / ODESSA
482 SC 1
70 04/25/07
MAILED FROM ZIP CODE 79701

SHAW INTERESTS, INC.

OIL & GAS PROPERTIES

P.O. BOX 9612

MIDLAND, TX 79708

(432) 685-1404

April 17, 2007

James Wicker
2755 Fourth Street
Wyandotte, MI 48192

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

Dear 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

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	
James 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 X		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.

INTANGIBLES	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
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
TANGIBLES			
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	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
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 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	\$ 1.43
Certified Fee	2.40
Return Receipt Fee (Endorsement Required)	1.85
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.88
Sent To	
James 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 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.
OIL & GAS PROPERTIES
310 W. WALL ST., SUITE 305
MIDLAND, TEXAS 79701

7001 0320 0004 1884 0921
REASON CHECKED
Undelivered
Refused
Attempted Not Known
Insufficient Address
No Such Street
No Such Number
No Such Office in State
Do not return to this envelope

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

197
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APR 10 07
MAILED FROM ZIP CODE 79708
UNITED STATES POSTAGE
P89850377

PAID

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

9675309999

CERTIFIED MAIL

7001 0320 0004 1883 9697

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

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*2272-06661-26-05
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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

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: Henrietta Schenck	
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	

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 <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

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	\$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 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 (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 <u>Henrietta B. Schenck</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 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

MIDLAND / ODESSA
TX 79712
12 APR 2007 7PM

MIDLAND / ODESSA 79701
9632 MAILED FROM ZIP CODE 79701

7001 0320 0004 1883 9833

John Millard Wicker
1496 23rd Street
Wyandotte, MI 48192

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

John Millard Wicker
1496 23rd Street
Wyandotte, MI 48192

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

BC: 79701511790 *0790-05429-25-04

797015117

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

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 X EXPL X GAS PROD
ORIGINAL ESTIMATE X		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.

INTANGIBLES	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
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
TANGIBLES			
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			\$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 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

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	
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: _____

MASSACHUSETTS

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CERTIFIED MAIL

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envelope

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CONFIDENTIAL

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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
Postmark Here	
Sent To Mary S. William	
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	DRY HOLE		AFTER CASING		COMPLETED
	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		
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	\$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

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	
(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	
Mary William	
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 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: _____

CERTIFIED MAIL

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

7001 0320 0004 1884 0174

UNITED STATES POSTAGE
PB9 850377
149 04.880 APR 10 07
76909
9617
MAILED FROM ZIP CODE 79708

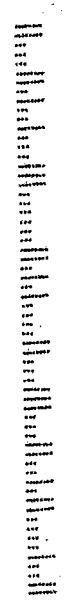
4/16/06

Handwritten signature and date 4/18/06

☐ A ☒ INSUFFICIENT ADDRESS
☐ C ☐ ATTEMPTED NOT KNOWN
☐ S ☐ NO SUCH NUMBER/ STREET
☐ NOT DELIVERABLE AS ADDRESSED
- UNABLE TO FORWARD

RTS
RETURN TO SENDER

73701/3117



CERTIFIED MAIL

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

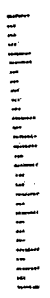
7001 0320 0004 1883 9789

MIDLAND TX 79701
APR 10 2006
MAILED FROM ZIP CODE 79708

Rose Berger
C/o Henry Kemp

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

RTS
RETURN TO SENDER
Attempted delivery 4/8/06



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

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>Rose Berger</u>	
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	

7001 0320 0004 1883 9789

Postmark Here

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 X		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.

INTANGIBLES	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
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
TANGIBLES			
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.

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		\$732,750	\$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

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

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	
Rose Berger	
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: _____

REGISTERED MAIL

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

★ ★ ★
100
7650 904.640 APR 19 07
9741 MAILED FROM ZIP CODE 79708



7001 0320 0004 1883 9710

Vanda Dale Byars
8900 Comanche
Olivette, MO 63132

NIXIE 631 SE 1 75 05/02/07

RETURN TO SENDER
UNABLE TO FORWARD

BC: 79701511780 *0416-04570-23-32


63132+2312 0004

REGISTERED 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 12-6
11 APR 2007 4 PM
MIDLAND / ODESSA TX 797 12-6
96115 MAILED FROM ZIP CODE 79708



NO → Vanda Dale Byars
8900 Comanche
Olivette, MO 63132

YAC
ANX

63132+2312-00 0020

|||||

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

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 X EXPL X GAS PROD
ORIGINAL ESTIMATE X		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.

INTANGIBLES	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
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
TANGIBLES			
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			\$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

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
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	

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

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 Clay Allen Cureton	
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	OIL GAS TYPE WELL X EXPL X PROD
ORIGINAL ESTIMATE REVISED ESTIMATE SUPPLEMENTAL ESTIMATE		X EST. START DATE	EST. COMP. DATE	FORMATION	EST. TD 9800 TVD 11600' MD

PROJECT DESCRIPTION:
Drill and complete a horizontal wolfcamp well.

INTANGIBLES	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
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
TANGIBLES			
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.

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

U.S. Postal Service CERTIFIED MAIL RECEIPT <small>(Domestic Mail Only; No Insurance Coverage Provided)</small>	
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 P.O. Box No.	
City, State, ZIP+4	
PS Form 3800, January 2001 See Reverse for Instructions	

7001 0320 0004 1884 0242

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: _____

CERTIFIED MAIL

A hand with the index finger pointing towards the text "RETURNED TO SENDER". The text is written in a bold, sans-serif font, with "RETURNED" on the top line and "TO SENDER" on the bottom line. The hand is drawn in a simple, sketchy style.

1) ATTEMPTED, UNKNOWN
 1) NOTED, UNKNOWN
 1) INSUFFICIENT ADDRESS
 1) UNDELIVERABLE AS ADDRESS
 1) MOVED, LEFT NO ADDRESS
 1) FORWARDING LEFT AS ADDRESS
 1) OUT OF BUSINESS ORDER EXPIRED
 SEE # 4
 EARL INTL

RETURNED

D.C. MAY DAVIS TO
C/O ADV. CAREY UNDER
#608-70006
NEW YORK N.Y.
FORWARDED AS ADDRESS
OUT OF BUSINESS
BUSINESS

CERTIFIED MAIL

7001 0320 0004 1884 0099

MIDLAND / ODESSA
TX 79672
11 APR 2007 3 PM
MIDLAND / ODESSA 67050
620
MAILED FROM ZIP CODE 79708

CORR TO SENDER

() ACCEPTED
 () MOVED, UNKNOWN
 () INSUFFICIENT ADDRESS
 () UNDELIVERABLE AS ADDRESSED
 () FORWARDING LEFT NO RETURN
 () OUT OF BUSINESS
DEAR MARY:

A hand pointing to the right with the word "RETURN" written on the palm.

() MOVED, LEFT NO ADDRESS
 () UNDELIVERABLE AS ADVERTISED
 () OUT OF BUSINESS
 () FORWARDING ORDER EXPIRED

() ATTEMPTED, UNANSWERED
 () MOVED, UNABLE TO FORWARD
 () INSUFFICIENT ADDRESS
 () UNDELIVERABLE
 () MOVED, LEG.

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
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	



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 X EXPL X GAS PROD
ORIGINAL ESTIMATE X	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.

INTANGIBLES	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
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
TANGIBLES			
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			\$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"	12,900	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

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	

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

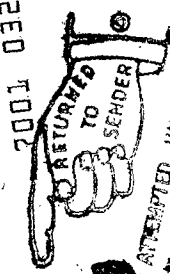
ACKNOWLEDGMENT

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 EXPIRED
- () OUT OF BUSINESS

RTN # _____ CARL INTS.

7001 0320 0004 1884 0082



Stewart A. Carey
Room 910
Regent St. NY 10006
New York Address

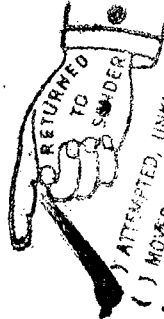
- () MOVED, UNABLE TO FORWARD
- () INSUFFICIENT ADDRESS
- () UNDELIVERABLE AS ADDRESS
- () MOVED, LEFT NO ADDRESS
- () FORWARDING ORDER EXPIRED
- () OUT OF BUSINESS

RTN # _____ CARL INTS.

PERFECTED MAIL

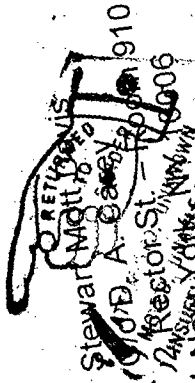
SHAW INTERESTS, INC
OIL & GAS PROPERTIES
310 W. WALL ST., SUITE 305
MIDLAND, TEXAS 79701

7001 0320 0004 1883 9758



- () ATTEMPTED, UNKNOWN
- () MOVED, UNABLE TO FORWARD
- () INSUFFICIENT ADDRESS
- () UNDELIVERABLE AS ADDRESS
- () MOVED, LEFT NO ADDRESS
- () FORWARDING ORDER EXPIRED
- () OUT OF BUSINESS

RTN # _____ CARL INTS.

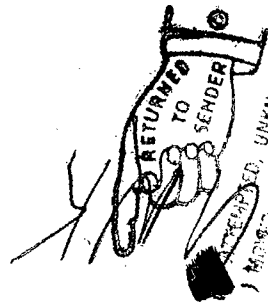


Stewart A. Carey
Room 910
Regent St. NY 10006
New York Address

- () ATTEMPTED, UNKNOWN
- () MOVED, UNABLE TO FORWARD
- () INSUFFICIENT ADDRESS
- () UNDELIVERABLE AS ADDRESS
- () MOVED, LEFT NO ADDRESS
- () FORWARDING ORDER EXPIRED
- () OUT OF BUSINESS

RTN # _____ CARL INTS.

MIDLAND / ODESSA
TX 79702
11 APR 2007 1 PM
MAILED FROM ZIP CODE 79708



- () ATTEMPTED, UNKNOWN
- () MOVED, UNABLE TO FORWARD
- () INSUFFICIENT ADDRESS
- () UNDELIVERABLE AS ADDRESS
- () MOVED, LEFT NO ADDRESS
- () FORWARDING ORDER EXPIRED
- () OUT OF BUSINESS

RTN # _____ CARL INTS.

UNITED STATES POSTAGE
101 7680 904.640 APR 19 07
9743 MAILED FROM ZIP CODE 79708

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	\$ 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 Stewart Mott Davis	
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	

101 0320 0004 1883 975A



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 X EXPL X GAS PROD
ORIGINAL ESTIMATE X	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.

INTANGIBLES	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
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
TANGIBLES			
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
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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
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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				
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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

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	
(Domestic Mail Only; No Insurance Coverage Provided)	
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 Stewart Mott Davis	
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 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
310 W. WALL ST., SUITE 305
MIDLAND, TEXAS 79701

7001 0320 0004 1A84 0617

Jean and Orville Morris
655 Plum Avenue
Wyandotte, MI 48192

NIXIE

BC:

7970151780

482 SC 1
RETURN TO SENDER
UNCLAIMED
UNABLE
*110-00309-12-45

Name
70 05/02/07

[Signature]

MIDLAND / ODESSA
TX 79702 *
12 APR 2007 1PM
MIDLAND/ODESSA 643
MAILED FROM ZIP CODE 79708



48192+6557-55 0013
7970105117

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

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

7001 0320 0004 1884 0617

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	\$ 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: Jean & Orville Morris	
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 <input type="checkbox"/>					
SUPPLEMENTAL ESTIMATE <input type="checkbox"/>					

PROJECT DESCRIPTION:
Drill and complete a horizontal wolfcamp well.

INTANGIBLES	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
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
TANGIBLES			
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.

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 @	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
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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
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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		\$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 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

UNITED STATES POSTAGE
EAGLE
PB9 850377
157 7610 04-640 APR 19 07
9746 MAILED FROM ZIP CODE 79701

7001 0320 0004 1883 9826

W. J. Doyle

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

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

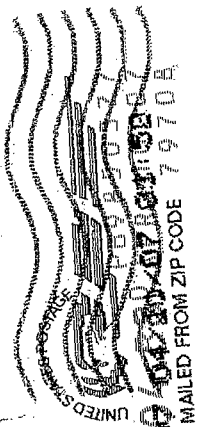
RTS
RETURN TO SENDER

18309+2008-24 C061

CERTIFIED MAIL

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

7001 0320 0004 1884 0228



MIDLAND / ODESSA

TX 79702

11 APR 2007 0PM

MIDLAND / ODESSA TX 79702
MAILED FROM ZIP CODE 79702

James O'Brien
4724 Adams
Duquesne, PA 15009-2008

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

RTS
RETURN TO SENDER

18509-2008-24 0051

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.

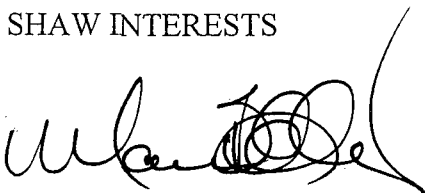
If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

- \$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	
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>JAMES & Robert O'Brien</u>	
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	

Postmark Here

7001 0320 0004 1A83 9A26



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 X		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.

	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
<u>INTANGIBLES</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
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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

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

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: JAMES O'BRIEN	
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

☐ ATTACHED
☐ NO MAIL RECEIPT
☐ REFUSE
☐ NOT DEL AS ADDRESSED
☐ UNABLE TO FORWARD

Return to sender

MEDFORD OR 975
26 APR 2007 PM 11:14

143
7620504-640 APR 19 07
9747

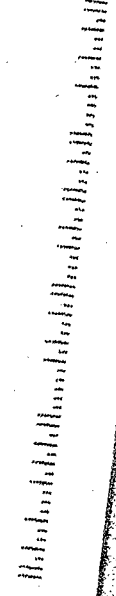
MAILED FROM ZIP CODE 79701

PEAR BLOSSOM
FESTIVAL
UNITED STATES POSTAL SERVICE

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

*deceased
1969*

97502+2748-04 C050



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	
(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: Marjorie Olds	
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	

7001 0320 0004 1A63 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 X		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.

INTANGIBLES	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
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
TANGIBLES			
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			\$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
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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

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: Marjorie M. Olds	
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 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	
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	
Loleita Fay Patterson	
Street, Apt. No., or PO Box No.	
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 X		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.

INTANGIBLES	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
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
TANGIBLES			
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			\$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

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	
(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 Loleita Fay Patterson	
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 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

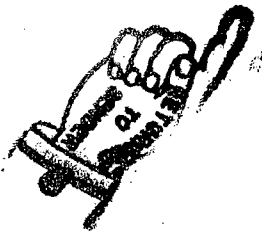
ACKNOWLEDGMENT

STATE OF NEW MEXICO §
 §
COUNTY OF §

This instrument was acknowledged before me on the _____ day of _____, 2007, by Loleita Fay Patterson.

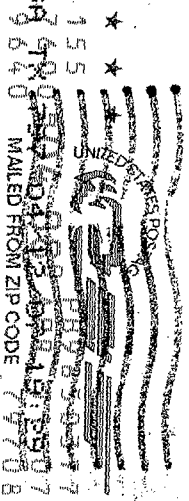
Notary Public, State of New Mexico
My Commission Expires: _____

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



7001 0320 0004 1883 9901

Elaine and James Wolf
403 Arbana Avenue



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

1066 889T 4000 02E0 1001

Postage	\$ 4.3
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 ELAINE & JAMES WOLF
Street, Apt. No. or PO Box No. _____
City, State, ZIP+4 _____
PS Form 3800, January 1987 See Reverse for Instructions

803
311MD
MD
4-17-87

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
Sent To	
Elaine & James Wolf	
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	

Postmark Here

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 X		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.

INTANGIBLES	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
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
TANGIBLES			
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.

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		\$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)					
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 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 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.

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

USPS Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)


OFFICIAL USE

Postage	\$ 2.31
Certified Fee	2.40
Return Receipt Fee (Endorsement Required)	1.85
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.56

Postmark
Here

Sent to
Street, Apt. No.,
or PO Box No.
City, State, ZIP+4
Marguerite C. Buckley

PS Form 3800, January 2001



Shaw Interests, Inc.
Oil & Gas Properties
310 W. 02th, Suite 303, Midland, TX 79701
Marguerite C. Buckley
9446 Litzsingle Road
St. Louis, MO 63114

EVAC

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.

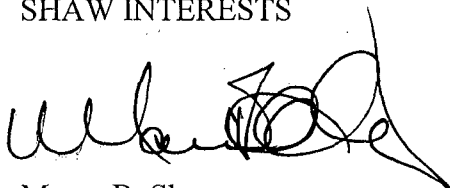
If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

- \$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.

INTANGIBLES	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
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
TANGIBLES			
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			\$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

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:

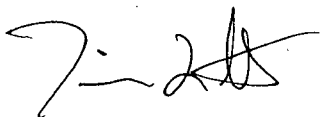
According to our title research, you own an undivided 6.0015 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this Lease are a \$100.00 per net mineral acre bonus consideration, three (3) year paid-up primary term and three-sixteenths (3/16) 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 - ~~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.

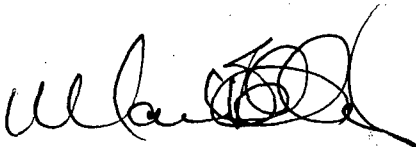
If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

- \$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 X		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.

INTANGIBLES	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
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
TANGIBLES			
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.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

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) 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.

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 X	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.

INTANGIBLES	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
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
TANGIBLES			
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.

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	\$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

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
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>
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			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 <input type="checkbox"/>					
SUPPLEMENTAL ESTIMATE <input type="checkbox"/>					

PROJECT DESCRIPTION:

Drill and complete a horizontal wolfcamp well.

INTANGIBLES	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
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
TANGIBLES			
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		\$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		\$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

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:

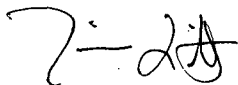
According to our title research, R. E. Carter owns an undivided 2.0005 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this Lease are a \$100.00 per net mineral acre bonus consideration, three (3) year paid-up primary term and three-sixteenths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

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.

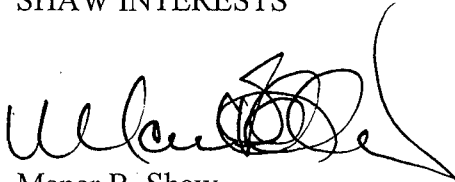
If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

- \$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 X EXPL X GAS PROD
ORIGINAL ESTIMATE X		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.

INTANGIBLES	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
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
TANGIBLES			
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			\$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

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:

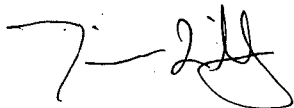
According to our title research, you own an undivided 5.00125 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this Lease are a \$100.00 per net mineral acre bonus consideration, three (3) year paid-up primary term and three-sixteenths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

— 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.

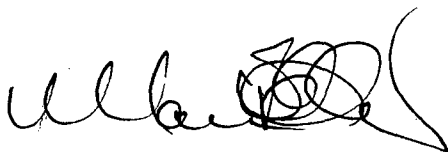
If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

- \$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 X EXPL X GAS PROD
ORIGINAL ESTIMATE X	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.

INTANGIBLES	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
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
TANGIBLES			
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
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DIRECTIONAL DRILLING SERVICES 22 DAYS @ 9500 PER DAY				DIDC.245	\$209,000			\$209,000
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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

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:

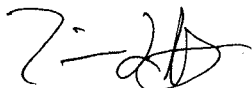
According to our title research, you own an undivided 3.00075 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this Lease are a \$100.00 per net mineral acre bonus consideration, three (3) year paid-up primary term and three-sixteenths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

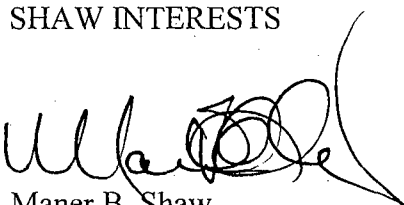
If you wish to participate and pay your proportionate share of well costs, please execute the AFE and return to the undersigned as soon as possible. Otherwise, in lieu of being subject to a compulsory pooling, you have the option to lease your minerals at the terms previously proposed being:

- \$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 X	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								
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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:

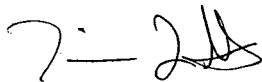
According to our title research, you own an undivided 2.0005 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this Lease are a \$100.00 per net mineral acre bonus consideration, three (3) year paid-up primary term and three-sixteenths (3/16)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

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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 X	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.

INTANGIBLES	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
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
TANGIBLES			
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.

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	\$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

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:

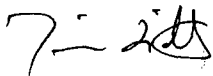
According to our title research, T. D. Fussell owns an undivided 2.0005 net mineral acres under the above described lands. Enclosed is an Oil and Gas Lease for your review. The terms of this Lease are a \$100.00 per net mineral acre bonus consideration, three (3) year paid-up primary term and three-sixteenths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

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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

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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.

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 <div><input type="checkbox"/> Agent <input type="checkbox"/> Addressee</div>	
1. Article Addressed to: Frank Lilley 325 LAKEVIEW DRIVE LITTLETON, NC 27850		B. Received by (Printed Name)	C. Date of Delivery
		D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
2. Article Number (Transfer from service label)		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? (Extra Fee) <input type="checkbox"/> Yes	
PS Form 3811, February 2004		Domestic Return Receipt	
		7004 2510 0001 1844 2489	
		102595-02-M-1540	

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						
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: Pyramjd

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			\$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

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:

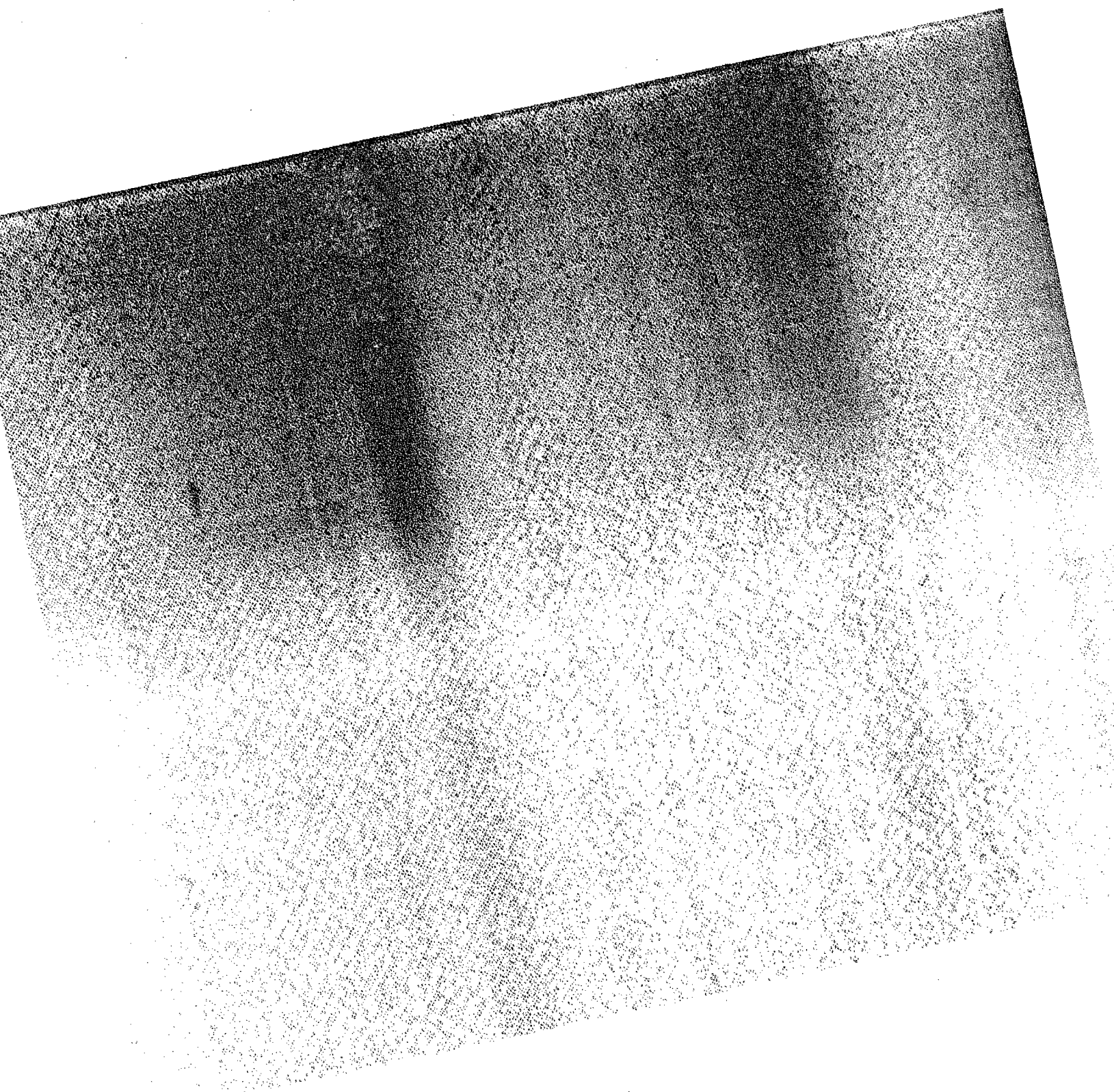
Notary Public, State of
My Commission Expires: _____

INC.
TIES
305
01

7004 2510 0001 1844 2366

Gayle Lilley
c/o Frank Lilley
325 Lakeside Drive
Littleton, NC 27850

UNITED MAIL
146 18 05.38 MAY 21 07
76918 0057
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:

Gaule 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? ☐ 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

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 X EXPL X GAS PROD
ORIGINAL ESTIMATE X	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.

INTANGIBLES	DRY HOLE COST	AFTER CASING POINT	COMPLETED WELL COST
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
TANGIBLES			
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								

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
1. WALL ST., SUITE 305
LAND, TEXAS 79701

REGISTERED MAIL

7004 2510 0001 1844 2373

Virginia Fulton Gaussa
79 Dosoris Lane
Glen Cove, NY 11542

UNITED STATES POSTAGE
160
76915 05.380 MAY 21 0
0058 MAILED FROM ZIP CODE 79701

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

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

2. Article Number

(Transfer from service label)

7004 2510 0001 1844 2373

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

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 <input type="checkbox"/> PROD <input type="checkbox"/>
ORIGINAL ESTIMATE <input checked="" type="checkbox"/>		EST. START DATE		EST. COMP. DATE	FORMATION
REVISED ESTIMATE					EST. TD 9800 TVD
SUPPLEMENTAL ESTIMATE					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

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	\$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

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: _____