

November 10, 2009

Via: e-mail and Certified U.S. Mail-Return Receipt Requested No. 7007 0710 0003 0317 4189

Lynx Petroleum Consultants, Inc.
P.O. Box 1208
Hobbs, NM 88241

Attn: Larry Scott

Re: *Penny Pincher 21 Federal #1H*
W/2W/2 Section 21-T19S-R31E
Eddy County, New Mexico

Dear Larry:

Cimarex Energy Co. (Cimarex) as owner of an interest in the above described spacing unit, hereby proposes to drill the above-captioned well at an approximate location of 660' FNL and 990' FWL. If you choose to participate in the drilling of the well, please sign and return a copy of the AFE to the undersigned. I am also submitting Cimarex's proposed form of operating agreement.

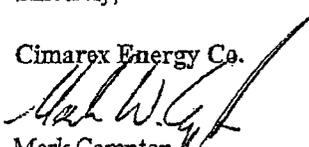
Alternatively, if you choose not to participate, Cimarex would consider acquiring a farmout of your leasehold interest in Section 21, T19S-R31E, at the following general terms: Lynx to deliver all of its interest in Section 21, retaining as an overriding royalty interest equal to the positive difference, if any, between existing lease burdens and 25%, proportionately reduced, subject to an option to convert said overriding royalty interest to a working interest equal to 25% of the working interest originally assigned to Cimarex by Lynx. Such option to convert the overriding royalty interest to a working interest shall be on a well by well basis.

Due to an imminent time deadline in conjunction with an assignment to Cimarex, covering the above described land, lengthy negotiations are not feasible. Cimarex is prepared to use forced pooling options if necessary.

Please do not hesitate to contact me if there is anything further that you should require in regard to this matter. Thank you.

Sincerely,

Cimarex Energy Co.


Mark Compton
Landman

OCC Case No. 14418

CIMAREX ENERGY
Exhibit #3