

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



March 8, 2010

Daniel Energy, Inc.
1521 Oliver Street
Midland, Texas 79701

Certified Mail-Return Receipt Requested No. 91 7108 2133 3937 6789 9608

Re: Proposal to Drill
West Shugart 32 State #1H Well
W/2 W/2, Sec. 32-T18S-R31E
Eddy County, New Mexico

Dear Sir/Madam:

Cimarex Energy Co. of Colorado, acting as operator for Magnum Hunter Production, Inc (both of which are wholly owned subsidiaries of Cimarex Energy Co.), hereby proposes to drill the West Shugart 32 State #1H Well at a legal location in W/2 W/2, Sec. 32-T18S-R31E, Eddy County, New Mexico.

The intended surface hole location for the well is approximately 330 feet FSL and 660 feet FWL and the intended bottom hole location is approximately 330 feet FNL, 660 feet FWL. The well is proposed to be drilled vertically to a depth of approximately 8,800 feet to the Bone Spring formation and horizontally in a northerly direction within the formation to the referenced bottom hole location. Total measured depth of the well is proposed to be approximately 13,300 feet from surface to terminus.

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

Enclosed, in duplicate, is (i) our detailed AFE reflecting estimated costs associated with this proposal, and; (ii) our proposed form of Operating Agreement to govern operations of the West Shugart 32 State #1H Well. If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with the contact information to receive your well data, to the undersigned within thirty (30) days of receipt of this proposal. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.

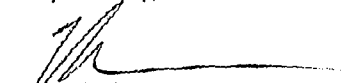
Confirmation	Package ID: 9171082133393767899608	E-CERTIFIED
		PRCBP FREN
	Daniel Energy, Inc. 1521 Oliver Street Midland, Texas 79701	PBP Account #: 35644897 Serial #: 3132785 MAR 09 2010 3:30P



In the event you do not wish to participate in drilling the proposed well, Cimarex Energy of Colorado will consider acquiring your interest through a Term Assignment for \$200 per net mineral acre for a two (2) year term assignment with 180-day continuous development and delivery of a 75% net revenue interest lease.

Please call the undersigned with any questions or comments.

Respectfully,


Mike Wallace
Landman

Phone: (432) 571-7873

Cell: (432) 301-4067

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.		<p>A. Signature x <u>Anna Bradsha</u> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <u>Anna Bradsha</u></p> <p>C. Date of Delivery <u>3-11-10</u></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No If YES, enter delivery address below:</p>	
1. Article Addressed to: <p>Daniel Energy, Inc. 1521 Oliver Street Midland, Texas 79701</p>		3. Service Type <input 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.	
2. Article Number (Transfer from service label)		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	

91 7108 2133 3937 6789 9608

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

Well Proposal
March 8, 2010



**ELECTION TO PARTICIPATE
West Shugart 32 State #1H Well
W/2 W/2, Sec. 32-T18S-R31E, Eddy Co., NM**

_____ Elects **TO** participate in the proposed West Shugart 32 State #1H Well.

_____ Elects **NOT** to participate in the proposed West Shugart 32 State #1H Well.

Dated this _____ day of _____, 2010.

Signature: _____

Title: _____

If your election above is **TO** participate in the proposed West Shugart 32 State #1H Well, then:

_____ Elects **TO** be covered by well control insurance procured by Cimarex Energy of Colorado.

_____ Elects **NOT** to be covered by well control insurance procured by Cimarex Energy of Colorado and agrees to provide Cimarex Energy of Colorado with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex Energy of Colorado.

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



September 23, 2010

Daniel Energy, Inc.
1521 Oliver Street
Midland, TX 79701

Certified Mail-Return Receipt Requested No. 91 7108 2133 3938 4680 7449

Re: Proposal to Drill
West Shugart 32 State #1H Well
W/2 W/2, Sec. 32-T18S-R31E
Eddy County, New Mexico

Dear Sir/Madam:

Cimarex Energy Co. of Colorado, acting as operator for Magnum Hunter Production, Inc (both of which are wholly owned subsidiaries of Cimarex Energy Co.), proposed the West Shugart 32 State #1H Well at a legal location in W/2 W/2, Sec. 32-T18S-R31E, Eddy County, New Mexico by letter dated March 8, 2010 (copy attached).

Cimarex has received farmouts and AFE approval from several parties owning significant leasehold positions in the W/2SW/2 Section 32. We intend to move forward with the drilling of this well on these State of New Mexico leases in the W/2W/2 Section 32. Should you wish to farmout or grant a term assignment of your interest to Cimarex we would be agreeable to negotiations to complete that type of agreement. Please advise us of your decision to grant a term assignment, farmout or participate as soon as possible.

Enclosed, in duplicate, is (i) our detailed AFE reflecting estimated costs associated with this proposal, and; (ii) our proposed form of Operating Agreement to govern operations of the West Shugart 32 State #1H Well. If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with the contact information to receive your well data, to the undersigned within thirty (30) days of receipt of this proposal. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.



In the event you do not wish to participate in drilling the proposed well, Cimarex Energy of Colorado will consider acquiring your interest through a Term Assignment for \$200 per net mineral acre for a two (2) year term assignment with delivery of a 75% net revenue interest lease; or Cimarex Energy of Colorado will consider acquiring your interest through a Farmout Agreement with Cimarex drilling the Bone Spring well by September 30, 2011, with delivery of a 75% net revenue interest lease.

Please call the undersigned with any questions or comments.

Respectfully,

A handwritten signature in cursive script, appearing to read "Steve Burke".

Steve Burke, CPL
Contract Landman
Cimarex Energy Co.
Phone: (432) 571-7827

Package ID: 9171082133393846807449	
Daniel Energy, Inc. 1521 Oliver Street Midland, TX 79701	PRCBP ENVPKG
_____	PBP Account #: 35644897
_____	Serial #: 3132785
_____	SEP 23 2010 3:27P



ELECTION TO PARTICIPATE
West Shugart 32 State #1H Well
W/2 W/2, Sec. 32-T18S-R31E, Eddy Co., NM

_____ Elects **TO** participate in the proposed West Shugart 32 State #1H Well.

_____ Elects **NOT** to participate in the proposed West Shugart 32 State #1H Well.

Dated this _____ day of _____, 2010.

Signature: _____

Title: _____

If your election above is **TO** participate in the proposed West Shugart 32 State #1H Well, then:

_____ Elects **TO** be covered by well control insurance procured by Cimarex Energy of Colorado.

_____ Elects **NOT** to be covered by well control insurance procured by Cimarex Energy of Colorado and agrees to provide Cimarex Energy of Colorado with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex Energy of Colorado.

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.	<p>A. Signature <i>x Linda Bradsha</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <i>Linda Bradsha</i> C. Date of Delivery <i>9-29-10</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>1. Article Addressed to:</p> <p>Daniel Energy, Inc. 1521 Oliver Street Midland, TX 79701</p>	<p>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.</p>
<p>2. Article Number (Transfer from service label)</p>	<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>

Well Pro
Septem

PS Form 3811, February 2004

91 7108 2133 3938 4680 7449
Domestic Return Receipt

102595-02-M-1540

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



March 8, 2010

Nearburg Producing Company
P.O.Box 823085
Dallas, Texas 75382

Certified Mail-Return Receipt Requested No. 91 7108 2133 3937 6789 9790

Re: Proposal to Drill
West Shugart 32 State #1H Well
W/2 W/2, Sec. 32-T18S-R31E
Eddy County, New Mexico

Dear Sir/Madam:

Cimarex Energy Co. of Colorado, acting as operator for Magnum Hunter Production, Inc (both of which are wholly owned subsidiaries of Cimarex Energy Co.), hereby proposes to drill the West Shugart 32 State #1H Well at a legal location in W/2 W/2, Sec. 32-T18S-R31E, Eddy County, New Mexico.

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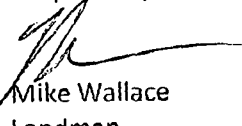
Enclosed, in duplicate, is (i) our detailed AFE reflecting estimated costs associated with this proposal, and; (ii) our proposed form of Operating Agreement to govern operations of the West Shugart 32 State #1H Well. If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with the contact information to receive your well data, to the undersigned within thirty (30) days of receipt of this proposal. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.

Confirmation Carinae	Package ID: 9171082133393767899790	E-CERTIFIED
		PRCBP FRENV
	Nearburg Producing Company P.O.Box 823085 Dallas, Texas 75382	PBP Account #: 35644897
		Serial #: 3132785
		MAR 09 2010 3:31P



Please call the undersigned with any questions or comments.

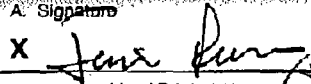
Respectfully,


Mike Wallace

Landman

Phone: (432) 571-7873

Cell: (432) 301-4067

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.	<p>A. Signature </p> <p>B. Received by (Printed Name) TIM PROCTOR</p> <p>C. Date of Delivery MAR 11 7:21 PM</p> <p>D. Is delivery address different from item 1? <input checked="" type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>1. Article Addressed to:</p> <p>Nearburg Producing Company P.O. Box 823085 Dallas, Texas 75382</p>	<p>3. Service Type</p> <p><input 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.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>2. Article Number (Transfer from service label) 91 7108 2133 3937 6789 9790</p>	

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540



**ELECTION TO PARTICIPATE
West Shugart 32 State #1H Well
W/2 W/2, Sec. 32-T18S-R31E, Eddy Co., NM**

_____ Elects **TO** participate in the proposed West Shugart 32 State #1H Well.

_____ Elects **NOT** to participate in the proposed West Shugart 32 State #1H Well.

Dated this _____ day of _____, 2010.

Signature: _____

Title: _____

If your election above is **TO** participate in the proposed West Shugart 32 State #1H Well, then:

_____ Elects **TO** be covered by well control insurance procured by Cimarex Energy of Colorado.

_____ Elects **NOT** to be covered by well control insurance procured by Cimarex Energy of Colorado and agrees to provide Cimarex Energy of Colorado with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex Energy of Colorado.

Cimarex Energy Co.

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432.571.7800



March 8, 2010

Bonefish, L.L.C.

P.O.Box 57180

Albuquerque, NM 87187

Certified Mail-Return Receipt Requested No. 91 7108 2133 3937 6789 9516

Re: Proposal to Drill
West Shugart 32 State #1H Well
W/2 W/2, Sec. 32-T18S-R31E
Eddy County, New Mexico

Oil Conservation Division
Case No. 3
Exhibit No.

Dear Sir/Madam:

Cimarex Energy Co. of Colorado, acting as operator for Magnum Hunter Production, Inc (both of which are wholly owned subsidiaries of Cimarex Energy Co.), hereby proposes to drill the West Shugart 32 State #1H Well at a legal location in W/2 W/2, Sec. 32-T18S-R31E, Eddy County, New Mexico.

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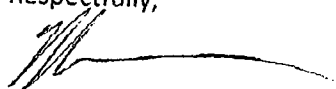
Confirmation	Package ID: 9171082133393767899516	E-CERTIFIED
		PRCBP FREN
	Bonefish, L.L.C.	PBP Account #: 35644897
	P.O.Box 57180	Serial #: 3132785
	Albuquerque, NM 87187	MAR 09 2010 3:30P

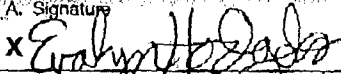


In the event you do not wish to participate in drilling the proposed well, Cimarex Energy of Colorado will consider acquiring your interest through a Term Assignment for \$200 per net mineral acre for a two (2) year term assignment with 180-day continuous development and delivery of a 75% net revenue interest lease.

Please call the undersigned with any questions or comments.

Respectfully,


Mike Wallace
Landman
Phone: (432) 571-7873
Cell: (432) 301-4067

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.		<p>A. Signature  <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) H. Jackson</p> <p>C. Date of Delivery 3-16-10</p>	
1. Article Addressed to: Bonefish, L.L.C. P.O. Box 57180 Albuquerque, NM 87187		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 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.	
PS Form 3811, February 2004		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	

91 7108 2133 3937 6789 9516

Domestic Return Receipt

102595-02-M-1540



**ELECTION TO PARTICIPATE
West Shugart 32 State #1H Well
W/2 W/2, Sec. 32-T18S-R31E, Eddy Co., NM**

_____ Elects **TO** participate in the proposed West Shugart 32 State #1H Well.

_____ Elects **NOT** to participate in the proposed West Shugart 32 State #1H Well.

Dated this _____ day of _____, 2010.

Signature: _____

Title: _____

If your election above is **TO** participate in the proposed West Shugart 32 State #1H Well, then:

_____ Elects **TO** be covered by well control insurance procured by Cimarex Energy of Colorado.

_____ Elects **NOT** to be covered by well control insurance procured by Cimarex Energy of Colorado and agrees to provide Cimarex Energy of Colorado with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex Energy of Colorado.

Cimarex Energy Co.

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432.571.7800



September 23, 2010

Bonefish, L.L.C.

P. O. Box 57180

Albuquerque, NM 87187

Certified Mail-Return Receipt Requested No.91 7108 2133 3938 4680 7401

Re: Proposal to Drill
West Shugart 32 State #1H Well
W/2 W/2, Sec. 32-T18S-R31E
Eddy County, New Mexico

Dear Sir/Madam:

Cimarex Energy Co. of Colorado, acting as operator for Magnum Hunter Production, Inc (both of which are wholly owned subsidiaries of Cimarex Energy Co.), proposed the West Shugart 32 State #1H Well at a legal location in W/2 W/2, Sec. 32-T18S-R31E, Eddy County, New Mexico by letter dated March 8, 2010 (copy attached).

Cimarex has received farmouts and AFE approval from several parties owning significant leasehold positions in the W/2SW/2 Section 32. We intend to move forward with the drilling of this well on these State of New Mexico leases in the W/2W/2 Section 32. Should you wish to farmout or grant a term assignment of your interest to Cimarex we would be agreeable to negotiations to complete that type of agreement. Please advise us of your decision to grant a term assignment, farmout or participate as soon as possible.

Enclosed, in duplicate, is (i) our detailed AFE reflecting estimated costs associated with this proposal, and; (ii) our proposed form of Operating Agreement to govern operations of the West Shugart 32 State #1H Well. If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with the contact information to receive your well data, to the undersigned within thirty (30) days of receipt of this proposal. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.



In the event you do not wish to participate in drilling the proposed well, Cimarex Energy of Colorado will consider acquiring your interest through a Term Assignment for \$200 per net mineral acre for a two (2) year term assignment with delivery of a 75% net revenue interest lease; or Cimarex Energy of Colorado will consider acquiring your interest through a Farmout Agreement with Cimarex drilling the Bone Spring well by September 30, 2011, with delivery of a 75% net revenue interest lease.

Please call the undersigned with any questions or comments.

Respectfully,

Steve Burke, CPL
Contract Landman
Cimarex Energy Co.
Phone: (432) 571-7827

Confirmation	Package ID: 9171082133393846807401	
	Bonefish, L.L.C.	PRCBP ENVPKG
	P. O. Box 57180	PBP Account #: 35644897
	Albuquerque, NM 87187	Serial #: 3132785
	SEP 23 2010	3:27P



**ELECTION TO PARTICIPATE
West Shugart 32 State #1H Well
W/2 W/2, Sec. 32-T18S-R31E, Eddy Co., NM**

_____ Elects **TO** participate in the proposed West Shugart 32 State #1H Well.

_____ Elects **NOT** to participate in the proposed West Shugart 32 State #1H Well.

Dated this _____ day of _____, 2010.

Signature: _____

Title: _____

If your election above is **TO** participate in the proposed West Shugart 32 State #1H Well, then:

_____ Elects **TO** be covered by well control insurance procured by Cimarex Energy of Colorado.

_____ Elects **NOT** to be covered by well control insurance procured by Cimarex Energy of Colorado and agrees to provide Cimarex Energy of Colorado with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex Energy of Colorado.

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:

Bonafish, L.L.C.
P.O. Box 57180
Albuquerque, NM 87187

COMPLETE THIS SECTION ON DELIVERY

A. Signature <i>[Signature]</i>	<input type="checkbox"/> Agent
B. Received By / Printed Name <i>[Signature]</i>	<input type="checkbox"/> Addressee
C. Date of Delivery <i>10-5-10</i>	
D. Is delivery address different from item 1? <input type="checkbox"/> Yes	
If YES, enter delivery address below: <input type="checkbox"/> No	

3. Service Type	
<input 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	

2. Article Number (Transfer from service label)	91 7106 2133 3938 4680 7401
PS Form 3811, February 2004	Domestic Return Receipt
102555-02-NH-1540	

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



November 24, 2010

Bonefish, L.L.C.
P. O. Box 57180
Albuquerque, NM 87187

Via Certified Mail Return Receipt Requested No. 91 7108 2133 3938 4681 2368

Re: Request for Term Assignment
W/2 NW/4 Section 32, T18S, R31E,
Eddy Co., New Mexico

Dear Sir/Madam:

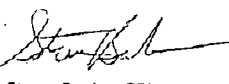
Cimarex Energy Co. ("Cimarex") has proposed the West Shugart 32 State #1H well by prior letters to Bonefish, L.L.C. dated March 8, 2010, and September 23, 2010 and we have received no response. We have filed an application for compulsory pooling with the Oil Conservation Division of the State of New Mexico. We are interested in acquiring a term assignment from Bonefish, L.L.C. covering all your leasehold interest in the above referenced lands. It is our understanding that Bonefish, L.L.C. owns 1.00% in the W/2NW/4 Section 32, T18S, R31E, Eddy County, NM as to depths from approximately the base of the Queen formation to the base of the Morrow formation.

We are prepared to offer you \$1,000 per net mineral acre in exchange for a one (1) yr. term assignment delivering a 75% NRI in all the above acreage; save and except any producing wellbores. Bonefish, L.L.C. will retain an ORRI equal to the positive difference between 25% and existing burdens, proportionately reduced. Please let me know if you would be interested in the above proposal.

Enclosed for your reference is a draft of our term assignment for your review. I really appreciate your time and I look forward to hearing from you soon.

Regards,

CIMAREX ENERGY CO.


Steve Burke, CPL
Contract Landman
(432) 571-7827
sburke@cimarex.com

Package ID: 9171082133393846812368	
Bonefish, L.L.C. P. O. Box 57180 Albuquerque, NM 87187	3-CERTIFIED 1ST CLASS FLAT PBP Account #: 25544387 Serial #: 3132785 NOV 24 2010 2:50P

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:

Bonefish, L.L.C.
P. O. Box 57180
Albuquerque, NM 87187

COMPLETE THIS SECTION ON DELIVERY**A. Signature**

[Handwritten Signature]

- ☐ Agent
☐ Addressee

B. Received by (Printed Name)

[Handwritten: Hodgekott]

C. Date of Delivery

[Handwritten: 10-27-00]

D. Is delivery address different from item 1?

- ☐ Yes
☐ No

If YES, enter delivery address below:

[Handwritten: PO]

3. Service Type

- ☐ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

- ☐ Yes

2. Article Number
(Transfer from service label)

91 7108 2133 3938 4681 2360

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

TERM ASSIGNMENT OF OIL & GAS LEASE
And Reservation of Overriding Royalty

STATE OF NEW MEXICO §
 §
COUNTY OF LEA §

FOR CONSIDERATION PAID, the receipt and sufficiency of which is hereby acknowledged, **BONEFISH, L.L.C.**, whose address is P. O. Box 57180, Albuquerque, NM 87187 (hereinafter referred to as "Assignor") does hereby grant, sell, assign and convey unto **Cimarex Energy Co.**, a Delaware corporation, whose address is 600 N. Marienfeld, Suite 600, Midland, Texas 79701, (hereinafter referred to as "Assignee"), all of Assignor's right, title and interest in and to the oil and gas operating rights and working interest production in and to the leases set forth on Exhibit "A" attached hereto (hereinafter referred to as the "Lease Acreage").

This assignment is made subject to the following terms and conditions:

1. **Term:** Subject to the further provisions of this Paragraph 1, the rights and interests assigned hereby shall be for a term of one (1) year from the effective date set forth below ("Primary Term") and thereafter so long as (a) a well drilled or re-entered by Assignee on the Lease Acreage is capable of commercially producing oil and/or gas, (b) the Lease Acreage is partially or completely included in a proration unit prescribed by lawful authority ("Spacing Unit") which contains a well capable of commercially producing oil and/or gas and the Spacing Unit must be communitized under a Communitization Agreement approved by the State of New Mexico prior to expiration of the Primary Term, or (c) any lease saving operation permitted under said oil and gas lease or applicable Communitization Agreement is being diligently conducted on the Lease Acreage or on acreage included in the Spacing Unit with no cessation of more than 60 consecutive days. In addition, if Assignee (i) has completed a well as a commercial producer or abandoned as a dry hole within 30 days prior to the expiration of the Primary Term or (ii) is engaged in actual drilling or reworking operations on a well on the Lease Acreage or in a Spacing Unit including the Lease Acreage at the expiration of the Primary Term which reworking operations subsequently result in completion as a producer or abandonment as a dry hole, Assignee shall have the option, but not the obligation, to conduct a continuous development program on the Lease Acreage or lands communitized therewith. If Assignee elects to conduct such program it shall then commence, at its sole cost, risk and expense, the drilling of a well at a location of its choice on the Lease Acreage or on lands included in a Spacing Unit assigned to the well, within 180 days from completion or abandonment of said well drilled or reworked and completed prior to or over expiration of the Primary Term. Thereafter, not more than 180 days shall have elapsed between completion of one well and the commencement of actual drilling operations (i.e. "turning to the right") on the next succeeding well. For purposes of this assignment, completion shall be deemed to be the date of drilling rig release. Assignee shall act in accordance with good oilfield practices in its drilling, testing and completion operations.

At the end of the Primary Term hereof or the expiration of the continuous development program as described in this Paragraph 1, whichever is later, this assignment shall automatically terminate as to (i) all of the lease acreage not then included in a Spacing Unit assigned to a producing well or well then capable of commercially producing oil and/or gas and (ii) all depths below 100 feet below the stratigraphic equivalent of the base of the deepest formation in the Spacing Unit for each said producible well then capable of commercially producing oil and/or gas. This assignment shall also automatically terminate as to the Lease Acreage within each retained Spacing

Unit and depths retained in connection therewith when commercial production and/or operations cease as provided above without restoration of commercial production. Despite the automatic termination of this assignment in the above specified situations Assignee shall in each instance promptly execute and deliver to Assignor a reassignment of the terminated Lease Acreage free and clear of all burdens and liens created or incurred by Assignee or which may have become a burden or lien on the operating rights assigned hereby as a consequence of ownership thereof by Assignee. Said reassignment to be delivered to Assignor within thirty (30) days after written notice by Assignor to Assignee. The rights of reverter and the rights of reassignment retained herein by Assignor shall be superior to all liens, encumbrances, debts, judgments, claims, overriding royalty and production payment interests and other obligations created or incurred by Assignee as asserted against the rights and interests assigned hereby.

2. **Ingress and Egress:** Assignee shall have the rights of ingress and egress to the Lease Acreage as permitted by said oil and gas lease and applicable law to the extent it may deem necessary in conducting drilling and other operations thereon.

3. **Compliance with Lease, Laws and Regulations:** While this assignment is in force and effect, Assignee will promptly, and as a prudent operator, comply with all covenants and conditions applicable to said oil and gas lease, the terms of this assignment and with all applicable laws, rules and regulations affecting drilling, completing and other petroleum operations on the lease acreage or on lands communitized therewith.

6. **Assignor's Override:** Assignor hereby reserves an overriding royalty equal to the positive difference between 25% and existing royalty, if any, on the lease and other overriding royalty interests and other non-expense bearing interests burdening the rights and interests assigned hereby. Said reserved override shall be subject to proportionate reduction in the event Assignor assigns less than 100% of its rights and interests in the Lease Acreage to Assignee in this assignment or in the event that such Lease Acreage is properly pooled or unitized with other leases and lands. The override reserved herein to Assignor shall be free and clear of all costs and expenses, except applicable taxes and except as otherwise expressly provided herein, said overriding royalty shall be computed and paid in the same fashion and in the same manner as royalty payable under the applicable leases is computed and paid, and Assignor shall be responsible for its proportionate part of all applicable taxes from the production of oil and/or gas. Assignor's override may be committed by Assignee to one or more Communitization Agreements for the purpose of forming a well Spacing Unit without necessity of joinder or consent by Assignor.

8. **Reservation:** Notwithstanding anything in this agreement to the contrary, it is expressly understood and agreed that this agreement shall not cover, and shall not be deemed to have conveyed, or have any obligation to convey (i) any well located within the Lease Acreage (as defined) that as of the effective date of this Assignment is producing or capable of producing oil and/or gas, including all personal property associated with, or used in connection with any such well, including, but not limited to, casing, tubing, surface equipment, tanks pipelines compressors and all other associated personal property, (ii) any rights to production from any such well, and (iii) any leasehold interest in the spacing or proration unit allocated to any such well by applicable governmental authority. This paragraph also applies to any well that has been temporarily abandoned and any type of injection or saltwater disposal well.

9. **Well Information:** Upon written request, Assignee shall furnish Assignor with copies of drilling reports, logs, test results and all other information obtained by Assignee relative to any well that may be drilled hereunder by Assignee on the Lease Acreage or on lands pooled therewith.

10. **Abandonment of wells:** Prior to the abandonment of any well drilled hereunder on the Lease Acreage, **Assignor** shall have the right within forty-eight (48) hours after receipt of notice of **Assignee's** intention so to abandon, to take over the well or wells for additional testing by any method, with **Assignor** being solely responsible for all costs and expenses in connection therewith, including standby rig time and plugging costs, if required. If the well is taken over by **Assignor** for the limited purposes expressed hereinabove, and such work results in a completion attempt wherein a well capable of commercial production is encountered, all of **Assignee's** rights in such well and unit established for such well shall automatically cease, provided that **Assignor** agrees to pay **Assignee** the reasonable salvage value of any salvageable material in the hole which **Assignee** has contributed, less the cost of salvaging same.

11. **Relationship of the Parties:** This assignment is not intended to create, and nothing herein shall be construed to create, an association, trust, joint venture, mining partnership or other partnership or entity of any kind.

12. **Special Warranty of Title:** **Assignor** agrees to warrant and defend title to the rights and interests herein assigned to **Assignee** against the claims and demands of all persons claiming or to claim the same or any part thereof, by, through or under **Assignor**, but not otherwise.

13. **Counterparts:** This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes, and for the purpose of filing this instrument of record each original counterpart may be combined to form a single instrument.

Dated and effective the 24th day of November, 2010.

ASSIGNOR:

BONEFISH, L.L.C.

A _____ Corporation

By: _____

Title:

ASSIGNEE:

Cimarex Energy Co.,
a Delaware corporation

By: _____

Roger Alexander, Attorney-in-Fact

ACKNOWLEDGEMENTS

STATE OF NEW MEXICO)
) ss.
COUNTY OF _____)

The forgoing instrument was acknowledged before me this _____ day of _____
2010, by _____, as _____, of BONEFISH, L.L.C., a
_____ corporation, on behalf of said corporation.

Notary Public

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

The foregoing instrument was acknowledged before me this _____ day of _____
2010, by Roger Alexander, as Attorney-in-Fact., of Cimarex Energy Co., a Delaware
corporation, on behalf of said corporation.

Notary Public

Exhibit "A"

Attached to and made part of that certain Term Assignment dated November 24, 2010, by and between BONEFISH, L.L.C., as Assignor, and Cimarex Energy Co., a Delaware corporation, as Assignee.

LEASE DATE: 02/10/1953
LESSOR: State of New Mexico
LESSEE: M. A. Machris
LEASE NUMBER: E-6947
DESCRIPTION: Insofar and only insofar as lease covers:

W/2NW/4 of Section 32, Township 18 South, Range 31 East, Lea County, New Mexico –
as to depths from the base of the Queen formation to the base of the Morrow formation.

LESS AND EXCEPT any and all existing producing wellbores and producing horizon in
said wellbores in the W/2NW/4 Section 32, Township 18 South, Range 31 East, Lea
County, New Mexico as follows:

<u>Operator</u>	<u>Well Name</u>	<u>API#</u>
Cimarex Energy Co.	Monterey B State #2	30-015-05662

END OF EXHIBIT "A"