

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

April 8, 2010



Via: e-mail and U.S. Certified Mail-Return Receipt No. 91 7108 2133 3937 9625 4140

Chesapeake Exploration, LLC
Attn: Hugh Brower, Landman
6100 N. Western Avenue
Oklahoma City, Oklahoma 73118

**Re: New Well Proposal
Boxer 3 Fee No. 3
Section 3, Township 15 South, Range 31 East, N.M.P.M.
Chaves County, New Mexico**

Dear Hugh:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Boxer 3 Fee No. 3 Well at a legal location in the W/2E/2 of Section 3, Township 15 South, Range 31 East, N.M.P.M., Chaves County, New Mexico.

The intended surface hole location for the well is 375' FNL & 1980' FEL of Section 3 and the intended bottom hole location is 330' FSL & 1980' FEL of Section 3. The well is proposed to be drilled vertically to a depth of approximately 8,870' to the lower Abo formation and laterally in a Southerly direction within the formation to the referenced bottom hole location. Total measured depth of the well is proposed to be approximately 13,460' from surface to terminus.

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

Enclosed, in duplicate, is our detailed AFE reflecting estimated costs associated with this proposal. If you intend to participate, please approve and return one (1) original of the enclosed AFE. An operating agreement, identical in form to that previously agreed upon and entered into between Cimarex and Chesapeake, will follow under separate cover.

Please call the undersigned with any questions or comments.

Respectfully,
Cimarex Energy Co.


Hayden P. Tresner
Landman



Authorization For Expenditure

Cimarex Energy Co. Date: April 1, 2010

Region: Permian Well Name: Boxer 3 Fee Well No: 3 Purpose / or Field Name: Caprock

Location: County: Chaves State: NM Oil: x Gas: x Expl: x Prod: x

Estimate Type: Original Estimate Revised Estimate Supplemental Estimate Measured Depth: 13,460' Abo Vertical Depth: 8,870'

Project Description: Drill and complete a Lower ABO horizontal well. With pilot hole, 10 stages 4560' VS

Table with 4 columns: Intangibles, Dry Hole Cost, After Casing Point, Completed Well Cost. Rows include Drilling Costs, Completion Costs, Total Intangible Costs.

Table with 4 columns: Tangibles, Dry Hole Cost, After Casing Point, Completed Well Cost. Rows include Well Equipment, Lease Equipment, Total Tangible Well Cost.

Table with 4 columns: Plug and Abandon Cost, Dry Hole Cost, After Casing Point, Completed Well Cost. Row: Plug and Abandon Cost.

Table with 4 columns: Total Well Cost, Dry Hole Cost, After Casing Point, Completed Well Cost. Row: Total Well Cost.

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...

Well control insurance procured by Operator, provides, among other terms, for \$20,000,000 (100% W.I.) of Combined Single Limit coverage...

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...

Cimarex Energy Co. Approval

Prepared by: Mark Audas, Drilling and Completion Manager, Regional Manager

Joint Interest Approval

Company: Date:



Project Cost Estimate

Lease Name: Boxer 3 Fee

Well No.: 3

Intangibles	Day Hole Cost	After Casing Point	Completed Well Cost
Roads & Location Preparation / Restoration	\$30,000	\$3,000	\$33,000
Damages	\$6,000		\$6,000
Mud / Fluids Disposal Charges	\$46,000	\$46,875	\$92,875
Day Rate	35 DH Days @ 7 ACP Days @ Per Day	\$851,000	\$84,000
Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.)	\$5,000		\$5,000
Bits	\$15,000	\$1,000	\$16,000
Fuel	\$0.00 Per Gallon Gallons Per Day	\$0	\$1,000
Water / Completion Fluids	Per Day	\$30,625	\$58,125
Mud & Additives	\$64,500		\$64,500
Surface Rentals	Per Day	\$31,000	\$67,000
Downhole Rentals	\$36,000	\$14,000	\$50,000
Formation Evaluation (DST, Coring including evaluation, G&G Services)			\$0
Mud Logging	\$850 Days @ 30 Per Day	\$30,000	\$30,000
Open Hole Logging	\$35,000		\$35,000
Cementing & Float Equipment	\$40,000	\$20,000	\$60,000
Tubular Inspections	\$5,000	\$3,000	\$8,000
Casing Crews	\$9,000	\$14,000	\$23,000
Extra Labor, Welding, Etc.	\$11,000	\$5,000	\$16,000
Land Transportation (Trucking)	\$21,000	\$4,000	\$25,000
Supervision	Per Day	\$45,000	\$16,000
Trailer House / Camp / Catering	400 Per Day	\$21,000	\$4,000
Other Misc Expenses	\$2,000	\$7,000	\$9,000
Overhead	300 Per Day	\$13,000	\$3,000
Remedial Cementing			\$0
MOB/DEMOB			\$0
Directional Drilling Services	14 Days @ 7,800 Per Day	\$130,000	\$130,000
Dock, Dispatcher, Crane			\$0
Marine & Air Transportation			\$0
Solids Control	Per Day	\$46,000	\$46,000
Well Control Equip (Snubbing Svcs.)	\$6,000	\$11,000	\$17,000
Fishing & Sidetrack Operations		\$0	\$0
Completion Rig	7 Days @ 3,400 Per Day		\$36,000
Coil Tubing	1 Days @ Per Day		\$33,000
Completion Logging, Perforating, WL Units, WL Surveys			\$8,000
Stimulation		\$670,980	\$670,980
Legal / Regulatory / Curative	\$13,000		\$13,000
Well Control Insurance	\$0.35 Per Foot	\$5,000	\$5,000
Contingency	5% of Drilling Intangibles	\$62,000	\$55,000
Construction For Well Equipment		\$10,000	\$10,000
Construction For Lease Equipment		\$70,000	\$70,000
Construction For Sales P/L		\$100,000	\$100,000
Total Intangible Cost	\$1,309,125	\$1,344,980	\$2,654,105

Intangible - Well Equipment	Size	Feet	S / Foot	Day Hole Cost	After Casing Point	Completed Well Cost
Casing						
Drive Pipe	20"	40.00	\$0.00	\$0		\$0
Conductor Pipe				\$0		\$0
Water String				\$0		\$0
Surface Casing	13-3/8"	340.00	\$60.46	\$21,000		\$21,000
Intermediate Casing	9 5/8"	3950.00	\$33.26	\$131,000		\$131,000
Drilling Liner				\$0		\$0
Drilling Liner				\$0		\$0
Production Casing or Liner	7"	8500.00	\$35.50		\$304,000	\$304,000
Production Tie-Back	4 1/2"	4600.00	\$14.21		\$65,366	\$65,366
Tubing	2 7/8"	8400.00	\$7.30		\$61,000	\$61,000
N/C Well Equipment					\$7,500	\$7,500
Wellhead, Tree, Chokes				\$15,000	\$10,000	\$25,000
Liner Hanger, Isolation Packer				\$0	\$168,000	\$168,000
Packer, Nipples					\$1,000	\$1,000
Pumping Unit, Engine					\$135,000	\$135,000
Lift Equipment (BHP, Rods, Anchors)					\$57,500	\$57,500
Intangible - Lease Equipment						
N/C Lease Equipment					\$47,250	\$47,250
Tanks, Tanks Steps, Stairs					\$61,500	\$61,500
Battery (Heater Treater, Separator, Gas Treating Equipment)					\$32,250	\$32,250
Flow Lines (Line Pipe from wellhead to central facility)					\$5,500	\$5,500
Offshore Production Structure for Facilities					\$0	\$0
Pipeline to Sales					\$0	\$0
Total Tangibles				\$167,000	\$955,866	\$1,122,866

P&A Costs \$150,000 \$150,000 \$0

Total Cost \$1,626,125 \$2,150,846 \$3,776,971

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



June 24, 2010

Via: FedEx Overnight

Chesapeake Exploration, L.L.C.
Attn: Land Manager
P.O. Box 18496
Oklahoma City, Oklahoma 73154-0496

Re: Operating Agreement
Boxer 3 Fee No. 3
W/2E/2 Section 3-T15S-R31E
Chaves County, New Mexico

Dear Working Interest Owner,

Enclosed, for your records, is an operating agreement that has been executed by Cimarex. The operating agreement covers the spacing unit dedicated to the above-captioned well. If you intend to participate in the well, please fully execute the signature page attached atop of the operating agreement and return same to the undersigned at the above-letterhead address. Please do not hesitate to contact Hayden Tresner at either (432) 571-7856 or htresner@cimarex.com if you should have any questions. Thank you.

Sincerely,

Cimarex Energy Co.

A handwritten signature in black ink that reads "Samatha Spencer". The signature is written in a cursive, flowing style.

Samatha Spencer
Land Department

A.A.P.L. FORM 610 - MODEL FORM OPERATING AGREEMENT - 1989

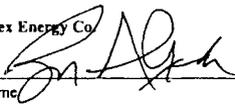
1 liability of the transferring party for all periods subsequent to the later of the actual date of transfer or the effective date of transfer, but shall
2 in no event limit, diminish, or affect the direct and continuing liability of the transferring party under this agreement and applicable law for
3 all periods prior to such date.
4
5

6
7 IN WITNESS WHEREOF, this agreement shall be effective as of the 15th day of June, 2010.

8 Cimarex Energy Co. who has prepared and circulated this form for execution, represents and warrants
9 that the form was printed from and, with the exceptions(s) listed below, is identical to the A.A.P.L. Form 610 1989 Model
10 Form Operating Agreement, as published in computerized form by Forms On-A-Disk Inc. No changes, alterations, or
11 modifications, other than those made by strikethrough and/or insertion and that are clearly recognizable as changes in
12 Articles II, III, IV, V, VI, VIII, X, XIII and XVI have been made to the form.

13 OPERATOR:

14 Cimarex Energy Co.

15 By: 
16 Name

17 Type or Print Name: Roger Alexander 

18 Title: Attorney-in-Fact

19 Date: _____

20 Tax ID or S.S. NO. _____

21
22
23
24
25
26
27 NON-OPERATOR(S):

28 Chesapeake Exploration, L.L.C.

29 Pure Energy Group, Inc.

30 By: _____
31 Name

32 By: _____
33 Name

34 Type or Print Name: _____

35 Type or Print Name: _____

36 Title: _____

37 Title: _____

38 Date: _____

39 Date: _____

40 Tax ID or S.S. NO. _____

41 Tax ID or S.S. NO. _____

42
43 Chisos, Ltd.

44 First Roswell Co.

45 By: _____
46 Name

47 By: _____
48 Name

49 Type or Print Name: _____

50 Type or Print Name: _____

51 Title: _____

52 Title: _____

53 Date: _____

54 Date: _____

55 Tax ID or S.S. NO. _____

56 Tax ID or S.S. NO. _____

57
58 By: _____
59 Name

60 By: _____
61 Name

62 Type or Print Name: _____

63 Type or Print Name: _____

64 Title: _____

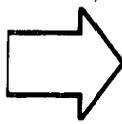
65 Title: _____

66 Date: _____

67 Date: _____

68 Tax ID or S.S. NO. _____

69 Tax ID or S.S. NO. _____



MODEL FORM OPERATING AGREEMENT

Boxer 3 Fee No. 3

OPERATING AGREEMENT

DATED

June 15, 2010,
Year

OPERATOR: Cimarex Energy Co.

CONTRACT AREA: West-half of the East-half (W/2E/2) of Section 3, Township 15 South, Range 31 East, N.M.P.M., Chaves County, New Mexico.

COUNTY OR PARISH OF CHAVES, STATE OF NEW MEXICO