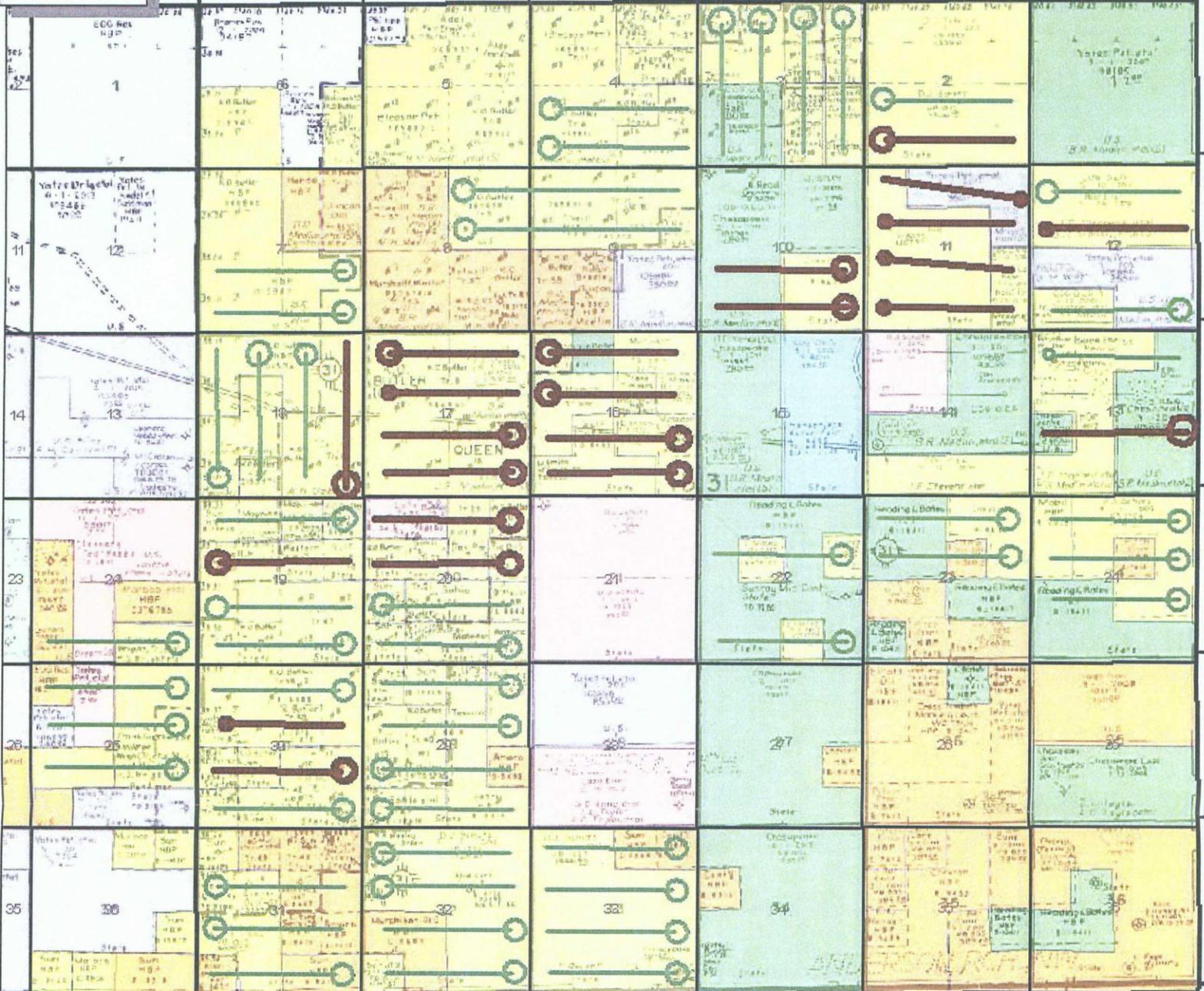


Caprock Acreage Position

Legend

- Abundant
- Scarce
- ABC
- CCG
- Clark Energy / Clark Oil
- Chesapeake
- Fiske & Gorman
- Hays
- Other Operators



SURFACE USE AND COMPENSATION AGREEMENT

STATE OF NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF CHAVES

Bill R. Medlin, and wife Donna K. Medlin, whose address is P.O. Box 50, Maljamar, New Mexico 88264, hereinafter referred to as "Grantor", grants to **Cimarex Energy Co.**, whose address is 600 N. Marienfeld Street, Suite 600, Midland, Texas 79701, hereinafter referred to as "Grantee", its successors and assigns, the right to ingress, egress, easement, rights of way and use the following described tracts of land (the "Land") situated in Chaves County, New Mexico.

The Land as described on Exhibit "A" attached hereto

In consideration of the terms, conditions and covenants hereinafter recited, the receipt and sufficiency of which are hereby acknowledged, it is agreed and understood that such consideration shall cover any such matters of ingress, egress, easement and rights of way necessary and any such damages resultant from or associated with the drilling and completion of well(s) located on the Land described on Exhibit "A" attached hereto.

1.) Grantee shall pay Grantor the cash sum of \$7,500.00 for each drillsite location, which Grantor constructs and utilizes for a re-entry of a plugged and/or abandoned well or the drilling of a new oil and/or gas or injection well(s) located on the Land. This amount shall represent surface damages for the reasonable use of the surface of the Land for the drillsite location, including, without limitation, the drillsite and reserve pit. Any injury or damage occurring to groundwater, lands adjacent to the drillsite location, other lands owned by Grantor or damage to any cattle as a result of the operations of Grantee is not hereby released.

2.) All pits used by Grantee shall be lined with plastic material of sufficient thickness to prevent the escape of saltwater and other materials on or into the Land. If requested by Grantor, Grantee shall fence off the entire well location, including drillsite pad, reserve pit and if applicable, tank batteries and pumping units, in order to prevent Grantor's livestock from coming onto the drillsite location. If livestock enter upon the drillsite location and ingest oil, or become otherwise injured as a direct result of Grantee insufficiently fencing off locations, Grantee shall be liable to Grantor for such damages.

3.) Grantee shall stockpile, adjacent to the location, the topsoil taken during the building of the drillsite location. If the well is a producer, Grantee shall redistribute the topsoil over the reserve pit area and restore the surface as near as reasonably possible to its condition prior to drilling operations. Grantee shall continue to be entitled to retain for its use as much of the Land as is reasonable and prudent for the performance of its operations. If the well is a dry hole, Grantee shall remove the caliche pad, redistribute the topsoil over the drill site location and restore the surface as near as is reasonably possible to its condition prior to drilling operations.

4.) Upon completion of the drilling operations, the reserve pit will be allowed to evaporate until dry, after which all plastic and contents of the pit shall be removed and disposed of off-site of the Land. Clean margins will be established both horizontally and vertically in the removal of reserve pit contents. The reserve pit shall be backfilled with the top layer containing topsoil 3' in depth. Grantee agrees to purchase topsoil owned by Grantor from Grantor for \$4.00 per cubic yard to back fill reserve pit, if necessary. The pit shall be leveled, leaving such land suitable for replanting. Rocks larger than 3" in diameter will be buried below ground level. After the above procedures are completed, Grantee shall reseed the reserve pit area with native grass seed. Grantee will cooperate with Grantor as to the type and quantity of seed to be planted and the time of year and technique of planting grass seed.

5.) Grantee agrees to purchase from and pay Grantor the cash sum of \$0.40 per barrel for water obtained from Grantor's water wells for drilling and completion operations; provided that Grantor's water wells are capable of supplying the quantity of water required by Grantee for its operations. Grantee shall furnish all necessary equipment for pumping, metering and delivery of the water to the well, and shall obtain the necessary permit(s) from the New Mexico State regulatory office with jurisdiction for the same. No fresh water from beneath the Land shall ever be used for secondary recovery or repressure operations (or any like operations) by Grantee.

6.) Grantee agrees to purchase caliche owned by Grantor necessary for the construction or modification of drillsite locations or access roads built on the Land from Grantor at a rate of \$4.00 per cubic yard.

7.) Upon written request of Grantor, Grantee agrees to bury all production lines, flow lines or injection lines, or any type of line, which Grantee may have installed or cause to be installed, at least 24" beneath the surface and to thereafter clean and level the land affected thereby; with there being no mound over the ditch line and restore it as near as reasonably possible to its state of condition prior to burying thereof. Grantee shall have the right to transport any water purchased from Grantor through temporary water lines installed on top of and across the Land. Grantee agrees to remove the temporary water lines within two (2) weeks after the temporary water lines are no longer necessary or needed for Grantee's use.

8.) Grantee shall pay Grantor the cash sum of \$30.00 per rod for any new road, whether one or more, which Grantee constructs or causes to be constructed on the Land. All roads to be built by Grantee on the Land shall be located as agreed upon by and between Grantor and Grantee, but Grantor may not unreasonably withhold permission to build a road on the Land and shall be reasonable in its location. Grantee shall consult with Grantor for the placement of any and all roads to be located on the Land.

9.) If any fence is cut by Grantee or its contractors, it shall properly brace same before cutting and shall install and maintain a proper cattle guard and at the request of Grantor, Grantee shall install a pipe gate across the cattle guard capable of being locked. Keys will be distributed to only those persons, as identified and determined by Grantee, requiring access to the Land. For so long as the road is used by Grantee, it shall maintain the road and shall not permit or cause production vehicles (or any other vehicles) to enlarge the margin of the road.

10.) When Grantee no longer uses the road to access its well(s) on the Land Grantee shall, upon written request of Grantor, remove the materials utilized to construct the road and restore the surface as near as reasonably possible to its condition prior to Grantee's drilling and/or production activities.

11.) Grantee agrees to remove the rig and its associated drilling equipment from the land as soon as reasonably possible following the completion of a well.

12.) If a well is plugged and abandoned, Grantee shall, within six (6) months, remove all equipment, all production lines and all other items of equipment used directly or indirectly by Grantee as it pertains to the well drilled by it on the Land, and restore the site, as near as reasonably possible, to its original condition. If Grantee should fail to remove all such equipment and lines within said six (6) months and if Grantee fails to remove same within fifteen (15) days after Grantor gives written notice specifying such failure to remove same, Grantors, at their option, shall be entitled, but is not obligated, to remove all or any part of same and dispose of it without further notice.

13.) Grantee shall pay Grantor the cash sum of \$50.00 per rod for any pipeline, eight inches (8") or larger in diameter, that Grantee builds on the Land, and shall pay Grantor the cash sum of \$100.00 per hole for each hole drilled or dug for installation of electrical poles used to support power lines on the Land.

14.) Grantee shall exercise reasonable diligence to remove and/or remediate any and all soil and water contamination resulting from the Grantee's operations in accordance with the rules and regulations set forth by the New Mexico Oil Conservation Division. However, nothing contained herein gives Grantee the right to leave in place or remediation on site contaminated soil unless there is a separate agreement between Grantor and Grantee for same.

15.) Grantee shall be solely responsible and liable for any harm or injuries caused to persons or property as a result of Grantee's operations, and shall indemnify and hold Grantor and their trustees, officers, employees and agents harmless from and against any and all claims, charges, assessments, damages, expenses, fines or penalties incurred in defense of Grantor as a result of Grantee's operations; provided, however that nothing herein shall be construed to require or obligate Grantee to indemnify Grantor against, or hold Grantor harmless from Grantor's own negligent acts or omissions. Further, Grantee shall indemnify and save Grantor and his trustees, officers, employees and agents harmless from any and all damages, cleanup expenses, fines, or penalties, resulting from a fire or any violation of, or non-compliance with, applicable local, state, or federal laws and regulations resulting from Grantee's operations.

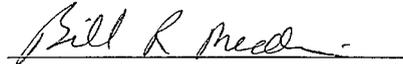
16.) Notwithstanding anything herein contained to the contrary, this Agreement is made without prejudice as to the rights of Grantee pursuant to any existing Oil and Gas Lease or other agreement covering the Land and nothing herein shall be construed to lessen or alter Grantee's rights under any such Oil and Gas Lease or agreement.

THIS AGREEMENT shall be binding on the party's successors, assigns, agents and representatives. Grantee's agents and independent contractors who will enter upon the Land shall comply with the terms and conditions set forth herein. The covenants hereunder shall be performable in Chaves County, New Mexico.

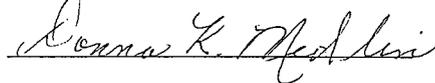
IN WITNESS WHEREOF, this instrument is executed the 10th day of August, 2008.

Grantors:

Bill R. Medlin



Donna K. Medlin



Grantee:

Cimarex Energy Co.



By: Roger Alexander, Attorney-in-Fact

Exhibit "A"

Attached to and made part of that certain Surface Use and Compensation Agreement dated August 10th, 2008, by and between Bill R. Medlin and wife, Donna K. Medlin, as Grantors, and Cimarex Energy Co., as Grantee, covering the following described lands, all located in Township 15 South, Range 31 East, N.M.P.M., Chaves County, New Mexico:

Section 1: All;

Section 3: All;

Section 4: SW/4;

Section 5: S/2;

Section 7: E/2;

Section 8: W/2, SE/4;

Section 9: E/2, SW/4;

Section 10: W/2;

Section 11: NE/4NW/4, N/2NE/4, SE/4NE/4, E/2SE/4;

Section 12: All;

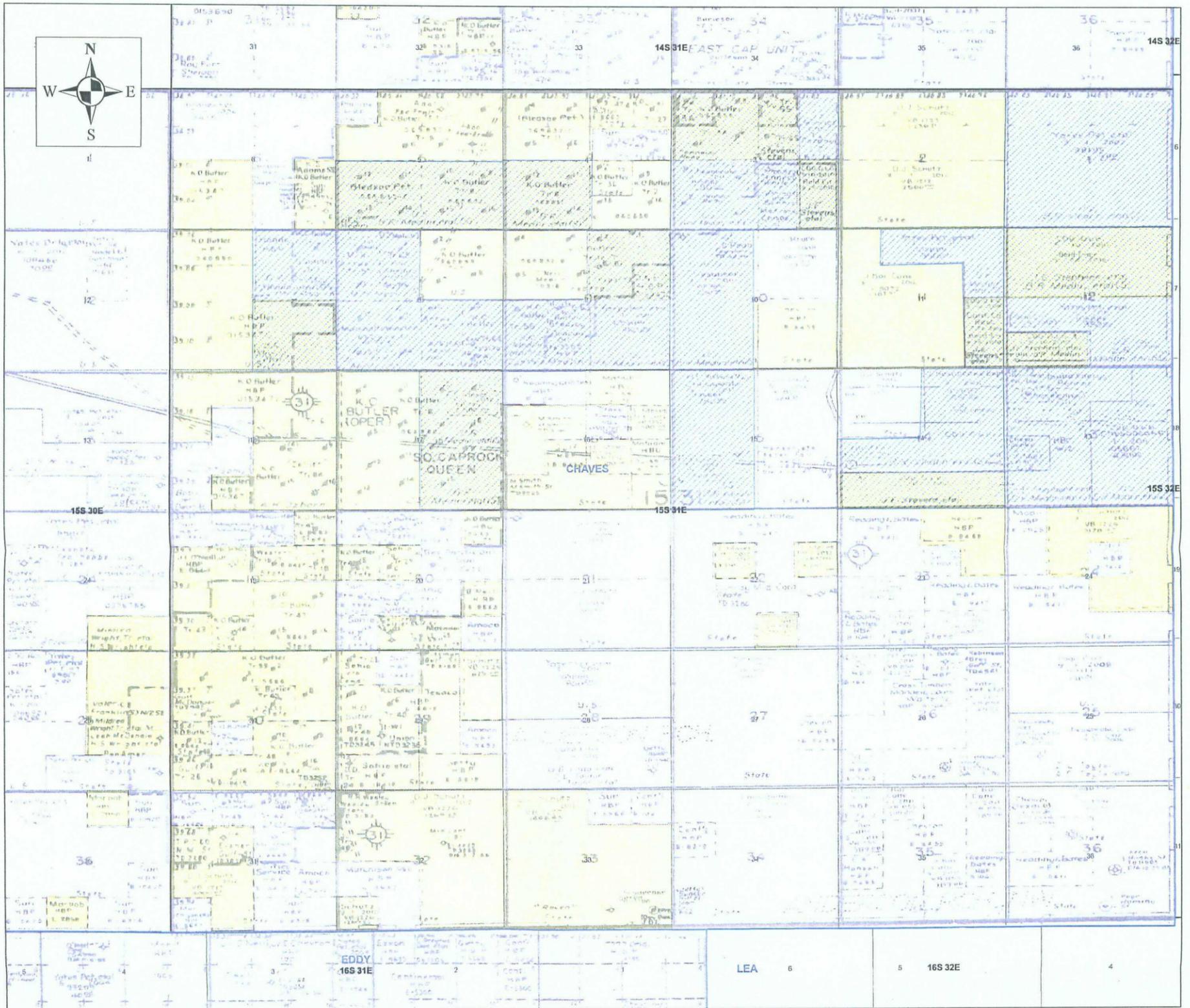
Section 13: All;

Section 14: NE/4, S/2;

Section 15: W/2;

Section 17: E/2

Caprock



DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
101 W. Grand Avenue, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised October 15, 2009

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name BOXER FEE	Well Number 3
OGRID No.	Operator Name CIMAREX ENERGY CO. OF COLORADO	Elevation 4412'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	3	15 S	31 E		375	NORTH	1980	EAST	CHAVES

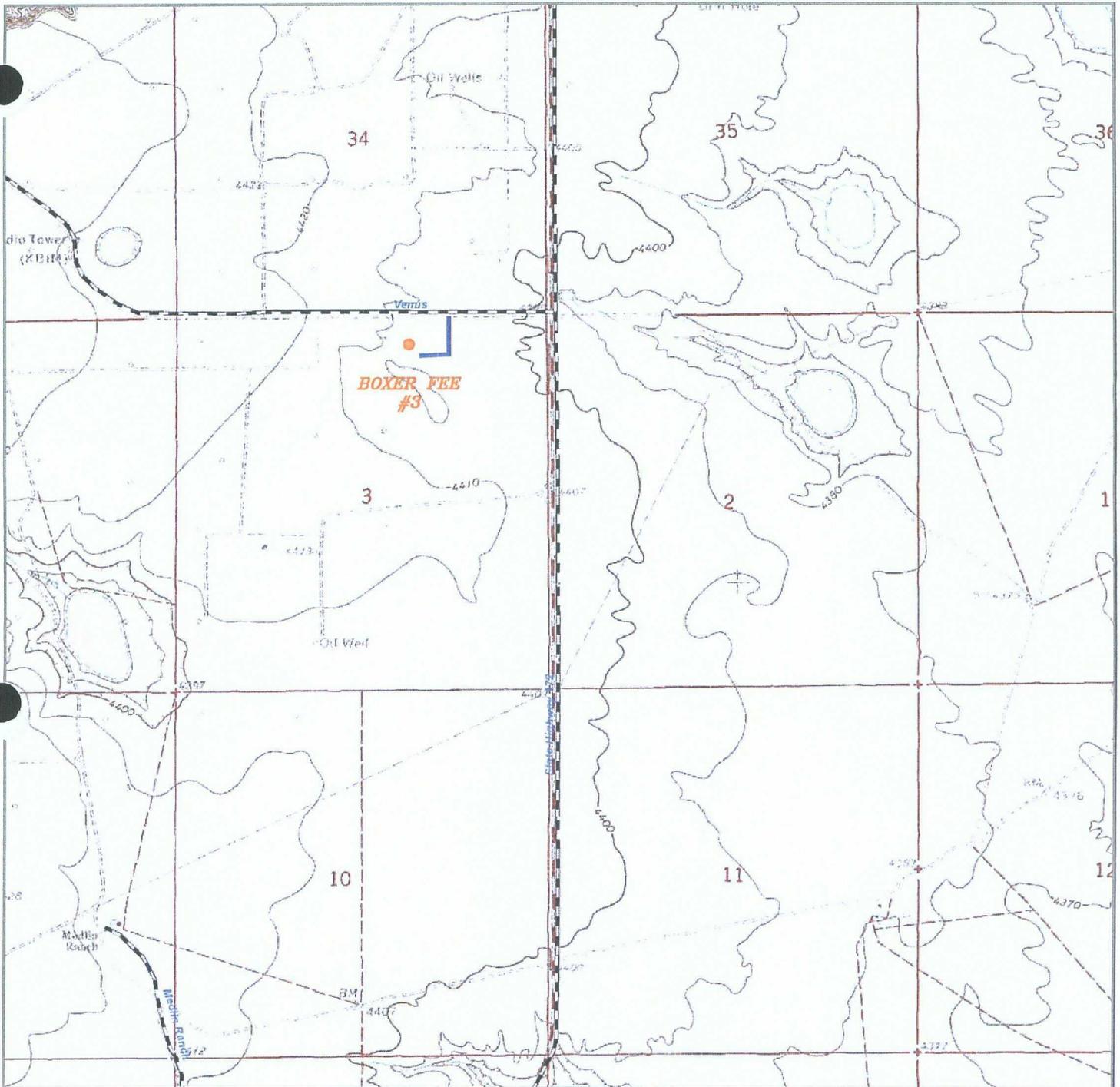
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	3	15 S	31 E		330	SOUTH	1980	EAST	CHAVES

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
-----------------	-----------------	--------------------	-----------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>SURFACE LOCATION Lat - N 33°03'04.52" Long - W 103°48'26.69" NMSPC - N 746588.4 E 702479.9 (NAD-83)</p> <p>PROPOSED BOTTOM HOLE LOCATION Lat - N 33°02'18.91" Long - W 103°48'26.60" NMSPC - N 741978.2 E 702510.2 (NAD-83)</p>	<p>4413.4'</p> <p>4410.2'</p> <p>375'</p> <p>S.L.</p> <p>1980'</p> <p>4410.8'</p> <p>4410.3'</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p>	
	<p>4611.6'</p> <p>B.H.</p> <p>330'</p> <p>1980'</p>		<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p>
	<p>MARCH 30, 2010</p> <p>DATE SURVEYED</p> <p>Signature _____ of _____ Professional Surveyor</p>		<p>7977</p>
	<p>Certificate No. Garry L. Jones 7977</p> <p>BASIN SURVEYS</p>		



BOXER FEE #3

Located 375' FNL and 1980' FEL
 Section 3, Township 15 South, Range 31 East,
 N.M.P.M., Chaves County, New Mexico.



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 in the oilfield

P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (575) 393-7316 - Office
 (575) 392-2206 - Fax
 basinsurveys.com

W.O. Number: JMS 22673

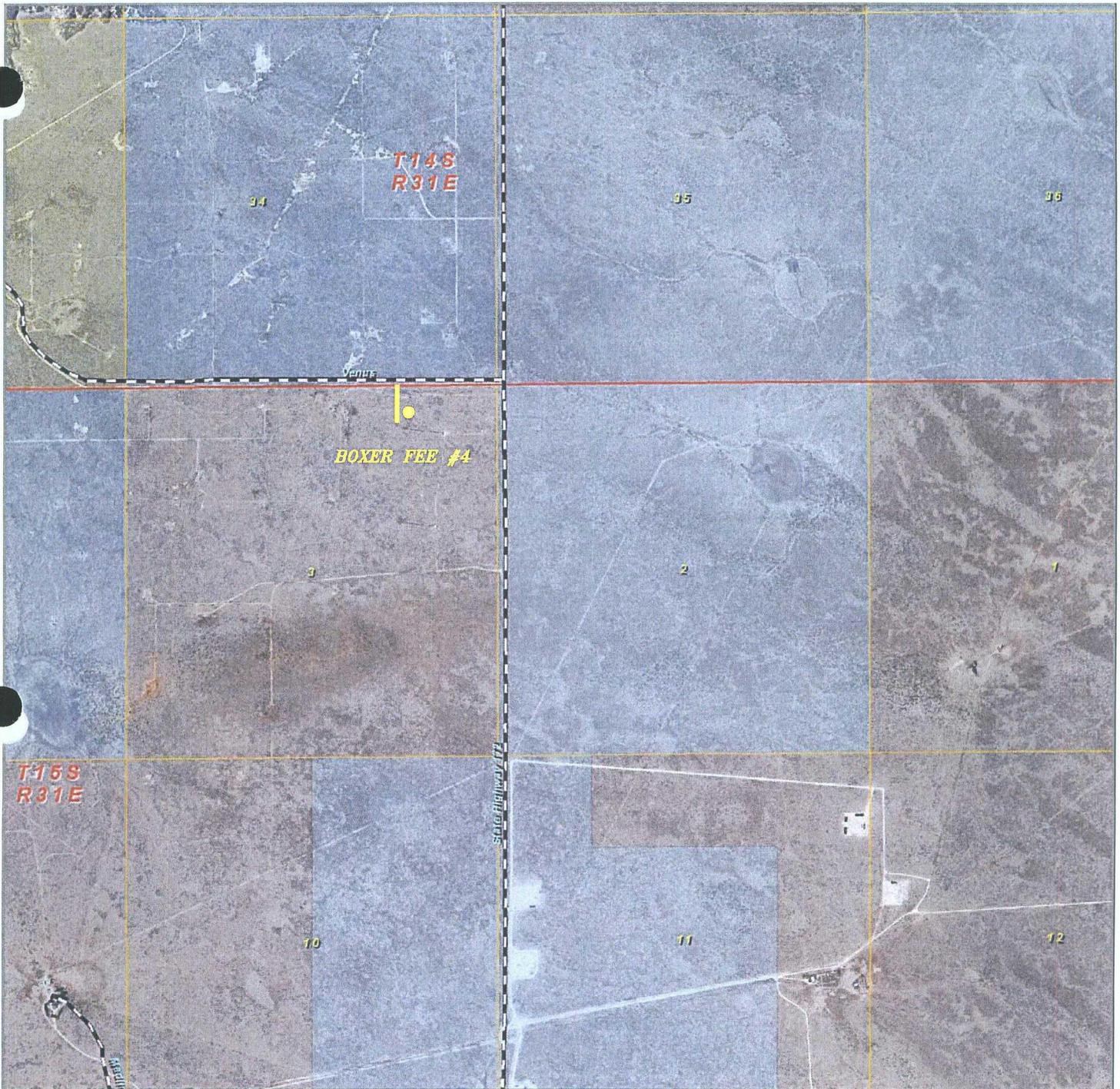
Survey Date: 04-15-2010

Scale: 1" = 2000'

Date: 04-20-2010



**CIMAREX
 ENERGY CO.
 OF COLORADO**



BOXER FEE #4

Located 375' FNL and 1250' FEL
 Section 3, Township 15 South, Range 31 East,
 N.M.P.M., Chaves County, New Mexico.



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 in the oilfield

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 Hobbs, New Mexico 88241
 (575) 393-7316 - Office
 (575) 392-2206 - Fax
 basinsurveys.com

W.O. Number: JMS 22674

Scale: 1" = 2000'

YELLOW TINT - USA LAND
 BLUE TINT - STATE LAND
 NATURAL COLOR - FEE LAND



**CIMAREX
 ENERGY CO.
 OF COLORADO**

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised October 15, 2009

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number		Pool Code	Pool Name
Property Code	Property Name BOXER FEE		Well Number 4
OGRID No.	Operator Name CIMAREX ENERGY CO. OF COLORADO		Elevation 4407

Surface Location

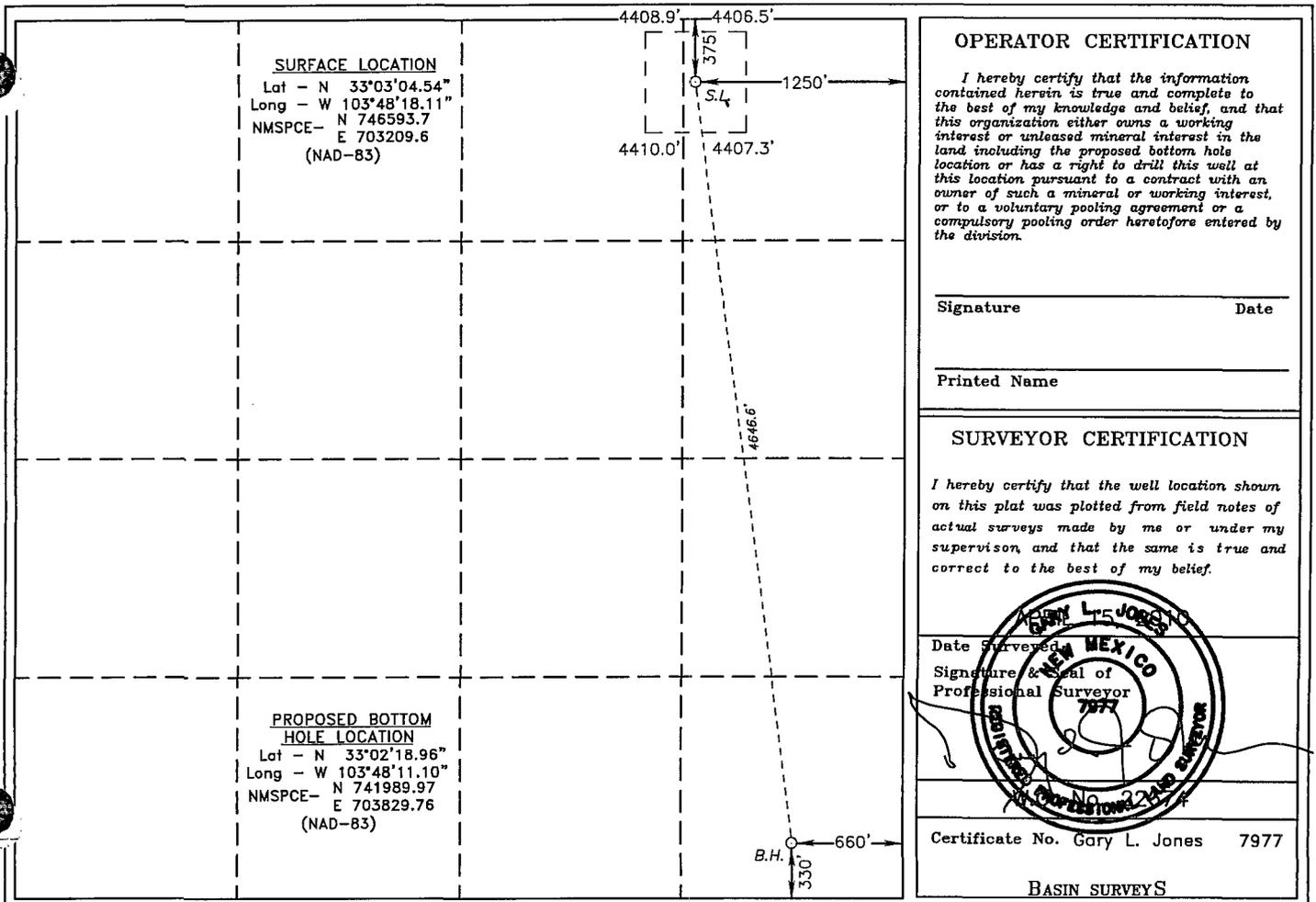
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	3	15 S	31 E		375	NORTH	1250	EAST	CHAVES

Bottom Hole Location If Different From Surface

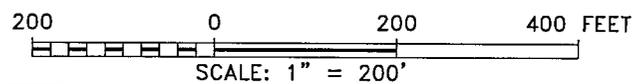
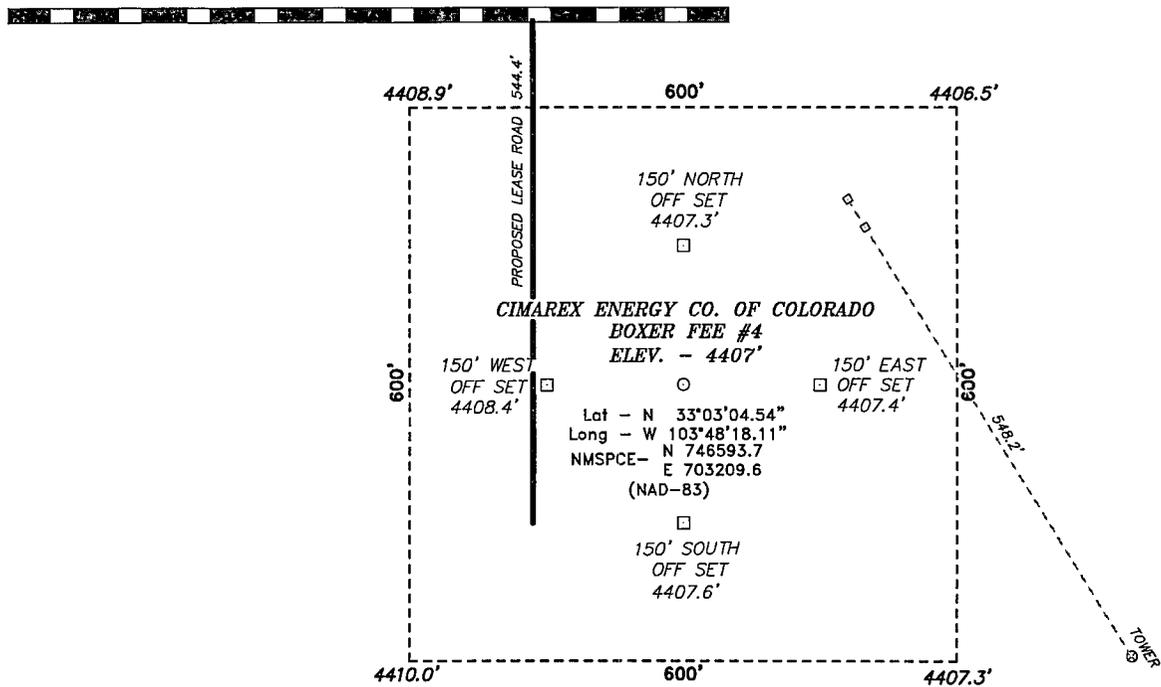
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	3	15 S	31 E		330	SOUTH	660	EAST	CHAVES

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



SECTION 3, TOWNSHIP 15 SOUTH, RANGE 31 EAST, N.M.P.M.,
 CHAVES COUNTY, NEW MEXICO.



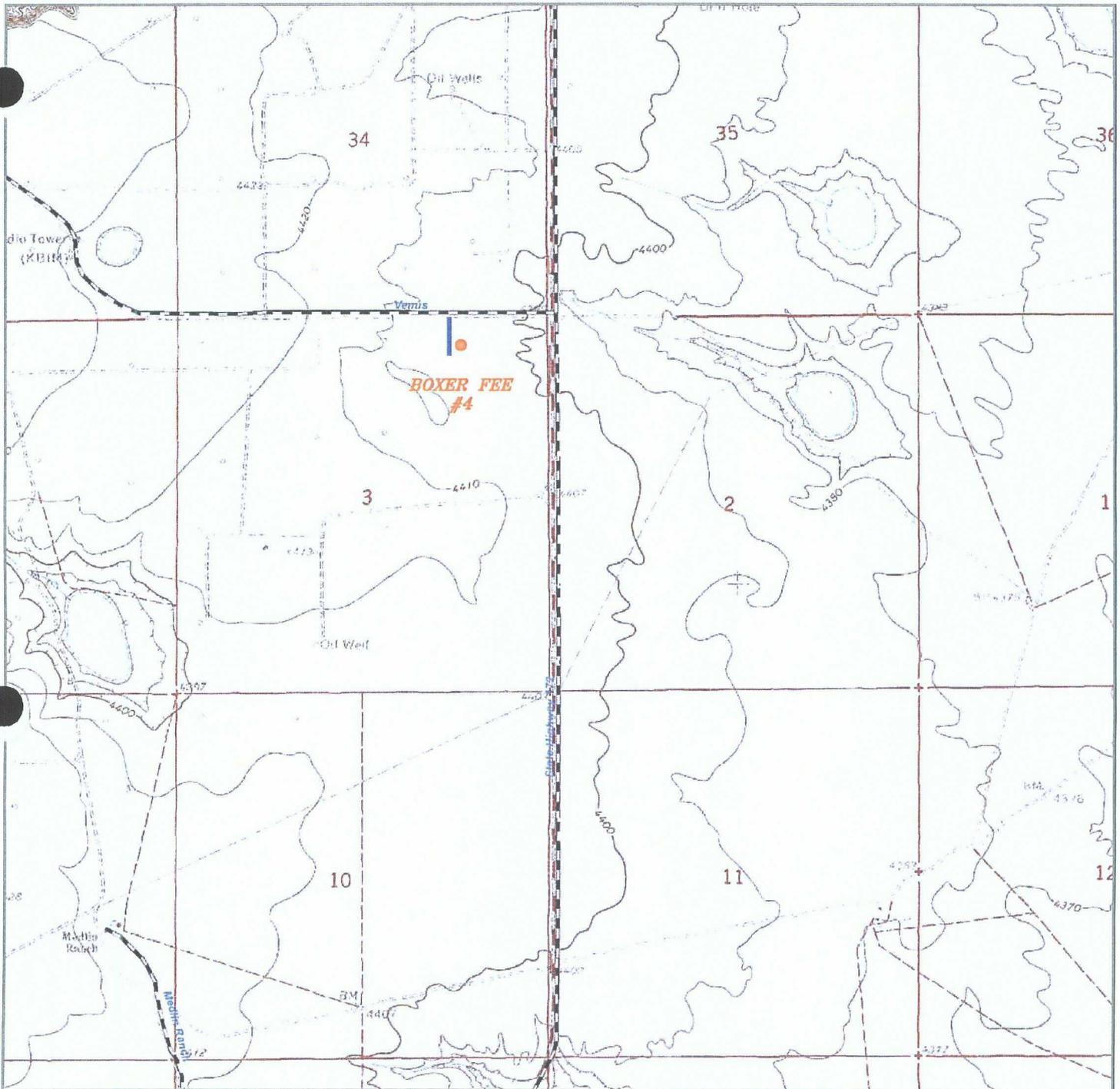
Directions to Location:

FROM THE JUNCTION OF HWY 172 AND VENUS ROAD,
 GO WEST ON VENUS ROAD FOR 0.3 MILES TO
 PROPOSED LEASE ROAD.

CIMAREX ENERGY CO. OF COLORADO	
REF: BOXER FEE #4 / WELL PAD TOPO	
THE BOXER FEE #4 LOCATED 375'	
FROM THE NORTH LINE AND 1250' FROM THE EAST LINE OF	
SECTION 3, TOWNSHIP 15 SOUTH, RANGE 31 EAST,	
N.M.P.M., CHAVES COUNTY, NEW MEXICO.	
W.O. Number: 22674	Drawn By: J. SMALL
Date: 04-20-2010	Disk: JMS 22674
Survey Date: 04-15-2010	Sheet 1 of 1 Sheets

ASIN SURVEYS P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 22674	Drawn By: J. SMALL
Date: 04-20-2010	Disk: JMS 22674



BOXER FEE #4

Located 375' FNL and 1250' FEL
 Section 3, Township 15 South, Range 31 East,
 N.M.P.M., Chaves County, New Mexico.



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W.O. Number: JMS 22674

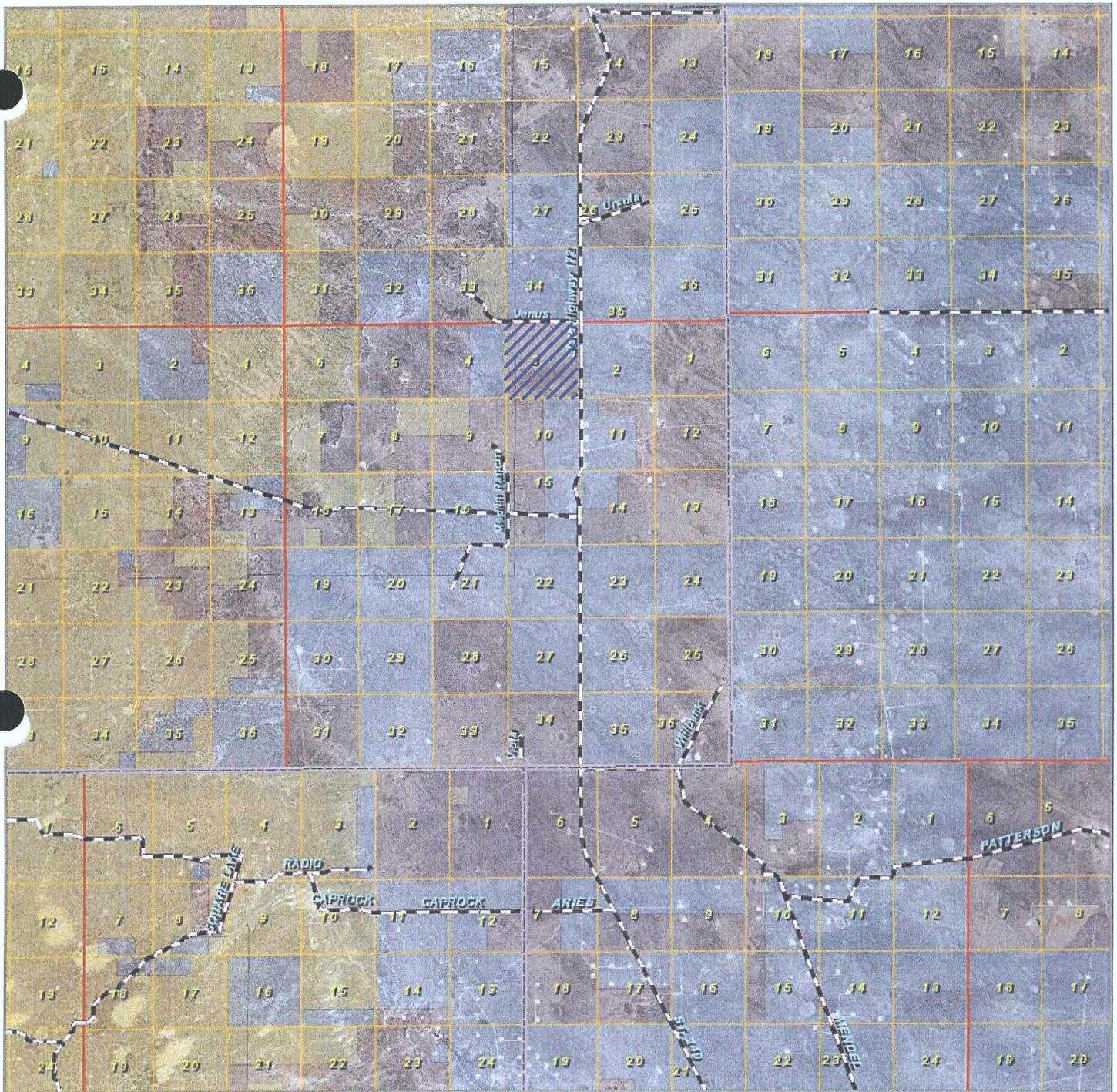
Survey Date: 04-15-2010

Scale: 1" = 2000'

Date: 04-20-2010



**CIMAREX
 ENERGY CO.
 OF COLORADO**



BOXER FEE #4

Located 375' FNL and 1250' FEL
 Section 3, Township 15 South, Range 31 East,
 N.M.P.M., Chaves County, New Mexico.

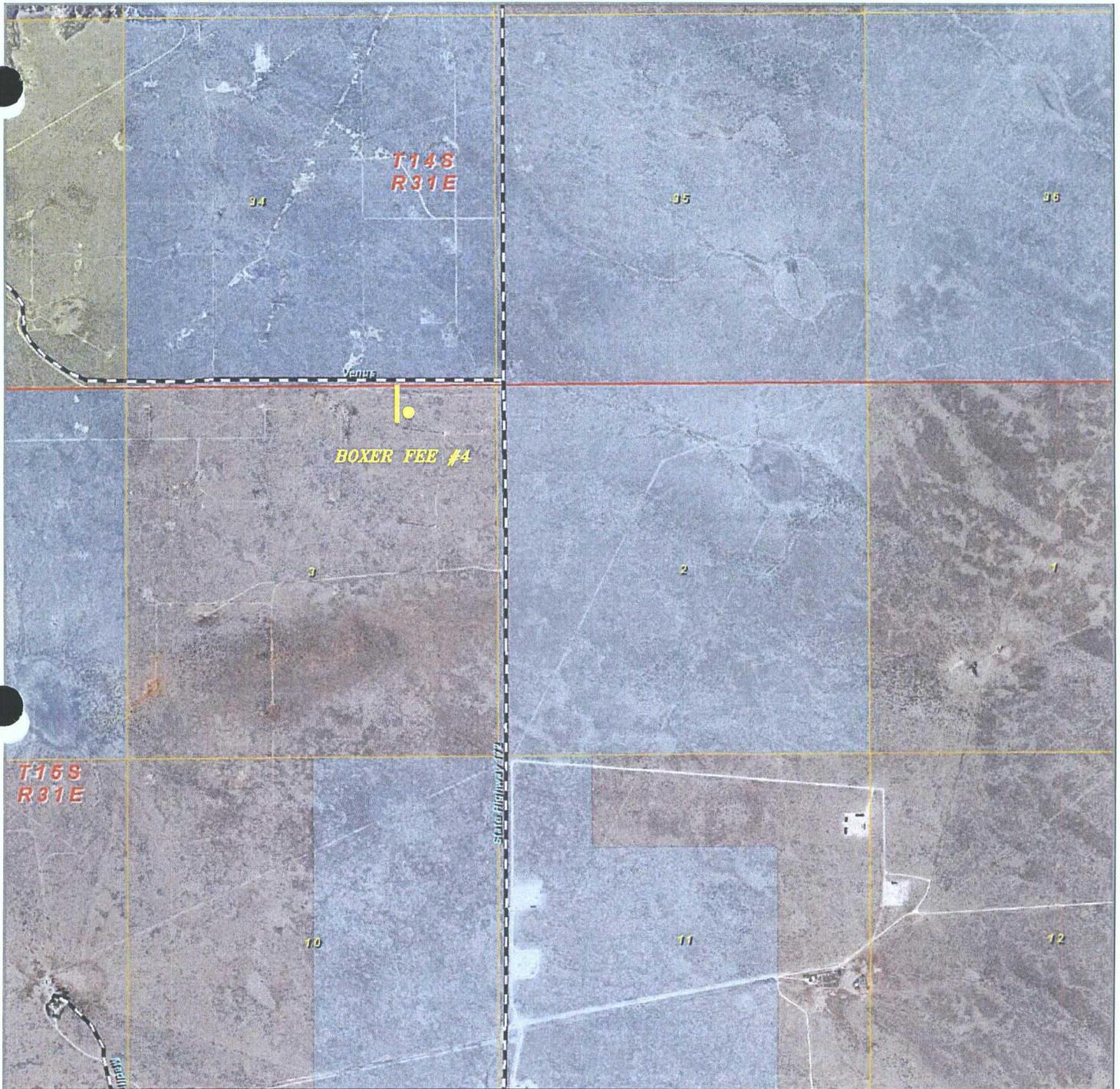


P.O. Box 1786
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 Hobbs, New Mexico 88241
 (575) 393-7316 - Office
 (575) 392-2206 - Fax
 basinsurveys.com

W.O. Number: JMS 22674
 Survey Date: 04-15-2010
 Scale: 1" = 2 Miles
 Date: 04-20-2010



**CIMAREX
 ENERGY CO.
 OF COLORADO**



BOXER FEE #4

Located 375' FNL and 1250' FEL
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 N.M.P.M., Chaves County, New Mexico.



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W.O. Number: JMS 22674

Scale: 1" = 2000'

YELLOW TINT - USA LAND
 BLUE TINT - STATE LAND
 NATURAL COLOR - FEE LAND



CIMAREX
 ENERGY CO.
 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. 		A. Signature X <i>[Signature]</i>	<input type="checkbox"/> Agent <input type="checkbox"/> Addressee
1. Article Addressed to:		B. Received by (Printed Name) <i>[Signature]</i>	C. Date of Delivery
		D. Is delivery address different from Item 12? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
		iii <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> C.O.D.	
		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	
2. Article Number (Transfer from service label)		91 7108 2133 3937 9625 4133	
PS Form 3811, February 2004		Domestic Return Receipt	
		102595-02-M-154	

COG Oil & Gas, LP
 Attn: Jan Spradlin, Senior Landman
 550 West Texas, Suite 100
 Midland, Texas 79701

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 4133

COG Oil & Gas, LP
 Attn: Jan Spradlin, Senior Landman
 550 West Texas, Suite 100
 Midland, Texas 79701

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 Jan:

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 COG, will follow under separate cover.

Please call the undersigned with any questions or comments.

Respectfully,
 Cimarex Energy Co.

[Signature]
 Hayden P. Tresner
 Landman



Authorization For Expenditure

Cimarex Energy Co.

April 1, 2010

Well Name: Permian Boxer 3 Fee 3 Caprock

SHL: 375 FNL & 1980 FEL Section 3-15S-31E
 BHL: 330 FSL & 1980 FEL Section 3-15S-31E
 Chaves NM Oil x Expl x
 Gas : Prod

Original Estimate 13,460'
 Revised Estimate
 Supplemental Estimate Abo 8,870'

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

	Dry Hole Cost	After Casing Point	Completed Well Cost
Intangibles			
Drilling Costs	\$1,309,125		\$1,309,125
Completion Costs		\$1,344,980	\$1,344,980
Total Intangible Costs	\$1,309,125	\$1,344,980	\$2,654,105
Tangibles			
Well Equipment	\$167,000	\$167,000	\$167,000
Lease Equipment	\$146,500	\$146,500	\$146,500
Total Tangible Well Cost	\$167,000	\$955,866	\$1,122,866
Plug and Abandon Cost	\$0	\$0	\$0
Total Well Cost	\$1,626,125	\$2,150,846	\$3,776,971

1. All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

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.

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

Mark Audas

Joint Interest Approval

Company

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 <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee	
1. Article Addressed to:		B. Received by (Printed Name)	C. Date of Delivery
Chesapeake Exploration, L.L.C. Attn: Hugh T. Brower 6100 N. Western Avenue Oklahoma City, Oklahoma 73118		D. Is delivery address different from item 1? If YES, enter delivery address below:	
2. Article Number <i>(Transfer from service label)</i>		<input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> C.O.D.	
PS Form 3811, February 2004		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	
		91 7108 2133 3937 9625 4140 Domestic Return Receipt	

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. April 1, 2010

Permian Boxer 3 Fee 3 Caprock

SHL: 375 FNL & 1980 FEL Section 3-155-31E
BHL: 330 FSL & 1980 FEL Section 3-155-31E Chaves NM Oil Gas x Expl x Prod

Table with columns: Estimate Type, Formation, and Measured Depth. Rows include Original Estimate, Revised Estimate, and Supplemental Estimate.

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

Summary table with columns: Intangibles, Tangibles, and Total Well Cost. Rows include Drilling Costs, Completion Costs, Well Equipment, Lease Equipment, and Total Well Cost.

1. All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

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.

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.

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.

Cimarex Energy Co. Approval

Mark Audas

Joint Interest Approval



Project Cost Estimate

Lease Name: Boxer 3 Fee

Well No.:

3

Intangibles	Estimate	Actual	Completed
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	\$51,000	\$84,000	\$65,000
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	\$1,000
Water / Completion Fluids	\$30,000	\$58,125	\$88,750
Mud & Additives	\$64,500		\$64,500
Surface Rentals Per Day	\$31,000	\$67,000	\$98,000
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	\$25,000	\$16,000	\$61,000
Trailer House / Camp / Catering 400: Per Day	\$21,000	\$4,000	\$25,000
Other Misc Expenses	\$2,000	\$7,000	\$9,000
Overhead 300: Per Day	\$3,000	\$3,000	\$16,000
Remedial Cementing			\$0
MOB/DEMOB			\$0
Directional Drilling Services 14: Days @ 7,800: Per Day	\$120,000		\$120,000
Hook, Dispatcher, Crane			\$0
Marine & Air Transportation			\$0
Solids Control Per Day	\$48,000		\$48,000
Well Control Equip (Snubbing Svcs.)	\$6,000	\$11,000	\$17,000
Fishing & Sidetrack Operations	\$0		\$0
Completion Rig 7: Days @ 3,400: Per Day		\$26,000	\$36,000
Coil Tubing 1: Days @ Per Day		\$32,000	\$33,000
Completion Logging, Perforating, WL Units, WL Surveys		\$8,000	\$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	\$55,000	\$55,000	\$117,000
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

Tangibles / Well Equipment	Size	Feet	\$ / Foot	Estimate	Actual	Completed
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	\$20,556		\$21,000
Intermediate Casing	9 5/8"	3950.00	\$33.26	\$131,393		\$131,000
Drilling Liner				\$0		\$0
Drilling Liner				\$0		\$0
Production Casing or Liner	7"	8500.00	\$35.50	\$301,750	\$304,000	\$304,000
Production Tie-Back	4 1/2"	4500.00	\$14.21	\$64,945	\$65,368	\$65,366
Tubing	2 7/8"	8400.00	\$7.30	\$61,320	\$61,000	\$61,000
TC 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
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
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

April 20, 2010



Working Interest Owners Listed on Page 3

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 Working Interest Owner:

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'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 Boxer 3 Fee No. 3 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 will consider acquiring an Oil and Gas Lease covering your mineral interest in the proposed spacing or proration unit dedicated to the well for five hundred dollars (\$500.00) per net mineral acre, wherein, among other mutually agreeable terms, Cimarex would be delivered a seventy-five percent (75%) net revenue interest lease.

Please call the undersigned with any questions or comments.

Respectfully,

Cimarex Energy Co.


Hayden P. Tresner
Landman



**ELECTION TO PARTICIPATE
Boxer 3 Fee No. 3**

_____ Elects **TO** participate in the proposed Boxer 3 Fee No. 3 Well

_____ Elects **NOT** to participate in the proposed Boxer 3 Fee No. 3 Well

Dated this ___ day of _____, 2010.

Signature: _____

Printed Name: _____

Title: _____

If your election above is **TO** participate in the proposed Boxer 3 Fee No. 3 Well, then:

_____ Elects **TO** be covered by well control insurance procured by Cimarex

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



Working Interest Owner Address List:

Via: e-mail and Federal Express Mail (Overnight Delivery)

Chisos Ltd.
Attn: Sue Ann Craddock, President
670 Dona Ana Road SW
Deming, New Mexico 88030

Via: Federal Express Mail (Overnight Delivery)

Pure Energy Group, Inc.
153 Treeline Park, Suite 220
San Antonio, Texas 78209

Via: e-mail and Federal Express Mail (Overnight Delivery)

The Blanco Co.
Attn: Phil White
110 2nd Street Northwest
Albuquerque, New Mexico 87109

Via: e-mail and Federal Express Mail (Overnight Delivery)

First Roswell Co.
Attn: Thomas Jennings
111 South Kentucky Avenue
Roswell, New Mexico 88203-4518



Authorization For Expenditure

Company/Entity Cimarex Energy Co.	Date Prepared April 1, 2010
--------------------------------------	--------------------------------

Region	Well Name	Well No.	Prospector Field Name	Property Number	Drilling AFE No.
Permian	Boxer 3 Fee	3	Caprock		

Location	County	State	Type Well	
SHL: 375 FNL & 1980 FEL Section 3-T155-R31E BHL: 330 FSL & 1980 FEL Section 3-T155-R31E	Chaves	NM	Oil	Gas
			x	Prod

Estimate Type	Est. Start Date	Est. Comp. Date	Formation	TD Measured Depth	TD Vertical Depth
Original Estimate			Abo	13,460'	
Revised Estimate					
Supplemental Estimate				8,870'	

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

Intangibles	Dry Hole Cost	After Casing Point	Completed Well Cost
Drilling Costs	\$1,309,125		\$1,309,125
Completion Costs		\$1,344,980	\$1,344,980
Total Intangible Costs	\$1,309,125	\$1,344,980	\$2,654,105

Intangibles	Dry Hole Cost	After Casing Point	Completed Well Cost
Well Equipment	\$167,000	\$809,366	\$976,366
Lease Equipment		\$146,500	\$146,500
Total Tangible Well Cost	\$167,000	\$955,866	\$1,122,866

Plug and Abandon Cost	Dry Hole Cost	After Casing Point	Completed Well Cost
	\$150,000	-\$150,000	\$0
Total Well Cost	\$1,626,125	\$2,150,846	\$3,776,971

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	Drilling and Completion Manager	Regional Manager
Mark Audas		

Joint Interest Approval

Company	By	Date



Project Cost Estimate

Lease Name: Boxer 3 Fee

Well No.: 3

Intangibles	Codes	Dry Hole Cost	Codes	After Casing Point	Completed Well Cost
Roads & Location Preparation / Restoration	DICC.100	\$30,000	DICC.100	\$3,000	\$33,000
Damages	DICC.105	\$6,000	DICC.105		\$6,000
Mud / Fluids Disposal Charges	DICC.135	\$46,000	DICC.135	\$46,875	\$92,875
Day Rate	DICC.115	\$551,000	DICC.120	\$84,000	\$635,000
Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.)	DICC.125	\$5,000			\$5,000
Bits	DICC.135	\$15,000	DICC.125	\$1,000	\$16,000
Fuel	DICC.135	\$0	DICC.130	\$1,000	\$1,000
Water / Completion Fluids	DICC.140	\$80,625	DICC.135	\$58,125	\$88,750
Mud & Additives	DICC.145	\$64,500			\$64,500
Surface Rentals	DICC.150	\$31,000	DICC.140	\$67,000	\$98,000
Downhole Rentals	DICC.155	\$36,000	DICC.145	\$14,000	\$50,000
Formation Evaluation (DST, Coring including evaluation, G&G Services)	DICC.160				\$0
Mud Logging	DICC.170	\$30,000			\$30,000
Open Hole Logging	DICC.180	\$35,000			\$35,000
Cementing & Float Equipment	DICC.185	\$40,000	DICC.185	\$20,000	\$60,000
Tubular Inspections	DICC.190	\$5,000	DICC.190	\$3,000	\$8,000
Casing Crews	DICC.195	\$9,000	DICC.195	\$14,000	\$23,000
Extra Labor, Welding, Etc.	DICC.205	\$11,000	DICC.170	\$5,000	\$16,000
Land Transportation (Trucking)	DICC.205	\$21,000	DICC.175	\$4,000	\$25,000
Supervision	DICC.210	\$45,000	DICC.200	\$16,000	\$61,000
Trailer House / Camp / Catering	DICC.220	\$21,000	DICC.235	\$4,000	\$25,000
Other Misc Expenses	DICC.220	\$2,000	DICC.190	\$7,000	\$9,000
Overhead	DICC.225	\$13,000	DICC.195	\$3,000	\$16,000
Remedial Cementing	DICC.230		DICC.215		\$0
MOB/DEMOb	DICC.240				\$0
Directional Drilling Services	DICC.245	\$130,000			\$130,000
Jack, Dispatcher, Crane	DICC.250		DICC.250		\$0
Marine & Air Transportation	DICC.275		DICC.250		\$0
Solids Control	DICC.280	\$46,000			\$46,000
Well Control Equip (Snubbing Svcs.)	DICC.265	\$6,000	DICC.240	\$11,000	\$17,000
Fishing & Sidetrack Operations	DICC.270	\$0	DICC.245		\$0
Completion Rig			DICC.315	\$36,000	\$36,000
Coil Tubing			DICC.260	\$33,000	\$33,000
Completion Logging, Perforating, WL Units, WL Surveys			DICC.200	\$8,000	\$8,000
Stimulation			DICC.210	\$670,980	\$670,980
Legal / Regulatory / Curative	DICC.300	\$13,000	DICC.280		\$13,000
Well Control Insurance	DICC.285	\$5,000			\$5,000
Contingency	DICC.425	\$62,000	DICC.120	\$55,000	\$117,000
Construction For Well Equipment			DWEA.110	\$10,000	\$10,000
Construction For Lease Equipment			DLEQ.110	\$70,000	\$70,000
Construction For Sales P/L			DICC.255	\$100,000	\$100,000
Total Intangible Cost		\$1,309,125		\$1,344,980	\$2,654,105

Tangible - Well Equipment	Size	Feet	\$ / Foot	Codes	After Casing Point	Completed Well Cost
Casing						
Drive Pipe	20"	40.00	\$0.00	DWEB.130	\$0	\$0
Conductor Pipe				DWEB.130	\$0	\$0
Water String				DWEB.125	\$0	\$0
Surface Casing	13-3/8"	340.00	\$60.46	DWEB.140	\$21,000	\$21,000
Intermediate Casing	9 5/8"	3950.00	\$33.26	DWEB.145	\$131,000	\$131,000
Drilling Liner				DWEB.145	\$0	\$0
Drilling Liner				DWEB.145	\$0	\$0
Production Casing or Liner	7"	8500.00	\$35.50		DWEA.120	\$304,000
Production Tie-Back	4 1/2"	4600.00	\$14.21		DWEA.120	\$65,366
Tubing	2 7/8"	8400.00	\$7.30		DWEA.105	\$61,000
N/C Well Equipment					DWEA.125	\$7,500
Wellhead, Tree, Chokes				DWES.115	\$15,000	\$15,000
Liner Hanger, Isolation Packer				DWES.100	\$0	DWEA.125
Packer, Nipples					DWEA.120	\$1,000
Pumping Unit, Engine					DLEQ.100	\$135,000
Lift Equipment (BHP, Rods, Anchors)					DLEQ.105	\$57,500
Tangible - Lease Equipment						
N/C Lease Equipment					DLEQ.115	\$47,250
Tanks, Tanks Steps, Stairs					DLEQ.120	\$61,500
Battery (Heater Treater, Separator, Gas Treating Equipment)					DLEQ.125	\$32,250
Flow Lines (Line Pipe from wellhead to central facility)					DLEQ.130	\$5,500
Offshore Production Structure for Facilities					DWEA.135	\$0
Pipeline to Sales					DWEA.140	\$0
Total Tangibles					\$167,000	\$955,866

P&A Costs	DICC.295	\$150,000	DICC.275	-\$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

Shipment Receipt
Address Information

Ship to:	Ship from:
Land Manager	Samatha Spencer
Chesapeake Exploration, L.L.C.	Cimarex Energy Co.
6100 N WESTERN AVE	600 N Marienfeld Suite 600
OKLAHOMA CITY, OK	Midland, TX
731181044	79701
US	US
4325717856	4325717800

Shipping Information

Tracking number: 793670049191
Ship date: 06/24/2010
Estimated shipping charges: 15.96

Package Information

Service type: Priority Overnight
Package type: FedEx Envelope
Number of packages: 1
Total weight: 1LBS
Declared value: 0.00USD
Special Services:
Pickup/Drop-off: Use an already scheduled pickup at my location

Billing Information

Bill transportation to: Sender
Your reference: Proposed Operating Agreement
P.O. no.:
Invoice no.:
Department no.:

Thank you for shipping online with Fedex ShipManager at fedex.com.

Please Note

FedEx will not be responsible for any claim in excess of \$100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery, or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim. Limitations found in the current FedEx Service Guide apply. Your right to recover from FedEx for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental, consequential, or special is limited to the greater of \$100 or the authorized declared value. Recovery cannot exceed actual documented loss. Maximum for terms of extraordinary value is \$500, e.g., jewelry, precious metals, negotiable instruments and other items listed in our Service Guide. Written claims must be filed within strict time limits; Consult the applicable FedEx Service Guide for details. The estimated shipping charge may be different than the actual charges for your shipment. Differences may occur based on actual weight, dimensions, and other factors. Consult the applicable [FedEx Service Guide](#) or the FedEx Rate Sheets for details on how shipping charges are calculated.

Cimarex Energy Co.

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432.571.7800



June 24, 2010

Via: FedEx Overnight

Pure Energy Group, Inc.
153 Treeline Park, Suite 220
San Antonio, Texas 78209

**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



Shipment Receipt
Address Information

Ship to: Pure Energy Group, Inc. 153 TREELINE PARK STE 220 SAN ANTONIO, TX 782091880 US 2102266700	Ship from: Samatha Spencer Cimarex Energy Co. 600 N Marienfeld Suite 600 Midland, TX 79701 US 4325717800
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Shipping Information

Tracking number: 793669887157
Ship date: 06/24/2010
Estimated shipping charges: 13.77

Package Information

Service type: Priority Overnight
Package type: FedEx Envelope
Number of packages: 1
Total weight: 1LBS
Declared value: 0.00USD
Special Services:
Pickup/Drop-off: Use an already scheduled pickup at my location

Billing Information

Bill transportation to: Sender
Your reference:
P.O. no.:
Invoice no.:
Department no.:

Thank you for shipping online with Fedex ShipManager at fedex.com.

Please Note

FedEx will not be responsible for any claim in excess of \$100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery, or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim. Limitations found in the current FedEx Service Guide apply. Your right to recover from FedEx for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental, consequential, or special is limited to the greater of \$100 or the authorized declared value. Recovery cannot exceed actual documented loss. Maximum for items of extraordinary value is \$500, e.g., jewelry, precious metals, negotiable instruments and other items listed in our Service Guide. Written claims must be filed within strict time limits. Consult the applicable FedEx Service Guide for details. The estimated shipping charge may be different than the actual charges for your shipment. Differences may occur based on actual weight, dimensions, and other factors. Consult the applicable [FedEx Service Guide](#) or the FedEx Rate Sheets for details on how shipping charges are calculated.

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



June 24, 2010

Via: FedEx Overnight

Chisos, Ltd.
Attn: Sue Ann Craddock
670 Dona Ana Road SW
Deming, New Mexico 88030

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 with a long horizontal stroke at the end.

Samatha Spencer
Land Department

Shipment Receipt
Address Information**Ship to:**Sue Ann Craddock
Chisos, Ltd.
670 DONA ANA RD SWDEMING, NM
880306728
US
4325717806**Ship from:**Samatha Spencer
Cimarex Energy Co.
600 N Marienfeld
Suite 600Midland, TX
79701
US
4325717800**Shipping Information**Tracking number: 798792580352
Ship date: 06/24/2010
Estimated shipping charges: 19.55**Package Information**Service type: Priority Overnight
Package type: FedEx Envelope
Number of packages: 1
Total weight: 1LBS
Declared value: 0.00USD
Special Services: Residential Delivery
Pickup/Drop-off: Use an already scheduled pickup at my location**Billing Information**Bill transportation to: Sender
Your reference:
P.O. no.:
Invoice no.:
Department no.:Thank you for shipping online with Fedex ShipManager at fedex.com.**Please Note**

FedEx will not be responsible for any claim in excess of \$100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery, or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim. Limitations found in the current FedEx Service Guide apply. Your right to recover from FedEx for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental, consequential, or special is limited to the greater of \$100 or the authorized declared value. Recovery cannot exceed actual documented loss. Maximum for items of extraordinary value is \$500, e.g., jewelry, precious metals, negotiable instruments and other items listed in our Service Guide. Written claims must be filed within strict time limits. Consult the applicable FedEx Service Guide for details. The estimated shipping charge may be different than the actual charges for your shipment. Differences may occur based on actual weight, dimensions, and other factors. Consult the applicable [FedEx Service Guide](#) or the FedEx Rate Sheets for details on how shipping charges are calculated.

Cimarex Energy Co.

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432.571.7800



June 24, 2010

Via: FedEx Overnight

First Roswell Co.

Attn: Thomas E. Jennings, President

111 South Kentucky Ave.

Roswell, New Mexico 88203

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

Dear Mr. Jennings,

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

Shipment Receipt
Address Information**Ship to:**Thomas Jennings
First Roswell Co.
111 S KENTUCKY AVEROSWELL, NM
882034518
US
2102266700**Ship from:**Samatha Spencer
Cimarex Energy Co.
600 N Marienfeld
Suite 600
Midland, TX
79701
US
4325717800**Shipping Information**Tracking number: 793669755218
Ship date: 06/24/2010
Estimated shipping charges: 13.77**Package Information**Service type: Priority Overnight
Package type: FedEx Envelope
Number of packages: 1
Total weight: 2LBS
Declared value: 0.00USD
Special Services:
Pickup/Drop-off: Use an already scheduled pickup at my location**Billing Information**Bill transportation to: Sender
Your reference:
P.O. no.:
Invoice no.:
Department no.:

Thank you for shipping online with Fedex ShipManager at fedex.com.

Please Note

FedEx will not be responsible for any claim in excess of \$100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery, or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim. Limitations found in the current FedEx Service Guide apply. Your right to recover from FedEx for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental, consequential, or special is limited to the greater of \$100 or the authorized declared value. Recovery cannot exceed actual documented loss. Maximum for items of extraordinary value is \$500, e.g., jewelry, precious metals, negotiable instruments and other items listed in our Service Guide. Written claims must be filed within strict time limits. Consult the applicable FedEx Service Guide for details. The estimated shipping charge may be different than the actual charges for your shipment. Differences may occur based on actual weight, dimensions, and other factors. Consult the applicable [FedEx Service Guide](#) or the FedEx Rate Sheets for details on how shipping charges are calculated.

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:

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 X *[Signature]* Agent Addressee

B. Received by (Printed Name) *[Signature]* C. Date of Delivery

D. Is delivery address different from item 1? Yes No
 If YES, enter delivery address below:

COG Oil & Gas, LP
 Attn: Jan Spradlin, Senior Landman
 550 West Texas, Suite 100
 Midland, Texas 79701

iii Express Mail
 Return Receipt for Merchandise
 C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number **91 7108 2133 3937 9625 4133**
 (Transfer from service label)

PS Form 3811, February 2004 Domestic Return Receipt 102585-02-M-1540

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 4133

COG Oil & Gas, LP
 Attn: Jan Spradlin, Senior Landman
 550 West Texas, Suite 100
 Midland, Texas 79701

Re: New Well Proposal
Boxer 3 Fee No. 4
Section 3, Township 15 South, Range 31 East, N.M.P.M.
Chaves County, New Mexico

Dear Jan:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Boxer 3 Fee No. 4 Well at a legal location in the E/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 & 660' FEL of Section 3 and the intended bottom hole location is 330' FSL & 660' 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 COG, will follow under separate cover.

Please call the undersigned with any questions or comments.

Respectfully,
Cimarex Energy Co.
[Signature]
 Hayden P. Tresner
 Landman



Authorization For Expenditure

Company Name: Cimarex Energy Co. Date: April 1, 2010

Permian Boxer 3 Fee 4 Caprock

SHL: 375 FNL & 660 FEL Section 3-155-31E Chaves NM Oil Gas x Expl x BHL: 330 FSL & 660 FEL Section 3-155-31E Prod

Original Estimate 13,460 Revised Estimate Supplemental Estimate 8,870 Abo

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, Well Equipment, Lease Equipment, Total Tangible Well Cost, Plug and Abandon Cost, Total Well Cost.

1. All tubulars, well or lease equipment is priced by COPAS and CEPS guidelines using the Historic Price Multiplier.

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.

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.

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.

Cimarex Energy Co. Approval

Mark Audas

Joint Interest Approval



Project Cost Estimate

Lease Name: Boxer 3 Fee

Well No.:

4

Intangible	Unit	Rate	Quantity	Amount	Unit	Rate	Quantity	Amount
Roads & Location Preparation / Restoration		\$30,000		\$30,000		\$3,000		\$33,000
Damages		\$6,000		\$6,000				\$6,000
Mud / Fluids Disposal Charges		\$46,000		\$46,000		\$46,875		\$92,875
Day Rate	35:DH Days	7:ACP Days @	Per Day	\$881,000		\$84,000		\$669,000
Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.)		\$5,000		\$5,000				\$5,000
Bits		\$15,000		\$15,000		\$1,000		\$16,000
Fuel	\$0.00 Per Gallon		Gallons Per Day	\$0		\$1,000		\$1,000
Water / Completion Fluids		\$80,525		\$80,525		\$58,125		\$88,750
Mud & Additives		\$64,500		\$64,500				\$64,500
Surface Rentals		\$31,000		\$31,000		\$67,000		\$98,000
Downhole Rentals		\$36,000		\$36,000		\$14,000		\$50,000
Formation Evaluation (DST, Coring including evaluation, G&G Services)								\$0
Mud Logging	\$850 Days @		30 Per Day	\$25,500				\$25,500
Open Hole Logging		\$35,000		\$35,000				\$35,000
Cementing & Float Equipment		\$40,000		\$40,000		\$20,000		\$60,000
Tubular Inspections		\$5,000		\$5,000		\$3,000		\$8,000
Casing Crews		\$9,000		\$9,000		\$14,000		\$23,000
Extra Labor, Welding, Etc.		\$11,000		\$11,000		\$5,000		\$16,000
Land Transportation (Trucking)		\$21,000		\$21,000		\$4,000		\$25,000
Supervision		\$45,000		\$45,000		\$16,000		\$61,000
Trailer House / Camp / Catering	400 Per Day			\$21,000		\$4,000		\$25,000
Other Misc Expenses		\$2,000		\$2,000		\$7,000		\$9,000
Overhead	300 Per Day			\$18,000		\$3,000		\$21,000
Remedial Cementing								\$0
MOB/DEMOB								\$0
Directional Drilling Services	14 Days @		7,800 Per Day	\$110,000				\$110,000
ock, Dispatcher, Crane								\$0
Marine & Air Transportation								\$0
Solids Control		\$45,000		\$45,000				\$45,000
Well Control Equip (Snubbing Svcs.)		\$6,000		\$6,000		\$11,000		\$17,000
Fishing & Sidetrack Operations		\$0		\$0				\$0
Completion Rig	7 Days @		3,400 Per Day	\$23,800		\$38,000		\$61,800
Coil Tubing	1 Days @		Per Day	\$33,000		\$33,000		\$33,000
Completion Logging, Perforating, WL Units, WL Surveys						\$8,000		\$8,000
Stimulation						\$670,980		\$670,980
Legal / Regulatory / Curative		\$13,000		\$13,000				\$13,000
Well Control Insurance	\$0.35 Per Foot			\$5,500				\$5,500
Contingency	5% of Drilling Intangibles			\$82,968		\$85,000		\$167,968
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	\$/Foot	Amount	Unit	Rate	Quantity	Amount
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	\$20,356		\$21,000		\$21,000
Intermediate Casing	9 5/8"	3950.00	\$33.26	\$131,383		\$131,000		\$131,000
Drilling Liner				\$0				\$0
Drilling Liner				\$0				\$0
Production Casing or Liner	7"	8500.00	\$35.50	\$301,750		\$304,000		\$304,000
Production Tie-Back	4 1/2"	4600.00	\$14.21	\$65,366		\$65,366		\$65,366
Tubing	2 7/8"	8400.00	\$7.30	\$61,320		\$61,000		\$61,000
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

SENDER: COMPLETE THIS SECTION

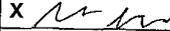
- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Chesapeake Exploration, L.L.C.
 Attn: Hugh T. Brower
 6100 N. Western Avenue
 Oklahoma City, Oklahoma 73118

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? Yes
If YES, enter delivery address below: No

L2110

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number

(Transfer from service label)

91 7108 2133 3937 9625 4140

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

Cimarex Energy Co.

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432.571.7800

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. 4
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. 4 Well at a legal location in the E/2E/2 of Section 3, Township 15 South, Range 31 East, N.M.P.M., Chaves County, New Mexico.

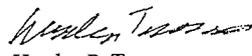
The intended surface hole location for the well is 375' FNL & 660' FEL of Section 3 and the intended bottom hole location is 330' FSL & 660' FEL of Section 3. The well is proposed to be drilled vertically to a depth of approximately 8,870' to the lower Abo formation and laterally in a Southerly direction 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

Company Name:
Cimarex Energy Co.

Date:
April 1, 2010

Well Name: Permian Boxer 3 Fee 4 Caprock

SHL: 375 FNL & 660 FEL Section 3-155-31E
BHL: 330 FSL & 660 FEL Section 3-155-31E
County: Chaves **State:** NM
Oil/Gas: Oil x Gas
Prod/Expl: Expl x Prod

Estimate Type:
 Original Estimate 13,460'
 Revised Estimate
 Supplemental Estimate 8,870'
Abandonment: Abo

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

Intangibles	Drill Hole Cost	After Casing Point	Completed Well Cost
Drilling Costs	\$1,309,125		\$1,309,125
Completion Costs		\$1,344,980	\$1,344,980
Total Intangible Costs	\$1,309,125	\$1,344,980	\$2,654,105

Tangibles	Drill Hole Cost	After Casing Point	Completed Well Cost
Well Equipment	\$167,000	\$926,366	\$926,366
Lease Equipment		\$196,500	\$196,500
Total Tangible Well Cost	\$167,000	\$955,866	\$1,122,866

Plug and Abandon Cost	Drill Hole Cost	After Casing Point	Completed Well Cost
	\$0	\$0	\$0
Total Well Cost	\$1,626,125	\$2,150,846	\$3,776,971

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.

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

Mark Audas

Joint Interest Approval



Project Cost Estimate

Lease Name: Boxer 3 Fee

Well No.:

Intangible	Drilling Costs	Also Casing	Completed Well
		Point	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	\$831,000	\$84,000	\$915,000
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	\$1,000
Water / Completion Fluids Per Day	\$30,825	\$58,125	\$88,950
Mud & Additives	\$64,500		\$64,500
Surface Rentals Per Day	\$34,000	\$67,000	\$101,000
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	\$35,000	\$16,000	\$51,000
Trailer House / Camp / Catering 400:Per Day	\$21,000	\$4,000	\$25,000
Other Misc Expenses	\$2,000	\$7,000	\$9,000
Overhead 300:Per Day	\$13,000	\$3,000	\$16,000
Remedial Cementing			\$0
MOB/DEMOB			\$0
Directional Drilling Services 14: Days @ 7,800:Per Day	\$110,000		\$110,000
Jack, Dispatcher, Crane			\$0
Marine & Air Transportation			\$0
Solids Control Per Day	\$45,000		\$45,000
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	\$36,000
Coil Tubing 1: Days @ Per Day		\$33,000	\$33,000
Completion Logging, Perforating, WL Units, WL Surveys		\$8,000	\$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	\$66,000	\$55,000	\$121,000
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	\$ / Foot	Drilling Costs	Also Casing	Completed Well
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	\$20,556		\$21,000
Intermediate Casing	9 5/8"	3950.00	\$33.26	\$1,313,800		\$1,331,000
Drilling Liner				\$0		\$0
Drilling Liner				\$0		\$0
Production Casing or Liner	7"	8500.00	\$35.50	\$301,750	\$334,000	\$304,000
Production Tie-Back	4 1/2"	4600.00	\$14.21	\$65,956	\$66,300	\$66,300
Tubing	2 7/8"	8400.00	\$7.50	\$63,000	\$61,000	\$61,000
7C Well Equipment						
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
7C Lease Equipment						
Tanks, Tanks Steps, Stairs					\$47,250	\$47,250
Battery (Heater Treater, Separator, Gas Treating Equipment)					\$61,500	\$61,500
Flow Lines (Line Pipe from wellhead to central facility)					\$32,250	\$32,250
Offshore Production Structure for Facilities					\$5,500	\$5,500
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

April 20, 2010



Working Interest Owners Listed on Page 3

Re: New Well Proposal
Boxer 3 Fee No. 4
Section 3, Township 15 South, Range 31 East, N.M.P.M.
Chaves County, New Mexico

Dear Working Interest Owner:

Cimarex Energy Co. ("Cimarex") hereby proposes to drill the Boxer 3 Fee No. 4 Well at a legal location in the E/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 & 660' FEL of Section 3 and the intended bottom hole location is 330' FSL & 660' 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's intended procedure. Cimarex will advise you of any such modifications.

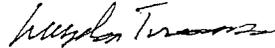
Enclosed, in duplicate, is (i) our detailed AFE reflecting estimated costs associated with this proposal, and; (ii) our proposed form of Operating Agreement to govern operations of the Boxer 3 Fee No. 4 Well. If you intend to participate, please approve and return one (1) original of the enclosed AFE 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 will consider acquiring an Oil and Gas Lease covering your mineral interest in the proposed spacing or proration unit dedicated to the well for five hundred dollars (\$500.00) per net mineral acre, wherein, among other mutually agreeable terms, Cimarex would be delivered a seventy-five percent (75%) net revenue interest lease.

Please call the undersigned with any questions or comments.

Respectfully,

Cimarex Energy Co.



Hayden P. Tresner
Landman



ELECTION TO PARTICIPATE
Boxer 3 Fee No. 4

_____ Elects **TO** participate in the proposed Boxer 3 Fee No. 4 Well

_____ Elects **NOT** to participate in the proposed Boxer 3 Fee No. 4 Well

Dated this ____ day of _____, 2010.

Signature: _____

Printed Name: _____

Title: _____

If your election above is TO participate in the proposed Boxer 3 Fee No. 4 Well, then:

_____ Elects **TO** be covered by well control insurance procured by Cimarex

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



Working Interest Owner Address List:

Via: e-mail and Federal Express Mail (Overnight Delivery)

The Blanco Co.
Attn: Phil White
110 2nd Street Northwest
Albuquerque, New Mexico 87109

Via: e-mail and Federal Express Mail (Overnight Delivery)

First Roswell Co.
Attn: Thomas Jennings
111 South Kentucky Avenue
Roswell, New Mexico 88203-4518



Authorization For Expenditure

Company Entity: Cimarex Energy Co. Date Prepared: April 1, 2010

Region	Well Name	Well No.	Prospect or Field Name	Property Number	Drilling AFE No.
Permian	Boxer 3 Fee	4	Caprock		

Location	County	State	Type Well
SHL: 375 FNL & 660 FEL Section 3-T155-R31E BHL: 330 FSL & 660 FEL Section 3-T155-R31E	Chaves	NM	Oil x Expl x Gas Prod

Estimate Type	Est. Start Date	Est. Comp. Date	Formation	TN Measured Depth
Original Estimate <input checked="" type="radio"/>				13,460'
Revised Estimate <input type="radio"/>				TN Vertical Depth
Supplemental Estimate <input type="radio"/>			Abo	8,870'

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

Intangibles	Dry Hole Cost	After Casing Point	Completed Well Cost
Drilling Costs	\$1,309,125		\$1,309,125
Completion Costs		\$1,344,980	\$1,344,980
Total Intangible Costs	\$1,309,125	\$1,344,980	\$2,654,105

Intangibles	Dry Hole Cost	After Casing Point	Completed Well Cost
Well Equipment	\$167,000	\$809,366	\$976,366
Lease Equipment		\$146,500	\$146,500
Total Tangible Well Cost	\$167,000	\$955,866	\$1,122,866

Plug and Abandon Cost	Dry Hole Cost	After Casing Point	Completed Well Cost
	\$150,000	-\$150,000	\$0
Total Well Cost	\$1,626,125	\$2,150,846	\$3,776,971

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	Drilling and Completion Manager	Regional Manager
Mark Audas		

Joint Interest Approval

Company	By	Date



Project Cost Estimate

Lease Name: Boxer 3 Fee

Well No.:

4

Intangibles	Codes	Dry Hole Cost	Codes	After Casing Polim	Completed Well Cost
Roads & Location Preparation / Restoration	D1DC.100	\$30,000	D1CC.100	\$3,000	\$33,000
Damages	D1DC.105	\$6,000	D1CC.105		\$6,000
Mud / Fluids Disposal Charges	D1DC.105	\$46,000	D1CC.105	\$46,875	\$92,875
Day Rate	D1DC.115	\$551,000	D1CC.110	\$84,000	\$635,000
Misc Preparation Cost (mouse hole, rat hole, pads, pile clusters, misc.)	D1DC.110	\$5,000			\$5,000
Bits	D1DC.125	\$15,000	D1CC.115	\$1,000	\$16,000
Fuel	D1DC.135	\$0.00/Per Gallon	D1CC.130	\$1,000	\$1,000
Water / Completion Fluids	D1DC.140	\$30,625	D1CC.135	\$58,125	\$88,750
Mud & Additives	D1DC.145	\$64,500			\$64,500
Surface Rentals	D1DC.150	\$31,000	D1CC.140	\$67,000	\$98,000
Downhole Rentals	D1DC.155	\$36,000	D1CC.145	\$14,000	\$50,000
Formation Evaluation (DST, Coring including evaluation, G&G Services)	D1DC.160				\$0
Mud Logging	D1DC.170	\$30,000			\$30,000
Open Hole Logging	D1DC.180	\$35,000			\$35,000
Cementing & Float Equipment	D1DC.185	\$40,000	D1CC.155	\$20,000	\$60,000
Tubular Inspections	D1DC.190	\$5,000	D1CC.160	\$3,000	\$8,000
Casing Crews	D1DC.195	\$9,000	D1CC.165	\$14,000	\$23,000
Extra Labor, Welding, Etc.	D1DC.200	\$11,000	D1CC.170	\$5,000	\$16,000
Land Transportation (Trucking)	D1DC.205	\$21,000	D1CC.175	\$4,000	\$25,000
Supervision	D1DC.210	\$45,000	D1CC.180	\$16,000	\$61,000
Trailer House / Camp / Catering	D1DC.215	\$21,000	D1CC.185	\$4,000	\$25,000
Other Misc Expenses	D1DC.220	\$2,000	D1CC.190	\$7,000	\$9,000
Overhead	D1DC.225	\$13,000	D1CC.195	\$3,000	\$16,000
Remedial Cementing	D1DC.230		D1CC.200		\$0
MOB/DEMOB	D1DC.240				\$0
Directional Drilling Services	D1DC.245	\$130,000			\$130,000
Jack, Dispatcher, Crane	D1DC.250		D1CC.205		\$0
Marine & Air Transportation	D1DC.255		D1CC.210		\$0
Solids Control	D1DC.260	\$46,000			\$46,000
Well Control Equip (Snubbing Svcs.)	D1DC.265	\$6,000	D1CC.215	\$11,000	\$17,000
Fishing & Sidetrack Operations	D1DC.270	\$0	D1CC.220		\$0
Completion Rig	D1DC.275	\$3,400	D1CC.115	\$36,000	\$39,400
Coil Tubing	D1DC.280	\$1,000	D1CC.225	\$33,000	\$34,000
Completion Logging, Perforating, WL Units, WL Surveys	D1DC.285		D1CC.230	\$8,000	\$8,000
Stimulation	D1DC.290		D1CC.235	\$670,980	\$670,980
Legal / Regulatory / Curative	D1DC.295	\$13,000	D1CC.240		\$13,000
Well Control Insurance	D1DC.300	\$5,000			\$5,000
Contingency	D1DC.453	\$62,000	D1CC.245	\$55,000	\$117,000
Construction For Well Equipment			DWEA.110	\$10,000	\$10,000
Construction For Lease Equipment			DWEA.115	\$70,000	\$70,000
Construction For Sales P/L			D1CC.250	\$100,000	\$100,000
Total Intangible Cost		\$1,309,125		\$1,344,980	\$2,654,105

Tangible - Well Equipment	Size	Feet	\$ / Foot			
Casing						
Drive Pipe	20"	40.00	\$0.00	DWEB.150	\$0	\$0
Conductor Pipe				DWEB.110	\$0	\$0
Water String				DWEB.135	\$0	\$0
Surface Casing	13-3/8"	340.00	\$60.46	DWEB.140	\$21,000	\$21,000
Intermediate Casing	9 5/8"	3950.00	\$33.26	DWEB.145	\$131,000	\$131,000
Drilling Liner				DWEB.145	\$0	\$0
Drilling Liner				DWEB.145	\$0	\$0
Production Casing or Liner	7"	8500.00	\$35.50	DWEA.100	\$304,000	\$304,000
Production Tie-Back	4 1/2"	4600.00	\$14.21	DWEA.100	\$65,366	\$65,366
Tubing	2 7/8"	8400.00	\$7.30	DWEA.105	\$61,000	\$61,000
N/C Well Equipment				DWEA.115	\$7,500	\$7,500
Wellhead, Tree, Chokes				DWEB.113	\$15,000	\$15,000
Liner Hanger, Isolation Packer				DWEB.130	\$0	\$0
Packer, Nipples				DWEA.130	\$1,000	\$1,000
Pumping Unit, Engine				DWEA.100	\$135,000	\$135,000
Lift Equipment (BHP, Rods, Anchors)				DWEA.105	\$57,500	\$57,500
Tangible - Lease Equipment						
N/C Lease Equipment				DLEQ.115	\$47,250	\$47,250
Tanks, Tanks Steps, Stairs				DLEQ.110	\$61,500	\$61,500
Battery (Heater Treater, Separator, Gas Treating Equipment)				DLEQ.125	\$32,250	\$32,250
Flow Lines (Line Pipe from wellhead to central facility)				DLEQ.130	\$5,500	\$5,500
Offshore Production Structure for Facilities				DWEA.125	\$0	\$0
Pipeline to Sales				DWEA.140	\$0	\$0
Total Tangibles					\$167,000	\$955,866

P&A Costs	D1DC.293	\$150,000	D1CC.275	-\$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

COG Operating LLC

Attn: Jan Spradlin

550 West Texas, Suite 1300

Midland, Texas 79701

**Re: Operating Agreement
Boxer 3 Fee No. 4
E/2E/2 Section 3-T15S-R31E
Chaves County, New Mexico**

Dear Mr. Spradlin,

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

Shipment Receipt
Address Information

Ship to: Jan Spradlin COG Operating LLC 550 W TEXAS AVE STE 1300 MIDLAND, TX 797014210 US 4325717845	Ship from: Samatha Spencer Cimarex Energy Co. 600 N Marienfeld Suite 600 Midland, TX 79701 US 4325717800
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Shipping Information

Tracking number: 793669735731
Ship date: 06/24/2010
Estimated shipping charges: 11.59

Package Information

Service type: Priority Overnight
Package type: FedEx Envelope
Number of packages: 1
Total weight: 1LBS
Declared value: 0.00USD
Special Services:
Pickup/Drop-off: Use an already scheduled pickup at my location

Billing Information

Bill transportation to: Sender
Your reference:
P.O. no.:
Invoice no.:
Department no.:

Thank you for shipping online with Fedex ShipManager at fedex.com.

Please Note

FedEx will not be responsible for any claim in excess of \$100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery, or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim. Limitations found in the current FedEx Service Guide apply. Your right to recover from FedEx for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental, consequential, or special is limited to the greater of \$100 or the authorized declared value. Recovery cannot exceed actual documented loss. Maximum for items of extraordinary value is \$500, e.g., jewelry, precious metals, negotiable instruments and other items listed in our Service Guide. Written claims must be filed within strict time limits; Consult the applicable FedEx Service Guide for details. The estimated shipping charge may be different than the actual charges for your shipment. Differences may occur based on actual weight, dimensions, and other factors. Consult the applicable [FedEx Service Guide](#) or the FedEx Rate Sheets for details on how shipping charges are calculated.

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



June 24, 2010

Via: FedEx Overnight

Penroc Oil Corporation
Attn: M.Y. Merchant, President
P.O. Box 2769
Hobbs, New Mexico 88241-2769

Re: Operating Agreement
Boxer 3 Fee No. 4
E/2E/2 Section 3-T15S-R31E
Chaves County, New Mexico

Dear Mr. Merchant,

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

Shipment Receipt
Address Information**Ship to:**Mr. Merch Merchant
Penroc Oil Corporation
1515 W CALLE SUR STHOBBS, NM
882400998
US
5754921236**Ship from:**Samatha Spencer
Cimarex Energy Co.
600 N Marienfeld
Suite 600
Midland, TX
79701
US
4325717800**Shipping Information**Tracking number: 793669958006
Ship date: 06/24/2010
Estimated shipping charges: 15.64**Package Information**Service type: Priority Overnight
Package type: FedEx Envelope
Number of packages: 1
Total weight: 1LBS
Declared value: 0.00USD
Special Services:
Pickup/Drop-off: Use an already scheduled pickup at my location**Billing Information**Bill transportation to: Sender
Your reference: Proposed Operating Agreement
P.O. no.:
Invoice no.:
Department no.:

Thank you for shipping online with Fedex ShipManager at fedex.com.

Please Note

FedEx will not be responsible for any claim in excess of \$100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery, or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim. Limitations found in the current FedEx Service Guide apply. Your right to recover from FedEx for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental, consequential, or special is limited to the greater of \$100 or the authorized declared value. Recovery cannot exceed actual documented loss. Maximum for items of extraordinary value is \$500, e.g., jewelry, precious metals, negotiable instruments and other items listed in our Service Guide. Written claims must be filed within strict time limits. Consult the applicable FedEx Service Guide for details. The estimated shipping charge may be different than the actual charges for your shipment. Differences may occur based on actual weight, dimensions, and other factors. Consult the applicable [FedEx Service Guide](#) or the FedEx Rate Sheets for details on how shipping charges are calculated.

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



June 24, 2010

Via: FedEx Overnight

First Roswell Co.
Attn: Thomas Jennings, President
111 South Kentucky Ave.
Roswell, New Mexico 88203

Re: Operating Agreement
Boxer 3 Fee No. 4
E/2E/2 Section 3-T15S-R31E
Chaves County, New Mexico

Dear Mr. Jennings,

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.

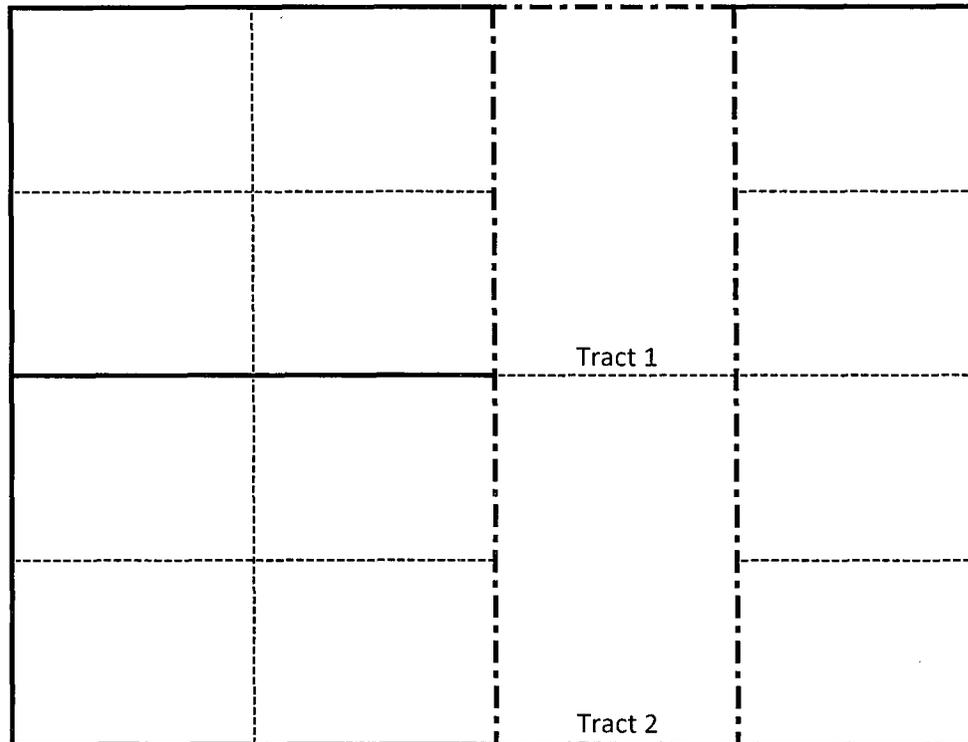
Sincerely,

Cimarex Energy Co.

A handwritten signature in cursive script that reads "Samatha Spencer".

Samatha Spencer
Land Department

Boxer 3 Fee No. 3: W/2E/2 (161.06 acres)



Tract 1: W/2NE/4: 81.06 acres

Owners:	Tract Interest:	Tract Factor:	Unit Interest:
Cimarex	1	0.5032907	0.5032907
	1.00000000		0.5032907

Tract 2: W/2SE/4: 80 acres

Owners:	Tract Interest:	Tract Factor:	Unit Interest:
Cimarex	0.40000000	0.49670930	0.19868372
Chesapeake	0.12500000	0.49670930	0.06208866
Chisos, Ltd.	0.10000000	0.49670930	0.04967093
Pure Energy	0.25000000	0.49670930	0.12417733
First Roswell Co.	0.12500000	0.49670930	0.06208866
	1.00000000		0.49670930

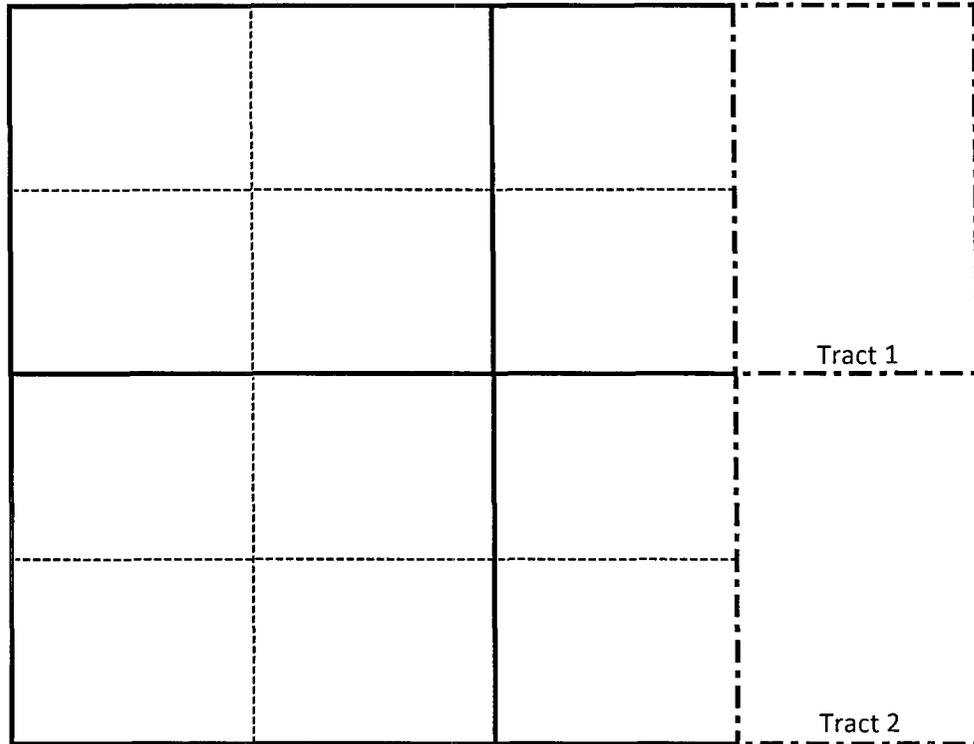
Total Well Interest:

Cimarex	0.70197442
Pure Energy	0.12417733
Chesapeake	0.06208866
First Roswell Co.	0.06208866
Chisos, Ltd.	0.04967093
Total:	1.00000000

Total Committed Interest:

Cimarex	0.70197442
First Roswell Co.	0.06208866
Chisos, Ltd.	0.04967093
Total:	0.81373401

Boxer 3 Fee No. 4: E/2E/2 (161.02 acres)



Tract 1: E/2NE/4: 81.02 acres

Owners:	Tract Interest:	Tract Factor:	Unit Interest:
Cimarex	0.66666667	0.50316731	0.335444873
First Roswell Co.	0.33333333	0.50316731	0.16772244
	1.00000000		0.50316731

Tract 2: E/2SE/4: 80 acres

Owners:	Tract Interest:	Tract Factor:	Unit Interest:
Cimarex	0.33962965	0.49683269	0.16873911
COG Oil & Gas, LP	0.25000000	0.49683269	0.12420817
Penroc Oil Corp.	0.16111111	0.49683269	0.08004527
Undetermined	0.24925923	0.49683269	0.12384014
	1.00000000		0.49683269

Total Well Interest:

Cimarex	0.50418399
First Roswell Co.	0.16772244
COG Oil & Gas, LP	0.12420817
Penroc Oil Corp.	0.08004527
Undetermined	0.12384014
Total:	1.00000000

Total Committed Interest:

Cimarex	0.50418399
First Roswell Co.	0.16772244
Penroc Oil Corp.	0.08004527
	0.75195169

July 20, 2010

New Mexico Oil Conservation Division
Santa Fe, New Mexico

**Re: Boxer 3 Fee Well No. 4
E/2E/2, Section 3, T-15-S, R-31-E
Chaves County, New Mexico**

Ladies & Gentlemen:

This letter is in support of Cimarex Energy Company to be designated as the operator of the captioned well. Penroc also supports Cimarex position to drill the well in a north to south orientation.

Penroc has participated with Cimarex over the past many years in this area of interest as well as others in Southeast New Mexico, and is satisfied with their expertise in drilling and completion of the wells and eventual operations of the wells. Penroc also believes Cimarex does a better job in controlling expenses in order for the wells to be economic for all working interest owners hence mineral owners.

If you have any questions, please do not hesitate to contact the undersigned. Thank you.

Sincerely,

M. Y. (Merch) Merchant
President
PENROC OIL CORPORATION
(575)492-1236
mymerch@penrocoil.com

CHISOS, LTD.
670 Dona Ana Road SW
Deming, New Mexico 88030
575 546-8802 – Office
575 546-7551 – Fax
sueanncraddock@zianet.com

July 19, 2010

Mr. Hayden P. Tresner
Cimarex Energy Company
600 N. Marienfeld, Suite 600
Midland, Texas 79701

Re: Boxer "3" Fee No. 3
Section 3 Township 15 South, Range 31 East
Chaves County, New Mexico

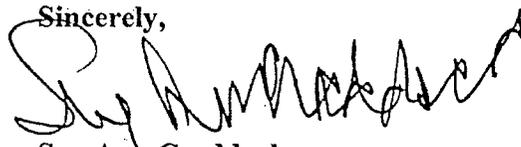
Ladies and Gentlemen:

Please let this letter serve as the written notice that Chisos, Ltd. ("Chisos"), a working interest owner in the proposed well referenced above, does unequivocally support Cimarex Energy Company as the operator for this well.

Additionally, Chisos recommends and agrees that a north to south well orientation is most appropriate for the drilling of this well.

If you need anything else, please let me know.

Thank you.

Sincerely,

Sue Ann Craddock
President

FIRST ROSWELL COMPANY

111 SOUTH KENTUCKY AVENUE
POST OFFICE BOX 1797
ROSWELL, NEW MEXICO 88202-1797

TELEPHONE (505) 623-8331
TELECOPIER (505) 622-8433

19 July 2010

Cimarex Energy Company
Attention: Hayden Tresner, Land Department
600 Marienfeld Street, Suite 600
Midland, Texas 79701

Re: **Boxer Number 3 well**
T15S R31E, NMPM Section 3: W½E½;
Boxer Number 4 well
T15S R31E, NMPM Section 3: E½E½;
FRC – 006 Rodden
Township 15 South, Ranger 31 East, N.M.P.M.
Section 3: Lot 1, SE¼NE¼ (E ½ NE¼); (1/3 mineral interest)
containing 81.02 acres, more or less,
W½SE¼; (1/8 mineral interest)
containing 80.00 acres, more or less,
TEJ – 971 Gardner
Township 15 South, Ranger 31 East, N.M.P.M.
Section 3: W½SE¼; (1/8 mineral interest)
Chaves County, New Mexico

Hayden:

Pursuant to agreement with First Roswell Company regarding above Referenced wells enclosed and returned herewith for First Roswell Company (FRC) and Thomas E. Jennings (TEJ) are, as follows:

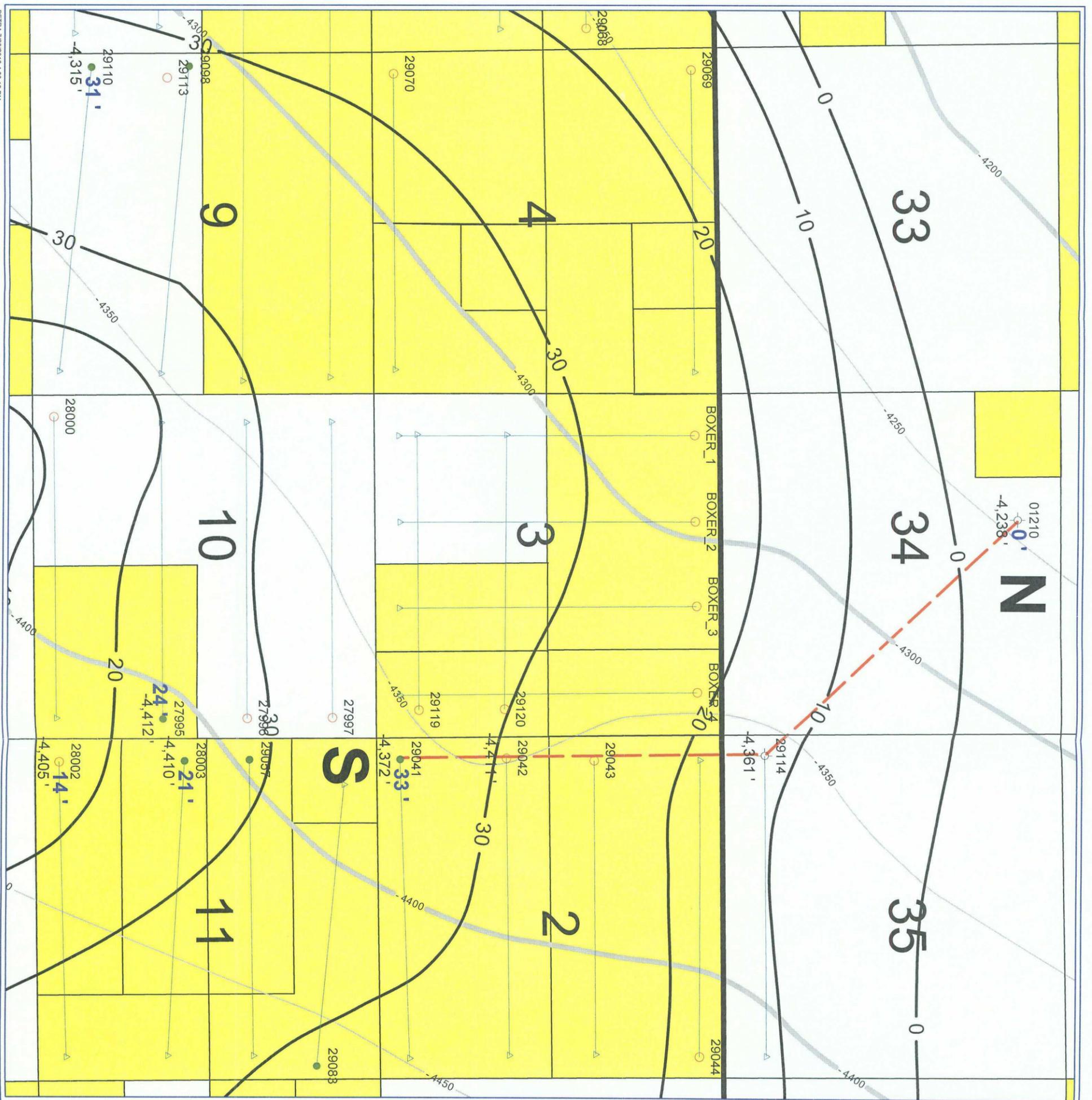
Operating Agreement signature pages (2) dated, executed by FRC, and notarized;
Authority for Expenditure (AFE) dated and executed by FRC
Assignment of Oil and Gas Lease original dated, executed by TEJ, and notarized;
FRC Geological Requirements.

First Roswell Company and Thomas E. Jennings support Cimarex Energy Company's decision to drill wells in Section 3 as a stand-up unit to take advantage of the geological situation and structure.

Should Cimarex Energy Company have any question, require additional documentation or information, or be unable to timely commence operations kindly provide written advise to the undersigned. With kind regards, I remain,

Respectfully,


Thomas E. Jennings
President and Individually
Enclosures stated.



CIMAREX ENERGY CO.

CAPROCK ABO

BOXER PROSPECT

LOWER ABO NET POROSITY MAP

HUECO (WOLFCAMP) STRUCTURE MAP

POSTED WELL DATA

Api Series

LABO_NET_POROSITY (CURRENT) (%)

TOP_WOLFCAMP_IN17_30 (SS) (')

- WELL SYMBOLS
- Dry Hole
 - New Symbol
 - Oil Well

REMARKS

ALL WELLS > 6,250'

ISOPACH CI = 10' (black lines)
STRUCTURAL CI = 50' (gray lines)

Yellow is Cimarex leasehold

By: R. Worthington



July 20, 2010



01210



GULF OIL CORP
CAPROCK UNIT
1
T14S R31E S34
660 FNL 1980 FWL
ELEV_KB : 4.430 FT

29114

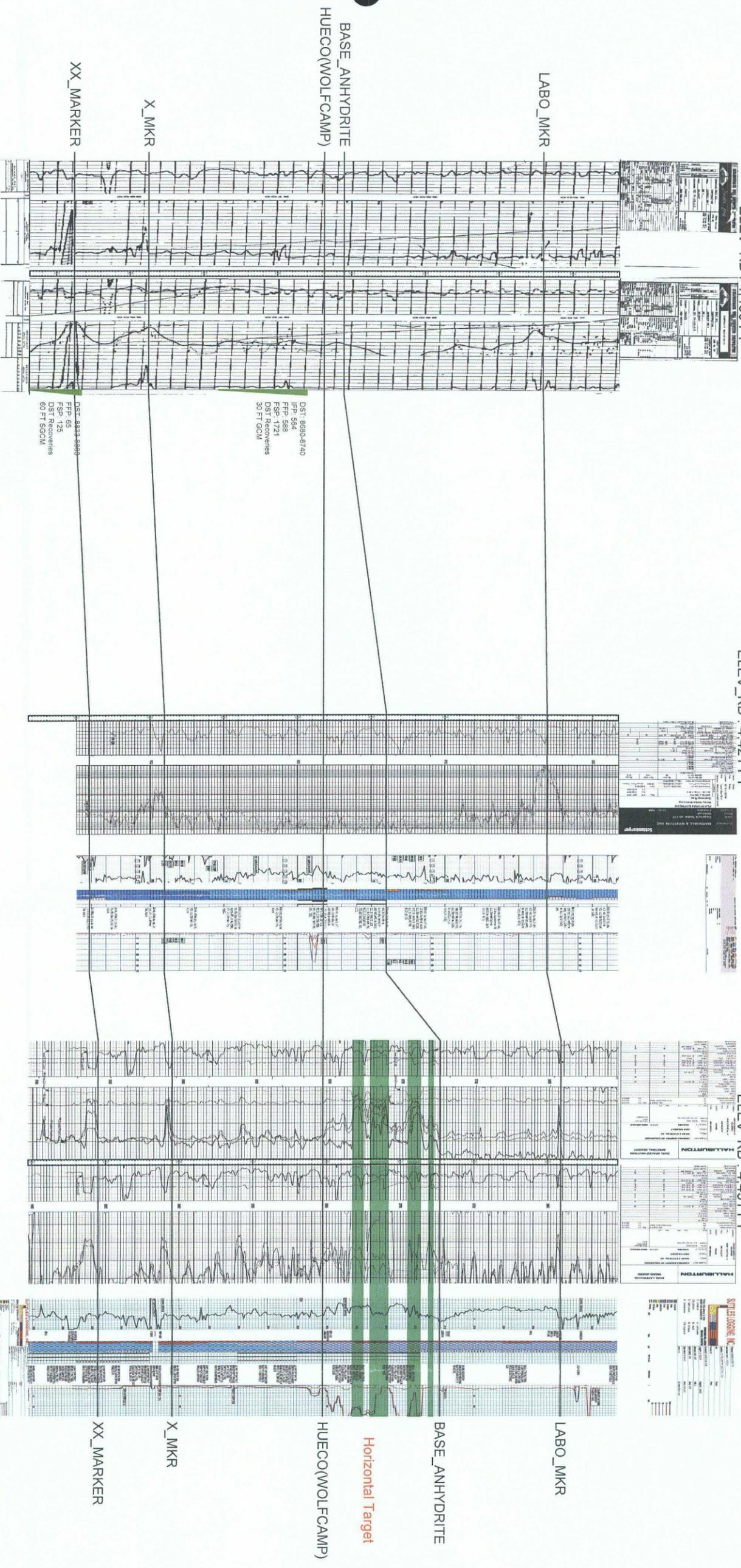


MARSHALL & WINSTON
CAPROCK 35 STATE
1
T14S R31E S35
660 FSL 330 FWL
ELEV_KB : 4.421 FT

29041



CIMAREX ENERGY CO
WASP 2 STATE
1
T15S R31E S2
375 FSL 330 FWL
ELEV_KB : 4.431 FT



CIMAREX ENERGY CO.

CAPROCK ABO

LOWER ABO/WOLFCAMP
STRATIGRAPHIC X-SECTION

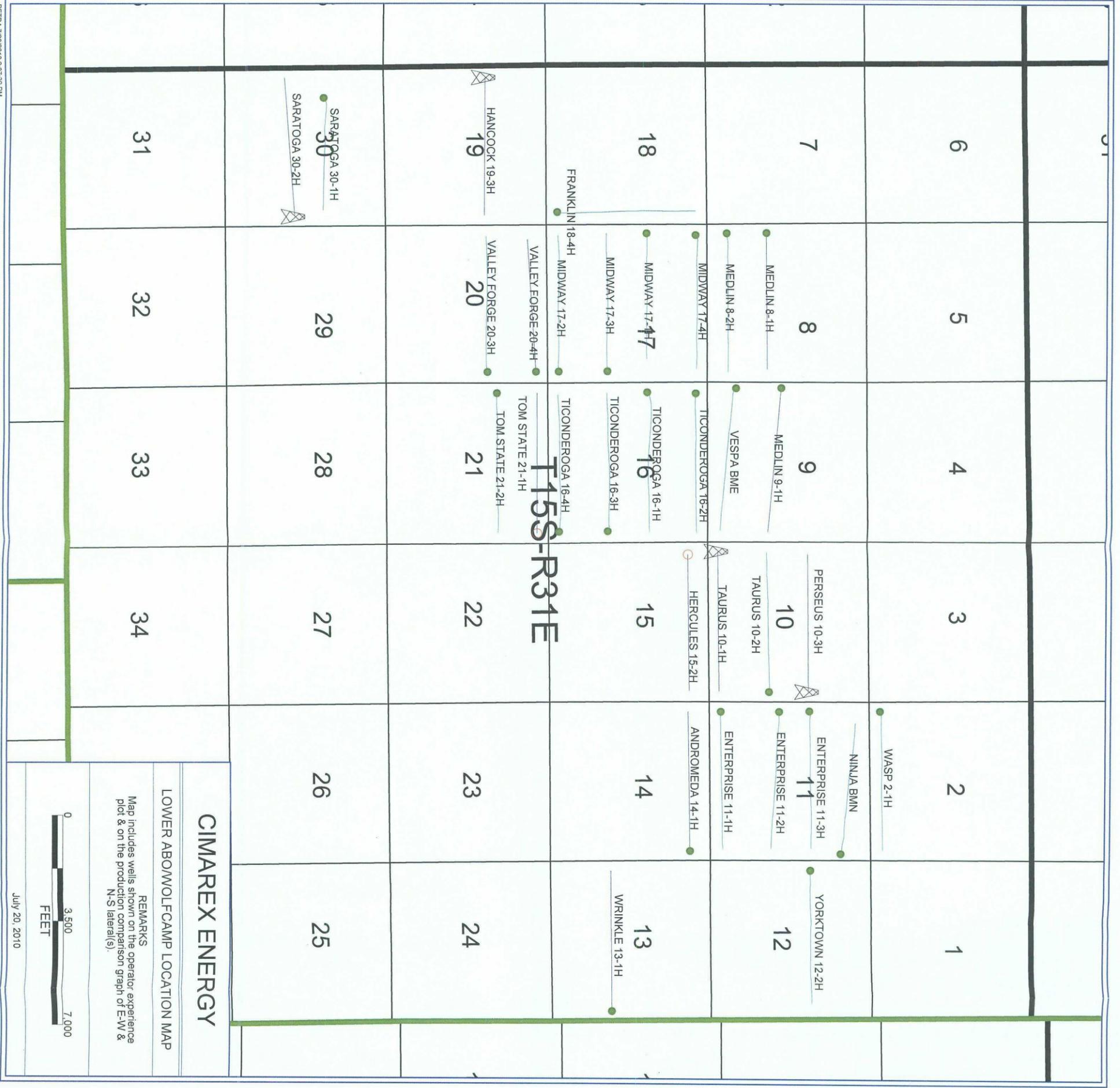
Chaves Co., NM

API Suite
HSEI Operator
Well Name
Well Number
Township
Range
Section
WELL - ELEV_KB FT

Constant Distance Between Wells
Datum: Top Hueco (Wolfcamp)
(base Abo)

By: R. Worthington

July 20 2010 4:01 PM



CIMAREX ENERGY

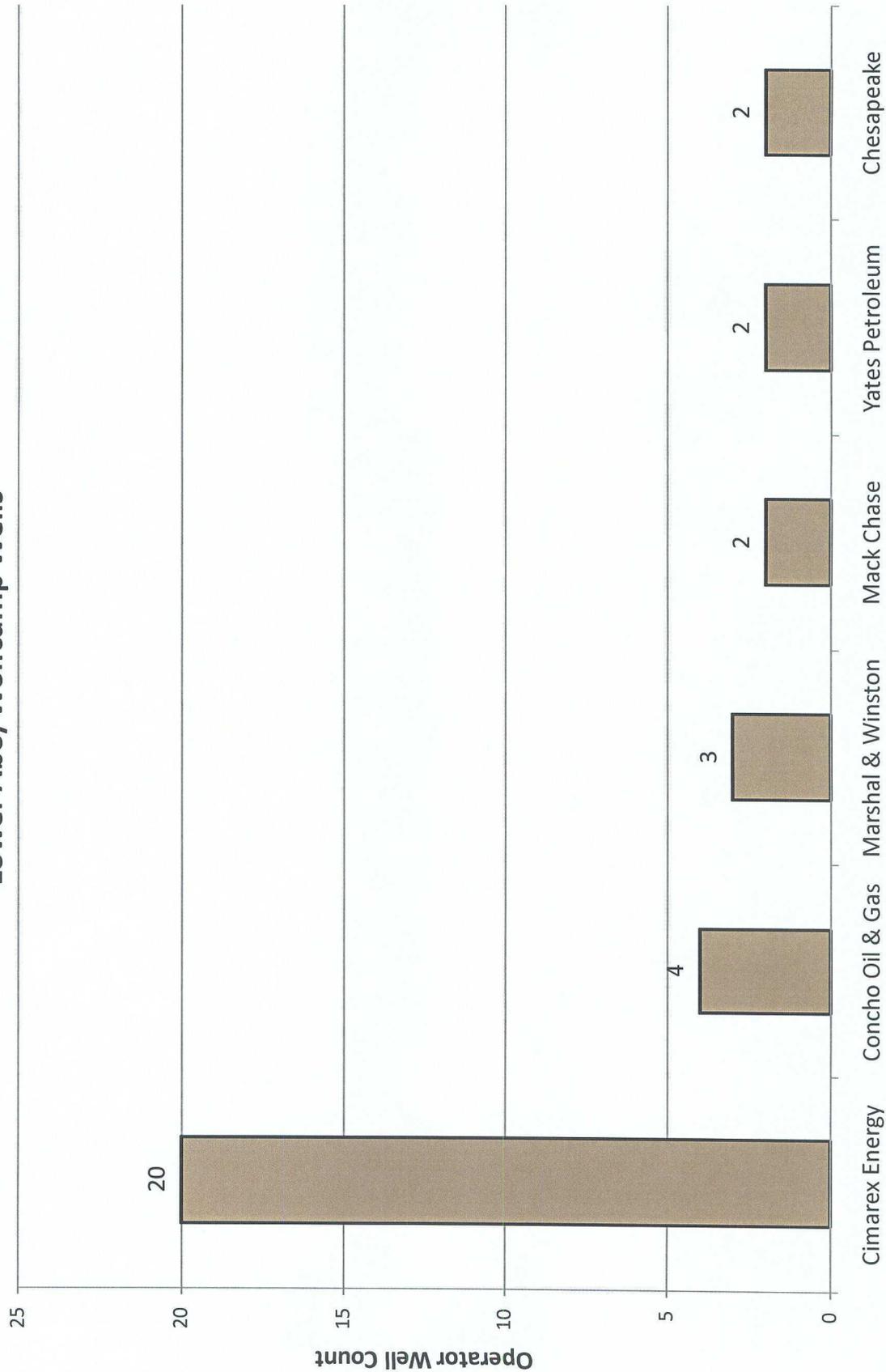
LOWER ABOWOLFECAMP LOCATION MAP

REMARKS
Map includes wells shown on the operator experience plot & on the production comparison graph of E-W & N-S lateral(s).

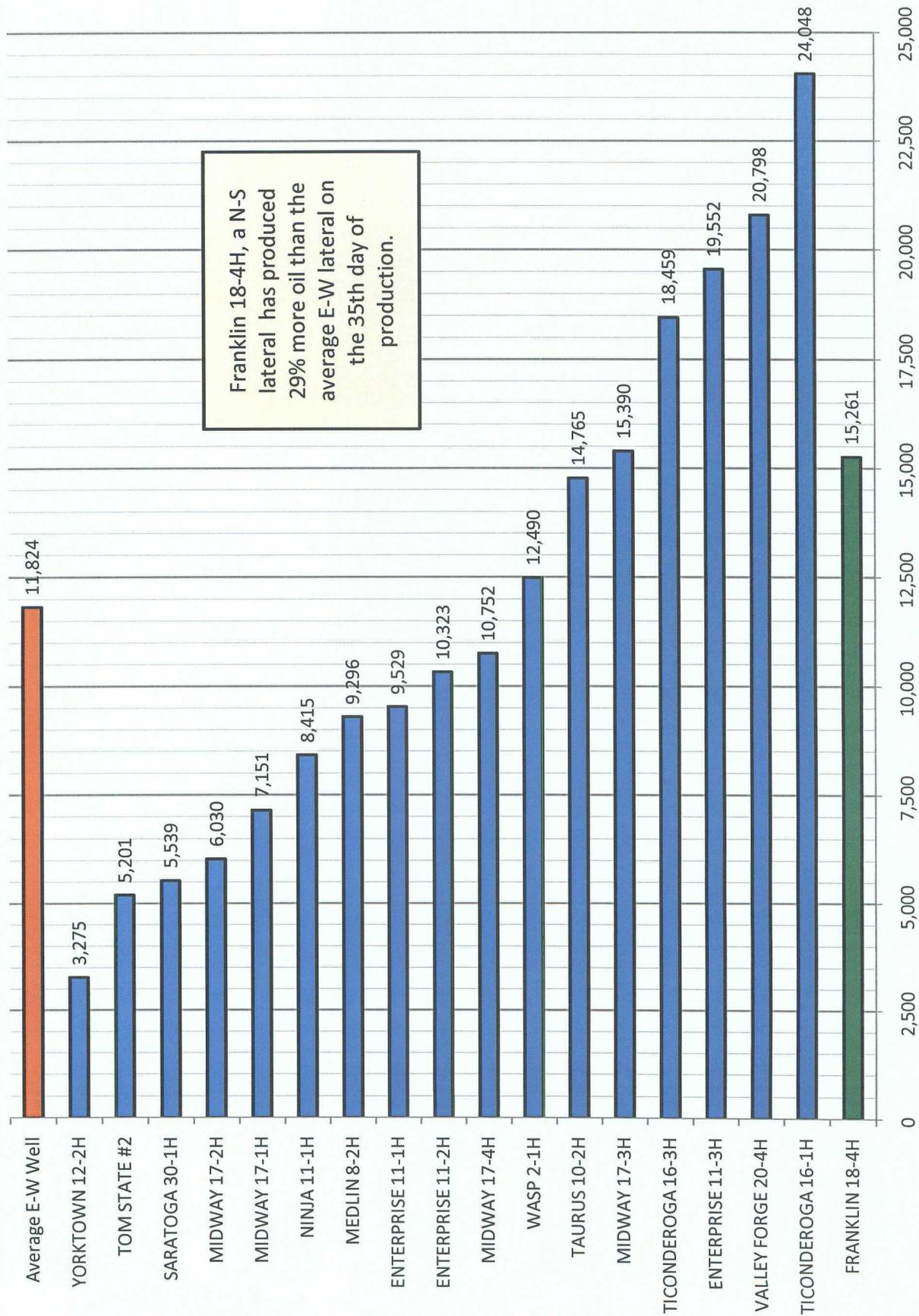


July 20, 2010

Operator Regional Experience: Wells Drilled, Drilling, & Producing T15S R31E Chaves County, NM Lower Abo/Wolfcamp Wells



Cumulative Oil Production On The 35th Day of Production



Franklin 18-4H, a N-S lateral has produced 29% more oil than the average E-W lateral on the 35th day of production.

CAPROCK CUMULATIVE OIL PRODUCTION TRENDS

WELL NAME	CUMULATIVE OIL PRODUCTION (Bbls)													
	5 TH DAY	10 TH DAY	15 TH DAY	20 TH DAY	25 TH DAY	30 TH DAY	35 TH DAY	40 TH DAY	45 TH DAY	50 TH DAY	55 TH DAY	60 TH DAY	65 TH DAY	70 TH DAY
FRANKLIN 18-4H	1,854	4,885	7,517	9,594	11,611	13,497	15,261	17,025	18,789	20,553	22,317	24,081	25,845	27,609
TICONDEROGA 16-1H	1,409	4,115	8,752	13,003	17,577	20,845	24,048	27,251	30,454	33,657	36,860	40,063	43,266	46,469
VALLEY FORGE 20-4H	3,259	6,972	10,451	13,250	15,754	18,355	20,798	23,241	25,684	28,127	30,570	33,013	35,456	37,899
ENTERPRISE 11-3H	386	2,692	6,302	9,094	12,778	16,252	19,552	22,852	26,152	29,452	32,752	36,052	39,352	42,652
TICONDEROGA 16-3H	3,196	6,175	9,220	11,575	13,894	16,388	18,459	20,530	22,601	24,672	26,743	28,814	30,885	32,956
MIDWAY 17-3H	2,084	4,283	6,181	8,218	10,619	13,194	15,390	17,586	19,778	21,970	24,162	26,354	28,546	30,738
TAURUS 10-2H	829	3,273	6,019	8,154	11,400	13,683	14,765	15,847	16,931	18,015	19,099	20,183	21,267	22,351
WASP 2-1H	1,555	3,350	5,410	7,410	9,183	10,822	12,490	14,158	15,826	17,494	19,162	20,830	22,498	24,166
MIDWAY 17-4H	1,310	2,809	4,163	5,546	7,229	8,632	10,752	12,255	13,758	15,261	16,764	18,267	19,770	21,273
ENTERPRISE 11-2H	431	1,255	2,901	4,657	6,751	8,570	10,323	12,076	13,829	15,582	17,335	19,088	20,841	22,594
ENTERPRISE 11-1H	1,548	2,659	4,123	5,537	6,842	8,195	9,529	10,863	12,197	13,531	14,865	16,199	17,533	18,867
MEDLIN 8-2H	719	1,861	3,156	4,642	6,132	7,570	9,296	10,822	12,348	13,874	15,400	16,926	18,452	19,978
NINJA 11-1H	1,022	2,751	4,008	5,151	6,413	7,457	8,415	9,373	10,331	11,289	12,247	13,205	14,163	15,121
MIDWAY 17-1H	601	1,838	3,309	4,090	5,002	6,103	7,151	8,200	9,248	10,296	11,344	12,392	13,440	14,488
MIDWAY 17-2H	754	1,514	2,219	2,994	3,875	4,998	6,030	7,062	8,094	9,126	10,158	11,190	12,222	13,254
SARATOGA 30-1H	1,370	2,418	3,274	3,944	4,490	5,064	5,539	6,014	6,489	6,964	7,439	7,914	8,389	8,864
TOM STATE #2	463	1,025	1,785	2,628	3,501	4,367	5,201	6,035	6,869	7,703	8,537	9,371	10,205	11,039
YORKTOWN 12-2H	348	680	1,102	1,586	2,072	2,685	3,275	3,865	4,455	5,045	5,635	6,225	6,815	7,405
Average E-W Well	1,252	2,922	4,846	6,558	8,442	10,187	11,824	13,461	15,098	16,735	18,372	20,009	21,646	23,283