Form 3160-3
(April 2004)

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.: SHL NM-025497, BHL NM-063530

6. If Indian, Allotee or Tribe Name:

1a Type of Work: ☒ DRILL ☐ REENTER

7. If Unit or CA Agreement, Name and No.:

1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone

8. Lease Name and Well No.: East Lusk 15 Federal Com No. 1Y <38371>

2. Name of Operator: Cimarex Energy Co. of Colorado <162683>

9. API Well No.: 30-025- 41300

3a Address: 600 N. Marienfeld St., Ste. 600, Midland, TX 79701

3b Phone No. (include area code): 432-571-7800

10. Field and Pool, or Exploratory: Lusk; Bone Spring, E <41442>

4. Location of Well (Report location clearly and in accordance with any State requirements.*) Unit M

At Surface: Unit P 660 FSL & 380 FEL

At Bottom Hole: 660 FSL & 660 FWL

At proposed prod. Zone: 660 FSL & 330 FEL Horizontal Bone Spring test

11. Sec., T., R., M., or Blk. and Survey or Area: 15-19S-32E

14. Distance in miles and direction from nearest town or post office*

12. County or Parish: Lea

13. State: NM

15. Distance from proposed* location to nearest property or lease line, ft (Also to nearest drlg. unit line if any)	16. No of acres in lease	17. Spacing Unit dedicated to this well
660'	NM-025497 - 920 acres NM-063530 - 440 acres	S2S2 160
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft 50' N/A	**19. Proposed Depth** Pilot Hole 10100' MD 13882' TVD 9987'	**20. BLM/BIA Bond No. on File** NM-2575
21. Elevations (Show whether DF, KDB, RT, GL, etc.)	**22. Approximate date work will start***	**23. Estimated duration**
3615' GR	09.24.11	25-30 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

1. Well plat certified by a registered surveyor
2. A Drilling Plan
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator Certification
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature	Name (Printed/Typed)	Date
Zeno Farris	Zeno Farris	09.21.11

Title: Manager Operations Administration

Approved By (Signature)	Name (Printed/Typed)	Date
	Don Peterson	9/22/11
Title: AFM	Office: CARLSBAD FIELD OFFICE	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

KZ

Title 18 U.S.S. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious, or fraudulent statements or representations as to any matter within its jurisdiction.

* (Instructions on page 2)

SEP 27 2011

Application to Drill
East Lusk 15 Federal Com No. 1
Cimarex Energy Co. of Colorado
Unit P, Section 15
T19S-R32E, Lea County, NM

In response to questions asked under Section II B of Bulletin NTL-6, the following information is provided for your consideration:

1 Location: SHL 660 FSL & 660 FEL
BHL ~~661 FSL & 851 FEL~~ 660's & 660'W per New plat of 8/18/10. CR

2 Elevation above sea level: 3615' GR

3 Geologic name of surface formation: Quaternery Alluvium Deposits

4 Drilling tools and associated equipment: Conventional rotary drilling rig using fluid as a circulating medium for solids removal.

5 Proposed drilling depth: Pilot Hole 10200' MD 13882' TVD 9987'

6 Estimated tops of geological markers:

Rustler	1200'	Bone Spring	7850'
Yates	3020'	Wolfcamp	11100'
Capitan	3650'	Strawn	12110'
Delaware	5180'	Morrow	12820'

7 Possible mineral bearing formation:

Bone Spring	Oil
Delaware	Oil
Yates/7 Rivers	Oil

8 Proposed Mud Circulating System:

Depth			Mud Wt	Visc	Fluid Loss	Type Mud
0'	to	~~575'~~ 1185'	8.4 - 8.6	28	NC	FW
~~575'~~ 1185'	to	5200'	10.0	30-32	NC	Brine water
5200'	to	13882'	8.4 - 9.5	30-32	NC	FW, brine

Sufficient mud materials will be kept on location at all times in order to combat lost circulation or unexpected kicks. In order to run DSTs, open hole logs, and casing, the viscosity and water loss may have to be adjusted in order to meet these needs.

Proposed drilling Plan

Drill 8¾" pilot hole to 10100' and log. Set 250 sx Class H cmt plug from 9550-10100.' Kick off 8¾" lateral @ 9800' and drill to TD @ 13882.' Run 5½" 17# P-110 LTC from 0-13882.'

Application to Drill
East Lusk 15 Federal Com No. 1
Cimarex Energy Co. of Colorado
Unit P, Section 15
T19S-R32E, Lea County, NM

9 Casing & Cementing Program See COA

String	Hole Size	Depth			Casing OD		Weight	Collar	Grade
Surface	17½"	0'	to	~~575'~~ 1185'	New	13⅜"	48#	STC	H-40
Intermediate	12¼"	0'	to	5200'	New	9⅝"	40#	LTC	~~J/K-55~~ N-80
Production	8¾"	0'	to	13882'	New	5½"	17#	LTC	P-110

Per Operator ie 12-22-10 DW

10 Cementing:

Surface 650 sx Premium Plus + 2% $CaCl_2$ (wt 14.8, yld 1.35)
TOC Surface

See COA **Intermediate** Lead 415 sx Econocem + 3% Salt + 2% $CaCl_2$ + 3 lbm/sk Gilsonite (wt 11.7, yld 2.06)
Tail: 650 sks Premium Plus + 1% $CaCl_2$ (wt 14.8, yld 1.34)
TOC Surface

Production Lead: 500 sx EconoCem + 5# Gilsonite (wt 11.9, yld 2.48)
Tail: 1730 sx Halcem (wt 15.6, yld 1.19)
TOC 5000'

Fresh water zones will be protected by setting 13⅜" casing at 575' and cementing to surface. Hydrocarbon zones will be protected by setting 9⅝" casing at 5200' and cementing to surface, and by setting 5½" casing at 13882' and cementing to 5000 '

Collapse Factor	*Burst Factor*	*Tension Factor*
1.125	1 125	1.6

11 Pressure control Equipment:
Exhibit "E". A 13⅝" 5000 PSI working pressure BOP tested to 3000 psi consisting of one set of blind rams and one set of pipe rams and a 5000# annular type preventer. A choke manifold and 120 gallon accumulator with floor and remote operating stations and auxiliary power system. Rotating head as needed. A kelly cock will be installed and maintained in operable condition and a drill string safety valve in the open position will be available on the rig floor.

BOP unit will be hydraulically operated. BOP will be nippled up and operated at least once a day while drilling and the blind rams will be operated when out of hole during trips. No abnormal pressure or temperature is expected while drilling From the base of the 20" surface pipe, the well will be equipped with a 2M diverter system with rotating head (see exhibit E-1). From the base of the 13⅜" casing through the running of production casing, the well will be equipped with a 5000 psi BOP system tested to 3000 psi.

BOPS will be tested by an independent service company to 250 psi low and 3000 psi high. Hydril will be tested to 250 psi low and 1500 psi high.

Cimarex Energy Co. of Colorado (operator) requests a variance if Cactus 101 (rig name) is used to drill this well to use a co-flex line between the BOP and choke manifold.
Manufacturer: Midwest Hose & Specialty
Serial Number: 63270
Length: 35' Size: 4-1/16" Ends (flanges)/clamps
WP rating 10,000 psi Anchors required by manufacturer – Yes/(No)

12 Testing, Logging and Coring Program: See COA

A. Mud logging program: 2 man unit from 5200' to TD
B. Electric logging program: CNL / LDT / CAL / GR, DLL / CAL / GR
C. No DSTs or cores are planned at this time.

13 Potential Hazards:

No abnormal pressures or temperatures are expected. In accordance with Onshore Order 6, Cimarex does not anticipate that there will be enough H_2S from the surface to the Bone Spring formations to meet the BLM's minimum requirements for the submission of an "H_2S Drilling Operation Plan" or "Public Protection Plan" for the drilling and completion of this well. Since we have an H_2S Safety package on all wells, attached is an "H_2S Drilling Operations Plan." Adequate flare lines will be installed off the mud / gas separator where gas may be flared safely. All personnel will be familiar with all aspects of safe operation of equipment being used.

Estimated BHP **3000 psi** Estimated BHT **130°**

14 Road and location construction will begin after BLM approval of APD. Anticipated spud date as soon as approved.
Drilling expected to take 30-35 days
If production casing is run an additional 30 days will be required to complete and construct surface facilities.

15 Other Facets of Operations:

After running casing, cased hole gamma ray neutron collar logs will be run from total depth over possible pay intervals.
Bone Spring pay will be perforated and stimulated.
The proposed well will be tested and potentialed as **an oil well.**

Cimarex Energy Co.

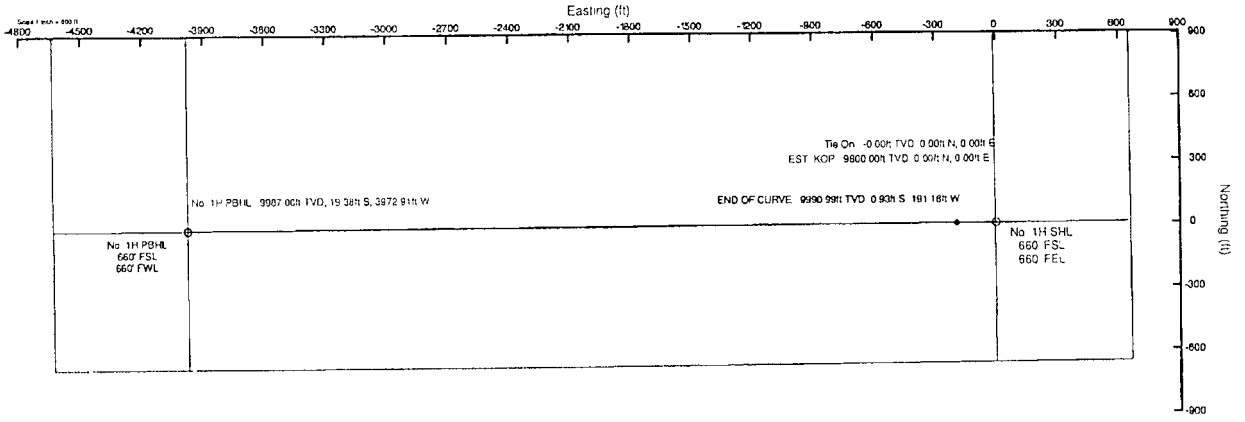
Location	Lea County, NM	Slot	No 1H SHL
Field	(East 15) Sec 15, T19S, R32E	Well	No 1H
Facility	East Lusk 15 Fed Com No 1H	Wellbore	No 1H PWB

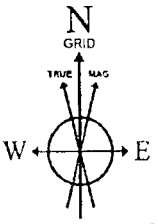
BAKER HUGHES

Well Profile Data

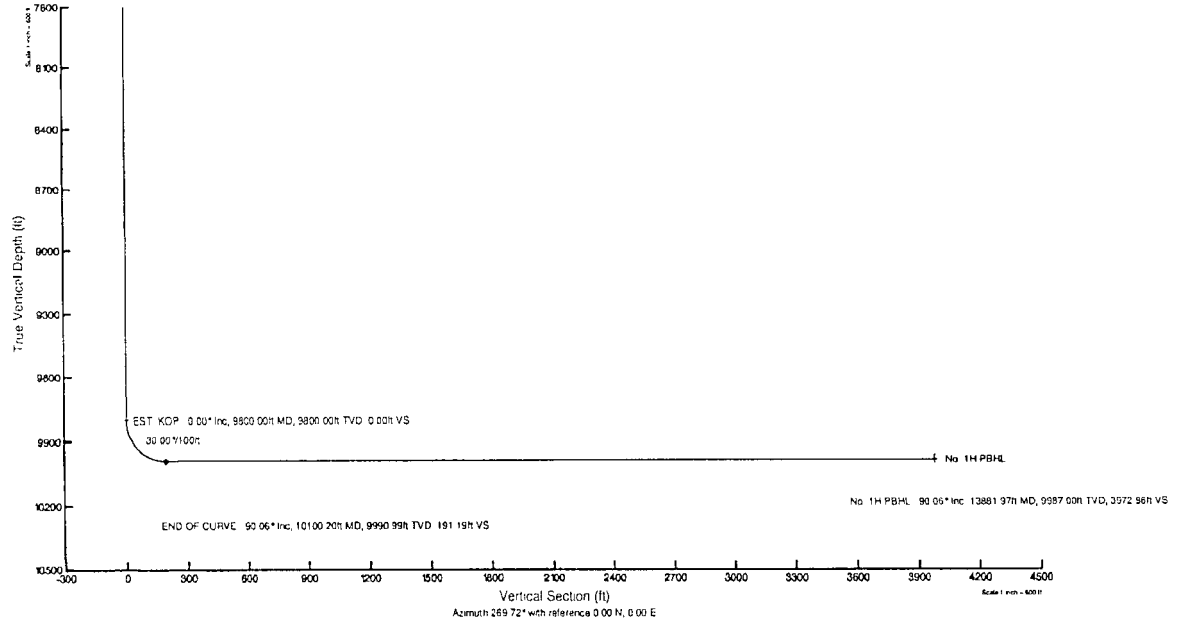
Design Comment	MD (ft)	Inc (°)	Az (°)	TVD (ft)	Local N (ft)	Local E (ft)	DLS (°/100ft)	VS (ft)
Tie On	0 00	0 000	269 720	0 00	0 00	0 00	0 00	0 00
EST KOP	9800 00	0 000	269 720	9800 00	0 00	0 00	0 00	0 00
END OF CURVE	10100 20	90 060	269 720	9990 99	-0 93	-191 18	30 00	191 19
No 1H PBHL	13881 97	90 060	269 720	9987 00	-19 38	-3972 91	0 00	3972 96

Plot reference wellpath is Prelim_2	
True vertical depths are referenced to Rig on No 1H SHL (GL)	Grid System NAD83 / NM New Mexico State Planes Eastern Zone (3001), US feet
Measured depths are referenced to Rig on No 1H SHL (GL)	North Reference Grid north
Rig on No 1H SHL (GL) to Mean Sea Level 3615 feet	Scale True distance
Mean Sea Level to Mud line (Facility East Lusk 15 Fed Com No 1H) -3615 feet	Depths are in feet
Coordinates are in feet referenced to SL	Created by Victor Hernandez on 8/11/2010





BGGM (1945 0 to 2011 0) Dip 60 59° Field 49008 9 nT
Magnetic North is 7 84 degrees East of True North (at 8/10/2010)
Grid North is 0 32 degrees East of True North
To correct azimuth from True to Grid subtract 0 32 degrees
To correct azimuth from Magnetic to Grid add 7 52 degrees
For example if the Magnetic North Azimuth = 90 degs, then the Grid North Azimuth = 90 + 7 52 = 97 52



Planned Wellpath Report

Prelim_2

REFERENCE WELLPATH IDENTIFICATION			
Operator	Cimarex Energy Co.	Slot	No. 1H SHL
Area	Lea County, NM	Well	No. 1H
Field	(East 15) Sec 15, T19S, R32E	Wellbore	No. 1H PWB
Facility	East Lusk 15 Fed Com No. 1H		

REPORT SETUP INFORMATION			
Projection System	NAD83 / TM New Mexico State Planes, Eastern Zone (3001), US feet	Software System	WellArchitect® 2.0
North Reference	Grid	User	Victor Hernandez
Scale	0.999946	Report Generated	8/11/2010 at 11:58:21 AM
Convergence at slot	0.32° East	Database/Source file	WA_Midland/No._1H_PWB.xml

WELLPATH LOCATION	Local coordinates		Grid coordinates		Geographic coordinates	
	North[ft]	East[ft]	Easting[USft]	Northing[USft]	Latitude	Longitude
Slot Location	0.00	0.00	721609.60	602497.70	32°39'17.807"N	103°44'51.325"W
Facility Reference Pt			721609.60	602497.70	32°39'17.807"N	103°44'51.325"W
Field Reference Pt			721939.70	602500.30	32°39'17.815"N	103°44'47.464"W

WELLPATH DATUM			
Calculation method	Minimum curvature	Rig on No 1H SHL (GL) to GL	0.00ft
Horizontal Reference Pt	SL	Rig on No. 1H SHL (GL) to Mean Sea Level	3615.00ft
Vertical Reference Pt	Rig on No. 1H SHL (GL)	GL to Mud Line (Facility)	0.00ft
MD Reference Pt	Rig on No. 1H SHL (GL)	Section Origin	N 0.00, E 0.00 ft
Field Vertical Reference	Mean Sea Level	Section Azimuth	269.72°

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Prelim_2

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Field	(East 15) Sec 15, T19S, R32E	Wellbore	No. 1H PWB
Facility	East Lusk 15 Fed Com No. 1H		

WELLPATH DATA (44 stations) † = interpolated/extrapolated station

MD [ft]	Inclination [°]	Azimuth [°]	TVD [ft]	Vert Sect [ft]	North [ft]	East [ft]	Grid East [srv ft]	Grid North [srv ft]	Latitude	Longitude	DLS [°/100ft]	Comments
0.00	0.000	269 720	0 00	0 00	0.00	0.00	721609.60	602497.70	32°39'17.807"N	103°44'51.325"W	0.00	Tie On
9800.00	0.000	269.720	9800.00	0.00	0.00	0.00	721609.60	602497.70	32°39'17.807"N	103°44'51 325"W	0.00	EST. KOP
9900.00†	30.000	269.720	9895.49	25.59	-0.12	-25.59	721584.01	602497.58	32°39'17.807"N	103°44'51.625"W	30 00	
10000 00†	60 000	269.720	9965 40	95 49	-0 47	-95.49	721514.11	602497.23	32°39'17.808"N	103°44'52 442"W	30 00	
10100 00†	90 000	269.720	9990.99	190 99	-0 93	-190.98	721418.63	602496 77	32°39'17.808"N	103°44'53.559"W	30 00	
10100.20	90.060	269.720	9990 99	191.19	-0.93	-191.18	721418.43	602496.77	32°39'17.808"N	103°44'53.562"W	30.00	END OF CURVE
10200 00†	90 060	269.720	9990.88	290.99	-1.42	-290 98	721318.63	602496.28	32°39'17.809"N	103°44'54.729"W	0.00	
10300 00†	90.060	269.720	9990 78	390.99	-1.91	-390 98	721218 64	602495.79	32°39'17.810"N	103°44'55.898"W	0.00	
10400 00†	90.060	269.720	9990 67	490.99	-2 40	-490.98	721118.65	602495.30	32°39'17.810"N	103°44'57 068"W	0 00	
10500 00†	90.060	269.720	9990 56	590 99	-2.88	-590.98	721018.65	602494.82	32°39'17.811"N	103°44'58 238"W	0 00	
10600.00†	90 060	269.720	9990.46	690.99	-3.37	-690.98	720918.66	602494.33	32°39'17.811"N	103°44'59.407"W	0.00	
10700 00†	90.060	269.720	9990 35	790 99	-3.86	-790 98	720818.67	602493.84	32°39'17.812"N	103°45'00.577"W	0 00	
10800.00†	90.060	269.720	9990.25	890 99	-4.35	-890.97	720718.67	602493.35	32°39'17.813"N	103°45'01.747"W	0.00	
10900 00†	90 060	269 720	9990 14	990 99	-4.83	-990 97	720618.68	602492.87	32°39'17.813"N	103°45'02.916"W	0.00	
11000.00†	90 060	269.720	9990 04	1090 99	-5.32	-1090 97	720518.69	602492 38	32°39'17.814"N	103°45'04 086"W	0.00	
11100.00†	90 060	269 720	9989 93	1190 99	-5.81	-1190 97	720418.70	602491.89	32°39'17.814"N	103°45'05.255"W	0 00	
11200 00†	90 060	269 720	9989 83	1290.99	-6.30	-1290.97	720318.70	602491 40	32°39'17.815"N	103°45'06.425"W	0.00	
11300.00†	90.060	269.720	9989.72	1390.99	-6.79	-1390.97	720218.71	602490.91	32°39'17.816"N	103°45'07 595"W	0 00	
11400.00†	90.060	269.720	9989.62	1490.99	-7 27	-1490.97	720118.72	602490 43	32°39'17.816"N	103°45'08.764"W	0.00	
11500.00†	90.060	269 720	9989.51	1590 99	-7.76	-1590.97	720018.72	602489.94	32°39'17.817"N	103°45'09 934"W	0.00	
11600 00†	90.060	269.720	9989.41	1690 99	-8.25	-1690.96	719918.73	602489.45	32°39'17 817"N	103°45'11.103"W	0.00	
11700.00†	90 060	269.720	9989.30	1790.99	-8.74	-1790.96	719818.74	602488.96	32°39'17 818"N	103°45'12 273"W	0.00	
11800 00†	90 060	269.720	9989.19	1890 98	-9 22	-1890 96	719718 74	602488.48	32°39'17.818"N	103°45'13.443"W	0.00	
11900 00†	90.060	269.720	9989.09	1990.98	-9.71	-1990.96	719618.75	602487.99	32°39'17.819"N	103°45'14 612"W	0 00	
12000.00†	90 060	269.720	9988.98	2090.98	-10.20	-2090.96	719518.76	602487 50	32°39'17.820"N	103°45'15.782"W	0.00	
12100 00†	90.060	269 720	9988.88	2190.98	-10 69	-2190.96	719418.76	602487.01	32°39'17 820"N	103°45'16 952"W	0.00	
12200.00†	90.060	269.720	9988.77	2290 98	-11.18	-2290.96	719318 77	602486 52	32°39'17.821"N	103°45'18.121"W	0.00	
12300.00†	90 060	269 720	9988.67	2390.98	-11.66	-2390.96	719218 78	602486 04	32°39'17 821"N	103°45'19.291"W	0.00	
12400 00†	90.060	269.720	9988.56	2490 98	-12 15	-2490.96	719118 78	602485.55	32°39'17.822"N	103°45'20.460"W	0.00	
12500 00†	90 060	269 720	9988 46	2590 98	-12.64	-2590.95	719018 79	602485.06	32°39'17.822"N	103°45'21.630"W	0 00	

Planned Wellpath Report

Prelim_2

REFERENCE WELLPATH IDENTIFICATION			
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Area	Lea County, NM	Well	No. 1H
Field	(East 15) Sec 15, T19S, R32E	Wellbore	No. 1H PWB
Facility	East Lusk 15 Fed Com No. 1H		

WELLPATH DATA (44 stations) † = interpolated/extrapolated station

MD [ft]	Inclination [°]	Azimuth [°]	TVD [ft]	Vert Sect [ft]	North [ft]	East [ft]	Grid East [srv ft]	Grid North [srv ft]	Latitude	Longitude	DLS [°/100ft]	Comments
12600.00†	90.060	269.720	9988.35	2690.98	-13.13	-2690.95	718918.80	602484.57	32°39'17.823"N	103°45'22.800"W	0.00	
12700.00†	90.060	269.720	9988.25	2790.98	-13.62	-2790.95	718818.80	602484.09	32°39'17.824"N	103°45'23.969"W	0.00	
12800.00†	90.060	269.720	9988.14	2890.98	-14.10	-2890.95	718718.81	602483.60	32°39'17.824"N	103°45'25.139"W	0.00	
12900.00†	90.060	269.720	9988.03	2990.98	-14.59	-2990.95	718618.82	602483.11	32°39'17.825"N	103°45'26.309"W	0.00	
13000.00†	90.060	269.720	9987.93	3090.98	-15.08	-3090.95	718518.82	602482.62	32°39'17.825"N	103°45'27.478"W	0.00	
13100.00†	90.060	269.720	9987.82	3190.98	-15.57	-3190.95	718418.83	602482.13	32°39'17.826"N	103°45'28.648"W	0.00	
13200.00†	90.060	269.720	9987.72	3290.98	-16.05	-3290.95	718318.84	602481.65	32°39'17.826"N	103°45'29.817"W	0.00	
13300.00†	90.060	269.720	9987.61	3390.98	-16.54	-3390.94	718218.85	602481.16	32°39'17.827"N	103°45'30.987"W	0.00	
13400.00†	90.060	269.720	9987.51	3490.98	-17.03	-3490.94	718118.85	602480.67	32°39'17.827"N	103°45'32.157"W	0.00	
13500.00†	90.060	269.720	9987.40	3590.98	-17.52	-3590.94	718018.86	602480.18	32°39'17.828"N	103°45'33.326"W	0.00	
13600.00†	90.060	269.720	9987.30	3690.98	-18.01	-3690.94	717918.87	602479.70	32°39'17.828"N	103°45'34.496"W	0.00	
13700.00†	90.060	269.720	9987.19	3790.98	-18.49	-3790.94	717818.87	602479.21	32°39'17.829"N	103°45'35.665"W	0.00	
13800.00†	90.060	269.720	9987.09	3890.98	-18.98	-3890.94	717718.88	602478.72	32°39'17.829"N	103°45'36.835"W	0.00	
13881.97	90.060	269.720	9987.00[1]	3972.96	-19.38	-3972.91	717636.91	602478.32	32°39'17.830"N	103°45'37.794"W	0.00	No 1H PBHL

TARGETS

Name	MD [ft]	TVD [ft]	North [ft]	East [ft]	Grid East [srv ft]	Grid North [srv ft]	Latitude	Longitude	Shape
1) No. 1H PBHL	13881.97	9987.00	-19.38	-3972.91	**717636.91**	**602478.32**	32°39'17.830"N	103°45'37.794"W	point

SURVEY PROGRAM Ref Wellbore: No. 1H PWB Ref Wellpath: Prelim_2

Start MD [ft]	End MD [ft]	Positional Uncertainty Model	Log Name/Comment	Wellbore
0.00	13881.97	NaviTrak (Standard)		No. 1H PWB

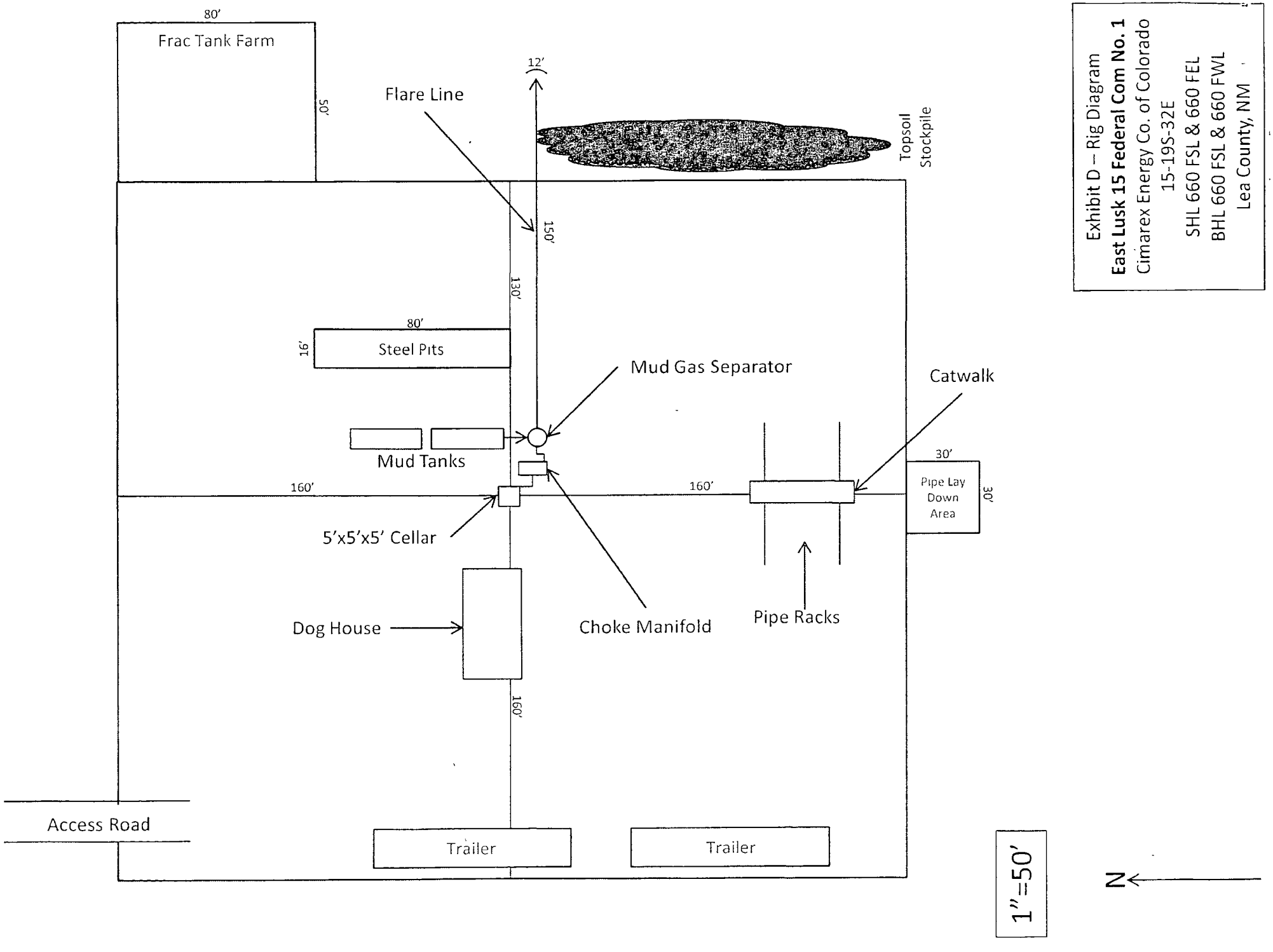


Exhibit D – Rig Diagram
East Lusk 15 Federal Com No. 1
Cimarex Energy Co. of Colorado
15-19S-32E
SHL 660 FSL & 660 FEL
BHL 660 FSL & 660 FWL
Lea County, NM
80'
Frac Tank Farm
50'
12'
Flare Line
Topsoil Stockpile
150'
130'
80'
16'
Steel Pits
Mud Gas Separator
Catwalk
Mud Tanks
30'
160'
160'
Pipe Lay Down Area
30'
5'x5'x5' Cellar
Dog House
Choke Manifold
Pipe Racks
160'
Access Road
Trailer
Trailer
1"=50'
N

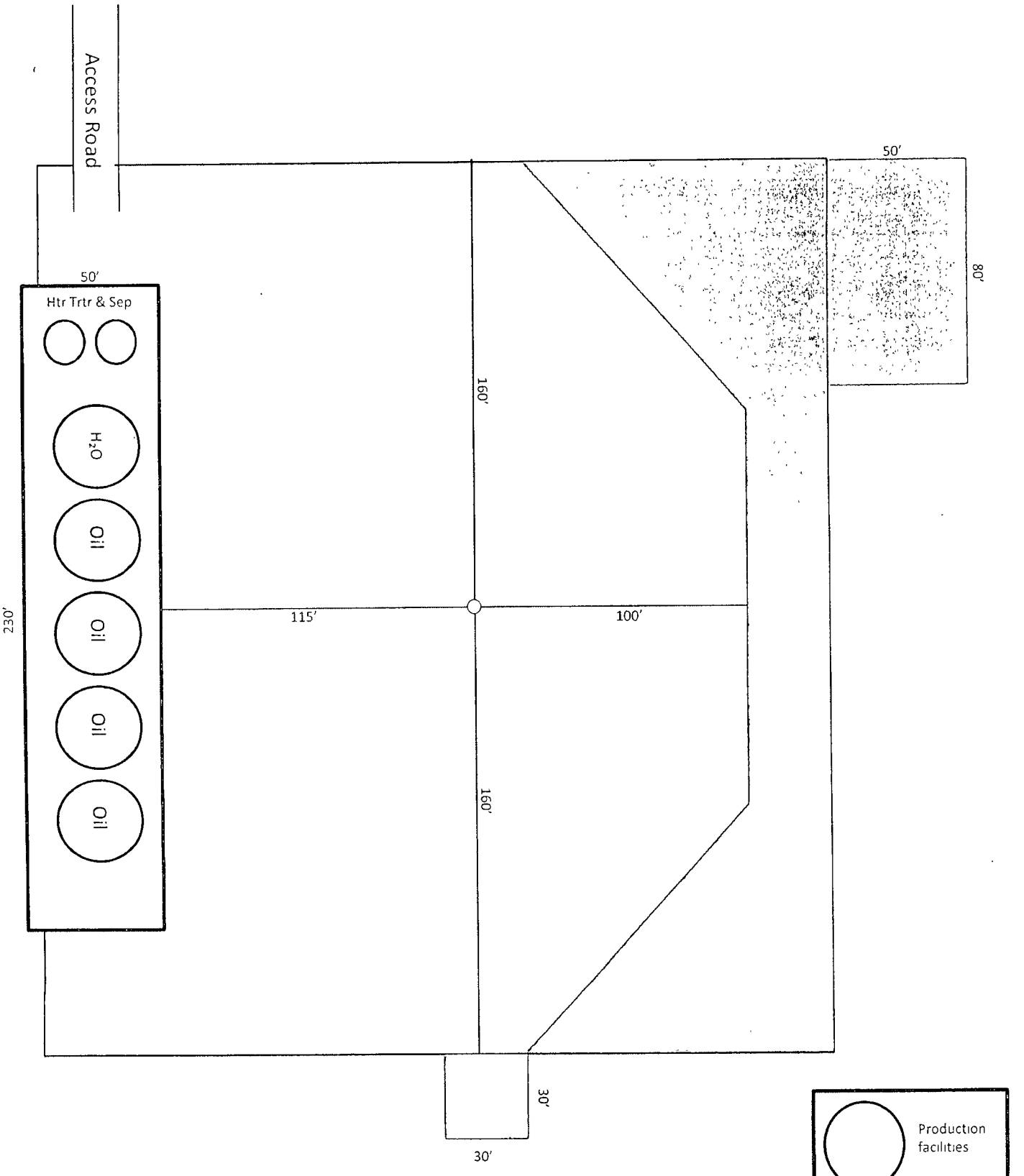


Exhibit D-1
Production Facilities Layout Diagram
East Lusk 15 Federal Com No. 1
Cimarex Energy Co. of Colorado
15-19S-32E
SHL 660 FSL & 660 FEL
BHL 660 FSL & 660 FWL
Lea County, NM

SR & A

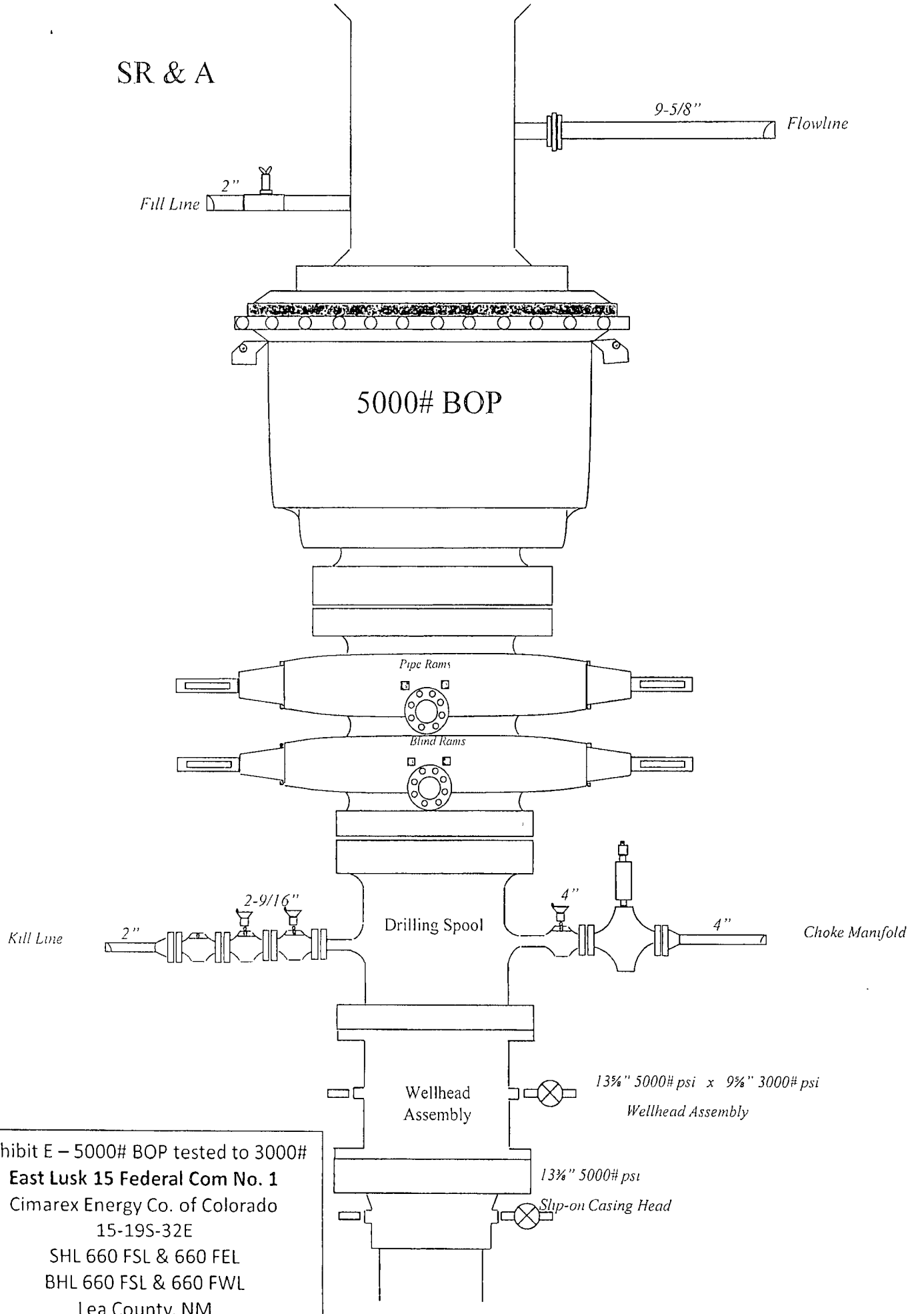
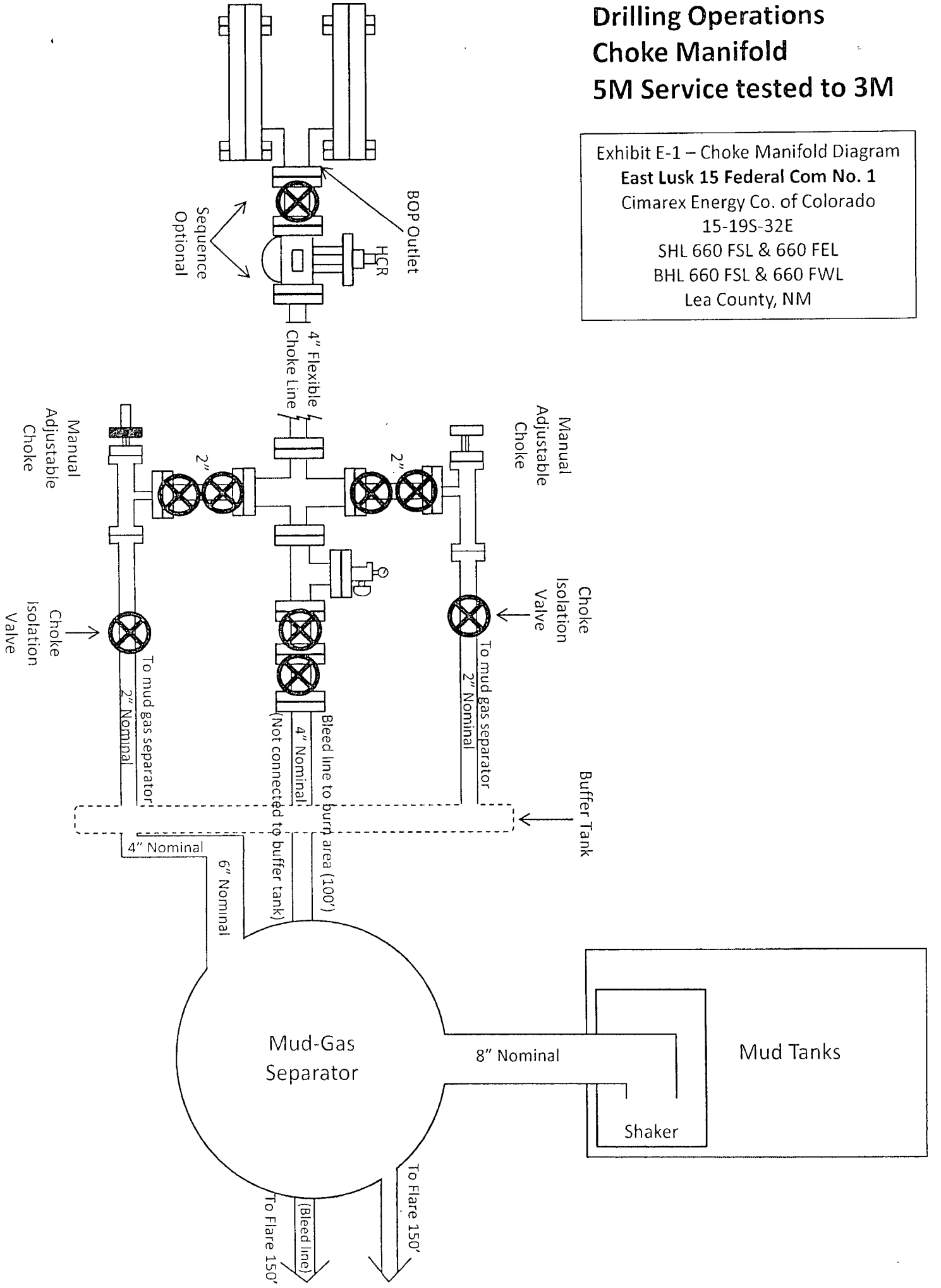


Exhibit E – 5000# BOP tested to 3000#
East Lusk 15 Federal Com No. 1
Cimarex Energy Co. of Colorado
15-19S-32E
SHL 660 FSL & 660 FEL
BHL 660 FSL & 660 FWL
Lea County, NM

Drilling Operations
Choke Manifold
5M Service tested to 3M

Exhibit E-1 – Choke Manifold Diagram
East Lusk 15 Federal Com No. 1
Cimarex Energy Co. of Colorado
15-19S-32E
SHL 660 FSL & 660 FEL
BHL 660 FSL & 660 FWL
Lea County, NM



Midwest Hose
& Specialty, Inc.

Specification Sheet
Choke & Kill Hose

The Midwest Hose & Specialty Choke & Kill hose is manufactured with only premium componets.The reinforcement cables, inner liner and cover are made of the highest quality material to handle the tough drilling applications of today's industry. The end connections are available with API flanges, API male threads, hubs, hammer unions or other special fittings upon request. Hose assembly is manufactured to API 7K. This assembly is wrapped with fire resistant vermculite coated fiberglass insulation, rated at 2000 degrees with stainless steel armor cover.

Working Pressure:	5,000 or 10,000 psi working pressure
Test Pressure:	10,000 or 15,000 psi test pressure
Reinforcement:	Multiple steel cables
Cover:	Stainless Steel Armor
Inner Tube:	Petroleum resistant, Abrasion resistant
End Fitting:	API flanges, API male threads, threaded or butt weld hammer unions, unibolt and other special connections
Maximum Length:	110 Feet
ID:	2-1/2", 3", 3-1/2", 4"
Operating Temperature:	-22 deg F to +180 deg F (-30 deg C to +82 deg C)

P.O. Box 96558 – 1421 S.E. 29th St. Oklahoma City, OK 73143 * (405) 670-6718 * Fax: (405) 670-6816

16958

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

STATE OF NEW MEXICO §
§
COUNTY OF LEA §

FOR CONSIDERATION PAID, the receipt and sufficiency of which is hereby acknowledged, **John H. Hendrix Corporation**, whose address is 110 N. Marienfeld, suite # 400, Midland, TX 79701-4461 (hereinafter referred to as "**Assignor**") does hereby grant, sell, assign and convey unto **Cimarex Energy Co.**, a Delaware corporation, whose address is 600 N. Marienfeld, Suite 600, Midland, Texas 79701, (hereinafter referred to as "**Assignee**"), all of **Assignor's** right, title and interest in and to the oil and gas operating rights and working interest production in and to the leases set forth on Exhibit "A" attached hereto (hereinafter referred to as the "Lease Acreage").

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

1. **Term:** Subject to the further provisions of this Paragraph 1, the rights and interests assigned hereby shall be for a term of two (2) years from the effective date set-forth below ("Primary Term") and thereafter so long as (a) a well drilled or re-entered by **Assignee** on the Lease Acreage is capable of commercially producing oil and/or gas, (b) the Lease Acreage is partially or completely included in a proration unit prescribed by lawful authority ("Spacing Unit") which contains a well capable of commercially producing oil and/or gas and the Spacing Unit must be communitized under a Communitization Agreement approved by the State of New Mexico prior to expiration of the Primary Term, or (c) any lease saving operation permitted under said oil and gas lease or applicable Communitization Agreement is being diligently conducted on the Lease Acreage or on acreage included in the Spacing Unit with no cessation of more than 60 consecutive days. In addition, if **Assignee** (i) has completed a well as a commercial producer or abandoned as a dry hole within 30 days prior to the expiration of the Primary Term or (ii) is engaged in actual drilling or reworking operations on a well on the Lease Acreage or in a Spacing Unit including the Lease Acreage at the expiration of the Primary Term which reworking operations subsequently result in completion as a producer or abandonment as a dry hole, **Assignee** shall have the option, but not the obligation, to conduct a continuous development program on the Lease Acreage or lands communitized therewith. If **Assignee** elects to conduct such program it shall then commence, at its sole cost, risk and expense, the drilling of a well at a location of its choice on the Lease Acreage or on lands included in a Spacing Unit assigned to the well, within 180 days from completion or abandonment of said well drilled or reworked and completed prior to or over expiration of the Primary Term. Thereafter, not more than 180 days shall have

elapsed between completion of one well and the commencement of actual drilling operations (i.e. "turning to the right") on the next succeeding well. For purposes of this assignment, completion shall be deemed to be the date of drilling rig release. **Assignee** shall act in accordance with good oilfield practices in its drilling, testing and completion operations.

At the end of the Primary Term hereof or the expiration of the continuous development program as described in this Paragraph 1, whichever is later, this assignment shall automatically terminate as to (i) all of the lease acreage not then included in a Spacing Unit assigned to a producing well or well then capable of commercially producing oil and/or gas and (ii) all depths below 100 feet below the stratigraphic equivalent of the base of the deepest formation in the Spacing Unit for each said producible well then capable of commercially producing oil and/or gas. This assignment shall also automatically terminate as to the Lease Acreage within each retained Spacing Unit and depths retained in connection therewith when commercial production and/or operations cease as provided above without restoration of commercial production. Despite the automatic termination of this assignment in the above specified situations **Assignee** shall in each instance promptly execute and deliver to **Assignor** a reassignment of the terminated Lease Acreage free and clear of all burdens and liens created or incurred by **Assignee** or which may have become a burden or lien on the operating rights assigned hereby as a consequence of ownership thereof by **Assignee**. Said reassignment to be delivered to **Assignor** within thirty (30) days after written notice by **Assignor** to **Assignee**. The rights of reverter and the rights of reassignment retained herein by **Assignor** shall be superior to all liens, encumbrances, debts, judgments, claims, overriding royalty and production payment interests and other obligations created or incurred by **Assignee** as asserted against the rights and interests assigned hereby.

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

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

6. **Assignor's Override**: **Assignor** hereby reserves an overriding royalty equal to the positive difference between 25% and existing royalty, if any, on the lease and other overriding royalty interests and other non-expense bearing interests burdening the rights and interests assigned hereby. Said reserved override shall be subject to proportionate reduction in the event **Assignor** assigns less than 100% of its rights and

interests in the Lease Acreage to **Assignee** in this assignment. The override reserved herein to **Assignor** shall be free and clear of all costs and expenses, except applicable taxes and except as otherwise expressively provided herein, said overriding royalty shall be computed and paid in the same fashion and in the same manner as royalty payable under the applicable leases is computed and paid, and **Assignor** shall be responsible for its proportionate part of all applicable taxes from the production of oil and/or gas. **Assignor's** override may be committed by **Assignee** to one or more Communitization Agreements for the purpose of forming a well Spacing Unit without necessity of joinder or consent by **Assignor**.

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

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

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

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

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

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

Dated and executed this 15th day of March 2010, but effective the 1st day of March 2010.

ASSIGNOR:

John H. Hendrix Corporation,
a Texas corporation

By: Tammy L. Thomas
Title: Vice-President, Finance

ASSIGNEE:

Cimarex Energy Co.,
a Delaware corporation

By: _____
Roger Alexander, Attorney-in-Fact

ACKOWLEDGEMENTS

STATE OF TEXAS)
) ss.
COUNTY OF Midland)

The foregoing instrument was acknowledged before me this 23rd day of March 2010, by Jennifer S. Holmes as VP - Finance, of John H. Hendrix Corporation, a corporation, on behalf of said corporation.

ANITA J. HENDERSON NOTARY PUBLIC STATE OF TEXAS EXPIRES 9-10-2012

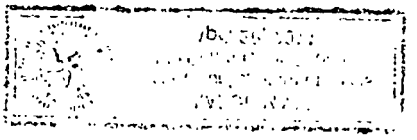
Anita J. Henderson
Notary Public

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

The foregoing instrument was acknowledged before me this 8th day of April 2010, by Roger Alexander, as Attorney-in-Fact, of Cimarex Energy Co., a Delaware corporation, on behalf of said corporation.

KAROL MAYO
Notary Public, State of Texas
My Commission Expires
April 20, 2011

Karol Mayo
Notary Public



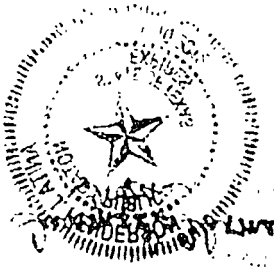


Exhibit "A"

Attached to and made part of that certain Term Assignment dated March 15th, 2010, by and between John H. Hendrix Corporation, as Assignor, and Cimarex Energy Co., a Delaware corporation, as Assignee.

LEASE DATE:	09/01/1956
LESSOR:	United States of America
LESSEE:	Howard W. Jennings
LEASE NUMBER:	NM-025497
DESCRIPTION:	Insofar and only insofar as lease covers:

E/2, E/2 W/2 of Section 15, Township 19 South, Range 32 East, N.M.P.M.

16958

STATE OF NEW MEXICO
COUNTY OF LEA
FILED

MAY 04 2010

at 2:08 o'clock P M
and recorded in Book 1677
Page 858
Pat Chappelle, Lea County Clerk
By [signature] Deputy

COUNTY CLERK SEAL LEA COUNTY, NEW MEXICO