

MAY 24 2012



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Pecos District
Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201-2019
www.nm.blm.gov



MAY 22 2012

In Reply Refer To:
NMNM128142
3105.2 NM (P0130)

Cimarex Energy Company
600 North Marienfeld Street, Suite 600
Midland, TX 79701-4405

3D-005-29195

Gentlemen:

Enclosed is one approved copy of Communitization Agreement NMNM128142, involving 80.00 acres of Federal land in lease LC-060850 and 80.00 acres of Fee land in Chaves County, New Mexico, comprising a 160.00-acre well spacing unit.

The agreement communitizes all rights as to oil, gas, and associated hydrocarbons producible from the Abo/Wolfcamp formation in the S $\frac{1}{2}$ N $\frac{1}{2}$ section 3, T. 15 S., R. 31 E., NMPM, and is effective November 1, 2011. Approval of this agreement does not warrant or certify that the operator, thereof, and other working interest owners hold legal or equitable title to the leases which are committed hereto.

Any production royalties that are due must be reported and paid within 90 days of the Bureau of Land Management's approval date or the payors will be assessed interest for late payment under the Federal Oil and Gas Royalty Management Act of 1982 (See 30 CFR 218.54). If you need assistance or clarification, please contact the Office of Natural Resources Revenue at 1-800-525-9167 or 303-231-3504. If you have any questions regarding this approval, please call David Glass at (575) 627-0275.

Please furnish all interested principals with appropriate evidence of this approval.

Sincerely,

/s/ Angel Mayes

Angel Mayes
Assistant Field Manager,
Lands and Minerals

1 Enclosure:
1 - Communitization Agreement

cc:
NMOC-D-Hobbs

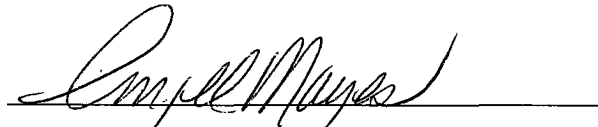
JUN 07 2012

Determination - Approval - Certification

Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

- A. Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement will be in the public interest. Approval of this agreement does not warrant or certify that the operator thereof and other holders of operating rights hold legal or equitable title to those rights in the subject leases which are committed hereto.
- B. Approve the attached communitization agreement covering the S½N½ section 3, T. 15 S., R. 31 E., NMPM, Chaves County, New Mexico, as to natural gas and associated liquid hydrocarbons producible from the Abo/Wolfcamp formations. This approval will become invalid if the public interest requirements under section 3105.2-3(e) are not met.
- C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of the Federal lease or leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of the agreement.

Approved:

A handwritten signature in dark ink, appearing to read "C. M. Mayes", is written over a horizontal line.

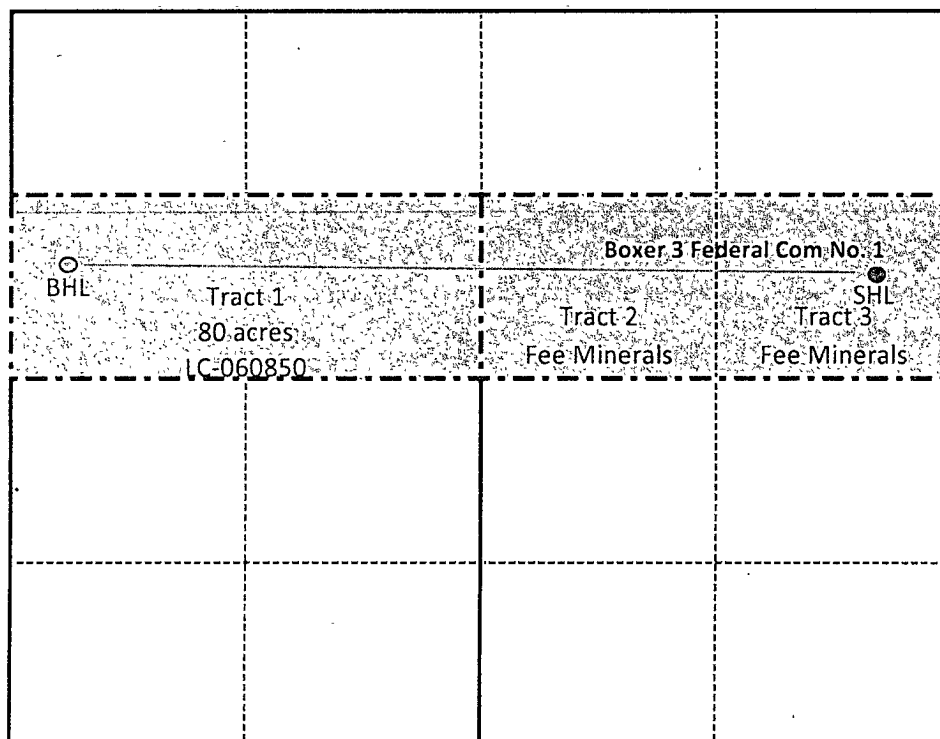
Authorized Officer

Effective: November 1, 2011

Contract No.: Com. Agr. NMNM128142

EXHIBIT A

PLAT OF COMMUNITIZED AREA COVERING THE S/2N/2 OF SECTION 3 OF
TOWNSHIP 15 SOUTH, RANGE 31 EAST, N.M.P.M., CHAVES COUNTY, NEW
MEXICO



BOXER 3 FEDERAL COM NO 1- COMMUNITIZATION AGREEMENT
Township 15 South, Range 31 East, N.M.P.M.
Section 3 S/2N/2
Chaves County, New Mexico

EXHIBIT B

ATTACHED TO AND MADE PART OF THAT CERTAIN COMMUNITIZATION AGREEMENT DATED NOVEMBER 1, 2011, COVERING THE S/2N/2 OF SECTION 3, TOWNSHIP 15 SOUTH, RANGE 31 EAST, N.M.P.M., CHAVES COUNTY, NEW MEXICO

OPERATOR OF COMMUNITIZED AREA: CIMAREX ENERGY CO. OF COLORADO

DESCRIPTION OF LEASES COMMITTED TO COMMUNITIZED AREA

Tract No. 1

Lease Number: LC-060850
Dated: February 1, 1945
Recorded: Book 16, Page 198, Oil and Gas Records,
Chaves County, New Mexico
Term: Five (5) years
Lessor: United States of America
Original Lessee: Mrs. W.J. Knox
Current Lessee: Kevin O. Butler & Associates, Inc.
Description of Lands Committed: Township 15 South, Range 31 East
Section 3: S/2NW/4
Chaves County, New Mexico
Number of Acres Committed: 80.00
Royalty Rate: 12.50%

Working Interest Owners:

Cimarex Energy Co. 100%

Tract No. 2

Lease Number: N/A
Dated: April 20, 1956
Recorded: Book 58, Page 345, Oil and Gas Records,
Chaves County, New Mexico
Term: Five (5) years
Lessor: J.E. Stevens and wife, Jessie W. Stevens
Lessee: Joseph I. O'Neill
Description of Lands Committed: Township 15 South, Range 31 East
Section 3: SW/4NE/4
Chaves County, New Mexico
Number of Acres Committed: 40.00
Royalty Rate: 12.5%

BOXER 3 FEDERAL COM NO 1- COMMUNITIZATION AGREEMENT
Township 15 South, Range 31 East, N.M.P.M.
Section 3 S/2N/2
Chaves County, New Mexico

Working Interest Owners:

Cimarex Energy Co.	89.110027%
Jase Minerals LP	5.358723%
Clare Fraser **	2.500000%
Sigyn Lund **	2.500000%
Don M. Kidwell	0.531250%

** The working interests owned by Clare Farser and Sigyn Lund have been forced-pooled by Cimarex Energy Co., and are subject to Compulsory Pooling Order No. _____ issued by the New Mexico Oil Conservation Division

Tract No. 3

I.

Lease Number:	N/A
Dated:	January 30, 2008
Recorded:	Book 609, Page 1327, Public Records, Chaves County, New Mexico
Term:	Three (3) years
Lessor:	Geneva B. Gardner, dealing in her sole and separate property
Lessee:	Cimarex Energy Co.
Description of Lands Committed:	<u>Township 15 South, Range 31 East</u> Section 3: SE/4NE/4 Chaves County, New Mexico
Number of Acres Committed:	40.00
Mineral Interest Covered:	33.33%
Royalty Rate:	20%

Working Interest Owners:

Cimarex Energy Co.	100%
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II.

Lease Number:	N/A
Dated:	June 10, 2010
Recorded:	Book 665, Page 440, Public Records, Chaves County, New Mexico
Term:	Three (3) years
Lessor:	The Blanco Co.
Lessee:	Cimarex Energy Co.

Description of Lands Committed:	<u>Township 15 South, Range 31 East</u> Section 3: SE/4NE/4 Chaves County, New Mexico
Number of Acres Committed:	40.00
Mineral Interest Covered:	33.33%
Royalty Rate:	25%

Working Interest Owners:

Cimarex Energy Co.	100%
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III.

Unleased Mineral Interest

First Roswell Co.	33.33%
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RECAPITULATION

TRACT NUMBER	NUMBER OF ACRES COMMITTED	PERCENTAGE OF INTEREST IN COMMUNITIZED AREA
1	80	50%
2	40	25%
3	40	25%
TOTALS:	160	100%