

ONA #0002

MF110712

<i>State Lease</i>	<i>Control</i>	<i>Base File</i>	<i>County</i>
MF110712	15-016217	155271	CULBERSON
<i>Survey</i>		T & P RY CO	
<i>Block</i>		59	
<i>Block Name</i>			
<i>Township</i>		2-S	
<i>Section/Tract</i>		42	
<i>Land Part</i>			
<i>Part Description</i>			
<i>Acres</i>		675	
<i>Depth Below</i>	<i>Depth Above</i>	<i>Depth Other</i>	
0	0		
<i>Name</i>		CIMAREX ENERGY CO.	
<i>Lease Date</i>		4/6/2010	
<i>Primary Term</i>		5 yrs	
<i>Bonus (\$)</i>		\$303,750.00	
<i>Rental (\$)</i>		\$5.00	
<i>Lease Royalty</i>		0.2500	

Leasing: RR
 Analyst: _____
 Maps: JS
 GIS: AS



CAUTION

Documents in this file have been placed in Table of Contents order and scanned.

Please help keep documents in content order and let the ScanLab know when new documents are added to this file.

Thank you for your assistance.

Archives and Records Staff

ATTENTION FILE USERS!
 This file has been placed in table of contents order.
 RETURN TO VAULT WITH DOCUMENTS IN ORDER!

-M-
F
1
1
0
7
1
2

CONTENTS OF FILE NO. MF- 110712

1. BID FORM	04/06/10	scanned PJ 7-14-16
2. OIL & GAS LEASE	04/06/10	20. Division Order 2-16-17
3. TRANSMITTAL LETTER	05/01/10	21. Request to Gas Lift 3/30/17
4. CERTIFIED COPY OF LEASE		22. Agree to Gas Lift 3/30/17
5. RENTAL PAYMENT - 2 nd yr. 3/21/11		23. Request to Gas Lift 3/30/17
6. Rental Payment 2012 - 3 rd yr. 03/16/2012		24. Agree to Gas Lift 3/30/17
7. Rental Payment - 4 th yr. 03/19/2013		scanned PJ 5-19-2017
scanned PJ 5-6-13		25. Division Order 10-13-17
8. Rentals - 5 th yr. 03/24/2014		scanned PJ 10-23-2017
See # 24 in M-109921 For Armstrong State # 6700		26. Division Order 11-9-17
scanned PJ 6-16-14		See #s 36 & 40 in M-109921 For the 2017 & 2018 Plan of Dev. For the Armstrong State Unit
9. Bonus for amendment 4-17-15		scanned PJ 12-7-2017
scanned PJ 7-15-15		27. Recon Billing 4/8/18
10. Ltr. From Cimrex 11/12/15		scanned PJ 1-9-2018
11. Pooling Agrmt Packet # 7507		#27 PS Form 3811
Smooty Jones 42 State Unit 11/24/15		scanned PJ 1-29-2018
12. Ltr. to Cimrex 11/24/15		28. Division Order 2-13-18
scanned PJ 12-28-15		scanned PJ 2-22-2018
13. Certified lease 01/20/16		29 Recon Billing 6/11/18
14. Filing fee 01/20/16		scanned PJ 7-2-2018
scanned PJ 3-3-16		See #45 in M-109921 For the 2019 plan of Dev. - Armstrong State Unit
See #26-36 in M-109921 For 2015 & 2016		scanned PJ 7-12-2019
Dev. Plans & Amend. to Armstrong State Unit OPA #2		See MF109921 #55 ODA 0002 4 th
scanned PJ 3-17-16		Amendment Armstrong State Unit 8/2/23
15. Division Order 4-1-16		scanned WM 2/7/2023
scanned PJ 4-4-16		
16. Ltr. From Cimrex 4/11/16		
17. Pooling Agrmt Packet # 7799		
Seattle Slew 42 State Unit 4/15/16		
18. Ltr. to Cimrex 4/15/16		
scanned PJ 6-1-16		
19. Division Order 6-28-16		



4,556.25

State Lease Number
M- 110712
For GLO Use Only



APRIL 6, 2010

OIL AND GAS LEASE BID APPLICATION

APPLICANT AGREEMENT

I agree, if awarded a lease on the referenced tract, to comply with all terms and conditions of said lease and with all applicable laws that so govern said lease, and as those laws may be amended.

APPLICANT IDENTIFICATION TO APPEAR ON LEASE (type/print)

Name: Cimarex Energy Co.
 Address: 600 N. Maricfeld, Suite 600
 City: Midland State: TX Zip: 79701-4405
 Telephone: (432) 571-7800 (Include +4 Code)

AREA DESCRIPTION

County(ies): Culberson Survey/Area: T&P RR. Co.
 (If Applicable)
 Block/Tsp.: 59/2S Section/Tract: 42/All Acres: 675.00
 (If Applicable)

BID SUBMISSION

(A) Bonus Amount (\$ 303,750.00)
Three hundred three thousand seven hundred fifty dollars and 00/100
 (type/print above)
 (B) Sales Fee Amount (\$ 4,556.25)
Four thousand five hundred fifty six dollars and 25/100
 (type/print above)

This Sales Fee is 1½% of the cash bonus as provided in Section 32.110 of the Natural Resources Code as amended.

MGL. NO.
<u>13</u>

APPLICANT NAME

BONUS AMOUNT ONLY (A) (Do Not include sales fee)

Cimarex Energy Co.
 (same as above)

(\$ 303,750.00)

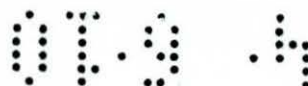
STATE OF TEXAS TAX I.D.

[REDACTED]
 (must be an 11-digit number)

SIGNATURE OF AGENT

[Signature]
 (signature)

Roger Alexander
 (type/print name)



10706301
 10706302
 4556.25

File No. MF 110712

Bid Form

Date Filed: 9/6/10

Herry Patterson, Commissioner

By [Signature]

A. 6.30



The State of Texas



Austin, Texas

OIL AND GAS LEASE NO. M-110712

WHEREAS, pursuant to the Texas Natural Resources Code Chapters 32, 33, 51, and Chapter 52, Subchapters A-D and H, (said Code being hereinafter referred to as N.R.C.), and subject to all rules and regulations promulgated by the Commissioner of the General Land Office and/or the School Land Board pursuant thereto, and all other applicable statutes and amendments to said N.R.C., the following area, to-wit:

SECTION 42, BLOCK 59, TOWNSHIP 02-S, T. & P. RY. CO. SURVEY, CULBERSON COUNTY, TEXAS, CONTAINING APPROXIMATELY 675 ACRES, AS SHOWN ON THE OFFICIAL MAP OF CULBERSON COUNTY, TEXAS NOW ON FILE IN THE TEXAS GENERAL LAND OFFICE, AUSTIN, TEXAS,

was, after being duly advertised, offered for lease on the **6th day of April, 2010**, at 10:00 o'clock a.m., by the Commissioner of the General Land Office of the State of Texas and the School Land Board of the State of Texas, for the sole and only purpose of prospecting and drilling for, and producing oil and/or gas that may be found and produced from the above described area; and

WHEREAS, after all bids and remittances which were received up to said time have been duly considered by the Commissioner of the General Land Office and the School Land Board at a regular meeting thereof in the General Land Office, on the **6th day of April, 2010**, hereinafter the "effective date" and it was found and determined that **CIMAREX ENERGY CO.** whose address is **600 N. MARIENFELD, SUITE 600, MIDLAND, TEXAS 79701-4405** had offered the highest and best bid for a lease of the area above described and is, therefore, entitled to receive a lease thereon:

NOW, THEREFORE, I, Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas, hereinafter sometimes referred to as "Lessor," whose address is Austin, Texas, by virtue of the authority vested in me and in consideration of the payment by the hereinafter designated Lessee, the sum of **Three Hundred Three Thousand Seven Hundred Fifty And 00/100 Dollars (\$303,750.00)**, receipt of which is hereby acknowledged and of the royalties, covenants, stipulations and conditions contained and hereby agreed to be paid, observed and performed by Lessee, do hereby demise, grant, lease and let unto the above mentioned bidder the exclusive right to prospect for, produce and take oil and/or gas from the aforesaid area upon the following terms and conditions, to-wit:

1. RESERVATION: There is hereby excepted and reserved to Lessor the full use of the property covered hereby and all rights with respect to the surface and subsurface thereof for any and all purposes except those granted and to the extent herein granted to Lessee, together with the rights of ingress and egress and use of said lands by Lessor and its mineral lessees, for purposes of exploring for and producing the minerals which are not covered, or which may not be covered in the future, under the terms of this lease, but which may be located within the surface boundaries of the leased area. All of the rights in and to the leased premises retained by Lessor and all of the rights in and to the leased premises granted to Lessee herein shall be exercised in such a manner that neither shall unduly interfere with the operations of the other.

2. TERM: Subject to the other provisions hereof, this lease shall be for a term of **five (5) years** from the effective date hereof (herein called "primary term") and as long thereafter as oil or gas is produced in paying quantities from said area.

3. DELAY RENTALS: If no well is commenced on the land hereby leased on or before the anniversary date of this lease, this lease shall terminate as to both parties unless the Lessee on or before said date shall pay or tender to the Commissioner of the General Land Office of the State of Texas at Austin, Texas, the amount specified in the following schedule multiplied by the number of acres in the premises, which shall operate as a rental and cover the privilege of deferring the commencement of a well for **twelve (12) months** from said date. In like manner and upon payments or tenders of amounts set out in the following schedule, the commencement of a well may be further deferred for a like period of the same number of months.

<u>Anniversary Date</u>	<u>Delay Rental per Acre</u>
First	\$ 5.00
Second	\$ 5.00
Third	\$25.00
Fourth	\$25.00

4. PRODUCTION ROYALTIES: Subject to the provisions for royalty reductions set out in subparagraph (E) of this paragraph 4, upon production of oil and/or gas, the Lessee agrees to pay or cause to be paid to the Commissioner of the General Land Office in Austin, Texas, for the use and benefit of the State of Texas, during the term hereof:

(A) OIL: As a royalty on oil, which is defined as including all hydrocarbons produced in a liquid form at the mouth of the well and also all condensate, distillate, and other liquid hydrocarbons recovered from oil or gas run through a separator or other equipment, as hereinafter provided, **1/4** part of the gross production or the market value thereof, at the option of the Lessor, such value to be determined by 1) the highest posted price, plus premium, if any, offered or paid for oil, condensate, distillate, or other liquid hydrocarbons, respectively, of a like type and gravity in the general area where produced and when run, or 2) the highest market price thereof offered or paid in the general area where produced and when run, or 3) the gross proceeds of the sale thereof, whichever is the greater. Lessee agrees that before any gas produced from the land hereby leased is sold, used or processed in a plant, it will be run free of cost to Lessor through an adequate oil and gas separator of conventional type or other equipment at least as efficient to the end that all liquid hydrocarbons recoverable from the gas by such means will be recovered. Upon written consent of Lessor, the requirement that such gas be run through such a separator or other equipment may be waived upon such terms and conditions as prescribed by Lessor.

(B) NON-PROCESSED GAS: As a royalty on any gas (including flared gas), which is defined as all hydrocarbons and gaseous substances not defined as oil in subparagraph (A) above, produced from any well on said land (except as provided herein with respect to gas processed in a plant for the extraction of gasoline, liquid hydrocarbons or other products) **1/4** part of the gross production or the market value thereof, at the option of the Lessor, such value to be based on the highest market price paid or offered for gas of comparable quality in the general area where produced and when run, or the gross price paid or offered to the producer, whichever is greater provided that the maximum pressure base in measuring the gas under this lease contract shall not at any time exceed 14.65 pounds per square inch absolute, and the standard base temperature shall be sixty (60) degrees Fahrenheit, correction to be made for pressure according to Boyle's Law, and for specific gravity according to test made by the Balance Method or by the most approved method of testing being used by the industry at the time of testing.

(C) PROCESSED GAS: As a royalty on any gas processed in a gasoline plant or other plant for the recovery of gasoline or other liquid hydrocarbons, $\frac{1}{4}$ part of the residue gas and the liquid hydrocarbons extracted or the market value thereof, at the option of the Lessor. All royalties due herein shall be based on one hundred percent (100%) of the total plant production of residue gas attributable to gas produced from this lease, and on fifty percent (50%) or that percent accruing to Lessee, whichever is the greater, of the total plant production of liquid hydrocarbons, attributable to the gas produced from this lease; provided that if liquid hydrocarbons are recovered from gas processed in a plant in which Lessee (or its parent, subsidiary or affiliate) owns an interest, then the percentage applicable to liquid hydrocarbons shall be fifty percent (50%) or the highest percent accruing to a third party processing gas through such plant under a processing agreement negotiated at arms' length (or if there is no such third party, the highest percent then being specified in processing agreements or contracts in the industry), whichever is the greater. The respective royalties on residue gas and on liquid hydrocarbons shall be determined by 1) the highest market price paid or offered for any gas (or liquid hydrocarbons) of comparable quality in the general area or 2) the gross price paid or offered for such residue gas (or the weighted average gross selling price for the respective grades of liquid hydrocarbons), whichever is the greater. In no event, however, shall the royalties payable under this paragraph be less than the royalties which would have been due had the gas not been processed.

(D) OTHER PRODUCTS: As a royalty on carbon black, sulphur or any other products produced or manufactured from gas (excepting liquid hydrocarbons) whether said gas be "casinghead," "dry" or any other gas, by fractionating, burning or any other processing, $\frac{1}{4}$ part of gross production of such products, or the market value thereof, at the option of Lessor, such market value to be determined as follows:

- (1) On the basis of the highest market price of each product, during the same month in which such product is produced, or
- (2) On the basis of the average gross sale price of each product for the same month in which such products are produced; whichever is the greater.

(E) VARIABLE ROYALTY: (i) Subject to the other provisions of this lease, it is hereby provided that in the event production in paying quantities is established pursuant to the terms of this lease and such production is brought on line and sales thereof are commenced within eighteen (18) months of the effective date hereof, the royalty rate provided herein shall be reduced to 20%, and shall apply to each subsequent well drilled and produced on the land covered by this lease. Provided that, if during such eighteen (18) month term during which Lessee may earn a reduced royalty rate of 20% as herein provided, Lessee should drill in good faith and complete the first well as a dry hole on the land covered by this lease, Lessee may receive a three (3) month extension of the term in which to earn a reduced royalty rate by giving notice to the Commissioner of the General Land Office, commencing drilling operations on an additional well prior to the expiration of such three (3) month period and prosecuting diligently and in good faith the drilling of such additional well and completing same so that production in paying quantities is established and so that such production is brought on line and sales thereof are commenced prior to the expiration of such three (3) month extension period.

(ii) In the event production in paying quantities is established pursuant to the terms of this lease and such production is brought on line and sales thereof are commenced after the expiration of eighteen (18) months from the effective date hereof but prior to the expiration of twenty-four (24) months from the effective date hereof, the royalty rate provided herein shall be reduced to 22.5% and shall apply to each subsequent well drilled and produced on the land covered by this lease. Provided that, if during such six (6) month term during which Lessee may earn a reduced royalty rate of 22.5% as herein provided, Lessee should drill in good faith and complete the first well as a dry hole on the land covered by this lease, Lessee may receive a three (3) month extension of the term in which to earn a reduced royalty rate by giving notice to the Commissioner of the General Land Office, commencing drilling operations on an additional well prior to the expiration of such three (3) month period and prosecuting diligently and in good faith the drilling of such additional well and completing same so that production in paying quantities is established and so that such production is brought on line and sales thereof are commenced prior to the expiration of such three (3) month extension period.

(F) NO DEDUCTIONS: Lessee agrees that all royalties accruing to Lessor under this lease shall be without deduction for the cost of producing, transporting, and otherwise making the oil, gas and other products produced hereunder ready for sale or use.

(G) ROYALTY IN KIND: Notwithstanding anything contained herein to the contrary, Lessor may, at its option, upon not less than 60 days notice to Lessee, require at any time or from time to time that payment of all or any royalties accruing to Lessor under this lease be made in kind without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting and otherwise making the oil, gas and other products produced hereunder ready for sale or use. Lessor's right to take its royalty in kind shall not diminish or negate Lessor's rights or Lessee's obligations, whether express or implied, under this lease.

(H) PLANT FUEL AND RECYCLED GAS: No royalty shall be payable on any gas as may represent this lease's proportionate share of any fuel used to process gas produced hereunder in any processing plant. Notwithstanding anything contained herein to the contrary, and subject to the consent in writing of the Commissioner of the General Land Office, Lessee may recycle gas for gas lift purposes on the leased premises after the liquid hydrocarbons contained in the gas have been removed, and no royalties shall be payable on the gas so recycled until such time as the same may thereafter be produced and sold or used by Lessee in such manner as to entitle Lessor to a royalty thereon under the royalty provisions of this lease.

(I) MINIMUM ROYALTY: During any year after the expiration of the primary term of this lease, if this lease is maintained by production, the royalties paid to Lessor in no event shall be less than an amount equal to \$5.00 per acre; otherwise, there shall be due and payable on or before the last day of the month succeeding the anniversary date of this lease a sum equal to \$5.00 per acre less the amount of royalties paid during the preceding year.

(J) MARGINAL PRODUCTION ROYALTY: Upon Lessee's written application, the School Land Board may reduce the royalty rate set out in this paragraph and/or the minimum royalty set out in subparagraph 4 (I) to extend the economic life of this lease and encourage recovery of oil or gas that might otherwise remain unrecovered. Any such royalty reduction must conform to the requirements of any School Land Board administrative rules on this subject. Royalty may not be reduced below the applicable statutory minimum.

5. ROYALTY PAYMENTS AND REPORTS: All royalties not taken in kind shall be paid to the Commissioner of the General Land Office at Austin, Texas, in the following manner:

Payment of royalty on production of oil and gas shall be as provided in the rules set forth in the Texas Register. Rules currently provide that royalty on oil is due and must be received in the General Land Office on or before the 5th day of the second month succeeding the month of production, and royalty on gas is due and must be received in the General Land Office on or before the 15th day of the second month succeeding the month of production, accompanied by the affidavit of the owner, manager or other authorized agent, completed in the form and manner prescribed by the General Land Office and showing the gross amount and disposition of all oil and gas produced and the market value of the oil and gas, together with a copy of all documents, records or reports confirming the gross production, disposition and market value including gas meter readings, pipeline receipts, gas line receipts and other checks or memoranda of amount produced and put into pipelines, tanks, or pools and gas lines or gas storage, and any other reports or records which the General Land Office may require to verify the gross production, disposition and market value. In all cases the authority of a manager or agent to act for the Lessee herein must be filed in the General Land Office. Each royalty payment shall be accompanied by a check stub, schedule, summary or other remittance advice showing by the assigned General Land Office lease number the amount of royalty being paid on each lease. If Lessee pays his royalty on or before thirty (30) days after the royalty payment was due, then Lessee owes a penalty of 5% on the royalty or \$25.00, whichever is greater. A royalty payment which is over thirty (30) days late shall accrue a penalty of 10% of the royalty due or \$25.00 whichever is greater. In addition to a penalty, royalties shall accrue interest at a rate of 12% per year; such interest will begin accruing when the royalty is sixty (60) days overdue. Affidavits and supporting documents which are not filed when due shall incur a penalty in an amount set by the General Land Office administrative rule which is effective on the date when the affidavits or supporting documents were due. The Lessee shall bear all responsibility for paying or causing royalties to be paid as prescribed by the due date provided herein. Payment of the delinquency penalty shall in no way operate to prohibit the State's right of forfeiture as provided by law nor act to postpone the date on which royalties were originally due. The above penalty provisions shall not apply in cases of title dispute as to the State's portion of the royalty or to that portion of the royalty in dispute as to fair market value.

6. (A) RESERVES, CONTRACTS AND OTHER RECORDS: Lessee shall annually furnish the Commissioner of the General Land Office with its best possible estimate of oil and gas reserves underlying this lease or allocable to this lease and shall furnish said Commissioner with copies of all contracts under which gas is sold or processed and all subsequent agreements and amendments to such contracts within thirty (30) days after entering into or making such contracts, agreements or amendments. Such contracts and agreements when received by the General Land Office shall be held in confidence by the General Land Office unless otherwise authorized by Lessee. All other contracts and records pertaining to the production, transportation, sale and marketing of the oil and gas produced on said premises, including the books and accounts, receipts and discharges of all wells, tanks, pools, meters, and pipelines shall at all times be subject to inspection and examination by the Commissioner of the General Land Office, the Attorney General, the Governor, or the representative of any of them.

(B) DRILLING RECORDS: Written notice of all operations on this lease shall be submitted to the Commissioner of the General Land Office by Lessee or operator five (5) days before spud date, workover, re-entry, temporary abandonment or plug and abandonment of any well or wells. Such written notice to the General Land Office shall include copies of Railroad Commission forms for application to drill. Copies of well tests, completion reports and plugging reports shall be supplied to the General Land Office at the time they are filed with the Texas Railroad Commission. Lessee shall supply the General Land Office with any records, memoranda, accounts, reports, cuttings and cores, or other information relative to the operation of the above-described premises, which may be requested by the General Land Office, in addition to those herein expressly provided for. Lessee shall have an electrical and/or radioactivity survey made on the bore-hole section, from the base of the surface casing to the total depth of well, of all wells drilled on the above described premises and shall transmit a true copy of the log of each survey on each well to the General Land Office within fifteen (15) days after the making of said survey.

(C) **PENALTIES:** Lessee shall incur a penalty whenever reports, documents or other materials are not filed in the General Land Office when due. The penalty for late filing shall be set by the General Land Office administrative rule which is effective on the date when the materials were due in the General Land Office.

7. **RETAINED ACREAGE:** Notwithstanding any provision of this lease to the contrary, after a well producing or capable of producing oil or gas has been completed on the leased premises, Lessee shall exercise the diligence of a reasonably prudent operator in drilling such additional well or wells as may be reasonably necessary for the proper development of the leased premises and in marketing the production thereon.

(A) **VERTICAL:** In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall then terminate as to all of the leased premises, EXCEPT (1) 40 acres surrounding each oil well capable of producing in paying quantities and 320 acres surrounding each gas well capable of producing in paying quantities (including a shut-in oil or gas well as provided in Paragraph 11 hereof), or a well upon which Lessee is then engaged in continuous drilling or reworking operations, or (2) the number of acres included in a producing pooled unit pursuant to Natural Resources Code Sections 52.151-52.153, or (3) such greater or lesser number of acres as may then be allocated for production purposes to a proration unit for each such producing well under the rules and regulations of the Railroad Commission of Texas, or any successor agency, or other governmental authority having jurisdiction. Within 90 days of a partial termination of this lease in accordance with this subparagraph and upon payment of the minimum filing fee set by General Land Office rules in effect at the time of the partial termination, Lessee shall have the right to obtain a surface lease for ingress and egress on and across the terminated portion of the leased premises as may be reasonably necessary for the continued operation of the portions of the lease remaining in force and effect. If Lessee fails to apply for a surface lease within the 90 day period specified above, Lessee may apply for a surface lease from the Land Office, but the Land Commissioner has the discretion to grant or deny such application and to set the fee for such surface lease.

(B) **HORIZONTAL:** In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall further terminate as to all depths below 100 feet below the total depth drilled (hereinafter "deeper depths") in each well located on acreage retained in Paragraph 7 (A) above, unless on or before two (2) years after the primary or extended term Lessee pays an amount equal to one-half (1/2) of the bonus originally paid as consideration for this lease (as specified on page 1 hereof). If such amount is paid, this lease shall be in force and effect as to such deeper depths, and said termination shall be delayed for an additional period of two (2) years and so long thereafter as oil or gas is produced in paying quantities from such deeper depths covered by this lease.

(C) **IDENTIFICATION AND FILING:** The surface acreage retained hereunder as to each well shall, as nearly as practical, be in the form of a square with the well located in the center thereof, or such other shape as may be approved by the School Land Board. Within thirty (30) days after partial termination of this lease as provided herein, Lessee shall execute and record a release or releases containing a satisfactory legal description of the acreage and/or depths not retained hereunder. The recorded release, or a certified copy of same, shall be filed in the General Land Office, accompanied by the filing fee prescribed by the General Land Office rules in effect on the date the release is filed. If Lessee fails or refuses to execute and record such release or releases within ninety (90) days after being requested to do so by the General Land Office, then the Commissioner at his sole discretion may designate by written instrument the acreage and/or depths to be released hereunder and record such instrument at Lessee's expense in the county or counties where the lease is located and in the official records of the General Land Office and such designation shall be binding upon Lessee for all purposes. If at any time after the effective date of the partial termination provisions hereof, the applicable field rules are changed or the well or wells located thereon are reclassified so that less acreage is thereafter allocated to said well or wells for production purposes, this lease shall thereupon terminate as to all acreage not thereafter allocated to said well or wells for production purposes.

8. **OFFSET WELLS:** If oil and/or gas should be produced in commercial quantities from a well located on land privately owned or on State land leased at a lesser royalty, which well is within one thousand (1,000) feet of the area included herein, or which well is draining the area covered by this lease, the Lessee shall, within sixty (60) days after such initial production from the draining well or the well located within one thousand (1,000) feet from the area covered by this lease begin in good faith and prosecute diligently the drilling of an offset well on the area covered by this lease, and such offset well shall be drilled to such depth as may be necessary to prevent the undue drainage of the area covered by this lease, and the Lessee, manager or driller shall use all means necessary in a good faith effort to make such offset well produce oil and/or gas in commercial quantities. Only upon the determination of the Commissioner and with his written approval, may the payment of a compensatory royalty satisfy the obligation to drill an offset well or wells required under this Paragraph.

9. **DRY HOLE/CESSATION OF PRODUCTION DURING PRIMARY TERM:** If, during the primary term hereof and prior to discovery and production of oil or gas on said land, Lessee should drill a dry hole or holes thereon, or if during the primary term hereof and after the discovery and actual production of oil or gas from the leased premises such production thereof should cease from any cause, this lease shall not terminate if on or before the expiration of sixty (60) days from date of completion of said dry hole or cessation of production Lessee commences additional drilling or reworking operations thereon, or pays or tenders the next annual delay rental in the same manner as provided in this lease. If, during the last year of the primary term or within sixty (60) days prior thereto, a dry hole be completed and abandoned, or the production of oil or gas should cease for any cause, Lessee's rights shall remain in full force and effect without further operations until the expiration of the primary term; and if Lessee has not resumed production in paying quantities at the expiration of the primary term, Lessee may maintain this lease by conducting additional drilling or reworking operations pursuant to Paragraph 10, using the expiration of the primary term as the date of cessation of production under Paragraph 10. Should the first well or any subsequent well drilled on the above described land be completed as a shut-in oil or gas well within the primary term hereof, Lessee may resume payment of the annual rental in the same manner as provided herein on or before the rental paying date following the expiration of sixty (60) days from the date of completion of such shut-in oil or gas well and upon the failure to make such payment, this lease shall ipso facto terminate. If at the expiration of the primary term or any time thereafter a shut-in oil or gas well is located on the leased premises payments may be made in accordance with the shut-in provisions hereof.

10. **CESSATION, DRILLING, AND REWORKING:** If, after the expiration of the primary term, production of oil or gas from the leased premises, after once obtained, should cease from any cause, this lease shall not terminate if Lessee commences additional drilling or reworking operations within sixty (60) days after such cessation, and this lease shall remain in full force and effect for so long as such operations continue in good faith and in a workmanlike manner without interruptions totaling more than sixty (60) days. If such drilling or reworking operations result in the production of oil or gas, the lease shall remain in full force and effect for so long as oil or gas is produced from the leased premises in paying quantities or payment of shut-in oil or gas well royalties or payment of compensatory royalties is made as provided herein or as provided by law. If the drilling or reworking operations result in the completion of a well as a dry hole, the lease will not terminate if the Lessee commences additional drilling or reworking operations within sixty (60) days after the completion of the well as a dry hole, and this lease shall remain in effect so long as Lessee continues drilling or reworking operations in good faith and in a workmanlike manner without interruptions totaling more than sixty (60) days. Lessee shall give written notice to the General Land Office within thirty (30) days of any cessation of production.

11. **SHUT-IN ROYALTIES:** For purposes of this paragraph, "well" means any well that has been assigned a well number by the state agency having jurisdiction over the production of oil and gas. If at any time after the expiration of the primary term of a lease that, until being shut in, was being maintained in force and effect, a well capable of producing oil or gas in paying quantities is located on the leased premises, but oil or gas is not being produced for lack of suitable production facilities or lack of a suitable market, then Lessee may pay as a shut-in oil or gas royalty an amount equal to \$10.00 per acre, but not less than \$1,200 a year for each well capable of producing oil or gas in paying quantities. To be effective, each initial shut-in oil or gas royalty must be paid on or before: (1) the expiration of the primary term, (2) 60 days after the Lessee ceases to produce oil or gas from the leased premises, or (3) 60 days after Lessee completes a drilling or reworking operation in accordance with the lease provisions; whichever date is latest. If the shut-in oil or gas royalty is paid, the lease shall be considered to be a producing lease and the payment shall extend the term of the lease for a period of one year from the end of the primary term, or from the first day of the month following the month in which production ceased, and, after that, if no suitable production facilities or suitable market for the oil or gas exists, Lessee may extend the lease for four more successive periods of one (1) year by paying the same amount each year on or before the expiration of each shut-in year.

12. **COMPENSATORY ROYALTIES:** If, during the period the lease is kept in effect by payment of the shut-in oil or gas royalty, oil or gas is sold and delivered in paying quantities from a well located within one thousand (1,000) feet of the leased premises and completed in the same producing reservoir, or in any case in which drainage is occurring, the right to continue to maintain the lease by paying the shut-in oil or gas royalty shall cease, but the lease shall remain effective for the remainder of the year for which the royalty has been paid. The Lessee may maintain the lease for four more successive years by Lessee paying compensatory royalty at the royalty rate provided in the lease of the market value of production from the well causing the drainage or which is completed in the same producing reservoir and within one thousand (1,000) feet of the leased premises. The compensatory royalty is to be paid monthly to the Commissioner beginning on or before the last day of the month following the month in which the oil or gas is produced from the well causing the drainage or that is completed in the same producing reservoir and located within one thousand (1,000) feet of the leased premises; if the compensatory royalty paid in any 12-month period is in an amount less than the annual shut-in oil or gas royalty, Lessee shall pay an amount equal to the difference within thirty (30) days from the end of the 12-month period; and none of these provisions will relieve Lessee of the obligation of reasonable development nor the obligation to drill offset wells as provided in N.R.C. Section 52.034; however, at the determination of the Commissioner, and with the Commissioner's written approval, the payment of compensatory royalties shall satisfy the obligation to drill offset wells. Compensatory royalty payments which are not timely paid will accrue penalty and interest in accordance with Paragraph 5 of this lease.

13. EXTENSIONS: If, at the expiration of the primary term of this lease, production of oil or gas has not been obtained on the leased premises but drilling operations are being conducted thereon in good faith and in a good and workmanlike manner, Lessee may, on or before the expiration of the primary term, file in the General Land Office written application to the Commissioner of the General Land Office for a thirty (30) day extension of this lease, accompanied by payment of Three Thousand Dollars (\$3,000.00) if this lease covers six hundred forty (640) acres or less and Six Thousand Dollars (\$6,000.00) if this lease covers more than six hundred forty (640) acres and the Commissioner shall, in writing, extend this lease for a thirty (30) day period from and after the expiration of the primary term and so long thereafter as oil or gas is produced in paying quantities; provided further, that Lessee may, so long as such drilling operations are being conducted make like application and payment during any thirty (30) day extended period for an additional extension of thirty (30) days and, upon receipt of such application and payment, the Commissioner shall, in writing, again extend this lease so that same shall remain in force for such additional thirty (30) day period and so long thereafter as oil or gas is produced in paying quantities; provided, however, that this lease shall not be extended for more than a total of three hundred ninety (390) days from and after the expiration of the primary term unless production in paying quantities has been obtained.

14. USE OF WATER; SURFACE: Lessee shall have the right to use water produced on said land necessary for operations hereunder and solely upon the leased premises; provided, however, Lessee shall not use potable water or water suitable for livestock or irrigation purposes for water flood operations without the prior written consent of Lessor. Subject to its obligation to pay surface damages, Lessee shall have the right to use so much of the surface of the land that may be reasonably necessary for drilling and operating wells and transporting and marketing the production therefrom, such use to be conducted under conditions of least injury to the surface of the land. Lessee shall pay surface damages in an amount set by the General Land Office fee schedule which is effective on the date when the activity requiring the payment of surface damages occurs.

15. POLLUTION: In developing this area, Lessee shall use the highest degree of care and all proper safeguards to prevent pollution. Without limiting the foregoing, pollution of coastal wetlands, natural waterways, rivers and impounded water shall be prevented by the use of containment facilities sufficient to prevent spillage, seepage or ground water contamination. In the event of pollution, Lessee shall use all means at its disposal to recapture all escaped hydrocarbons or other pollutant and shall be responsible for all damage to public and private properties.

(A) UPLANDS: Lessee shall build and maintain fences around its slush, sump, and drainage pits and tank batteries so as to protect livestock against loss, damage or injury; and upon completion or abandonment of any well or wells, Lessee shall fill and level all slush pits and cellars and completely clean up the drilling site of all rubbish thereon.

(B) SUBMERGED LANDS: No discharge of solid waste or garbage shall be allowed into State waters from any drilling or support vessels, production platform, crew or supply boat, barge, jack-up rig or other equipment located on the leased area. Solid waste shall include but shall not be limited to containers, equipment, rubbish, plastic, glass, and any other man-made non-biodegradable items. A sign must be displayed in a high traffic area on all vessels and manned platforms stating, "Discharge of any solid waste or garbage into State Waters from vessels or platforms is strictly prohibited and may subject a State of Texas lease to forfeiture." Such statement shall be in lettering of at least 1" in size.

(C) RIVERS: To the extent necessary to prevent pollution, the provisions found in subsections (a) and (b) of this paragraph shall also apply to rivers and riverbeds.

(D) PENALTY: Failure to comply with the requirements of this provision may result in the maximum penalty allowed by law including forfeiture of the lease. Lessee shall be liable for the damages caused by such failure and any costs and expenses incurred in cleaning areas affected by the discharged waste.

16. IDENTIFICATION MARKERS: Lessee shall erect, at a distance not to exceed twenty-five (25) feet from each well on the premises covered by this lease, a legible sign on which shall be stated the name of the operator, the lease designation and the well number. Where two or more wells on the same lease or where wells on two or more leases are connected to the same tank battery, whether by individual flow line connections direct to the tank or tanks or by use of a multiple header system, each line between each well and such tank or header shall be legibly identified at all times, either by a firmly attached tag or plate or an identification properly painted on such line at a distance not to exceed three (3) feet from such tank or header connection. Said signs, tags, plates or other identification markers shall be maintained in a legible condition throughout the term of this lease.

17. ASSIGNMENTS: The lease may be transferred at any time; provided, however, that the liability of the transferor to properly discharge its obligation under the lease, including properly plugging abandoned wells, removing platforms or pipelines, or remediation of contamination at drill sites shall pass to the transferee upon the prior written consent of the Commissioner of the General Land Office. The Commissioner may require the transferee to demonstrate financial responsibility and may require a bond or other security. All transfers must reference the lease by the file number and must be recorded in the county where the area is located, and the recorded transfer or a copy certified to by the County Clerk of the county where the transfer is recorded must be filed in the General Land Office within ninety (90) days of the execution date, as provided by N.R.C. Section 52.026, accompanied by the filing fee prescribed by the General Land Office rules in effect on the date of receipt by the General Land Office of such transfer or certified copy thereof. Every transferee shall succeed to all rights and be subject to all obligations, liabilities, and penalties owed to the State by the original lessee or any prior transferee of the lease, including any liabilities to the state for unpaid royalties.

18. RELEASES: Lessee may relinquish the rights granted hereunder to the State at any time by recording the relinquishment in the county where this area is situated and filing the recorded relinquishment or certified copy of same in the General Land Office within ninety (90) days after its execution accompanied by the filing fee prescribed by the General Land Office rules in effect on the date of receipt by the General Land Office of such relinquishment or certified copy thereof. Such relinquishment will not have the effect of releasing Lessee from any liability theretofore accrued in favor of the State.

19. LIEN: In accordance with N.R.C. Section 52.136, the State shall have a first lien upon all oil and gas produced from the area covered by this lease to secure payment of all unpaid royalty and other sums of money that may become due under this lease. By acceptance of this lease, Lessee grants the State, in addition to the lien provided by N.R.C. Section 52.136 and any other applicable statutory lien, an express contractual lien on and security interest in all leased minerals in and extracted from the leased premises, all proceeds which may accrue to Lessee from the sale of such leased minerals, whether such proceeds are held by Lessee or by a third party, and all fixtures on and improvements to the leased premises used in connection with the production or processing of such leased minerals in order to secure the payment of all royalties or other amounts due or to become due under this lease and to secure payment of any damages or loss that Lessor may suffer by reason of Lessee's breach of any covenant or condition of this lease, whether express or implied. This lien and security interest may be foreclosed with or without court proceedings in the manner provided in the Title 1, Chapter 9 of the Texas Business and Commerce Code. Lessee agrees that the Commissioner may require Lessee to execute and record such instruments as may be reasonably necessary to acknowledge, attach or perfect this lien. Lessee hereby represents that there are no prior or superior liens arising from and relating to Lessee's activities upon the above-described property or from Lessee's acquisition of this lease. Should the Commissioner at any time determine that this representation is not true, then the Commissioner may declare this lease forfeited as provided herein.

20. FORFEITURE: If Lessee shall fail or refuse to make the payment of any sum within thirty (30) days after it becomes due, or if Lessee or an authorized agent should knowingly make any false return or false report concerning production or drilling, or if Lessee shall fail or refuse to drill any offset well or wells in good faith as required by law and the rules and regulations adopted by the Commissioner of the General Land Office, or if Lessee should fail to file reports in the manner required by law or fail to comply with rules and regulations promulgated by the General Land Office, the School Land Board, or the Railroad Commission, or refuse the proper authority access to the records pertaining to operations, or if Lessee or an authorized agent should knowingly fail or refuse to give correct information to the proper authority, or knowingly fail or refuse to furnish the General Land Office a correct log of any well, or if Lessee shall knowingly violate any of the material provisions of this lease, or if this lease is assigned and the assignment is not filed in the General Land Office as required by law, the rights acquired under

this lease shall be subject to forfeiture by the Commissioner, and he shall forfeit same when sufficiently informed of the facts which authorize a forfeiture, and when forfeited the area shall again be subject to lease to the highest bidder, under the same regulations controlling the original sale of leases. However, nothing herein shall be construed as waiving the automatic termination of this lease by operation of law or by reason of any special limitation arising hereunder. Forfeitures may be set aside and this lease and all rights thereunder reinstated before the rights of another intervene upon satisfactory evidence to the Commissioner of the General Land Office of future compliance with the provisions of the law and of this lease and the rules and regulations that may be adopted relative hereto.

21. RIVERBED TRACTS: In the event this lease covers a riverbed, Lessee is hereby specifically granted the right of eminent domain and condemnation as provided for in N.R.C. Sections 52.092-52.093, as a part of the consideration moving to Lessor for the covenants herein made by Lessee.

22. APPLICABLE LAWS AND DRILLING RESTRICTIONS: This lease shall be subject to all rules and regulations, and amendments thereto, promulgated by the Commissioner of the General Land Office governing drilling and producing operations on Permanent Free School Land (specifically including any rules promulgated that relate to plans of operations), payment of royalties, and auditing procedures, and shall be subject to all other valid statutes, rules, regulations, orders and ordinances that may affect operations under the provisions of this lease. Without limiting the generality of the foregoing, Lessee hereby agrees, by the acceptance of this lease, to be bound by and subject to all statutory and regulatory provisions relating to the General Land Office's audit billing notice and audit hearings procedures. Said provisions are currently found at 31 Texas Administrative Code, Chapter 4, and Texas Natural Resources Code Sections 52.135 and 52.137 through 52.140. In the event this lease covers land franchised or leased or otherwise used by a navigation district or by the United States for the purpose of navigation or other purpose

incident to the operation of a port, then Lessee shall not be entitled to enter or possess such land without prior approval as provided under Section 61.117 of the Texas Water Code, but Lessee shall be entitled to develop such land for oil and gas by directional drilling; provided, however, that no surface drilling location may be nearer than 660 feet and special permission from the Commissioner of the General Land Office is necessary to make any surface location nearer than 2,160 feet measured at right angles from the nearest bulkhead line or from the nearest dredged bottom edge of any channel, slip, or turning basin which has been authorized by the United States as a federal project for future construction, whichever is nearer.

23. REMOVAL OF EQUIPMENT: Upon the termination of this lease for any cause, Lessee shall not, in any event, be permitted to remove the casing or any part of the equipment from any producing, dry, or abandoned well or wells without the written consent of the Commissioner of the General Land Office or his authorized representative; nor shall Lessee, without the written consent of said Commissioner or his authorized representative remove from the leased premises the casing or any other equipment, material, machinery, appliances or property owned by Lessee and used by Lessee in the development and production of oil or gas therefrom until all dry or abandoned wells have been plugged and until all slush or refuse pits have been properly filled and all broken or discarded lumber, machinery, or debris shall have been removed from the premises to the satisfaction of the said Commissioner or his authorized representative.

24. FORCE MAJEURE: Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling operations thereon, or from producing oil and/or gas therefrom, after effort made in good faith, by reason of war, rebellion, riots, strikes, fires, acts of God or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended upon proper and satisfactory proof presented to the Commissioner of the General Land Office in support of Lessee's contention and Lessee shall not be liable for damages for failure to comply therewith (except in the event of lease operations suspended as provided in the rules and regulations adopted by the School Land Board); and this lease shall be extended while and so long as Lessee is prevented, by any such cause, from drilling, reworking operations or producing oil and/or gas from the leased premises; provided, however, that nothing herein shall be construed to suspend the payment of rentals during the primary or extended term, nor to abridge Lessee's right to a suspension under any applicable statute of this State.

25. LEASE SECURITY: Lessee shall take the highest degree of care and all proper safeguards to protect said premises and to prevent theft of oil, gas, and other hydrocarbons produced from said lease. This includes, but is not limited to, the installation of all necessary equipment, seals, locks, or other appropriate protective devices on or at all access points at the lease's production, gathering and storage systems where theft of hydrocarbons can occur. Lessee shall be liable for the loss of any hydrocarbons resulting from theft and shall pay the State of Texas royalties thereon as provided herein on all oil, gas or other hydrocarbons lost by reason of theft.

26. REDUCTION OF PAYMENTS: If, during the primary term, a portion of the land covered by this lease is included within the boundaries of a pooled unit that has been approved by the School Land Board in accordance with Natural Resources Code Sections 52.151-52.153, or if, at any time after the expiration of the primary term or the extended term, this lease covers a lesser number of acres than the total amount described herein, payments that are made on a per acre basis hereunder shall be reduced according to the number of acres pooled, released, surrendered, or otherwise severed, so that payments determined on a per acre basis under the terms of this lease during the primary term shall be calculated based upon the number of acres outside the boundaries of a pooled unit, or, if after the expiration of the primary term, the number of acres actually retained and covered by this lease.

27. SUCCESSORS AND ASSIGNS: The covenants, conditions and agreements contained herein shall extend to and be binding upon the heirs, executors, administrators, successors or assigns of Lessee herein.

28. ANTIQUITIES CODE: In the event that any feature of archeological or historical interest on Permanent School Fund Land is encountered during the activities authorized by this lease, Lessee will immediately cease activities and will immediately notify the General Land Office (ATTN: Archaeologist, Asset Management Division, 1700 N. Congress Ave., Austin, Texas 78701) and the Texas Historical Commission (P.O. Box 12276, Austin, TX 78711) so that adequate measures may be undertaken to protect or recover such discoveries or findings, as appropriate. Lessee is expressly placed on notice of the National Historical Preservation Act of 1966 (PB-89-66, 80 Statute 915; 16 U.S.C.A. 470) and the Antiquities Code of Texas, Chapter 191, Tex. Nat. Code Ann. (Vernon 1993 & Supp. 1998). On state-owned land not dedicated to the Permanent School Fund, lessee shall notify the Texas Historical Commission before breaking ground at a project location. An archaeological survey might be required by the commission before construction of the project can commence. Further, in the event that any site, object, location, artifact or other feature of archaeological, scientific, educational, cultural or historic interest is encountered during the activities authorize by this lease, lessee will immediately notify lessor and the Texas Historical Commission so that adequate measures may be undertaken to protect or recover such discoveries or findings, as appropriate.

29. VENUE: Lessor and lessee, including lessee's successors and assigns, hereby agree that venue for any dispute arising out of a provision of this lease, whether express or implied, regarding interpretation of this lease, or relating in any way to this lease or to applicable case law, statutes, or administrative rules, shall be in a court of competent jurisdiction located in Travis County, State of Texas.

30. LEASE FILING: Pursuant to Chapter 9 of the Tex. Bus. & Com. Code, this lease must be filed of record in the office of the County Clerk in any county in which all or any part of the leased premises is located, and certified copies thereof must be filed in the General Land Office. The prescribed filing fee shall accompany the certified copies sent to the General Land Office.

2.

31. EXECUTION: This oil and gas lease must be signed and acknowledged by the Lessee before it is filed of record in the county records and in the General Land Office of the State of Texas.

File No. MF 110712
Lease
Date Filed: 4/6/10
By [Signature] Jerry Patterson, Commissioner

LESSEE _____
BY: _____
TITLE: _____
DATE: _____

IN TESTIMONY WHEREOF, witness the signature of the Commissioner of the General Land Office of the State of Texas under the seal of the General Land Office.

COMMISSIONER OF THE GENERAL LAND OFFICE
OF THE STATE OF TEXAS

APPROVED

Contents _____
Legal _____
DC _____
Exec _____

STATE OF _____
COUNTY OF _____

(CORPORATION ACKNOWLEDGMENT)

BEFORE ME, the undersigned authority, on this day personally appeared _____
known to me to be the person whose name is subscribed to the foregoing instrument, as _____ of _____
and acknowledged to me that he executed the same
for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said corporation.

Given under my hand and seal of office this the _____ day of _____, 20_____.

Notary Public in and for _____

STATE OF _____
COUNTY OF _____

(INDIVIDUAL ACKNOWLEDGMENT)

Before me, the undersigned authority, on this day personally appeared _____
known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the
same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the _____ day of _____, 20_____.

Notary Public in and for _____

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

May 1, 2010

Mr. Roger Alexander
Cimarex Energy Co.
600 N. Marienfeld, Suite 600
Midland, Texas 79701-4405

Dear Mr. Alexander:

Thank you for participating in the General Land Office Oil and Gas Lease Sale held on April 6, 2010. I am pleased to inform you that Cimarex Energy Co. was the high bidder on **MGL. No. 13**, which has been assigned the lease number **M-110712**.

State Lease M-110712 is enclosed and serves as your receipt for your bid. This lease form must be fully executed by the lessee, and then recorded in the County Clerk's office of the county or counties in which lands covered by the lease are located. After signing and recording the lease, please submit a certified copy of the recorded lease to the attention of the undersigned. These requirements are material provisions of the lease; therefore, please return the certified copy at your earliest convenience.

The lessee's other contractual and statutory responsibilities are outlined in the lease agreement, such as Section 6(B), which requires submission of written notice for all drilling, production, and related activities. When forms are filed with the Texas Railroad Commission, they are required to submit copies of these forms to the General Land Office, such as Forms W-1, Application to Drill; W-2, Oil Well Completion Report and Log; G -1, Gas Well Completion Report and Log; W-3, Plugging Record; G-5, Gas Well Classification Report; G-10, Gas Well Status Report; W-10, Oil Well Status Report; W-12, Inclination Report; Electric Logs; Directional Surveys.

Please let me know if you have any questions or need any additional information.

Sincerely,

Robert B. Hatter, Director
Mineral Leasing Division

Stephen F. Austin Building • 1700 North Congress Avenue • Austin, Texas 78701-1495

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

www.glo.state.tx.us

3.

File No. MF 110712

Keller

Date Filed: 5/1/10

Jerry Patterson, Commissioner

By [Signature]

1700 LINCOLN STREET
SUITE 1800
DENVER CO 80203-4518
(303) 295-3995

Check Number 0004004688

CIMAREX

Invoice #	Oblig. Date	Description	Lessor	Net Amount
OBL20110315-15	03/15/2011	COMMISSIONER OF THE GENERAL DELAY RENTALS TX428085012822001 ST-TX #M-110729 Payee: COMMISSIONER OF THE GENERA LAND OFFICE STATE OF TEXAS AUSTIN, TX 78711-2873 Payee Tax ID: [REDACTED] Prospect: TX428085012822001 ST-TX #M-110729 Lease Date: 04/06/2010 Oblig Type: PAYMENT REQUIRED Due Dt: 04/06/2011 Freq: 1 Year Book 845/Page 729/Registry 002036 Reeves/TX	ST-TX #M-110729	3,200.00
OBL20110315-16	03/15/2011	COMMISSIONER OF THE GENERAL DELAY RENTALS TX429971012751001 ST-TX #M-110712 Payee: COMMISSIONER OF THE GENERA LAND OFFICE STATE OF TEXAS AUSTIN, TX 78711-2873 Payee Tax ID: [REDACTED] Prospect: TX429971012751001 ST-TX #M-110712 Lease Date: 04/06/2010 Oblig Type: PAYMENT REQUIRED Due Dt: 04/06/2011 Freq: 1 Year Book 102/Page 484/Registry 65891 Culberson/TX	ST-TX #M-110712	3,375.00

11707535

121

030618

← Payee

Check Date: 03/17/2011

Check Amount →

6,575.00



Invoice #	Oblig. Date	Description	Lessor	Net Amount
OBL20110315-15	03/15/2011	COMMISSIONER OF THE GENERAL DELAY RENTALS TX428085012822001 ST-TX #M-110729 Payee: COMMISSIONER OF THE GENERA LAND OFFICE STATE OF TEXAS AUSTIN, TX 78711-2873 Payee Tax ID: 74-6000108 Prospect: TX428085012822001 ST-TX #M-110729 Lease Date: 04/06/2010 Oblig Type: PAYMENT REQUIRED Due Dt: 04/06/2011 Freq: 1 Year Book 845/Page 729/Registry 002036 Reeves/TX	ST-TX #M-110729	3,200.00
OBL20110315-16	03/15/2011	COMMISSIONER OF THE GENERAL DELAY RENTALS TX429971012751001 ST-TX #M-110712 Payee: COMMISSIONER OF THE GENERA LAND OFFICE STATE OF TEXAS AUSTIN, TX 78711-2873 Payee Tax ID: 74-6000108 Prospect: TX429971012751001 ST-TX #M-110712 Lease Date: 04/06/2010 Oblig Type: PAYMENT REQUIRED Due Dt: 04/06/2011 Freq: 1 Year Book 102/Page 484/Registry 65891 Culberson/TX	ST-TX #M-110712	3,375.00

COPY

RECEIPT

INSTRUCTIONS TO DEPOSITORY: You have been designated as depository for delay
rentals due under oil and gas lease held by this Company on lands hereinabove described.
This check represents rental payment in advance under such lease and we ask that you
credit the proceeds thereof to the parties named, and in the amounts indicated. Should any
difficulty of any nature arise with respect to any item shown DO NOT return our check but
make the deposit to the credit of the party named in A SPECIAL ACCOUNT IF NECESSARY,
and communicate immediately with us explaining the circumstances and further instructions
will be given.

The above described check has been received and
deposited to the credit of parties named as instructed:

DATE **MAR 21 2011**

BY **RENTAL PAYMENT** *RE*

PLEASE DATE, SIGN AND RETURN

030618 ← Payee Check Date: 03/17/2011 Check Amount → 6,575.00

0004004688 03/17/2011 6,575.00

Pay

Six Thousand Five Hundred Seventy Five Dollars and Zero Cents

COMMISSIONER OF THE GENERAL
LAND OFFICE STATE OF TEXAS
LOCKBOX ACCOUNT
PO BOX 12873
AUSTIN, TX 78711-2873

NON-NEGOTIABLE

File No. MF-110712

(5)

RENTAL PAYMENT

Date Filed: 3/21/11

Jerry E. Patterson, Commissioner

By WR

COPY



CIMAREX ENERGY CO
1700 LINCOLN STREET
SUITE 1800
DENVER CO 80203-4518
(303) 295-3995

"PLEASE DETACH AT PERFORATION ABOVE"



Check Number 0004005088

6	Invoice #	Oblig. Date	Description	Lessor	Net Amount
					12708702 COPY 121 V

030618

Payee

Check Date: 03/13/2012

Check Amount

8,175.00



Invoice #	Oblig. Date	Description	Lessor	Net Amount
		TX 428085.017822.001		
		See Attached		
		RECEIPT		

INSTRUCTIONS TO DEPOSITORY: You have been designated as depository for delay rentals due under oil and gas lease held by this Company on lands hereinabove described. This check represents rental payment in advance under such lease and we ask that you credit the proceeds thereof to the parties named, and in the amounts indicated. Should any difficulty of any nature arise with respect to any item shown DO NOT return our check but make the deposit to the credit of the party named in A SPECIAL ACCOUNT IF NECESSARY, and communicate immediately with us explaining the circumstances and further instructions will be given.

The above described check has been received and deposited to the credit of parties named as instructed:

DATE MAR 16 2012

BY ☒ RENTAL PAYMENT

PLEASE DATE, SIGN AND RETURN

030618 Payee Check Date: 03/13/2012 Check Amount 8,175.00

(A)

0004005088 03/13/2012 8,175.00

Pay Eight Thousand One Hundred Seventy Five Dollars and Zero Cents

COMMISSIONER OF THE GENERAL
LAND OFFICE STATE OF TEXAS
LOCKBOX ACCOUNT
PO BOX 12873
AUSTIN, TX 78711-2873

NON-NEGOTIABLE



Remittance Statement

Vendor COMMISSIONER OF THE G
Vendor Cod 030618
Check Number 0004005088
Check Date 03/13/2012

Invoice #	Invoice Date	Lessor	Net Amount
OBL20120313-16	03/13/2012	COMMISSIONER OF THE GENERAL DELAY RENTALS TX428085012822001 ST-TX #M-110729 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Payee Tax ID: [REDACTED] Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2012 Freq: 1 Yea Book 845/Page 729/Registry 002036 Reeves/TX	3,200.00 ✓ 3 rd yr
OBL20120313-17	03/13/2012	COMMISSIONER OF THE GENERAL DELAY RENTALS TX429971012751001 ST-TX #M-110712 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Payee Tax ID: [REDACTED] Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2012 Freq: 1 Yea Book 102/Page 484/Registry 65891 Culberson/TX	3,375.00 ✓ 3 rd yr
OBL20120313-19	03/13/2012	COMMISSIONER OF THE GENERAL DELAY RENTALS TX429971013076001 ST OF TX #M- 112444 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Payee Tax ID: [REDACTED] Lease Date: 04/05/2011 Oblig Type: PAY Oblig Due Date: 04/05/2012 Freq: 1 Yea Book 106/Page 283/Registry 67086 Culberson/TX	1,600.00 ✓ 2 nd yr

8,175.00

File No. MF1107/2 ⑥
Rental Payment 2012

Date Filed: 03/16/2012

Jerry E. Patterson, Commissioner

By JEP



CIMAREX ENERGY CO
1700 LINCOLN STREET
SUITE 1800
DENVER CO 80203-4518
(303) 295-3995

WELLS FARGO BANK NA

56-382/412

13708072

Present for payment within 180 days.

Payee No.	Check No.	Check Date	Check Amount
030618	0004005716	03/14/2013	*****\$209,125.00

PAY *Two Hundred Nine Thousand One Hundred Twenty Five Dollars and Zero Cents*

TO THE
ORDER
OF

COMMISSIONER OF THE GENERAL
LAND OFFICE STATE OF TEXAS
LOCKBOX ACCOUNT
PO BOX 12873
AUSTIN TX 78711-2873

Paul Kous
Shirri M. Nitta

SIGNATURE HAS A COLORED BACKGROUND - BORDER CONTAINS MICROPRINTING

⑈0004005716⑈

PLEASE DETACH AT PERFORATION ABOVE

CIMAREX ENERGY CO
1700 LINCOLN STREET
SUITE 1800
DENVER CO 80203-4518
(303) 295-3995

PLEASE DETACH AT PERFORATION ABOVE



Check Number 0004005716

Invoice #	Oblig. Date	Description	Lessor	Net Amount
		(P)	121	13708072

030618

Payee

Check Date: 03/14/2013

Check Amount

209,125.00



Invoice #	Oblig. Date	Description	Lessor	Net Amount
		See Attached		
RECEIPT				

INSTRUCTIONS TO DEPOSITORY: You have been designated as depository for delay rentals due under oil and gas lease held by this Company on lands hereinabove described. This check represents rental payment in advance under such lease and we ask that you credit the proceeds thereof to the parties named, and in the amounts indicated. Should any difficulty of any nature arise with respect to any item shown DO NOT return our check but make the deposit to the credit of the party named in A SPECIAL ACCOUNT IF NECESSARY, and communicate immediately with us explaining the circumstances and further instructions will be given.

The above described check has been received and deposited to the credit of parties named as instructed:

DATE 03/19/2013

BY [Signature] for CEO

PLEASE DATE, SIGN AND RETURN

030618	Payee	Check Date: 03/14/2013	Check Amount	209,125.00
--------	-------	------------------------	--------------	------------

0004005716 03/14/2013

209,125.00

Pay

Two Hundred Nine Thousand One Hundred Twenty Five Dollars and Zero Cents

COMMISSIONER OF THE GENERAL
LAND OFFICE STATE OF TEXAS
LOCKBOX ACCOUNT
PO BOX 12873
AUSTIN, TX 78711-2873

NON-NEGOTIABLE



Remittance Statement

Vendor COMMISSIONER OF THE G
Vendor Cod 030618
Check Numbe 0004005716
Check Dat 03/14/2013

Invoice #	Invoice Date	Lessor	Net Amount
OBL20130313-14	03/13/2013	COMMISSIONER OF THE GENERAL DELAY RENTALS TX428085012822001 ST-TX #M-110729 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Payee Tax ID: [REDACTED] Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2013 Freq: 1 Yea Book 845/Page 729/Registry 002036 Reeves/TX	16,000.00
OBL20130313-15	03/13/2013	COMMISSIONER OF THE GENERAL DELAY RENTALS TX429971012751001 ST-TX #M-110712 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Payee Tax ID: [REDACTED] Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2013 Freq: 1 Yea Book 102/Page 484/Registry 65891 Culberson/TX	16,875.00
OBL20130313-16	03/13/2013	COMMISSIONER OF THE GENERAL DELAY RENTAL TX428085012482001 STATE OF TX & KENNETH H BAKER Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Payee Tax ID: [REDACTED] Lease Date: 04/13/2010 Oblig Type: PAY Oblig Due Date: 04/13/2013 Freq: 1 Yea Book 851/Page 133/Registry 003018 Reeves/TX	2,500.00
OBL20130313-19	03/13/2013	COMMISSIONER OF THE GENERAL DELAY RENTALS TX429971013076001 ST OF TX #M- 112444 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Payee Tax ID: [REDACTED] Lease Date: 04/05/2011 Oblig Type: PAY Oblig Due Date: 04/05/2013 Freq: 1 Yea Book 106/Page 283/Registry 67086 Culberson/TX	1,600.00



Remittance Statement

Vendor COMMISSIONER OF THE G
Vendor Cod 030618
Check Numbe 0004005716
Check Dat 03/14/2013

Invoice #	Invoice Date	Lessor	Net Amount
OBL20130313-22	03/13/2013	COMMISSIONER OF THE GENERAL DELAY RENTAL TX429971013511001, STATE OF TEXAS, M-110702 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Payee Tax ID: [REDACTED] Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2013 Freq: 1 Yea Book 101/Page 298/Registry 000065484 Culberson/TX	8,000.00
OBL20130313-23	03/13/2013	COMMISSIONER OF THE GENERAL DELAY RENTAL TX429971013512001, STATE OF TEXAS, M-110703 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Payee Tax ID: [REDACTED] Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2013 Freq: 1 Yea Book 101/Page 304/Registry 000065485 Culberson/TX	16,000.00
OBL20130313-24	03/13/2013	COMMISSIONER OF THE GENERAL DELAY RENTAL TX429971013513001, STATE OF TEXAS, M-110704 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Payee Tax ID: [REDACTED] Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2013 Freq: 1 Yea Book 101/Page 310/Registry 000065486 Culberson/TX	16,000.00
OBL20130313-25	03/13/2013	COMMISSIONER OF THE GENERAL DELAY RENTAL TX429971013514001, STATE OF TEXAS, M-110705 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Payee Tax ID: [REDACTED] Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2013 Freq: 1 Yea Book 101/Page 316/Registry 000065487 Culberson/TX	16,000.00



Remittance Statement

Vendor COMMISSIONER OF THE G
Vendor Cod 030618
Check Number 0004005716
Check Date 03/14/2013

Invoice #	Invoice Date	Lessor	Net Amount
OBL20130313-26	03/13/2013	COMMISSIONER OF THE GENERAL DELAY RENTAL TX429971013515001, STATE OF TEXAS, M-110706 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Payee Tax ID: [REDACTED] Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2013 Freq: 1 Yea Book 101/Page 322/Registry 000065488 Culberson/TX	16,000.00
OBL20130313-27	03/13/2013	COMMISSIONER OF THE GENERAL DELAY RENTAL TX429971013516001, STATE OF TEXAS, M-110707 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Payee Tax ID: [REDACTED] Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2013 Freq: 1 Yea Book 101/Page 328/Registry 000065489 Culberson/TX	16,000.00
OBL20130313-28	03/13/2013	COMMISSIONER OF THE GENERAL DELAY RENTAL TX429971013517001, STATE OF TEXAS, M-110708 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Payee Tax ID: [REDACTED] Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2013 Freq: 1 Yea Book 101/Page 334/Registry 000065490 Culberson/TX	8,525.00
OBL20130313-29	03/13/2013	COMMISSIONER OF THE GENERAL DELAY RENTAL TX429971013518001, STATE OF TEXAS, M-110709 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Payee Tax ID: [REDACTED] Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2013 Freq: 1 Yea Book 101/Page 340/Registry 000065491 Culberson/TX	17,025.00



Remittance Statement

Vendor COMMISSIONER OF THE G
Vendor Cod 030618
Check Numbe 0004005716
Check Dat 03/14/2013

Invoice #	Invoice Date	Lessor	Net Amount
ORI 20130313-30	03/13/2013	COMMISSIONER OF THE GENERAL ST OF TX - M 110710 DELAY RENTAL TX429971013519001, STATE OF TEXAS, M-110710 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Payee Tax ID: [REDACTED] Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2013 Freq: 1 Yea Book 101/Page 346/Registry 000065492 Culberson/TX	16,975.00
OBL20130313-31	03/13/2013	COMMISSIONER OF THE GENERAL ST OF TX - M 110711 DELAY RENTAL TX429971013520001, STATE OF TEXAS, M-110711 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Payee Tax ID: [REDACTED] Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2013 Freq: 1 Yea Book 101/Page 352/Registry 000065493 Culberson/TX	17,100.00
OBL20130313-32	03/13/2013	COMMISSIONER OF THE GENERAL ST OF TX - M 110713 DELAY RENTAL TX429971013521001, STATE OF TEXAS, M-110713 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Payee Tax ID: [REDACTED] Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2013 Freq: 1 Yea Book 101/Page 358/Registry 000065494 Culberson/TX	8,525.00
OBL20130313-33	03/13/2013	COMMISSIONER OF THE GENERAL ST OF TX - M 110700 DELAY RENTAL TX429971013532001, STATE OF TEXAS, M-110700 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Payee Tax ID: [REDACTED] Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2013 Freq: 1 Yea Book 101/Page 286/Registry 000065482 Culberson/TX	8,000.00



Remittance Statement

Vendor COMMISSIONER OF THE G
Vendor Cod 030618
Check Number 0004005716
Check Date 03/14/2013

Invoice #	Invoice Date	Lessor	Net Amount
001 20130313-34	03/13/2013	COMMISSIONER OF THE GENERAL DELAY RENTAL TX429971013533001, STATE OF TEXAS, M-110701 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Payee Tax ID: [REDACTED] Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2013 Freq: 1 Yea Book 101/Page 292/Registry 000065483 Culberson/TX	8,000.00
			209,125.00

File No. ME110712

(7)

Rental Payment

Date Filed: 03/19/2013

Jerry E. Patterson, Commissioner

By JEP

^PLEASE DETACH AT PERFORATION ABOVE^

Check Number 0004006145

Invoice #	Oblig. Date	Description	Lessor	Net Amount
		RENTAL PAYMENT 5 th yr. \$16,875.00 (P)		14709529 121

481,300.00

CIMAREX

CIMAREX ENERGY CO
1700 LINCOLN STREET
SUITE 1800
DENVER CO 80203-4518
(303) 295-3995

WELLS FARGO BANK NA

14709529

Present for payment within 180 days.

Payee No.	Check No	Check Date	Check Amount
030618	0004006145	03/20/2014	*****\$481,300.00

PAY Four Hundred Eighty One Thousand Three Hundred Dollars and Zero CentsTO THE
ORDER
OF

COMMISSIONER OF THE GENERAL
LAND OFFICE STATE OF TEXAS
LOCKBOX ACCOUNT
PO BOX 12873
AUSTIN TX 78711-2873

Paul Koms
Sherril M. Nitta

SIGNATURE HAS A COLORED BACKGROUND - BORDER CONTAINS MICROPRINTING

PLEASE DETACH AT PERFORATION ABOVE

CIMAREX ENERGY CO
1700 LINCOLN STREET
SUITE 1800
DENVER CO 80203-4518
(303) 295-3995

PLEASE DETACH AT PERFORATION ABOVE

CIMAREX

Check Number 0004006145

Invoice #	Oblig. Date	Description	Lessor	Net Amount
030618				481,300.00

Payee

Check Date: 03/20/2014

Check Amount

481,300.00

14709529

121



Remittance Statement

Vendor: COMMISSIONER OF THE G
Vendor Code: 030618
Check Number: 0004006145
Check Date: 03/20/2014

Invoice #	Invoice Date	Lessor	Net Amount
OBL20140318-14	03/18/2014	COMMISSIONER OF THE GENERAL DELAY RENTALS TX429971012751001 ST-TX #M-110712 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2014 Freq: 1 Yea Book 102/Page 484/Registry 65891 Culberson/TX	16,875.00
OBL20140318-16	03/18/2014	COMMISSIONER OF THE GENERAL DELAY RENTALS TX429971013076001 ST OF TX #M- 112444 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/05/2011 Oblig Type: PAY Oblig Due Date: 04/05/2014 Freq: 1 Yea Book 106/Page 283/Registry 67086 Culberson/TX	320,000.00
OBL20140318-19	03/18/2014	COMMISSIONER OF THE GENERAL DELAY RENTAL TX429971013511001, STATE OF TEXAS, M-110702 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2014 Freq: 1 Yea Book 101/Page 298/Registry 000065484 Culberson/TX	8,000.00
OBL20140318-20	03/18/2014	COMMISSIONER OF THE GENERAL DELAY RENTAL TX429971013512001, STATE OF TEXAS, M-110703 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2014 Freq: 1 Yea Book 101/Page 304/Registry 000065485 Culberson/TX	16,000.00



Remittance Statement

Vendor: COMMISSIONER OF THE G
Vendor Code: 030618
Check Number: 0004006145
Check Date: 03/20/2014

Invoice #	Invoice Date	Lessor	Net Amount
OBL20140318-21	03/18/2014	COMMISSIONER OF THE GENERAL ST OF TX - M 110704 DELAY RENTAL TX429971013513001, STATE OF TEXAS, M-110704 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2014 Freq: 1 Yea Book 101/Page 310/Registry 000065486 Culberson/TX	16,000.00
OBL20140318-22	03/18/2014	COMMISSIONER OF THE GENERAL ST OF TX - M 110705 DELAY RENTAL TX429971013514001, STATE OF TEXAS, M-110705 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2014 Freq: 1 Yea Book 101/Page 316/Registry 000065487 Culberson/TX	16,000.00
OBL20140318-23	03/18/2014	COMMISSIONER OF THE GENERAL ST OF TX - M 110706 DELAY RENTAL TX429971013515001, STATE OF TEXAS, M-110706 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2014 Freq: 1 Yea Book 101/Page 322/Registry 000065488 Culberson/TX	16,000.00
OBL20140318-24	03/18/2014	COMMISSIONER OF THE GENERAL ST OF TX - M 110707 DELAY RENTAL TX429971013516001, STATE OF TEXAS, M-110707 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2014 Freq: 1 Yea Book 101/Page 328/Registry 000065489 Culberson/TX	16,000.00
OBL20140318-25	03/18/2014	COMMISSIONER OF THE GENERAL ST OF TX - M 110708 DELAY RENTAL TX429971013517001, STATE OF TEXAS, M-110708 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2014 Freq: 1 Yea Book 101/Page 334/Registry 000065490 Culberson/TX	8,525.00



Remittance Statement

Vendor: COMMISSIONER OF THE G
Vendor Code: 030618
Check Number: 0004006145
Check Date: 03/20/2014

Invoice #	Invoice Date	Lessor	Net Amount
OBL20140318-26	03/18/2014	COMMISSIONER OF THE GENERAL ST OF TX - M 110710 DELAY RENTAL TX429971013519001, STATE OF TEXAS, M-110710 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2014 Freq: 1 Yea Book 101/Page 346/Registry 000065492 Culberson/TX	16,975.00
OBL20140318-27	03/18/2014	COMMISSIONER OF THE GENERAL ST OF TX - M 110713 DELAY RENTAL TX429971013521001, STATE OF TEXAS, M-110713 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2014 Freq: 1 Yea Book 101/Page 358/Registry 000065494 Culberson/TX	8,525.00
OBL20140318-28	03/18/2014	COMMISSIONER OF THE GENERAL ST OF TX - M 110700 DELAY RENTAL TX429971013532001, STATE OF TEXAS, M-110700 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2014 Freq: 1 Yea Book 101/Page 286/Registry 000065482 Culberson/TX	8,000.00
OBL20140318-29	03/18/2014	COMMISSIONER OF THE GENERAL ST OF TX - M 110701 DELAY RENTAL TX429971013533001, STATE OF TEXAS, M-110701 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/06/2010 Oblig Type: PAY Oblig Due Date: 04/06/2014 Freq: 1 Yea Book 101/Page 292/Registry 000065483 Culberson/TX	8,000.00
OBL20140318-30	03/18/2014	COMMISSIONER OF THE GENERAL ST OF TX - M 114907 DELAY RENTAL TX420179013760001 ST OF TEXAS - M114907 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/02/2013 Oblig Type: PAY Oblig Due Date: 04/02/2014 Freq: 1 Yea Book 1005/Page 453/Registry 13-04025 Reeves/TX	3,200.00



Remittance Statement

Vendor: COMMISSIONER OF THE G
Vendor Code: 030618
Check Number: 0004006145
Check Date: 03/20/2014

Invoice #	Invoice Date	Lessor	Net Amount
OBL20140318-31	03/18/2014	COMMISSIONER OF THE GENERAL DELAY RENTAL TX420179013759001 ST OF TEXAS - M114908 Payee: COMMISSIONER OF THE GENE LAND OFFICE STATE OF TEXA AUSTIN, TX 78711-2873 Lease Date: 04/02/2013 Oblig Type: PAY Oblig Due Date: 04/06/2014 Freq: 1 Yea Book 1005/Page 447/Registry 13-04024 Reeves/TX	3,200.00
			481,300.00



Invoice #	Oblig. Date	Description	Lessor	Net Amount
		See Attached		

RECEIPT

INSTRUCTIONS TO DEPOSITORY: You have been designated as depository for delay rentals due under oil and gas lease held by this Company on lands hereinabove described. This check represents rental payment in advance under such lease and we ask that you credit the proceeds thereof to the parties named, and in the amounts indicated. Should any difficulty of any nature arise with respect to any item shown DO NOT return our check but make the deposit to the credit of the party named in A SPECIAL ACCOUNT IF NECESSARY, and communicate immediately with us explaining the circumstances and further instructions will be given.

The above described check has been received and deposited to the credit of parties named as instructed:

DATE 03/24/2014

BY *[Signature]* for GLO

PLEASE DATE, SIGN AND RETURN

030618	Payee	Check Date: 03/20/2014	Check Amount	481,300.00
--------	-------	------------------------	--------------	------------

0004006145 03/20/2014 481,300.00

Pay

Four Hundred Eighty One Thousand Three Hundred Dollars and Zero Cents

COMMISSIONER OF THE GENERAL
LAND OFFICE STATE OF TEXAS
LOCKBOX ACCOUNT
PO BOX 12873
AUSTIN, TX 78711-2873

NON-NEGOTIABLE

File No. MF 110712

⑧

Rentals - 5th yr.

Date Filed: 03/24/2014

Jerry E. Patterson, Commissioner

By JP



CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518
(303) 295-3995

WELLS FARGO BANK NA

56-382/412

15710667

Present for payment within 180 days.

Vendor No.	Check No.	Check Date	Check Amount
023492	0001623524	04/15/2015	*****\$146,525.00

PAY One Hundred Forty Six Thousand Five Hundred Twenty Five Dollars and Zero Cents

TO THE
ORDER
OF

STATE OF TEXAS
TEXAS GENERAL LAND OFFICE
STEPHEN F. AUSTIN BUILDING
1700 NORTH CONGRESS AVENUE
AUSTIN TX 78701-1495

Paul Kous
Shirri M. Nitta

SIGNATURE HAS A COLORED BACKGROUND • BORDER CONTAINS MICROPRINTING

⑈0001623524⑈

PLEASE DETACH AT PERFORATION ABOVE

CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518

PLEASE DETACH AT PERFORATION ABOVE

(303) 295-3995

Check Number 0001623524

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21704132015	04/13/2015		146,525.00	0.00	146,525.00
		110712 \$16875			
		110713 \$8525			
		111275 \$17125			
		110702 \$8000			
		110703 \$16000			
		110704 \$16000			
		110705 \$16000			
		110706 \$16000			
		110707 \$16000			
		110700 \$8000			
		110701 \$8000			

15710667

121

023492

Vendor

Check Date: 04/15/2015

Check Amount 146,525.00

Cimarex Energy Co.
600 N. Marienfeld St.
Suite 600
Midland, TX 79701
MAIN 432.571.7800



April 16, 2015

General Land Office of the State of Texas
Mr. Robert B. Hatter, Director of Mineral Leasing Division
1700 N. Congress Avenue
Austin, Texas 78701-1495

Via Federal Express

Re: Amended 2015 Plans of Development
Armstrong-State Unit
Culberson County, Texas

Dear Mr. Hatter,

Please find enclosed herewith Cimarex Energy Co. *check number 0001623524 in the amount of One Hundred Forty Six Thousand Five Hundred Twenty Five Dollars and 00/100 (\$146,525.00)* as consideration for the Revised and Amended 2015 Plans of Development for the Armstrong-State Unit in Culberson County.

Once again, we appreciate the time and attention given to Cimarex in this matter. If you should need anything further, please do not hesitate to contact me at the number below.

Sincerely,

CIMAREX ENERGY CO.

A handwritten signature in blue ink that reads "Viviana M. Bush". The signature is fluid and cursive, with the first name being the most prominent.

Viviana M. Bush
Land Technician
Direct: (432) 571-7846
Email: vbush@cimarex.com

Cimarex Energy Co.
600 N. Marienfeld St.
Suite 600
Midland, TX 79701
MAIN 432.571.7800



March 27, 2015

General Land Office of the State of Texas
Mr. Robert B. Hatter, Director of Mineral Leasing Division
1700 N. Congress Avenue
Austin, Texas 78701-1495

email delivery and USPS

Re: **REVISED**
Amended 2015 Plans of Development
Armstrong – State Unit, Culberson County, Texas
Grisham – State Unit, Reeves County, Texas

Dear Robert:

Please accept this revised "Amended 2015 Plans of Development" in lieu of our submittal of the same dated January 29, 2015. I have inserted into the Armstrong - State Unit the alteration we discussed in yesterday's meeting, specifically, establishing a requirement to drill two (2) wells during 2015. Thank you again for taking the time to meet with me.

Following immediately below this sentence is the original submittal dated January 29, 2015, with the single alteration found in bold font within the body of paragraph "2. Armstrong – State Unit":

Reference is made to those two certain "2015 Plan of Development" proposals dated October 15, 2014, from Cimarex Energy Co., et al., (Cimarex) to the General Land Office (GLO) regarding the captioned units and promoting a plan to drill a total of four (4) wells in each unit during 2015. The Plans of Development were approved and executed by Jerry E. Patterson, Commissioner of the General Land Office on November 20, 2014.

I appreciate the time you, Daryl, and Drew spent to meet with me Last Tuesday. The meeting was very helpful in co-developing a revised plan that unites the objectives of both the GLO and Cimarex in adjustment to the current market situation.

First, note that I have attached the following information you requested; 1) an inventory of all wells drilled or drilling to date in the Armstrong and Grisham State Units, 2) an inventory of wells currently drilling or planned for drilling during 2015 on State lands outside of the two Unit boundaries, and 3) an inventory of undeveloped State Leases in the Armstrong-State Unit (non-mineral classified lands). Second, I need to correct a couple of errors in the information I shared with you last week. Rather than having drilled six wells to date in the Armstrong-State Unit, we have drilled five. Therefore, we have drilled or are drilling the 13th of the 16 wells required by both Units for the combined years of 2014 and 2015. And, rather than drilling three wells on non-Unit State minerals this year we are planning for four wells.

Amended Proposed Plans of Development for 2015

1. Grisham – State Unit; recognition is made that Cimarex proposed an eight (8) well commitment over the two year period of 2014 and 2015, having drilled seven (7) wells through 12/31/14. Six (6) of the wells are completed as horizontal producing wells and one (1) well, presently Temporarily Abandoned, drilled to the Wolfcamp formation as a monitoring well for seismic study, but which may be re-entered in the future for lateral drilling. Cimarex is now drilling the eighth well, which will be the seventh horizontal producing well (the Big Timber State 57-25 Unit 1H). Cimarex hereby proposes that subsequent to completing drilling operations on the Big Timber 57-25 Unit 1H well, Cimarex will be deemed to have fulfilled all drilling obligations for and through the end of 2015 in the Grisham-State Unit.
2. Armstrong – State Unit; recognition is made that Cimarex proposed an eight (8) well commitment over the two year period of 2014 and 2015, having drilled five horizontal producing wells to date. Cimarex hereby proposes to modify the prior 2015 Plan of Development to set forth a requirement to drill two (2) wells in the Armstrong-State Unit during 2015, rather than four (4) wells as proposed in the 2015 Plan approved by the General Land Office on November 20, 2014. In consideration for this modification Cimarex proposes a payment of \$146,525.00; being \$25.00 per acre for each of the 5,861 acres of undeveloped State Leases contained within the Unit boundaries.
3. Pursuant to Article V of the Unit Agreements, Cimarex will submit a proposal to the GLO prior to December 31, 2015, outlining its drilling plans for the two units for the year 2016.

Robert, again I wish to express my appreciation for the time and attention given to Cimarex and to me. We are aware that our success in Culberson and Reeves Counties would not have yielded the mutual benefits we both enjoy without the cooperation of the General Land Office.

Please let me know if I may answer any questions or provide additional information.

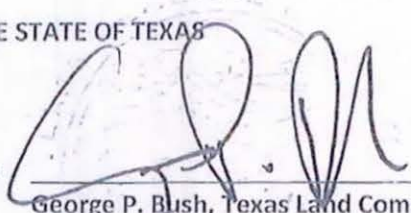
Respectfully,


Jeff Gotcher
Regional Land Manager
Cimarex Energy Co.

Agreed to and accepted this 10 day of April, 2015, but effective as of January 1, 2015.

THE STATE OF TEXAS

By:


George P. Bush, Texas Land Commissioner

Approved
Legal YMM
Contents me
Min. Leasing me
Executive B

January 29, 2015, Attachment to Amended 2015 Plans of Development

Armstrong – State Unit, Culberson County, Texas

Grisham – State Unit, Reeves County, Texas

Unit Wells Drilled to Date

	Well Name	Spud Date	Formation	Status	Lateral
Armstrong-State Unit:					
1.	Count Fleet 48 State 2H	2/10/14	Wolfcamp	Producing	1 mile
2.	Lord Murphy 10 State Unit 1H	3/23/14	Wolfcamp	Producing	1 mile
3.	Sea Hero State Unit 1H	4/5/14	Wolfcamp	Producing	1.5 miles
4.	Count Turf 38 State Unit 1H	6/3/14	Wolfcamp	Producing	1 mile
5.	Hindoo 2 State Unit 1H	8/29/14	Wolfcamp	Producing	2miles
Grisham-State Unit:					
1.	Tempest State 57-35 1H	10/17/13	Wolfcamp	Producing	1 mile
2.	Cleveland State 57-23 5	1/11/13	Wolfcamp	TA (monitor)	0 mile
3.	Cleveland State 57-23 3H	1/15/14	Wolfcamp	Producing	1 mile
4.	Cleveland State 57-23 1H	2/1/14	Wolfcamp	Producing	1 mile
5.	Cleveland State 57-23 4H	2/11/14	Wolfcamp	Producing	1 mile
6.	Cleveland State 57-23 2H	2/18/14	Wolfcamp	Producing	1 mile
7.	Wood State 57-26 Unit 1H	8/22/14	Wolfcamp	Producing	2 miles
8.	Big Timber State 57-25 Unit 1H	1/17/15	Wolfcamp	Drilling	2 miles

State Wells (Non-Unit) Drilled or Planned For 2015

	Well Name	Spud Date	Formation	Status	Lateral
1.	Whitetail 57-37 Unit 1H	12/25/14	Wolfcamp	Drilling	2 miles
2.	Saddleback State 57-30 1H	1/14/15	Wolfcamp	Drilling	1 mile
3.	Strawberry State 72-17 1H	1/10/15	Wolfcamp	Drilling	1.5 miles
4.	Boulder State 57-32 1H	2/16/15*	Wolfcamp	Pre-Spud	1 mile

*estimated spud date

Armstrong-State Unit Undeveloped State of Texas Leasehold (non-mineral classified)

<u>Section</u>	<u>Block</u>	<u>Survey</u>	<u>Lease Number</u>	<u>Acres</u>
Sec 42	59-T2	T&P RR Co. Survey	M-110712	675
Sec 18 (N2)	60-T2	T&P RR Co. Survey	M-110713	341
Sec 48	61-T2	T&P RR Co. Survey	M-111275	685
Sec 3 (N2)	113	Public School Land Survey	M-110702	320
Sec 4	113	Public School Land Survey	M-110703	640
Sec 11	113	Public School Land Survey	M-110704	640
Sec 18	113	Public School Land Survey	M-110705	640
Sec 16	114	Public School Land Survey	M-110706	640
Sec 21	114	Public School Land Survey	M-110707	640
Sec 4 (N2)	110	Public School Land Survey	M-110700	320
Sec 5 (N2)	110	Public School Land Survey	M-110701	320

Total 5,861

File No. MF110712Bonus for ~~County~~
AmendmentDate Filed: 4-17-15

George P. Bush, Commissioner

By JK

A11.12

Cimarex Energy Co.
600 N. Marienfeld St.
Suite 600
Midland, TX 79701
MAIN 432.571.7800



November 10, 2015

Via Federal Express

State of Texas – General Land Office
1700 N. Congress Ave.
Austin, Texas 78701-1495
Attn: Mr. Daryl Morgan

Re: Cimarex Energy Co.
Pooling Agreement
Smarty Jones 42 State Unit
GLO Unit No. 7507
Culberson County, Texas

Dear Mr. Morgan,

Enclosed for your execution are two (2) originals Pooling Agreement for the Smarty Jones 42 State Unit.

Please sign, notarize and return all documents to our office in the self-addressed stamped envelope provided. A recorded copy of this document will be sent for your records once received from the county.

If there is anything further that you should require in regard to this matter, please do not hesitate to contact me at the number below.

Regards,

CIMAREX ENERGY CO.

A handwritten signature in blue ink, appearing to read "Viviana M. Bush". The signature is fluid and cursive, written over the printed name.

Viviana M. Bush
Land Department
432.571.7846 (direct)
vbush@cimarex.com

10

File No. M-110712

Ltr. From C. Wright County

Date Filed: 11/12/15

George P. Bush, Commissioner

By [Signature]

11.15.12

DO NOT DESTROY



Texas General Land Office
UNIT AGREEMENT MEMO

UPA158827

Unit Number 7507
Operator Name Cimarex Energy Co. Effective Date
Customer ID C000044010 Unitized For Oil And Gas
Unit Name Smarty Jones 42 State Unit Unit Term
County 1 Culberson RRC District 1 08 Old Unit Number Inactive Status Date
County 2 RRC District 2
County 3 RRC District 3
County 4 RRC District 4
Unit type Permanent
State Net Revenue Interest 0.08333333
State Part in Unit 0.33333333
Unit Depth Specified Depths Well
From Depth Surface Formation TopBase
To Depth 11580 Cisco Canyon MD Participation Basis Surface Acreage
If Exclusions Apply: See Remarks

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	Lease Royalty	Tract Royalty Participation	Royalty Rate Reduction Clause
MF110712	1	337.500000	1,012.500000	0.33333333	0.25000000	0.08333333	No

API Number

4210932808 ✓

Remarks:

Prepared By:

GLO Base Updated By:

RAM Approval By:

GIS By:

Well Inventory By:

Prepared Date:

GLO Base Date:

RAM Approval Date:

GIS Date:

WI Date:

06/02/2015

06/02/2015

06/08/2015

12-4-15

6/2/15

Pooling Committee Report

To: School Land Board

UPA158827

Date of Board Meeting: 06/02/2015

Unit Number: 7507

Effective Date:

Unit Expiration Date:

Applicant: Cimarex Energy Co.

Attorney Rep:

Operator: CIMAREX ENERGY CO.,

Unit Name: Smarty Jones 42 State Unit

Field Name: FORD, WEST (WOLFCAMP)

County: Culberson

<u>Lease Type</u>	<u>Lease Number</u>	<u>Lease Royalty</u>	<u>Expiration Date</u>	<u>Lease Term</u>	<u>Lease Acres</u>	<u>Lease Acres In Unit</u>	<u>Royalty Participation</u>
U Fee	MF110712	0.25000000	04/06/2015	5 years	675.000000	337.500000	0.08333333

Private Acres:	675.000000
State Acres:	337.500000
Total Unit Acres:	1012.500000

<u>Participation Basis:</u>	Surface Acreage
Surface Acreage	
<u>State Acreage:</u>	33.33%
<u>State Net Revenue Interest:</u>	8.33%

<u>Unit Type:</u>	<u>Unitized for:</u>
Permanent	Oil And Gas
<u>Term:</u>	

<u>RRC Rules:</u>	<u>Spacing Acres:</u>
Yes	1397 acres for a 7,183 foot lateral (FTP to LTP).

Working File Number: UPA158827

REMARKS:

- Cimarex Energy Co. is requesting permanent oil and gas pooling from the surface to 11,580 feet MD as seen in the Dark Star 21 Unit #1H well log (API 42-109-32352) in order to test the Cisco Canyon formation.
- The applicant plans to spud the unit well on September 1, 2015 with a proposed TD of 8,735 feet TVD. A 7,100 foot lateral is expected to be drilled.
- With approval of the unit the State's unit royalty participation will be 8.33%.
- The State will participate on a unitized basis from the date of first production.
- The applicant has agreed to drill four unit wells by the end of the fourth year following the termination of the Armstrong Orderly Development Unit.

POOLING COMMITTEE RECOMMENDATION:

The Pooling Committee recommends Board approval of a permanent oil and gas unit under the above-stated provisions.

Mary Smith
Mary Smith - Office of the Attorney General

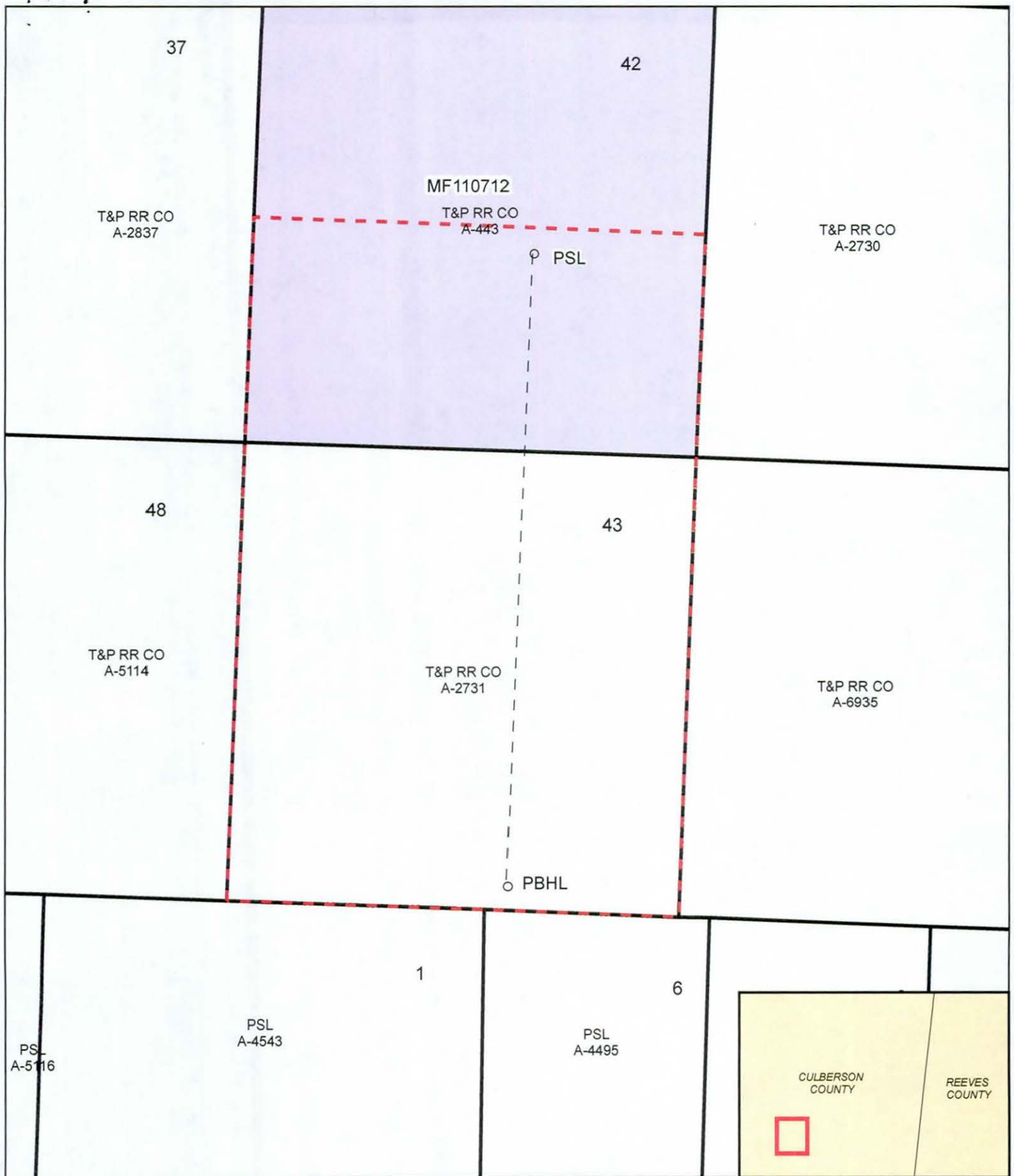
5/21/15
Date

RJ Hatter
Robert Hatter - General Land Office

5/22/15
Date

Diane Morris
Diane Morris - Office of the Governor

5-22-2015
Date



Unit #7507
Cimarex Energy Co.
Smarty Jones 42 State Unit
Ford, West (Wolfcamp) Field
Culberson County, Texas

1,500 750 0 1,500 Feet



The Texas General Land Office makes no representations or warranties regarding the accuracy or completeness of the information depicted on this map or the data from which it was produced. This map IS NOT suitable for navigational purposes and does not purport to depict or establish boundaries between private and public land.



Map Generated by:
Mark Conway
IS/BAS/GIS
June 2015

POOLING AGREEMENT
CIMAREX ENERGY CO.
SMARTY JONES 42 STATE UNIT
GLO UNIT NO. 7507
CULBERSON COUNTY, TEXAS

THIS AGREEMENT is entered into by and between the Commissioner of the General Land Office, on behalf of the State of Texas, as "Lessor" and Cimarex Energy Co. herein referred to as "Lessee", and such other interested parties as may join in the execution hereof, the undersigned parties herein collectively referred to as the "parties", in consideration of the mutual agreements hereinafter set forth and other valuable considerations, the receipt and sufficiency of which are hereby acknowledged, and for the purposes and upon the terms and conditions which follow:

PURPOSES:

1.

This Pooling Agreement ("Agreement") is made for the purposes of conservation and utilization of the pooled mineral, to prevent waste, to facilitate orderly development and to preserve correlative rights. To such end, it is the purpose of this Agreement to effect equitable participation within the unit formed hereby. This Agreement is intended to be performed pursuant to and in compliance with all applicable statutes, decisions, regulations, rules, orders and directives of any governmental agency having jurisdiction over the production and conservation of the pooled mineral and in its interpretation and application shall, in all things, be subject thereto.

UNIT DESCRIPTION:

2.

The oil and gas interests, which are included within the pooled unit, are listed on the attached Exhibit "A", to which interests and the records thereof reference is here made for all pertinent purposes. The pooled unit shall consist of all of the lands described in Exhibit "B" attached hereto and made a part hereof. A plat of the pooled unit is attached hereto as Exhibit "C". The unit description is subject to the provisions of Addendum "A".

MINERAL POOLED:

3.

The mineral pooled and unitized ("pooled mineral") hereby shall be oil and gas including all hydrocarbons that may be produced from an oil well or a gas well as such wells are recognized and designated by the Railroad Commission of Texas or other state regulatory agency having jurisdiction of the drilling and production of oil and gas wells. The pooled mineral shall extend to those depths underlying the surface boundaries of the pooled unit from the surface to the stratigraphic equivalent of the base of the Cisco Canyon Formation, which is seen at a measured depth of 11,580 feet on the Halliburton Density Dual Spaced Neutron log of the Dark Star 21 Unit #1H Well, API No. 42-109-32352 ("unitized interval").

POOLING AND EFFECT:

4.

The parties hereto commit all of their interests which are within the unit, including but not limited to the interests described above, into said unit and unitize and pool hereunder the separate tracts described on the attached Exhibit "B", for and during the term hereof, so that such pooling or unitization shall have the following effect:

- (a) The unit, to the extent as above described, shall be operated as an entirety for the exploration, development and production of the pooled mineral, rather than as separate tracts.
- (b) All drilling operations, reworking or other operations with respect to the pooled mineral on land within the unit shall be considered as though the same were on each separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement. In the event the unitized area covered by this Agreement is maintained in force by drilling or reworking operations conducted on a directional well drilled under the unitized area from a surface location on adjacent or adjoining lands not included within the boundaries of the unitized area, such operations shall be considered to have been commenced on the unitized area when drilling is commenced on the adjacent or adjoining land for the purpose of directionally drilling under the unitized area and production of oil or gas from the unitized area through any directional well surfaced on adjacent or adjoining land or drilling or reworking of any such directional well shall be considered production or drilling or reworking operations, as the case may be, on the unitized area for all purposes under this Agreement. Nothing in this Agreement is intended or shall be construed as granting to Lessee any leasehold interest, easements, or other rights in or with respect to any such adjacent or adjoining land in addition to any such leasehold interests, easements, or other rights which the lessee, operator or other interest owner in the unitized area may have lawfully acquired from the state or others.
- (c) Production of the pooled mineral from the unit allocated to each separate tract, respectively, as hereinafter provided, shall be deemed to have been produced from each such separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement.
- (d) All rights to the production of the pooled mineral from the unit, including royalties and other payments, shall be determined and governed by the lease or other contract pertaining to each separate tract, respectively, based upon the production so allocated to such tract only, in lieu of the actual production of the pooled mineral therefrom. Provided that, payments that are made on a per acre basis shall be reduced according to the number of acres pooled and included herein, so that payments made on a per acre basis shall be calculated based upon the number of acres actually included within the boundaries of the pooled unit covered by this Agreement.

- (e) A shut-in oil or gas well located upon any land or lease included within said unit shall be considered as a shut-in oil or gas well located upon each land or lease included within said unit; provided, however, that shut-in oil or gas well royalty shall be paid to the State on each State lease wholly or partially within the unit, according to the terms of such lease as though such shut-in oil or gas well were located on said lease, it being agreed that shut-in royalties provided in each State lease shall not be shared with other royalty owners.
- (f) Notwithstanding any other provision hereof, it is expressly agreed that each State lease may be maintained in force as to areas lying outside the unitized area described in Exhibit "B" only as provided in each such lease or other agreement without regard to unit operations or unit production. Neither production of the pooled mineral, nor unit operations with respect thereto, nor the payment of shut-in royalties from a unit well, shall serve to hold any State lease in force as to any area outside the unitized area described in Exhibit "B" regardless of whether the production or operations on the unit are actually located on the State lease or not. "Area" as used in this paragraph shall be based upon surface acres to the end that, except as may otherwise be provided in each State Lease or other agreement, the area inside the surface boundaries of the pooled unit, if held, will be held as to all depths and horizons.
- (g) If the Railroad Commission of Texas (or any other Texas regulatory body having jurisdiction) shall adopt special field rules providing for oil and/or gas proration units of less than the number of acres included in the pooled unit, then Lessee agrees to either (1) drill to the density permitted by the Railroad Commission, (2) make application to the School Land Board of the State of Texas to reform the unit to comply with Railroad Commission unit rules, or (3) make application to the School Land Board of the State of Texas for such remedy as may be agreeable to the Board.
- (h) This Agreement shall not relieve Lessee from the duty of protecting the State leases described in Exhibit "A" and the State lands within the boundaries of the pooled unit described in Exhibit "B" from drainage from any well situated on privately owned land, lying outside the unitized area described in Exhibit "B", but, subject to such obligation, Lessee may produce the allowable for the entire unit as fixed by the Railroad Commission of Texas or other lawful authority, from any one or more wells completed thereon.
- (i) There shall be no obligation to drill internal offsets to any other well on separate tracts within the pooled unit, nor to develop the lands within the boundaries thereof separately, as to the pooled mineral.
- (j) Should this Agreement terminate for any cause, the leases and other contracts affecting the lands within the unit, if not then otherwise maintained in force and effect, shall remain and may be maintained in force and effect under their respective terms and conditions in the same manner as though there had been production or operations under said lease or contract and the same had ceased on the date of the termination of this Agreement.

ALLOCATION OF PRODUCTION:

5.

For the purpose of computing the share of production of the pooled mineral to which each interest owner shall be entitled from the pooled unit, there shall be allocated to each tract committed to said unit that pro rata portion of the pooled mineral produced from the pooled unit which the number of surface acres covered by each such tract and included in the unit bears to the total number of surface acres included in said unit, and the share of production to which each interest owner is entitled shall be computed on the basis of such owner's interest in the production so allocated to each tract.

TAKING ROYALTY IN KIND:

6.

Notwithstanding anything contained herein to the contrary, the State may, at its option, upon not less than sixty (60) days notice to Lessee, require that payment of all or any royalties accruing to the State under this pooling or unitization agreement be made in kind, without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting and otherwise making the oil, gas and other products produced hereunder ready for sale or use.

FULL MARKET VALUE:

7.

In the event the State does not elect to take its royalty in kind, the State shall receive full market value for its royalty hereunder, such value to be determined as follows:

- (a) As to royalty on oil by (1) the highest posted price, plus premium, if any, offered or paid for oil, condensate, distillate, or other liquid hydrocarbons, respectively, of a like type and gravity for the field where produced and when run, or (2) the highest market price thereof offered or paid for the field where produced and when run, or (3) gross proceeds of the sale thereof, whichever is the greater;
- (b) As to royalty on gas, such value to be based on (1) the highest market price paid or offered for gas of comparable quality for the field where produced and when run, or (2) the gross price paid or offered to the producer, whichever is the greater.

(For the purposes of this Agreement "field" means the general area in which the lands covered hereby are located.)

EFFECTIVE DATE:

8.

Upon execution by the Commissioner of the General Land Office of the State of Texas this Agreement shall become effective as of June 2, 2015.

TERM:

9.

This Agreement shall remain in effect so long as the pooled mineral is being produced from said unit, or so long as all leases included in the pooled unit are maintained in force by payment of delay rentals or shut-in oil or gas well royalties, by drilling or rework, or by other means, in accordance with the terms of said leases. Nothing herein shall amend or modify Section 52.031 of the Natural Resources Code, or any of the provisions thereof, which are contained in any State lease covered by this Agreement.

SPECIAL TERMS AND CONDITIONS:

10.

Notwithstanding anything contained herein to the contrary, this Agreement is subject to the terms and conditions of the attached Addendum "A". In the event of a conflict between the provisions of this Agreement and the Addendum, the provisions of the Addendum shall prevail.

STATE LAND:

11.

Insofar as the royalty interest of the State of Texas in and under any State tract committed to the unit is concerned, this Agreement is entered into, made and executed by the undersigned Commissioner of the General Land Office by virtue of the authority and pursuant to the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, authorizing the same, after the prerequisites, findings and approval hereof, as provided in said Code having been duly considered, made and obtained.

DISSOLUTION:

12.

The unit covered by this Agreement may be dissolved by Lessee, his heirs, successors or assigns, by an instrument filed for record in Culberson County, Texas, and a certified copy thereof filed in the General Land Office at any time after the cessation of production on said unit or the completion of a dry hole thereon prior to production or upon such other date as may be approved by the School Land Board and mutually agreed to by the undersigned parties, their successors or assigns.

RATIFICATION/WAIVER:

13.

Nothing in this Agreement, nor the approval of this Agreement by the School Land Board, nor the execution of this Agreement by the Commissioner shall: (1) operate as a ratification or revivor of any State lease that has expired, terminated, or has been released in whole or in part or terminated under the terms of such State lease or the laws applicable thereto; (2) constitute a waiver or release of any claim for money, oil, gas or other hydrocarbons, or other thing due to the State by reason of the existence or failure of such lease; (3) constitute a waiver or release of any claim by the State that such lease is void or voidable for any reason, including, without limitation, violations of the laws of the State with respect to such lease or failure of consideration; (4) constitute a confirmation or recognition of any boundary or acreage of any tract or parcel of land in which the State has or claims an interest; or (5) constitute a ratification of, or a waiver or release of any claim by the State with respect to any violation of a statute, regulation, or any of the common laws of this State, or any breach of any contract, duty, or other obligation owed to the State.

COUNTERPARTS:

14.

This Agreement may be executed in counterparts and if so executed shall be valid, binding and have the same effect as if all the parties hereto actually joined in and executed one and the same document. For recording purposes and in the event counterparts of this Agreement are executed, the executed pages, together with the pages necessary to show acknowledgments, may be combined with the other pages of this Agreement so as to form what shall be deemed and treated as a single original instrument showing execution by all parties hereto.

SUBJECT TO EXPLORATION AGREEMENT:

15.

This Pooling Agreement is subject to that certain Unit Agreement for the Development and Operation of the Armstrong - State Unit dated effective January 1, 2014, by and between the State of Texas and Cimarex Energy Co., as Operator, and Prize Energy Resources, Inc., et.al. as Non-Operator.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement upon the respective dates indicated below.

Date Executed

11/19/15

STATE OF TEXAS

Legal
Content
Geology
Executive

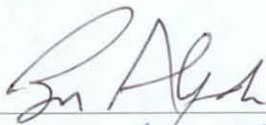
[Signature]
[Signature]
[Signature]

By:

[Signature]
George P. Bush, Commissioner
General Land Office

Date Executed _____

CIMAREX ENERGY CO.

By:  from
ROGER ALEXANDER
Its: ATTORNEY-IN-FACT

Date Executed _____

CHEVRON U.S.A. INC.

By: P.A. BIL
P.A. Bikun
Its: Attorney-in-Fact

CERTIFICATE

I, Stephanie Crenshaw, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on June 2, 2015, the foregoing instrument was presented to and approved by said Board under the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, all of which is set forth in the Minutes of the Board of which I am custodian.

IN TESTIMONY WHEREOF, witness my hand this the 19th day of November, 2015.

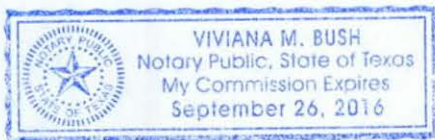

Secretary of the School Land Board

STATE OF TEXAS

COUNTY OF

Smuland

This instrument was acknowledged before me on October 22nd, 2015, by Roger Alexander,
as Attorney-In-Fact of Cimarex Energy Co. a Delaware corporation
on behalf of said corporation.



Viviana M. Bush

Notary Public in and for the State of Texas

STATE OF TEXAS

COUNTY OF

Harris

This instrument was acknowledged before me on 4th of November, 2015, by P.A. Bikun,
as Attorney-in-Fact of Chevron U.S.A. Inc., a Pennsylvania corporation
on behalf of said corporation.



Brenda L. Guerra

Notary Public in and for the State of Texas

[illegible][illegible][illegible][illegible][illegible][illegible]

- [illegible]

[illegible][illegible][illegible]

EXHIBIT "A"

Attached to and made a part of that certain Declaration of Pooled Unit for the Smarty Jones 42 State Unit
(a 1012.5acre oil and gas unit) - Cimarex Energy Co., Operator

I. OIL AND GAS LEASES SUBJECT TO THIS DECLARATION INCLUDE, BUT ARE NOT LIMITED TO:

- | | |
|-------------------|--|
| 1. Lease Dated: | April 6, 2010 |
| Lessor: | State of Texas – GLO Lease No. M-110712 |
| Original Lessee: | Cimarex Energy Co. |
| Recorded: | Oil and Gas Lease recorded at Vol. 102, Page 484 of the Oil
and Gas Records of Culberson County, TX |
| Land Description: | S/2 of Section 42, Block 59, Township 2, T&P Ry. Co. Survey,
Culberson County, Texas, in addition to other lands not
covered by this Declaration of Pooled Unit. |

II. THE INTERESTS IN THE MINERAL ESTATE SUBJECT TO THIS DECLARATION INCLUDE, BUT ARE NOT LIMITED TO:

1. N/2 of Section 43, Block 59, Township 2, T&P RR Co. Survey, Culberson County, Texas
2. S/2 of Section 43, Block 59, Township 2, T&P RR Co. Survey, Culberson County, Texas

III. THE NON-PARTICIPATING ROYALTY INTEREST SUBJECT TO THIS DECLARATION INCLUDE, BUT ARE NOT LIMITED TO:

1. The N/2 of Section 43, Block 59-T2, T&P RR Co. Survey,
Culberson County, Texas, owned by Texas Pacific Land Trust

EXHIBIT "B"

Attached to and made a part of that certain Declaration of Pooled Unit for the Smarty Jones 42 State Unit
(a 1012.5acre oil and gas unit) - Cimarex Energy Co., Operator

Description of Lands

- Tract 1: S/2 of Section 42, Block 59, Township 2, T&P Ry. Co. Survey, Culberson County, Texas
Texas, containing 337.5 gross acres, more or less.
- Tract 2: N/2 of Section 43, Block 59-T2, T&P RR Co. Survey, Culberson County,
Texas, containing 337.5 gross acres, more or less.
- Tract 3: S/2 of Section 43, Block 59-T2, T&P RR Co. Survey, Culberson County,
Texas, containing 337.5 gross acres, more or less.

Depth Limitation

The Unit Area shall be limited in depth from the surface of the earth down to the stratigraphic equivalent of the base of the Cisco Canyon Formation. The base of the Cisco Canyon Formation is defined as the stratigraphic equivalent of 11,580 feet Measured Depth, as seen in Cimarex Energy Co.'s Dark Star 21 Unit #1H Well, located in Section 21, Block 59-T1, T&P RR Co. Survey, Culberson County, Texas; API #42-109-32352; Halliburton Spectral Density Dual Spaced Neutron Log dated 12 December 2010.

EXHIBIT "C"

Attached to and made a part of that certain Declaration of Pooled Unit for the Smarty Jones 42 State Unit
(a 1012.5acre oil and gas unit) - Cimarex Energy Co., Operator

Smarty Jones 42 State Unit

S/2 Section 42, Block 59-T2, T&P RR Co. Survey, Culberson County, TX, and
Section 43, Block 59-T2, T&P RR Co. Survey, Culberson County, TX
Culberson County, Texas

42

Tract 1: S/2 of Section 42, Block 59-T2, T&P Co.
Survey, Culberson County, Texas.

43

Tract 2: N/2 of Section 43, Blk 59-T2, T&P RR Co
Survey, Culberson County, Texas.

Tract 3: S/2 of Section 43, Blk 59-T2, T&P RR Co
Survey, Culberson County, Texas.

11

M-110712

File No.

Pooling Agmt. - Patrick # 7507

Smoot Jones 42 State V. -

Date Filed:

11/24/15

George P. Bush, Commissioner

By



11.25.15



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

November 24, 2015

Ms. Viviana M. Bush
Cimarex Energy, Co.
600 N. Marienfeld Street, Suite 600
Midland, Texas 79701

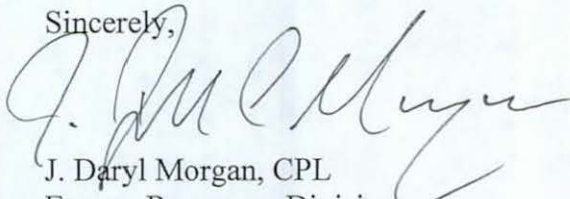
Re: Pooling Agreement
Smarty Jones 42 State Unit
GLO Unit No. 7507
Culberson County, Texas

Dear Ms. Bush:

Enclosed is a duplicate original of the above referenced Pooling Agreement that has been executed by George P. Bush, Commissioner of the Texas General Land Office ("GLO"). We have retained the other original of the Pooling Agreement for our files. Please refer to the referenced GLO Unit No. when filing Royalty Reports with the GLO.

Thank you for your assistance with this matter, if you have any questions or need anything further, please feel free to call.

Sincerely,


J. Daryl Morgan, CPL
Energy Resources Division
(512) 305-9106

Enclosure

(12)

File No. M-110712

County _____

Ltr. to C. magx

Date Filed: 11/24/15

George P. Bush, Commissioner

By _____

The State of Texas



Austin, Texas

**OIL AND GAS LEASE
NO. M-110712**

WHEREAS, pursuant to the Texas Natural Resources Code Chapters 32, 33, 51, and Chapter 52, Subchapters A-D and H, (said Code being hereinafter referred to as N.R.C.), and subject to all rules and regulations promulgated by the Commissioner of the General Land Office and/or the School Land Board pursuant thereto, and all other applicable statutes and amendments to said N.R.C., the following area, to-wit:

SECTION 42, BLOCK 59, TOWNSHIP 02-S, T. & P. RY. CO. SURVEY, CULBERSON COUNTY, TEXAS, CONTAINING APPROXIMATELY 675 ACRES, AS SHOWN ON THE OFFICIAL MAP OF CULBERSON COUNTY, TEXAS NOW ON FILE IN THE TEXAS GENERAL LAND OFFICE, AUSTIN, TEXAS,

was, after being duly advertised, offered for lease on the 6th day of April, 2010, at 10:00 o'clock a.m., by the Commissioner of the General Land Office of the State of Texas and the School Land Board of the State of Texas, for the sole and only purpose of prospecting and drilling for, and producing oil and/or gas that may be found and produced from the above described area, and

WHEREAS, after all bids and remittances which were received up to said time have been duly considered by the Commissioner of the General Land Office and the School Land Board at a regular meeting thereof in the General Land Office, on the 6th day of April, 2010, hereinafter the "effective date" and it was found and determined that CIMAREX ENERGY CO. whose address is 600 N. MARIENFELD, SUITE 600, MIDLAND, TEXAS 79701-4405 had offered the highest and best bid for a lease of the area above described and is, therefore, entitled to receive a lease thereon:

NOW, THEREFORE, I, Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas, hereinafter sometimes referred to as "Lessor," whose address is Austin, Texas, by virtue of the authority vested in me and in consideration of the payment by the hereinafter designated Lessee, the sum of **Three Hundred Three Thousand Seven Hundred Fifty And 00/100 Dollars (\$303,750.00)**, receipt of which is hereby acknowledged and of the royalties, covenants, stipulations and conditions contained and hereby agreed to be paid, observed and performed by Lessee, do hereby demise, grant, lease and let unto the above mentioned bidder the exclusive right to prospect for, produce and take oil and/or gas from the aforesaid area upon the following terms and conditions, to-wit:

1. **RESERVATION:** There is hereby excepted and reserved to Lessor the full use of the property covered hereby and all rights with respect to the surface and subsurface thereof for any and all purposes except those granted and to the extent herein granted to Lessee, together with the rights of ingress and egress and use of said lands by Lessor and its mineral lessees, for purposes of exploring for and producing the minerals which are not covered, or which may not be covered in the future, under the terms of this lease, but which may be located within the surface boundaries of the leased area. All of the rights in and to the leased premises retained by Lessor and all of the rights in and to the leased premises granted to Lessee herein shall be exercised in such a manner that neither shall unduly interfere with the operations of the other.

2. **TERM:** Subject to the other provisions hereof, this lease shall be for a term of **five (5) years** from the effective date hereof (herein called "primary term") and as long thereafter as oil or gas is produced in paying quantities from said area.

3. **DELAY RENTALS:** If no well is commenced on the land hereby leased on or before the anniversary date of this lease, this lease shall terminate as to both parties unless the Lessee on or before said date shall pay or tender to the Commissioner of the General Land Office of the State of Texas at Austin, Texas, the amount specified in the following schedule multiplied by the number of acres in the premises, which shall operate as a rental and cover the privilege of deferring the commencement of a well for **twelve (12) months** from said date. In like manner and upon payments or tenders of amounts set out in the following schedule, the commencement of a well may be further deferred for a like period of the same number of months.

<u>Anniversary Date</u>	<u>Delay Rental per Acre</u>
First	\$ 5.00
Second	\$ 5.00
Third	\$25.00
Fourth	\$25.00

4. **PRODUCTION ROYALTIES:** Subject to the provisions for royalty reductions set out in subparagraph (E) of this paragraph 4, upon production of oil and/or gas, the Lessee agrees to pay or cause to be paid to the Commissioner of the General Land Office in Austin, Texas, for the use and benefit of the State of Texas, during the term hereof.

(A) **OIL:** As a royalty on oil, which is defined as including all hydrocarbons produced in a liquid form at the mouth of the well and also all condensate, distillate, and other liquid hydrocarbons recovered from oil or gas run through a separator or other equipment, as hereinafter provided, 1/4 part of the gross production or the market value thereof, at the option of the Lessor, such value to be determined by 1) the highest posted price, plus premium, if any, offered or paid for oil, condensate, distillate, or other liquid hydrocarbons, respectively, of a like type and gravity in the general area where produced and when run, or 2) the highest market price thereof offered or paid in the general area where produced and when run, or 3) the gross proceeds of the sale thereof, whichever is the greater. Lessee agrees that before any gas produced from the land hereby leased is sold, used or processed in a plant, it will be run free of cost to Lessor through an adequate oil and gas separator of conventional type or other equipment at least as efficient to the end that all liquid hydrocarbons recoverable from the gas by such means will be recovered. Upon written consent of Lessor, the requirement that such gas be run through such a separator or other equipment may be waived upon such terms and conditions as prescribed by Lessor.

(B) **NON-PROCESSED GAS:** As a royalty on any gas (including flared gas), which is defined as all hydrocarbons and gaseous substances not defined as oil in subparagraph (A) above, produced from any well on said land (except as provided herein with respect to gas processed in a plant for the extraction of gasoline, liquid hydrocarbons or other products) 1/4 part of the gross production or the market value thereof, at the option of the Lessor, such value to be based on the highest market price paid or offered for gas of comparable quality in the general area where produced and when run, or the gross price paid or offered to the producer, whichever is greater provided that the maximum pressure base in measuring the gas under this lease contract shall not at any time exceed 14.65 pounds per square inch absolute, and the standard base temperature shall be sixty (60) degrees Fahrenheit, correction to be made for pressure according to Boyle's Law, and for specific gravity according to test; made by the Balance Method or by the most approved method of testing being used by the industry at the time of testing.



True and Correct
copy of
Original filed in
Culberson County
Clerks Office

B 12-11-2015

1180

485

(C) **PROCESSED GAS:** As a royalty on any gas processed in a gasoline plant or other plant for the recovery of gasoline or other liquid hydrocarbons, $\frac{1}{4}$ part of the residue gas and the liquid hydrocarbons extracted or the market value thereof, at the option of the Lessor. All royalties due herein shall be based on one hundred percent (100%) of the total plant production of residue gas attributable to gas produced from this lease, and on fifty percent (50%) or that percent accruing to Lessee, whichever is the greater, of the total plant production of liquid hydrocarbons, attributable to the gas produced from this lease; provided that if liquid hydrocarbons are recovered from gas processed in a plant in which Lessee (or its parent, subsidiary or affiliate) owns an interest, then the percentage applicable to liquid hydrocarbons shall be fifty percent (50%) or the highest percent accruing to a third party processing gas through such plant under a processing agreement negotiated at arms' length (or if there is no such third party, the highest percent then being specified in processing agreements or contracts in the industry), whichever is the greater. The respective royalties on residue gas and on liquid hydrocarbons shall be determined by 1) the highest market price paid or offered for any gas (or liquid hydrocarbons) of comparable quality in the general area or 2) the gross price paid or offered for such residue gas (or the weighted average gross selling price for the respective grades of liquid hydrocarbons), whichever is the greater. In no event, however, shall the royalties payable under this paragraph be less than the royalties which would have been due had the gas not been processed.

(D) **OTHER PRODUCTS:** As a royalty on carbon black, sulphur or any other products produced or manufactured from gas (excepting liquid hydrocarbons) whether said gas be "casinghead," "dry" or any other gas, by fractionating, burning or any other processing, $\frac{1}{4}$ part of gross production of such products, or the market value thereof, at the option of Lessor, such market value to be determined as follows:

- (1) On the basis of the highest market price of each product, during the same month in which such product is produced, or
- (2) On the basis of the average gross sale price of each product for the same month in which such products are produced, whichever is the greater.

(E) **VARIABLE ROYALTY:** (i) Subject to the other provisions of this lease, it is hereby provided that in the event production in paying quantities is established pursuant to the terms of this lease and such production is brought on line and sales thereof are commenced within eighteen (18) months of the effective date hereof, the royalty rate provided herein shall be reduced to 20%, and shall apply to each subsequent well drilled and produced on the land covered by this lease. Provided that, if during such eighteen (18) month term during which Lessee may earn a reduced royalty rate of 20% as herein provided, Lessee should drill in good faith and complete the first well as a dry hole on the land covered by this lease, Lessee may receive a three (3) month extension of the term in which to earn a reduced royalty rate by giving notice to the Commissioner of the General Land Office, commencing drilling operations on an additional well prior to the expiration of such three (3) month period and prosecuting diligently and in good faith the drilling of such additional well and completing same so that production in paying quantities is established and so that such production is brought on line and sales thereof are commenced prior to the expiration of such three (3) month extension period.

(ii) In the event production in paying quantities is established pursuant to the terms of this lease and such production is brought on line and sales thereof are commenced after the expiration of eighteen (18) months from the effective date hereof but prior to the expiration of twenty-four (24) months from the effective date hereof, the royalty rate provided herein shall be reduced to 22.5% and shall apply to each subsequent well drilled and produced on the land covered by this lease. Provided that, if during such six (6) month term during which Lessee may earn a reduced royalty rate of 22.5% as herein provided, Lessee should drill in good faith and complete the first well as a dry hole on the land covered by this lease, Lessee may receive a three (3) month extension of the term in which to earn a reduced royalty rate by giving notice to the Commissioner of the General Land Office, commencing drilling operations on an additional well prior to the expiration of such three (3) month period and prosecuting diligently and in good faith the drilling of such additional well and completing same so that production in paying quantities is established and so that such production is brought on line and sales thereof are commenced prior to the expiration of such three (3) month extension period.

(F) **NO DEDUCTIONS:** Lessee agrees that all royalties accruing to Lessor under this lease shall be without deduction for the cost of producing, transporting, and otherwise making the oil, gas and other products produced hereunder ready for sale or use.

(G) **ROYALTY IN KIND:** Notwithstanding anything contained herein to the contrary, Lessor may, at its option, upon not less than 60 days notice to Lessee, require at any time or from time to time that payment of all or any royalties accruing to Lessor under this lease be made in kind without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting and otherwise making the oil, gas and other products produced hereunder ready for sale or use. Lessor's right to take its royalty in kind shall not diminish or negate Lessor's rights or Lessee's obligations, whether express or implied, under this lease.

(H) **PLANT FUEL AND RECYCLED GAS:** No royalty shall be payable on any gas as may represent this lease's proportionate share of any fuel used to process gas produced hereunder in any processing plant. Notwithstanding anything contained herein to the contrary, and subject to the consent in writing of the Commissioner of the General Land Office, Lessee may recycle gas for gas lift purposes on the leased premises after the liquid hydrocarbons contained in the gas have been removed, and no royalties shall be payable on the gas so recycled until such time as the same may thereafter be produced and sold or used by Lessee in such manner as to entitle Lessor to a royalty thereon under the royalty provisions of this lease.

(I) **MINIMUM ROYALTY:** During any year after the expiration of the primary term of this lease, if this lease is maintained by production, the royalties paid to Lessor in no event shall be less than an amount equal to \$5.00 per acre; otherwise, there shall be due and payable on or before the last day of the month succeeding the anniversary date of this lease a sum equal to \$5.00 per acre less the amount of royalties paid during the preceding year.

(J) **MARGINAL PRODUCTION ROYALTY:** Upon Lessee's written application, the School Land Board may reduce the royalty rate set out in this paragraph and/or the minimum royalty set out in subparagraph 4 (I) to extend the economic life of this lease and encourage recovery of oil or gas that might otherwise remain unrecovered. Any such royalty reduction must conform to the requirements of any School Land Board administrative rules on this subject. Royalty may not be reduced below the applicable statutory minimum.

5. ROYALTY PAYMENTS AND REPORTS: All royalties not taken in kind shall be paid to the Commissioner of the General Land Office at Austin, Texas, in the following manner:

Payment of royalty on production of oil and gas shall be as provided in the rules set forth in the Texas Register. Rules currently provide that royalty on oil is due and must be received in the General Land Office on or before the 5th day of the second month succeeding the month of production, and royalty on gas is due and must be received in the General Land Office on or before the 15th day of the second month succeeding the month of production, accompanied by the affidavit of the owner, manager or other authorized agent, completed in the form and manner prescribed by the General Land Office and showing the gross amount and disposition of all oil and gas produced and the market value of the oil and gas, together with a copy of all documents, records or reports confirming the gross production, disposition and market value including gas meter readings, pipeline receipts, gas line receipts and other checks or memoranda of amount produced and put into pipelines, tanks, or pools and gas lines or gas storage, and any other reports or records which the General Land Office may require to verify the gross production, disposition and market value. In all cases the authority of a manager or agent to act for the Lessee herein must be filed in the General Land Office. Each royalty payment shall be accompanied by a check stub, schedule, summary or other remittance advice showing by the assigned General Land Office lease number the amount of royalty being paid on each lease. If Lessee pays his royalty on or before thirty (30) days after the royalty payment was due, then Lessee owes a penalty of 5% on the royalty or \$25.00, whichever is greater. A royalty payment which is over thirty (30) days late shall accrue a penalty of 10% of the royalty due or \$25.00 whichever is greater. In addition to a penalty, royalties shall accrue interest at a rate of 12% per year; such interest will begin accruing when the royalty is sixty (60) days overdue. Affidavits and supporting documents which are not filed when due shall incur a penalty in an amount set by the General Land Office administrative rule which is effective on the date when the affidavits or supporting documents were due. The Lessee shall bear all responsibility for paying or causing royalties to be paid as prescribed by the due date provided herein. Payment of the delinquency penalty shall in no way operate to prohibit the State's right of forfeiture as provided by law nor act to postpone the date on which royalties were originally due. The above penalty provisions shall not apply in cases of title dispute as to the State's portion of the royalty or to that portion of the royalty in dispute as to fair market value.

6. (A) **RESERVES, CONTRACTS AND OTHER RECORDS:** Lessee shall annually furnish the Commissioner of the General Land Office with its best possible estimate of oil and gas reserves underlying this lease or allocable to this lease and shall furnish said Commissioner with copies of all contracts under which gas is sold or processed and all subsequent agreements and amendments to such contracts within thirty (30) days after entering into or making such contracts, agreements or amendments. Such contracts and agreements when received by the General Land Office shall be held in confidence by the General Land Office unless otherwise authorized by Lessee. All other contracts and records pertaining to the production, transportation, sale and marketing of the oil and gas produced on said premises, including the books and accounts, receipts and discharges of all wells, tanks, pools, meters, and pipelines shall at all times be subject to inspection and examination by the Commissioner of the General Land Office, the Attorney General, the Governor, or the representative of any of them.

(B) **DRILLING RECORDS:** Written notice of all operations on this lease shall be submitted to the Commissioner of the General Land Office by Lessee or operator five (5) days before spud date, workover, re-entry, temporary abandonment or plug and abandonment of any well or wells. Such written notice to the General Land Office shall include copies of Railroad Commission forms for application to drill. Copies of well tests, completion reports and plugging reports shall be supplied to the General Land Office at the time they are filed with the Texas Railroad Commission. Lessee shall supply the General Land Office with any records, memoranda, accounts, reports, cuttings and cores, or other information relative to the operation of the above-described premises, which may be requested by the General Land Office, in addition to those herein expressly provided for. Lessee shall have an electrical and/or radioactivity survey made on the bore-hole section, from the base of the surface casing to the total depth of well, of all wells drilled on the above described premises and shall transmit a true copy of the log of each survey on each well to the General Land Office within fifteen (15) days after the making of said survey.



True and Correct
copy of
Original filed in
Culberson County
Clerks Office

B 12-11-2015

(C) **PENALTIES:** Lessee shall incur a penalty whenever reports, documents or other materials are not filed in the General Land Office when due. The penalty for late filing shall be set by the General Land Office administrative rule which is effective on the date when the materials were due in the General Land Office.

7. **RETAINED ACREAGE:** Notwithstanding any provision of this lease to the contrary, after a well producing or capable of producing oil or gas has been completed on the leased premises, Lessee shall exercise the diligence of a reasonably prudent operator in drilling such additional well or wells as may be reasonably necessary for the proper development of the leased premises and in marketing the production thereon.

(A) **VERTICAL:** In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall then terminate as to all of the leased premises, EXCEPT (1) 40 acres surrounding each oil well capable of producing in paying quantities and 320 acres surrounding each gas well capable of producing in paying quantities (including a shut-in oil or gas well as provided in Paragraph 11 hereof), or a well upon which Lessee is then engaged in continuous drilling or reworking operations, or (2) the number of acres included in a producing pooled unit pursuant to Natural Resources Code Sections 52.151-52.153, or (3) such greater or lesser number of acres as may then be allocated for production purposes to a proration unit for each such producing well under the rules and regulations of the Railroad Commission of Texas, or any successor agency, or other governmental authority having jurisdiction. Within 90 days of a partial termination of this lease in accordance with this subparagraph and upon payment of the minimum filing fee set by General Land Office rules in effect at the time of the partial termination, Lessee shall have the right to obtain a surface lease for ingress and egress on and across the terminated portion of the leased premises as may be reasonably necessary for the continued operation of the portions of the lease remaining in force and effect. If Lessee fails to apply for a surface lease within the 90 day period specified above, Lessee may apply for a surface lease from the Land Office, but the Land Commissioner has the discretion to grant or deny such application and to set the fee for such surface lease.

(B) **HORIZONTAL:** In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall further terminate as to all depths below 100 feet below the total depth drilled (hereinafter "deeper depths") in each well located on acreage retained in Paragraph 7 (A) above, unless on or before two (2) years after the primary or extended term Lessee pays an amount equal to one-half (1/2) of the bonus originally paid as consideration for this lease (as specified on page 1 hereof). If such amount is paid, this lease shall be in force and effect as to such deeper depths, and said termination shall be delayed for an additional period of two (2) years and so long thereafter as oil or gas is produced in paying quantities from such deeper depths covered by this lease.

(C) **IDENTIFICATION AND FILING:** The surface acreage retained hereunder as to each well shall, as nearly as practical, be in the form of a square with the well located in the center thereof, or such other shape as may be approved by the School Land Board. Within thirty (30) days after partial termination of this lease as provided herein, Lessee shall execute and record a release or releases containing a satisfactory legal description of the acreage and/or depths not retained hereunder. The recorded release, or a certified copy of same, shall be filed in the General Land Office, accompanied by the filing fee prescribed by the General Land Office rules in effect on the date the release is filed. If Lessee fails or refuses to execute and record such release or releases within ninety (90) days after being requested to do so by the General Land Office, then the Commissioner at his sole discretion may designate by written instrument the acreage and/or depths to be released hereunder and record such instrument at Lessee's expense in the county or counties where the lease is located and in the official records of the General Land Office and such designation shall be binding upon Lessee for all purposes. If at any time after the effective date of the partial termination provisions hereof, the applicable field rules are changed or the well or wells located thereon are reclassified so that less acreage is thereafter allocated to said well or wells for production purposes, this lease shall thereupon terminate as to all acreage not thereafter allocated to said well or wells for production purposes.

8. **OFFSET WELLS:** If oil and/or gas should be produced in commercial quantities from a well located on land privately owned or on State land leased at a lesser royalty, which well is within one thousand (1,000) feet of the area included herein, or which well is draining the area covered by this lease, the Lessee shall, within sixty (60) days after such initial production from the draining well or the well located within one thousand (1,000) feet from the area covered by this lease begin in good faith and prosecute diligently the drilling of an offset well on the area covered by this lease, and such offset well shall be drilled to such depth as may be necessary to prevent the undue drainage of the area covered by this lease, and the Lessee, manager or driller shall use all means necessary in a good faith effort to make such offset well produce oil and/or gas in commercial quantities. Only upon the determination of the Commissioner and with his written approval, may the payment of a compensatory royalty satisfy the obligation to drill an offset well or wells required under this Paragraph.

9. **DRY HOLE/CESSATION OF PRODUCTION DURING PRIMARY TERM:** If, during the primary term hereof and prior to discovery and production of oil or gas on said land, Lessee should drill a dry hole or holes thereon, or if during the primary term hereof and after the discovery and actual production of oil or gas from the leased premises such production thereof should cease from any cause, this lease shall not terminate if on or before the expiration of sixty (60) days from date of completion of said dry hole or cessation of production Lessee commences additional drilling or reworking operations thereon, or pays or tenders the next annual delay rental in the same manner as provided in this lease. If, during the last year of the primary term or within sixty (60) days prior thereto, a dry hole be completed and abandoned, or the production of oil or gas should cease for any cause, Lessee's rights shall remain in full force and effect without further operations until the expiration of the primary term; and if Lessee has not resumed production in paying quantities at the expiration of the primary term, Lessee may maintain this lease by conducting additional drilling or reworking operations pursuant to Paragraph 10, using the expiration of the primary term as the date of cessation of production under Paragraph 10. Should the first well or any subsequent well drilled on the above described land be completed as a shut-in oil or gas well within the primary term hereof, Lessee may resume payment of the annual rental in the same manner as provided herein on or before the rental paying date following the expiration of sixty (60) days from the date of completion of such shut-in oil or gas well and upon the failure to make such payment, this lease shall ipso facto terminate. If at the expiration of the primary term or any time thereafter a shut-in oil or gas well is located on the leased premises payments may be made in accordance with the shut-in provisions hereof.

10. **CESSATION, DRILLING, AND REWORKING:** If, after the expiration of the primary term, production of oil or gas from the leased premises, after once obtained, should cease from any cause, this lease shall not terminate if Lessee commences additional drilling or reworking operations within sixty (60) days after such cessation, and this lease shall remain in full force and effect for so long as such operations continue in good faith and in workmanlike manner without interruptions totaling more than sixty (60) days. If such drilling or reworking operations result in the production of oil or gas, the lease shall remain in full force and effect for so long as oil or gas is produced from the leased premises in paying quantities or payment of shut-in oil or gas well royalties or payment of compensatory royalties is made as provided herein or as provided by law. If the drilling or reworking operations result in the completion of a well as a dry hole, the lease will not terminate if the Lessee commences additional drilling or reworking operations within sixty (60) days after the completion of the well as a dry hole, and this lease shall remain in effect so long as Lessee continues drilling or reworking operations in good faith and in a workmanlike manner without interruptions totaling more than sixty (60) days. Lessee shall give written notice to the General Land Office within thirty (30) days of any cessation of production.

11. **SHUT-IN ROYALTIES:** For purposes of this paragraph, "well" means any well that has been assigned a well number by the state agency having jurisdiction over the production of oil and gas. If at any time after the expiration of the primary term of a lease that, until being shut in, was being maintained in force and effect, a well capable of producing oil or gas in paying quantities is located on the leased premises, but oil or gas is not being produced for lack of suitable production facilities or lack of a suitable market, then Lessee may pay as a shut-in oil or gas royalty an amount equal to \$10.00 per acre, but not less than \$1,200 a year for each well capable of producing oil or gas in paying quantities. To be effective, each initial shut-in oil or gas royalty must be paid on or before: (1) the expiration of the primary term; (2) 60 days after the Lessee ceases to produce oil or gas from the leased premises, or (3) 60 days after Lessee completes a drilling or reworking operation in accordance with the lease provisions; whichever date is latest. If the shut-in oil or gas royalty is paid, the lease shall be considered to be a producing lease and the payment shall extend the term of the lease for a period of one year from the end of the primary term, or from the first day of the month following the month in which production ceased, and, after that, if no suitable production facilities or suitable market for the oil or gas exists, Lessee may extend the lease for four more successive periods of one (1) year by paying the same amount each year on or before the expiration of each shut-in year.

12. **COMPENSATORY ROYALTIES:** If, during the period the lease is kept in effect by payment of the shut-in oil or gas royalty, oil or gas is sold and delivered in paying quantities from a well located within one thousand (1,000) feet of the leased premises and completed in the same producing reservoir, or in any case in which drainage is occurring, the right to continue to maintain the lease by paying the shut-in oil or gas royalty shall cease, but the lease shall remain effective for the remainder of the year for which the royalty has been paid. The Lessee may maintain the lease for four more successive years by Lessee paying compensatory royalty at the royalty rate provided in the lease of the market value of production from the well causing the drainage or which is completed in the same producing reservoir and within one thousand (1,000) feet of the leased premises. The compensatory royalty is to be paid monthly to the Commissioner beginning on or before the last day of the month following the month in which the oil or gas is produced from the well causing the drainage or that is completed in the same producing reservoir and located within one thousand (1,000) feet of the leased premises; if the compensatory royalty paid in any 12-month period is in an amount less than the annual shut-in oil or gas royalty, Lessee shall pay an amount equal to the difference within thirty (30) days from the end of the 12-month period, and none of these provisions will relieve Lessee of the obligation of reasonable development nor the obligation to drill offset wells as provided in N.R.C. Section 52.034; however, at the determination of the Commissioner, and with the Commissioner's written approval, the payment of compensatory royalties shall satisfy the obligation to drill offset wells. Compensatory royalty payments which are not timely paid will accrue penalty and interest in accordance with Paragraph 5 of this lease.



True and Correct
copy of
Original filed in
Culberson County
Clerks Office

12-11-2015

487

13. **EXTENSIONS:** If, at the expiration of the primary term of this lease, production of oil or gas has not been obtained on the leased premises but drilling operations are being conducted thereon in good faith and in a good and workmanlike manner, Lessee may, on or before the expiration of the primary term, file in the General Land Office written application to the Commissioner of the General Land Office for a thirty (30) day extension of this lease, accompanied by payment of Three Thousand Dollars (\$3,000.00) if this lease covers six hundred forty (640) acres or less and Six Thousand Dollars (\$6,000.00) if this lease covers more than six hundred forty (640) acres and the Commissioner shall, in writing, extend this lease for a thirty (30) day period from and after the expiration of the primary term and so long thereafter as oil or gas is produced in paying quantities; provided further, that Lessee may, so long as such drilling operations are being conducted make like application and payment during any thirty (30) day extended period for an additional extension of thirty (30) days and, upon receipt of such application and payment, the Commissioner shall, in writing, again extend this lease so that same shall remain in force for such additional thirty (30) day period and so long thereafter as oil or gas is produced in paying quantities; provided, however, that this lease shall not be extended for more than a total of three hundred ninety (390) days from and after the expiration of the primary term unless production in paying quantities has been obtained.

14. **USE OF WATER; SURFACE:** Lessee shall have the right to use water produced on said land necessary for operations hereunder and solely upon the leased premises; provided, however, Lessee shall not use potable water or water suitable for livestock or irrigation purposes for water flood operations without the prior written consent of Lessor. Subject to its obligation to pay surface damages, Lessee shall have the right to use so much of the surface of the land that may be reasonably necessary for drilling and operating wells and transporting and marketing the production therefrom, such use to be conducted under conditions of least injury to the surface of the land. Lessee shall pay surface damages in an amount set by the General Land Office fee schedule which is effective on the date when the activity requiring the payment of surface damages occurs.

15. **POLLUTION:** In developing this area, Lessee shall use the highest degree of care and all proper safeguards to prevent pollution. Without limiting the foregoing, pollution of coastal wetlands, natural waterways, rivers and impounded water shall be prevented by the use of containment facilities sufficient to prevent spillage, seepage or ground water contamination. In the event of pollution, Lessee shall use all means at its disposal to recapture all escaped hydrocarbons or other pollutant and shall be responsible for all damage to public and private properties.

(A) **UPLANDS:** Lessee shall build and maintain fences around its slush, sump, and drainage pits and tank batteries so as to protect livestock against loss, damage or injury; and upon completion or abandonment of any well or wells, Lessee shall fill and level all slush pits and cellars and completely clean up the drilling site of all rubbish thereon.

(B) **SUBMERGED LANDS:** No discharge of solid waste or garbage shall be allowed into State waters from any drilling or support vessels, production platform, crew or supply boat, barge, jack-up rig or other equipment located on the leased area. Solid waste shall include but shall not be limited to containers, equipment, rubbish, plastic, glass, and any other man-made non-biodegradable items. A sign must be displayed in a high traffic area on all vessels and manned platforms stating, "Discharge of any solid waste or garbage into State Waters from vessels or platforms is strictly prohibited and may subject a State of Texas lease to forfeiture." Such statement shall be in lettering of at least 1" in size.

(C) **RIVERS:** To the extent necessary to prevent pollution, the provisions found in subsections (a) and (b) of this paragraph shall also apply to rivers and riverbeds.

(D) **PENALTY:** Failure to comply with the requirements of this provision may result in the maximum penalty allowed by law including forfeiture of the lease. Lessee shall be liable for the damages caused by such failure and any costs and expenses incurred in cleaning areas affected by the discharged waste.

16. **IDENTIFICATION MARKERS:** Lessee shall erect, at a distance not to exceed twenty-five (25) feet from each well on the premises covered by this lease, a legible sign on which shall be stated the name of the operator, the lease designation and the well number. Where two or more wells on the same lease or where wells on two or more leases are connected to the same tank battery, whether by individual flow line connections direct to the tank or tanks or by use of a multiple header system, each line between each well and such tank or header shall be legibly identified at all times, either by a firmly attached tag or plate or an identification properly painted on such line at a distance not to exceed three (3) feet from such tank or header connection. Said signs, tags, plates or other identification markers shall be maintained in a legible condition throughout the term of this lease.

17. **ASSIGNMENTS:** The lease may be transferred at any time; provided, however, that the liability of the transferor to properly discharge its obligation under the lease, including properly plugging abandoned wells, removing platforms or pipelines, or remediation of contamination at drill sites shall pass to the transferee upon the prior written consent of the Commissioner of the General Land Office. The Commissioner may require the transferee to demonstrate financial responsibility and may require a bond or other security. All transfers must reference the lease by the file number and must be recorded in the county where the area is located, and the recorded transfer or a copy certified to by the County Clerk of the county where the transfer is recorded must be filed in the General Land Office within ninety (90) days of the execution date, as provided by N.R.C. Section 52.026, accompanied by the filing fee prescribed by the General Land Office rules in effect on the date of receipt by the General Land Office of such transfer or certified copy thereof. Every transferee shall succeed to all rights and be subject to all obligations, liabilities, and penalties owed to the State by the original lessee or any prior transferee of the lease, including any liabilities to the state for unpaid royalties.

18. **RELEASES:** Lessee may relinquish the rights granted hereunder to the State at any time by recording the relinquishment in the county where this area is situated and filing the recorded relinquishment or certified copy of same in the General Land Office within ninety (90) days after its execution accompanied by the filing fee prescribed by the General Land Office rules in effect on the date of receipt by the General Land Office of such relinquishment or certified copy thereof. Such relinquishment will not have the effect of releasing Lessee from any liability theretofore accrued in favor of the State.

19. **LIEN:** In accordance with N.R.C. Section 52.136, the State shall have a first lien upon all oil and gas produced from the area covered by this lease to secure payment of all unpaid royalty and other sums of money that may become due under this lease. By acceptance of this lease, Lessee grants the State, in addition to the lien provided by N.R.C. Section 52.136 and any other applicable statutory lien, an express contractual lien on and security interest in all leased minerals in and extracted from the leased premises, all proceeds which may accrue to Lessee from the sale of such leased minerals, whether such proceeds are held by Lessee or by a third party, and all fixtures on and improvements to the leased premises used in connection with the production or processing of such leased minerals in order to secure the payment of all royalties or other amounts due or to become due under this lease and to secure payment of any damages or loss that Lessor may suffer by reason of Lessee's breach of any covenant or condition of this lease, whether express or implied. This lien and security interest may be foreclosed with or without court proceedings in the manner provided in the Title 1, Chapter 9 of the Texas Business and Commerce Code. Lessee agrees that the Commissioner may require Lessee to execute and record such instruments as may be reasonably necessary to acknowledge, attach or perfect this lien. Lessee hereby represents that there are no prior or superior liens arising from and relating to Lessee's activities upon the above-described property or from Lessee's acquisition of this lease. Should the Commissioner at any time determine that this representation is not true, then the Commissioner may declare this lease forfeited as provided herein.

20. **FORFEITURE:** If Lessee shall fail or refuse to make the payment of any sum within thirty (30) days after it becomes due, or if Lessee or an authorized agent should knowingly make any false return or false report concerning production or drilling, or if Lessee shall fail or refuse to drill any offset well or wells in good faith as required by law and the rules and regulations adopted by the Commissioner of the General Land Office, or if Lessee should fail to file reports in the manner required by law or fail to comply with rules and regulations promulgated by the General Land Office, the School Land Board, or the Railroad Commission, or refuse the proper authority access to the records pertaining to operations, or if Lessee or an authorized agent should knowingly fail or refuse to give correct information to the proper authority, or knowingly fail or refuse to furnish the General Land Office a correct log of any well, or if Lessee shall knowingly violate any of the material provisions of this lease, or if this lease is assigned and the assignment is not filed in the General Land Office as required by law, the rights acquired under

this lease shall be subject to forfeiture by the Commissioner, and he shall forfeit same when sufficiently informed of the facts which authorize a forfeiture, and when forfeited the area shall again be subject to lease to the highest bidder, under the same regulations controlling the original sale of leases. However, nothing herein shall be construed as waiving the automatic termination of this lease by operation of law or by reason of any special limitation arising hereunder. Forfeitures may be set aside and this lease and all rights thereunder reinstated before the rights of another intervene upon satisfactory evidence to the Commissioner of the General Land Office of future compliance with the provisions of the law and of this lease and the rules and regulations that may be adopted relative hereto.

21. **RIVERBED TRACTS:** In the event this lease covers a riverbed, Lessee is hereby specifically granted the right of eminent domain and condemnation as provided for in N.R.C. Sections 52.092-52.093, as a part of the consideration moving to Lessor for the covenants herein made by Lessee.

22. **APPLICABLE LAWS AND DRILLING RESTRICTIONS:** This lease shall be subject to all rules and regulations, and amendments thereto, promulgated by the Commissioner of the General Land Office governing drilling and producing operations on Permanent Free School Land (specifically including any rules promulgated that relate to plans of operations), payment of royalties, and auditing procedures, and shall be subject to all other valid statutes, rules, regulations, orders and ordinances that may affect operations under the provisions of this lease. Without limiting the generality of the foregoing, Lessee hereby agrees, by the acceptance of this lease, to be bound by and subject to all statutory and regulatory provisions relating to the General Land Office's audit billing notice and audit hearings procedures. Said provisions are currently found at 31 Texas Administrative Code, Chapter 4, and Texas Natural Resources Code Sections 52.135 and 52.137 through 52.140. In the event this lease covers land franchised or leased or otherwise used by a navigation district or by the United States for the purpose of navigation or other purpose



True and Correct
copy of
Original filed in
Culberson County
Clerks Office

12-11-2015

incident to the operation of a port, then Lessee shall not be entitled to enter or possess such land without prior approval as provided under Section 61.117 of the Texas Water Code, but Lessee shall be entitled to develop such land for oil and gas by directional drilling; provided, however, that no surface drilling location may be nearer than 660 feet and special permission from the Commissioner of the General Land Office is necessary to make any surface location nearer than 2,160 feet measured at right angles from the nearest bulkhead line or from the nearest dredged bottom edge of any channel, slip, or turning basin which has been authorized by the United States as a federal project for future construction, whichever is nearer.

23. REMOVAL OF EQUIPMENT: Upon the termination of this lease for any cause, Lessee shall not, in any event, be permitted to remove the casing or any part of the equipment from any producing, dry, or abandoned well or wells without the written consent of the Commissioner of the General Land Office or his authorized representative; nor shall Lessee, without the written consent of said Commissioner or his authorized representative remove from the leased premises the casing or any other equipment, material, machinery, appliances or property owned by Lessee and used by Lessee in the development and production of oil or gas therefrom until all dry or abandoned wells have been plugged and until all slush or refuse pits have been properly filled and all broken or discarded lumber, machinery, or debris shall have been removed from the premises to the satisfaction of the said Commissioner or his authorized representative.

24. FORCE MAJEURE: Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling operations thereon, or from producing oil and/or gas therefrom, after effort made in good faith, by reason of war, rebellion, riots, strikes, fires, acts of God or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended upon proper and satisfactory proof presented to the Commissioner of the General Land Office in support of Lessee's contention and Lessee shall not be liable for damages for failure to comply therewith (except in the event of lease operations suspended as provided in the rules and regulations adopted by the School Land Board); and this lease shall be extended while and so long as Lessee is prevented, by any such cause, from drilling, reworking operations or producing oil and/or gas from the leased premises; provided, however, that nothing herein shall be construed to suspend the payment of rentals during the primary or extended term, nor to abridge Lessee's right to a suspension under any applicable statute of this State.

25. LEASE SECURITY: Lessee shall take the highest degree of care and all proper safeguards to protect said premises and to prevent theft of oil, gas, and other hydrocarbons produced from said lease. This includes, but is not limited to, the installation of all necessary equipment, seals, locks, or other appropriate protective devices on or at all access points at the lease's production, gathering and storage systems where theft of hydrocarbons can occur. Lessee shall be liable for the loss of any hydrocarbons resulting from theft and shall pay the State of Texas royalties thereon as provided herein on all oil, gas or other hydrocarbons lost by reason of theft.

26. REDUCTION OF PAYMENTS: If, during the primary term, a portion of the land covered by this lease is included within the boundaries of a pooled unit that has been approved by the School Land Board in accordance with Natural Resources Code Sections 52.151-52.153, or if, at any time after the expiration of the primary term or the extended term, this lease covers a lesser number of acres than the total amount described herein, payments that are made on a per acre basis hereunder shall be reduced according to the number of acres pooled, released, surrendered, or otherwise severed, so that payments determined on a per acre basis under the terms of this lease during the primary term shall be calculated based upon the number of acres outside the boundaries of a pooled unit, or, if after the expiration of the primary term, the number of acres actually retained and covered by this lease.

27. SUCCESSORS AND ASSIGNS: The covenants, conditions and agreements contained herein shall extend to and be binding upon the heirs, executors, administrators, successors or assigns of Lessee herein.

28. ANTIQUITIES CODE: In the event that any feature of archeological or historical interest on Permanent School Fund Land is encountered during the activities authorized by this lease, Lessee will immediately cease activities and will immediately notify the General Land Office (ATTN: Archaeologist, Asset Management Division, 1700 N. Congress Ave., Austin, Texas 78701) and the Texas Historical Commission (P.O. Box 12276, Austin, TX 78711) so that adequate measures may be undertaken to protect or recover such discoveries or findings, as appropriate. Lessee is expressly placed on notice of the National Historical Preservation Act of 1966 (PB-89-66, 80 Statute 915; 16 U.S.C.A. 470) and the Antiquities Code of Texas, Chapter 191, Tex. Nat. Code Ann. (Vernon 1993 & Supp. 1998). On state-owned land not dedicated to the Permanent School Fund, Lessee shall notify the Texas Historical Commission before breaking ground at a project location. An archeological survey might be required by the commission before construction of the project can commence. Further, in the event that any site, object, location, artifact or other feature of archeological, scientific, educational, cultural or historic interest is encountered during the activities authorized by this lease, Lessee will immediately notify lessor and the Texas Historical Commission so that adequate measures may be undertaken to protect or recover such discoveries or findings, as appropriate.

29. VENUE: Lessor and lessee, including lessee's successors and assigns, hereby agree that venue for any dispute arising out of a provision of this lease, whether express or implied, regarding interpretation of this lease, or relating in any way to this lease or to applicable case law, statutes, or administrative rules, shall be in a court of competent jurisdiction located in Travis County, State of Texas.

30. LEASE FILING: Pursuant to Chapter 9 of the Tex. Bus. & Com. Code, this lease must be filed of record in the office of the County Clerk in any county in which all or any part of the leased premises is located, and certified copies thereof must be filed in the General Land Office. The prescribed filing fee shall accompany the certified copies sent to the General Land Office.



True and Correct
copy of
Original filed in
Culberson County
Clerks Office

12-11-2015

488

489

31. EXECUTION: This oil and gas lease must be signed and acknowledged by the Lessee before it is filed of record in the county records and in the General Land Office of the State of Texas.

Cimarex Energy Co.
LESSEE
BY: [Signature] B.S.
TITLE: Attorney-in-Fact
DATE: 05/18/2010

IN TESTIMONY WHEREOF, witness the signature of the Commissioner of the General Land Office of the State of Texas under the seal of the General Land Office



STATE OF Texas
COUNTY OF Midland

(CORPORATION ACKNOWLEDGMENT)

BEFORE ME, the undersigned authority, on this day personally appeared Roger Alexander
known to me to be the person whose name is subscribed to the foregoing instrument, as Attorney-in-Fact of
Cimarex Energy Co. and acknowledged to me that he executed the same
for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said corporation.

Given under my hand and seal of office this the 18th day of May, 2010



Viviana M. Bush
Notary Public in and for _____

STATE OF _____
COUNTY OF _____

(INDIVIDUAL ACKNOWLEDGMENT)

Before me, the undersigned authority, on this day personally appeared _____
known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the
same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the _____ day of _____, 20____

Notary Public in and for _____

Filed for record on the 18th day of August, A.D. 2010 @ 1:59 o'clock P.M. and
duly recorded on the 3rd day of September, A.D. 2010 @ 10:50 o'clock A.M.

By Linda C. Uvas, Deputy

LINDA McDONALD, COUNTY CLERK
CULBERSON COUNTY, TEXAS



True and Correct
copy of
Original filed in
Culberson County
Clerks Office

12-11-2015

File No. 110712 County _____
Certified lease
Date Filed: 01/20/14
George P. Bush, Commissioner
By _____

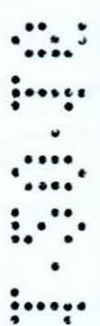
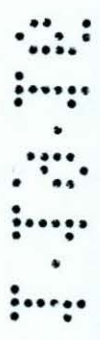
CERTIFIED TRUE AND CORRECT COPY CERTIFICATE
STATE OF TEXAS
COUNTY OF CULBERSON

The above and foregoing is a full, true and correct photographic copy of the original record now in my lawful custody and possession, as the same is filed/recorded in the Oil & Gas Records of my office, found in VOL. 102, PAGE 484

I hereby certified on 11 Dec 2015

LINDA McDONALD, COUNTY & DISTRICT CLERK
CULBERSON COUNTY, TEXAS

BY [Signature] DEPUTY





CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518
(303) 295-3995

WELLS FARGO BANK NA

55-382/412

16705646

Present for payment within 180 days.

Vendor No.	Check No.	Check Date	Check Amount
023492	0001657176	01/13/2016	*****\$25.00

PAY Twenty Five Dollars and Zero Cents

TO THE
ORDER
OF

STATE OF TEXAS
1700 N CONGRESS AVE STE 840
AUSTIN TX 78701-1495

D. Mark Depled
Harry M. Nitta

SIGNATURE HAS A COLORED BACKGROUND - BORDER CONTAINS MICROPRINTING

⑈0001657176⑈

PLEASE DETACH AT PERFORATION ABOVE

PLEASE DETACH AT PERFORATION ABOVE



CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 3700
DENVER CO 80203-4518

(303) 295-3995

Check Number 0001657176

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21712282015E	12/28/2015	OGL LEASE NO. M-110712 - FILING FEE	25.00	0.00	25.00

16705646

023492

Vendor

Check Date: 01/13/2016

Check Amount

25.00

14.

File No. 110712

____ County

Filing fee

Date Filed: 01/20/14

George P. Bush, Commissioner

By _____

75000

mf 110712

DIVISION ORDER

USER: KWHE

Date: 01/06/2016

Effective Date: 07/01/2015

Property: SEE EXHIBIT A

Owner: 8040628

To **Chevron U.S.A. Inc.**
PO Box 4538
Houston, TX 77210-4538

The undersigned severally and not jointly certifies it is the legal owner of the interest in all the oil, gas and related liquid hydrocarbons produced from the property described on Exhibit A attached hereto. Until further written notice, Chevron U.S.A. Inc. is hereby authorized to receive and purchase the oil or gas belonging to the undersigned and to account to the undersigned for their interest.

THIS AGREEMENT DOES NOT AMEND ANY LEASE OR OPERATING AGREEMENT BETWEEN THE INTEREST OWNERS AND THE LESSEE OR OPERATOR OR ANY OTHER CONTRACTS FOR THE PURCHASE OF OIL OR GAS.

The following provisions apply to each interest owner ("owner") who executes this agreement:

INDEMNITY: The owner agrees to indemnify and hold payor harmless from all liability resulting from payments made to the owner in accordance with such division of interest, including but not limited to attorney fees or judgments in connection with any suit that affects the owner's interest to which payor is made a party.

WITHHOLDING OF FUNDS: If a suit is filed that affects the interest of the owner, written notice shall be given to payor by the owner together with a copy of the complaint or petition filed. In the event of a claim or dispute that affects title to the division of interest credited herein, payor is authorized to withhold payments accruing to such interest, without interest unless otherwise required by applicable statute, until the claim or dispute is settled.

TERMINATION: Termination of this agreement is effective on the first day of the month that begins after the 30th day after the date written notice of termination is received by either party.

NOTICES: The owner agrees to notify payor in writing of any change in the division of interest, including changes of interest contingent on payment of money or expiration of time.

No change of interest is binding on payor until the recorded copy of the instrument of change or documents satisfactorily evidencing such change are furnished to payor at the time the change occurs.

Any change of interest shall be made effective on the first day of the month following receipt of such notice by payor.

In addition to the legal rights provided by the terms and provisions of this division order, an owner may have certain statutory rights under the laws of this state.

Signature of Interest Owner

Social Security/ Tax I.D. No.

Address

_____	_____	_____
_____	_____	_____
_____	_____	_____

Failure to furnish your Social Security/Tax I.D. number will result in withholding tax in accordance with federal law, and any tax withheld will not be refundable by payor.

91271

EXHIBIT A

BA NUMBER: 8040628

DATE: 01/06/2016 11:20:49

NAME: STATE OF TEXAS COMMISSIONER
OF GENERAL LAND OFFICE
1700 N CONGRESS AVE
OIL ROYALTY - UNV LANDS ACCTING
AUSTIN TX 78701-1436

PAGE: 1

TAX ID:

DOI/ PROPERTY CODE	DOI SUFFIX	TRACT FACTOR	TRACT INTEREST	TYPE INTEREST	PRODUCT CODE	UNIT INTEREST
72289	1	1.00000000	0.04221388	ROYALTY INTEREST	Oil, Condensates	0.04221388

API 109-32808

PROPERTY NAME: SMARTY JONES 42 STATE UNIT

PROPERTY TRACT DESCRIPTION: ALL OF SECTION 43 AND THE S/2 OF SECTION 42, BLOCK 59, TOWNSHIP 2, T&P
RR CO SURVEY

COUNTY OR PARISH: CULBERSON
STATE: TEXAS

DOI/ PROPERTY CODE	DOI SUFFIX	TRACT FACTOR	TRACT INTEREST	TYPE INTEREST	PRODUCT CODE	UNIT INTEREST
72289	2	1.00000000	0.04221388	ROYALTY INTEREST	Gas/NGL'S	0.04221388

PROPERTY NAME: SMARTY JONES 42 STATE UNIT

PROPERTY TRACT DESCRIPTION: ALL OF SECTION 43 AND THE S/2 OF SECTION 42, BLOCK 59, TOWNSHIP 2, T&P
RR CO SURVEY

COUNTY OR PARISH: CULBERSON
STATE: TEXAS

DOI/ PROPERTY CODE	DOI SUFFIX	TRACT FACTOR	TRACT INTEREST	TYPE INTEREST	PRODUCT CODE	UNIT INTEREST
72289	100	1.00000000	0.04221388	ROYALTY INTEREST	Oil, Condensates	0.04221388

PROPERTY NAME: SMARTY JONES 42 STATE UNIT

PROPERTY TRACT DESCRIPTION: ALL OF SECTION 43 AND THE S/2 OF SECTION 42, BLOCK 59, TOWNSHIP 2, T&P
RR CO SURVEY

COUNTY OR PARISH: CULBERSON
STATE: TEXAS

97.37.1



Land Department
Chevron U.S.A. Inc.
Chevron North America
Exploration and Production
Company
PO Box 4538
Houston, TX 77210-4538
Phone 713-754-4801
Fax 866-819-1448
kwhe@chevron.com

01/06/2016

STATE OF TEXAS COMMISSIONER
OF GENERAL LAND OFFICE
1700 N CONGRESS AVE
OIL ROYALTY - UNV LANDS ACCTING
AUSTIN TX 78701-1436

Dear Interest Owner,

Please find enclosed a Division Order, in duplicate, for your share of the production proceeds that will be distributed by Chevron U.S.A. Inc. (Chevron) on the identified property(ies). Please review the Division Order, confirm the information is current and correct, and sign and return one copy to Chevron using the enclosed prepaid envelope. The duplicate form should be retained for your records.

If your address on the Division Order is not correct please provide updated information and initial the change. If your name has changed or if you no longer own the interest, please update and initial the Division Order and provide Chevron the documentation to support your name change or change in ownership.

In compliance with Internal Revenue Service regulations, payments made to owners for whom we have not been provided a tax identification number will be subject to a 28% backup withholding. To avoid this withholding please complete and return the enclosed IRS W-9 form.

Chevron offers an Electronic Funds Transfer (EFT) payment option which allows funds to be transferred directly to your U.S. financial institution (bank, credit union, etc.) and eliminates the need for you to cash or deposit a printed check. If you would like to receive payment via EFT, please complete and return the enclosed authorization form. It should be noted that funds remitted by EFT are quite often available to you a day or two sooner than when you would receive a paper check and also reduces the risk of your payment being delayed or lost in the mail.

Finally, unless otherwise instructed, Chevron will distribute payment to you when your production proceeds reach a minimum of one hundred dollars (\$100.00). If after 6 months your total accumulated proceeds are less than \$100.00, a semiannual payment will be made regardless of the amount. Semiannual payments are made in January and July of each year.

If you have questions, please do not hesitate to contact me.

Sincerely,

Land Ownership
Enclosure

91311



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

April 1, 2016

Larry Angle
Division Order Analyst
Chevron U.S.A., Inc.
P.O. BOX 4538
Houston, TX 77210-4538

Re: State Lease No. MF110712 Smarty Jones 42 State Unit

Dear Mr. Angle:

The Texas General Land Office (GLO) has received your Division Order for the referenced unit. This Division Order has been filed in the appropriate mineral file.

The payment of royalties attributable to state-owned mineral and royalty interests is set by contract and applicable statutes and rules. The execution of division orders may, in some cases, affect the manner in which such payments are made or calculated. Therefore, Title 31, §9.32, of the Texas Administrative Code specifies that GLO staff cannot execute a division order or bind the state to any terms contained within it.

Subject to applicable state law and the state's right to take its production in-kind, the GLO acquiesces to the sale of oil and gas in accordance with the terms and conditions set out in the oil and gas leases. If you have questions concerning this matter, please feel free to e-mail me at the address below my signature.

We look forward to being put on pay status as soon as you are able to set up the wells in our RRAC system.

Thank you,

Vivian Hernandez
Landman, Energy Resources
512-475-0428
512-475-1543 (fax)
vivian.hernandez@glo.texas.gov

File No. mf 110712Division Order ~~County~~Date Filed: 4-1-16

George P. Bush, Commissioner

By VA

Cimarex Energy Co.
600 N. Marienfeld St.
Suite 600
Midland, TX 79701
MAIN 432.571.7800



April 7, 2016

State of Texas – General Land Office
1700 N. Congress Ave.
Austin, Texas 78701-1495
Attn: Mr. Daryl Morgan

Via Federal Express

Re: Cimarex Energy Co.
Pooling Agreement
Seattle Slew 42 State Unit
GLO Unit No. 7799
Culberson County, Texas

Dear Mr. Morgan,

Enclosed for your execution are two (2) original Pooling Agreements for the Seattle Slew 42 State Unit.

Please sign, notarize and return all documents to our office in the self-addressed stamped envelope provided. A recorded copy of this document will be sent for your records once received from the county.

If there is anything further that you should require in regard to this matter, please do not hesitate to contact me at the number below.

Regards,

CIMAREX ENERGY CO.

A handwritten signature in blue ink that reads "Viviana M. Bush". The signature is stylized with a large, looping "V" and a cursive "B".

Viviana M. Bush
Land Department
432.571.7846 (direct)
vbush@cimarex.com

97.77.4

(16)

File No. M-110712

Ltr. From Cmwex County

Date Filed: 4/11/16

George P. Bush, Commissioner

By: [Signature]

4.77.78

DO NOT DESTROY



Texas General Land Office
UNIT AGREEMENT MEMO

UPA169044

Unit Number 7799
Operator Name Cimarex Energy Co. Effective Date 02/16/2016
Customer ID C000044010 Unitized For Oil And Gas
Unit Name Seattle Slew 42 State Unit Unit Term
County 1 Culberson RRC District 1 08 Old Unit Number Inactive Status Date
County 2 RRC District 2
County 3 RRC District 3
County 4 RRC District 4
Unit type Permanent
State Net Revenue Interest Oil 0.08333333
State Part in Unit 0.33333333
Unit Depth Specified Depths Well
From Depth Surface Formation TopBase
To Depth 11580 Cisco Canyon MD Participation Basis Surface Acreage
If Exclusions Apply: See Remarks

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF110712	1	337.500000	1,012.500000	0.33333333	O/G	0.25000000	0.08333333	No

API Number

4210932807

Remarks:

Prepared By:

GLO Base Updated By:

RAM Approval By:

GIS By:

Well Inventory By:

Prepared Date:

GLO Base Date:

RAM Approval Date:

GIS Date:

WI Date:

02/16/2016

02/16/2016

02/25/2016

4-19-16

02/16/2016

Pooling Committee Report

To: School Land Board

UPA169044

Date of Board Meeting: 02/16/2016

Unit Number: 7799

Effective Date: 02/16/2016

Unit Expiration Date:

Applicant: Cimarex Energy Co.

Attorney Rep:

Operator: CIMAREX ENERGY CO.,

Unit Name: Seattle Slew 42 State Unit

Field Name: FORD, WEST (WOLFCAMP)

County: Culberson

<u>Lease Type</u>	<u>Lease Number</u>	<u>Lease Royalty</u>	<u>Expiration Date</u>	<u>Lease Term</u>	<u>Lease Acres</u>	<u>Lease Acres In Unit</u>	<u>Royalty Participation</u>
U Fee	MF110712	0.25000000	04/06/2015	5 years	675.000000	337.500000	0.08333333

Private Acres:	675.000000
State Acres:	337.500000
Total Unit Acres:	1012.500000

<u>Participation Basis:</u>	Surface Acreage
Surface Acreage	
<u>State Acreage:</u>	33.33%
<u>State Net Revenue Interest:</u>	8.33%

<u>Unit Type:</u>	<u>Unitized for:</u>
Permanent	Oil And Gas
<u>Term:</u>	

<u>RRC Rules:</u>	<u>Spacing Acres:</u>
Yes	1445 acres for a 7500 foot lateral.

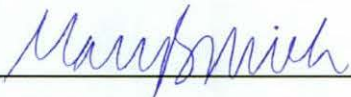
Working File Number: **UPA169044**

REMARKS:

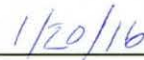
- Cimarex Energy Co. is requesting permanent oil and gas pooling from the surface to 11,580 feet MD as seen in the Dark Star 21 Unit #1H well log (API 42-109-32352) in order to test the Cisco Canyon formation.
- The applicant plans to spud the unit well on February 15, 2016 with a proposed 10,950 feet. A 7,200 foot lateral is expected to be drilled.
- With approval of the unit the State's unit royalty participation will be 8.33%.
- The State will participate on a unitized basis from the date of first production.
- The applicant has agreed to drill four unit wells by the end of the fourth year following the termination of the Armstrong Orderly Development Unit or the unit will decrease in size to +/- 253 acres per unit well.

POOLING COMMITTEE RECOMMENDATION:

The Pooling Committee recommends Board approval of a permanent oil and gas unit under the above-stated provisions.



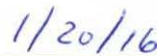
Mary Smith - Office of the Attorney General



Date



Robert Hatter - General Land Office



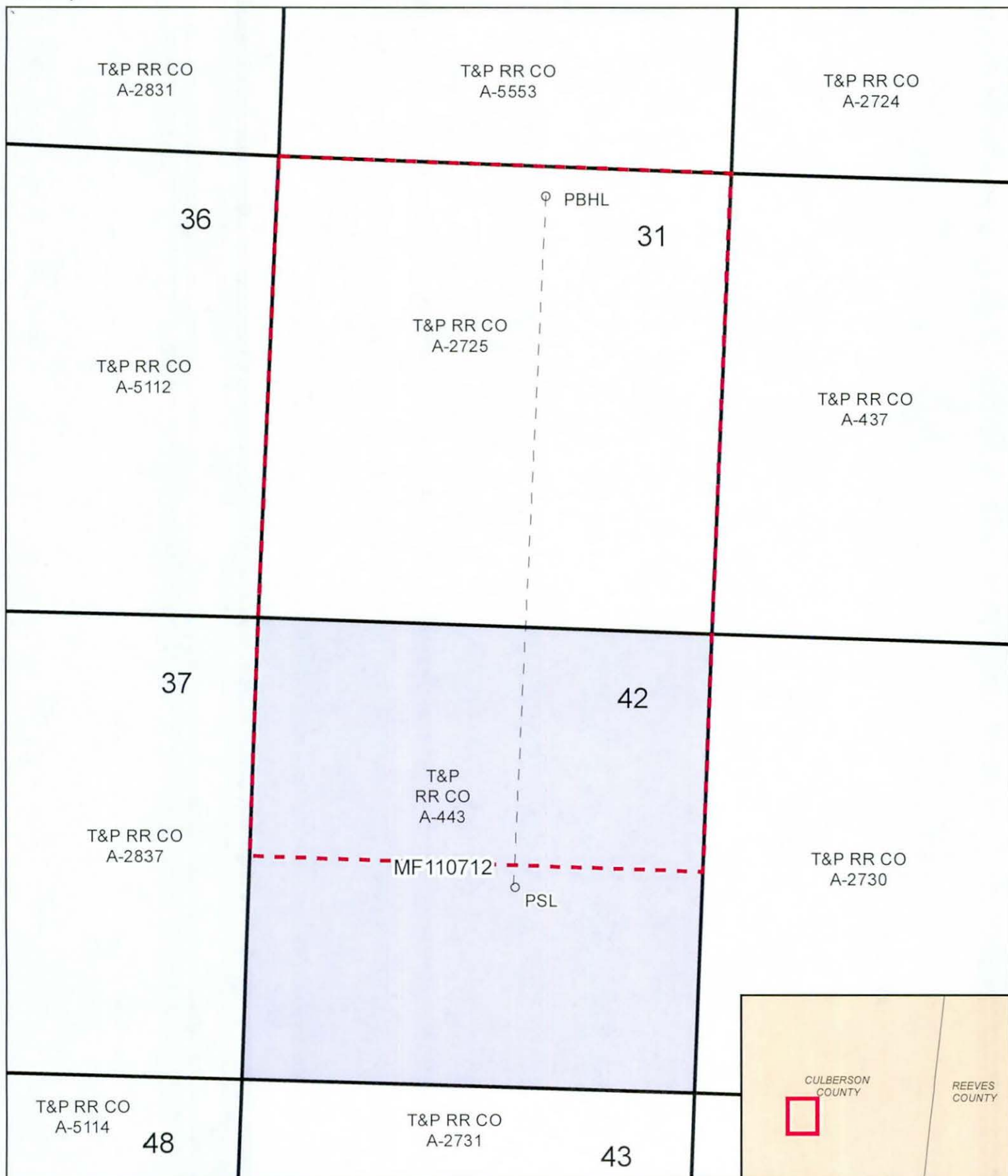
Date



Diane Morris - Office of the Governor



Date



Unit #7799
Cimarex Energy Co.
Seattle Slew 42 State Unit
Ford West (Wolfcamp) Field
Culberson County, Texas

1,500 750 0 1,500 Feet



The Texas General Land Office makes no representations or warranties regarding the accuracy or completeness of the information depicted on this map or the data from which it was produced. This map IS NOT suitable for navigational purposes and does not purport to depict or establish boundaries between private and public land.



Map Generated by:
Mark Conway
IS/BAS/GIS
February 2016

POOLING AGREEMENT
CIMAREX ENERGY CO.
SEATTLE SLEW 42 STATE UNIT
GLO UNIT NO. 7799
CULBERSON COUNTY, TEXAS

THIS AGREEMENT is entered into by and between the Commissioner of the General Land Office, on behalf of the State of Texas, as "Lessor" and Cimarex Energy Co. herein referred to as "Lessee", and such other interested parties as may join in the execution hereof, the undersigned parties herein collectively referred to as the "parties", in consideration of the mutual agreements hereinafter set forth and other valuable considerations, the receipt and sufficiency of which are hereby acknowledged, and for the purposes and upon the terms and conditions which follow:

PURPOSES:

1.

This Pooling Agreement ("Agreement") is made for the purposes of conservation and utilization of the pooled mineral, to prevent waste, to facilitate orderly development and to preserve correlative rights. To such end, it is the purpose of this Agreement to effect equitable participation within the unit formed hereby. This Agreement is intended to be performed pursuant to and in compliance with all applicable statutes, decisions, regulations, rules, orders and directives of any governmental agency having jurisdiction over the production and conservation of the pooled mineral and in its interpretation and application shall, in all things, be subject thereto.

UNIT DESCRIPTION:

2.

The oil and gas interests, which are included within the pooled unit, are listed on the attached Exhibit "A", to which interests and the records thereof reference is here made for all pertinent purposes. The pooled unit shall consist of all of the lands described in Exhibit "B" attached hereto and made a part hereof. A plat of the pooled unit is attached hereto as Exhibit "C". The unit description is subject to the provisions of Addendum "A".

MINERAL POOLED:

3.

The mineral pooled and unitized ("pooled mineral") hereby shall be oil and gas including all hydrocarbons that may be produced from an oil well or a gas well as such wells are recognized and designated by the Railroad Commission of Texas or other state regulatory agency having jurisdiction of the drilling and production of oil and gas wells. The pooled mineral shall extend to those depths underlying the surface boundaries of the pooled unit from the surface of the earth to the stratigraphic equivalent of the base of the Cisco Canyon Formation, which is seen at a measured depth of 11,580 feet on the Halliburton Density Dual Spaced Neutron log of the Dark Star 21 Unit #1H Well, API No. 42-109-32352 ("unitized interval").

POOLING AND EFFECT:

4.

The parties hereto commit all of their interests which are within the unit, including but not limited to the interests described above, into said unit and unitize and pool hereunder the separate tracts described on the attached Exhibit "B", for and during the term hereof, so that such pooling or unitization shall have the following effect:

- (a) The unit, to the extent as above described, shall be operated as an entirety for the exploration, development and production of the pooled mineral, rather than as separate tracts.
- (b) All drilling operations, reworking or other operations with respect to the pooled mineral on land within the unit shall be considered as though the same were on each separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement. In the event the unitized area covered by this Agreement is maintained in force by drilling or reworking operations conducted on a directional or horizontal well drilled under the unitized area from a surface location on adjacent or adjoining lands not included within the boundaries of the unitized area, such operations shall be considered to have been commenced on the unitized area when drilling is commenced on the adjacent or adjoining land for the purpose of directionally drilling under the unitized area and production of oil or gas from the unitized area through any directional or horizontal well surfaced on adjacent or adjoining land or drilling or reworking of any such well shall be considered production or drilling or reworking operations, as the case may be, on the unitized area for all purposes under this Agreement. Nothing in this Agreement is intended or shall be construed as granting to Lessee any leasehold interest, easements, or other rights in or with respect to any such adjacent or adjoining land in addition to any such leasehold interests, easements, or other rights which the lessee, operator or other interest owner in the unitized area may have lawfully acquired from the state or others.
- (c) Production of the pooled mineral from the unit allocated to each separate tract, respectively, as hereinafter provided, shall be deemed to have been produced from each such separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement.
- (d) All rights to the production of the pooled mineral from the unit, including royalties and other payments, shall be determined and governed by the lease or other contract pertaining to each separate tract, respectively, based upon the production so allocated to such tract only, in lieu of the actual production of the pooled mineral therefrom. Provided that, payments that are made on a per acre basis shall be reduced according to the number of acres pooled and included herein, so that payments made on a per acre basis shall be calculated based upon the number of acres actually included within the boundaries of the pooled unit covered by this Agreement.

91.11.4

- (e) A shut-in oil or gas well located upon any land or lease included within said unit shall be considered as a shut-in oil or gas well located upon each land or lease included within said unit; provided, however, that shut-in oil or gas well royalty shall be paid to the State on each State lease wholly or partially within the unit, according to the terms of such lease as though such shut-in oil or gas well were located on said lease, it being agreed that shut-in royalties provided in each State lease shall not be shared with other royalty owners.
- (f) Notwithstanding any other provision hereof, it is expressly agreed that each State lease may be maintained in force as to areas lying outside the unitized area described in Exhibit "B" only as provided in each such lease or other agreement without regard to unit operations or unit production. Neither production of the pooled mineral, nor unit operations with respect thereto, nor the payment of shut-in royalties from a unit well, shall serve to hold any State lease in force as to any area outside the unitized area described in Exhibit "B" regardless of whether the production or operations on the unit are actually located on the State lease or not. "Area" as used in this paragraph shall be based upon surface acres to the end that, except as may otherwise be provided in each State Lease or other agreement, the area inside the surface boundaries of the pooled unit, if held, will be held as to all depths and horizons.
- (g) If the Railroad Commission of Texas (or any other Texas regulatory body having jurisdiction) shall adopt special field rules providing for oil and/or gas proration units of less than the number of acres included in the pooled unit, then Lessee agrees to either (1) drill to the density permitted by the Railroad Commission, (2) make application to the School Land Board of the State of Texas to reform the unit to comply with Railroad Commission unit rules, or (3) make application to the School Land Board of the State of Texas for such remedy as may be agreeable to the Board.
- (h) This Agreement shall not relieve Lessee from the duty of protecting the State leases described in Exhibit "A" and the State lands within the boundaries of the pooled unit described in Exhibit "B" from drainage from any well situated on privately owned land, lying outside the unitized area described in Exhibit "B", but, subject to such obligation, Lessee may produce the allowable for the entire unit as fixed by the Railroad Commission of Texas or other lawful authority, from any one or more wells completed thereon.
- (i) There shall be no obligation to drill internal offsets to any other well on separate tracts within the pooled unit, nor to develop the lands within the boundaries thereof separately, as to the pooled mineral.
- (j) Should this Agreement terminate for any cause, the leases and other contracts affecting the lands within the unit, if not then otherwise maintained in force and effect, shall remain and may be maintained in force and effect under their respective terms and conditions in the same manner as though there had been production or operations under said lease or contract and the same had ceased on the date of the termination of this Agreement.

ALLOCATION OF PRODUCTION:

5.

For the purpose of computing the share of production of the pooled mineral to which each interest owner shall be entitled from the pooled unit, there shall be allocated to each tract committed to said unit that pro rata portion of the pooled mineral produced from the pooled unit which the number of surface acres covered by each such tract and included in the unit bears to the total number of surface acres included in said unit, and the share of production to which each interest owner is entitled shall be computed on the basis of such owner's interest in the production so allocated to each tract.

TAKING ROYALTY IN KIND:

6.

Notwithstanding anything contained herein to the contrary, the State may, at its option, upon not less than sixty (60) days notice to Lessee, require that payment of all or any royalties accruing to the State under this pooling or unitization agreement be made in kind, without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting and otherwise making the oil, gas and other products produced hereunder ready for sale or use.

EFFECTIVE DATE:

7.

Upon execution by the Commissioner of the General Land Office of the State of Texas this Agreement shall become effective as of February 16, 2016.

TERM:

8.

This Agreement shall remain in effect so long as the pooled mineral is being produced from said unit, or so long as all leases included in the pooled unit are maintained in force by payment of delay rentals or shut-in oil or gas well royalties, by drilling or rework, or by other means, in accordance with the terms of said leases. Nothing herein shall amend or modify Section 52.031 of the Natural Resources Code, or any of the provisions thereof, which are contained in any State lease covered by this Agreement.

SPECIAL TERMS AND CONDITIONS:

9.

Notwithstanding anything contained herein to the contrary, this Agreement is subject to the terms and conditions of the attached Addendum "A".



STATE LAND:

10.

Insofar as the royalty interest of the State of Texas in and under any State tract committed to the unit is concerned, this Agreement is entered into, made and executed by the undersigned Commissioner of the General Land Office by virtue of the authority and pursuant to the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, authorizing the same, after the prerequisites, findings and approval hereof, as provided in said Code having been duly considered, made and obtained.

DISSOLUTION:

11.

The unit covered by this Agreement may be dissolved by Lessee, his heirs, successors or assigns, by an instrument filed for record in Culberson County, Texas, and a certified copy thereof filed in the General Land Office at any time after the cessation of production on said unit or the completion of a dry hole thereon prior to production or upon such other date as may be approved by the School Land Board and mutually agreed to by the undersigned parties, their successors or assigns.

RATIFICATION/WAIVER:

12.

Nothing in this Agreement, nor the approval of this Agreement by the School Land Board, nor the execution of this Agreement by the Commissioner shall: (1) operate as a ratification or revivor of any State lease that has expired, terminated, or has been released in whole or in part or terminated under the terms of such State lease or the laws applicable thereto; (2) constitute a waiver or release of any claim for money, oil, gas or other hydrocarbons, or other thing due to the State by reason of the existence or failure of such lease; (3) constitute a waiver or release of any claim by the State that such lease is void or voidable for any reason, including, without limitation, violations of the laws of the State with respect to such lease or failure of consideration; (4) constitute a confirmation or recognition of any boundary or acreage of any tract or parcel of land in which the State has or claims an interest; or (5) constitute a ratification of, or a waiver or release of any claim by the State with respect to any violation of a statute, regulation, or any of the common laws of this State, or any breach of any contract, duty, or other obligation owed to the State.

COUNTERPARTS:

13.

This Agreement may be executed in counterparts and if so executed shall be valid, binding and have the same effect as if all the parties hereto actually joined in and executed one and the same document. For recording purposes and in the event counterparts of this Agreement are executed, the executed pages, together with the pages necessary to show acknowledgments, may be combined with the other pages of this Agreement so as to form what shall be deemed and treated as a single original instrument showing execution by all parties hereto.

SUBJECT TO EXPLORATION AGREEMENT:

14.

This Pooling Agreement is subject to that certain Unit Agreement for the Development and Operation of the Armstrong - State Unit dated effective January 1, 2014, by and between the State of Texas, Cimarex Energy Co., Prize Energy Resources, Inc. and Chevron USA, Inc., recorded at Volume 112, Page 705 of the Oil and Gas Records of Culberson County, Texas.

SUBJECT TO JOINT DEVELOPMENT AGREEMENT

15.

As between Cimarex Energy Co. Chevron U.S.A. Inc., and Prize Energy Resources, Inc., this Pooling Agreement is subject to that certain Joint Development Agreement dated effective January 1, 2013, by and between Cimarex Energy Co., et. al., and Chevron U.S.A. Inc.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement upon the respective dates indicated below.

Date Executed 4/14/16

STATE OF TEXAS

Legal
Content
Geology
Executive

KRM
for
for
for

By: C. P. Bush
George P. Bush, Commissioner
General Land Office

Date Executed _____

CIMAREX ENERGY CO.

By: R. Alexander
ROGER ALEXANDER
Its: ATTORNEY-IN-FACT

Date Executed _____

CHEVRON U.S.A. INC.

By: P.A. BIL
P.A. Bikun
Its: Attorney-in-Fact

CERTIFICATE

I, Stephanie Crenshaw, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on February 16, 2016, the foregoing instrument was presented to and approved by said Board under the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, all of which is set forth in the Minutes of the Board of which I am custodian.

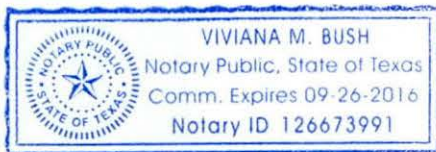
IN TESTIMONY WHEREOF, witness my hand this the 14th day of April, 2016.

Stephanie Crenshaw
Secretary of the School Land Board

STATE OF TEXAS

COUNTY OF Midland

This instrument was acknowledged before me on March 10th, 2016, by Roger Alexander,
as Attorney-in-Fact of Cimarex Energy Co. a Delaware corporation
on behalf of said corporation.



Viviana M. Bush
Notary Public in and for the State of Texas

STATE OF TEXAS

COUNTY OF Harris

This instrument was acknowledged before me on March 29th, 2016, by P.A. Bikun,
as Attorney-in-Fact of Chevron U.S.A. Inc., a Pennsylvania corporation
on behalf of said corporation.



Brenda L. Guerra
Notary Public in and for the State of Texas

97.77.4

EXHIBIT "A"

Attached to and made a part of that certain Declaration of Pooled Unit for the Seattle Slew 42 State Unit
(a 1012.5 acre oil and gas unit) – Cimarex Energy Co., Operator

I. OIL AND GAS LEASES SUBJECT TO THIS DECLARATION:

1. Lease Date: April 6, 2010
Recording Data: Recorded at Volume 102, Page 484, Oil and Gas Records,
Culberson County, Texas
Lessor: State of Texas – GLO Lease No. M-110712
Current Lessee: Cimarex Energy Co.
Lands Covered: N/2 of Section 42, Block 59, Township 2, T&P RR Co. Survey,
Culberson County, Texas, in addition to other lands not covered
by this Declaration of Pooled Unit

II. THE INTERESTS IN THE MINERAL ESTATE SUBJECT TO THIS DECLARATION INCLUDE, BUT ARE NOT LIMITED TO:

1. NW/4 of Section 31, Block 59-T2, T&P RR Co. Survey, Culberson County, Texas
2. NE/4 & S/2 of Section 31, Block 59-T2, T&P RR Co. Survey, Culberson County, Texas

III. THE NON-PARTICIPATING ROYALTY INTERESTS TO THE DECLARATION INCLUDE, BUT ARE NOT LIMITED TO THE INTERESTS DESCRIBED BELOW:

1. NE/4 & S/2 of Section 31, Block 59-T2, T&P RR Co. Survey, Culberson County, Texas



EXHIBIT "B"

Attached to and made a part of that certain Declaration of Pooled Unit for the Seattle Slew 42 State Unit
(a 1012.5 acre oil and gas unit) - Cimarex Energy Co., Operator

Description of Lands Included in the Unit Area

- Tract 1 : N/2 of Section 42, Block 59-T2, T&P RR Co. Survey, Culberson County, Texas, containing 337.5 gross acres, more or less.
- Tract 2: NW/4 of Section 31, Block 59-T2, T&P RR Co. Survey, Culberson County, Texas, containing 168.70 gross acres, more or less.
- Tract 3: NE/4 & S/2 of Section 31, Block 59-T2, T&P RR Co. Survey, Culberson County, Texas, containing 506.25 gross acres, more or less.

Depth Limitation

The Unit shall be limited in depth from the surface of the earth down to the stratigraphic equivalent of the base of the Cisco Canyon Formation. The base of the Cisco Canyon Formation is defined as the stratigraphic equivalent of 11,580 feet Measured Depth, as seen in Cimarex Energy Co.'s Dark Star 21 Unit #1H Well, located in Section 21, Block 59-T1, T&P RR Co. Survey, Culberson County, Texas; API #42-109-32352; Halliburton Spectral Density Dual Spaced Neutron Log dated 12 December 2010.

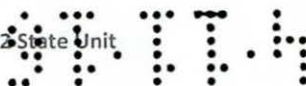
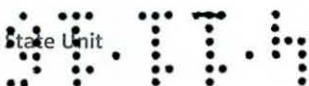
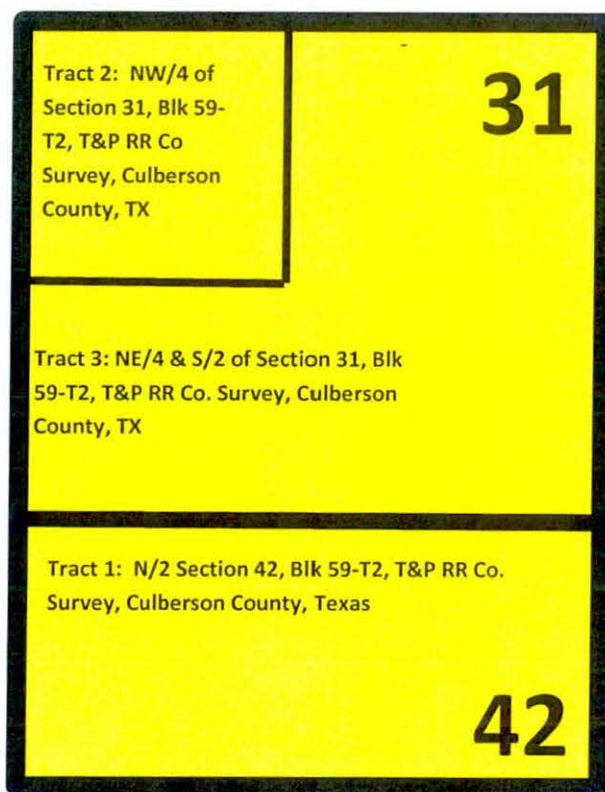


EXHIBIT "C"

Attached to and made a part of that certain Declaration of Pooled Unit for the Seattle Slew 42 State Unit
(a 1012.5 acre oil and gas unit) - Cimarex Energy Co., Operator

Seattle Slew 42 State Unit

Section 31, Block 59-T2, T&P RR Co. Survey, Culberson County, TX and
N/2 of Section 42, Block 59-T2, T&P RR Co. Survey, Culberson County, TX



Addendum "A"

To that certain Pooling Agreement for the Seattle Slew 42 State Unit

The parties hereby agree that should a conflict exist between this Addendum and the body of the agreement that this Addendum shall prevail.

The pooled unit shall consist of all of the lands herein described in the attached Exhibit "B" and depicted in the attached Exhibit "C". Lessee agrees to drill a minimum of four (4) horizontal wells within the unit, provided however that, should Lessee fail to meet the "Drilling Obligation Timeframe", as specifically defined below, that such unit shall remain in full force and effect as to any and all wells drilled upon the unit acreage, but shall shrink down to allow for a maximum size of approximately 253 acres per well drilled in the unit, as close as is reasonably practicable to the shape of a rectangle surrounding the wells. In the event that Lessee chooses to drill wells ahead of the Drilling Obligation Timeframe detailed below, then Lessee shall not be penalized for doing so and shall still conserve the benefit of the Drilling Obligation Timeframe described below.

Drilling Obligation Timeframe:

Lessee shall have commenced actual Drilling Operations in the following manner:

- | | | |
|-------------------------------|---|---|
| First well | — | spud on or before March 31, 2016; |
| Second, Third and Fourth well | — | completed on or before four years after the termination of the Armstrong — State Unit dated effective January 1, 2014, by and between the State of Texas and Cimarex Energy Co., as Operator, and Prize Energy Resources, Inc., et.al. as Non-Operator. |

Once actual drilling operations have been commenced on a particular well, Lessee shall continue drilling and completion operations thereafter on such well with due diligence, as a reasonable prudent operator would under the same or similar circumstances.

In the event Lessee commences actual drilling operations on all four (4) wells committed to be drilled hereunder and such wells are thereafter completed as wells being capable of producing oil or gas in paying quantities, the parties hereby agree that the pooled unit shall remain in the original, unaltered size and shape as described in Exhibit "B" and depicted in Exhibit "C", in accordance with paragraph nine (9) of this Agreement.

End of Addendum "A"

97.17.4

17

File No. M-110712

Pooling Agreement Packet # 2799
Seattle Sewer 42 State Unit

County

Date Filed: 4/15/16

George P. Bush, Commissioner

By

4.11.16



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

April 15, 2016

Ms. Viviana M. Bush
Cimarex Energy Co.
600 N. Marienfeld Street, Suite 600
Midland, Texas 79701

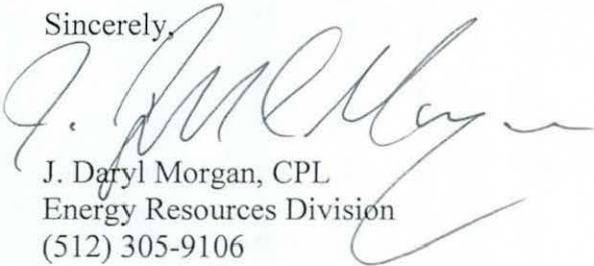
Re: Pooling Agreement
Seattle Slew 42 State Unit
GLO Unit No. 7799
Culberson County, Texas

Dear Ms. Bush:

Enclosed is a duplicate original of the above referenced Pooling Agreement that has been executed by George P. Bush, Commissioner of the Texas General Land Office ("GLO"). We have retained the other original of the Pooling Agreement for our files. Please refer to the referenced GLO Unit No. when filing Royalty Reports with the GLO.

Thank you for your assistance with this matter, if you have any questions or need anything further, please feel free to call.

Sincerely,


J. Daryl Morgan, CPL
Energy Resources Division
(512) 305-9106

Enclosure

18

File No. M-110712

County

Ltr. to Congress

Date Filed: 4/15/16

George P. Bush, Commissioner

By _____



CIMAREX ENERGY CO
202 S Cheyenne Ave, Suite 1000
Tulsa, OK 74103

NADOA Model Form Division Order (Adopted 9/95)

mf 110712

Date: 03/08/2016

Effective Date: 11/01/2015

030618

Owner: COMMISSIONER OF THE GENERAL
LAND OFFICE STATE OF TEXAS
LOCKBOX ACCOUNT
PO BOX 12873
AUSTIN, TX 78711-2873

Description: SMARTY JONES 42 STATE UNIT 1H - ENT

Complete Property Description Listed Below

Production: ☒ X Oil ☒ X Gas ☐ Other: _____

Owner

COMMISSIONER OF THE GENERAL

Owner Number: 030618

Interest Type: STATE OF TEXAS ROYALTY

Interest Type Code: STA1

Decimal Interest: 0.08333333 ✓

Property Description

Property: 429971-162.01

SMARTY JONES 42 STATE UNIT 1H

Operator: CIMAREX ENERGY CO

Location: Culberson, TX

Map Reference Information

API 109-32808

Culberson, TX US

Survey: T&P RR CO

T&P RRBlock: 59Lot: Sec: 42

The undersigned certifies the ownership of the decimal interest in production proceeds as described payable by (Payor):

CIMAREX ENERGY CO

Payor shall be notified, in writing, of any change in ownership, decimal interest, or payment address. All such changes shall be effective the first day of the month following receipt of such notice.

Payor is authorized to withhold payment pending resolution of a title dispute or adverse claim asserted regarding the interest in production claimed herein by the undersigned.

The undersigned agrees to indemnify and reimburse Payor any amount attributable to an interest to which the undersigned is not entitled.

Payor may accrue proceeds until the total amount equals \$100.00, or as required by applicable state statute.

This Division Order does not amend any lease or operating agreement between the undersigned and the lessee or operator or any other contracts for the purchase of oil or gas.

In addition to the terms and conditions of this Division Order, the undersigned and Payor may have certain statutory rights under the laws of the state in which the property is located

Owner(s) Signature(s): _____ x _____

Owner(s) Tax I.D. Number(s): _____

Owner(s) Daytime Phone #: _____

Owner(s) FAX Number: _____

Owner(s) Email Address: _____

KEEP THIS COPY

Federal Law requires you to furnish your Social Security or Taxpayer Identification Number. Failure to comply will result in 28% tax withholding and will not be refundable by Payor.

Block 59, Township 2, T. & P. RR. Co. Survey Culberson County, Texas

(135382) 36
GRID N: 792857.762
GRID E: 794459.235

31 (S-27966)

S 87°47'52" E 5397.55'

GRID N: 792650.351
GRID E: 799852.798

32 (95917)

(S-28041) 37

42 (111616)

41 (S-27971)

GRID N: 787456.142
GRID E: 794238.140

(135369) 48

Smarty Jones 42 State Unit
S 87°51'58" E 5401.17'

CIMAREX ENERGY CO.

(S-27972) 43

GRID N: 787255.026
GRID E: 799635.581

44 (151139)

Driving Directions to Location:
From Intersection of Hwy 652 and Hwy 285 in Orla,
Texas;
Drive West on Hwy 652, 14.9 miles to a lease road at
31°50'06.90", Long: 104°09'34.14";
Turn left (South) on to road, drive 3.5 miles to a split in
the road;
Turn right (West) on to road, drive 2.6 miles to Lat:
31°46'44.11", Long: 104°11'54.24";
Location is right (Northwest) 1940 feet.

Abstract No. 2731
671.6 Acres

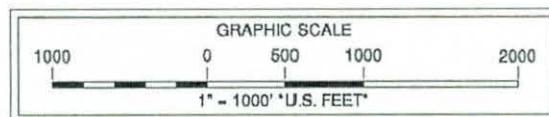
Bottom Hole Location (BHL)
GRID N: 782297.081
GRID E: 797085.051
NAD'27 Lat/Long
Lat: 31°45'36.257"
Long: 104°12'15.360"

Last Take Point (LTP)
GRID N: 782396.995
GRID E: 797089.229
NAD'27 Lat/Long
Lat: 31°45'37.247"
Long: 104°12'15.382"

S 02°23'39" W
100.00'
Smarty Jones 42 State Unit
S 87°48'55" E 5397.55'

GRID N: 782046.913
GRID E: 794015.582

GRID N: 781841.149
GRID E: 799409.204



Note: Well is located 17.6 miles Southwest of the city of Orla, Texas.
Note: Survey Reconstruction filed in the Office of Pennell & Marlowe Land Surveyors, Inc.
Note: Coordinates shown herein are on The Texas Coordinate System of 1927, Central Zone.
Note: Bearings and distances are based on The Texas Coordinate System of 1927, Central Zone.
Note: Example: (S-99999) Indicates General Land Office file number.



Stephen P. Marlowe
REGISTERED PROFESSIONAL LAND SURVEYOR NO. 5715

December 10, 2014

141210M1-KRM

Revised: 12/15/2014-KRM
USGS Quadrangle Sheet: Screw Bean Draw West, Tex.
Railroad Commission Permit Plat

CIMAREX ENERGY CO.
Smarty Jones 42 State Unit #1H
2552' FROM SOUTH LINE
2341' FROM EAST LINE
Smarty Jones 42 State Unit
1006.6 Acres out of
Sections 42 & 43, Block 59, Township 2
T. & P. RR. Co. Survey
Culberson County, Texas

Scale: 1" = 1000'



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

April 18, 2016

Adam Robinson
Division Order Analyst
Cimarex Energy Co
202 S Cheyenne Ave, Suite 1000
Tulsa, OK 74103

Re: State Lease No. MF110712 Smarty Jones 42 State Unit 1H

Dear Mr. Robinson:

The Texas General Land Office (GLO) has received your Division Order for the referenced unit. This Division Order has been filed in the appropriate mineral file.

The payment of royalties attributable to state-owned mineral and royalty interests is set by contract and applicable statutes and rules. The execution of division orders may, in some cases, affect the manner in which such payments are made or calculated. Therefore, Title 31, §9.32, of the Texas Administrative Code specifies that GLO staff cannot execute a division order or bind the state to any terms contained within it.

Subject to applicable state law and the state's right to take its production in-kind, the GLO acquiesces to the sale of oil and gas in accordance with the terms and conditions set out in the oil and gas leases. If you have questions concerning this matter, please feel free to e-mail me at the address below my signature.

We look forward to being put on pay status as soon as you are able to set up the wells in our RRAC system.

Thank you,

Vivian Hernandez
Landman, Energy Resources
512-475-0428
512-475-1543 (fax)
vivian.hernandez@glo.texas.gov

File No. MF 110712Division OrderDate Filed: 6-28-16

George P. Bush, Commissioner

By UH

1.28.17

MF110712

DIVISION ORDER
USER: PBYN
Date: 01/23/2017
Effective Date: 08/01/2016
Property: 072532
Owner: 8040628

To **Chevron U.S.A. Inc.**
PO Box 4538
Houston, TX 77210-4538

The undersigned severally and not jointly certifies it is the legal owner of the interest in all the oil, gas and related liquid hydrocarbons produced from the property described on Exhibit A attached hereto. Until further written notice, Chevron U.S.A. Inc. is hereby authorized to receive and purchase the oil or gas belonging to the undersigned and to account to the undersigned for their interest.

THIS AGREEMENT DOES NOT AMEND ANY LEASE OR OPERATING AGREEMENT BETWEEN THE INTEREST OWNERS AND THE LESSEE OR OPERATOR OR ANY OTHER CONTRACTS FOR THE PURCHASE OF OIL OR GAS.

The following provisions apply to each interest owner ("owner") who executes this agreement:

INDEMNITY: The owner agrees to indemnify and hold payor harmless from all liability resulting from payments made to the owner in accordance with such division of interest, including but not limited to attorney fees or judgments in connection with any suit that affects the owner's interest to which payor is made a party.

WITHHOLDING OF FUNDS: If a suit is filed that affects the interest of the owner, written notice shall be given to payor by the owner together with a copy of the complaint or petition filed. In the event of a claim or dispute that affects title to the division of interest credited herein, payor is authorized to withhold payments accruing to such interest, without interest unless otherwise required by applicable statute, until the claim or dispute is settled.

TERMINATION: Termination of this agreement is effective on the first day of the month that begins after the 30th day after the date written notice of termination is received by either party.

NOTICES: The owner agrees to notify payor in writing of any change in the division of interest, including changes of interest contingent on payment of money or expiration of time.

No change of interest is binding on payor until the recorded copy of the instrument of change or documents satisfactorily evidencing such change are furnished to payor at the time the change occurs.

Any change of interest shall be made effective on the first day of the month following receipt of such notice by payor.

In addition to the legal rights provided by the terms and provisions of this division order, an owner may have certain statutory rights under the laws of this state.

Signature of Interest Owner

Social Security/ Tax I.D. No.

Address

_____	_____	_____
_____	_____	_____
_____	_____	_____

Failure to furnish your Social Security/Tax I.D. number will result in withholding tax in accordance with federal law, and any tax withheld will not be refundable by payor.

12817

EXHIBIT A

BA NUMBER: 8040628
 NAME: STATE OF TEXAS COMMISSIONER
 OF GENERAL LAND OFFICE
 1700 N CONGRESS AVE
 OIL ROYALTY - UNV LANDS ACCTING
 AUSTIN TX 78701-1436

DATE: 01/23/2017 16:50:07
 PAGE: 1

TAX ID:

DOI/ PROPERTY CODE	DOI SUFFIX	TRACT FACTOR	TRACT INTEREST	TYPE INTEREST	PRODUCT CODE	UNIT INTEREST
72532	1	1.00000000	0.04221388	ROYALTY INTEREST	Oil, Condensates	0.04221388

PROPERTY NAME: SEATTLE SLEW 42 STATE UNIT
 PROPERTY TRACT DESCRIPTION: All of Section 31 and the N/2 of Section 42, Blk 59-T2, T&P RR Co.
 Survey, Culberson County, Texas.
 COUNTY OR PARISH: CULBERSON
 STATE: TEXAS

DOI/ PROPERTY CODE	DOI SUFFIX	TRACT FACTOR	TRACT INTEREST	TYPE INTEREST	PRODUCT CODE	UNIT INTEREST
72532	2	1.00000000	0.04221388	ROYALTY INTEREST	Gas/NGL'S	0.04221388

PROPERTY NAME: SEATTLE SLEW 42 STATE UNIT
 PROPERTY TRACT DESCRIPTION: All of Section 31 and the N/2 of Section 42, Blk 59-T2, T&P RR Co.
 Survey, Culberson County, Texas.
 COUNTY OR PARISH: CULBERSON
 STATE: TEXAS

DOI/ PROPERTY CODE	DOI SUFFIX	TRACT FACTOR	TRACT INTEREST	TYPE INTEREST	PRODUCT CODE	UNIT INTEREST
72532	100	1.00000000	0.04221388	ROYALTY INTEREST	Oil, Condensates	0.04221388

PROPERTY NAME: SEATTLE SLEW 42 STATE UNIT
 PROPERTY TRACT DESCRIPTION: All of Section 31 and the N/2 of Section 42, Blk 59-T2, T&P RR Co.
 Survey, Culberson County, Texas.
 COUNTY OR PARISH: CULBERSON
 STATE: TEXAS



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

February 15, 2017

Kelly Sandoval
Division Order Analyst
Chevron U.S.A., Inc.
P.O. BOX 4538
Houston, TX 77210-4538

Re: State Lease No. MF110712 Seattle Slew 42 State Unit

Dear Mrs. Sandoval:

The Texas General Land Office (GLO) has received your Division Order for the referenced unit. This Division Order has been filed in the appropriate mineral file.

The payment of royalties attributable to state-owned mineral and royalty interests is set by contract and applicable statutes and rules. The execution of division orders may, in some cases, affect the manner in which such payments are made or calculated. Therefore, Title 31, §9.32, of the Texas Administrative Code specifies that GLO staff cannot execute a division order or bind the state to any terms contained within it.

Subject to applicable state law and the state's right to take its production in-kind, the GLO acquiesces to the sale of oil and gas in accordance with the terms and conditions set out in the oil and gas leases. If you have questions concerning this matter, please feel free to e-mail me at the address below my signature.

We look forward to being put on pay status as soon as you are able to set up the wells in our RRAC system.

Thank you,

Vivian Hernandez
Landman, Energy Resources
512-475-0428
512-475-1543 (fax)
vivian.hernandez@glo.texas.gov

File No. MF 110712

20.

____ County

Division Order

Date Filed: 2-16-17

By V.H. George P. Bush, Commissioner

Cimarex Energy Co.
202 S. Cheyenne Ave.
Suite 1000
Tulsa, Oklahoma 74103-4346
PHONE: 918.585.1100
FAX: 918.585.1133



March 6, 2017

Texas General Land Office
Matthew Scott
Mineral Leasing
1700 N. Congress
Austin, TX 78701

Re: State Lease No: 110712
Gas Lift Gas Usage
Seattle Slew 42 State Unit #1H, #2H, #3H, #4H, #5H, #6H & #7H
Culberson County, Texas

Dear Mr. Scott,

Cimarex Energy respectfully requests approval for off-lease gas lift on the above referenced General Land Office (GLO) lease. The gas lift gas will be routed through a gas lift meter located at the well head (#429971153G).

Cimarex will continuously meter the off-lease gas to be utilized for gas lift purposes. The gas BTU content and component analysis obtained at the gas lift meter shall be determined by gas sample chromatographic analysis.

Please feel free to contact me with any questions regarding the commingling at 918-560-7275.

Sincerely,

A handwritten signature in blue ink, appearing to read "Sheli Armstrong", is written over a horizontal line.

Sheli Armstrong
Regulatory Analyst

216 4

File No. MF 110712

CULBERSON County

REQUEST TO GASLIFT

Date Filed: 3/30/12

George P. Bush, Commissioner

MTSCOTT

0. 0. 0.



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

March 28, 2017

Certified Mail: 7016 2070 0000 7391 7987

Ms. Sheli Armstrong
Regulatory Analyst
Cimarex Energy Co.
202 S. Cheyenne Ave.
Suite 1000
Tulsa, Oklahoma 74103-4346

RE: Your Letter Dated 03/6/2017 Requesting Authority to Utilize Gas Produced on the Leased Premises for Gas Lift Purposes and/or to Use Off-Lease Gas for Gas Lift or Gas Lift Makeup Supply as Applicable to the Seattle Slew 42 State Unit Lease, Upland Fee MF110712, GLO Unit 7799, Culberson County, Texas.

Dear Ms. Armstrong:

General Land Office staff has reviewed your letter dated March 6, 2017 that requested permission to utilize gas lift as an artificial lift method on the leased premises and to use off-lease gas for the gas lift supply to the wells on the lease.

Pursuant to the terms of the applicable State lease, please be advised that the request to utilize gas lift on the lease and to commingle the gas produced by the wells on the lease with the off-lease gas used for gas lift supply is approved subject to the following conditions:

1. Lessee shall install and utilize square-edged orifice meters and meter tubes per all applicable specifications and requirements of API MPMS 14.3/AGA Report No. 3 for gas measurement.
2. Lessee shall continuously meter the gas lift supply to each well and the gas that passes through any other gas lift supply and distribution meter.
3. The gas BTU content and component analysis obtained at each lease/unit gas meter shall be determined by gas sample chromatographic analysis.

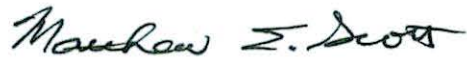
Please be advised that if the volumes and energy content of the off-lease gas supply are deducted directly from the volumes reported by the lease facility meters discharging into a gas gathering system, then the actual lease production volumes and royalty due amounts may be under-reported due to the commingling of the off-lease gas with that of the gas produced from the lease wells. Not all of the gas that passes through an off-lease gas lift supply meter and/or a buy-back

Ms. Sheli Armstrong
Cimarex Energy Co.
March 28, 2017
Page 2 of 2

gas meter is returned through the lease facility meters since a portion is consumed as lease use and absorbed by the oil.

If you have questions, please contact me at (512) 475-2230, or by FAX at (512) 475-1543. My e-mail address is matthew.scott@glo.state.tx.us

Sincerely,

A handwritten signature in black ink that reads "Matthew T. Scott". The signature is written in a cursive, flowing style.

Matthew T. Scott, P.E.
Petroleum Engineer
Energy Resources/Mineral Leasing

cc: Robert Hatter, Deputy Director of Energy Resources
Dale Sump, Director of Minerals Audit

File No. ME110712

CULBERSON County

AGREE TO GAS LIFT

Date Filed: 3/30/17

George P. Bush, Commissioner

MT SCOTT

Cimarex Energy Co.
202 S. Cheyenne Ave.
Suite 1000
Tulsa, Oklahoma 74103-4346
PHONE: 918.585.1100
FAX: 918.585.1133



March 6, 2017

Texas General Land Office
Matthew Scott
Mineral Leasing
1700 N. Congress
Austin, TX 78701

Re: State Lease No: 110712
Gas Lift Gas Usage
Smarty Jones 42 State Unit 1H
Culberson County, Texas

Dear Mr. Scott,

Cimarex Energy respectfully requests approval for off-lease gas lift on the above referenced General Land Office (GLO) lease. The gas lift gas will be routed through a gas lift meter located at the well head (#429971162G).

Cimarex will continuously meter the off-lease gas to be utilized for gas lift purposes. The gas BTU content and component analysis obtained at the gas lift meter shall be determined by gas sample chromatographic analysis.

Please feel free to contact me with any questions regarding the commingling at 918-560-7275.

Sincerely,

A handwritten signature in blue ink, appearing to read "Sheli Armstrong", is written over the printed name.

Sheli Armstrong
Regulatory Analyst

216 4

File No. MF 110712

CULBERSON County

REQUEST TO SASHIFT

Date Filed: 3/30/17

George P. Bush, Commissioner

By MT SCOTT

11

11



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

March 28, 2017

Certified Mail: 7016 2070 0000 7391 7987

Ms. Sheli Armstrong
Regulatory Analyst
Cimarex Energy Co.
202 S. Cheyenne Ave.
Suite 1000
Tulsa, Oklahoma 74103-4346

RE: Your Letter Dated 03/6/2017 Requesting Authority to Utilize Gas Produced on the Leased Premises for Gas Lift Purposes and/or to Use Off-Lease Gas for Gas Lift or Gas Lift Makeup Supply as Applicable to the Smarty Jones 42 State Unit Lease, Upland Fee MF110712, GLO Unit 7507, Culberson County, Texas.

Dear Ms. Armstrong:

General Land Office staff has reviewed your letter dated March 6, 2017 that requested permission to utilize gas lift as an artificial lift method on the leased premises and to use off-lease gas for the gas lift supply to the wells on the lease.

Pursuant to the terms of the applicable State lease, please be advised that the request to utilize gas lift on the lease and to commingle the gas produced by the wells on the lease with the off-lease gas used for gas lift supply is approved subject to the following conditions:

1. Lessee shall install and utilize square-edged orifice meters and meter tubes per all applicable specifications and requirements of API MPMS 14.3/AGA Report No. 3 for gas measurement.
2. Lessee shall continuously meter the gas lift supply to each well and the gas that passes through any other gas lift supply and distribution meter.
3. The gas BTU content and component analysis obtained at each lease/unit gas meter shall be determined by gas sample chromatographic analysis.

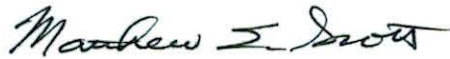
Please be advised that if the volumes and energy content of the off-lease gas supply are deducted directly from the volumes reported by the lease facility meters discharging into a gas gathering system, then the actual lease production volumes and royalty due amounts may be under-reported due to the commingling of the off-lease gas with that of the gas produced from the lease wells. Not all of the gas that passes through an off-lease gas lift supply meter and/or a buy-back

Ms. Sheli Armstrong
Cimarex Energy Co.
March 28, 2017
Page 2 of 2

gas meter is returned through the lease facility meters since a portion is consumed as lease use and absorbed by the oil.

If you have questions, please contact me at (512) 475-2230, or by FAX at (512) 475-1543. My e-mail address is matthew.scott@glo.state.tx.us

Sincerely,

A handwritten signature in black ink that reads "Matthew T. Scott". The signature is written in a cursive, flowing style.

Matthew T. Scott, P.E.
Petroleum Engineer
Energy Resources/Mineral Leasing

cc: Robert Hatter, Deputy Director of Energy Resources
Dale Sump, Director of Minerals Audit

Site No. ME110712

CULBERSON County

AGREE TO GAS LIFT

Date Filed: 3/30/17

George P. Bush, Commissioner

MT SCOTT



MF 110712

NADOA Model Form Division Order (Adopted 9/95)

CIMAREX ENERGY CO
202 S Cheyenne Ave, Suite 1000
Tulsa, OK 74103

Date: 08/17/2017

Effective Date: 08/01/2017

030618

Owner: COMMISSIONER OF THE GENERAL
LAND OFFICE STATE OF TEXAS
LOCKBOX ACCOUNT
PO BOX 12873
AUSTIN, TX 78711-2873

Description: SEATTLE SLEW 42 ST UT 5H-RI TIK ENT

Complete Property Description Listed Below

Production: ☒ X Oil ☒ X Gas ☐ Other: _____**Owner**

COMMISSIONER OF THE GENERAL

Owner Number: 030618

Interest Type: STATE OF TEXAS ROYALTY

Interest Type Code: STA1

Decimal Interest: 0.08333333

Property Description

Property: 429971-245.01

SEATTLE SLEW 42 STATE UNIT 5H

Operator: CIMAREX ENERGY CO

Location: Culberson, TX

Map Reference Information

Culberson, TX US

Survey: T&P RR CO

T&P RRBlock: 59-T2Lot: Sec:

SHL: 2700 FNL 1340 FWL

BHL: 200 FNL 2361 FWL

The undersigned certifies the ownership of the decimal interest in production proceeds as described payable by (Payor):

CIMAREX ENERGY CO

Payor shall be notified, in writing, of any change in ownership, decimal interest, or payment address. All such changes shall be effective the first day of the month following receipt of such notice.

Payor is authorized to withhold payment pending resolution of a title dispute or adverse claim asserted regarding the interest in production claimed herein by the undersigned.

The undersigned agrees to indemnify and reimburse Payor any amount attributable to an interest to which the undersigned is not entitled.

Payor may accrue proceeds until the total amount equals \$100.00, or as required by applicable state statute.

This Division Order does not amend any lease or operating agreement between the undersigned and the lessee or operator or any other contracts for the purchase of oil or gas.

In addition to the terms and conditions of this Division Order, the undersigned and Payor may have certain statutory rights under the laws of the state in which the property is located.

Owner(s) Signature(s): x _____ x _____

Owner(s) Tax I.D. Number(s): _____

Owner(s) Daytime Phone #: _____

Owner(s) FAX Number: _____

Owner(s) Email Address: _____

KEEP THIS COPY

Federal Law requires you to furnish your Social Security or Taxpayer Identification Number.
Failure to comply will result in 28% tax withholding and will not be refundable by Payor.



CIMAREX ENERGY CO
202 S Cheyenne Ave, Suite 1000
Tulsa, OK 74103

Date: 08/17/2017

Effective Date: 08/01/2017

030618

Owner: COMMISSIONER OF THE GENERAL
LAND OFFICE STATE OF TEXAS
LOCKBOX ACCOUNT
PO BOX 12873
AUSTIN, TX 78711-2873

Description: SEATTLE SLEW 42 ST UT 6H-RI TIK ENT

Complete Property Description Listed Below

Production: ☒ X Oil ☒ X Gas ☐ Other: _____**Owner**

COMMISSIONER OF THE GENERAL

Owner Number: 030618

Interest Type: STATE OF TEXAS ROYALTY

Interest Type Code: STA1

Decimal Interest: 0.08333333

Property Description

Property: 429971-246.01

SEATTLE SLEW 42 STATE UNIT 6H

Operator: CIMAREX ENERGY CO

Location: Culberson, TX

Map Reference Information

Culberson, TX US

Survey: T&P RR CO

T&P RRBlock: 59-T2Lot: Sec:

SHL: 2500 FNL 1020 FEL

BHL: 200 FNL 1684 FEL

The undersigned certifies the ownership of the decimal interest in production proceeds as described payable by (Payor):

CIMAREX ENERGY CO

Payor shall be notified, in writing, of any change in ownership, decimal interest, or payment address. All such changes shall be effective the first day of the month following receipt of such notice.

Payor is authorized to withhold payment pending resolution of a title dispute or adverse claim asserted regarding the interest in production claimed herein by the undersigned.

The undersigned agrees to indemnify and reimburse Payor any amount attributable to an interest to which the undersigned is not entitled.

Payor may accrue proceeds until the total amount equals \$100.00, or as required by applicable state statute.

This Division Order does not amend any lease or operating agreement between the undersigned and the lessee or operator or any other contracts for the purchase of oil or gas.

In addition to the terms and conditions of this Division Order, the undersigned and Payor may have certain statutory rights under the laws of the state in which the property is located.

Owner(s) Signature(s): x _____ x _____

Owner(s) Tax I.D. Number(s): _____

Owner(s) Daytime Phone #: _____

Owner(s) FAX Number: _____

Owner(s) Email Address: _____

KEEP THIS COPY

Federal Law requires you to furnish your Social Security or Taxpayer Identification Number.
Failure to comply will result in 28% tax withholding and will not be refundable by Payor.



CIMAREX ENERGY CO
202 S Cheyenne Ave, Suite 1000
Tulsa, OK 74103

Date: 08/16/2017

Effective Date: 08/01/2017

030618

Owner: COMMISSIONER OF THE GENERAL
LAND OFFICE STATE OF TEXAS
LOCKBOX ACCOUNT
PO BOX 12873
AUSTIN, TX 78711-2873

Description: SEATTLE SLEW 42 ST UT 7H-RI TIK ENT

Complete Property Description Listed Below

Production: ☒ X Oil ☒ X Gas ☐ Other: _____**Owner**

COMMISSIONER OF THE GENERAL

Owner Number: 030618

Interest Type: STATE OF TEXAS ROYALTY

Interest Type Code: STA1

Decimal Interest: 0.08333333

Property Description

Property: 429971-247.01 SEATTLE SLEW 42 STATE UNIT 7H

Operator: CIMAREX ENERGY CO Location: Culberson, TX

Map Reference Information

Culberson, TX US

Survey: T&P RR CO

T&P RRBlock: 59-T2Lot: Sec:

SHL: 2500 FNL 1000 FEL

BHL: 200 FNL 1007 FEL

The undersigned certifies the ownership of the decimal interest in production proceeds as described payable by (Payor):

CIMAREX ENERGY CO

Payor shall be notified, in writing, of any change in ownership, decimal interest, or payment address. All such changes shall be effective the first day of the month following receipt of such notice.

Payor is authorized to withhold payment pending resolution of a title dispute or adverse claim asserted regarding the interest in production claimed herein by the undersigned.

The undersigned agrees to indemnify and reimburse Payor any amount attributable to an interest to which the undersigned is not entitled.

Payor may accrue proceeds until the total amount equals \$100.00, or as required by applicable state statute.

This Division Order does not amend any lease or operating agreement between the undersigned and the lessee or operator or any other contracts for the purchase of oil or gas.

In addition to the terms and conditions of this Division Order, the undersigned and Payor may have certain statutory rights under the laws of the state in which the property is located.

Owner(s) Signature(s): x _____ x _____

Owner(s) Tax I.D. Number(s): _____

Owner(s) Daytime Phone #: _____

Owner(s) FAX Number: _____

Owner(s) Email Address: _____

KEEP THIS COPY

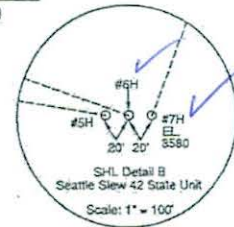
Federal Law requires you to furnish your Social Security or Taxpayer Identification Number.
Failure to comply will result in 28% tax withholding and will not be refundable by Payor.

Block 59, Township 2, T. & P. RR. Co. Survey Culberson County, Texas

(S-26035) 25
GRID N: 798264.722
GRID E: 794680.473
(135382) 36

(135779) 30
(S-27966) 31

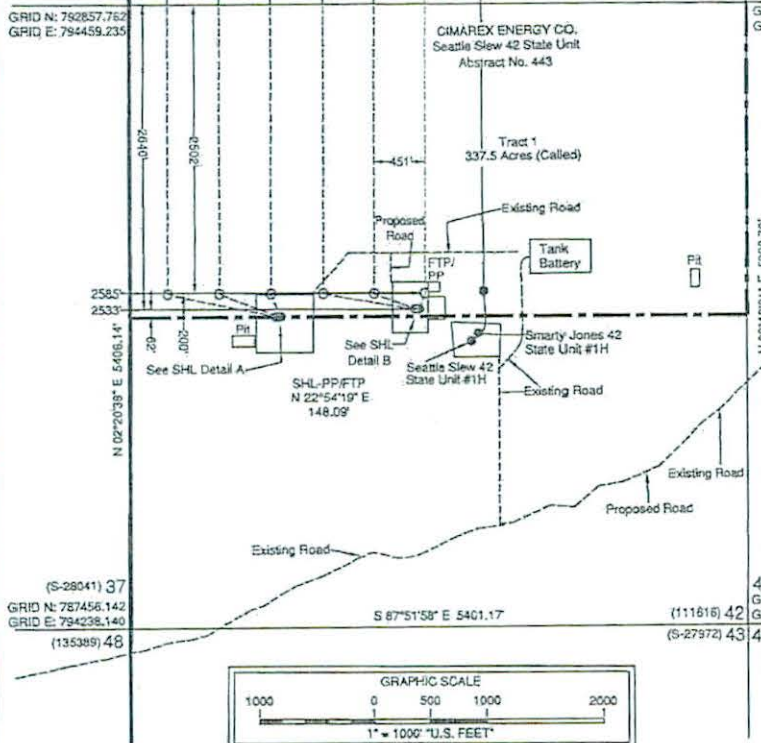
29 (S-27965)
GRID N: 7980081.669
GRID E: 800073.540
32 (95917)



Driving Directions To Location:
Beginning at the Intersection of State Highway 285
North and Cr 652 W in Orta Texas;
Traveling North, turn left (West) on to CR 652 and
travel 10 miles to a lease road at Lat: 31°49'22.88"
N, Long: 104°04'10.89" W;
Turn left (South) on this lease road & travel 1.5 miles
to Lat: 31°49'06.58" N, Long: 104°04'33.23" W;
Turn right (West) on this lease road & travel 4.25
miles to Lat: 31°47'35.65" N, Long: 104°08'16.11" W
& take the left hand fork in the road continuing on
this course for 3.8 miles to Lat: 31°45'34.21" N,
Long: 104°12'19.54" W;
Location is left (North) 1,955 feet

GRID N: 792657.762
GRID E: 794459.235

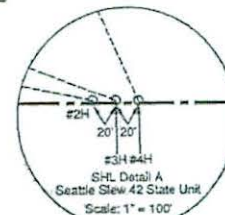
GRID N: 792650.351
GRID E: 799652.798



Surface Hole Location (SHL)
GRID N: (Y)790122.579
GRID E: (X)796382.391
NAD27 Lat/Long
Lat: +31°46'53.585" N
Long: -104°12'20.891" W

**Penetration Point (PP)/
First Take Point (FTP)**
GRID N: (Y)790258.962
GRID E: (X)796940.029
NAD27 Lat/Long
Lat: +31°46'54.954" N
Long: -104°12'20.279" W

**Bottom Hole Location (BHL)/
Last Take Point (LTP)**
GRID N: (Y)797967.629
GRID E: (X)797255.486
NAD27 Lat/Long
Lat: +31°48'11.304" N
Long: -104°12'19.734" W



Revised: 12/22/2016 (NRL)
USGS Quadrangle Sheet: Screw Bean Draw West, Tex.
Railroad Commission Permit Plat

CIMAREX ENERGY CO.
Seattle Slew 42 State Unit #7H
2540' FROM NORTH LINE
2533' FROM WEST LINE
Seattle Slew 42 State Unit
1012.50 (Called) Acres out of
Sections 31 & 42, Block 59, Township 2
T. & P. RR. Co. Survey
Culberson County, Texas

Scale: 1" = 1000'

Note: Well is located 17.7 miles Southwest of the city of Orta, Texas.
Note: Survey Reconstruction filed in the Office of Pennell & Marlowe Land Surveyors, Inc.
Note: Coordinates shown herein are on The Texas Coordinate System of 1927, Central Zone.
Note: Bearings and distances are based on The Texas Coordinate System of 1927, Central Zone.
Note: Example: (S-99998) Indicates General Land Office file number.



December 12, 2016
161212M2-NRL

P.O. Box 51867, Midland, Texas 79710 (432) 262-0901 Fax (432) 262-0678 Firm #100201-00



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

October 13, 2017

Jeanine Hill
Division Order Analyst
Cimarex Energy Co
202 S Cheyenne Ave, Suite 1000
Tulsa, OK 74103-3001

Re: State Lease No. MF110712 Seattle Slew 42 State Unit 5H, 6H and 7H

Dear Mrs. Hill:

The Texas General Land Office (GLO) has received your Division Orders for the referenced units. These Division Orders have been filed in the appropriate mineral file.

The payment of royalties attributable to state-owned mineral and royalty interests is set by contract and applicable statutes and rules. The execution of division orders may, in some cases, affect the manner in which such payments are made or calculated. Therefore, Title 31, §9.32, of the Texas Administrative Code specifies that GLO staff cannot execute a division order or bind the state to any terms contained within it.

Subject to applicable state law and the state's right to take its production in-kind, the GLO acquiesces to the sale of oil and gas in accordance with the terms and conditions set out in the oil and gas leases. If you have questions concerning this matter, please feel free to e-mail me at the address below my signature.

We look forward to being put on pay status as soon as you are able to set up the wells in our RRAC system.

Thank you,

Vivian Hernandez
Landman, Energy Resources
512-475-0428
512-475-1543 (fax)
vivian.hernandez@glo.texas.gov

File No. MF 110712

County

Division Order

Date Filed: 10-13-17

George P. Bush, Commissioner

George P. Bush, Commissioner
D. V.H.



MF110712

CIMAREX ENERGY CO
202 S Cheyenne Ave, Suite 1000
Tulsa, OK 74103

Date: 08/23/2017

Effective Date: 08/01/2017

030618

Owner: COMMISSIONER OF THE GENERAL
LAND OFFICE STATE OF TEXAS
LOCKBOX ACCOUNT
PO BOX 12873
AUSTIN, TX 78711-2873

Description: SEATTLE SLEW 42 ST UT 2H-RI TIK ENT

Complete Property Description Listed Below

Production: ☒ X Oil ☒ X Gas ☐ Other: _____

Owner COMMISSIONER OF THE GENERAL Owner Number: 030618 Interest Type: STATE OF TEXAS ROYALTY Decimal Interest: 0.08333333		Interest Type Code: STA1
--	--	--------------------------

Property Description		
Property: 429971-242.01	SEATTLE SLEW 42 STATE UNIT 2H	
Operator: CIMAREX ENERGY CO	Location: Culberson, TX	
Map Reference Information		
Culberson, TX US	Survey: T&P RR CO	T&P RRBlock: 59-T2Lot: Sec:
SHL: 2700 FNL 1280 FWL		
BHL: 200 FNL 330 FWL		

The undersigned certifies the ownership of the decimal interest in production proceeds as described payable by (Payor):

CIMAREX ENERGY CO

Payor shall be notified, in writing, of any change in ownership, decimal interest, or payment address. All such changes shall be effective the first day of the month following receipt of such notice.

Payor is authorized to withhold payment pending resolution of a title dispute or adverse claim asserted regarding the interest in production claimed herein by the undersigned.

The undersigned agrees to indemnify and reimburse Payor any amount attributable to an interest to which the undersigned is not entitled.

Payor may accrue proceeds until the total amount equals \$100.00, or as required by applicable state statute.

This Division Order does not amend any lease or operating agreement between the undersigned and the lessee or operator or any other contracts for the purchase of oil or gas.

In addition to the terms and conditions of this Division Order, the undersigned and Payor may have certain statutory rights under the laws of the state in which the property is located.

Owner(s) Signature(s): x _____ x _____

Owner(s) Tax I.D. Number(s): _____

Owner(s) Daytime Phone #: _____

Owner(s) FAX Number: _____

Owner(s) Email Address: _____

KEEP THIS COPY

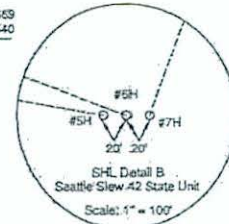
Block 59, Township 2, T. & P. RR. Co. Survey
Culberson County, Texas

(S-28035) 25
GRID N: 798264.722
GRID E: 794680.479

S 87°50'35" E 5396.88'

(135773) 30
(S-27956) 31

29 (S-27865)
GRID N: 798081.569
GRID E: 800073.540
32 (S-27817)



Driving Directions:

Beginning at the Intersection of State Highway 285 North and Cr 652 W and traveling North, turn left (West) on to Cr 652 and travel 10 miles to a lease road at coordinates 31°45'22.88" N, 104°04'10.88" W.

Turn left (South) on this lease road & travel 1.5 miles to coordinates 31°48'06.58" N, 104°04'43.23" W.

Turn right (West) on this lease road & travel 4.25 miles to coordinates 31°47'35.53" N, 104°09'18.11" W & take the left hand fork in the road confining on this course for 4.8 miles to coordinates 31°46'30.60" N, 104°12'34.02" W.

Location is 2312.13 feet to the right (North).

(135382) 36
GRID N: 792657.783
GRID E: 794459.235

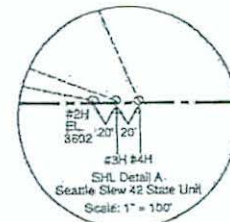
S 87°47'52" E 5397.55'

GRID N: 792650.351
GRID E: 798852.798

Bottom Hole Location (BHL)/
Last Take Point (LTP)
GRID N: (Y) 798052.472
GRID E: (X) 795002.070
NAD27 Lat/Long
Lat: +31°48'11.367"
Long: -104°12'45.864"

Penetration Point (PP)/
First Take Point (FTP)
GRID N: (Y) 790344.301
GRID E: (X) 794686.631
NAD27 Lat/Long
Lat: +31°46'55.021"
Long: -104°12'46.403"

Surface Hole Location (SHL)
GRID N: (Y) 790110.625
GRID E: (X) 795627.871
NAD27 Lat/Long
Lat: +31°46'53.037"
Long: -104°12'35.411"

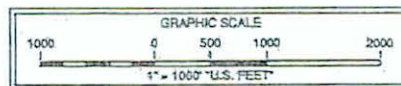


(S-28041) 37
GRID N: 787458.142
GRID E: 794238.140
(135389) 48

S 87°51'58" E 5401.17'

(111616) 42
(S-27872) 43

41 (S-27971)
GRID N: 787255.025
GRID E: 799635.561
44 (S-27971)
GRID N: 787255.025
GRID E: 799635.561



Note: Well is located 18 miles Southwest of the city of Orla, Texas.
Note: Survey Reconstructions filed in the Office of Pennell & Marlowe Land Surveyors, Inc.
Note: Coordinates shown herein are on the Texas Coordinate System of 1927, Central Zone.
Note: Bearings and distances are based on the Texas Coordinate System of 1927, Central Zone.
Note: Example: (S-99999) indicates General Land Office file number.



November 1, 2016

181101M-SLS

P.O. Box 51657, Midland, Texas 79710 (432) 262-0901 Fax (432) 262-0579 Firm #100201-00

Revised 12/22/2016 (NRL)
USGS Quadrangle Sheet: Screw Bean Draw West, Tex.
Railroad Commission Permit Plat

CIMAREX ENERGY CO.
Seattle Slew 42 State Unit #2H
2700' FROM NORTH LINE
1280' FROM WEST LINE
Seattle Slew 42 State Unit
1012.50 (Called) Acres out of
Sections 31 & 42, Block 59, Township 2
T. & P. RR. Co. Survey
Culberson County, Texas
Scale: 1" = 100'



CIMAREX ENERGY CO
202 S Cheyenne Ave, Suite 1000
Tulsa, OK 74103

Date: 08/23/2017

Effective Date: 08/01/2017

030618

Owner: COMMISSIONER OF THE GENERAL
LAND OFFICE STATE OF TEXAS
LOCKBOX ACCOUNT
PO BOX 12873
AUSTIN, TX 78711-2873

Description: SEATTLE SLEW 42 ST UT 5H-RI TIK ENT

Complete Property Description Listed Below

Production: ☒ X Oil ☒ X Gas ☐ Other: _____

Owner COMMISSIONER OF THE GENERAL	
Owner Number: 030618	
Interest Type: STATE OF TEXAS ROYALTY	Interest Type Code: STA1
Decimal Interest: 0.08333333	

Property Description	
Property: 429971-245.01	SEATTLE SLEW 42 STATE UNIT 5H
Operator: CIMAREX ENERGY CO	Location: Culberson, TX
Map Reference Information	
Culberson, TX US	Survey: T&P RR CO
SHL: 2700 FNL 1340 FWL	T&P RRBlock: 59-T2Lot: Sec:
BHL: 200 FNL 2361 FWL	

The undersigned certifies the ownership of the decimal interest in production proceeds as described payable by (Payor):

CIMAREX ENERGY CO

Payor shall be notified, in writing, of any change in ownership, decimal interest, or payment address. All such changes shall be effective the first day of the month following receipt of such notice.

Payor is authorized to withhold payment pending resolution of a title dispute or adverse claim asserted regarding the interest in production claimed herein by the undersigned.

The undersigned agrees to indemnify and reimburse Payor any amount attributable to an interest to which the undersigned is not entitled.

Payor may accrue proceeds until the total amount equals \$100.00, or as required by applicable state statute.

This Division Order does not amend any lease or operating agreement between the undersigned and the lessee or operator or any other contracts for the purchase of oil or gas.

In addition to the terms and conditions of this Division Order, the undersigned and Payor may have certain statutory rights under the laws of the state in which the property is located.

Owner(s) Signature(s): x _____ x _____

Owner(s) Tax I.D. Number(s): _____

KEEP THIS COPY

Owner(s) Daytime Phone #: _____

Owner(s) FAX Number: _____

Owner(s) Email Address: _____



CIMAREX ENERGY CO
202 S Cheyenne Ave, Suite 1000
Tulsa, OK 74103

Date: 08/23/2017

Effective Date: 08/01/2017

030618

Owner: COMMISSIONER OF THE GENERAL
LAND OFFICE STATE OF TEXAS
LOCKBOX ACCOUNT
PO BOX 12873
AUSTIN, TX 78711-2873

Description: SEATTLE SLEW 42 ST UT 6H-RI TIK ENT

Complete Property Description Listed Below

Production: ☐ X Oil ☐ X Gas ☐ Other: _____**Owner**

COMMISSIONER OF THE GENERAL

Owner Number: 030618

Interest Type: STATE OF TEXAS ROYALTY

Interest Type Code: STA1

Decimal Interest: 0.08333333

Property Description

Property: 429971-246.01

SEATTLE SLEW 42 STATE UNIT 6H

Operator: CIMAREX ENERGY CO

Location: Culberson, TX

Map Reference Information

Culberson, TX US

Survey: T&P RR CO

T&P RRBlock: 59-T2Lot: Sec:

SHL: 2500 FNL 1020 FEL

BHL: 200 FNL 1684 FEL

The undersigned certifies the ownership of the decimal interest in production proceeds as described payable by (Payor):

CIMAREX ENERGY CO

Payor shall be notified, in writing, of any change in ownership, decimal interest, or payment address. All such changes shall be effective the first day of the month following receipt of such notice.

Payor is authorized to withhold payment pending resolution of a title dispute or adverse claim asserted regarding the interest in production claimed herein by the undersigned.

The undersigned agrees to indemnify and reimburse Payor any amount attributable to an interest to which the undersigned is not entitled.

Payor may accrue proceeds until the total amount equals \$100.00, or as required by applicable state statute.

This Division Order does not amend any lease or operating agreement between the undersigned and the lessee or operator or any other contracts for the purchase of oil or gas.

In addition to the terms and conditions of this Division Order, the undersigned and Payor may have certain statutory rights under the laws of the state in which the property is located.

Owner(s) Signature(s): x _____ x _____

Owner(s) Tax I.D. Number(s): _____

Owner(s) Daytime Phone #: _____

Owner(s) FAX Number: _____

Owner(s) Email Address: _____

KEEP THIS COPY

Federal Law requires you to furnish your Social Security or Taxpayer Identification Number.
Failure to comply will result in 28% tax withholding and will not be refundable by Payor.



CIMAREX ENERGY CO
202 S Cheyenne Ave, Suite 1000
Tulsa, OK 74103

Date: 08/23/2017

Effective Date: 08/01/2017

030618

Owner: COMMISSIONER OF THE GENERAL
LAND OFFICE STATE OF TEXAS
LOCKBOX ACCOUNT
PO BOX 12873
AUSTIN, TX 78711-2873

Description: SEATTLE SLEW 42 ST UT 7H-RI TIK ENT

Complete Property Description Listed Below

Production: ☒ Oil ☒ Gas ☐ Other: _____**Owner**

COMMISSIONER OF THE GENERAL

Owner Number: 030618

Interest Type: STATE OF TEXAS ROYALTY

Interest Type Code: STA1

Decimal Interest: 0.08333333

Property Description

Property: 429971-247.01

SEATTLE SLEW 42 STATE UNIT 7H

Operator: CIMAREX ENERGY CO

Location: Culberson, TX

Map Reference Information

Culberson, TX US

Survey: T&P RR CO

T&P RRBlock: 59-T2Lot: Sec:

SHL: 2500 FNL 1000 FEL

BHL: 200 FNL 1007 FEL

The undersigned certifies the ownership of the decimal interest in production proceeds as described payable by (Payor):

CIMAREX ENERGY CO

Payor shall be notified, in writing, of any change in ownership, decimal interest, or payment address. All such changes shall be effective the first day of the month following receipt of such notice.

Payor is authorized to withhold payment pending resolution of a title dispute or adverse claim asserted regarding the interest in production claimed herein by the undersigned.

The undersigned agrees to indemnify and reimburse Payor any amount attributable to an interest to which the undersigned is not entitled.

Payor may accrue proceeds until the total amount equals \$100.00, or as required by applicable state statute.

This Division Order does not amend any lease or operating agreement between the undersigned and the lessee or operator or any other contracts for the purchase of oil or gas.

In addition to the terms and conditions of this Division Order, the undersigned and Payor may have certain statutory rights under the laws of the state in which the property is located.

Owner(s) Signature(s): x _____ x _____

Owner(s) Tax I.D. Number(s): _____

Owner(s) Daytime Phone #: _____

Owner(s) FAX Number: _____

Owner(s) Email Address: _____

KEEP THIS COPY



INSTRUCTIONS TO ALL INTEREST OWNERS

Read Carefully Before Signing the Instrument

- SIGNATURE:** Individuals: Sign name as shown in the instrument.
- Corporations: If signing for a corporation, please provide the name and title of the signatory party.
- SIGNATURE BY SECOND PARTY:** If the instrument is signed by agent, attorney-in-fact, guardian, estate representative, trustee or any other party other than the named interest owner, we must have evidence of the rights vested in the signatory party.
- MORTGAGE STIPULATION:** If your interest is subject to a mortgage(s), please have the mortgagee(s) execute the document in the space(s) provided below your signature. If the mortgage(s) has been released, please provide us with a copy of the RECORDED release(s).
- MAILING ADDRESS:** If the checks should be mailed to a different address than shown with your name, please insert the address change. Print or type. Do not abbreviate. If you are already receiving checks from this company, be sure to use the same address to which we are now mailing checks.
- PAYMENT POLICY:** Payments are made upon accrual of \$100.00, or when proceeds for six (6) months have accumulated. An owner has the option of requesting to be paid monthly for proceeds totaling \$25.00. Should you require payments on the optional basis, please send us your written request.
- PROPERTY NUMBER:** On the left portion of the instrument you will find the number assigned to this well. This number will appear on the statement attached to your check and should always be used when corresponding with this company.
- CHANGE OF ADDRESS:** You should notify us promptly of any change in mailing address. This notice must be over your own signature, or the signature of your appointed agent. Always include your Owner Number (which will appear on your check from this company) and your old address, then state your new address with zip code.

THIS INSTRUMENT SHOULD NOT BE ALTERED IN ANY WAY UNLESS ACCOMPANIED BY DOCUMENTARY EVIDENCE TO SUPPORT THE CHANGE. FAILURE TO COMPLY WITH THESE INSTRUCTIONS MAY DELAY PAYMENT. RETURN THE EXECUTED INSTRUMENT TO THE ADDRESS BELOW. KEEP ONE (1) COPY FOR YOUR RECORDS.

- IRS W-9 FORM:** FEDERAL LAW REQUIRES YOU TO FURNISH YOUR SOCIAL SECURITY NUMBER. IN ADDITION TO INSERTING IT ON THE ENCLOSED DIVISION ORDER YOU MUST ALSO COMPLETE AND SIGN THE ENCLOSED IRS W-9 FORM AND RETURN IT WITH THE EXECUTED DIVISION ORDER.

Should you have any questions, please contact Jeanine Hill at 918-560-7076 or jhale-hill@cimarex.com.

CIMAREX ENERGY CO.
DIVISION ORDER DEPARTMENT
202 SOUTH CHEYENNE AVE, SUITE 1000
TULSA, OK 74103-3001
ATTENTION: Jeanine Hill
(918) 560-7076 -- Phone
(918) 295-1896 -- Fax
E-Mail: JHale-Hill@cimarex.com



REVENUE INTEREST OWNER COMMON QUESTIONS AND ANSWERS

- **Revenue check schedule**
Revenue checks are issued monthly on the 15th. If the amount of revenue due is less than \$100.00, payment is withheld until the amount due equals or exceeds \$100.00, subject to state regulations. All checks less than \$100.00 are issued in December on an annual basis.
- **Check not on schedule**
If payment is delayed more than 10 days, you should contact us to see if a check was issued.
- **Check Lost, stolen or outdated**
Immediately notify us in writing of lost or stolen checks so we may issue a replacement check. If the check is stale dated, return it to us without defacing it so a replacement may be issued.
- **Determine interest value**
The evaluation or appraisal of interest requires geologic or engineering review and judgement. Therefore, we do not attempt such evaluations for interest owners. An appraisal can be obtained by contacting the services of an independent geologist, petroleum engineer or royalty broker. Revenue resulting from sales from the property is an important factor in evaluating royalty interests. Your check stubs or detail statements provide payment history for this analysis.
- **Requirements if Sell interest**
Because the sale of a royalty interest usually represents a real property transaction, we will need a certified copy of the deed recorded in the county where the property is located. For additional information about our requirements, please contact our Division Order Department.
- **Requirements for Death of Owner**
When an interest owner dies, an authorized representative or relative of the deceased must immediately notify the Division Order Department in writing. The deceased owner's name and owner number must appear in the notification as they appear on the revenue checks. State requirements differ, but generally a Will, Letters Testamentary, and/or other documents issued by the court are required to change royalty ownership records. Cimarex Energy Co does NOT accept Heirship Affidavits.
- **Change of Address**
You should notify us of any changes in address. Failure to report changes may delay delivery of your revenue checks and in many cases force us to place the revenue in suspense until we are notified of the change. Reinstatement of payment will resume upon receipt of an authorized address change. For your protection, changes of address must be made in writing. With your notification, please include your owner number, social security or tax identification number, old address and new address, including zip code. Please send your change of address to the attention of the Division Order Department. Form available at <https://www.cimarex.com/owner-information/>.





TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

November 9, 2017

Jeanine Hill
Division Order Analyst
Cimarex Energy Co
202 S Cheyenne Ave, Suite 1000
Tulsa, OK 74103-3001

Re: State Lease No. MF110712 Seattle Slew 42 State Unit 2H, 5H, 6H and 7H

Dear Mrs. Hill:

The Texas General Land Office (GLO) has received your Division Orders for the referenced units. These Division Orders have been filed in the appropriate mineral file.

The payment of royalties attributable to state-owned mineral and royalty interests is set by contract and applicable statutes and rules. The execution of division orders may, in some cases, affect the manner in which such payments are made or calculated. Therefore, Title 31, §9.32, of the Texas Administrative Code specifies that GLO staff cannot execute a division order or bind the state to any terms contained within it.

Subject to applicable state law and the state's right to take its production in-kind, the GLO acquiesces to the sale of oil and gas in accordance with the terms and conditions set out in the oil and gas leases. If you have questions concerning this matter, please feel free to e-mail me at the address below my signature.

We look forward to being put on pay status as soon as you are able to set up the wells in our RRAC system.

Thank you,

Vivian Hernandez
Landman, Energy Resources
512-475-0428
512-475-1543 (fax)
vivian.hernandez@glo.texas.gov

File No. MF 110712

_____ County

Division Order

Date Filed: 11-9-17

By V.H. George P. Bush, Commissioner

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
Domestic Mail Only

For delivery information, visit our website at www.usps.com®.

OFFICIAL USE

Certified Mail Fee

\$

Extra Services & Fees (check box, add fee as appropriate)

- ☐ Return Receipt (hardcopy) \$ _____
☐ Return Receipt (electronic) \$ _____
☐ Certified Mail Restricted Delivery \$ _____
☐ Adult Signature Required \$ _____
☐ Adult Signature Restricted Delivery \$ _____

Postage

\$

Total Postage and Fees

\$

Sent To

Cimarex Energy Co.
Street and Apt. No., or PO Box No.
202 S. Cheyenne Ave Ste 1000
City, State, ZIP+4®
Tulsa, OK 74103-3001

MF 111984
Postmark
Here

MF 110712

Attn: Rebecca Johnson

7016 2070 0000 7390 6288

Certified Mail service provides the following benefits:

- A receipt (this portion of the Certified Mail label).
- A unique identifier for your mailpiece.
- Electronic verification of delivery or attempted delivery.
- A record of delivery (including the recipient's signature) that is retained by the Postal Service™ for a specified period.

Important Reminders:

- You may purchase Certified Mail service with First-Class Mail®, First-Class Package Service®, or Priority Mail® service.
- Certified Mail service is *not* available for international mail.
- Insurance coverage is *not* available for purchase with Certified Mail service. However, the purchase of Certified Mail service does not change the insurance coverage automatically included with certain Priority Mail items.
- For an additional fee, and with a proper endorsement on the mailpiece, you may request the following services:
 - Return receipt service, which provides a record of delivery (including the recipient's signature). You can request a hardcopy return receipt or an electronic version. For a hardcopy return receipt, complete PS Form 3811, *Domestic Return Receipt*; attach PS Form 3811 to your mailpiece;

for an electronic return receipt, see a retail associate for assistance. To receive a duplicate return receipt for no additional fee, present this USPS®-postmarked Certified Mail receipt to the retail associate.

- Restricted delivery service, which provides delivery to the addressee specified by name, or to the addressee's authorized agent.
- Adult signature service, which requires the signee to be at least 21 years of age (not available at retail).
- Adult signature restricted delivery service, which requires the signee to be at least 21 years of age and provides delivery to the addressee specified by name, or to the addressee's authorized agent (not available at retail).
- To ensure that your Certified Mail receipt is accepted as legal proof of mailing, it should bear a USPS postmark. If you would like a postmark on this Certified Mail receipt, please present your Certified Mail item at a Post Office™ for postmarking. If you don't need a postmark on this Certified Mail receipt, detach the barcoded portion of this label, affix it to the mailpiece, apply appropriate postage, and deposit the mailpiece.

IMPORTANT: Save this receipt for your records.

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- 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:

Cimarex Energy Co.
ATTN: Rebecca Johnson
202 S. Cheyenne Ave Ste 1000
Tulsa, OK 74103-3001



9590 9402 1749 6074 7595 06

7016 2070 0000 7390 6288

COMPLETE THIS SECTION ON DELIVERY

A. Signature

☒

B. Received by (Printed Name)

JUSTIN WALLACE

☐ Agent☐ Addressee

C. Date of Delivery

1-12-18

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

3. Service Type

- ☐ Adult Signature
- ☐ Adult Signature Restricted Delivery
- ☐ Certified Mail®
- ☐ Certified Mail Restricted Delivery
- ☐ Collect on Delivery

☐ Priority Mail Express®☐ Registered Mail™☐ Registered Mail Restricted Delivery☐ Return Receipt for Merchandise☐ Signature Confirmation™☐ Signature Confirmation Restricted Delivery☐ Signature Confirmation Restricted Delivery

Mail

Mail Restricted Delivery

(over \$500)

Domestic Return Receipt

USPS TRACKING#



9590 9402 1749 6074 7595 06

United States
Postal Service



Texas General Land Office

George P. Bush, Commissioner

P.O. Box 12873

Austin, Texas 78711-2873

ATTN: Aurora Jordan 7th Energy

MF 110712

First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10





Texas General Land Office

Reconciliation Billing

George P. Bush, Commissioner

PO Box 12873
Austin, TX 78711-2873
(800) 998-4456
8:00 - 5:00 M-F

COPY

Cimarex Energy Co.
Attn: Rebecca Johnson
202 S Cheyenne Ave Ste 1000
Tulsa, OK 74103-3001

Billing Date: 1/5/2018
Billing Due Date: 2/4/2018
Customer Number: C000044010

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
18I00142	MF110712	\$22,539.93	\$0.00	\$2,256.36	\$1,554.37	\$26,350.66
18I00145	MF111986	\$0.00	\$25,387.44	\$2,552.91	\$1,331.18	\$29,271.53
Total Due		\$22,539.93	\$25,387.44	\$4,809.27	\$2,885.55	\$55,622.19

Penalty and interest have been calculated thru 1/31/2018. Payment remitted after 1/31/2018 will result in additional penalty and interest charges.

Contact Info: Andrea Charlton (512) 463-5190 or Andrea.Charlton@GLO.TEXAS.GOV

NOTICE

- Please update GLO1 and GLO2 production reports to correct volumes.
- Please do not update GLO3 report to include billed royalty, penalty or interest. This receivable has already been recorded.
- For other royalty reporting questions, visit <http://www.glo.texas.gov>, call (512) 463-6850 or email us at glo123@glo.texas.gov.

This notice does not constitute an Audit Billing Notice as defined in Section 52.135 of the Texas Natural Resources Code and, consequently, does not preclude the TGLO from conducting further examinations of these leases, time periods or issues.

Detach and return with payment

Reconciliation Billing

Cimarex Energy Co.

Billing Date: 1/5/2018

Billing Due Date: 2/4/2018

Customer Number: C000044010

Remit Payment To:

Texas General Land Office

PO Box 12873

Austin, TX 78711-2873

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
18I00142	MF110712	\$22,539.93	\$0.00	\$2,256.36	\$1,554.37	\$26,350.66
18I00145	MF111986	\$0.00	\$25,387.44	\$2,552.91	\$1,331.18	\$29,271.53
Total Due		\$22,539.93	\$25,387.44	\$4,809.27	\$2,885.55	\$55,622.19
Amt. Paid						

**Energy Financial Management
SMAR Activity / Invoicing Approval**

Auditor/Account Examiner: Andrea Charlton
Company Name: CIMAREX ENERGY CO.
Customer Number: C000044010
Mineral File #: MF110712 UNIT 7507
Transaction Type: Volume Reconciliation
Other / Invoice #:

Previous Amount	Current Amount	Date	AE / Reviewer's Notes	Reviewer's Signature	AR Notes
	\$26,350.66	01/02/18	Under reported/paid sales volumes	MM 1/3/2018	

All original invoices must be approved.

All reductions in billing of more than \$1000 must be approved.

Customer ID: C000044010
 Invoice Number:
 GLO Lease: MF110712
 GLO Review: CIMAREX ENERGY CO.
 Review Period: SEPT 2015 Through AUG 2016

Category: Gas
 Auditor/AE: Acharito
 Billing Date: 1/2/2018
 P&I Calculation Date: 1/31/2018
 Royalty Rate: 25.00%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Particip	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Ro	Number of Da	Interest Rate For	Penalty Rate For	Interest Rate For	Revenue Due
Nov-15	08-278969	444	1.00000000	1.991438	1.090396	\$964.13	\$241.03	\$0.00	\$241.03	747	4.50%	\$25.00	\$20.44	\$286.47
Dec-15	08-278969	2,188	1.00000000	2.121609	1.128782	\$5,239.90	\$1,309.97	(\$8,451.17)	\$9,761.14	716	4.50%	\$976.11	\$790.65	\$11,527.90
Jan-16	08-278969	2,743	1.00000000	2.103922	1.242606	\$7,171.15	\$1,792.79	\$460.80	\$1,331.99	687	4.50%	\$133.20	\$103.13	\$1,568.32
Feb-16	08-278969	2,647	1.00000000	2.050173	0.999671	\$5,425.02	\$1,356.26	\$578.04	\$778.22	656	4.50%	\$77.82	\$57.28	\$913.32
Mar-16	08-278969	2,364	1.00000000	1.54975	1.225788	\$4,490.81	\$1,122.70	\$238.16	\$884.54	626	4.50%	\$88.45	\$61.83	\$1,034.82
Apr-16	08-278969	2,515	1.00000000	1.598892	1.086006	\$4,367.06	\$1,091.77	\$856.55	\$235.22	595	4.50%	\$25.00	\$15.54	\$275.76
May-16	08-278969	3,067	1.00000000	1.781068	1.044083	\$5,703.34	\$1,425.84	\$1,134.98	\$290.86	565	4.50%	\$29.09	\$18.14	\$338.09
Jun-16	08-278969	4,734	1.00000000	2.233644	1.012155	\$10,702.60	\$2,675.65	\$765.28	\$1,910.37	534	4.50%	\$191.04	\$111.87	\$2,213.28
Jul-16	08-278969	5,184	1.00000000	2.556356	1.042733	\$13,818.45	\$3,454.61	\$2.97	\$3,451.64	503	4.50%	\$345.16	\$188.94	\$3,985.74
Aug-16	08-278969	5,457	1.00000000	2.553281	1.047689	\$14,597.72	\$3,649.43	(\$5.49)	\$3,654.92	473	4.50%	\$365.49	\$186.55	\$4,206.96
TOTALS		31,343				\$72,480.18	\$18,120.05	(\$8,451.80)	\$22,539.93			\$2,256.36	\$1,554.37	\$26,350.66

ATTN: Mary Jane Russell
 CERTIFIED MAIL: 7016 2070 0000 7390 6288

COMMENTS: SALES VOLUMES REPORTED TO THE GLO WERE COMPARED TO VOLUMES REPORTED TO THE RRC.
 IT HAS BEEN DETERMINED THAT THE SALES VOLUMES HAVE BEEN UNDER PAID.

COLUMN (3) RRC VOLUME - REPRESENTS UNDER REPORTED SALES VOLUMES TO THE GLO FROM RRC WELL ID# 08-278969 UNIT 7507

COLUMN (5) PRICE - TAKEN FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE TEXAS GENERAL LAND OFFICE

COLUMN (6) BTU - TAKEN FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE TEXAS GENERAL LAND OFFICE

COLUMN (9) REPRESENT ROYALTY OVER/UNDER PAID TO THE GLO BASED ON ROYALTY DUE PER GLO2 REPORTS

COLUMN (13)(14)(15) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:

<http://www.glo.texas.gov/energy-business/oil-gas/rac/forms/penalty-interest-assessment-rules.pdf>

NOTE 1: PLEASE REMIT PAYMENT OF THIS INVOICE SEPARATELY FROM REGULAR ROYALTY PAYMENTS. THE PREFERRED METHOD OF PAYMENT IS BY CHECK ACCOMPANIED WITH THE BOTTOM HALF OF THE ATTACHED INVOICE. IF PAYMENT IS MADE THROUGH ACH DEBIT, NOTIFY THE AUDITOR AS TO THE REMITTANCE DATE SO THE INVOICE CAN BE PROPERLY CREDITED.

(27)

File No. MF 110712

_____.County

Recon Billing

Date Filed: 1/8/18

George P. Bush, Commissioner

By AT



MF110712
Unit 7799

NADOA Model Form Division Order (Adopted 9/95)

CIMAREX ENERGY CO
202 S Cheyenne Ave, Suite 1000
Tulsa, OK 74103

Date: 12/12/2017

Effective Date: 08/01/2017

030618

Owner: COMMISSIONER OF THE GENERAL
LAND OFFICE STATE OF TEXAS
LOCKBOX ACCOUNT
PO BOX 12873
AUSTIN, TX 78711-2873

Description: SEATTLE SLEW 42 ST UT 2H-RI TIK ENT

Complete Property Description Listed Below

Production: ☒ X Oil ☒ X Gas ☐ Other: _____

Owner

COMMISSIONER OF THE GENERAL

Owner Number: 030618

Interest Type: STATE OF TEXAS ROYALTY

Interest Type Code: STA1

Decimal Interest: 0.08333333

Property Description

Property: 429971-242.01

SEATTLE SLEW 42 STATE UNIT 2H

Operator: CIMAREX ENERGY CO

Location: Culberson, TX

Map Reference Information

Culberson, TX US

Survey: T&P RR CO

T&P RRBlock: 59-T2Lot: Sec:

SHL: 2700 FNL 1280 FWL

BHL: 200 FNL 330 FWL

The undersigned certifies the ownership of the decimal interest in production proceeds as described payable by (Payor):

CIMAREX ENERGY CO

Payor shall be notified, in writing, of any change in ownership, decimal interest, or payment address. All such changes shall be effective the first day of the month following receipt of such notice.

Payor is authorized to withhold payment pending resolution of a title dispute or adverse claim asserted regarding the interest in production claimed herein by the undersigned.

The undersigned agrees to indemnify and reimburse Payor any amount attributable to an interest to which the undersigned is not entitled.

Payor may accrue proceeds until the total amount equals \$100.00, or as required by applicable state statute.

This Division Order does not amend any lease or operating agreement between the undersigned and the lessee or operator or any other contracts for the purchase of oil or gas.

In addition to the terms and conditions of this Division Order, the undersigned and Payor may have certain statutory rights under the laws of the state in which the property is located.

Owner(s) Signature(s): x _____ x _____

Owner(s) Tax I.D. Number(s): _____

Owner(s) Daytime Phone #: _____

Owner(s) FAX Number: _____

Owner(s) Email Address: _____

KEEP THIS COPY

Federal law requires you to furnish your Social Security or Taxpayer Identification Number. Failure to comply will result in 28% tax withholding and will not be refundable by Payor.



CIMAREX ENERGY CO
202 S Cheyenne Ave, Suite 1000
Tulsa, OK 74103

MF110712
unit 7507

NADOA Model Form Division Order (Adopted 9/95)

Date: 12/12/2017

Effective Date: 10/01/2017

030618

Owner: COMMISSIONER OF THE GENERAL
LAND OFFICE STATE OF TEXAS
LOCKBOX ACCOUNT
PO BOX 12873
AUSTIN, TX 78711-2873

Description: SMARTY JONES 42 STATE 2H-ENT RI TIK

Complete Property Description Listed Below

Production: ☒ X Oil ☒ X Gas ☐ Other: _____

Owner COMMISSIONER OF THE GENERAL	
Owner Number: 030618	
Interest Type: STATE OF TEXAS ROYALTY	Interest Type Code: STA1
Decimal Interest: 0.08333333	

Property Description	
Property: 429971-257.01	SMARTY JONES 42 STATE UNIT 2H 109-33093
Operator: CIMAREX ENERGY CO	Location: Culberson, TX
Map Reference Information	
Culberson, TX US	Survey: T&P RR CO T&P RRBlock: 59-T2Lot: Sec:

The undersigned certifies the ownership of the decimal interest in production proceeds as described payable by (Payor):

CIMAREX ENERGY CO

Payor shall be notified, in writing, of any change in ownership, decimal interest, or payment address. All such changes shall be effective the first day of the month following receipt of such notice.

Payor is authorized to withhold payment pending resolution of a title dispute or adverse claim asserted regarding the interest in production claimed herein by the undersigned.

The undersigned agrees to indemnify and reimburse Payor any amount attributable to an interest to which the undersigned is not entitled.

Payor may accrue proceeds until the total amount equals \$100.00, or as required by applicable state statute.

This Division Order does not amend any lease or operating agreement between the undersigned and the lessee or operator or any other contracts for the purchase of oil or gas.

In addition to the terms and conditions of this Division Order, the undersigned and Payor may have certain statutory rights under the laws of the state in which the property is located.

Owner(s) Signature(s): _____ x _____

Owner(s) Tax I.D. Number(s): _____

Owner(s) Daytime Phone #: _____

Owner(s) FAX Number: _____

Owner(s) Email Address: _____

KEEP THIS COPY

Federal law requires you to furnish your Social Security or Taxpayer Identification Number. Failure to comply will result in 28% tax withholding and will not be refundable by Payor.



INSTRUCTIONS TO ALL INTEREST OWNERS

Read Carefully Before Signing the Instrument

- SIGNATURE:** Individuals: Sign name as shown in the instrument.
- Corporations: If signing for a corporation, please provide the name and title of the signatory party.
- SIGNATURE BY SECOND PARTY:** If the instrument is signed by agent, attorney-in-fact, guardian, estate representative, trustee or any other party other than the named interest owner, we must have evidence of the rights vested in the signatory party.
- MORTGAGE STIPULATION** If your interest is subject to a mortgage(s), please have the mortgagee(s) execute the document in the space(s) provided below your signature. If the mortgage(s) has been released, please provide us with a copy of the RECORDED release(s).
- MAILING ADDRESS:** If the checks should be mailed to a different address than shown with your name, please insert the address change. Print or type. Do not abbreviate. If you are already receiving checks from this company, be sure to use the same address to which we are now mailing checks.
- PAYMENT POLICY:** Payments are made upon accrual of \$100.00, or when proceeds for six (6) months have accumulated. An owner has the option of requesting to be paid monthly for proceeds totaling \$25.00. Should you require payments on the optional basis, please send us your written request.
- PROPERTY NUMBER:** On the left portion of the instrument you will find the number assigned to this well. This number will appear on the statement attached to your check and should always be used when corresponding with this company.
- CHANGE OF ADDRESS:** You should notify us promptly of any change in mailing address. This notice must be over your own signature, or the signature of your appointed agent. Always include your Owner Number (which will appear on your check from this company) and your old address, then state your new address with zip code.

THIS INSTRUMENT SHOULD NOT BE ALTERED IN ANY WAY UNLESS ACCOMPANIED BY DOCUMENTARY EVIDENCE TO SUPPORT THE CHANGE. FAILURE TO COMPLY WITH THESE INSTRUCTIONS MAY DELAY PAYMENT. RETURN THE EXECUTED INSTRUMENT TO THE ADDRESS BELOW. KEEP ONE (1) COPY FOR YOUR RECORDS.

- IRS W-9 FORM:** FEDERAL LAW REQUIRES YOU TO FURNISH YOUR SOCIAL SECURITY NUMBER. IN ADDITION TO INSERTING IT ON THE ENCLOSED DIVISION ORDER YOU MUST ALSO COMPLETE AND SIGN THE ENCLOSED IRS W-9 FORM AND RETURN IT WITH THE EXECUTED DIVISION ORDER.

CIMAREX ENERGY CO.
DIVISION ORDER DEPARTMENT
202 SOUTH CHEYENNE AVE, SUITE 1000
TULSA, OK 74103-3001
ATTENTION: Tina Finley
(918) 699-5718 -- Phone
(918) 295-1896 -- Fax
E-Mail: tfinley@cimarex.com



REVENUE INTEREST OWNER COMMON QUESTIONS AND ANSWERS

- **Revenue check schedule**
Revenue checks are issued monthly on the 15th. If the amount of revenue due is less than \$100.00, payment is withheld until the amount due equals or exceeds \$100.00, subject to state regulations. All checks less than \$100.00 are issued in December on an annual basis.
- **Check not on schedule**
If payment is delayed more than 10 days, you should contact us to see if a check was issued.
- **Check Lost, stolen or outdated**
Immediately notify us in writing of lost or stolen checks so we may issue a replacement check. If the check is stale dated, return it to us without defacing it so a replacement may be issued.
- **Determine interest value**
The evaluation or appraisal of interest requires geologic or engineering review and judgement. Therefore, we do not attempt such evaluations for interest owners. An appraisal can be obtained by contacting the services of an independent geologist, petroleum engineer or royalty broker. Revenue resulting from sales from the property is an important factor in evaluating royalty interests. Your check stubs or detail statements provide payment history for this analysis.
- **Requirements if Sell interest**
Because the sale of a royalty interest usually represents a real property transaction, we will need a certified copy of the deed recorded in the county where the property is located. For additional information about our requirements, please contact our Division Order Department.
- **Requirements for Death of Owner**
When an interest owner dies, an authorized representative or relative of the deceased must immediately notify the Division Order Department in writing. The deceased owner's name and owner number must appear in the notification as they appear on the revenue checks. State requirements differ, but generally a Will, Letters Testamentary, and/or other documents issued by the court are required to change royalty ownership records. Cimarex Energy Co does NOT accept Heirship Affidavits.
- **Change of Address**
You should notify us of any changes in address. Failure to report changes may delay delivery of your revenue checks and in many cases force us to place the revenue in suspense until we are notified of the change. Reinstatement of payment will resume upon receipt of an authorized address change. For your protection, changes of address must be made in writing. With your notification, please include your owner number, social security or tax identification number, old address and new address, including zip code. Please send your change of address to the attention of the Division Order Department. Form available at <https://www.cimarex.com/owner-information/>.



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

February 12, 2018

Tina Finley
Division Order Analyst
Cimarex Energy Co
202 S Cheyenne Ave, Suite 1000
Tulsa, OK 74103-3001

Re: State Lease No. MF110712 Seattle Slew 42 State 2H Unit 7799 and
Smarty Jones 42 State 2H Unit 7507

Dear Mrs. Finley:

The Texas General Land Office (GLO) has received your Division Orders for the referenced units. These Division Orders have been filed in the appropriate mineral file.

The payment of royalties attributable to state-owned mineral and royalty interests is set by contract and applicable statutes and rules. The execution of division orders may, in some cases, affect the manner in which such payments are made or calculated. Therefore, Title 31, §9.32, of the Texas Administrative Code specifies that GLO staff cannot execute a division order or bind the state to any terms contained within it.

Subject to applicable state law and the state's right to take its production in-kind, the GLO acquiesces to the sale of oil and gas in accordance with the terms and conditions set out in the oil and gas leases. If you have questions concerning this matter, please feel free to e-mail me at the address below my signature.

We look forward to being put on pay status as soon as you are able to set up the wells in our RRAC system.

Thank you,

Vivian Hernandez
Landman, Energy Resources
512-475-0428
512-475-1543 (fax)
vivian.hernandez@glo.texas.gov

File No. MF 110712

Division Order

Date Filed: 2-13-2018

By V.H. George P. Bush, Commissioner

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT

Domestic Mail Only

For delivery information, visit our website at www.usps.com®.

OFFICIAL USE

Certified Mail Fee

\$

Extra Services & Fees (check box, add fee as appropriate)

- ☐ Return Receipt (hardcopy) \$ _____
☐ Return Receipt (electronic) \$ _____
☐ Certified Mail Restricted Delivery \$ _____
☐ Adult Signature Required \$ _____
☐ Adult Signature Restricted Delivery \$ _____

Postage

\$

Total Postage and Fees

\$

Sent To

Street and Apt. No., or PO Box No.

202 S Cheyenne Ave Ste 1000
City, State, ZIP+4® Tulsa, OK 74103-3001

PS Form 3800, April 2015 PSN 7530-02-000-9047

See Reverse for Instructions

MF110712

MF110712

Postmark
Here

ATTN: Rebecca Johnson

Cimarex Energy CO.

Certified Mail service provides the following benefits:

- A receipt (this portion of the Certified Mail label).
- A unique identifier for your mailpiece.
- Electronic verification of delivery or attempted delivery.
- A record of delivery (including the recipient's signature) that is retained by the Postal Service™ for a specified period.

Important Reminders:

- You may purchase Certified Mail service with First-Class Mail®, First-Class Package Service®, or Priority Mail® service.
- Certified Mail service is *not* available for international mail.
- Insurance coverage is *not* available for purchase with Certified Mail service. However, the purchase of Certified Mail service does not change the insurance coverage automatically included with certain Priority Mail items.
- For an additional fee, and with a proper endorsement on the mailpiece, you may request the following services:
 - Return receipt service, which provides a record of delivery (including the recipient's signature). You can request a hardcopy return receipt or an electronic version. For a hardcopy return receipt, complete PS Form 3811, *Domestic Return Receipt*; attach PS Form 3811 to your mailpiece; for an electronic return receipt, see a retail associate for assistance. To receive a duplicate return receipt for no additional fee, present this USPS®-postmarked Certified Mail receipt to the retail associate.
 - Restricted delivery service, which provides delivery to the addressee specified by name, or to the addressee's authorized agent.
 - Adult signature service, which requires the signee to be at least 21 years of age (not available at retail).
 - Adult signature restricted delivery service, which requires the signee to be at least 21 years of age and provides delivery to the addressee specified by name, or to the addressee's authorized agent (not available at retail).
- To ensure that your Certified Mail receipt is accepted as legal proof of mailing, it should bear a USPS postmark. If you would like a postmark on this Certified Mail receipt, please present your Certified Mail item at a Post Office™ for postmarking. If you don't need a postmark on this Certified Mail receipt, detach the barcoded portion of this label, affix it to the mailpiece, apply appropriate postage, and deposit the mailpiece.

IMPORTANT: Save this receipt for your records.

USPS TRACKING #



9590 9402 1749 6074 7565 36



First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10

United States
Postal Service



Texas General Land Office

George P. Bush, Commissioner

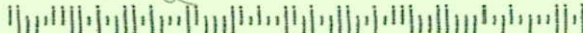
P.O. Box 12873

Austin, Texas 78711-2873

ATTN: Aurora Jordan 7th Energy

MF110712

MF110712



SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- 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:

Cimarex Energy CO.
 ATTN: Rebecca Johnson
 202 S Cheyenne Ave Ste 1000
 Tulsa, OK 74103-3001



9590 9402 1749 6074 7565 36

7016 2070 0000 7390 5489

COMPLETE THIS SECTION ON DELIVERY

A. Signature

Justin Wallace ☐ Agent
☒ Addressee

B. Received by (Printed Name)

JUSTIN WALLACE

C. Date of Delivery

6-12-18

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

3. Service Type

- ☐ Adult Signature
- ☐ Adult Signature Restricted Delivery
- ☐ Certified Mail®
- ☐ Certified Mail Restricted Delivery
- ☐ Collect on Delivery
- ☐ Collect on Delivery Restricted Delivery

all
 all Restricted Delivery

- ☐ Priority Mail Express®
- ☐ Registered Mail™
- ☐ Registered Mail Restricted Delivery
- ☐ Return Receipt for Merchandise
- ☐ Signature Confirmation™
- ☐ Signature Confirmation Restricted Delivery



Texas General Land Office

Reconciliation Billing

George P. Bush, Commissioner

PO Box 12873
Austin, TX 78711-2873
(800) 998-4456
8:00 - 5:00 M-F

Cimarex Energy Co.
Attn: Rebecca Johnson
202 S Cheyenne Ave Ste 1000
Tulsa, OK 74103-3001

Billing Date: 6/6/2018
Billing Due Date: 7/6/2018
Customer Number: C000044010

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
18I00542	MF110712	\$37,434.03	\$0.00	\$3,743.40	\$1,599.26	\$42,776.69
Total Due		\$37,434.03	\$0.00	\$3,743.40	\$1,599.26	\$42,776.69

Penalty and interest have been calculated thru 6/30/2018. Payment remitted after 6/30/2018 will result in additional penalty and interest charges.

Contact Info: Sabrina Garcia (512) 475-1510 or Sabrina.Garcia@GLO.TEXAS.GOV

NOTICE

- Please update GLO1 and GLO2 production reports to correct volumes.
- Please do not update GLO3 report to include billed royalty, penalty or interest. This receivable has already been recorded.
- For other royalty reporting questions, visit <http://www.glo.texas.gov>, call (512) 463-6850 or email us at glo123@glo.texas.gov.

This notice does not constitute an Audit Billing Notice as defined in Section 52.135 of the Texas Natural Resources Code and, consequently, does not preclude the TGLO from conducting further examinations of these leases, time periods or issues.

Detach and return with payment

Reconciliation Billing

Cimarex Energy Co.

Billing Date: 6/6/2018

Billing Due Date: 7/6/2018

Customer Number: C000044010

Remit Payment To:

Texas General Land Office

PO Box 12873

Austin, TX 78711-2873

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
18I00542	MF110712	\$37,434.03	\$0.00	\$3,743.40	\$1,599.26	\$42,776.69
Total Due		\$37,434.03	\$0.00	\$3,743.40	\$1,599.26	\$42,776.69
Amt. Paid						

Customer ID: C000044010
 Invoice Number: 18100542
 GLO Lease: MF110712
 GLO Review: Cimarex Energy Co
 Review Period: September 2016 through August 2017

Category: Gas
 Auditor/AE: Sgarcia
 Billing Date: 6/4/2018
 P&I Calculation Date: 6/30/2018
 Royalty Rate: 25.00%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Particls	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Ro	Number of Da	Interest Rate For	Penalty Rate Fron	Interest Rate Fron	Revenue Due
Mar-17	08-278969		1.00000000	\$ -	1.000000	\$118,620.98	\$29,655.25	\$20,858.86	\$8,796.39	411	4.75%	\$879.64	\$402.95	\$10,078.98
Apr-17	08-278969		1.00000000	\$ -	1.000000	\$232,102.75	\$58,025.69	\$29,388.05	\$28,637.64	380	4.75%	\$2,863.76	\$1,196.31	\$32,697.71
TOTALS		0				\$350,723.73	\$87,680.94	\$50,246.91	\$37,434.03			\$3,743.40	\$1,599.26	\$42,776.69

ATTN: Mary Jane Russell
 CERTIFIED MAIL: 7016 2070 0000 7390 5489

COMMENTS: DUE VS PAID. UNDER PAID ROYALTIES.

COLUMN (2) RRC WELL IDS 08-278969, 08-281136 ,08-283037 ,08-282940, 08-283325, 08-282941, 08-282942, 08-283432
 COLUMNS (12), (13), (14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:
<http://www.glo.texas.gov/energy-business/oil-gas/rac/forms/penalty-interest-assessment-rules.pdf>

NOTE 1: PLEASE REMIT PAYMENT OF THIS INVOICE SEPARATELY FROM REGULAR ROYALTY PAYMENTS. THE PREFERRED METHOD OF PAYMENT IS BY CHECK ACCOMPANIED WITH THE BOTTOM HALF OF THE ATTACHED INVOICE. IF PAYMENT IS MADE THROUGH ACH DEBIT, NOTIFY THE AUDITOR AS TO THE REMITTANCE DATE SO THE INVOICE CAN BE PROPERLY CREDITED.



Texas General Land Office

Reconciliation Billing

George P. Bush, Commissioner

PO Box 12873
Austin, TX 78711-2873
(800) 998-4456
8:00 - 5:00 M-F

Cimarex Energy Co.
Attn: Rebecca Johnson
202 S Cheyenne Ave Ste 1000
Tulsa, OK 74103-3001

Billing Date: 6/6/2018
Billing Due Date: 7/6/2018
Customer Number: C000044010

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
18I00543	MF110712	\$0.00	\$16,347.17	\$1,634.72	\$1,033.90	\$19,015.79
Total Due		\$0.00	\$16,347.17	\$1,634.72	\$1,033.90	\$19,015.79

Penalty and interest have been calculated thru 6/30/2018. Payment remitted after 6/30/2018 will result in additional penalty and interest charges.

Contact Info: Sabrina Garcia (512) 475-1510 or Sabrina.Garcia@GLO.TEXAS.GOV

NOTICE

- Please update GLO1 and GLO2 production reports to correct volumes.
- Please do not update GLO3 report to include billed royalty, penalty or interest. This receivable has already been recorded.
- For other royalty reporting questions, visit <http://www.glo.texas.gov>, call (512) 463-6850 or email us at glo123@glo.texas.gov.

This notice does not constitute an Audit Billing Notice as defined in Section 52.135 of the Texas Natural Resources Code and, consequently, does not preclude the TGLO from conducting further examinations of these leases, time periods or issues.

Detach and return with payment

Reconciliation Billing

Cimarex Energy Co.

Billing Date: 6/6/2018

Billing Due Date: 7/6/2018

Customer Number: C000044010

Remit Payment To:

Texas General Land Office

PO Box 12873

Austin, TX 78711-2873

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
18I00543	MF110712	\$0.00	\$16,347.17	\$1,634.72	\$1,033.90	\$19,015.79
Total Due		\$0.00	\$16,347.17	\$1,634.72	\$1,033.90	\$19,015.79
Amt. Paid						

Customer ID: C000044010
 Invoice Number: 18I00543
 GLO Lease: MF110712
 GLO Review: Cimarex Energy Co
 Review Period: September 2016 through August 2017

Category: Oil
 Auditor/AE: Sgarcia
 Billing Date: 5/23/2018
 P&I Calculation Date: 6/30/2018
 Royalty Rate: 25.00%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participa	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Ro	Number of Da	Interest Rate For	Penalty Rate Fron	Interest Rate Fron	Revenue Due
Oct-16	08-278969		1.00000000	\$ -	1.000000	\$474,457.50	\$118,614.38	\$102,267.21	\$16,347.17	572	4.50%	\$1,634.72	\$1,033.90	\$19,015.79
TOTALS		0				\$474,457.50	\$118,614.38	\$102,267.21	\$16,347.17			\$1,634.72	\$1,033.90	\$19,015.79

ATTN: Mary Jane Russell
 CERTIFIED MAIL: 7016 2070 0000 7390 5489

COMMENTS: DUE VS PAID, UNDER PAID ROYALTIES.

COLUMN (2) RRC WELL IDS 08-278969, 08-281136, 08-283037, 08-282940, 08-283325, 08-282941, 08-282942, 08-283432
 COLUMNS (12), (13), (14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:
<http://www.glo.texas.gov/energy-business/oil-gas/rac/forms/penalty-interest-assessment-rules.pdf>

NOTE 1: PLEASE REMIT PAYMENT OF THIS INVOICE SEPARATELY FROM REGULAR ROYALTY PAYMENTS. THE PREFERRED METHOD OF PAYMENT IS BY CHECK ACCOMPANIED WITH THE BOTTOM HALF OF THE ATTACHED INVOICE. IF PAYMENT IS MADE THROUGH ACH DEBIT, NOTIFY THE AUDITOR AS TO THE REMITTANCE DATE SO THE INVOICE CAN BE PROPERLY CREDITED.

(29)

File No. MF 110712

County

Recon Billing

Date Filed: 6 / 11 / 18

George P. Bush, Commissioner

By AT