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Archives and Records Staff

MF110729

iNut 14276
iNut 14277
iNut 14278
iNut 14279
iNut 14280

State Lease	Control	Base File	County
MF110729	04-020883	093099	REEVES

Survey	T & P R Y CO	
Block	55	
Block Name		
Township	4	
Section/Tract	2	
Land Part		
Part Description		
Acres	640	
Depth Below	Depth Above	Depth Other
0	11077	
Name	CIMAREX ENERGY CO.	
Lease Date	4/6/2010	
Primary Term	5 yrs	
Bonus (\$)	\$480,000.00	
Rental (\$)	\$5.00	
Lease Royalty	0.2500	

Leasing: PR

Analyst: _____

Maps: OK

GIS: AS

ATTENTION FILE USERS!
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Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21703312010m	03/31/2010		480,000.00	0.00	480,000.00

480,000.00



Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21703312010n	03/31/2010		7,200.00	0.00	7,200.00

7,200.00

06.9

M- 110729



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. Marienfeld Street, Suite 600
 City: Midland State: TX Zip: 79701-4405
 Telephone: (432) 571-7800 (Include +4 Code)

AREA
DESCRIPTION

County(ies): Reeves Survey/Area: T&P RR. Co.
 (If Applicable)
 Block/Tsp.: 55/4S Section/Tract: 2/11 Acres: 640.00
 (If Applicable)

BID
SUBMISSION

(A) Bonus Amount (\$ 480,000.00)
Four hundred eighty thousand dollars and 00/100
 (type/print above)
 (B) Sales Fee Amount (\$ 7,200.00)
Seven thousand two hundred dollars and 00/100
 (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.

43

APPLICANT NAME

Cimarex Energy Co.
 (same as above)

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

(\$ 480,000.00)

STATE OF TEXAS
TAX I.D. #

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

SIGNATURE OF
AGENT

[Signature]
 (signature)

Roger Alexander
 (type/print name)

07.9.4

7200-

10706335

10706336

324



23380101

23380101

File No. MF 110729
Best form
Date Filed: 4/6/10
By [Signature]
Jerry Patterson, Commissioner

1017

The State of Texas



Austin, Texas

OIL AND GAS LEASE NO. M-110729

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 2, BLOCK 55, TOWNSHIP 04-S, T. & P. RY. CO. SURVEY, REEVES COUNTY, TEXAS, CONTAINING APPROXIMATELY 640 ACRES, AS SHOWN ON THE OFFICIAL MAP OF REEVES 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 **Four Hundred Eighty Thousand And 00/100 Dollars (\$480,000.00)**, 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.

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-110729
Lease
Date Filed: 9/6/10
Jerry Patterson, Commissioner
By JP

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. 43**, which has been assigned the lease number **M-110729**.

State Lease M-110729 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 110729

Leller

Date Filed: 5/1/10
Jerry Patterson, Commissioner

By [Signature]

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



July 12, 2010

Robert B. Hatter
Mineral Leasing Division
P.O. Box 12873
Austin, Texas 78711

Re: Oil and Gas Lease
Lease Number M-110729
Section 2, Block 55, Township 2 South, T&P RR Co. Survey
Reeves County, Texas

Dear Mr. Hatter,

On April 6, 2010 Cimarex Energy Co. was the high bidder on MGL. No. 43 which has been assigned the lease number M-110729. As per the requirements of the lease, please find enclosed a certified recorded copy of said lease.

If you should need anything further or have any questions, please contact Todd Meador at (432) 571-7858. Thank you.

Sincerely,

Cimarex Energy Co.

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

Samatha Spencer
Land Department

FILE # 2036

Lease Form
Revised 10/99
Surveyed School Land

The State of Texas



Austin, Texas

OIL AND GAS LEASE NO. M-110729

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 2, BLOCK 55, TOWNSHIP 04-S, T. & P. RY. CO. SURVEY, REEVES COUNTY, TEXAS, CONTAINING APPROXIMATELY 640 ACRES, AS SHOWN ON THE OFFICIAL MAP OF REEVES 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 **Four Hundred Eighty Thousand And 00/100 Dollars (\$480,000.00)**, 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.

Anniversary Date	Delay Rental per Acre
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
Reeves County
Clerks Office

(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.



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(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.



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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



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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.



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

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.

LESSEE [Signature]
 BY: Roger Alexander
 TITLE: Attorney-in-fact for Cimarex Energy Co.
 DATE: 5-24-2010

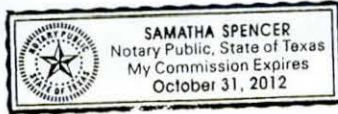
IN TESTIMONY WHEREOF, witness the signature of the Commissioner of the General Land Office of the State of Texas under the seal of the General Land Office

[Signature]
 COMMISSIONER OF THE GENERAL LAND OFFICE
 OF THE STATE OF TEXAS
 APPROVED
 Contents [Signature]
 Legal [Signature]
 DC [Signature]
 Exec [Signature]

STATE OF Texas (CORPORATION ACKNOWLEDGMENT)
 COUNTY OF Midland

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 24th day of May, 2010



[Signature]
 Notary Public in and for State of Texas

STATE OF _____ (INDIVIDUAL ACKNOWLEDGMENT)
 COUNTY OF _____

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 _____

FILE # 2036

FILED FOR RECORD ON THE 16TH DAY OF JUNE A.D. 2010 1:30 P.M.

DULY RECORDED ON THE 17TH DAY OF JUNE A.D. 2010 9:00 A.M.

BY: [Signature], DEPUTY

DIANNE O. FLOREZ, COUNTY CLERK
 REEVES COUNTY, TEXAS

ANY PROVISION HEREIN WHICH RESTRICTS THE SALE, RENTAL,
 OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR
 OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL
 LAW



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

4.

File No. MF 110729
Letter and
Certified Lease
Date Filed: 7/14/10
Jerry Patterson, Commissioner
By [Signature]

2010 JUL 21 PM 3:45

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

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 public records of my office, found in VOL. 845, PAGE 729, THRU 734. OFFICIAL PUBLIC RECORDS



I hereby certified on 6/21/10
DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS
By [Signature] DEPUTY
DALIA GALINDO

CIMAREX

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

RECEIVED
MAR 21 2011

WELLS FARGO BANK NA

11707535

Payee No.	Check No	Check Date	Check Amount
030618	0004004688	03/17/2011	*****\$6,575.00

PAY Six Thousand Five Hundred Seventy 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 Korus
Husni M. Nilla

⑈0004004688⑈

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 0004004688

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 GENERAL 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 <i>Rental LT-04</i> <i>MF 110729</i> <i>CID C000044010</i> <i>GLA 3316005</i> <i>121</i> <i>11707535</i>	3,200.00
OBL20110315-16	03/15/2011	COMMISSIONER OF THE GENERAL DELAY RENTALS TX429971012751001 ST-TX #M-110712 Payee: COMMISSIONER OF THE GENERAL 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 <i>Rental LT-15</i> <i>CID C000044010</i> <i>GLA 3316005</i> <i>COPY</i>	3,375.00
030618	← Payee	Check Date: 03/17/2011	Check Amount →	6,575.00

Cimarex Energy Co.

15 East 5th Street

Suite 1000

Tulsa, Oklahoma 74103-4346



CERTIFIED MAIL



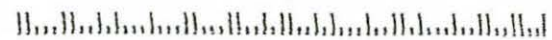
7010 1670 0001 0256 3447



TX428085012822001 04/2011
COMMISSIONER OF THE GENERAL
LAND OFFICE STATE OF TEXAS
PO BOX 12873
AUSTIN, TX 78711-2873

Return Receipt Requested

78711#2873 B009



File No. MF110729 (5)

Rental Payment 2011

Date Filed: 03/21/2011

Jerry E. Patterson, Commissioner

By JEP



Invoice #	Oblig. Date	Description	Lessor	Net Amount
		Tx 428085.012828.001		
		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



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

Check Number 0004005088

Invoice #	Oblig. Date	Description	Lessor	Net Amount
030618				8,175.00

Payee

Check Date: 03/13/2012

Check Amount

8,175.00

12708702

COPY

121



Remittance Statement

Vendor COMMISSIONER OF THE G
Vendor Cod 030618
Check Numbe 0004005088
Check Dat 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 ✓ 3rd 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 ✓ 3rd 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 ✓ 2nd yr
			8,175.00

File No. MF110729

⑥

Rental Payment 2012

Date Filed: 03/16/2012

Jerry E. Patterson, Commissioner

By JEP

2013

CIMAREX

56-382/412

13708072

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

TO THE
ORDER
OF

Paul Korus

Shirri M. Nitta

SIGNATURE HAS A COLORED BACKGROUND • BORDER CONTAINS MICROPRINTING

11000400571611

^PLEASE DETACH AT PERFORATION ABOVE^

^PLEASE DETACH AT PERFORATION ABOVE^

CIMAREX

Check Number 0004005716

Invoice #	Oblig. Date	Description	Lessor	Net Amount
			121	137080

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 OLO

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: 74-6000108 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: 74-6000108 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: 74-6000108 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: 74-6000108 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 Number 0004005716
Check Date 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: 74-6000108 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: 74-6000108 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: 74-6000108 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: 74-6000108 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 Numbe 0004005716
Check Dat 03/14/2013

Invoice #	Invoice Date	Lessor	Net Amount
OBL20130313-26	03/13/2013	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 Payee Tax ID: 74-6000108 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 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 Payee Tax ID: 74-6000108 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 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 Payee Tax ID: 74-6000108 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 ST OF TX - M 110709 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: 74-6000108 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: 74-6000108 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: 74-6000108 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: 74-6000108 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: 74-6000108 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 Numbe 0004005716
Check Dat 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: 74-6000108 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. MF110729

⑦

Rental Payment

Date Filed: 03/19/2013

Jerry E. Patterson, Commissioner

By JEP

RAILROAD COMMISSION OF TEXAS

Oil and Gas Division

Tracking No.: 97719
Status: SubmittedThis facsimile W-2 was generated electronically
from data submitted to the RRC.

API No. 42- 389-33964

7. RRC District No.
08

8. RRC Lease No.

Oil Well Potential Test, Completion or Recompletion Report, and Log

1. FIELD NAME (as per RRC Records or Wildcat) PHANTOM (WOLFCAMP)		2. LEASE NAME ANACONDA 55-2		9. Well No. 1H	
3. OPERATOR'S NAME (Exactly as shown on Form P-5, Organization Report) CIMAREX ENERGY CO.		RRC Operator No. 153438		10. County of well site REEVES	
4. ADDRESS ATTN GENE HOLLOWAY 202 S CHEYENNE AVE STE 1000 TULSA, OK 74103-0000				11. Purpose of filing Initial Potential ☒ Retest ☐ Reclass ☐ Well record only (Explain in remarks) ☐	
5. If Operator has changed within last 60 days, name former operator					
6a. Location (Section, Block, and Survey) 6, 55 T3S, T&P RR CO/HOOVER, F O, A-5497		6b. Distance and direction to nearest town in this county. MENTONE			
12. If workover or reclass, give former field (with reservoir) & Gas ID or oil lease no. FIELD & RESERVOIR		GAS ID or OIL LEASE #		Oil-O Gas-G	
N/A					
13. Type of electric or other log run Neutron/Density logs (combo of tools)		14. Completion or recompletion date 01/22/2014			

SECTION I- POTENTIAL TEST DATA IMPORTANT: Test should be for 24 hours unless otherwise specified infield rules.

15. Date of test 02/01/2014		16. No. of hours tested 24		17. Production method (Flowing, Gas Lift, Jetting, Pumping- Size & Type of pump) Gas Lift		18. Choke size	
19. Production during Test Period		Oil - BBLS 289.0	Gas - MCF 1058	Water - BBLS 2465	Gas - Oil Ratio 3660	Flowing Tubing Pressure 3275.0 PSI	
20. Calculated 24- Hour Rate		Oil - BBLS 289.0	Gas - MCF 1058	Water - BBLS 2465	Oil Gravity-API-60° 49.0	Casing Pressure 0.0 PSI	
21. Was swab used during this test? Yes ☐ No ☒				22. Oil produced prior to test (New & Reworked wells) 1623.0		23. Injection Gas-Oil Ratio	
REMARKS: N/A							

INSTRUCTIONS: File an original and one copy of the completed Form W-2 in the appropriate RRC District Office within 30 days after completing a well and within 10 days after a potential test. If an operator does not properly report the results of a potential test within the 10-day period, the effective date of the allowable assigned to the well will not extend back more than 10 days before the W-2 was received in the District Office. (Statewide Rules 16 and 51) To report a completion or recompletion, fill in both sides of this form. To report a retest, fill in only the front side.

WELL TESTERS CERTIFICATION

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I conducted or supervised this test by observation of (a) meter readings or (b) the top and bottom gauges of each tank into which production was run during the test. I further certify that the potential test data shown above is true, correct, and complete, to the best of my knowledge.

Signature: Well Tester

Name of Company

RRC Representative

OPERATOR'S CERTIFICATION

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct and complete, to the best of my knowledge.

CIMAREX ENERGY CO.

Type or printed name of operator's representative

(432) 620-1932

Telephone: Area Code Number Month Day Year

Regulatory Tech

Title of Person

JoAnn Tercero

Signature

SECTION III DATA ON WELL COMPLETION AND LOG (Not Required on Retest)									
24. Type of Completion New Well ☒ Deepening ☐ Plug Back ☐ Other ☐					25. Permit to Drill, Plug Back or Deepen DATE 10/10/2013 PERMIT NO. 770992 Rule 37 Exception CASE NO.				
26. Notice of Intention to Drill this well was filed in Name of CIMAREX ENERGY CO.					Water Injection Permit PERMIT NO. Salt Water Disposal Permit PERMIT NO. Other PERMIT NO.				
27. Number of producing wells on this lease in this field (reservoir) including this well 1			28. Total number of acres in this lease 640.0						
29. Date Plug Back, Deepening, Workover or Drilling Operations: 01/22/2013		Commenced 12/24/2013		Completed 0.0		30. Distance to nearest well, Same Lease & Reservoir			
31. Location of well, relative to nearest lease boundaries 200.0 Feet From South Line and 467.0 Feet from East Line of the ANACONDA 55-2 Lease									
32. Elevation (DF, RKB, RT, GR ETC.) 2876 GR			33. Was directional survey made other than inclination (Form W-12)? ☒ Yes ☐ No						
34. Top of Pay 10959 MD:16093		35. Total Depth 10959 MD:16093		36. P. B. Depth 10959 MD:16000		37. Surface Casing Determined by Field Rules ☐		Recommendation of T.D.W.R. Railroad Commission (Special) ☒ Dt. of Letter 10/16/2013	
38. Is well multiple completion? ☐ Yes ☒ No									
39. If multiple completion, list all reservoir names (completions in this well) and Oil Lease or Gas ID No. FIELD & RESERVOIR N/A					GAS ID or OIL LEASE #		Oil-G Gas-G		Well #
40. Intervals Drilled by: Rotary Tools ☒ Cable Tools			41. Name of Drilling Contractor				42. Is Cementing Affidavit Attached? ☒ Yes ☐ No		
43. CASING RECORD (Report All Strings Set in Well)									
CASING SIZE	WT #/FT.	DEPTH SET	MULTISTAGE TOOL DEPTH	TYPE & AMOUNT CEMENT (sacks)	HOLE SIZE	TOP OF CEMENT	SLURRY VOL. cu. ft.		
9 5/8		3793	1849	C 1400	12 1/4	0	2252.0		
9 5/8		3793		C 750	12 1/4	1839	1198.0		
7		10998		POZ/H 925	8 3/4	1300	1864.0		
44. LINER RECORD									
Size	Top	Bottom	Sacks Cement	Screen					
4 1/2	10358	16090	420						
45. TUBING RECORD									
Size	Depth Set	Packer Set	From L1 11450	To 15975					
2 7/8	10401	10411	From	To					
			From	To					
			From	To					
46. PRODUCING INTERVAL (this completion) Indicate depth of perforation or open hole									
47. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.									
Depth Interval		Amount and Kind of Material Used							
11450.0 15975.0		5,161,459 BBLS OF FRAC FLUID; 5,672,296 LBS OF SAND							
48. FORMATION RECORD (LIST DEPTHS OF PRINCIPAL GEOLOGICAL MARKERS AND FORMATION TOPS)									
Formations	Depth		Formations	Depth					
LAMAR	3765.0 MD: 3755.0								
BONE SPRING	7364.0 MD: 7332.0								
WOLFCAMP	10478.0 MD: 10443.0								
REMARKS: KOP 10,430									
WHIPSTOCK SET WITH NO CAST IRON BRIDGE PLUG OR CEMENT									

RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION

PERMIT TO DRILL, DEEPEN, PLUG BACK, OR RE-ENTER ON A REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

PERMIT NUMBER 770992	DATE PERMIT ISSUED OR AMENDED Oct 10, 2013	DISTRICT * 08
API NUMBER 42-389-33964	FORM W-1 RECEIVED Oct 02, 2013	COUNTY REEVES
TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Horizontal	ACRES 640
OPERATOR CIMAREX ENERGY CO. 153438		NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: (432) 684-5581
LEASE NAME ANACONDA 55-2		WELL NUMBER 1H
LOCATION 11 miles SW direction from MENTONE		TOTAL DEPTH 10440
Section, Block and/or Survey SECTION ◀ 6 BLOCK ◀ 55 T3S ABSTRACT ◀ 5497 SURVEY ◀ T&P RR CO/HOOVER, F O		
DISTANCE TO SURVEY LINES 400 ft. S 467 ft. E		DISTANCE TO NEAREST LEASE LINE 200 ft.
DISTANCE TO LEASE LINES 400 ft. S OFFLEASE 467 ft. E OFFLEASE		DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below
FIELD(s) and LIMITATIONS: * SEE FIELD DISTRICT FOR REPORTING PURPOSES *		
FIELD NAME LEASE NAME		ACRES DEPTH WELL # DIST NEAREST LEASE NEAREST WE
-----		-----
PHANTOM (WOLFCAMP) ANACONDA 55-2		640.00 10,440 1H 08 200 0
-----		-----
WELLBORE PROFILE(s) FOR FIELD: Horizontal		

RESTRICTIONS: Lateral: TH1 Penetration Point Location Lease Lines: 200.0 F N L 467.0 F E L Terminus Location BH County: REEVES Section: 2 Block: 55 T4S Abstract: Survey: T&P RR CO Lease Lines: 200.0 F S L 467.0 F E L Survey Lines: 200.0 F S L 467.0 F E L		
THE FOLLOWING RESTRICTIONS APPLY TO ALL FIELDS		
This well shall be completed and produced in compliance with applicable special field or statewide spacing and density rules. If this well is to be used for brine mining, underground storage of liquid hydrocarbons in salt formations, or underground storage of gas in salt formations, a permit for that specific purpose must be obtained from Environmental Services prior to construction, including drilling, of the well in accordance with Statewide Rules 81, 95, and 97.		

RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION

PERMIT TO DRILL, DEEPEN, PLUG BACK, OR RE-ENTER ON A REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

PERMIT NUMBER 770992	DATE PERMIT ISSUED OR AMENDED Oct 10, 2013	DISTRICT * 08
API NUMBER 42-389-33964	FORM W-1 RECEIVED Oct 02, 2013	COUNTY REEVES
TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Horizontal	ACRES 640
OPERATOR CIMAREX ENERGY CO. 153438		NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: (432) 684-5581
LEASE NAME ANACONDA 55-2		WELL NUMBER 1H
LOCATION 11 miles SW direction from MENTONE		TOTAL DEPTH 10440
Section, Block and/or Survey SECTION ◀ 6 BLOCK ◀ 55 T3S ABSTRACT ◀ 5497 SURVEY ◀ T&P RR CO/HOOVER, F O		
DISTANCE TO SURVEY LINES 400 ft. S 467 ft. E		DISTANCE TO NEAREST LEASE LINE 200 ft.
DISTANCE TO LEASE LINES 400 ft. S OFFLEASE 467 ft. E OFFLEASE		DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below
FIELD(s) and LIMITATIONS: * SEE FIELD DISTRICT FOR REPORTING PURPOSES *		
FIELD NAME LEASE NAME		ACRES DEPTH WELL # DIST NEAREST LEASE NEAREST WE
Currently there are no identified formations listed for this county. It is still the operators responsibility to isolate and report any potential flow zones that are encountered in the completion of this well.		

API No. <u>42-389-33964</u> Drilling Permit # <u>770992</u> SWR Exception Case/Docket No. _____		RAILROAD COMMISSION OF TEXAS OIL & GAS DIVISION APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER <i>This facsimile W-1 was generated electronically from data submitted to the RRC.</i> <i>A certification of the automated data is available in the RRC's Austin office.</i>			FORM W-1 07/2004 Permit Status: Approved	
1. RRC Operator No. 153438		2. Operator's Name (as shown on form P-5, Organization Report) CIMAREX ENERGY CO.		3. Operator Address (include street, city, state, zip):		
4. Lease Name ANACONDA 55-2		5. Well No. 1H				
GENERAL INFORMATION						
6. Purpose of filing (mark ALL appropriate boxes): ☒ New Drill ☐ Recompletion ☐ Reclass ☐ Field Transfer ☐ Re-Enter ☐ Amended ☐ Amended as Drilled (BHL) (Also File Form W-1D)						
7. Wellbore Profile (mark ALL appropriate boxes): ☐ Vertical ☒ Horizontal (Also File Form W-1H) ☐ Directional (Also File Form W-1D) ☐ Sidetrack						
8. Total Depth 10440		9. Do you have the right to develop the minerals under any right-of-way? ☒ Yes ☐ No		10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)? ☐ Yes ☒ No		
SURFACE LOCATION AND ACREAGE INFORMATION						
11. RRC District No. 08		12. County REEVES		13. Surface Location ☒ Land ☐ Bay/Estuary ☐ Inland Waterway ☐ Offshore		
14. This well is to be located <u>11</u> miles in a <u>SW</u> direction from <u>MENTONE</u> which is the nearest town in the county of the well site.						
15. Section 6	16. Block 55 T3S	17. Survey T&P RR CO/HOOVER, F O	18. Abstract No. A-5497	19. Distance to nearest lease line: 200 ft.	20. Number of contiguous acres in lease, pooled unit, or unitized tract: 640	
21. Lease Perpendiculars: <u>400</u> ft from the <u>S OFFLEASE</u> line and <u>467</u> ft from the <u>E OFFLEASE</u> line. 22. Survey Perpendiculars: <u>400</u> ft from the <u>S</u> line and <u>467</u> ft from the <u>E</u> line.						
23. Is this a pooled unit? ☐ Yes ☒ No		24. Unitization Docket No:		25. Are you applying for Substandard Acreage Field? ☐ Yes (attach Form W-1A) ☒ No		
FIELD INFORMATION List all fields of anticipated completion including Wildcat. List one zone per line.						
26. RRC District No.	27. Field No.	28. Field Name (exactly as shown in RRC records)	29. Well Type	30. Completion Depth	31. Distance to Nearest Well in this Reservoir	
08	71052900	PHANTOM (WOLFCAMP)	Oil or Gas Well	10440	0.00	
BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS (see W-1H attachment)						
Remarks [RRC STAFF Oct 9, 2013 11:28 AM]: There have been problems identified with this permit (see problem letter attachment). Notification sent.; [RRC STAFF Oct 9, 2013 3:50 PM]: Problems identified with this permit are resolved.; [RRC STAFF Oct 9, 2013 3:50 PM]: Plat that depicts the 640 acres accurately attached.			Certificate: I certify that information stated in this application is true and complete, to the best of my knowledge. Martina Warren, Regulatory Analyst Name of filer (432)6201960 Phone Oct 02, 2013 Date submitted mwarren@cimarex.com E-mail Address (OPTIONAL)			
RRC Use Only Data Validation Time Stamp: Mar 13, 2014 6:45 AM(Current Version)						

Permit Status: **Approved**

*The RRC has not approved this application.
Duplication or distribution of information is
at the user's own risk.*

**RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION**

APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER

*This facsimile W-1 was generated electronically from data submitted to the RRC.
A certification of the automated data is available in the RRC's Austin office.*

Form W-1H 07/2004
Supplemental Horizontal Well Information

Permit # **770992**

Approved Date: **Oct 10, 2013**

1. RRC Operator No. 153438	2. Operator's Name (exactly as shown on form P-5, Organization Report) CIMAREX ENERGY CO.	3. Lease Name ANACONDA 55-2	4. Well No. 1H
Lateral Drainhole Location Information			
5. Field as shown on Form W-1 PHANTOM (WOLFCAMP) (Field # 71052900, RRC District 08)			
6. Section 2	7. Block 55 T4S	8. Survey T&P RR CO	9. Abstract REEVES
10. County of BHL REEVES			
11. Terminus Lease Line Perpendiculars 200 ft. from the S line, and 467 ft. from the E line			
12. Terminus Survey Line Perpendiculars 200 ft. from the S line, and 467 ft. from the E line			
13. Penetration Point Lease Line Perpendiculars 200 ft. from the N line, and 467 ft. from the E line			

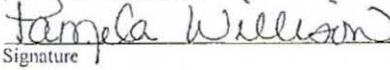
CERTIFICATE OF COMPLIANCE
AND TRANSPORTATION AUTHORITY

P-4

This facsimile P-4 was generated electronically from data submitted to the RRC.
A certification of the automated data is available in the RRC's Austin office.

Tracking No.: 97719

1. Field name exactly as shown on proration schedule PHANTOM (WOLFCAMP)		2. Lease name as shown on proration schedule ANACONDA 55-2					
3. Current operator name exactly as shown on P-5 Organization Report CIMAREX ENERGY CO.		4. Operator P-5 no. 153438	5. Oil Lse/Gas ID no.	6. County REEVES	7. RRC district 08		
8. Operator address including city, state, and zip code ATTN GENE HOLLOWAY 202 S CHEYENNE AVE STE 1000 TULSA, OK 74103		9. Well no(s) (see instruction E) 1H			11. Effective Date 01/22/2014		
		10. Classification ☒ Oil ☐ Gas ☐ Other (see instruction A)					
12. Purpose of Filing. (Complete section a or b below.) (See instructions B and G)							
a. Change of: ☐ operator ☐ oil or condensate gatherer ☐ gas gatherer ☐ gas purchaser ☐ gas purchaser system code							
☐ field name from _____ ☐ lease name from _____							
-- OR --							
b. New RRC Number for: ☒ oil lease ☐ gas well ☐ other well (specify) _____ Due to: ☒ new completion or recompletion ☐ reclass oil to gas ☐ reclass gas to oil							
☐ consolidation, unitization, or subdivision (oil lease only)							
13. Authorized GAS WELL GAS or CASINGHEAD GAS Gatherer(s) and/or Purchaser(s). (See instruction G).							
Gatherer	Purchaser	Name of GAS WELL GAS or CASINGHEAD GAS Gatherer(s) or Purchaser(s) As Indicated in Columns to the Left (Attach an additional sheet in same format if more space is needed)			Purchaser's RRC Assigned System Code	Percent of Take	Full-well stream
X	X	REGENCY FIELD SERVICES LLC(698769)			0001	50.0	
X	X	ENTERPRISE PRODUCTS OPERATINGLLC(253368)			0001	50.0	
14. Authorized OIL or CONDENSATE Gatherer(s). (See instruction G).							
Name of OIL or CONDENSATE Gatherer(s) - List Highest Volume Gatherer First (Attach an additional sheet in same format if more space is needed)						Percent of Take	
WESTERN REFINING WHOLESALE, INC.(912212)						100.0	
RRC USE ONLY: Reviewer's initials: _____ Approval date: _____							
15. PREVIOUS OPERATOR CERTIFICATION FOR CHANGE OF OPERATOR P-4 FILING. Being the PREVIOUS OPERATOR, I certify that operating responsibility for the well(s) designated in this filing, located on the subject lease has been transferred in its entirety to the above named Current Operator. I understand, as Previous Operator, that designation of the above named operator as Current Operator is not effective until this certificate is approved by the Commission.							
Name of Previous Operator				Signature			
Name (print)				☐ Authorized Employee of previous operator ☐ Authorized agent of previous operator (see instruction G)			
Title				Date _____ Phone with area code _____			
16. CURRENT OPERATOR CERTIFICATION. By signing this certificate as the Current Operator, I certify that all statements on this form are true and correct and I acknowledge responsibility for the regulatory compliance of the subject lease including plugging of well(s) pursuant to Rule 14. I further acknowledge that I assume responsibility for the physical operation, control, and proper plugging of each well designated in this filing. I also acknowledge that I will remain designated as the Current Operator until a new certificate designating a new Current Operator is approved by the Commission.							
CIMAREX ENERGY CO.				JoAnn Tercero			
Name (print)				Signature			
Regulatory Tech				☒ Authorized Employee of current operator ☐ Authorized agent of current operator (see instruction G)			
Title				Date _____ (432) 620-1932			
jtercero@cimarex.com				Phone with area code			
E-mail Address (optional)							

1. Field name exactly as shown on proration schedule Phantom (Wolfcamp)		2. Lease name as shown on proration schedule Anaconda 55-2		
3. Current operator name exactly as shown on P-5 Organization Report Cimarex Energy Co.		4. Operator P-5 no. 153438	5. Oil Lse/Gas ID no.	6. County Reeves
8. Operator address including city, state, and zip code 202 S Cheyenne Ave, Suite 1000 Tulsa, OK 74103		9. Well no(s) (see instruction E) 1H		
		10. Classification ☒ Oil ☐ Gas ☐ Other (see instruction A)		11. Effective Date 01/22/14
12. Purpose of Filing. (Complete section a or b below.) (See instructions B and G)				
a. Change of: ☐ operator ☐ oil or condensate gatherer ☐ gas gatherer ☐ gas purchaser ☐ gas purchaser system code				
OR ☐ field name from: _____ ☐ lease name from: _____				
b. New RRC Number for: ☒ oil lease ☐ gas well ☐ other well (specify) _____ Due to: ☒ new completion or recompletion ☐ reclass oil to gas ☐ reclass gas to oil ☐ consolidation, unitization, or subdivision (oil lease only)				
13. Authorized GAS WELL GAS or CASINGHEAD GAS Gatherer(s) and/or Purchaser(s). (See instruction G).				
Gatherer	Purchaser	Name of GAS WELL GAS or CASINGHEAD GAS Gatherer(s) or Purchaser(s) As Indicated in Columns to the Left (Attach an additional sheet in same format if more space is needed)	Purchaser's RRC Assigned System Code	Percent of Take
x	x	Regency Field Services LLC (698769)	0001	50
x	x	Enterprise Products Operating LLC (253368)	0001	50
14. Authorized OIL or CONDENSATE Gatherer(s). (See instruction G).			RRC USE ONLY	
Name of OIL or CONDENSATE Gatherer(s) - List Highest Volume Gatherer First (Attach an additional sheet in same format if more space is needed)		Percent of Take	Reviewer's initials: _____	
Western Refining Wholesale, Inc. (912212)		100	Approval date: _____	
15. PREVIOUS OPERATOR CERTIFICATION FOR CHANGE OF OPERATOR P-4 FILING. Being the PREVIOUS OPERATOR, I certify that operating responsibility for the well(s) designated in this filing, located on the subject lease has been transferred in its entirety to the above named Current Operator. I understand, as Previous Operator, that designation of the above named operator as Current Operator is not effective until this certificate is approved by the Commission.				
Name of Previous Operator		Signature		
Name (print)		☐ Authorized Employee of previous operator ☐ Authorized agent of previous operator (see instruction G)		
Title		Date _____ Phone with area code _____		
16. CURRENT OPERATOR CERTIFICATION. By signing this certificate as the Current Operator, I certify that all statements on this form are true and correct and I acknowledge responsibility for the regulatory compliance of the subject lease including plugging of well(s) pursuant to Rule 14. I further acknowledge that I assume responsibility for the physical operation, control, and proper plugging of each well designated in this filing. I also acknowledge that I will remain designated as the Current Operator until a new certificate designating a new Current Operator is approved by the Commission.				
Pamela Willison				
Name (print)		Signature		
Production Administration Tech		☒ Authorized Employee of current operator ☐ Authorized agent of current operator (see instruction G)		
Title		Date _____ Phone with area code _____		
pwillison@cimarex.com		01/27/14 (918) 560-7232		
E-mail Address (optional)		Date _____ Phone with area code _____		

STATEMENT OF PRODUCTIVITY OF ACREAGE
ASSIGNED TO PRORATION UNITS

Form P-15

Tracking No.: 97719

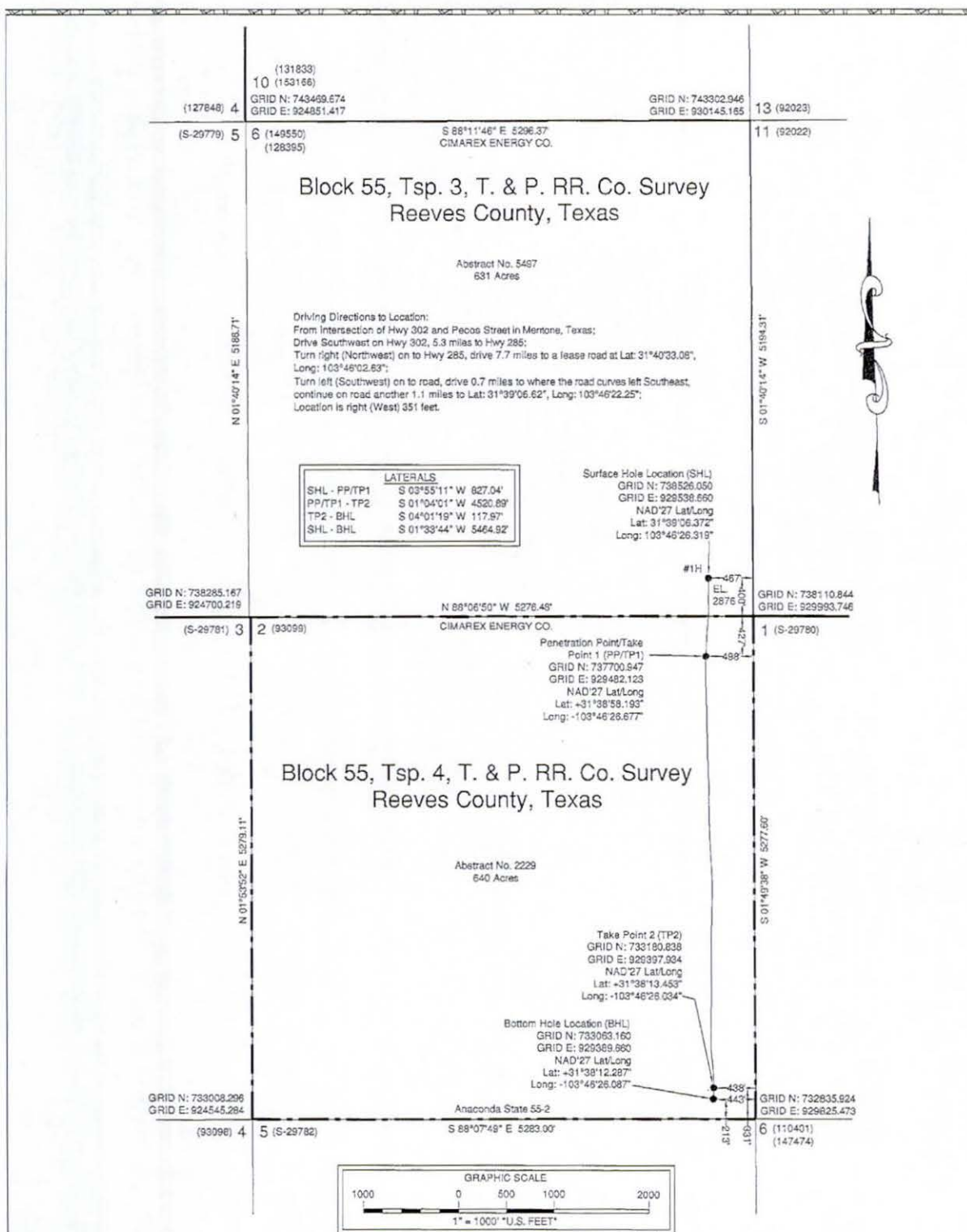
This facsimile P-15 was generated electronically
from data submitted to the RRC.

The undersigned states that he is authorized to make this statement; that he has knowledge of the facts concerning the CIMAREX ENERGY CO. ,
ANACONDA 55-2 , No. 1H ; that such well is
LEASE WELL
completed in the PHANTOM (WOLFCAMP) Field, REEVES County,
Texas and that the acreage claimed, and assigned to such well for proration purposes as
authorized by special rule and as shown on the attached certified plat embraces _____
640.0 acres which can reasonably be considered to be productive of hydrocarbons.

- CERTIFICATE -

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct, and complete, to the best of my knowledge,

Date 02/18/2014 Signature JoAnn Tercero
Telephone (432) 620-1932 Title Regulatory Tech
AREA CODE



Note: Well location is 11.0 miles Southwest of the city of Mentone, Texas.
Note: Survey Reconstruction filed in the Office of Pennell & Marlowe Land Surveyors, Inc.
Note: Bearings and distances are based on The Texas Coordinate System of 1927, Central Zone.
Note: Coordinates shown herein are on The Texas Coordinate System of 1927, Central Zone.
Note: Location of well bore determined from Pathfinder survey report provided by client.
Note: Example: (S-99999) indicates General Land Office file number.



September 10, 2013

130910B1-KRM

P.O. Box 51887, Midland, Texas, 79710 (432) 262-0901 Fax (432) 262-0679

Revised 2/22/2014 (JFG)
USGS Quadrangle Sheet: Narrow Bow Draw, Tex.
Railroad Commission Permit Plat
CIMAREX ENERGY CO.
Anaconda State 55-2 #1H (As Drilled)
400' FROM SOUTH LINE
467' FROM EAST LINE
Of Section 6, Block 55, Tsp. 3
Anaconda State 55-2 Lease
640 Acres being all of
Section 2, Block 55, Tsp. 4
T. & P. RR. Co. Survey
Reeves County, Texas
Scale: 1" = 1000'

Well: **Anaconda 55-2 1H**



Prepared By: Spencer Bryant

Date: 12/30/13

API #: 42-389-33964

AFE #: 253187

Surface Location: 400' FSL, 467' FEL 6-55-3 T&P RR Srvy

Toe Location: 200' FSL 467' FEL 2-55-3 T&P RR Srvy

GL: 2876

KB: 2901

Marker Joints

Size	Wt.	Gr.	Thrd	Length	Top	Bottom
4.5	13.5	P-110	BT&C	43.35'	14,394'	14,438'
4.5	13.5	P-110	BT&C	41.78'	13,421'	13,463'
4.5	13.5	P-110	BT&C	41.93'	12,410'	12,452'
Liner Top						
				18.77'	10,358'	10,377'
7	32	L-80	LTC	40.48'	9,770'	9,810'

KB @ 1824'

MW in annulus 9.3

DV Tool 1,849'

	Size	Top Depth	Bot. Depth	Weight	Grade	Connection
<u>Surf. Csg</u>	9 5/8	-	3,793	40	J-55	LT&C

TOC Int. Csg 1,300' Estimated

	Size	Top Depth	Bot. Depth	Weight	Grade	Connection
<u>Int. Csg</u>	7	-	10,440	32	L-80	LT&C
	7	10,440	10,998	32	L-80	BT&C

Liner Top

10,358' MD

10,357' TVD

KOP

10,430' MD

10,430' TVD

EOC

11,600' MD

11,010' TVD

	Size	Top Depth	Bot. Depth	Weight	Grade	Connection
<u>Prod. Csg</u>	4 1/2	10,358	16,090	14	P-110	BT&C
	-	-	-	-	-	-

PBTD

16,000' MD

10,959' TVD

TOC Prod. Csg 10,998'

TD pilot hole @ 11700'

top of whipstock @ 10418'

Bottom of Whipstock @ 10430'

Schlumberger**Company:** Cimarex Energy Co.**Well:** Anaconda State 55-2 #1H**Field:** Phantom (Wolfcamp)**County:** Reeves **State:** Texas

County: Reeves Field: Phantom (Wolfcamp) Location: 400' FSL & 467' FEL Well: Anaconda State 55-2 #1H Company: Cimarex Energy Co.	Platform Express			
	Compensated Neutron Log			
	Three Detector Litho-Density			
	Location: 400' FSL & 467' FEL Sec. 6; Blk. 55 T3S; Svy. T&P RR Co. Reeves County, Texas		Elev. K.B. 2901.00 ft G.L. 2876.00 ft D.F. 2901.00 ft	
Permanent Datum: Ground Level Log Measured From: Kelly Bushing Drilling Measured From: Kelly Bushing		Elev.: 2876.00 f 25.00 ft above Perm.Datum		
API Serial No. 42-389-33964		Section: 6	Block: 55 T3S	Survey: T&P RR Co.
Logging Date		05-Dec-2013		
Run Number		1A		
Depth Driller		11700.00 ft		
Schlumberger Depth		11712.00 ft		
Bottom Log Interval		11712.00 ft		
Top Log Interval		3793.00 ft		
Casing Driller Size @ Depth		9.625 in @ 3793.00 ft		
Casing Schlumberger		3793 ft		
Bit Size		8.75 in		
Type Fluid In Hole		Salt Brine		
MUD	Density	Viscosity	9.12 lbm/gal	28 s
	Fluid Loss	PH	0 cm3	8.5
	Source of Sample			
RM @ Meas Temp		0.11 ohm.m @ 50.5 degF		
RMF @ Meas Temp		0.11 ohm.m @ 50.5 degF		
RMC @ Meas Temp				
Source RMF		RMC	Rmf = Rm	
RM @ BHT		RMF @ BHT	0.03 @ 182	0.03 @ 182
Max Recorded Temperatures		182 degF 183		
Circulation Stopped Time		04-Dec-2013 21:30:00		
Logger on Bottom Time		05-Dec-2013 13:00:00		
Unit Number		Location: 2154 Midland, TX		

Cementer: Fill in shaded areas.
Operator: Fill in other items

Form W-15
Cementing Report
Rev. 4/1/83
483-045

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

1. Operator's Name (As shown on Form P-5, Organization Report) Cimarex Energy	2. RRC Operator No. 153430	3. RRC District No. 08	4. County of Well Site Reeves
5. Field Name (Wildcat or exactly as shown on RRC records) Phantom (wolfcamp)	6. API No. 42-389-33414	7. Drilling Permit No. 770992	
8. Lease Name Anaconda State 55-2	9. Rule 37 Case No.	10. Oil Lease/Gas ID No.	11. Well No. 1H

CASING CEMENTING DATA:		SURFACE CASING	INTER-MEDIATE CASING	PRODUCTION CASING		MULTI-STAGE CEMENTING PROCESS	
				Single String	Multiple Parallel Strings	Tool	Shoe
12. Cementing Date						11/26/2013	11/26/2013
13. •Drilling hole size						12 1/4	12 1/4
•Est. % wash or hole enlargement							
14. Size of casing (in. O.D.)						9518	9518
15. Top of liner (ft.)							
16. Setting depth (ft.)						1849	3793
17. Number of centralizers used						12	4
18. Hrs. waiting on cement before drill-out						12+	12+
1st Slurry	19. API cement used: No. of sacks					1300	500
	Class					C	C
	Additives					Remarks	Remarks
2nd Slurry	No. of sacks					100	250
	Class					C	C
	Additives					Remarks	Remarks
3rd Slurry	No. of sacks						
	Class						
	Additives						
1st	20. Slurry pumped: Volume (cu. ft.)					2119	865
	Height (ft.)					6765.9	2761.9
2nd	Volume (cu. ft.)					133	333
	Height (ft.)					424.7	1061.7
3rd	Volume (cu. ft.)						
	Height (ft.)						
Total	Volume (cu. ft.)					2252	1198
	Height (ft.)					7190.6	3823.6
21. Was cement circulated to ground surface (or bottom of cellar) outside casing?						Yes	No
1st	Class C + .35% D13 + .2% D46 + .1% D79 + 10% D44					500 Sks	
2nd	Class C + .1% D13					250 Sks	
3rd	Class C + 1% D20 + .2% D46 + 1% S1					1300 Sks	
4th	Class C + .5% S1					100 Sks	

**17 sks to surface

OVER ➔

CEMENTING TO PLUG AND ABANDON	PLUG #1	PLUG #2	PLUG #3	PLUG #4	PLUG #5	PLUG #6	PLUG #7	PLUG #8
23. Cementing date								
24. Size of hole or pipe plugged (in.)								
25. Depth to bottom of tubing or drill pipe (ft.)								
26. Sacks of cement used (each plug)								
27. Slurry volume pumped (cu. ft.)								
28. Calculated top of plug (ft.)								
29. Measured top of plug, if tagged (ft.)								
30. Slurry wt. (lbs/gal)								
31. Type cement								

CEMENTER'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that the cementing of casing and/or the placing of cement plugs in this well as shown in the report was performed by me or under my supervision, and that the cementing data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers cementing data only.

Marcus A. Chavis, FEI

Dowell Schlumberger

Name and title of cementer's representative

Cementing Company

Signature

32 E. Industrial Loop

Midland, Texas 79701

(432) 683-1887

26-Nov-13

Address

City, State, Zip Code

Tel.: Area Code Number

Date: mo. day yr.

OPERATOR'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have knowledge of the well data and information presented in this report, and that data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers all well data.

Typed or printed name of operator's representative

Title

Signature

Address

City, State, Zip Code

Tel.: Area Code Number

Date: mo. day yr.

Instructions to Form W-15, Cementing Report

IMPORTANT: Operators and cementing companies must comply with the requirements of the Commission's State Rules 8 (Water Protection), 13 (Casing, Cementing, Drilling, and Completion), and 14 (Well Plugging). For offshore operations, see the requirements of Rule 13 (c).

A. What to file. An operator should file an original and one copy of the completed Form W-15 for each cementing company used on a well. The cementing of different casing strings on a well by one cementing company may be reported on one form. Form W-15 should be filed with the following:

- An initial oil or gas completion report, Form W-2 or G-1, as required by Statewide or special field rules;
- Form W-4, Application for Multiple Completion, if the well is a multiple parallel casing completion; and
- Form W-3, Plugging Record, unless the W-3 is signed by the cementing company representative. When reporting dry holes, operators must complete Form W-15, in addition to Form W-3, to show any casing cemented in the hole.

B. Where to file. The appropriate Commission District Office for the county in which the well is located.

C. Surface casing. An operator must set and cement sufficient surface casing to protect all usable-quality water strata, as defined by the Texas Department of Water Resources, Austin. Before drilling a well in any field or area in which no field rules are in effect or in which surface casing requirements are not specified in the applicable rules, an operator must obtain a letter from the Department of Water Resources stating the protection depth. Surface casing should not be set deeper than 200 feet below the specified depth without prior approval from the Commission.

D. Centralizers. Surface casing must be centralized at the shoe, above and below a stage collar or diverting tool, if run, and through usable-quality water zones. In nondeviated holes, a centralizer must be placed every fourth joint from the cement shoe to the ground surface or to the bottom of the cellar. All centralizers must meet API specifications.

E. Exceptions and alternative casing programs. The District Director may grant an exception to the requirements of Statewide Rule 13. In a written application, an operator must state the reason for the requested exception and outline an alternate program for casing and cementing through the protection depth for strata containing usable-quality water. The District Director may approve, modify, or reject a proposed program. An operator must obtain approval of any exception before beginning casing and cementing operations.

F. Intermediate and production casing. For specific technical requirements, operators should consult Statewide Rule 13 (b) (3) and (4).

G. Plugging and abandoning. Cement plugs must be placed in the wellbore as required by Statewide Rule 14. The District Director may require additional cement plugs. For onshore or inland wells, a 10-foot cement plug must be placed in the top of the well, and the casing must be cut off three feet below the ground surface. All cement plugs, except the top plug, must have sufficient slurry volume to fill 100 feet of hole, plus ten percent for each 1,000 feet of depth from the ground surface to the bottom of the plug.

To plug and abandon a well, operators must use only cementers approved by the Director of Field Operations. Cementing companies, service companies, or operators can qualify as approved cementers by demonstrating that they are able to mix and pump cement in compliance with Commission rules and regulations.

Cementer: Fill in shaded areas.
Operator: Fill in other items

Form W-15
Cementing Report
Rev. 4/1/83
483-045

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

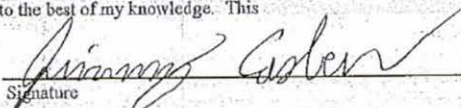
1. Operator's Name (As shown on Form P-5, Organization Report) Cimarex	2. RRC Operator No. 153438	3. RRC District No. 08	4. County of Well Site Reeves
5. Field Name (Wildcat or exactly as shown on RRC records) Phantom (Wolfcamp)	6. API No. 42-389-33964		7. Drilling Permit No. 770992
8. Lease Name Anaconda State	9. Rule 37 Case No.	10. Oil Lease/Gas ID No.	11. Well No. 55-2 #1H

CASING CEMENTING DATA:		SURFACE CASING	INTER-MEDIATE CASING	PRODUCTION CASING		MULTI-STAGE CEMENTING PROCESS	
				Single String	Multiple Parallel Strings	Tool	Shoe
12. Cementing Date			12/11/2013				
13. •Drilling hole size			8 3/4				
•Est. % wash or hole enlargement							
14. Size of casing (in. O.D.)			7				
15. Top of liner (ft.)							
16. Setting depth (ft.)			10998				
17. Number of centralizers used			28				
18. Hrs. waiting on cement before drill-out			44				
1st Slurry	19. API cement used: No. of sacks ▶		600				
	Class ▶		35/65 POZ/H				
	Additives ▶		Remarks				
2nd Slurry	No. of sacks ▶		325				
	Class ▶		50/50 POZ/H				
	Additives ▶		Remarks				
3rd Slurry	No. of sacks ▶						
	Class ▶						
	Additives ▶						
1st	20. Slurry pumped: Volume (cu. ft.) ▶		1422				
	Height (ft.) ▶		9459				
2nd	Volume (cu. ft.) ▶		442				
	Height (ft.) ▶		2940				
3rd	Volume (cu. ft.) ▶						
	Height (ft.) ▶						
Total	Volume (cu. ft.) ▶		1864				
	Height (ft.) ▶		12399				
21. Was cement circulated to ground surface (or bottom of cellar) outside casing?			No				
1st 4%D20+ .1% D208 +1.6% D013+ 2%D053+1.5% 2nd .1% D065 +4% D020+.06%D207+.1%D046+5%D044 + .25%D013+2%D174 3rd 0							

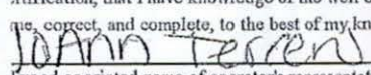
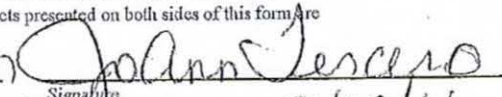
OVER ➡

CEMENTING TO PLUG AND ABANDON	PLUG #1	PLUG #2	PLUG #3	PLUG #4	PLUG #5	PLUG #6	PLUG #7	PLUG #8
23. Cementing date								
24. Size of hole or pipe plugged (in.)								
25. Depth to bottom of tubing or drill pipe (ft.)								
26. Sacks of cement used (each plug)								
27. Slurry volume pumped (cu. ft.)								
28. Calculated top of plug (ft.)								
29. Measured top of plug, if tagged (ft.)								
30. Slurry wt. (lbs/gal)								
31. Type cement								

CEMENTER'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that the cementing of casing and/or the placing of cement plugs in this well as shown in the report was performed by me or under my supervision, and that the cementing data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers cementing data only.

Jimmy Casbeer, FS	Dowell Schlumberger	
Name and title of cementer's representative	Cementing Company	Signature
32 E. Industrial Loop	Midland, Texas 79701	(432) 683-1887
Address	City, State, Zip Code	Tel.: Area Code Number
		Date: 11-Dec-13
		mo. day yr.

OPERATOR'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have knowledge of the well data and information presented in this report, and that data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers all well data.

	Regulatory Tech	
Typed or printed name of operator's representative	Title	Signature
200 N. Warrentield St. 1000	Midland, TX 79701	432-670-882
Address	City, State, Zip Code	Tel.: Area Code Number
		Date: 2/18/14
		mo. day yr.

Instructions to Form W-15, Cementing Report

IMPORTANT: Operators and cementing companies must comply with the requirements of the Commission's State Rules 8 (Water Protection), 13 (Casing, Cementing, Drilling, and Completion), and 14 (Well Plugging). For offshore operations, see the requirements of Rule 13 (c).

What to file. An operator should file an original and one copy of the completed Form W-15 for each cementing company used on a well. The cementing of different casing strings on a well by one cementing company may be reported on one form. Form W-15 should be filed with the following:

- An initial oil or gas completion report, Form W-2 or G-1, as required by Statewide or special field rules;
- Form W-4, Application for Multiple Completion, if the well is a multiple parallel casing completion; and
- Form W-3, Plugging Record, unless the W-3 is signed by the cementing company representative. When reporting dry holes, operators must complete Form W-15, in addition to Form W-3, to show any casing cemented in the hole.

Where to file. The appropriate Commission District Office for the county in which the well is located.

Surface casing. An operator must set and cement sufficient surface casing to protect all usable-quality water strata, as defined by the Texas Department of Water Resources, Austin. Before drilling a well in any field or area in which no field rules are in effect or in which surface casing requirements are not specified in the applicable rules, an operator must obtain a letter from the Department of Water Resources stating the protection depth. Surface casing should not be set deeper than 200 feet below the specified depth without prior approval from the Commission.

Centralizers. Surface casing must be centralized at the shoe, above and below a stage collar or diverting tool, if run, and through usable-quality water zones. In undeviated holes, a centralizer must be placed every fourth joint from the cement shoe to the ground surface or to the bottom of the cellar. All centralizers must meet API specifications.

Exceptions and alternative casing programs. The District Director may grant an exception to the requirements of Statewide Rule 13. In a written application, operator must state the reason for the requested exception and outline an alternate program for casing and cementing through the protection depth for strata containing usable-quality water. The District Director may approve, modify, or reject a proposed program. An operator must obtain approval of any exception before beginning casing and cementing operations.

Intermediate and production casing. For specific technical requirements, operators should consult Statewide Rule 13 (b) (3) and (4).

Plugging and abandoning. Cement plugs must be placed in the wellbore as required by Statewide Rule 14. The District Director may require additional cement plugs. For onshore or inland wells, a 10-foot cement plug must be placed in the top of the well, and the casing must be cut off three feet below the ground surface. All cement plugs, except the top plug, must have sufficient slurry volume to fill 100 feet of hole, plus ten percent for each 1,000 feet of depth from the ground surface to the bottom of the plug.

To plug and abandon a well, operators must use only cements approved by the Director of Field Operations. Cementing companies, service companies, or operators can qualify as approved cementers by demonstrating that they are able to mix and pump cement in compliance with Commission rules and regulations.

Cementor: Fill in shaded areas.
Operator: Fill in other items

Form W-15
Cementing Report
Rev. 4/1/83
483-045

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

1. Operator's Name (As shown on Form P-5, Organization Report) Cimarex	2. RRC Operator No. 153438	3. RRC District No. 08	4. County of Well Site Reeves
5. Field Name (Wildcat or exactly as shown on RRC records) Phantom (Wolfcamp)		6. API No. 42-389-33904	7. Drilling Permit No. 770992
8. Lease Name Anaconda State	9. Rule 37 Case No.	10. Oil Lease/Gas ID No.	11. Well No. 55-2-1H

CASING CEMENTING DATA:		SURFACE CASING	INTER-MEDIATE CASING	LINE PRODUCTION CASING		MULTI-STAGE CEMENTING PROCESS	
				Single String	Multiple Parallel Strings	Tool	Shoe
12. Cementing Date				12/23/2013			
13. • Drilling hole size				10			
• Est. % wash or hole enlargement							
14. Size of casing (in. O.D.)				4 1/2			
15. Top of liner (ft.)				10,358			
16. Setting depth (ft.)				16,090			
17. Number of centralizers used							
18. Hrs. waiting on cement before drill-out				4+			
1st Slurry	19. API cement used: No. of sacks			420			
	Class			H			
	Additives			Remarks			
2nd Slurry	No. of sacks						
	Class						
	Additives						
3rd Slurry	No. of sacks						
	Class						
	Additives						
1st	20. Slurry pumped: Volume (cu. ft.)			500			
	Height (ft.)			5821			
2nd	Volume (cu. ft.)						
	Height (ft.)						
3rd	Volume (cu. ft.)						
	Height (ft.)						
Total	Volume (cu. ft.)			500			
	Height (ft.)						
21. Was cement circulated to ground surface (or bottom of cellar) outside casing?				No			
1st	H+.2%D046+.4%D167+.2%D065+.02%D208+.3%D800						
2nd	0						
3rd	0						
4th	CR4L-00020						

OVER ➡

CEMENTING TO PLUG AND ABANDON	PLUG #1	PLUG #2	PLUG #3	PLUG #4	PLUG #5	PLUG #6	PLUG #7	PLUG #8
23. Cementing date								
24. Size of hole or pipe plugged (in.)								
25. Depth to bottom of tubing or drill pipe (ft.)								
26. Sacks of cement used (each plug)								
27. Slurry volume pumped (cu. ft.)								
28. Calculated top of plug (ft.)								
29. Measured top of plug, if tagged (ft.)								
30. Slurry wt. (lbs/gal)								
31. Type cement								

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Name and title of cementer's representative		Cementing Company	Signature	Date
Josh Blosser, PE		Dowell Schlumberger		23-Dec-13
32 E. Industrial Loop		Midland, Texas 79701	(432) 683-1887	
Address	City	State	Zip Code	Tel.: Area Code Number

OPERATOR'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have knowledge of the well data and information presented in this report, and that data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers all well data.

Typed or printed name of operator's representative		Title	Signature	Date
JoAnn Terceno		Regulatory Tech		2/18/14
400 N. Menard St. 100, Midland, TX 79701			(432) 620-1932	
Address	City	State	Zip Code	Tel.: Area Code Number

Instructions to Form W-15, Cementing Report

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Where to file. The appropriate Commission District Office for the county in which the well is located.

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Exceptions and alternative casing programs. The District Director may grant an exception to the requirements of Statewide Rule 13. In a written application, an operator must state the reason for the requested exception and outline an alternate program for casing and cementing through the protection depth for strata containing usable-quality water. The District Director may approve, modify, or reject a proposed program. An operator must obtain approval of any exception before beginning casing and cementing operations.

Intermediate and production casing. For specific technical requirements, operators should consult Statewide Rule 13 (b) (3) and (4).

Plugging and abandoning. Cement plugs must be placed in the wellbore as required by Statewide Rule 14. The District Director may require additional cement plugs. For onshore or inland wells, a 10-foot cement plug must be placed in the top of the well, and the casing must be cut off three feet below the ground surface. All cement plugs, except the top plug, must have sufficient slurry volume to fill 100 feet of hole, plus ten percent for each 1,000 feet of depth from the ground surface to the bottom of the plug.

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Groundwater
Advisory Unit

GROUNDWATER PROTECTION DETERMINATION

Date October 16, 2013

GAU File No.: SC- 4856

***** EXPEDITED APPLICATION *****

API Number 38933964

Attention: MARTINA WARREN

RRC Lease No. 000000

SC_153438_38933964_000000_4856.pdf

CIMAREX ENERGY
600 N MAREINFELD
STE 600
MIDLAND TX 79701

--Measured--

467 ft FEL

400 ft FSL

MRL: SECTION

P-5# 153438

Digital Map Location:

X-coord/Long 103.77400

Y-coord/Lat 31.65180

Datum 83 Zone

County REEVES

Lease & Well No. ANACONDA 55-2 #1H

Purpose ND

Location SUR-T&P, BLK-55, TSHP-3S, SEC-6, -- [TD=10440], [RRC 8],

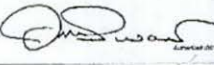
To protect usable-quality groundwater at this location, the Groundwater Advisory Unit of the Texas Railroad Commission recommends:

Water-bearing strata from the land surface to a depth of 800 feet and the RUSTLER, which is estimated to occur from 1200 to 1700 feet must be protected.

Note: Unless stated otherwise, this recommendation is intended to apply only to the subject well and not for area-wide use. This recommendation is intended for normal drilling, production, and plugging operations only. It does not apply to saltwater disposal operation into a nonproductive zone (RRC Form W-14).

If you have any questions, please contact us at 512-463-2741, gaug@rrc.state.tx.us, or by mail.

Sincerely,


Digitally signed by Jack Oswalt
DN: cn=US, st=TEXAS, l=Austin, o=Railroad
Commission of Texas, ou=Groundwater
Advisory Unit, cn=Jack Oswalt,
email=jack.oswalt@rrc.state.tx.us
Date: 2013.10.16 15:32:30 -0500
Jack M. Oswalt, P.G.

GEOLOGIST SEAL



Geologist, Groundwater Advisory Unit
Oil & Gas Division

The seal appearing on this document was authorized by Jack M. Oswalt on 10/16/2013
Note: Alteration of this electronic document will invalidate the digital signature.

APPLICATION FOR ALTERNATE SURFACE CASING PROGRAM
Statewide Rule 13(b)(2)(g)
RRC District 8/8A

7/03

Operator's Name and Address: Cimarex Energy Co 600 N MARIENFELD STE 600 MIDLAND, TX 79701	Lease: Anaconda 55-2	Well No.: 1H
	Field: Phantom (Wolfcamp)	
	Drilling Permit No.: 770992	
	County: Reeves	RRC District: 8
	Location: Sec. 6 Block 55	Sur. T&P Twp. 3S
Proposed TD: 10440		

Distance and Direction from nearest town: 11 miles SW from Mentone

Proposed injection or disposal well? ☐ Yes ☒ No NOTE: Special conditions may apply. See PROVISIONS below.

Usable-quality water strata (as determined by TCEQ
"Waterboard" letter) occur to a depth of 800 ft, and
from 1200 ft to 1700 ft, and from _____ ft to _____ ft.

Note: Please submit copy of TCEQ "Waterboard"
letter with this request. Request cannot be
processed without this information.

Distance and direction of nearest water well (within 1/4 mile): N/A

Type of water well (domestic, public, irrigation, stock, etc.): _____ Depth: _____

Proposed Casing and Cementing Program

Note: You may attach a wellbore diagram or cementing proposal to this application.

This application is for (check applicable boxes): ☐ Short surface casing ☒ excess surface casing ☐ no surface casing

The proposed surface casing depth: 3770 Multi-Stage tool depth (if applicable): 1850

Intermediate or production casing depth: _____ Multi-Stage tool depth (if applicable): _____

Centralizer number and placement: Bottom 3jt, then every 3rd jt to surface - total 20

Does the cement across the critical zone have 72-hr compressive strength of at least 1,200 psi? ☒ Yes ☐ No

Does the filler cement have 24-hr compressive strength of at least 250 psi? ☒ Yes ☐ No

Do you plan on circulating cement to the surface on all casing strings protecting usable-quality water? ☒ Yes ☐ No

Reason for this request: COVER LOST CIRCULATION ZONES AND REDUCE RIG COST

PROVISIONS APPLICABLE TO RULE 13 EXCEPTIONS:

1. Caution: If this well is being drilled for injection or disposal purposes, an injection or disposal well permit may be denied unless surface casing is set and cemented through all zones of usable-quality groundwater.
2. Centralizers must be used through all usable-quality waters. Refer to Rule 13(b)(2)(F).
3. Notify District Office 8 hours prior to setting casing.

Signature: Martina Warren Print Name: MARTINA WARREN Date: 10/30/13 Phone: 432-620-1960

IF CEMENT IS NOT CIRCULATED TO THE GROUND SURFACE AS REQUIRED BY THIS EXCEPTION, YOU MUST IMMEDIATELY CONTACT THE DISTRICT 8/8A OFFICE AT 432-684-5581, AND FOLLOW THE PROCEDURES AS SET OUT IN RULE 13(B)(2)(g)(III) OR AS RECOMMENDED BY THE DISTRICT OFFICE.

RRC Use Only▶

RRC District Office Action:	
☐ Approved ☒ Approved as Modified ☐ Denied	By: <u>[Signature]</u> Date: 11-5-13
Remarks/Modifications: Critical Zone Slurry required across the water boards	
Fresh water mud system required to top of salt sections	

RAILROAD COMMISSION OF TEXAS

Oil and Gas Division

ELECTRIC LOG
STATUS REPORT

FORM L-1

Tracking No.: 97719

This facsimile L-1 was generated electronically from data submitted to the RRC.

Instructions

When to File Form L-1:

- with Forms G-1, W-2, and GT-1 for new and deepened gas, oil, and geothermal wells
- with Form W-3 for plugged dry holes
- when sending in a log which was held under a request for confidentiality and the period for confidentiality has not yet expired.

When is Form L-1 NOT required:

- with Forms W-2, G-1, and GT-1 filed for injection wells, disposal wells, water supply wells, service wells, re-test wells, re-classifications, and plugbacks of oil, gas or geothermal wells
- with Form W-3 for plugging of other than a dry hole

Where to File Form L-1:

- with the appropriate Commission district office

Filling out Form L-1:

- Section I and the signature section must be filled out for all wells
- complete only the appropriate part of Section II

Type of log required:

- any wireline survey run for the purpose of obtaining lithology, porosity, or resistivity information
- no more than one such log is required but it must be of the subject well
- if such log is NOT run on the subject well, do NOT substitute any other type of log; just select Section II, Part A below

SECTION I. IDENTIFICATION

Operator Name: CIMAREX ENERGY CO.	District No. 08	Completion Date: 01/22/2014
Field Name PHANTOM (WOLFCAMP)	Drilling Permit No. 770992	
Lease Name ANACONDA 55-2	Lease/ID No.	Well No. 1H
County REEVES	API No. 42- 389-33964	

SECTION II. LOG STATUS (Complete either A or B)

☐ A. BASIC ELECTRIC LOG NOT RUN

☒ B. BASIC ELECTRIC LOG RUN. (Select one)

- ☒ 1. Confidentiality is requested and a copy of the header for each log that has been run on the well is attached.
- ☐ 2. Confidentiality already granted on basic electric log covering this interval (applicable to deepened wells only).
- ☐ 3. Basic electric log covering this interval already on file with Commission (applicable to deepened wells only).
- ☐ 4. Log attached to (select one):

☐ (a) Form L-1 (this form). If the company/lease name on log is different from that shown in Section I, please enter name on log here: _____

Check here if attached log is being submitted after being held confidential. ☐

☐ (b) Form P-7, Application for Discovery Allowable and New Field Designation.

☐ (c) Form W-4, Application for Multiple Completion:

Lease or ID No(s). _____

Well No(s). _____

JoAnn Tercero

Signature

CIMAREX ENERGY CO.

Name (print)

Regulatory Tech

Title

(432) 620-1932

Phone

02/18/2014

Date

-FOR RAILROAD COMMISSION USE ONLY-

Railroad Commission of Texas
Oil And Gas Division
Request for Clearance of Storage Tanks
Prior to Potential Test

Form P-8

Reference No. 19125

1. Operator's Name and Address (Exactly as shown on Form P-5 Organization Report) CIMAREX ENERGY CO. ATTN GENE HOLLOWAY 202 S CHEYENNE AVE STE 1000 TULSA, OK 74103-0000		3. RRC District No. 08
2. RRC Operator Number: <u>153438</u>		4. County of Well Site REEVES
6. Field Name (Wildcat or exactly as shown on RRC records) PHANTOM (WOLFCAMP)		7. Drilling Permit No. 770992
9. Lease Name ANACONDA 55-2		8. Rule 37 Case No. 11. Well No. 1H
12. Drilling completed on <u>01/22/2014</u>		13. Completion report--Form W-2 or G-1--will be filed on <u>03/31/2014</u>
14. Oil or condensate gatherer's name and address WESTERN REFINING WHOLESALE, INC. 1250 W WASHINGTON ST STE 101 TEMPE, AZ 85281 (602) 286-1400		15. Authorization to transport oil or condensate (mark one) ☒ Form P-4 attached ☒ Form P-4 Filed on <u>01/27/2014</u>
16. This request is for <u>100000</u> barrels of ☒ crude oil OR ☐ condensate		17. Amount of oil/condensate in tanks <u>1500</u> barrels on <u>01/27/2014</u>
18. Storage capacity in bbls. Tank battery <u>2000</u> Test tanks <u>0</u> Total <u>2000</u>		
19. Previous request for clearance. Amount _____ barrels granted on _____		
20. Reason for current request for clearance (explain briefly) This well is currently producing 600 bbls of oil per day. Waiting on completion paperwork to be processed and submitted.		
Pamela Willison Name of operator's representative		PRODUCTION ADMIN TECH Title of person
(918) 560-7232 Telephone		01/27/2014 Date
RRC District Office Action		
Status: Approved		Barrels recommended <u>60000</u> RRC Staff <u>01/27/2014</u> Date

Anaconda State 55-2 Lease
640 TOTAL ACRES

1H	640
2H	Permit #777132
3H	Permit #777574
4H	Permit #777577
5H	Permit #777595
6H	Permit #777611
7H	<u>Permit #777622</u>
	640

File No. MF 110729 (8)

Well Records: 42-389-33964

Date Filed: 03/13/2014

Jerry E. Patterson, Commissioner

By JEP

Linda Price - FW: FW: St of Tx M-110729

From: Angela Hunt <AHunt@cimarex.com>
To: "Linda.Price@GLO.TEXAS.GOV" <Linda.Price@GLO.TEXAS.GOV>
Date: 3/18/2014 11:49 AM
Subject: FW: FW: St of Tx M-110729

From: Genea Holloway
Sent: Tuesday, March 18, 2014 11:49 AM
To: Angela Hunt
Subject: RE: FW: St of Tx M-110729

Angie,

The date of 1st production was 01/27/2014.

Thanks,
Genea

From: Angela Hunt
Sent: Tuesday, March 18, 2014 11:48 AM
To: Genea Holloway
Subject: FW: FW: St of Tx M-110729

Genea,

Do you have the date of first production?

Thanks,
-Angie

From: Linda Price [<mailto:Linda.Price@GLO.TEXAS.GOV>]
Sent: Tuesday, March 18, 2014 10:55 AM
To: Angela Hunt
Subject: Re: FW: St of Tx M-110729

Angela:

Genea's email states that the well began producing at the end of January. What was the date of first production?

Thank you,
Linda

>>> Angela Hunt <AHunt@cimarex.com> 3/18/2014 10:18 AM >>>
Linda,

Please see below..hopefully this is what you need. If there is anything else you need, just let me know!

Thank you so much,
-Angie

From: Genea Holloway
Sent: Tuesday, March 18, 2014 9:59 AM
To: Angela Hunt
Subject: FW: St of Tx M-110729

Hi Angie,

The Anaconda 55-2 1H just began producing the end of 01/2014. The prod/sales for the month of January has been filed with the TX RRC. See snapshot below.

Let me know if you need anything further.

Thanks,
Genea

*1st production report, January 2014,
is on next page.*

Linda Price - FW: St of Tx M-110729

From: Angela Hunt <AHunt@cimarex.com>
To: Linda.Price@GLO.TEXAS.GOV
Date: 3/18/2014 10:18 AM
Subject: FW: St of Tx M-110729
Attachments: W2 Submitted_Anaconda State 55-2 1H.pdf

Linda,

Please see below..hopefully this is what you need. If there is anything else you need, just let me know!

Thank you so much,
 -Angie

From: Genea Holloway
Sent: Tuesday, March 18, 2014 9:59 AM
To: Angela Hunt
Subject: FW: St of Tx M-110729

Hi Angie,

The Anaconda 55-2 1H just began producing the end of 01/2014. The prod/sales for the month of January has been filed with the TX RRC. See snapshot below.

Let me know if you need anything further.

Thanks,
 Genea

RRR ONLINE SYSTEM Choose an Application Go Log Out

Production Reports

[Production Reports Main](#) [Filing](#) [PR Queries](#) [Production Reports Help](#)

[Upload EDI](#)

Pending Query Results

[Return](#) Showing: 1 - 1 of 1 results [View PR Image](#)

Filing Operator: **CIMAREX ENERGY CO. (153438)** Medium: EDI District: 08
 Type: Original RRC Identifier: 389-33964
 Received: 02/28/2014 Gas Well #: 1H

Field Name	Lease Name	Gas Well No.
PHANTOM (WOLFCAMP)	ANACONDA 55-2	1H

Oil/Condensate (whole barrels)						Gas/Casinghead Gas - MCF		
Prod Month	Commingle Permit No.	On Hand Beginning of Month	Production Volume	Disposition Code	On Hand End of Month	Formation Production Volume	Disposition Code	
01/2014		N/A	1,896	721 01	1,175	5,680	135 01	
							856 02	
							4,111 03	
							578 04	
Gas 04 Outlet Constraints								

From: Angela Hunt
Sent: Tuesday, March 18, 2014 8:57 AM
To: Genea Holloway
Subject: FW: St of Tx M-110729

Genea,

I hate to bother you about this again, but have you gotten a chance to look to see if there is any production on this well?

Thanks,
 -Angie

From: Angela Hunt
Sent: Thursday, March 13, 2014 9:53 AM
To: Genea Holloway
Subject: FW: St of Tx M-110729

Genea,

Can you help me with this..I'm needing evidence of production on well 428085-027.01 Anaconda State 55-2 1H, so I don't have to pay a \$16,000 rental payment. The landman advised not to pay the payment and set it up as Minimum Royalty, but it's not just as simple as not paying. The State of Texas has to show that it's producing on their end too, or we would lose the lease since it's still in its primary term.

Thank you so much, and let me know if you need more information.

-Angie

From: Linda Price [<mailto:Linda.Price@GLO.TEXAS.GOV>]
Sent: Thursday, March 13, 2014 7:49 AM
To: Angela Hunt
Subject: Re: St of Tx M-110729

Angela:

Thank you for sending the well information.

I tried to pull production reports from both Drilling Info and the RRC but there was no production reports for the well in either. In order for me to change the lease status to "Producing", Cimarex will have to provide evidence of production. Can you send me those or have the person who would submit the production reports to the RRC send me a copy of the reports?

Without evidence of production, the rentals will be due as required by the terms of the lease.

If you have any questions, please let me know.

Thank you.
Linda

Linda Price, RL
Texas General Land Office
Energy Resources, Mineral Leasing
Phone: (512) 463-5118
Fax: (512) 475-1543
Linda.Price@glo.texas.gov

>>> Angela Hunt <AHunt@cimarex.com> 3/12/2014 12:44 PM >>>

Linda,

Please see the attached and let me know if there is anything else you need. Thank you so much for helping me with this!

~Angela Hunt
Lease Analyst
ahunt@cimarex.com

Cimarex Energy Co.
[918-560-7072](tel:918-560-7072)
[918-295-1896](tel:918-295-1896) (fax)

File No. MF 110729 ⑨

First Production Report

Date Filed: 03/18/2013

Jerry E. Patterson, Commissioner

By JP

SENDER: COMPLETE THIS SECTION

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

1. Article Addressed to:

Cimarex Energy Co.
Attn: Rebecca Johnson
2025 Cheyenne Ave Ste 1000
TULSA, OK 74103-3001

2. Article Number

(Transfer from service label)

7011 1150 0001 2415 5569

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

B. Received by (Printed Name)

JUSTIN WALLACE

☐ Agent☐ Addressee

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below:

☐ No

MF-110729

Shirley

3. Service Type

☐ Certified Mail☐ Express Mail☐ Registered☐ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

UNITED STATES POSTAL SERVICE

OK 730

05 SEP '15

PM 5 L



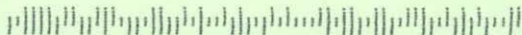
First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10

- Sender: Please print your name, address, and ZIP+4 in this box •



Texas General Land Office
George P. Bush, Commissioner
P.O. Box 12873
Austin, Texas 78711-2873

21510





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: 9/1/2015
Billing Due Date: 10/1/2015
Customer Number: C000044010

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
16I00000	MF110729	\$0.00	\$3,421.75	\$1,113.96	\$253.94	\$4,789.65
Total Due		\$0.00	\$3,421.75	\$1,113.96	\$253.94	\$4,789.65

Penalty and interest have been calculated thru 9/30/2015. Payment remitted after 9/30/2015 will result in additional penalty and interest charges.

Contact Info: Shirley Chou (512) 463-5408 or shirley.chou@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: 9/1/2015

Billing Due Date: 10/1/2015

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
16I00000	MF110729	\$0.00	\$3,421.75	\$1,113.96	\$253.94	\$4,789.65
Total Due		\$0.00	\$3,421.75	\$1,113.96	\$253.94	\$4,789.65
Amt. Paid						

Customer ID: C000044010

Invoice Number:

GLO Lease: MF110729

GLO Review: CIMAREX ENERGY CO

Review Period: JAN 2014 THROUGH DEC 2014

Auditor/AE: schou

Billing Date: 9/1/2015

P&I Calculation Date: 9/30/2015

Royalty Rate: 25.00%

Month / Year	RRC Number	(1) Oil Volume	(2) Tract Participation Rate	(3) Price	(4) Gross Value	(5) Royalty Due	(6) Royalty Paid	(7) Additional Royalty Due	(8) Number of Days Late	(9) Interest Rate For Additional Royalty	(10) Penalty From Additional Royalty	(11) Interest From Additional Royalty	Revenue Due
					(1)X(2)x(3)	(4) * Royalty Rate							(7)+(10)+(11)
Jan-14	08-45010	6.00	1	\$ 89.240000	\$535.44	\$133.86	\$0.00	\$133.86	574	4.250000%	\$25.00	\$8.03	\$166.89
Aug-14	08-45010	-356.00	1	\$ 83.784160	-\$29,827.16	-\$7,456.79	\$0.00	-\$7,456.79	360	4.250000%	\$0.00	\$0.00	-\$7,456.79
Sep-14	08-45010	5.00	1	\$ 84.060000	\$420.30	\$105.08	\$0.00	\$105.08	329	4.250000%	\$25.00	\$3.30	\$133.38
Nov-14	08-45010	379.00	1	\$ 64.574850	\$24,473.87	\$6,118.47	\$0.00	\$6,118.47	268	4.250000%	\$611.85	\$148.90	\$6,879.22
Dec-14	08-45010	343.00	1	\$ 52.724540	\$18,084.52	\$4,521.13	\$0.00	\$4,521.13	237	4.250000%	\$452.11	\$93.71	\$5,066.95
TOTALS		377.00			\$13,686.96	\$3,421.74	\$0.00	\$3,421.74			\$1,113.96	\$253.94	\$4,789.64

COMMENTS: COLUMN (1) VOLUME : REPRESENTS THE UNDER REPORTED OIL VOLUME FROM RRC # 08-45010 (ANACONDA STATE 55-2).

COLUMN (3) PRICE: PER GLO-1 PRODUCTION REPORT FOR 1/2014,8/2014,11/2014 AND 12/2014, PER NYMEX PRICE LIST FOR 9/2014 DUE TO NO GLO-1 REPORT RECEIVED.

COLUMN (9), (10), (11) : SEE ATTACHMENT III, SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES", FOR EXPLANATION OF PENALTY AND INTEREST CALCULATION.

SALES VOLUME REPORTED TO THE GLO WAS COMPARED TO VOLUMES REPORTED TO THE RRC, VOLUMES WERE UNDER REPORTED TO THE GLO RESULTING IN UNDER PAID ROYALTY.

NOTE 1 : PLEASE REMIT PAYMENT OF THIS INVOICE SEPARATELY FROM MONTHLY 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.

NOTE 2: NEED TO SUBMIT THE GLO-1 REPORT TO REFLECT THE ADDITIONAL ROYALTY DUE AMOUNT.

ATTENTION: ROBERT MACKEY

CERTIFIED MAIL : 70111150000124155569

10

File No. MF 110729

Reeves County

Reconciliation Billing

Date Filed: 9/16/15

George P. Bush, Commissioner

By Dayla Ramirez

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



June 6, 2016

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

Re: State Lease No: 110729
Gas Lift Gas Usage
Anaconda State 55-2 1H, 2H, 3H, 4H, 5H, 6H & 7H
Reeves 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 (#428085027G; 428085040G; 428085041G; 428085042G; 428085043G; 428085044G; 428085045G).

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 918-585-1100.

Sincerely,

A handwritten signature in blue ink that reads "Sheli Armstrong". The signature is fluid and cursive, with the first name "Sheli" and last name "Armstrong" clearly distinguishable.

Sheli Armstrong
Regulatory Analyst

918 585 1100

11

File No. MF110729

REEVES County

GAS LIFT REQUEST

Date Filed: 8/8/2016

George P. Bush, Commissioner

By M. T. Scott

0. 370



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

June 21, 2016

Certified Mail: 7011 1150 0001 2416 7227

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

RE: Your Applications Dated 06/06/2016 for Authority to Utilize Gas Produced on the Leased Premises for Gas Lift Purposes and to Use Off-Lease Gas for Gas Lift Makeup Supply as Applicable to Multiple State Lease Tracts Located in Culberson, Reeves, and Ward County, Texas.

Dear Ms. Armstrong:

General Land Office staff has reviewed your twenty-nine letters requesting permission to utilize gas lift on the leased premises and to use makeup or buy-back gas when necessary to meet gas lift system volume requirements. The primary purpose for the makeup gas is for compressor fuel gas supply, gas lift start-up, and instruments and controls.

Of the various lease types identified in the list of leases shown in the table below, typically a Free Royalty lease would not require GLO review and approval if the gas that is recycled on a lease for gas lift purposes is lease gas only. However, since off-lease gas is required to augment the on-lease gas then in effect the production of each Free Royalty lease is commingled with the gas production from other leases and thus commingling authority is required per Texas Administrative Code (TAC) Rule 9.35 for the Free Royalty leases, as it is for all of the other lease types.

Pursuant to the terms of the applicable State leases and TAC Rules, please be advised that the request to recycle gas on the leased premises and to commingle gas produced on the lease with off-lease gas for gas lift make-up supply is approved for the leases listed in the table below **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.

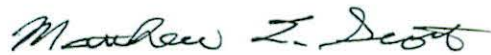
2. Lessee shall continuously meter the gas lift supply to each well and the gas that passes through any other gas lift supply and distribution meter.
3. The gas BTU content and component analysis obtained at each lease/unit gas meter shall be determined by gas sample chromatographic analysis.

Mineral File Number	RRC Lease Name	Lease Type	GLO Unit No.	County
MF077782	Dixieland 10	Upland Fee		Reeves
MF100861	Darcy State 32	RAL		Reeves
MF106747	Whirlaway 38 State	RAL		Culberson
MF106748	Dust Commander 26	RAL		Culberson
MF109881	Big Sky 55-16	RAL		Reeves
MF109926	Pink Star 28 Unit	RAL	5460	Culberson
MF110709	War Emblem 30 State	Upland Fee		Culberson
MF110711	Lt Gibson 12 State	Upland Fee		Culberson
MF110729	Anaconda State 55-2	Upland Fee		Reeves
MF111341	Cleveland State 57-23	RAL		Reeves
MF111342	Tempest State 57-35	RAL		Reeves
MF111895	Eighteenmile 56-18	RAL		Reeves
MF111928	Beaverhead State 2-24 Unit	RAL	6663	Reeves
MF111989	Beaverhead State 2-24 Unit	RAL	6663	Reeves
MF111990	Judith 2-16 Unit	RAL	6665	Reeves
MF111990	Sapphire State C20-12	RAL		Reeves
MF112125	Zev 22 Unit	Free Royalty		Culberson
MF112126	Unbridled 36 A	Free Royalty	7438	Culberson
MF112127	Northdancer Unit 10	Free Royalty		Culberson
MF112130	Jet Pilot 24 Upland Fee	Free Royalty		Culberson
MF112130	Jet Pilot 24 Unit A	Free Royalty	7568	Culberson
MF114150	Pink Star 28 Unit	Free Royalty	5460	Culberson
MF114243	Flintlock 34-144	HROW 56		Ward
MF114294	Macbeth 22 Upland Fee	Free Royalty		Culberson
MF114728	Black Gold 26 Upland Fee	Free Royalty		Culberson
MF114878	Cannonade 4 Upland Fee	Free Royalty		Culberson
MF115407	Donerail 8 Upland Fee	Free Royalty		Culberson
MF115602	Lookout 18 Upland Fee	Free Royalty		Culberson
MF116113	Bridger 1-36	Free Royalty	6676	Reeves
MF116132	Bridger 1-36	River 52.076	6676	Reeves
MF116556	Worsham '6-22'	River 52.076		Reeves & Ward

Ms. Sheli Armstrong
Cimarex Energy Co.
June 21, 2016
Page 3 of 3

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, appearing to read "Matthew T. Scott". The signature is fluid and cursive, with the first name "Matthew" being more prominent than the last name "Scott".

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. MF110729

REEVES County

AGREE TO GAS LIFT

Date Filed: 8/8/2016

George P. Bush, Commissioner

By MT SCOTT

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 \$ _____

Postmark
Here

MF110729

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

7015 1520 0000 6667 3733

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.
202 S. Cheyenne Ave
Ste. 1000
Tulsa, O.K. 74103-3001



9590 9403 0495 5173 5819 20

2. Article Number (Transfer from service label)

7015 1520 0000 6667 3733

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

Justin Wallace

☐ Agent☐ Addressee

B. Received by (Printed Name)

JUSTIN WALLACE

C. Date of Delivery

10-3-16

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

3. Service Type

- | | |
|--|---|
| ☐ Adult Signature | ☐ Priority Mail Express® |
| ☐ Adult Signature Restricted Delivery | ☐ Registered Mail™ |
| ☐ Certified Mail® | ☐ Registered Mail Restricted Delivery |
| ☐ Certified Mail Restricted Delivery | ☐ Return Receipt for Merchandise |
| ☐ Collect on Delivery | ☐ Signature Confirmation™ |
| ☐ Collect on Delivery Restricted Delivery | ☐ Signature Confirmation Restricted Delivery |
| ☐ Insured Mail | |
| ☐ Insured Mail Restricted Delivery (over \$500) | |

UNITED STATES POSTAL SERVICE



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USPS
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Texas General Land Office

George P. Bush, Commissioner

P.O. Box 12873

Austin, Texas 78711-2873

CHARLTON

MF 110729

USPS TRACKING#



9590 9403 0446 5173 8814 720



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: 9/27/2016
Billing Due Date: 10/27/2016
Customer Number: C000044010

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
17I00042	MF110729	\$0.00	\$889.36	\$196.43	\$42.57	\$1,128.36
Total Due		\$0.00	\$889.36	\$196.43	\$42.57	\$1,128.36

Penalty and interest have been calculated thru 9/30/2016. Payment remitted after 9/30/2016 will result in additional penalty and interest charges.

Contact Info: Andrea Charlton (512) 463-5190 or acharlto@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: 9/27/2016

Billing Due Date: 10/27/2016

Customer Number: C000044010

Remit Payment To:

Texas General Land Office

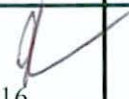
PO Box 12873

Austin, TX 78711-2873

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
17I00042	MF110729	\$0.00	\$889.36	\$196.43	\$42.57	\$1,128.36
Total Due		\$0.00	\$889.36	\$196.43	\$42.57	\$1,128.36
Amt. Paid						

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

Auditor/Account Examiner: Andrea Charlton
Company Name: CIMAREX ENERGY CO.
Customer Number: C000044010
Mineral File #: MF110729
Transaction Type: Volume Reconciliation
Other / Invoice #:

Previous Amount	Current Amount	Date	AE / Reviewer's Notes	Reviewer's Signature	AR Notes
	\$1,128.36	09/26/16	Under reported sales volumes	 MM 9/26/2016	

All original invoices must be approved.

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

Customer ID: C000044010
 Invoice Number:
 GLO Lease: MF110729
 GLO Review: CIMAREX ENERGY CO.
 Review Period: JAN Through AUG 2015

Category: Oil
 Auditor/AE: Acharlto
 Billing Date: 9/26/2016
 P&I Calculation Date: 9/30/2016
 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
Jan-15	08-45010	10	1.00000000	\$40.250950	1.00	\$402.51	\$100.63	\$0.00	\$100.63	575	4.25%	\$25.00	\$6.05	\$131.68
Feb-15	08-45010	4	1.00000000	\$41.664970	1.00	\$166.66	\$41.66	\$0.00	\$41.66	544	4.25%	\$25.00	\$2.35	\$69.01
Mar-15	08-45010	5	1.00000000	\$40.194870	1.00	\$200.97	\$50.24	\$0.00	\$50.24	514	4.25%	\$25.00	\$2.66	\$77.90
Apr-15	08-45010	7	1.00000000	\$46.590560	1.00	\$326.13	\$81.53	\$0.00	\$81.53	483	4.25%	\$25.00	\$4.03	\$110.56
May-15	08-45010	36	1.00000000	\$51.589450	1.00	\$1,857.22	\$464.31	\$0.00	\$464.31	453	4.25%	\$46.43	\$21.30	\$532.04
Jun-15	08-45010	9	1.00000000	\$54.490120	1.00	\$490.41	\$122.60	\$0.00	\$122.60	422	4.25%	\$25.00	\$5.18	\$152.78
Aug-15	08-45010	3	1.00000000	\$37.853130	1.00	\$113.56	\$28.39	\$0.00	\$28.39	361	4.25%	\$25.00	\$1.00	\$54.39
TOTALS		74				\$3,557.47	\$889.36	\$0.00	\$889.36			\$196.43	\$42.57	\$1,128.36

ATTENTION: Robert Mackey
 CERTIFIED MAIL: 7015 1520 0000 6667 3733

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# 08-45010

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

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/rrac/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.

File No. MF 110729

CIMEX ENERGY County

Date Filed: 10-4-16

By George P. Dunn, 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 \$ _____

Postmark
Here

Postage

\$

Total Postage and Fees

\$

ATTN: Rebecca Johnson

MF110729

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

7016 2070 0000 7391 4917

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 7801 35

7016 2070 0000 7391 4917

COMPLETE THIS SECTION ON DELIVERY**A. Signature**

Justin Wallace ☐ Agent
☒ Addressee

B. Received by (Printed Name)

JUSTIN WALLACE

C. Date of Delivery

4-22-17

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

☐ Delivery Restricted Delivery

Mail

☐ Mail Restricted Delivery

(over \$500)

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

USPS TRACKING #



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

9590 9402 1749 6074 7801 35

United States
Postal Service



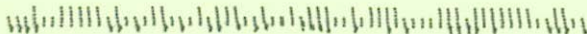
Texas General Land Office

George P. Bush, Commissioner

P.O. Box 12873

Austin, Texas 78711-2873

ATTN: Aurora Jordan MF 110729





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: 4/19/2017
Billing Due Date: 5/19/2017
Customer Number: C000044010

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
17I00348	MF110729	\$7,682.20	\$0.00	\$768.22	\$155.50	\$8,605.92
Total Due		\$7,682.20	\$0.00	\$768.22	\$155.50	\$8,605.92

Penalty and interest have been calculated thru 4/30/2017. Payment remitted after 4/30/2017 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: 4/19/2017

Billing Due Date: 5/19/2017

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
17I00348	MF110729	\$7,682.20	\$0.00	\$768.22	\$155.50	\$8,605.92
Total Due		\$7,682.20	\$0.00	\$768.22	\$155.50	\$8,605.92
Amt. Paid						



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: 4/19/2017
Billing Due Date: 5/19/2017
Customer Number: C000044010

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
17I00349	MF110729	\$0.00	\$1,490.23	\$149.02	\$78.60	\$1,717.85
Total Due		\$0.00	\$1,490.23	\$149.02	\$78.60	\$1,717.85

Penalty and interest have been calculated thru 4/30/2017. Payment remitted after 4/30/2017 will result in additional penalty and interest charges.

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

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- For other royalty reporting questions, visit <http://www.glo.texas.gov>, call (512) 463-6850 or email us at glo123@glo.texas.gov.

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Cimarex Energy Co.

Billing Date: 4/19/2017

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Texas General Land Office

PO Box 12873

Austin, TX 78711-2873

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
17I00349	MF110729	\$0.00	\$1,490.23	\$149.02	\$78.60	\$1,717.85
Total Due		\$0.00	\$1,490.23	\$149.02	\$78.60	\$1,717.85
Amt. Paid						

Customer ID: C000044010
 Invoice Number:
 GLO Lease: MF110729
 GLO Review: Cimarex Energy Co.
 Review Period: September 2015 through August 2016

Category: Gas
 Auditor/AE: Sgarcia
 Billing Date: 4/13/2017
 P&I Calculation Date: 4/30/2017
 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 For	Interest Rate For	Revenue Due
Jun-16	08-45010	2,962	1.00000000	\$2.386140	1,227,000	\$8,672.13	\$2,168.03	\$0.00	\$2,168.03	258	4.50%	\$216.80	\$53.19	\$2,438.02
Jul-16	08-45010	2,564	1.00000000	\$2.968012	1,207,500	\$9,189.05	\$2,297.26	\$0.00	\$2,297.26	227	4.50%	\$229.73	\$47.58	\$2,574.57
Aug-16	08-45010	3,619	1.00000000	\$2.902986	1,224,800	\$12,867.63	\$3,216.91	\$0.00	\$3,216.91	197	4.50%	\$321.69	\$54.73	\$3,593.33
TOTALS		9,145				\$30,728.81	\$7,682.20	\$0.00	\$7,682.20			\$768.22	\$155.50	\$8,605.92

ATTN: Mary Jane Russell
 CERTIFIED MAIL: 7016 2070 0000 7391 4917

COMMENTS: BILLING ON DIFFERENCE FROM VOLUMES REPORTED TO GLO COMPARED TO THE VOLUMES REPORTED TO RRC.

COLUMN (3) RRC VOLUME - REPRESENTS UNDER REPORTED SALES VOLUMES TO THE GLO FROM RRC WELL ID # 08-45010.

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

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/rrac/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.

Customer ID: C000044010
 Invoice Number:
 GLO Lease: MF110729
 GLO Review: Cimarex Energy Co.
 Review Period: September 2015 through August 2016

Category: Oil
 Auditor/AE: Sgarcia
 Billing Date: 4/14/2017
 P&I Calculation Date: 4/30/2017
 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-15	08-45010	144	1.00000000	\$41.395220	1.000000	\$5,960.91	\$1,490.23	\$0.00	\$1,490.23	512	4.25%	\$149.02	\$78.60	\$1,717.85
TOTALS		144				\$5,960.91	\$1,490.23	\$0.00	\$1,490.23			\$149.02	\$78.60	\$1,717.85

ATTN: Mary Jane Russell
 CERTIFIED MAIL: 7016 2070 0000 7391 4917

COMMENTS: BILLING ON DIFFERENCE FROM VOLUMES REPORTED TO GLO COMPARED TO THE VOLUMES REPORTED TO RRC.

COLUMN (3) RRC VOLUME - REPRESENTS UNDER REPORTED SALES VOLUMES TO THE GLO FROM RRC WELL ID # 08-45010.

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

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

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

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 REMITTANCE DATE SO THE INVOICE CAN BE PROPERLY CREDITED.

File No. MF110729

_____ County

Recon Billing

Date Filed: 4/24/17

George P. Bush, Commissioner

By AT



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

June 19, 2018

SENT VIA E-MAIL

Cimarex Energy Company
202 S. Cheyenne Ave Suite #1000
Tulsa, OK 74103-3001
Attention: Rebecca Johnson

RE: Lease Compliance Review of selected lease MF110729, operated by Cimarex Energy Co

Dear Ms. Johnson:

The Texas General Land Office (GLO) thanks you for your cooperation with the Lease Compliance Review Program (LCRP). As a part of the field audit program, the LCRP is designed to help ensure accurate and proper reporting of oil and gas production and royalty revenues to the State of Texas in accordance with the regulations set forth in Section 52.135 of the Texas Natural Resources Code.

The Lease Compliance Review is limited in scope and will not be considered a full audit. The summary of this review is as follow:

Detailed testing summary

1. Result of Gas sales volume & value testing

We found no material differences with our review with documentation provided for the months reviewed.

2. Result of Oil sales volume & value testing

We found no material differences with our review with documentation provided for the months reviewed.

Please contact Sharon Stevens at sharon.stevens@glo.texas.gov or 713.598.1508 if you have any questions regarding the Lease Compliance Review of the selected lease(s).

Sincerely,

J. Dale Sump, CPA
Director of Minerals Audit
Texas General Land Office
(512) 463-2921 / dale.sump@glo.texas.gov
LL #0237



Compliance Checklist

Please use the checklist below as a general guideline to remain in compliance with the Texas General Land Office.

- ☐ All historical 3rd party source documents (purchase statements, remittance statements, contracts, etc.) are preserved according to company policy in case of an audit
- ☐ All GLO1, GLO2, and GLO3 reports are filed monthly through the Royalty Reporting and Control (RRAC) system and match volumes reported to the Railroad Commission
- ☐ Processed gas disposition volumes are broken down to liquid components on the GLO2
- ☐ Payments submitted to the GLO match the totals submitted on the GLO reports
- ☐ Lease/field operations adhere to the provisions outlined in the lease agreement with the GLO for State royalty-bearing production and sales
- ☐ Oil and gas production is metered from the wellhead to the custody transfer point, preferably that meter readings are also conducted and reported by a 3rd party
- ☐ If production is commingled, approval from GLO Engineers has been obtained (required)
- ☐ Allocated production volumes should directly tie to all royalty-bearing metered volumes on the lease
- ☐ The contract prices stated in the oil and gas purchase agreements are reported and paid accordingly
- ☐ Any variances between contract price and the purchase statement price can be explained
- ☐ A breakdown of price detail is needed when various fees are associated with the purchase price
- ☐ Oil sales volumes from the run tickets should match what was reported to the RRC and the GLO
- ☐ Calculations for non-metered royalty bearing sales disposition volumes (vented/flared volumes, on-/off-lease fuel, etc.) can be explained
- ☐ Well tests are being administered regularly
- ☐ Gas plant settlement statements with plant fuel usage that exceeds 3.5% can be explained
- ☐ Lease and field schematics that include all equipment, preferably with meters noted

For inquiries and useful links on the following topics: commingling, GIS web, RRAC, royalty audit, royalty review, general information, etc., information can be found at <http://www.glo.texas.gov/energy-business/contacts/oil-gas/index.html>.

File No. MF 110729

15

County _____
Lease Compliance Review Ltr

Date Filed: 7/13/18

George P. Bush, Commissioner

By _____ *AB*



CIMAREX ENERGY CO
P O BOX 4544
HOUSTON, TX 77210-4544

MF 16729

Page 1 of 1

VENDOR NAME		VENDOR NO.	CHECK DATE	CHECK NUMBER	CHECK TOTAL
TEXAS GENERAL LAND OFFICE		704630-1	04/16/2024	1000013609	\$****80,000.00

DATE	INVOICE NO.	DESCRIPTION	INVOICE AMOUNT	DISCOUNT	NET AMOUNT
04/10/24	04-10-2024 CKREQ TEXA	MID <i>ATTN: COLBEY EAVES</i>	80,000.00	0.00	80,000.00
TOTALS =====>			80,000.00	0.00	80,000.00

PAYEE: DETACH THIS STATEMENT BEFORE DEPOSITING

THIS CHECK IS VOID WITHOUT A COLORED BORDER AND BACKGROUND PLUS A KNIGHT & FINGERPRINT WATERMARK ON THE BACK - HOLD AT ANGLE TO VIEW



CIMAREX ENERGY CO
ACCOUNTS PAYABLE
P O BOX 4544
HOUSTON, TX 77210-4544

JPMorgan Chase Bank, N.A.
Columbus, Ohio 43271

No. 1000013609

56-1544/441

24706669

\$80,000dols00cts

Eighty Thousand Dollars and Zero Cents

VOID AFTER 90 DAYS

CHECK NUMBER	DATE	PAY EXACTLY
1000013609	Apr-16-2024	\$****80,000.00

PAY
TO
THE
ORDER
OF

TEXAS GENERAL LAND OFFICE
1700 CONGRESS AVE
AUSTIN, TX 78701-1436

704630-1

VOID

Shawn Yee

1000013609

Cimarex Energy Co.
6001 Deauville Blvd.
Suite N300
Midland, Texas 79706
MAIN 432.571.7800



April 16, 2024

Texas General Land Office
1700 North Congress Ave., RM 846E
Austin, Texas 78701

Attn: Colbey Eaves

Via Certified Mail

Re: Well pad sites
Section 2, Block 55, T4, T&P RR Co. Survey
Reeves County, Texas

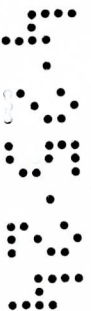
Enclosed is Cimarex Energy Co. check #1000013609 in the amount of **Eighty Thousand Dollars and 00/100 (\$80,000.00)** as the total payment for a well pad (\$40,000.00/well pad) and four (4) additional wells (\$10,000.00/well x 4 wells) on the above described lands.

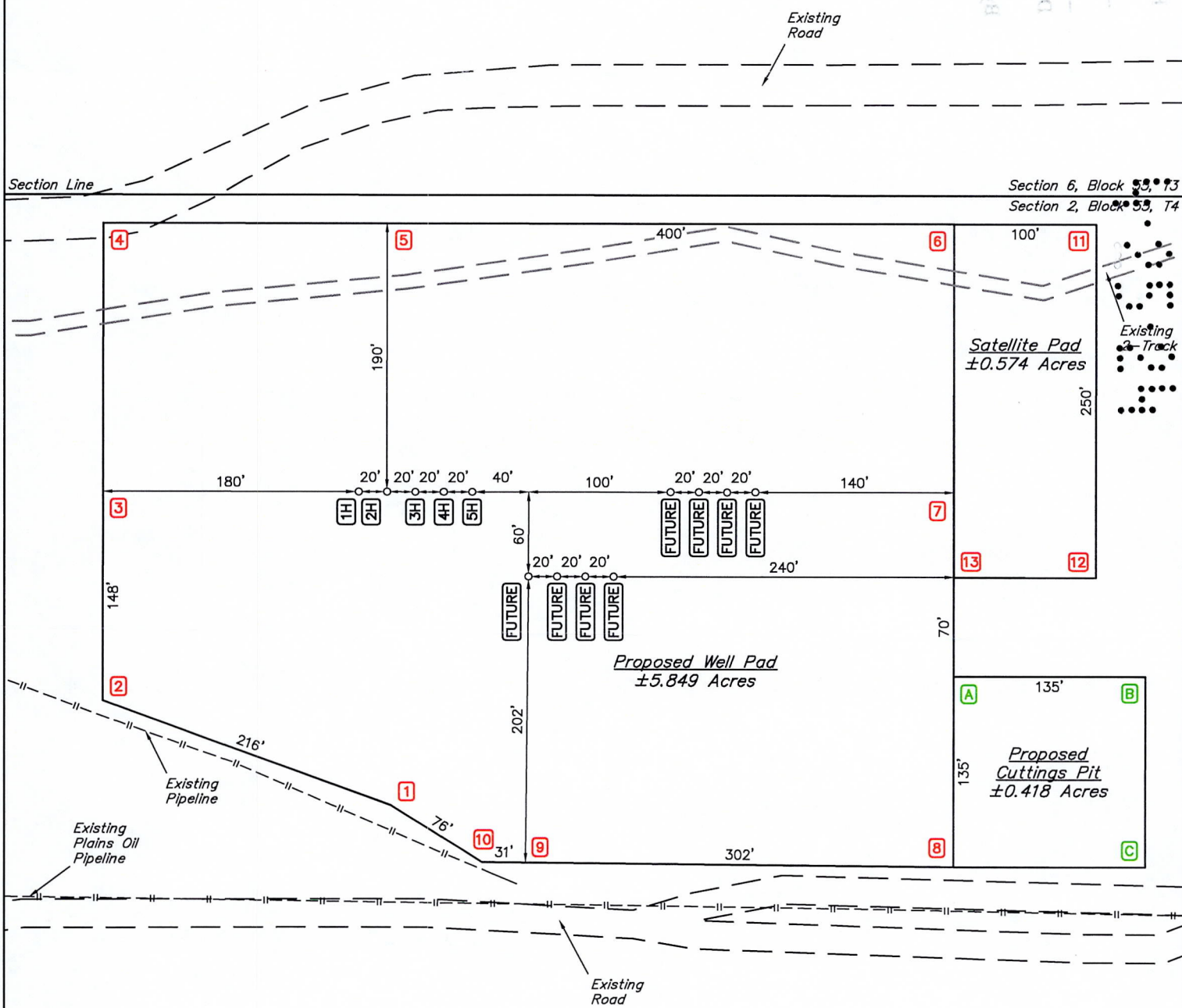
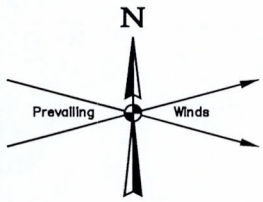
If you have any questions, please do not hesitate to contact Josh Verner at 432-620-1658.

Sincerely,

CIMAREX ENERGY CO.

Tish Maney
Land Department
432.571.7892 (direct)





MARMACONDA 2-5-14-17 A 1H 210' FNL 1455' FWL
MARMACONDA 2-5-14-17 B 2H 210' FNL 1475' FWL
MARMACONDA 2-5-14-17 C 3H 210' FNL 1495' FWL
MARMACONDA 2-5-14-17 D 4H 210' FNL 1515' FWL
MARMACONDA 2-5-14-17 E 5H 210' FNL 1535' FWL

NOTES:
• Basis of Bearings is a Transverse Mercator Projection with a Central Meridian of W103°53'00" (NAD 83)



UELS, LLC
Regional Office * 606 US Highway 385 N
Seminole, TX 79360 * (432) 955-6100
Corporate Office * 85 South 200 East
Vernal, UT 84078 * (435) 789-1017

Sheet 1 of 2

REV: 2 11-29-23 Z.L (NAME CHANGES)

CIMAREX ENERGY CO.

MARMACONDA STATE 2-5-14-17
A 1H, B 2H, C 3H, D 4H & E 5H
SECTION 2, BLOCK 55, T4, T&P RR Co. SURVEY
REEVES COUNTY, TEXAS

SURVEYED BY	J.H., C.S.	09-21-23	SCALE
DRAWN BY	N.R.	10-03-23	1" = 80'

SITE PLAN

1534

File No. MF 110729
County Surface Damages
Date Filed: 06/10/2024
Commissioner Dawn Buckingham, M.D.
By: AC



Information for processing an Internal Non Unit Transaction (iNut) Length of Lateral

iNut No. **14276**

GENERAL INFORMATION

Name of Well: Marmaconda State 2-5-14-17 A 1H (alloc) API # 42-389-41228
Name of Operator: Cimarex Energy Co. RRC # 08-899965
Operator Contact Person: Daniel Kong Phone: (281)589-5787
County: Reeves

ALLOCATION OF STATE UNITS AND/OR LEASES BASED ON LENGTH OF LATERAL

Lease Type	Unit/Lease No	Total Lateral Ft.	Unit or Lease Lateral Ft.	Unit or Lease Rylty Decimal	Lease Royalty Decimal	RRAC Participation Factor	State Participation by Unit/Lease
FR	13095/MF114160	17,549.00	5,280.69	0.02083301	0.06250000	0.10030216	0.00626889
FR	13095/MF114491	17,549.00	5,280.69	0.04166699	0.06250000	0.20060900	0.01253806
SF	MF110729	17,549.00	4,488.79	0.25000000	0.25000000	0.25578608	0.06394652
Totals:						0.55669725	0.08275347
Effective Date:	6/11/2024						State Net Royalty Revenue in Well

Name of Production Sharing Agreement, if any: PSA #00647

Comments: iNut traverses FR Unit 13095 and MF110729. Well spud 6/11/2024. First production 2/2025. Allocation based on Productive Lateral Length. Final, as-drilled plat and allocation information received 3/19/2025. Subject to PSA #00647.

Attach a plat showing the iNut well with length of laterals marked and the State lands marked.

Lease Types: Relinquishment Act Land (RAL), State Fee (SF), Free Royalty (FR), Unleased Riverbed (UR), Highway Right of Way (HROW), Unleased Highway (UH), Criminal Justice (TDCJ), Parks & Wildlife (TPW), Mineral Production Allocation (MPAA), Dept. of Aging (DADS), School for the Blind (SBVI), Stephen F. Austin (SFA), TX A&M (A&M).

Prepared by: MB Alamo updated by: MB WI updated by: MB
RAM approval by: VP GIS updated by: RL

DO NOT DESTROY



Texas General Land Office

UNIT AGREEMENT MEMO

INUT250001

Unit Number 14276
Operator Name Cimarex Energy Co. **Effective Date** 08/11/2024
Customer ID C000044010 **Unitized For** Oil And Gas
Unit Name Marmacoda State 2-5-14-17 A 1H (alloc) **Unit Term**
County 1 Reeves **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 iNut
State Net Revenue Interest Oil 0.08275347
State Part in Unit 0.55669725
Unit Depth Specified Depths **Well**
From Depth surface **Formation** Base of Wolfcamp
To Depth 100 feet below **Participation Basis** Length of Lateral
If Excluions 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
MF110729		0.000000	0.000000	0.25578608	O/G	0.25000000	0.06394652	No
MF114160		0.000000	0.000000	0.10030216	O/G	0.06250000	0.00626889	No
MF114491		0.000000	0.000000	0.20060900	O/G	0.06250000	0.01253806	No

<i>API Number</i>
4238941228

Remarks:

iNut traverses FR Unit 13095 and MF110729. Well spud 8/11/2024. First production 2/2025. Allocation based on Productive Lateral Length. Final, as-drilled plat and allocation information received 3/19/2025. Subject to PSA #00647.

Prepared By: mrb
GLO Base Updated By: mrb
RAM Approval By: VD
GIS By: RL
Well Inventory By: mrb

Prepared Date: 3/21/25
GLO Base Date: 3/21/25
RAM Approval Date: 3/21/25
GIS Date: 4/8/25
WI Date: 3/21/25

● = SURFACE LOCATION
 ◆ = AS-DRILLED PENETRATION POINT/
 FIRST TAKE POINT/LAST TAKE POINT
 ○ = AS-DRILLED BOTTOM HOLE LOCATION
 ▲ = SECTION CORNERS
 LOCATED
 △ = SECTION CORNERS
 RE-ESTABLISHED
 (Not Set on Ground)
 ⊕ = PRODUCING WELLS
 ⊖ = PRODUCING BOTTOM HOLE
 ⊗ = ABANDONED WELLS
 ⊞ = PROPOSED WELLS
 ⊠ = PROPOSED BOTTOM HOLE
 ◆ = TAKE POINT
 — = JOINT LINE

NAD 83 (SURFACE) HOLE LOCATION:	SURVEY FRMP
LATITUDE = 31°09'08.47" (31.85024°)	219 FNL
LONGITUDE = -103°47'06.13" (-103.78532°)	1,655 FWL
NAD 27 (SURFACE) HOLE LOCATION:	LEASE FRMP
LATITUDE = 31°09'08.47" (31.85024°)	219 FNL
LONGITUDE = -103°47'06.13" (-103.78532°)	1,655 FWL
STATE PLANE NAD 83 (X CENTRAL)	SURVEY
N = 1038063.27 E = 1222626.40	TAP R&G CM
STATE PLANE NAD 27 (X CENTRAL)	SURVEY
N = 1038107.8 E = 1222626.40	A-3220

NAD 83 (AS-DRILLED CAPP)	SURVEY PERM
LATITUDE = 33°09'06.57" (33.80121°)	242' FNL
LONGITUDE = 107°47'18.11" (107.78833°)	300' FWL
NAD 27 (AS-DRILLED CAPP)	LEASE PERM
LATITUDE = 33°09'06.10" (33.80028°)	242' FNL
LONGITUDE = 107°47'13.36" (107.78833°)	300' FWL
STATE PLANE NAD 83 (TX CENTRAL)	SURVEY
N = 32585925.60 E = 123152.11	T&P REG CO
STATE PLANE NAD 83 (TX CENTRAL)	SURVEY
N = 78149.50 E = 32109.25	A-2228

NAD 83 (AS DRILLED FTT)	SURVEY PUMP
LATITUDE = 31°39'55.12" (1.6460044°)	70° FSL
LONGITUDE = -103°47'18.01" (-103.788615°)	401' FWL
NAD 83 (AS DRILLED FTT)	LEAK PUMP
LATITUDE = 31°39'54.51" (1.646015°)	70° FSL
LONGITUDE = -103°47'17.34" (-103.788650°)	401' FWL
STATE PLANE NAD 83 (TX CENTRAL)	SURVEY
N = 1058905.50 E = 1221556.71	TAP RIG CL
STATE PLANE NAD 83 (TX CENTRAL)	SURVEY
N = 717479.28 E = 825093.88	A-2229

NAD 83 (AS-THILLAS LTP)	SURVEY PERM
LATITUDE = -33°56'01.51" (3.900425°)	2.500 PNL
LONGITUDE = -105°47'27.57" (-103.788547°)	401' FWL
NAD 27 (AS-THILLAS LTP)	LEASE PERM
LATITUDE = -33°56'05.55" (3.90025°)	122' FNT
LONGITUDE = -105°47'27.57" (-103.788547°)	401' FWL
STATE PLANE NAD 83 (TX-CENTRAL)	SURVEY
N 10545101 W 41° 12' 05.51"	146' BR CL
STATE PLANE NAD 27 (TX-CENTRAL)	SURVEY
N 10945 75° E 624572.32	A.801

NAD 83 (AS-DRILLED HOLE)	SURVEY PLAN
LATITUDE = 31°00'00.72" (1.660344°)	3,335' ENCL
LONGITUDE = -109°47'18.72" (-103.788333°)	402' FWL
NAD 27 (AS-DRILLED HOLE)	LEASE PER
LATITUDE = 31°00'00.72" (1.660344°)	101' FBL
LONGITUDE = -109°47'18.72" (-103.788333°)	402' FWL
STATE PLANE NAD 83 (TX CENTRAL)	SURVEY
N° 10561445-82 E 12310361W	Y&P RM Cg
STATE PLANE NAD 27 (TX CENTRAL)	SURVEY
N° 7040170 E 12345775W	A.MU

ACREAGE TABLE	
ANACONDA STATE 55-2	640 ACRES
SHERIDAN 55-4-5	639.66 ACRES
MARMOT 55-14 UNIT	640 ACRES
TRACT 4	320 ACRES
TOTAL (Calcd)	2339.66 ACRES

MARMOT 55-14 UNIT BREAKDOWN	
TRACT 1	213.33 ACRES
TRACT 2	426.67 ACRES
TOTAL (Acreage Supplied by Cummings Engineering Co.)	640 ACRES

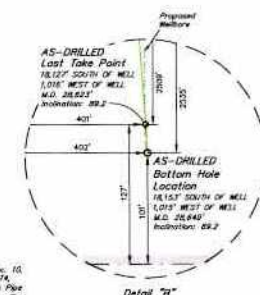
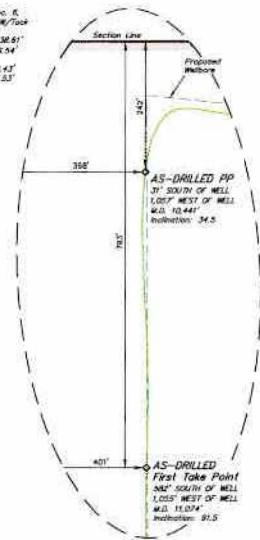
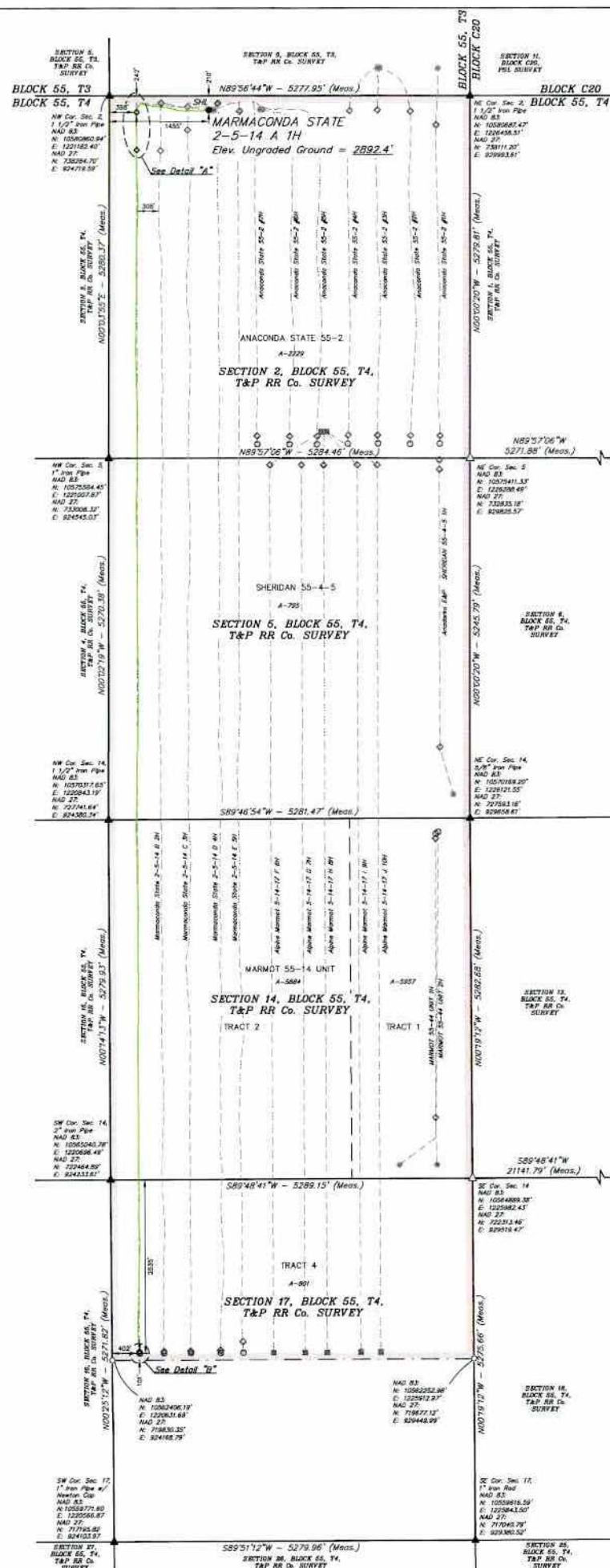
APPROXIMATE WELLBORE MEASURED DEPTH DISTANCE FROM FTP TO LTP	
Anaconda State 55-2	4,488.79'
Sheridan 55-4-5	5,268.96'
Marmot 55-14 Unit	5,280.69'
Tract 4	2,518.38'
TOTAL	17,546.82'



NOTES:

- Distances referenced on plan to section lines and lot/corner lines are perpendicular.
- Basis of Bearings is a True meridian Projection with a Central Meridian at W103°53'00" (NAD 83).
- All bearings, distances & areas shown are Surface Measure.
- Utmost Engineering and Land Surveying does not attest to the validity of data/information furnished by others.
- As-Deeded surface hole location not surveyed.

UELS, LLC
 P.O. Box 606 US Highway 385 N
 TX 79360 • (432) 955-6100
 Office • 85 South 200 East
 UT 84078 • (435) 789-1017



CONTINUED
THIS IS TO CERTIFY THAT THIS AS-SKILLED WELL
LOCATION PLAT AND THE ORIGINAL SURVEY ON THE
GROUND UNDER WHICH IT IS BASED HAS BEEN PERFORMED
BY AN INSURANCE AGENT SURVEYOR, AS RECORDED
IN THE PUBLIC RECORDS OF THE COUNTY AND/OR OTHER
AGENTS, AND THAT IT IS IN FULL CONFORMITY TO THE
REQUIREMENTS OF THE ACT.

CIMAREX ENERGY CO.
MARMACONDA STATE 2-5-14 A 1H
210' FNL 1455' FWL
SECTION 2, BLOCK 55, T4, T&P R.R. CO. SURVEY
REEVES COUNTY, TEXAS

SURVEYED BY	J.H. C.S.	09-21-23	SCALE
DRAWN BY	T.R.	02-14-25	1" = 1000'

AS-DRILLED WELL LOCATION PLAT

Int 14276

Mary Barnstone

From: Daniel Kong <Daniel.Kong@coterra.com>
Sent: Wednesday, March 19, 2025 12:04 PM
To: Mary Barnstone
Subject: [EXTERNAL] RE: Unit memo for 5 ALPINE MARMOT wells
Attachments: Marmaconda - Alpine Marmot - Combined As-Drilled Plats.pdf

Hi Mary,

Attached is As Drilled Plats for 10 Marmaconda/Alpine Marmot wells. Please let me know if you set up unit memo for all 10 wells. (Note: GLO's NRI for 6 Alpine Marmot wells at the bottom of email is not correct)

Thank you,
Daniel

API #	Well Name	NRI	First production
42-389-41232	ALPINE MARMOT 5-14-17 G 7H	.02569662	03/06/2025
42-389-41231	ALPINE MARMOT 5-14-17 F 6H	.02558571	03/06/2025
42-389-41233	ALPINE MARMOT 5-14-17 H 8H	.02552597	03/06/2025
42-389-41234	ALPINE MARMOT 5-14-17 I 9H	.02553050	03/06/2025
42-389-41235	ALPINE MARMOT 5-14-17 J 10H	.02589716	03/06/2025

API No production	Well Name	NRI	First
42-389-41228	MARMACONDA STATE 2-5-14-17 A 1H	0.08275347 ✓	02/18/2025
42-389-41229	MARMACONDA STATE 2-5-14-17 B 2H	0.08268948	02/18/2025
42-389-41230	MARMACONDA STATE 2-5-14-17 C 3H	0.08559668	02/23/2025
42-389-41236	MARMACONDA STATE 2-5-14-17 D 4H	0.08667236	02/23/2025
42-389-41237	MARMACONDA STATE 2-5-14-17 E 5H	0.08727145	02/23/2025

From: Daniel Kong
Sent: Friday, March 14, 2025 10:52 AM
To: Sheryl Kohl <sheryl.kohl@coterra.com>
Cc: Mary Barnstone <Mary.Barnstone@GLO.TEXAS.GOV>
Subject: Unit memo for 5 ALPINE MARMOT wells

Hi Sheryl,

Please see the message below in yellow. It is for one well ALPINE I provide me the requested information?

42-389-41228
08-899965
spud 6/11/2024
first prod 1/2025
Phantom (Wolfcamp)
PSA # 00647

File No. MF110729
Reeves County
Nwt 14276
Date Filed: 3/21/25
Commissioner Dawn Buckingham, M.D.
By: MB Barnstap



Information for processing an Internal Non Unit Transaction (iNut)
Length of Lateral

iNut No. **14277**

GENERAL INFORMATION

Name of Well: Marmaconda State 2-5-14-17 B 2H (alloc) API # 42-389-41229
Name of Operator: Cimarex Energy Co. RRC # 08-899966
Operator Contact Person: Daniel Kong Phone: (281)589-5787
County: Reeves

ALLOCATION OF STATE UNITS AND/OR LEASES BASED ON LENGTH OF LATERAL

Lease Type	Unit/Lease No	Total Lateral Ft.	Unit or Lease Lateral Ft.	Unit or Lease Rylty Decimal	Lease Royalty Decimal	RRAC Participation Factor	State Participation by Unit/Lease
FR	13095/MF114160	17,548.00	5,282.60	0.02083301	0.06250000	0.10034416	0.00627151
FR	13095/MF114491	17,548.00	5,282.60	0.04166699	0.06250000	0.20069299	0.01254331
SF	MF110729	17,548.00	4,483.49	0.25000000	0.25000000	0.25549863	0.06387466
Totals:						0.55653579	0.08268948
Effective Date:	6/13/2024						State Net Royalty Revenue in Well

Name of Production Sharing Agreement, if any: PSA #00647

Comments: iNut traverses FR Unit 13095 and MF110729. Well spud 6/13/2024. First production 2/2025. Allocation based on Productive Lateral Length. Final, as-drilled plat and allocation information received 3/19/2025. Subject to PSA #00647.

Attach a plat showing the iNut well with length of laterals marked and the State lands marked.

Lease Types: Relinquishment Act Land (RAL), State Fee (SF), Free Royalty (FR), Unleased Riverbed (UR), Highway Right of Way (HROW), Unleased Highway (UH), Criminal Justice (TDCJ), Parks & Wildlife (TPW), Mineral Production Allocation (MPAA), Dept. of Aging (DADS), School for the Blind (SBVI), Stephen F. Austin (SFA), TX A&M (A&M).

Prepared by: mb Alamo updated by: mb WI updated by: mb
RAM approval by: VD GIS updated by: RL

DO NOT DESTROY



Texas General Land Office

UNIT AGREEMENT MEMO

INUT250001

Unit Number 14277
Operator Name Cimarex Energy Co. **Effective Date** 06/13/2024
Customer ID C000044010 **Unitized For** Oil And Gas
Unit Name Marmaconda State 2-5-14-17 B 2H (alloc) **Unit Term**
County 1 Reeves **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 iNut
State Net Revenue Interest Oil 0.08268948
State Part in Unit 0.55653579
Unit Depth Specified Depths **Well**
From Depth surface **Formation** Base of Wolfcamp
To Depth 100 feet below **Participation Basis** Length of Lateral
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
MF110729		0.000000	0.000000	0.25549863	O/G	0.25000000	0.06387466	No
MF114160		0.000000	0.000000	0.10034416	O/G	0.06250000	0.00627151	No
MF114491		0.000000	0.000000	0.20069299	O/G	0.06250000	0.01254331	No

<i>API Number</i>
4238941229

Remarks: iNut traverses FR Unit 13095 and MF110729. Well spud 6/13/2024. First production 2/2025. Allocation based on Productive Lateral Length. Final, as-drilled plat and allocation information received 3/19/2025. Subject to PSA #00647.

<i>Prepared By:</i>	<u> CMB </u>	<i>Prepared Date:</i>	<u> 3/21/25 </u>
<i>GLO Base Updated By:</i>	<u> CMB </u>	<i>GLO Base Date:</i>	<u> 3/21/25 </u>
<i>RAM Approval By:</i>	<u> VD </u>	<i>RAM Approval Date:</i>	<u> 3/21/25 </u>
<i>GIS By:</i>	<u> RL </u>	<i>GIS Date:</i>	<u> 4/8/25 </u>
<i>Well Inventory By:</i>	<u> CMB </u>	<i>WI Date:</i>	<u> 3/21/25 </u>

LEGEND:

- = SURFACE LOCATION
 ◆ = AS-DRILLED PENETRATION POINT/
 FIRST TAKE POINT/LAST TAKE POINT
 ○ = AS-DRILLED BOTTOM HOLE LOCATION
 ▲ = SECTION CORNERS
 LOCATED
 △ = SECTION CORNERS
 RE-ESTABLISHED
 (Not Set on Ground)
 ⊗ = PRODUCING WELLS
 ⊙ = PRODUCING BOTTOM HOLE
 ⊕ = ABANDONED WELLS
 □ = PROPOSED WELLS
 ⊗ = PROPOSED BOTTOM HOLE
 ○ = TAKE POINT
 — = UNIT LINE
 — = AS-DRILLED
 WELLBORE
 — = ABSTRACT LINE

[illegible]

ACREAGE TABLE	
ANACONDA STATE 55-2	640 ACRES
SHERIDAN 55-4-5	639.66 ACRES
MARMOT 55-14 UNIT	640 ACRES
TRACT 4	320 ACRES
TOTAL (Colled)	2239.66 ACRES

MARMOT 55-14 UNIT BREAKDOWN	
TRACT 1	213.33 ACRES
TRACT 2	426.67 ACRES
TOTAL (Acreage Supplied by Cimmaron Energy Co.)	640 ACRES

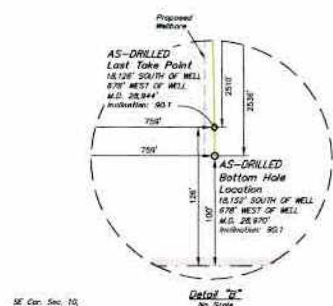
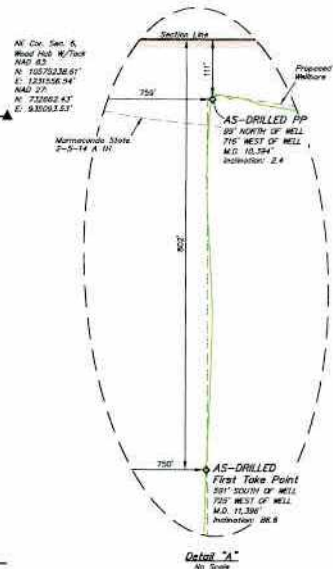
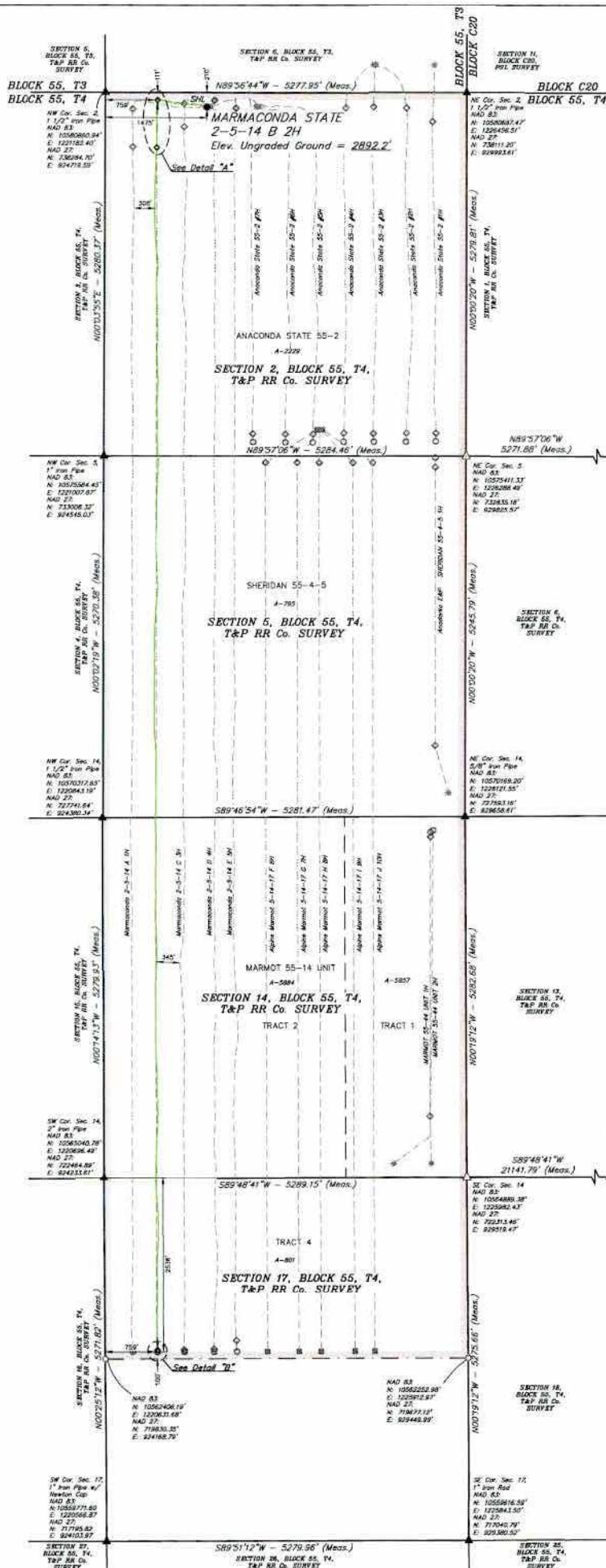
APPROXIMATE WELLBORE MEASURED DEPTH DISTANCE FROM FTP TO LTP	
Annexes State 55-2	6,483.49'
Sheridan 55-4-5	5,279.35'
Marmot 55-14 Unit	5,242.60'
Tract 6	2,211.32'
TOTAL	17,548.00'



NOTES:

- Participants interested in giving to various Texas and Texas-based are encouraged.
- Study of Bioethics is a Transcultural Movement Perspective with a General Mission of W1012507 (NAAC 83).
- All meetings, seminars & courses are free of charge.
- Grants include travel and living expenses. No interest in the validity of disbursements provided by other.
- No other services have been provided.
- Willingness to provide by CMAA/RESEARCH

UTMS, LLC
Regional Office 606 US Highway 345 N
Seminole, TX 79244 • (432) 955-6100
Corporate Office • 85 South 300 East
Vernal, UT 84078 • (435) 799-0111



CERTIFICATE
 THIS IS TO CERTIFY THAT THE ABOVE-DESCRIBED WILL
 LOCATION PLAT AND PHOTOGRAPH SURVEY ON THE
 GROUNDS OF THE FBI LABORATORY, AS PERFORMED BY
 ME OR UNDER MY SUPERVISION, IS A TRUE AND
 ACCURATE REPRESENTATION OF THE
 DECLARATION PROVIDED BY THE PERSON OR OTHER
 AGENCY, AND THAT IT IS NOT SUBJECT TO THE
 BEST OF MY KNOWLEDGE AND BELIEF.

PAUL S. BUCHELE
 6078 60

Paul S. Buchele

THIS IS TRUE AND CORRECT.
 DATE: 11-14-79

CIMAREX ENERGY CO.
MARMACONDA STATE 2-5-14 B 2H
210' FNL 1475' FWL
SECTION 2, BLOCK 55, T4, T&P RR Co. SURVEY
REEVES COUNTY, TEXAS

SURVEYED BY	J.H. C.S.	09-21-23	SCALE
DRAWN BY	T.R.	02-14-25	1" = 1000'

AS-DRILLED WELL LOCATION PLAT

Unit 14277

Mary Barnstone

From: Daniel Kong <Daniel.Kong@coterra.com>
Sent: Wednesday, March 19, 2025 12:04 PM
To: Mary Barnstone
Subject: [EXTERNAL] RE: Unit memo for 5 ALPINE MARMOT wells
Attachments: Marmaconda - Alpine Marmot - Combined As-Drilled Plats.pdf

Hi Mary,

Attached is As Drilled Plats for 10 Marmaconda/Alpine Marmot wells. Please let me know if you set up unit memo for all 10 wells. (Note: GLO's NRI for 6 Alpine Marmot wells at the bottom of email is not correct)

Thank you,
Daniel

API #	Well Name	NRI	First production
42-389-41232	ALPINE MARMOT 5-14-17 G 7H	.02569662	03/06/2025
42-389-41231	ALPINE MARMOT 5-14-17 F 6H	.02558571	03/06/2025
42-389-41233	ALPINE MARMOT 5-14-17 H 8H	.02552597	03/06/2025
42-389-41234	ALPINE MARMOT 5-14-17 I 9H	.02553050	03/06/2025
42-389-41235	ALPINE MARMOT 5-14-17 J 10H	.02589716	03/06/2025

API No production	Well Name	NRI	First
42-389-41228	MARMACONDA STATE 2-5-14-17 A 1H	0.08275347	02/18/2025
42-389-41229	MARMACONDA STATE 2-5-14-17 B 2H	0.08268948 ✓	02/18/2025
42-389-41230	MARMACONDA STATE 2-5-14-17 C 3H	0.08559668	02/23/2025
42-389-41236	MARMACONDA STATE 2-5-14-17 D 4H	0.08667236	02/23/2025
42-389-41237	MARMACONDA STATE 2-5-14-17 E 5H	0.08727145	02/23/2025

From: Daniel Kong
Sent: Friday, March 14, 2025 10:52 AM
To: Sheryl Kohl <sheryl.kohl@coterra.com>
Cc: Mary Barnstone <Mary.Barnstone@GLO.TEXAS.GOV>
Subject: Unit memo for 5 ALPINE MARMOT wells

Hi Sheryl,

Please see the message below in yellow. It is for one well ALPINE
provide me the requested information?

42 - 389 - 41229
08 - 899966
spud 6/13/24
first prod 1/2025
Phantom (Wolfcamp)
PSA # 00647

File No. MF110729
Reeves County
1 Nut 14277
Date Filed: 3/21/25
Commissioner Dawn Buckingham, M.D.
By: MB Barnstap



Information for processing an Internal Non Unit Transaction (iNut)
Length of Lateral

iNut No. 14278

GENERAL INFORMATION

Name of Well: Marmaconda State 2-5-14-17 C 3H (alloc) API # 42-389-41230
Name of Operator: Cimarex Energy Co. RRC # 08-899967
Operator Contact Person: Daniel Kong Phone: (281)589-5787
County: Reeves

ALLOCATION OF STATE UNITS AND/OR LEASES BASED ON LENGTH OF LATERAL

Lease Type	Unit/Lease No	Total Lateral Ft.	Unit or Lease Lateral Ft.	Unit or Lease Ryilty Decimal	Lease Royalty Decimal	RRAC Participation Factor	State Participation by Unit/Lease
FR	13095/MF114160	17,852.00	5,287.35	0.02083301	0.06250000	0.09872410	0.00617026
FR	13095/MF114491	17,852.00	5,287.35	0.04166699	0.06250000	0.19745280	0.01234080
SF	MF110729	17,852.00	4,790.45	0.25000000	0.25000000	0.26834248	0.06708562
Totals:						0.56451938	0.08559668
Effective Date:	6/14/2024						State Net Royalty Revenue in Well

Name of Production Sharing Agreement, if any: PSA #00647

Comments: iNut traverses FR Unit 13095 and MF110729. Well spud 6/14/2024. First production 2/2025. Allocation based on Productive Lateral Length. Final, as-drilled plat and allocation information received 3/19/2025. Subject to PSA #00647.

Attach a plat showing the iNut well with length of laterals marked and the State lands marked.

Lease Types: Relinquishment Act Land (RAL), State Fee (SF), Free Royalty (FR), Unleased Riverbed (UR), Highway Right of Way (HROW), Unleased Highway (UH), Criminal Justice (TDCJ), Parks & Wildlife (TPW), Mineral Production Allocation (MPAA), Dept. of Aging (DADS), School for the Blind (SBVI), Stephen F. Austin (SFA), TX A&M (A&M).

Prepared by: MB Alamo updated by: MB WI updated by: MB
RAM approval by: VD GIS updated by: RL

DO NOT DESTROY



Texas General Land Office

UNIT AGREEMENT MEMO

INUT250001

Unit Number 14278
Operator Name Cimarex Energy Co. **Effective Date** 06/14/2024
Customer ID C000044010 **Unitized For** Oil And Gas
Unit Name Marmacoda State 2-5-14-17 C 3H (alloc) **Unit Term**
County 1 Reeves **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 iNut
State Net Revenue Interest Oil 0.08559668
State Part in Unit 0.56451938
Unit Depth Specified Depths **Well**
From Depth surface **Formation** Base of Wolfcamp
To Depth 100 feet below **Participation Basis** Length of Lateral
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
MF110729		0.000000	0.000000	0.26834248	O/G	0.25000000	0.06708562	No
MF114160		0.000000	0.000000	0.09872410	O/G	0.06250000	0.00617026	No
MF114491		0.000000	0.000000	0.19745280	O/G	0.06250000	0.01234080	No

<i>API Number</i>
4238941230

Remarks:

iNut traverses FR Unit 13095 and MF110729. Well spud 6/14/2024. First production 2/2025. Allocation based on Productive Lateral Length. Final, as-drilled plat and allocation information received 3/19/2025. Subject to PSA #00647.

Prepared By:

 mrb

Prepared Date:

 3/21/25

GLO Base Updated By:

 mrb

GLO Base Date:

 3/21/25

RAM Approval By:

 VD

RAM Approval Date:

 3/21/25

GIS By:

 RL

GIS Date:

 4/8/25

Well Inventory Rev:

 mrb

WI Date:

 3/21/25

LEGEND:

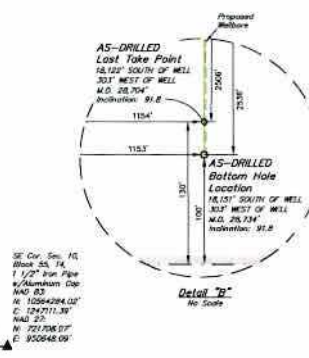
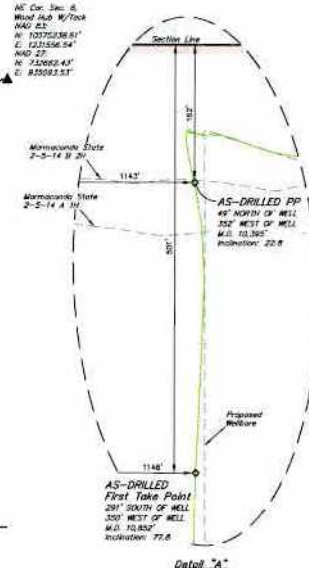
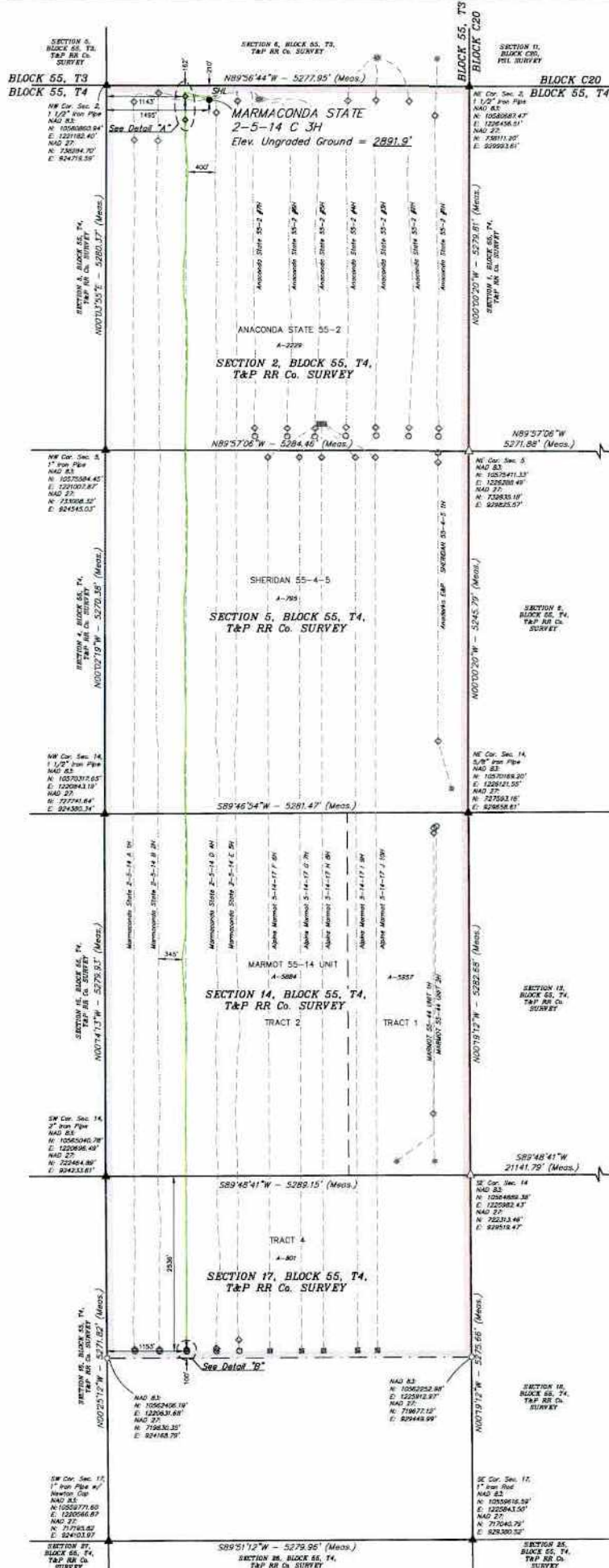
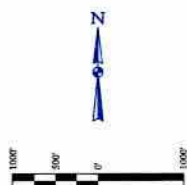
- = SURFACE LOCATION
- = AS-DRIILLED PENETRATION POINT/ FIRST TAKE POINT/LAST TAKE POINT
- = AS-DRIILLED BOTTOM HOLE LOCATION
- △ = SECTION CORNERS LOCATED
- △ = SECTION CORNERS NOT ESTABLISHED (Not Set on Ground)
- = PRODUCING WELLS
- = PRODUCING BOTTOM HOLE
- = ABANDONED WELLS
- = PROPOSED WELLS
- = PROPOSED BOTTOM HOLE
- = TAKE POINT
- = UNIT LINE
- = AS-DRIILLED WELLBORE
- = ABSTRACT LINE
- = TRACT LINE

NAD 83 (AS-DRIILLED) WELL LOCATION	SURVEY POINT
LATITUDE = 37°58'49" N (1.000000)	150' PNL
LONGITUDE = 107°47'34" W (1.000000)	150' PNL
NAD 83 (AS-DRIILLED) WELL LOCATION	LEASE POINT
LATITUDE = 37°58'49" N (1.000000)	150' PNL
LONGITUDE = 107°47'34" W (1.000000)	150' PNL
STATE PLANS NAD 83 (TX CENTRAL)	SURVEY
N: 1056603.47	TAP RR Co.
E: 1220145.47	ANAD.
S: 1056603.47	A-229
W: 1220145.47	
NAD 83 (AS-DRIILLED) WELL LOCATION	SURVEY POINT
LATITUDE = 37°58'49" N (1.000000)	150' PNL
LONGITUDE = 107°47'34" W (1.000000)	150' PNL
NAD 83 (AS-DRIILLED) WELL LOCATION	LEASE POINT
LATITUDE = 37°58'49" N (1.000000)	150' PNL
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N: 1056603.47	TAP RR Co.
E: 1220145.47	ANAD.
S: 1056603.47	A-229
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STATE PLANS NAD 83 (TX CENTRAL)	SURVEY
N: 1056603.47	TAP RR Co.
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STATE PLANS NAD 83 (TX CENTRAL)	SURVEY
N: 1056603.47	TAP RR Co.
E: 1220145.47	ANAD.
S: 1056603.47	A-229
W: 1220145.47	

ACREAGE TABLE	
ANACONDA STATE 55-2	640
SHERIDAN 55-4-5	639.66
MARMOT 55-14 UNIT	640
TRACT 4	320
TOTAL	2339.66
(Called)	ACRES

MARMOT 55-14 UNIT BREAKDOWN	
TRACT 1	213.33
TRACT 2	426.67
TOTAL	640
(Acreage Supplied by Cimarex Energy Co.)	ACRES

APPROXIMATE WELLBORE MEASURED DEPTH DISTANCE FROM FTP TO LTP	
Anaconda State 55-2	4,790.47
Sheridan 55-4-5	5,266.97
Marmot 55-14 Unit	5,267.37
TRACT 4	2,586.16
TOTAL	13,805.97



INet 14278

Mary Barnstone

From: Daniel Kong <Daniel.Kong@coterra.com>
Sent: Wednesday, March 19, 2025 12:04 PM
To: Mary Barnstone
Subject: [EXTERNAL] RE: Unit memo for 5 ALPINE MARMOT wells
Attachments: Marmaconda - Alpine Marmot - Combined As-Drilled Plats.pdf

Hi Mary,

Attached is As Drilled Plats for 10 Marmaconda/Alpine Marmot wells. Please let me know if you set up unit memo for all 10 wells. (Note: GLO's NRI for 6 Alpine Marmot wells at the bottom of email is not correct)

Thank you,
Daniel

API #	Well Name	NRI	First production
42-389-41232	ALPINE MARMOT 5-14-17 G 7H	.02569662	03/06/2025
42-389-41231	ALPINE MARMOT 5-14-17 F 6H	.02558571	03/06/2025
42-389-41233	ALPINE MARMOT 5-14-17 H 8H	.02552597	03/06/2025
42-389-41234	ALPINE MARMOT 5-14-17 I 9H	.02553050	03/06/2025
42-389-41235	ALPINE MARMOT 5-14-17 J 10H	.02589716	03/06/2025

API No production	Well Name	NRI	First
42-389-41228	MARMACONDA STATE 2-5-14-17 A 1H	0.08275347	02/18/2025
42-389-41229	MARMACONDA STATE 2-5-14-17 B 2H	0.08268948	02/18/2025
42-389-41230	MARMACONDA STATE 2-5-14-17 C 3H	0.08559668 ✓	02/23/2025
42-389-41236	MARMACONDA STATE 2-5-14-17 D 4H	0.08667236	02/23/2025
42-389-41237	MARMACONDA STATE 2-5-14-17 E 5H	0.08727145	02/23/2025

From: Daniel Kong
Sent: Friday, March 14, 2025 10:52 AM
To: Sheryl Kohl <sheryl.kohl@coterra.com>
Cc: Mary Barnstone <Mary.Barnstone@GLO.TEXAS.GOV>
Subject: Unit memo for 5 ALPINE MARMOT wells

Hi Sheryl,

Please see the message below in yellow. It is for one well ALPINE I provide me the requested information?

42-389-41230
08-899967
spud 6/14/24
first prod 1/2025
Phantom (Wolfcamp)
PSA #00647

19

File No. MF 110729
Reeves County
1 Nut 14278
Date Filed: 3/21/25
Commissioner Dawn Buckingham, M.D.
By: MR Baumstap



Information for processing an Internal Non Unit Transaction (iNut) *Length of Lateral*

iNut No. 14279

GENERAL INFORMATION

Name of Well: Marmaconda State 2-5-14-17 D 4H (alloc) API # 42-389-41236
Name of Operator: Cimarex Energy Co. RRC # 08-899968
Operator Contact Person: Daniel Kong Phone: (281)589-5787
County: Reeves

ALLOCATION OF STATE UNITS AND/OR LEASES BASED ON LENGTH OF LATERAL

Lease Type	Unit/Lease No	Total Lateral Ft.	Unit or Lease Lateral Ft.	Unit or Lease Rylty Decimal	Lease Royalty Decimal	RRAC Participation Factor	State Participation by Unit/Lease
FR	13095/MF114160	17,963.00	5,286.01	0.02083301	0.06250000	0.09808918	0.00613057
FR	13095/MF114491	17,963.00	5,286.01	0.04166699	0.06250000	0.19618293	0.01226143
SF	MF110729	17,963.00	4,906.08	0.25000000	0.25000000	0.27312142	0.06828035
Totals:						0.56739353	0.08667236
Effective Date:	6/15/2024						State Net Royalty Revenue in Well

Name of Production Sharing Agreement, if any: PSA #00647

Comments: iNut traverses FR Unit 13095 and MF110729. Well spud 6/15/2024. First production 2/2025. Allocation based on Productive Lateral Length. Final, as-drilled plat and allocation information received 3/19/2025. Subject to PSA #00647.

Attach a plat showing the iNut well with length of laterals marked and the State lands marked.

Lease Types: Relinquishment Act Land (RAL), State Fee (SF), Free Royalty (FR), Unleased Riverbed (UR), Highway Right of Way (HROW), Unleased Highway (UH), Criminal Justice (TDCJ), Parks & Wildlife (TPW), Mineral Production Allocation (MPAA), Dept. of Aging (DADS), School for the Blind (SBVI), Stephen F. Austin (SFA), TX A&M (A&M).

Prepared by: MB Alamo updated by: MB WI updated by: MB

RAM approval by: VD GIS updated by: RL

DO NOT DESTROY



Texas General Land Office

UNIT AGREEMENT MEMO

INUT250001

Unit Number 14279
Operator Name Cimarex Energy Co. **Effective Date** 06/15/2024
Customer ID C000044010 **Unitized For** Oil And Gas
Unit Name Marmacoda State 2-5-14-17 D 4H (alloc) **Unit Term**
County 1 Reeves **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 iNut
State Net Revenue Interest Oil 0.08667236
State Part in Unit 0.56739353
Unit Depth Specified Depths **Well**
From Depth surface **Formation** Base of Wolfcamp
To Depth 100 feet below **Participation Basis** Length of Lateral
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
MF110729		0.000000	0.000000	0.27312142	O/G	0.25000000	0.06828035	No
MF114160		0.000000	0.000000	0.09808918	O/G	0.06250000	0.00613057	No
MF114491		0.000000	0.000000	0.19618293	O/G	0.06250000	0.01226143	No

<i>API Number</i>
4238941236

Remarks: iNut traverses FR Unit 13095 and MF110729. Well spud 6/15/2024. First production 2/2025. Allocation based on Productive Lateral Length. Final, as-drilled plat and allocation information received 3/19/2025. Subject to PSA #00647.

<i>Prepared By:</i>	<u>MB</u>	<i>Prepared Date:</i>	<u>3/21/25</u>
<i>GLO Base Updated By:</i>	<u>MB</u>	<i>GLO Base Date:</i>	<u>3/21/25</u>
<i>RAM Approval By:</i>	<u>VD</u>	<i>RAM Approval Date:</i>	<u>3/21/25</u>
<i>GIS By:</i>	<u>RL</u>	<i>GIS Date:</i>	<u>4/8/25</u>
<i>Well Inventory By:</i>	<u>MB</u>	<i>WI Date:</i>	<u>3/21/25</u>

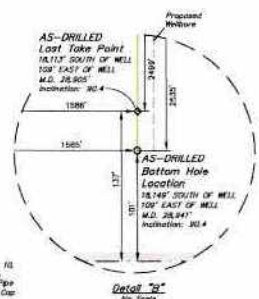
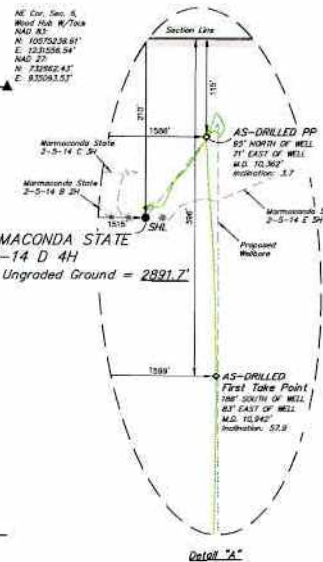
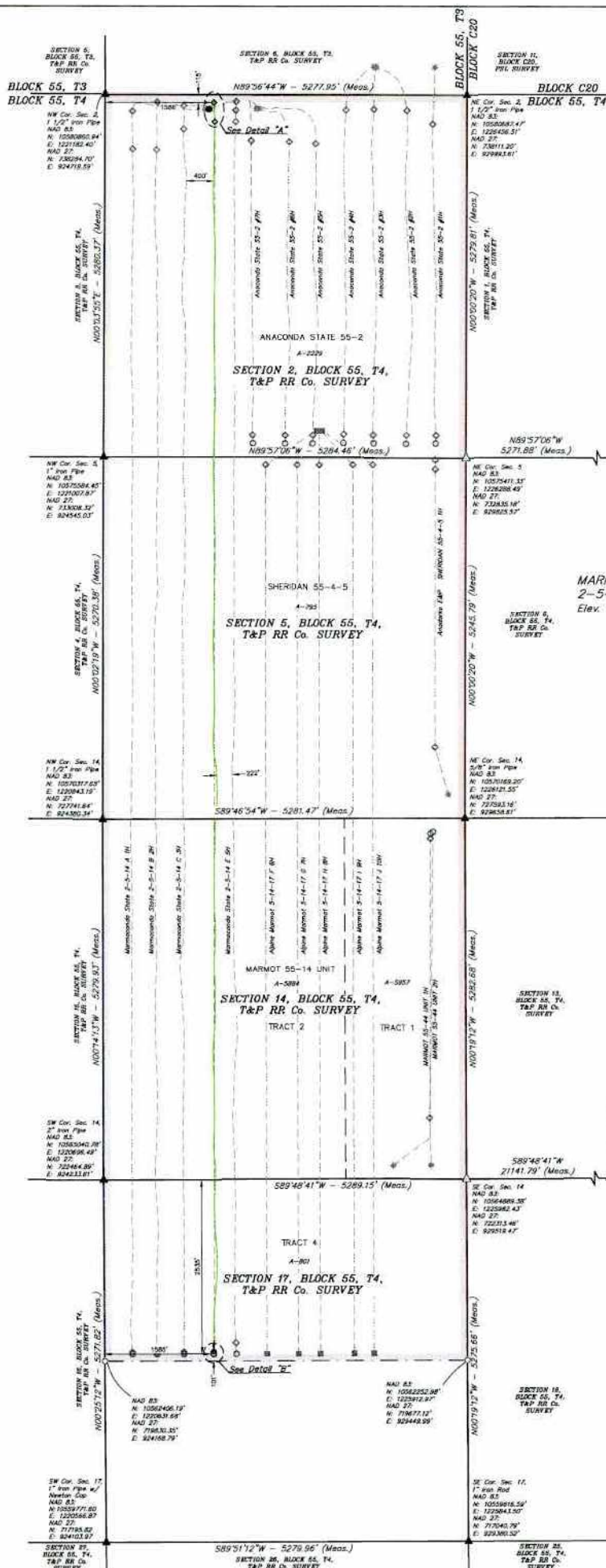
- = SURFACE LOCATION
- = AS-DRILLED PENETRATION POINT/
FIRST TAKE POINT/LAST TAKE POINT
- = AS-DRILLED BOTTOM HOLE LOCATION
- ▲ = SECTION CORNERS
LOCATED
- △ = SECTION CORNERS
NOT ESTABLISHED
(Not Set on Ground)
- = PRODUCING WELLS
- = PRODUCING BOTTOM HOLE
- = ABANDONED WELLS
- = PROPOSED WELLS
- = PROPOSED BOTTOM HOLE
- = TAKE POINT

[illegible]

ACREAGE TABLE	
ANACONDA STATE 55-2	640 ACRES
SHERIDAN 55-4-5	639.66 ACRES
MARMOT 55-14 UNIT	640 ACRES
TRACT 4	320 ACRES
TOTAL (Calcd)	2239.66 ACRES

MARMOT 55-14 UNIT BREAKDOWN	
TRACT 1	213.33 ACRES
TRACT 2	426.67 ACRES
TOTAL (Acreage Supplied by Census Energy Co.)	640 ACRES

APPROXIMATE WELLBORE MEASURED DEPTH DISTANCE FROM FTP TO LTP	
Anaconda State 55-2	4,906.00'
Sheridan 55-4-5	1,268.20'
Marmot 55-14 Unit	3,285.00'
Tract 4	2,362.81'
TOTAL	17,963.00'



CERTIFICATE
THIS IS TO CERTIFY THAT THIS AS-SKILLED WELD
LOCATION PLANT PLANT SPECIAL SURVEY ON THE
GROUNDING UNIFORMITY OF THE PLANT PERFORMED BY
ME OR UNDER MY CLOSELY SUPERVISED AND RECORDED
DOCUMENTED BY THE COMPANY PLANT PLANT OTHER
AGENTS OF THE PLANT PLANT PLANT PLANT TO THE
BEST OF MY KNOWLEDGE AND BELIEF.
PAUL S. BUCHELE
5675
Bucchele
Welding & Metal Fabrication, Inc. 1000 N. 10th St. Ste. 100
Tulsa, Oklahoma 74103-1000

CIMAREX ENERGY CO.
MARMACONDA STATE 2-5-14 D 4H
210' FNL 1515' FWL
SECTION 2, BLOCK 55, T4, T&P RR Co. SURVEY
REEVES COUNTY, TEXAS

SURVEYED BY	JH, CS	09-21-23	SCALE
DRAWN BY	T.L.R.	02-14-25	1" = 1000'

AS-DRILLED WELL LOCATION PLAT

INwt 14279

Mary Barnstone

From: Daniel Kong <Daniel.Kong@coterra.com>
Sent: Wednesday, March 19, 2025 12:04 PM
To: Mary Barnstone
Subject: [EXTERNAL] RE: Unit memo for 5 ALPINE MARMOT wells
Attachments: Marmaconda - Alpine Marmot - Combined As-Drilled Plats.pdf

Hi Mary,

Attached is As Drilled Plats for 10 Marmaconda/Alpine Marmot wells. Please let me know if you set up unit memo for all 10 wells. (Note: GLO's NRI for 6 Alpine Marmot wells at the bottom of email is not correct)

Thank you,
Daniel

API #	Well Name	NRI	First production
42-389-41232	ALPINE MARMOT 5-14-17 G 7H	.02569662	03/06/2025
42-389-41231	ALPINE MARMOT 5-14-17 F 6H	.02558571	03/06/2025
42-389-41233	ALPINE MARMOT 5-14-17 H 8H	.02552597	03/06/2025
42-389-41234	ALPINE MARMOT 5-14-17 I 9H	.02553050	03/06/2025
42-389-41235	ALPINE MARMOT 5-14-17 J 10H	.02589716	03/06/2025

API No production	Well Name	NRI	First
42-389-41228	MARMACONDA STATE 2-5-14-17 A 1H	0.08275347	02/18/2025
42-389-41229	MARMACONDA STATE 2-5-14-17 B 2H	0.08268948	02/18/2025
42-389-41230	MARMACONDA STATE 2-5-14-17 C 3H	0.08559668	02/23/2025
42-389-41236	MARMACONDA STATE 2-5-14-17 D 4H	0.08667236 ✓	02/23/2025
42-389-41237	MARMACONDA STATE 2-5-14-17 E 5H	0.08727145	02/23/2025

From: Daniel Kong
Sent: Friday, March 14, 2025 10:52 AM
To: Sheryl Kohl <sheryl.kohl@coterra.com>
Cc: Mary Barnstone <Mary.Barnstone@GLO.TEXAS.GOV>
Subject: Unit memo for 5 ALPINE MARMOT wells

Hi Sheryl,

Please see the message below in yellow. It is for one well ALPINE MARMOT 5-14-17 D 4H. Please provide me the requested information?

42-389-41236
08-899968
spud 6/15/24
first prod 1/2025
Phantom (Wolfcamp)
PSA #00647

File No. MF 110729
Reeves County
1 Nut 14279
Date Filed: 3/21/25
Commissioner Dawn Buckingham, M.D.
By: MB Bannister



Information for processing an Internal Non Unit Transaction (iNut)
Length of Lateral

iNut No. 14280

GENERAL INFORMATION

Name of Well: Marmaconda State 2-5-14-17 E 5H (alloc) API # 42-389-41237
Name of Operator: Cimarex Energy Co. RRC # 08-899969
Operator Contact Person: Daniel Kong Phone: (281)589-5787
County: Reeves

ALLOCATION OF STATE UNITS AND/OR LEASES BASED ON LENGTH OF LATERAL

Lease Type	Unit/Lease No	Total Lateral Ft.	Unit or Lease Lateral Ft.	Unit or Lease Rylty Decimal	Lease Royalty Decimal	RRAC Participation Factor	State Participation by Unit/Lease
FR	13095/MF114160	17,830.00	5,287.04	0.02083301	0.06250000	0.09884012	0.00617751
FR	13095/MF114491	17,830.00	5,287.04	0.04166699	0.06250000	0.19768484	0.01235530
SF	MF110729	17,830.00	4,902.44	0.25000000	0.25000000	0.27495457	0.06873864
Totals:						0.57147953	0.08727145
Effective Date:	6/16/2024						State Net Royalty Revenue in Well

Name of Production Sharing Agreement, if any: PSA #00647

Comments: iNut traverses FR Unit 13095 and MF110729. Well spud 6/16/2024. First production 2/2025. Allocation based on Productive Lateral Length. Final, as-drilled plat and allocation information received 3/19/2025. Subject to PSA #00647.

Attach a plat showing the iNut well with length of laterals marked and the State lands marked.

Lease Types: Relinquishment Act Land (RAL), State Fee (SF), Free Royalty (FR), Unleased Riverbed (UR), Highway Right of Way (HROW), Unleased Highway (UH), Criminal Justice (TDCJ), Parks & Wildlife (TPW), Mineral Production Allocation (MPAA), Dept. of Aging (DADS), School for the Blind (SBVI), Stephen F. Austin (SFA), TX A&M (A&M).

Prepared by: MB Alamo updated by: MB WI updated by: MB
RAM approval by: VD GIS updated by: RL

DO NOT DESTROY



Texas General Land Office

UNIT AGREEMENT MEMO

INUT250001

Unit Number 14280
Operator Name Cimarex Energy Co. **Effective Date** 06/16/2024
Customer ID C000044010 **Unitized For** Oil And Gas
Unit Name Marmacoda State 2-5-14-17 E 5H (alloc) **Unit Term**
County 1 Reeves **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 iNut
State Net Revenue Interest Oil 0.08727145
State Part in Unit 0.57147953
Unit Depth Specified Depths **Well**
From Depth surface **Formation** Base of Wolfcamp
To Depth 100 feet below **Participation Basis** Length of Lateral
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
MF110729		0.000000	0.000000	0.27495457	O/G	0.25000000	0.06873864	No
MF114160		0.000000	0.000000	0.09884012	O/G	0.06250000	0.00617751	No
MF114491		0.000000	0.000000	0.19768484	O/G	0.06250000	0.01235530	No

<i>API Number</i>
4238941237

Remarks: iNut traverses FR Unit 13095 and MF110729. Well spud 6/16/2024. First production 2/2025. Allocation based on Productive Lateral Length. Final, as-drilled plat and allocation information received 3/19/2025. Subject to PSA #00647.

Prepared By:	<u>mb</u>	Prepared Date:	<u>3/21/25</u>
GLO Base Updated By:	<u>mb</u>	GLO Base Date:	<u>3/21/25</u>
RAM Approval By:	<u>VD</u>	RAM Approval Date:	<u>3/21/25</u>
GIS By:	<u>RL</u>	GIS Date:	<u>4/8/25</u>
Well Inventory By:	<u>mb</u>	WI Date:	<u>3/21/25</u>

Nut 14280

Mary Barnstone

From: Daniel Kong <Daniel.Kong@coterra.com>
Sent: Wednesday, March 19, 2025 12:04 PM
To: Mary Barnstone
Subject: [EXTERNAL] RE: Unit memo for 5 ALPINE MARMOT wells
Attachments: Marmaconda - Alpine Marmot - Combined As-Drilled Plats.pdf

Hi Mary,

Attached is As Drilled Plats for 10 Marmaconda/Alpine Marmot wells. Please let me know if you set up unit memo for all 10 wells. (Note: GLO's NRI for 6 Alpine Marmot wells at the bottom of email is not correct)

Thank you,
Daniel

API #	Well Name	NRI	First production
42-389-41232	ALPINE MARMOT 5-14-17 G 7H	.02569662	03/06/2025
42-389-41231	ALPINE MARMOT 5-14-17 F 6H	.02558571	03/06/2025
42-389-41233	ALPINE MARMOT 5-14-17 H 8H	.02552597	03/06/2025
42-389-41234	ALPINE MARMOT 5-14-17 I 9H	.02553050	03/06/2025
42-389-41235	ALPINE MARMOT 5-14-17 J 10H	.02589716	03/06/2025

API No production	Well Name	NRI	First
42-389-41228	MARMACONDA STATE 2-5-14-17 A 1H	0.08275347	02/18/2025
42-389-41229	MARMACONDA STATE 2-5-14-17 B 2H	0.08268948	02/18/2025
42-389-41230	MARMACONDA STATE 2-5-14-17 C 3H	0.08559668	02/23/2025
42-389-41236	MARMACONDA STATE 2-5-14-17 D 4H	0.08667236	02/23/2025
42-389-41237	MARMACONDA STATE 2-5-14-17 E 5H	0.08727145 ✓	02/23/2025

From: Daniel Kong
Sent: Friday, March 14, 2025 10:52 AM
To: Sheryl Kohl <sheryl.kohl@coterra.com>
Cc: Mary Barnstone <Mary.Barnstone@GLO.TEXAS.GOV>
Subject: Unit memo for 5 ALPINE MARMOT wells

Hi Sheryl,

Please see the message below in yellow. It is for one well ALPIN provide me the requested information?

42-389-41237
08-899969
spud 6/16/2024
first prod 1/2025
phantom (wolfcamp)
PSA #00647

LEGEND:

- SURFACE LOCATION
- AS-DRILLED PENETRATION POINT / FIRST TAKE POINT/ LAST TAKE POINT
- AS-DRILLED BOTTOM HOLE LOCATION
- △ SECTION CORNERS
- △ SECTION CORNERS (Not Set on Ground)
- PRODUCING WELLS
- PRODUCING BOTTOM HOLE
- ABANDONED WELLS
- PROPOSED WELLS
- PROPOSED BOTTOM HOLE
- TAKE POINT
- UNIT LINE
- AS-DRILLED WELL/BORE
- AS-TRACT LINE
- TRACT LINE

NAD 83 (AS-DRILLED) HOLE LOCATION	SURVEY PERM
LATITUDE = 31°56'04" N (1.000000)	210 FNL
LONGITUDE = 105°47'50" W (1.000000)	210 FNL
NAD 83 (AS-DRILLED) HOLE LOCATION	LEASE PERM
LATITUDE = 31°56'04" N (1.000000)	210 FNL
LONGITUDE = 105°47'50" W (1.000000)	210 FNL
STATE PLANE NAD 83 (TX CENTRAL)	SURVEY
N 105°47'50" E 1.000000	TAP RR Co. SURVEY
STATE PLANE NAD 83 (TX CENTRAL)	SURVEY
N 105°47'50" E 1.000000	A-220

NAD 83 (AS-DRILLED) HOLE LOCATION	SURVEY PERM
LATITUDE = 31°56'04" N (1.000000)	210 FNL
LONGITUDE = 105°47'50" W (1.000000)	210 FNL
NAD 83 (AS-DRILLED) HOLE LOCATION	LEASE PERM
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STATE PLANE NAD 83 (TX CENTRAL)	SURVEY
N 105°47'50" E 1.000000	TAP RR Co. SURVEY
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STATE PLANE NAD 83 (TX CENTRAL)	SURVEY
N 105°47'50" E 1.000000	TAP RR Co. SURVEY
STATE PLANE NAD 83 (TX CENTRAL)	SURVEY
N 105°47'50" E 1.000000	A-220

NAD 83 (AS-DRILLED) HOLE LOCATION	SURVEY PERM
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N 105°47'50" E 1.000000	TAP RR Co. SURVEY
STATE PLANE NAD 83 (TX CENTRAL)	SURVEY
N 105°47'50" E 1.000000	A-220

ACREAGE TABLE

ANACONDA STATE 55-2	640
SHERIDAN 55-4-5	639.66
MARMOT 55-14 UNIT	640
TRACT 4	320
TOTAL	2239.66
(Called)	ACRES

MARMOT 55-14 UNIT BREAKDOWN

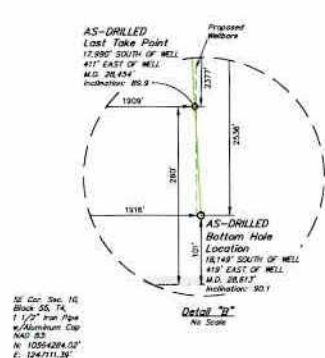
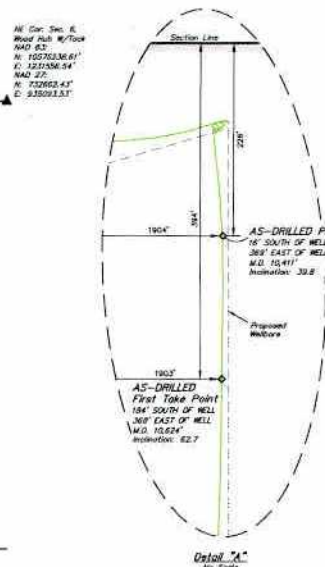
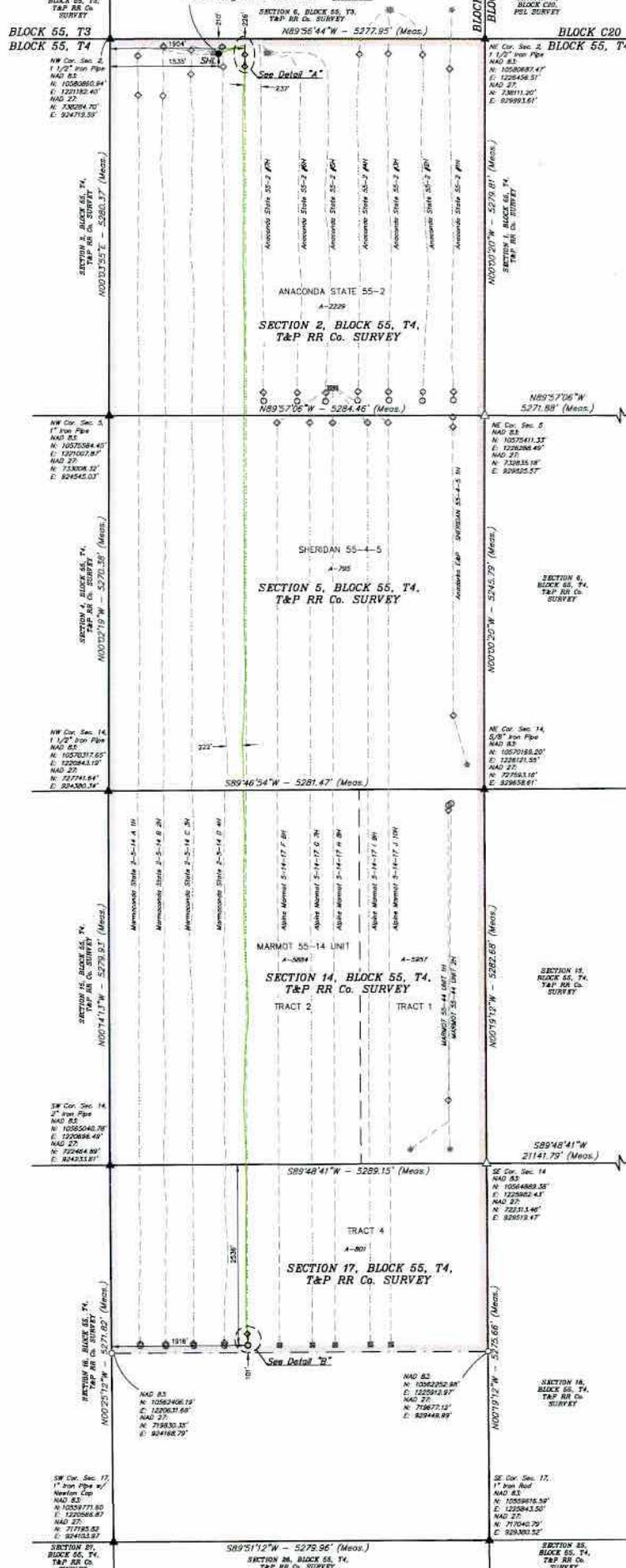
TRACT 1	213.33
TRACT 2	426.67
TOTAL	640
(Acreage Supplied by Cimarex Energy Co.)	ACRES

APPROXIMATE WELL BORE MEASURED DEPTH DISTANCE FROM FTP TO LTP

Anacanda State 55-2	6,902.44
Sheridan 55-4-5	5,280.87
Marmot 55-14 Unit	5,280.87
Tract 4	5,277.49
TOTAL	17,000.00

MARMACONDA STATE 2-5-14 E 5H

Elev. Ungraded Ground = 2891.4'



File No. MF110729
Reeves County
1 Nut 14280
Date Filed: 3/21/25
Commissioner Dawn Buckingham, M.D.
By: MB Barnstep



CIMAREX ENERGY CO
PO BOX 4544
Houston TX 77210-4544

MF114169 MF114491 NADOA Model Form Division Order (Adopted 9/95)
OIL AND GAS DIVISION ORDER
MF 110729

Date: 06/04/2025
Effective Date: 02/01/2025

704630-08
Owner: TEXAS GENERAL LAND OFFICE
LAND OFFICE STATE OF TEXAS
LOCKBOX ACCOUNT
PO BOX 12873
AUSTIN TX 78711-2873

? Net 14276

Description : MARMACONDA STATE 2-5-14-17 A 1H
Complete Property Description Listed Below
Product: ___ Oil ___ Gas _X_ Other: ALL PRODUCTS

Owner

TEXAS GENERAL LAND OFFICE	Owner Number: 704630-08
Decimal Interest: 0.01880695 ✓	Interest Type: NPRI Pay Code: RELIEVED
Decimal Interest: 0.06394652	Interest Type: RI Pay Code: RELIEVED

Property Description

Property: 411348696	MARMACONDA STATE 2-5-14-17 A 1H
Operator: COTERRA ENERGY OPERATING	Location: REEVES TX

Map Reference Information

T&P RR CO SURVEY A SECTION BLOCK 55
REEVES COUNTY TX

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: _____

Federal Law requires you to furnish your Social Security or Taxpayer Identification Number.
Failure to comply will result in 24% tax withholding and will not be refundable by Payor.



CIMAREX ENERGY CO
PO BOX 4544
Houston TX 77210-4544

OIL AND GAS DIVISION ORDER

Date: 06/04/2025
Effective Date: 02/01/2025

704630-08

Owner: TEXAS GENERAL LAND OFFICE

LAND OFFICE STATE OF TEXAS

LOCKBOX ACCOUNT

PO BOX 12873

AUSTIN TX 78711-2873

INut 14277

Description : MARMACONDA STATE 2-5-14-17 B 2H

Complete Property Description Listed Below

Product: ___ Oil ___ Gas X Other: ALL PRODUCTS**Owner**

TEXAS GENERAL LAND OFFICE

Owner Number: 704630-08

Decimal Interest: 0.01881482 ✓

Interest Type: NPRI

Pay Code: RELIEVED

Decimal Interest: 0.06387466

Interest Type: RI

Pay Code: RELIEVED

Property Description

Property: 411348695

MARMACONDA STATE 2-5-14-17 B 2H

Operator: COTERRA ENERGY OPERATING

Location: REEVES TX

Map Reference Information

T&P RR CO SURVEY A SECTION BLOCK 55
REEVES COUNTY TX

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Owner(s) Daytime Phone #: _____

Owner(s) FAX Number: _____

Owner(s) Email Address: _____

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CIMAREX ENERGY CO
PO BOX 4544
Houston TX 77210-4544

OIL AND GAS DIVISION ORDER

Date: 06/04/2025
Effective Date: 02/01/2025

704630-08

Owner: TEXAS GENERAL LAND OFFICE

LAND OFFICE STATE OF TEXAS

LOCKBOX ACCOUNT

PO BOX 12873

AUSTIN TX 78711-2873

ing 14278

Description : MARMACONDA STATE 2-5-14-17 C 3H

Complete Property Description Listed Below

Product: ___ Oil ___ Gas _X_ Other: ALL PRODUCTS

Owner

TEXAS GENERAL LAND OFFICE

Owner Number: 704630-08

Decimal Interest: 0.01851106 ✓

Interest Type: NPRI

Pay Code: RELIEVED

Decimal Interest: 0.06708562

Interest Type: RI

Pay Code: RELIEVED

Property Description

Property: 411348694

MARMACONDA STATE 2-5-14-17 C 3H

Operator: COTERRA ENERGY OPERATING

Location: REEVES TX

Map Reference Information

T&P RR CO SURVEY A SECTION BLOCK 55
REEVES COUNTY TX

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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: _____

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CIMAREX ENERGY CO
PO BOX 4544
Houston TX 77210-4544

OIL AND GAS DIVISION ORDER

Date: 06/04/2025
Effective Date: 02/01/2025

704630-08
Owner: TEXAS GENERAL LAND OFFICE
LAND OFFICE STATE OF TEXAS
LOCKBOX ACCOUNT
PO BOX 12873
AUSTIN TX 78711-2873

Print 14279

Description : MARMACONDA STATE 2-5-14-17 D 4H

Complete Property Description Listed Below

Product: ___ Oil ___ Gas _X_ Other: ALL PRODUCTS

Owner

TEXAS GENERAL LAND OFFICE

Owner Number: 704630-08

Decimal Interest: 0.01839201 ✓

Interest Type: NPRI

Pay Code: RELIEVED

Decimal Interest: 0.06828035 ✓

Interest Type: RI

Pay Code: RELIEVED

Property Description

Property: 411348693

MARMACONDA STATE 2-5-14-17 D 4H

Operator: COTERRA ENERGY OPERATING

Location: REEVES TX

Map Reference Information

T&P RR CO SURVEY A SECTION BLOCK 55
REEVES COUNTY TX

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CIMAREX ENERGY CO

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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: _____

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CIMAREX ENERGY CO
PO BOX 4544
Houston TX 77210-4544

OIL AND GAS DIVISION ORDER

Date: 06/04/2025
Effective Date: 02/01/2025

704630-08

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

*input 14280***Description :** MARMACONDA STATE 2-5-14-17 E 5H

Complete Property Description Listed Below

Product: ___ Oil ___ Gas X Other: ALL PRODUCTS**Owner**

TEXAS GENERAL LAND OFFICE

Owner Number: 704630-08

Decimal Interest: 0.06873864 ✓

Interest Type: RI

Pay Code: RELIEVED

Decimal Interest: 0.01853282

Interest Type: NPRI

Pay Code: RELIEVED

Property Description

Property: 411348692

MARMACONDA STATE 2-5-14-17 E 5H

Operator: COTERRA ENERGY OPERATING

Location: REEVES TX

Map Reference Information

T&P RR CO SURVEY A SECTION BLOCK 55
REEVES COUNTY TX

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CIMAREX ENERGY CO

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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: _____

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TEXAS GENERAL LAND OFFICE
COMMISSIONER DAWN BUCKINGHAM, M.D.

June 5, 2025

Cyrus Perkins, CDOA
Senior Division Order Analyst
Coterra Energy, Inc.
840 Gessner Rd, Suite 1370
Houston, TX 77024

Re: State Lease Nos. MF114160, MF110729 and MF114491 Marmaconda State 2-5-14-17 A 1H
iNut 14276, B 2H iNut 14277, C 3H iNut 14278, D 4H and E 5H iNut 14280

Dear Mr. Perkins:

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

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 Zamora
Landman, Energy Resources

File No. MF110729

County

Division Order

Date Filed: 6/6/2025

Commissioner Dawn Buckingham, M.D.

By: VB