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Archives and Records Staff

MF111815

ODA-0003

<i>State Lease</i>	<i>Control</i>	<i>Base File</i>	<i>County</i>
MF111815	04-020044	127800	REEVES

<i>Survey</i>	PUBLIC SCHOOL LAND	
<i>Block</i>	57	
<i>Block Name</i>		
<i>Township</i>		
<i>Section/Tract</i>	25	
<i>Land Part</i>		
<i>Part Description</i>		
<i>Acres</i>	240	
<i>Depth Below</i>	<i>Depth Above</i>	<i>Depth Other</i>
		See Lease
<i>Name</i>	CIMAREX ENERGY CO.	
<i>Lease Date</i>	10/5/2010	
<i>Primary Term</i>	5 yrs	
<i>Bonus (\$)</i>	\$312,240.00	
<i>Rental (\$)</i>	\$5.00	
<i>Lease Royalty</i>	0.2500	

Leasing: MR
Analyst: _____
Maps: CH
GIS: AS

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3. TRANSMITTAL LETTER	10/29/10	(18) Correspondence 7/6/18
4. CERTIFIED COPY OF LEASE	12/20/10	scanned PT 7-18-2018
5. Letter + fee	12/20/10	Sec # 29 in M-111340 For the 2019
6. Delay Rental - 2 nd yr.	9/26/11	Plan of Dev. - Grisham-State Unit
7. Rental Payment - 3 rd yr.	09/12/2012	scanned PT 1-14-2019
Scanned sm	4/4/13	Sec # 32 in M-111340 For 3rd Ann to Grisham Unit
8. Rentals - 4 th year	09/19/2013	scanned PT 7-12-2019
Scanned DD	10/28/13	19. Damages Pmt 10/8/21
Sec # 8 in M-111340 For Grisham-State Unit #6241		Scanned sm 10/14/2021
9. Rentals - 5 th yr.	09/24/2014	see MF111341 # 37 Surface Damage Pmt
scanned PT	3-2-15	Scanned TG 4/13/2022
10. Ltr. From Cimwex	3/3/15	see MF111341 #38 Division Order
11. Ltr. to Cimwex	3/3/15	scanned PT 12-6-2022
12. Pooling Agrmt Packet # 7197		20. Division Order 12-13-2022
Big Timber State Unit 2H	3/3/15	scanned WM 12-28-2022
13. Ltr. From Cimwex	4/15/15	21. Division Order 2/27/2023
14. Recorded Pooling Agrmt # 7197	4/15/15	Scanned sm 03/07/2023
scanned PT	6-5-15	22. Surface charges 2/26/24
see #'s 10-24 in M-111340 for info on the Grisham state unit		scanned WM 2-29-2024
See #26 in M-111340 For the 2017 Plan		23. Surface Damage Payment 6/21/2024
of Dev. For the Grisham State Unit ONA #3		Scanned sm 06/26/2024
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15. Request to Gas Lift	3/30/17	
16. Agree to Gas Lift	3/30/17	
scanned PT	5-22-2017	
See # 28 in M-111340 For the 2018		
Plan of Dev. For the Grisham-State Unit		
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17. Recon Billing	4/8/18	
scanned PT	1-9-2018	

M- 111815

For GLO Use Only



OCTOBER 5, 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, SUITE 600
 City: MIDLAND State: TX Zip: 79701
 (Include +4 Code)
 Telephone: (432) 571-7800

AREA DESCRIPTION

County(ies): REEVES Survey/Area: PUBLIC SCHOOL LAND
 (If Applicable)
 Block/Tsp.: 57 Section/Tract: 25 Acres: 240.00
 (If Applicable)

BID SUBMISSION

(A) Bonus Amount (\$ 312,240.00)
three hundred twelve thousand two hundred forty and ^{no}/₁₀₀
 (type/print above)
 (B) Sales Fee Amount (\$ 4,683.60)
four thousand six hundred eighty three and ⁶⁰/₁₀₀
 (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.

24

APPLICANT NAME

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

CIMAREX ENERGY CO. (\$ 312,240.00)
 (same as above)

STATE OF TEXAS
TAX I.D. #

(must be an 11-digit number)

SIGNATURE OF
AGENT

(signature)

ROGER ALEXANDER
 (type/print name)

11701177

X 4,683.60

312,240.00

4,683.60

File No.

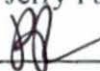
MF 111815

Date Filed:

10/5/10

Jerry Patterson, Commissioner

By



10. 2.10

The State of Texas



Austin, Texas

OIL AND GAS LEASE NO. M-111815

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 25, BLOCK 57, PUBLIC SCHOOL LAND SURVEY, REEVES COUNTY, TEXAS, CONTAINING APPROXIMATELY 240 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 **5th day of October, 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 **5th day of October, 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** had offered the highest and best bid for a lease of the area above described and is, therefore, entitled to receive a lease thereon:

NOW, THEREFORE, I, Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas, hereinafter sometimes referred to as "Lessor," whose address is Austin, Texas, by virtue of the authority vested in me and in consideration of the payment by the hereinafter designated Lessee, the sum of **THREE HUNDRED TWELVE THOUSAND TWO HUNDRED FORTY AND 00/100 Dollars (\$312,240.00)**, 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, the right to grant third parties seismic, geophysical and geological permits and to enter into other agreements with third parties, which allow such third parties to conduct geophysical, geological or seismic surveys on, over, under, through and across the land covered herein during the term of this lease; and 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 workmanlike manner without interruptions totaling more than sixty (60) days. If such drilling or reworking operations result in the production of oil or gas, the lease shall remain in full force and effect for so long as oil or gas is produced from the leased premises in paying quantities or payment of shut-in oil or gas well royalties or payment of compensatory royalties is made as provided herein or as provided by law. If the drilling or reworking operations result in the completion of a well as a dry hole, the lease will not terminate if the Lessee commences additional drilling or reworking operations within sixty (60) days after the completion of the well as a dry hole, and this lease shall remain in effect so long as Lessee continues drilling or reworking operations in good faith and in a workmanlike manner without interruptions totaling more than sixty (60) days. Lessee shall give written notice to the General Land Office within thirty (30) days of any cessation of production.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

and 52.137 through 52.140. In the event this lease covers land franchised or leased or otherwise used by a navigation district or by the United States for the purpose of navigation or other purpose incident to the operation of a port, then Lessee shall not be entitled to enter or possess such land without prior approval as provided under Section 61.117 of the Texas Water Code, but Lessee shall be entitled to develop such land for oil and gas by directional drilling; provided, however, that no surface drilling location may be nearer than 660 feet and special permission from the Commissioner of the General Land Office is necessary to make any surface location nearer than 2,160 feet measured at right angles from the nearest bulkhead line or from the nearest dredged bottom edge of any channel, slip, or turning basin which has been authorized by the United States as a federal project for future construction, whichever is nearer.

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

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

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

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

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

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

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

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

2.

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

File No. MF 111815
Lease
 Date Filed: 10/5/10
 Jerry Patterson, Commissioner
 By: [Signature]

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 _____

(CORPORATION ACKNOWLEDGMENT)

COUNTY OF _____

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 _____

(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 _____

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

October 29, 2010

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

Dear Mr. Alexander:

Thank you for participating in the General Land Office Oil and Gas Lease Sale held on October 5, 2010. I am pleased to inform you that Cimarex Energy Co. was the high bidder on **MGL. No. 24**, which has been assigned the lease number **M-111815**.

State Lease M-111815 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 111 815

910 letter

Date Filed: 10/29/10

Jerry Patterson, Commissioner

By 

FILE # 4511

Lease Form
Revised 7/10
Surveyed School Land

The State of Texas



Austin, Texas

OIL AND GAS LEASE NO. M-111815

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 25, BLOCK 57, PUBLIC SCHOOL LAND SURVEY, REEVES COUNTY, TEXAS, CONTAINING APPROXIMATELY 240 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 **5th day of October, 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 **5th day of October, 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** had offered the highest and best bid for a lease of the area above described and is, therefore, entitled to receive a lease thereon:

NOW, THEREFORE, I, **Jerry E. Patterson**, Commissioner of the General Land Office of the State of Texas, hereinafter sometimes referred to as "Lessor," whose address is Austin, Texas, by virtue of the authority vested in me and in consideration of the payment by the hereinafter designated Lessee, the sum of **THREE HUNDRED TWELVE THOUSAND TWO HUNDRED FORTY AND 00/100 Dollars (\$312,240.00)**, 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; the right to grant third parties seismic, geophysical and geological permits and to enter into other agreements with third parties, which allow such third parties to conduct geophysical, geological or seismic surveys on, over, under, through and across the land covered herein during the term of this lease; and 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

(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 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.



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.

[Signature]
LESSOR
BY: Roger Alexander
TITLE: Attorney-in-Fact for Cimarex Energy Co.
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.

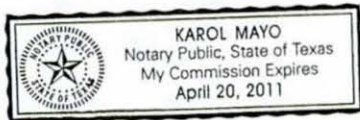
[Signature]
COMMISSIONER OF THE GENERAL LAND OFFICE
OF THE STATE OF TEXAS
APPROVED
Contents [Signature]
Legal [Signature]
DC [Signature]
Exec [Signature]

STATE OF TEXAS
COUNTY OF MIDLAND

(CORPORATION ACKNOWLEDGMENT)

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

Given under my hand and seal of office this the 15th day of NOVEMBER, 2010



Karol Mayo
Notary Public in and for STATE OF TEXAS

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 _____

FILE # 4511

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

FILED FOR RECORD ON THE 29TH DAY OF NOVEMBER A.D. 2010 9:52 A M.

DULY RECORDED ON THE 6TH DAY OF DECEMBER A.D. 2010 9:00 A M.

BY: [Signature], DEPUTY

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS



True and Correct
copy of
Original filed in
Reeves County
Clerk's Office

4.

File No. MF 111815

Certified lease

Date Filed: 12/20/10

[Signature]
Jerry Patterson, Commissioner

15.00.10

**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. 854, PAGE 28, THRU 32.

I hereby certify on 12/20/2010



DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS
BY [Signature] DEPUTY

Cimarex Energy Co.

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432.571.7800



December 15, 2010

Mineral Leasing Division
Texas General Land Office
Attn: Drew Reid
P.O. Box 12873
Austin, TX 78701-1495

Certified Mail #91 7108 2133 3938 4681 5185

**RE: Mineral Classified Leases
All of Section 25, Block 57, PSL Survey
Reeves County, TX**

Dear Mr. Reid,

Please find enclosed a certified copy of the Oil and Gas Lease filed of record in Reeves County, Texas covering the above captioned lands. Specifically, please find the following certified copy:

Lessor: State of Texas Lease No. M-111815
Recorded: Book 859, P. 28

Additionally, please find enclosed a \$25.00 check to cover the filing fee for the above lease.

Please respond with written verification of receipt of the above check, along with written verification of receipt and acceptance of the above recorded lease. If I can be of further assistance, please contact me at the number below.

Sincerely,

A handwritten signature in blue ink that reads "Tish E. Maney". The signature is fluid and cursive.

Tish E. Maney
(432) 571-7892



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

Check Number 0001347048

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ217111110	11/11/2010		25.00	0.00	25.00
					181 11703637

023492

← Vendor

Check Date: 11/18/2010

Check Amount →

25.00

5.

File No. MF11815

Letter & fee

Date Filed: 12/20/10

Jerry Patterson, Commissioner

By JP

15.50.10

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

Check Number 0004004920

CIMAPEX	Invoice #	Oblig. Date	Description	Lessor	Net Amount
	OBL20110921-24	09/21/2011	COMMISSIONER OF THE GENERAL DELAY RENTALS TX420067012946-001 ST-TX #M-111815 Payee: COMMISSIONER OF THE GENERA LAND OFFICE STATE OF TEXAS AUSTIN, TX 78711-2873 Payee Tax ID: [REDACTED] Prospect: TX420067012946001 ST OF TEXAS M-1118 Lease Date: 10/05/2010 Oblig Type: PAYMENT REQUIRED Due Dt: 10/05/2011 Freq: 1 Year Book 859/Page 28/Registry 004511 Reeves/TX	ST OF TEXAS M-111815	1,200.00 12701075 COPY Ⓢ
030618	Payee	Check Date: 09/22/2011	Check Amount	1,200.00	



Invoice #	Oblig. Date	Description	Lessor	Net Amount
OBL20110921-24	09/21/2011	COMMISSIONER OF THE GENERAL DELAY RENTALS TX420067012946-001 ST-TX #M-111815 Payee: COMMISSIONER OF THE GENERA LAND OFFICE STATE OF TEXAS AUSTIN, TX 78711-2873 Payee Tax ID [REDACTED] Prospect: TX420067012946001 ST OF TEXAS M-1118 Lease Date: 10/05/2010 Oblig Type: PAYMENT REQUIRED Due Dt: 10/05/2011 Freq: 1 Year Book 859/Page 28/Registry 004511 Reeves/TX	ST OF TEXAS M-111815	1,200.00

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 SEP 26 2011

BY RENTAL PAYMENT

PLEASE DATE, SIGN AND RETURN

030618	Payee	Check Date: 09/22/2011	Check Amount	1,200.00
--------	-------	------------------------	--------------	----------

Pay One Thousand Two Hundred Dollars and Zero Cents

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

0004004920 09/22/2011 1,200.00

NON-NEGOTIABLE

(6)

File No. MF 11415
Delay Rental

Date Filed: 9/26/11
Jerry E. Patterson, Commissioner
By EA

0-50-77

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



Check Number **0004005472**

Invoice #	Oblig. Date	Description	Lessor	Net Amount
OBL20120910-56	09/10/2012	COMMISSIONER OF THE GENERAL DELAY RENTALS TX420067012946-001 ST-TX #M-111815 Payee: COMMISSIONER OF THE GENERA LAND OFFICE STATE OF TEXAS AUSTIN, TX 78711-2873 Payee Tax ID [REDACTED] Prospect: [REDACTED] TX420067012946001 ST OF TEXAS M-1118 Lease Date: 10/05/2010 Oblig Type: PAYMENT REQUIRED Due Dt: 10/05/2012 Freq: 1 Year Book 859/Page 28/Registry 004511 Reeves/TX (P)	ST OF TEXAS M-111815 121	1,200.00 X 13700637
030618	Payee	Check Date: 09/11/2012	Check Amount	1,200.00



Invoice #	Oblig. Date	Description	Lessor	Net Amount
OBL20120910-56	09/10/2012	COMMISSIONER OF THE GENERAL DELAY RENTALS TX420067012946-001 ST-TX #M-111815 Payee: COMMISSIONER OF THE GENERAL LAND OFFICE STATE OF TEXAS AUSTIN, TX 78711-2873 Payee Tax ID [REDACTED] Prospect: TX420067012946001 ST OF TEXAS M-1118 Lease Date: 10/05/2010 Oblig Type: PAYMENT REQUIRED Due Dt: 10/05/2012 Freq: 1 Year Book 859/Page 28/Registry 004511 Reeves/TX	ST OF TEXAS M-111815	1,200.00

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 SEP 17 2012

BY for RENTAL PAYMENT

PLEASE DATE, SIGN AND RETURN

030618	← Payee	Check Date: 09/11/2012	Check Amount →	1,200.00
--------	---------	------------------------	----------------	----------

Pay One Thousand Two Hundred Dollars and Zero Cents

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

0004005472 09/11/2012 1,200.00

NON-NEGOTIABLE

File No. ME111815

⑦

Rental Payment

Date Filed: 09/12/2012

Jerry E. Patterson, Commissioner

By JEP

8.11.12

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



Check Number **0004005932**

Invoice #	Oblig. Date	Description	Lessor	Net Amount
OBL20130912-18	09/12/2013	COMMISSIONER OF THE GENERAL DELAY RENTALS TX420067012946-001 ST-TX #M-111815 Payee: COMMISSIONER OF THE GENERA LAND OFFICE STATE OF TEXAS AUSTIN, TX 78711-2873 Payee Tax ID: [REDACTED] Prospect: TX420067012946001 ST OF TEXAS M-1118 Lease Date: 10/05/2010 Oblig Type: PAYMENT REQUIRED Due Dt: 10/05/2013 Freq: 1 Year Book 859/Page 28/Registry 004511 Reeves/TX (P) Rentals - 4 th year	ST OF TEXAS M-111815	6,000.00 121 14700927
030618	Payee	Check Date: 09/13/2013	Check Amount	6,000.00



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

WELLS FARGO BANK NA

56-382/412

14700927

Present for payment within 180 days.

Payee No.	Check No	Check Date	Check Amount
030618	0004005932	09/13/2013	*****\$6,000.00

PAY Six Thousand 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 Korns
Sherrill M. Nitta

SIGNATURE HAS A COLORED BACKGROUND - BORDER CONTAINS MICROPRINTING

⑈0004005932⑈

PLEASE DETACH AT PERFORATION ABOVE

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

PLEASE DETACH AT PERFORATION ABOVE



Check Number **0004005932**

Invoice #	Oblig. Date	Description	Lessor	Net Amount
OBL20130912-18	09/12/2013	COMMISSIONER OF THE GENERAL DELAY RENTALS TX420067012946-001 ST-TX #M-111815 Payee: COMMISSIONER OF THE GENERA LAND OFFICE STATE OF TEXAS AUSTIN, TX 78711-2873 Payee Tax ID: [REDACTED] Prospect: TX420067012946001 ST OF TEXAS M-1118 Lease Date: 10/05/2010 Oblig Type: PAYMENT REQUIRED Due Dt: 10/05/2013 Freq: 1 Year Book 859/Page 28/Registry 004511 Reeves/TX	ST OF TEXAS M-111815	X 6,000.00 121 14700927



Invoice #	Oblig. Date	Description	Lessor	Net Amount
OBL20130912-18	09/12/2013	COMMISSIONER OF THE GENERAL DELAY RENTALS TX420067012946-001 ST-TX #M-111815 Payee: COMMISSIONER OF THE GENERAL LAND OFFICE STATE OF TEXAS AUSTIN, TX 78711-2873 Payee Tax ID: [REDACTED] Prospect: TX420067012946001 ST OF TEXAS M-1118 Lease Date: 10/05/2010 Oblig Type: PAYMENT REQUIRED Due Dt: 10/05/2013 Freq: 1 Year Book 859/Page 28/Registry 004511 Reeves/TX	ST OF TEXAS M-111815	6,000.00

RECEIPT

INSTRUCTIONS TO DEPOSITORY: You have been designated as depository for delay remains 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 09/19/2013

BY [Signature] for GHO

PLEASE DATE, SIGN AND RETURN

030618 ← Payee Check Date: 09/13/2013 Check Amount → 6,000.00

Pay Six Thousand Dollars and Zero Cents

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

0004005932 09/13/2013 6,000.00

File No. MF111815 ⑧

Rentals- 4th year

Date Filed: 09/19/2013

Jerry E. Patterson, Commissioner

By JEP

CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 1800
DENVER CO 80203-4518

CIMAREX

(303) 295-3995

Check Number 0004006300

Invoice #	Oblig. Date	Description	Lessor	Net Amount
OBL20140915-19	09/15/2014	COMMISSIONER OF THE GENERAL DELAY RENTALS TX420067012946-001 ST-TX #M-111815 Payee: COMMISSIONER OF THE GENERA LAND OFFICE STATE OF TEXAS AUSTIN, TX 78711-2873 Payee Tax ID: [REDACTED] Prospect: TX420067012946001 ST OF TEXAS M-1118 Lease Date: 10/05/2010 Oblig Type: PAYMENT REQUIRED Due Dt: 10/05/2014 Freq: 1 Year Book 859/Page 28/Registry 004511 Reeves/TX	ST OF TEXAS M-111815	6,000.00

RENTAL PAYMENT

5th yr.

P

15701354

121

030618

Payee

Check Date: 09/16/2014

Check Amount

6,000.00



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

WELLS FARGO BANK NA

56-382/412

15701354

Present for payment within 180 days.

Payee No.	Check No	Check Date	Check Amount
030618	0004006300	09/16/2014	*****\$6,000.00

PAY Six Thousand 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 Korns
Sherril M. Nitta

⑈0004006300⑈

PLEASE DETACH AT PERFORATION ABOVE



CIMAREX ENERGY CO
1700 LINCOLN STREET SUITE 1800
DENVER CO 80203-4518

(303) 295-3995

PLEASE DETACH AT PERFORATION ABOVE

Check Number 0004006300

Invoice #	Oblig. Date	Description	Lessor	Net Amount
OBL20140915-19	09/15/2014	COMMISSIONER OF THE GENERAL DELAY RENTALS TX420067012946-001 ST-TX #M-111815 Payee: COMMISSIONER OF THE GENERAL LAND OFFICE STATE OF TEXAS AUSTIN, TX 78711-2873 Payee Tax ID: [REDACTED] Prospect: TX420067012946001 ST OF TEXAS M-1118 Lease Date: 10/05/2010 Oblig Type: PAYMENT REQUIRED Due Dt: 10/05/2014 Freq: 1 Year Book 859/Page 28/Registry 004511 Reeves/TX	ST OF TEXAS M-111815	6,000.00

15701354

121

030618

Payee

Check Date: 09/16/2014

Check Amount

6,000.00

File No. ME111815

⑨

Rentals - 5th year

Date Filed: 09/24/2014

Jerry E. Patterson, Commissioner

By JEP

0.54.14

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



January 7, 2015

Via: Federal Express Mail

Texas General Land Office
Attn: J. Daryl Morgan, CPL
P.O. Box 12873
Austin, TX 78701-1495

Re: Pooling Agreements
Reeves County, Texas

Dear Daryl:

Enclosed herewith, in duplicate, are signed and notarized originals of the Pooling Agreements for the Strawberry State 72-17 Unit #1H and Big Timber 57-25 Unit #1H.

I understand that fully-executed originals will be returned to us for recording in the Public Records.

Please contact the undersigned at (432) 571-7856 or by e-mail at htrenser@cimarex.com if there is anything further that you should require.

Sincerely,

Cimarex Energy Co.

A handwritten signature in dark ink, appearing to read "Hayden Tresner".

Hayden Tresner
Landman

Cc: Flip Whitworth (Via e-mail)

(10)

File No. M-111815

Ltr. From Cymwck

Date Filed: 3/3/15

Jerry E. Patterson Commissioner

By Me



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

January 16, 2015

Mr. Hayden Tresner
Cimarex Energy Co.
600 N. Marienfeld Street, Suite 600
Midland, Texas 79701

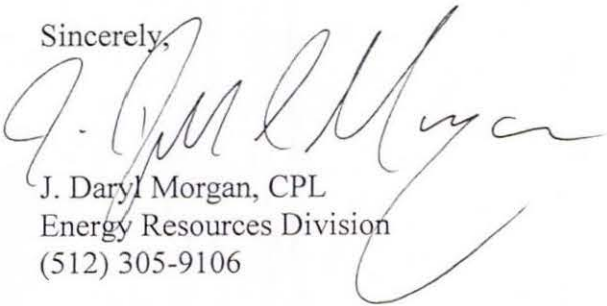
Re: Pooling Agreements
Strawberry State 72-17 Unit #1H - GLO Unit No. 7192
Big Timber State 57-25 Unit #1H - GLO Unit No. 7197
Reeves County, Texas

Dear Mr. Tresner:

Enclosed is a duplicate original of each of the above referenced Pooling Agreements that has been executed by George P. Bush, Commissioner of the Texas General Land Office ("GLO"). We have retained the other original of each Agreement for our files. Please refer to the referenced GLO Unit Nos. for each Unit when filing Royalty Reports with the GLO.

Thank you for your assistance with this matter, if you have any questions or need anything further, please do not hesitate to contact me.

Sincerely,



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

Enclosures

DO NOT DESTROY



Texas General Land Office
UNIT AGREEMENT MEMO

UPA148524

Unit Number 7197
Operator Name Cimarex Energy Co.
Customer ID C000018859
Unit Name Big Timber State 57-25 Unit #1H
County 1 Reeves RRC District 1 08
County 2 RRC District 2
County 3 RRC District 3
County 4 RRC District 4
Unit type Permanent
State Net Revenue Interest 0.12505987
State Part in Unit 0.50023946
Unit Depth Specified Depths
From Depth 10234 TVD
To Depth 15722 TVD
Well Formation Top of Wolfcamp to Base of Wolfcamp
Participation Basis Surface Acreage
If Exclusions Apply: See Remarks

Effective Date 12/09/2014
Unitized For Oil And Gas
Unit Term
Old Unit Number Inactive Status Date

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	Lease Royalty	Tract Royalty Participation	Royalty Rate Reduction Clause
MF111815	1	208.900000	417.600000	0.50023946	0.25000000	0.12505987	No

API Number

389-34633 ✓

Remarks:

Prepared By:

REW

Prepared Date:

12-9-14

GLO Base Updated By:

REW

GLO Base Date:

12-9-14

RAM Approval By:

VDD

RAM Approval Date:

12-18-14

GIS By:

ML

GIS Date:

4-6-15

Well Inventory By:

MB

WI Date:

12/9/14

Pooling Committee Report

To: School Land Board

UPA148524

Date of Board Meeting: 12/09/2014

Unit Number: 7197

Effective Date: 12/09/2014

Unit Expiration Date:

Applicant: Cimarex Energy Co.

Attorney Rep: H. Philip Whitworth

Operator: CIMAREX ENERGY CO

Unit Name: Big Timber State 57-25 Unit #1H

Field Name: Phantom (Wolfcamp)

County: Reeves

<u>Lease Type</u>	<u>Lease Number</u>	<u>Lease Royalty</u>	<u>Expiration Date</u>	<u>Lease Term</u>	<u>Lease Acres</u>	<u>Lease Acres In Unit</u>	<u>Royalty Participation</u>
U Fee	MF111815	0.25000000	10/05/2015	5 years	240.000000	208.900000	0.12505987

Private Acres:	208.700000
State Acres:	208.900000
Total Unit Acres:	417.600000

<u>Participation Basis:</u>	Surface Acreage
Surface Acreage	
<u>State Acreage:</u>	50.02%
<u>State Net Revenue Interest:</u>	12.51%

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

<u>RRC Rules:</u>	<u>Spacing Acres:</u>
Yes	704 acres for a 10430 foot lateral

Working File Number: UPA148524

REMARKS:

- Cimarex Energy Co. is requesting permanent oil and gas pooling from 10,234 feet TVD to 15,722 feet TVD as seen on the Tempest State 57-35 #1H well log (42-389-33784) and the Helmerich & Payne, Inc. Harrison State #14-1 well log (42-389-32189) in order to test the Wolfcamp Formation.
- The applicant plans to spud the unit well on January 15, 2015, with a proposed TD of 10,660 feet TVD. A 10,430 foot lateral is expected to be drilled.
- With approval of the unit the State's unit royalty participation will be 12.51%.
- The State will participate on a unitized basis from the date of first production.
- The applicant is requesting that the retained acreage clause in the leases be amended such that all depths terminate below the base of the pooled interval rather than 100 feet below the deepest depth drilled.

POOLING COMMITTEE RECOMMENDATION:

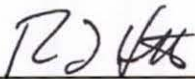
The Pooling Committee recommends Board approval of a permanent oil and gas unit under the above-stated provisions.



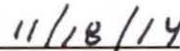
Mary Smith - Office of the Attorney General



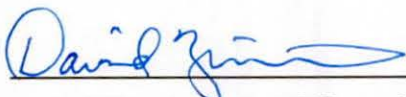
Date



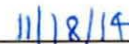
Robert Hatter - General Land Office



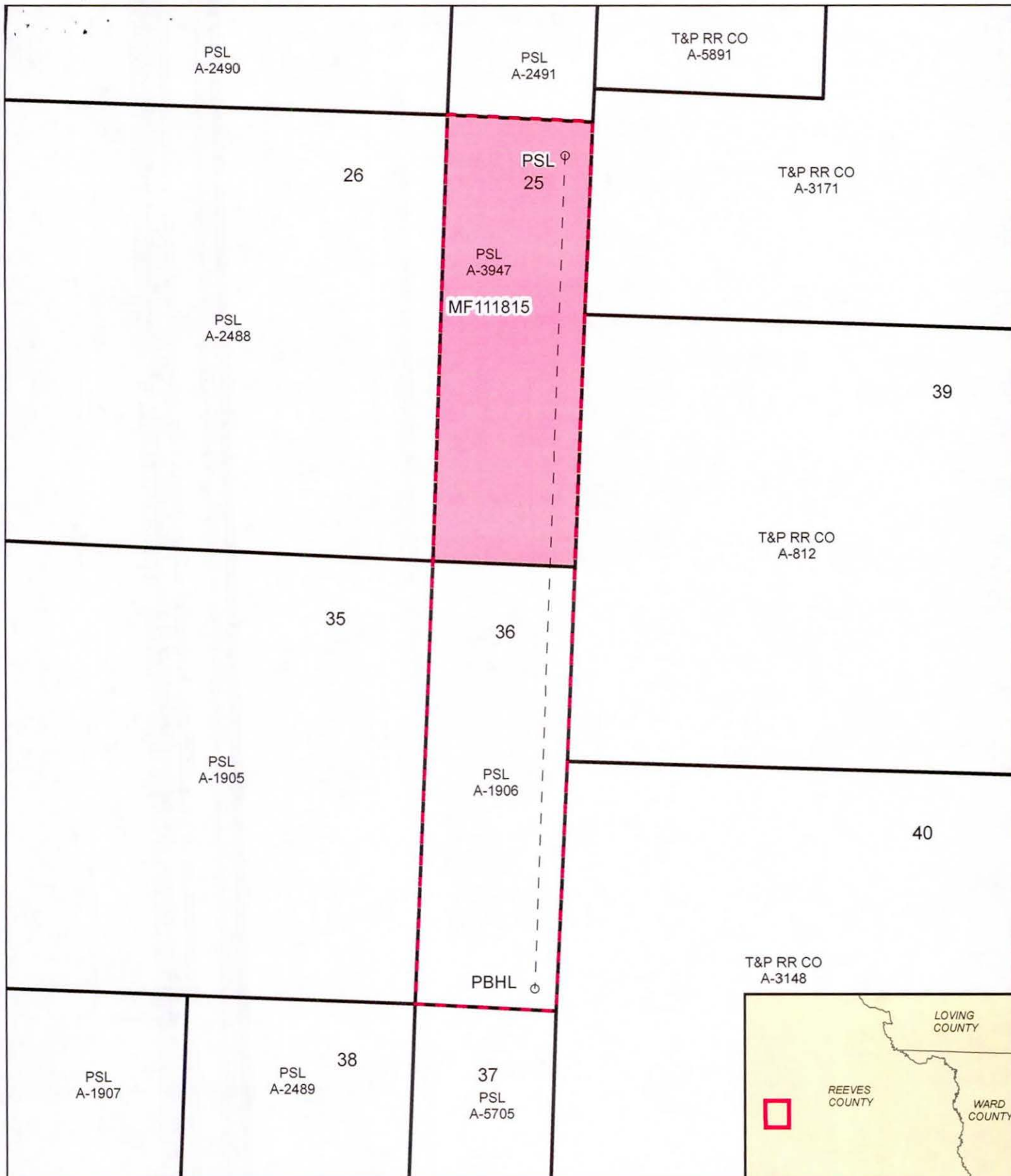
Date



David Zimmerman - Office of the Governor



Date



Unit #7197
Cimarex Energy Co.
Big Timber State 57-25 Unit #1H
Phantom (Wolfcamp) Field
Reeves County, Texas

1,500 750 0 1,500 Feet

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



Map Generated by:
Mark Conway
IS/BAS/GIS
December 2014

POOLING AGREEMENT
CIMAREX ENERGY CO.
BIG TIMBER STATE 57-25 UNIT #1H
GLO UNIT NO. 7197
REEVES COUNTY, TEXAS

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

PURPOSES:

1.

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

UNIT DESCRIPTION:

2.

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

MINERAL POOLED:

3.

The mineral pooled and unitized ("pooled mineral") hereby shall be oil and gas including all hydrocarbons that may be produced from an oil well or a gas well as such wells are recognized and designated by the Railroad Commission of Texas or other state regulatory agency having jurisdiction of the drilling and production of oil and gas wells. The pooled mineral shall extend to those depths underlying the surface boundaries of the pooled unit in the stratigraphic interval or its correlative equivalent occurring from 10,234 feet TVD to 15,722 feet TVD, the top being seen on the log of the Tempest State 57-35 #1H Well, API No. 42-389-33784 and the base being seen on the log of the Harrison State #14-1 Well, API No. 42-389-32189 ("unitized interval").

POOLING AND EFFECT:

4.

The parties hereto commit all of their interests which are within the unit to the extent and as above described into said unit and unitize and pool hereunder the separate tracts described on the attached Exhibit "B", for and during the term hereof, so that such pooling or unitization shall have the following effect:

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

510

within said unit; provided, however, that shut-in oil or gas well royalty shall be paid to the State on each State lease wholly or partially within the unit, according to the terms of such lease as though such shut-in oil or gas well were located on said lease, it being agreed that shut-in royalties provided in each State lease shall not be shared with other royalty owners.

- (f) Notwithstanding any other provision hereof, it is expressly agreed that each State lease may be maintained in force as to areas lying outside the unitized area described in Exhibit "B" only as provided in each such lease without regard to unit operations or unit production. Neither production of the pooled mineral, nor unit operations with respect thereto, nor the payment of shut-in royalties from a unit well, shall serve to hold any State lease in force as to any area outside the unitized area described in Exhibit "B" regardless of whether the production or operations on the unit are actually located on the State lease or not. "Area" as used in this paragraph shall be based upon surface acres to the end that, except as may otherwise be provided in each State Lease, the area inside the surface boundaries of the pooled unit, if held, will be held as to all depths and horizons.
- (g) If the Railroad Commission of Texas (or any other Texas regulatory body having jurisdiction) shall adopt special field rules providing for oil and/or gas proration units of less than 417 acres, then Lessee agrees to either (1) drill to the density permitted by the Railroad Commission, (2) make application to the School Land Board of the State of Texas to reform the unit to comply with Railroad Commission unit rules, or (3) make application to the School Land Board of the State of Texas for such remedy as may be agreeable to the Board.
- (h) This Agreement shall not relieve Lessee from the duty of protecting the State leases described in Exhibit "A" and the State lands within the boundaries of the pooled unit described in Exhibit "B" from drainage from any well situated on privately owned land, lying outside the unitized area described in Exhibit "B", but, subject to such obligation, Lessee may produce the allowable for the entire unit as fixed by the Railroad Commission of Texas or other lawful authority, from any one or more wells completed thereon.
- (i) There shall be no obligation to drill internal offsets to any other well on separate tracts within the pooled unit, nor to develop the lands within the boundaries thereof separately, as to the pooled mineral.
- (j) Should this Agreement terminate for any cause, the leases and other contracts affecting the lands within the unit, if not then otherwise maintained in force and effect, shall remain and may be maintained in force and effect under their respective terms and conditions in the same manner as though there had been production or operations under said lease or contract and the same had ceased on the date of the termination of this Agreement.

ALLOCATION OF PRODUCTION:

5.

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

TAKING ROYALTY IN KIND:

6.

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

FULL MARKET VALUE:

7.

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

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

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

EFFECTIVE DATE:

8.

Upon execution by the Commissioner of the General Land Office of the State of Texas this Agreement shall become effective as of December 9, 2014.



TERM:

9.

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

SPECIAL TERMS AND CONDITIONS:

10.

Notwithstanding anything contained herein or in State Lease M-111815, described in Exhibit "A" to the contrary, on the date of termination of the deeper depths as provided in Paragraph 7(B) of said State Lease, the Lease shall terminate as to all depths below the unitized interval on the acreage included in the unit rather than as to all depths 100 feet below the total depth drilled. The depths below the unitized interval can be maintained for an additional two years and so long thereafter as oil or gas is produced in paying quantities as provided in said Paragraph 7(B).

STATE LAND:

11.

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

DISSOLUTION:

12.

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

RATIFICATION/WAIVER:

13.

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

COUNTERPARTS:

13.

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

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

Date Executed

11/5/15

STATE OF TEXAS

Legal
Content
Geology
Executive

[Handwritten signature]

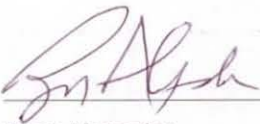
By:

[Handwritten signature]

George P. Bush, Commissioner
General Land Office

Date Executed 1/5/2015

CIMAREX ENERGY CO.

By: 
Roger Alexander
Its: Attorney-in-Fact

JA

CERTIFICATE

I, Stephanie Crenshaw, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on December 9, 2014, the foregoing instrument was presented to and approved by said Board under the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, all of which is set forth in the Minutes of the Board of which I am custodian.

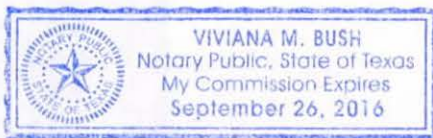
IN TESTIMONY WHEREOF, witness my hand this the 16th day of January, 2015.


Secretary of the School Land Board

STATE OF TEXAS

COUNTY OF MIDLAND

This instrument was acknowledged before me on January 5, 2015, by Roger Alexander,
as Attorney-in-Fact of Cimarex Energy Co. a Delaware corporation
on behalf of said corporation.




Notary Public in and for the State of Texas

EXHIBIT "A"

Attached to and made a part of that certain Pooling Agreement for the Big Timber State 57-25 Unit #1H, GLO Unit No. 7197, effective December 9, 2014, between the Commissioner of the General Land Office, on behalf of the State of Texas, as Lessor, and Cimarex Energy Co., as Lessee

OIL AND GAS LEASES

State Lease No.: MF111815
Dated: October 5, 2010
Recorded: Volume 859, Page 28, Official Public Records, Reeves County, Texas
Lessor: Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas
Lessee: Cimarex Energy Co.

Legal
Description: Block 57, Public School Lands Survey
Section 25: All
Containing 240 acres of land, more or less, in total
Reeves County, Texas

Dated: June 23, 2010
Recorded: Volume 851, Page 666, Official Public Records, Reeves County, Texas
Lessor: Bank of America, N.A., as Trustee of the Florence Marie Hall Trust; as Trustee of the Florence Thelma Hall Testamentary Trust; and as Trustee
Lessee: Cimarex Energy Co.

Legal
Description: Block 57, Public School Lands Survey
Section 36: All
Containing 205.75 acres of land, more or less, in total
Reeves County, Texas

570 . 1

EXHIBIT "B"

Attached to and made a part of that certain Pooling Agreement for the Big Timber State 57-25 Unit #1H, GLO Unit No. 7197, effective December 9, 2014, between the Commissioner of the General Land Office, on behalf of the State of Texas, as Lessor, and Cimarex Energy Co., as Lessee

LEGAL DESCRIPTION OF UNIT

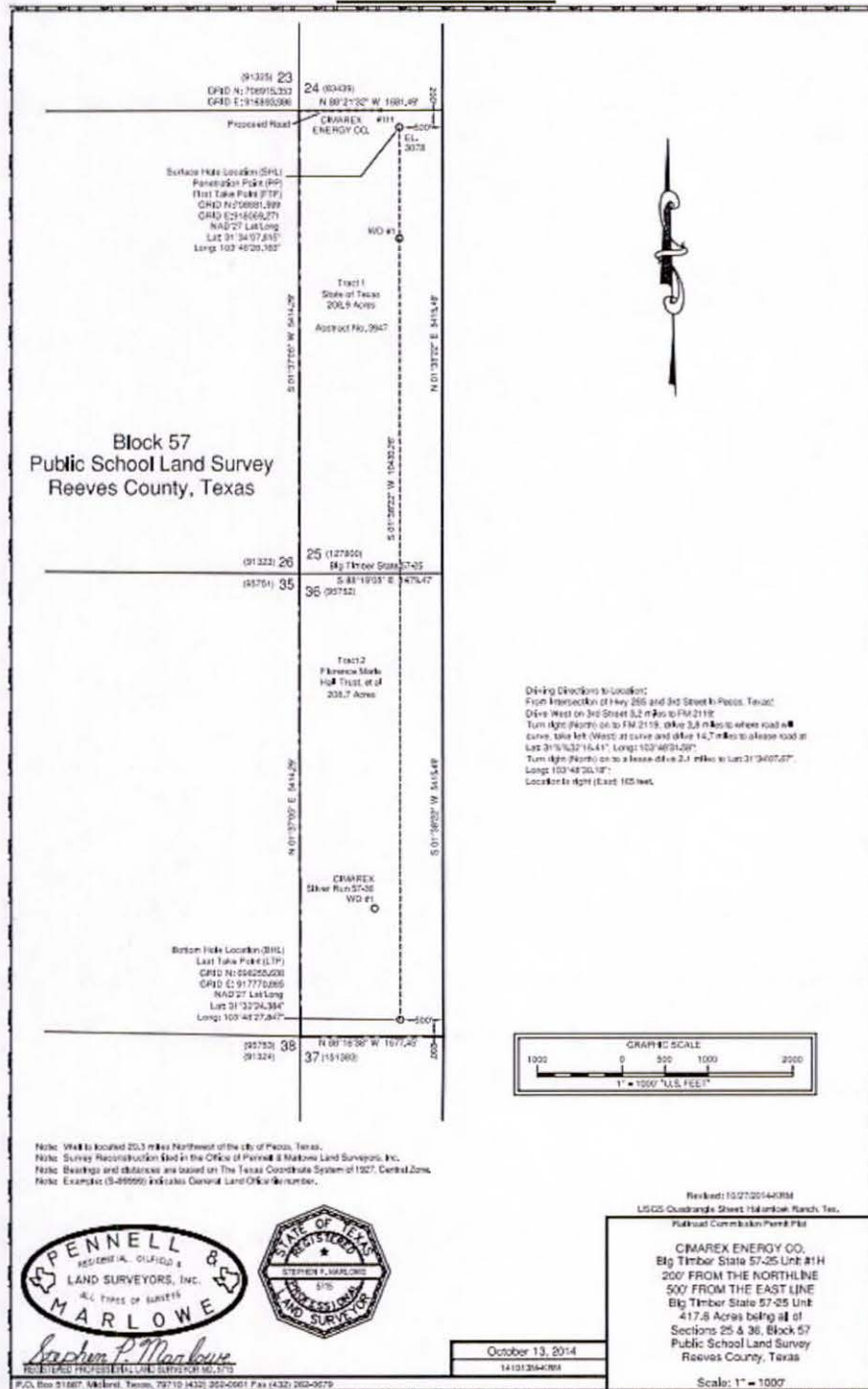
All of Section 25 and all of Section 36, Block 57, Public School Lands Survey, Reeves County, Texas, containing 417.6 acres of land, more or less, in total

57.0 .1

EXHIBIT "C"

Attached to and made a part of that certain Pooling Agreement for the Big Timber State 57-25 Unit #1H, GLO Unit No. 7197, effective December 9, 2014, between the Commissioner of the General Land Office, on behalf of the State of Texas, as Lessor, and Cimarex Energy Co., as Lessee

PLAT OF UNIT



(12)

File No. M-111815
Pooling Agent Packet # 7197
Big Timber State Unit 2H
Date Filed: 3/3/15
Jerry E. Patterson, Commissioner
By [Signature]

44

23

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



April 14, 2015

Texas General Land Office
Energy Resources Division
Attn: J. Daryl Morgan, CPL
1700 North Congress Ave.
Austin, Texas 78701-1495

Via-Federal Express

Re: Pooling Agreement M-116044
Strawberry State 72-17 Unit #1H
GLO Unit No. 7192
Reeves County, TX

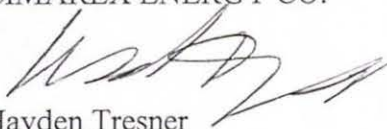
Pooling Agreement M-111815
Big Timber State 57-25 Unit #1H
GLO Unit No. 7197
Reeves County, TX

Dear Mr. Morgan:

Enclosed herewith are two (2) recorded copies of the Pooling Agreements for the Strawberry State 72-17 Unit #1H and the Big Timber State 57-25 Unit #1H.

If you have any questions or concerns, please do not hesitate to contact me. Thank you for your time and attention to this matter.

Regards,
CIMAREX ENERGY CO.


Hayden Tresner
Landman
Direct No. (432) 571-7856

HT:ps
Enclosures as stated

13

File No. M-111815

County

Ltr. From Cimex

Date Filed: 4/15/15

George P. Bush, Commissioner

By [Signature]

POOLING AGREEMENT
CIMAREX ENERGY CO.
BIG TIMBER STATE 57-25 UNIT #1H
GLO UNIT NO. 7197
REEVES COUNTY, TEXAS

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

PURPOSES:

1.

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

UNIT DESCRIPTION:

2.

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

MINERAL POOLED:

3.

The mineral pooled and unitized ("pooled mineral") hereby shall be oil and gas including all hydrocarbons that may be produced from an oil well or a gas well as such wells are recognized and designated by the Railroad Commission of Texas or other state regulatory agency having jurisdiction of the drilling and production of oil and gas wells. The pooled mineral shall extend to those depths underlying the surface boundaries of the pooled unit in the stratigraphic interval or its correlative equivalent occurring from 10,234 feet TVD to 15,722 feet TVD, the top being seen on the log of the Tempest State 57-35 #1H Well, API No. 42-389-33784 and the base being seen on the log of the Harrison State #14-1 Well, API No. 42-389-32189 ("unitized interval").

POOLING AND EFFECT:

4.

The parties hereto commit all of their interests which are within the unit to the extent and as above described into said unit and unitize and pool hereunder the separate tracts described on the attached Exhibit "B", for and during the term hereof, so that such pooling or unitization shall have the following effect:

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

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within said unit; provided, however, that shut-in oil or gas well royalty shall be paid to the State on each State lease wholly or partially within the unit, according to the terms of such lease as though such shut-in oil or gas well were located on said lease, it being agreed that shut-in royalties provided in each State lease shall not be shared with other royalty owners.

- (f) Notwithstanding any other provision hereof, it is expressly agreed that each State lease may be maintained in force as to areas lying outside the unitized area described in Exhibit "B" only as provided in each such lease without regard to unit operations or unit production. Neither production of the pooled mineral, nor unit operations with respect thereto, nor the payment of shut-in royalties from a unit well, shall serve to hold any State lease in force as to any area outside the unitized area described in Exhibit "B" regardless of whether the production or operations on the unit are actually located on the State lease or not. "Area" as used in this paragraph shall be based upon surface acres to the end that, except as may otherwise be provided in each State Lease, the area inside the surface boundaries of the pooled unit, if held, will be held as to all depths and horizons.
- (g) If the Railroad Commission of Texas (or any other Texas regulatory body having jurisdiction) shall adopt special field rules providing for oil and/or gas proration units of less than 417 acres, then Lessee agrees to either (1) drill to the density permitted by the Railroad Commission, (2) make application to the School Land Board of the State of Texas to reform the unit to comply with Railroad Commission unit rules, or (3) make application to the School Land Board of the State of Texas for such remedy as may be agreeable to the Board.
- (h) This Agreement shall not relieve Lessee from the duty of protecting the State leases described in Exhibit "A" and the State lands within the boundaries of the pooled unit described in Exhibit "B" from drainage from any well situated on privately owned land, lying outside the unitized area described in Exhibit "B", but, subject to such obligation, Lessee may produce the allowable for the entire unit as fixed by the Railroad Commission of Texas or other lawful authority, from any one or more wells completed thereon.
- (i) There shall be no obligation to drill internal offsets to any other well on separate tracts within the pooled unit, nor to develop the lands within the boundaries thereof separately, as to the pooled mineral.
- (j) Should this Agreement terminate for any cause, the leases and other contracts affecting the lands within the unit, if not then otherwise maintained in force and effect, shall remain and may be maintained in force and effect under their respective terms and conditions in the same manner as though there had been production or operations under said lease or contract and the same had ceased on the date of the termination of this Agreement.

ALLOCATION OF PRODUCTION:

5.

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

TAKING ROYALTY IN KIND:

6.

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

FULL MARKET VALUE:

7.

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

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

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

EFFECTIVE DATE:

8.

Upon execution by the Commissioner of the General Land Office of the State of Texas this Agreement shall become effective as of December 9, 2014.

31.314

31.314

TERM:

9.

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

SPECIAL TERMS AND CONDITIONS:

10.

Notwithstanding anything contained herein or in State Lease M-111815, described in Exhibit "A" to the contrary, on the date of termination of the deeper depths as provided in Paragraph 7(B) of said State Lease, the Lease shall terminate as to all depths below the unitized interval on the acreage included in the unit rather than as to all depths 100 feet below the total depth drilled. The depths below the unitized interval can be maintained for an additional two years and so long thereafter as oil or gas is produced in paying quantities as provided in said Paragraph 7(B).

STATE LAND:

11.

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

DISSOLUTION:

12.

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

RATIFICATION/WAIVER:

13.

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

COUNTERPARTS:

13.

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

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

Date Executed

1/15/15

STATE OF TEXAS

Legal
Content
Geology
Executive

[Signature]

By:

[Signature]

George P. Bush, Commissioner
General Land Office

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Date Executed 1/5/2015

CIMAREX ENERGY CO.

By: *R Alexander*
Roger Alexander
Its: Attorney-in-Fact

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CERTIFICATE

I, Stephanie Crenshaw, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on December 9, 2014, the foregoing instrument was presented to and approved by said Board under the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, all of which is set forth in the Minutes of the Board of which I am custodian.

IN TESTIMONY WHEREOF, witness my hand this the 11th day of January, 2015.

Stephanie Crenshaw
Secretary of the School Land Board

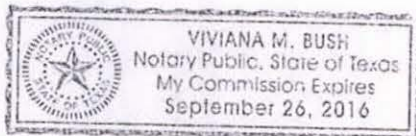
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STATE OF TEXAS

COUNTY OF MIDLAND

This instrument was acknowledged before me on January 5, 2015, by Roger Alexander,
as Attorney-in-Fact of Cimarex Energy Co. a Delaware corporation
on behalf of said corporation.



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

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EXHIBIT "A"

Attached to and made a part of that certain Pooling Agreement for the Big Timber State 57-25 Unit #1H, GLO Unit No. 7197, effective December 9, 2014, between the Commissioner of the General Land Office, on behalf of the State of Texas, as Lessor, and Cimarex Energy Co., as Lessee

OIL AND GAS LEASES

State Lease No.:	MF111815	
Dated:	October 5, 2010	
Recorded:	Volume 859, Page 28, Official Public Records, Reeves County, Texas	
Lessor:	Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas	
Lessee:	Cimarex Energy Co.	
Legal Description:	<u>Block 57, Public School Lands Survey</u> Section 25: All Containing 240 acres of land, more or less, in total Reeves County, Texas	
Dated:	June 23, 2010	
Recorded:	Volume 851, Page 666, Official Public Records, Reeves County, Texas	
Lessor:	Bank of America, N.A., as Trustee of the Florence Marie Hall Trust; as Trustee of the Florence Thelma Hall Testamentary Trust; and as Trustee	
Lessee:	Cimarex Energy Co.	
Legal Description:	<u>Block 57, Public School Lands Survey</u> Section 36: All Containing 205.75 acres of land, more or less, in total Reeves County, Texas	

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EXHIBIT "B"

Attached to and made a part of that certain Pooling Agreement for the Big Timber State 57-25 Unit #1H, GLO Unit No. 7197, effective December 9, 2014, between the Commissioner of the General Land Office, on behalf of the State of Texas, as Lessor, and Cimarex Energy Co., as Lessee

LEGAL DESCRIPTION OF UNIT

All of Section 25 and all of Section 36, Block 57, Public School Lands Survey, Reeves County, Texas, containing 417.6 acres of land, more or less, in total

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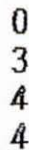
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Inst No. 15-01294
DIANNE O. FLOREZ
COUNTY CLERK
2015 Feb 11 at 09:55 AM
REEVES COUNTY, TEXAS
By: NJ *D. Jimenez* DEPUTY

1. 012
97.974

14

File No. M-111815

Recorded Pooling Agmt. County

Date Filed: 4/15/15

George P. Bush, Commissioner

By [Signature]

2015

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



March 6, 2017

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

Re: State Lease No: 111815
Gas Lift Gas Usage
Big Timber State 57-25 Unit 1H
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 (#TIW0067033).

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

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

Sincerely,


Sheli Armstrong
Regulatory Analyst



File No. MF11815

REEVES County

REQUEST TO GAS LIFT

Date Filed: 3/30/17

George P. Bush, Commissioner

By MTSLOTT





TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

March 28, 2017

Certified Mail: 7016 2070 0000 7391 7987

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

RE: Your Letter Dated 03/6/2017 Requesting Authority to Utilize Gas Produced on the Leased Premises for Gas Lift Purposes and/or to Use Off-Lease Gas for Gas Lift or Gas Lift Makeup Supply as Applicable to the Big Timber State 57-25 Unit Lease, Upland Fee, MF111815, GLO Unit 7197, Reeves County, Texas.

Dear Ms. Armstrong:

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

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

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

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

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

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

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

Sincerely,

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

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

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

File No. ME111815

REEVES County

AGREE TO GASLIFT

Filed: 3/30/17

George P. Bush, Commissioner

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

MF 111 815

Postage

\$

Total Postage and Fees

\$

ATTN: Rebecca Johnson

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 7362 3736

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 7804 94

COMPLETE THIS SECTION ON DELIVERY

A. Signature

☒

B. Received by (Printed Name)

JUSTIN WALLACE

☐ Agent☐ Addressee

C. Date of Delivery

1-12-11

D. Is delivery address different from item 1?

☐ Yes

If YES, enter delivery address below:

☐ No

3. Service Type

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

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

all

all Restricted Delivery

(over \$500)

7016 2070 0000 7391 3736

USPS TRACKING #



9590 9402 1749 6074 7804 94

United States
Postal Service



Texas General Land Office

George P. Bush, Commissioner

P.O. Box 12873

Austin, Texas 78711-2873

ATTN: Aurora Jordan 7th Energy

MF 111815

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





Texas General Land Office

Reconciliation Billing

George P. Bush, Commissioner

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

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

COPY

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

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
18I00144	MF111815	\$0.00	\$2,458.90	\$245.89	\$198.50	\$2,903.29
Total Due		\$0.00	\$2,458.90	\$245.89	\$198.50	\$2,903.29

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

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

NOTICE

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

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

Detach and return with payment

Reconciliation Billing

Cimarex Energy Co.

Billing Date: 1/5/2018

Billing Due Date: 2/4/2018

Customer Number: C000044010

Remit Payment To:

Texas General Land Office

PO Box 12873

Austin, TX 78711-2873

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
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Total Due		\$0.00	\$2,458.90	\$245.89	\$198.50	\$2,903.29
Amt. Paid						

Energy Financial Management
SMAR Activity / Invoicing Approval

Auditor/Account Examiner: Andrea Charlton
Company Name: CIMAREX ENERGY CO.
Customer Number: C000044010
Mineral File #: MF111815
Transaction Type: Volume Reconciliation
Other / Invoice #:

Previous Amount	Current Amount	Date	AE / Reviewer's Notes	Reviewer's Signature	AR Notes
	\$2,903.29	01/03/18	Under reported/paid sales volumes	Amanda Allen 1/3/18 	

All original invoices must be approved.

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

Customer ID: C000044010
 Invoice Number: MF111815
 GLO Lease: CIMAREX ENERGY CO.
 GLO Review: SEPT 2015 Through AUG 2016
 Review Period:

Category: Oil
 Auditor/AE: Acharito
 Billing Date: 1/3/2018
 P&I Calculation Date: 1/31/2018
 Royalty Rate: 25.00%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Particip	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Ro	Number of Da	Interest Rate For	Penalty Rate For	Interest Rate For	Revenue Due
Dec-15	08-46782	182	1.00000000	31.25	1.00	\$5,688.02	\$1,422.00	\$0.00	\$1,422.00	726	4.50%	\$142.20	\$116.94	\$1,681.14
Jan-16	08-46782	158	1.00000000	26.25	1.00	\$4,147.61	\$1,036.90	\$0.00	\$1,036.90	697	4.50%	\$103.69	\$81.56	\$1,222.15
TOTALS		340				\$9,835.63	\$2,458.90	\$0.00	\$2,458.90			\$245.89	\$198.50	\$2,903.29

ATTENTION: Mary Jane Russell
 CERTIFIED MAIL: 7016 2070 0000 7391 37636

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# 08-46782

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.

(17)

File No. MF 111815

County

Recon Billing

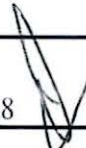
Date Filed: 1/8/18

George P. Bush, Commissioner

By AA

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

Auditor/Account Examiner: Andrea Charlton
Company Name: CIMAREX ENERGY CO.
Customer Number: C000044010
Mineral File #: MF111815
Transaction Type: Volume Reconciliation
Other / Invoice #: 18100144

Previous Amount	Current Amount	Date	AE / Reviewer's Notes	Reviewer's Signature	AR Notes
	\$2,903.29	01/03/18	Under reported/paid sales volumes	Amanda Allen 1/3/18	
\$2,903.29	\$0.00	05/16/18	Company adjusted volumes	MM 05/16/18	

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

Andrea Charlton

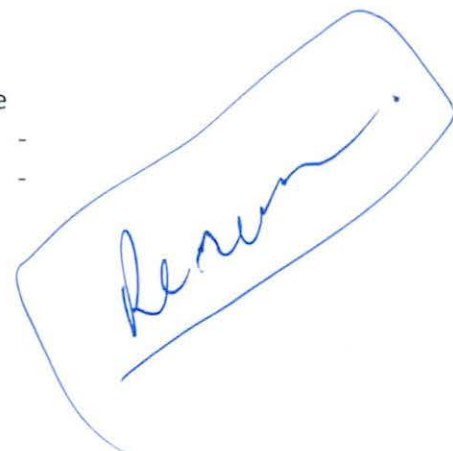
From: Mary Jane Russell <MRussell@cimarex.com>
Sent: Friday, May 04, 2018 10:58 AM
To: Andrea Charlton
Cc: Casey Voss
Subject: Invoice 18I00144
Attachments: 0313_001.pdf

Please retract Invoice 18I00144 after reviewing revised RRC, no additional royalty due.

	RRC	Reported	RRC Track %	Reported * Tract %	Diff Due per Invoice	
12/2015	10,234.00	9,869.37	.50023946	5,119.00	4,937.00	182.00
01/2016	8,247.00	7,930.31	4,125.00	3,967.00	158.00	

	RRC Corrected 5/01/2018	Reported	RRC Track %	Reported * Tract %	Diff Due	
12/2015	9,869.00	9,869.37	.50023946	4,937.00	4,937.00	-
01/2016	7,930.00	7,930.31	3,967.00	3,967.00	-	

Thanks
Mary Jane Russell
Cimarex Energy Co.





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

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Reconciliation Billing

Cimarex Energy Co.

Billing Date: 1/5/2018

Billing Due Date: 2/4/2018

Customer Number: C000044010

Remit Payment To:

Texas General Land Office

PO Box 12873

Austin, TX 78711-2873

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Amt. Paid						

Customer ID: C000044010
 Invoice Number:
 GLO Lease: MF111815
 GLO Review: CIMAREX ENERGY CO.
 Review Period: SEPT 2015 Through AUG 2016

Big Timber

Category: Oil
 Auditor/AE: Acharito
 Billing Date: 1/3/2018
 P&I Calculation Date: 1/31/2018
 Royalty Rate: 25.00%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Particp.	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Ro	Number of Da	Interest Rate For	Penalty Rate For	Interest Rate For	Revenue Due
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TOTALS		340				\$9,835.63	\$2,458.90	\$0.00	\$2,458.90			\$245.89	\$198.50	\$2,903.29

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

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

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

★ RRC ONLINE SYSTEM**Production Reports**[PR Queries Home](#) [New Lease ID's Built Query](#)**Query Results Production by Lease**

Current Operator: CIMAREX ENERGY CO. (153438)
Field: PHANTOM (WOLFCAMP)
Lease: BIG TIMBER STATE 57-25 UNIT
Prod Month Range: Dec 2015 - Jan 2016

District: 08
RRC Identifier: 46782
Gas Well #:
Lease Type: Oil

[Return](#)

Showing: 1 - 2 of 2 results

Oil/Condensate (Whole Barrels)						Gas/Casinghead Gas - MCF			
Prod Month	Commingled Permit No.	On Hand Beginning of Month	Production	Disposition		On Hand End of Month	Formation Production	Disposition	
				Volume	Code			Volume	Code
12/2015		1,002	10,373	9,869	01	1,506	44,319	41,940	03
								2,379	04
Gas 04 Outlet Constraints									
01/2016		1,506	0	1,506	01	0	0		

[Return](#)**Lease Comments**

none

[Disclaimer](#) | [RRC Online Home](#) | [RRC Home](#) | [Contact](#)

★ ONLINE SYSTEM**Production Reports**[PR Queries Home](#) [New Lease ID's Built Query](#)**Query Results Production by Lease**

 [View PR Image](#)

Current Operator:	CIMAREX ENERGY CO. (153438)	District:	08
Field:	PHANTOM (WOLFCAMP)	RRC Identifier:	283094
Lease:	BIG TIMBER STATE 57-25 UNIT	Gas Well #:	1H
Prod Month Range:	Jan 2016 - Jan 2016	Lease Type:	Gas

Showing: 1 - 1 of 1 results

Oil/Condensate (Whole Barrels)						Gas/Casinghead Gas - MCF			
Prod Month	Commingled Permit No.	On Hand Beginning of Month	Production	Disposition		On Hand End of Month	Formation Production	Disposition	
				Volume	Code			Volume	Code
01/2016		N/A	7,340	6,424	01	914	29,449	28,259	03
				2	08			1,190	04
Gas 04 Outlet Constraints									

Lease Comments
none

[Disclaimer](#) | [RRC Online Home](#) | [RRC Home](#) | [Contact](#)

File No. MF 111815

(18)

County

Correspondence

Date Filed: 7/6/18

George P. Bush, Commissioner

By AT

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



(303) 295-3995

Check Number 0001648499

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ217040115c	04/01/2015	MF111815	9,500.00	0.00	9,500.00
16703372					

023492 Vendor Check Date: 10/29/2015 Check Amount 9,500.00

Cimarex Energy Co.

600 N. Marienfeld St.

Suite 600

Midland, TX 79701

MAIN 432.571.7800



November 9, 2015

State of Texas
1700 N. Congress Ave., Suite 840
Austin, Texas 78701-1495

Via Certified Mail Return Receipt No. 91 7199 9991 7030 2650 8078

Re: Off-site Battery pad
Section 26, Block 57, PSL Survey,
Reeves County, Texas

Dear sir/madam,

Enclosed is Cimarex Energy Co. check number **0001648499 in the amount of Nine Thousand Five Hundred Dollars and 00/100 (\$9,500.00)** as the total payment for Surface Damages Consideration for an off-site battery pad associated with the Big Timber State 57-25 Unit 1H Well located in the above described lands.

If you should have any questions or concerns, please do not hesitate to call. Thank you very much.

Sincerely,

CIMAREX ENERGY CO.

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

Tish Maney
Land Department
432.571.7892(direct)

4325

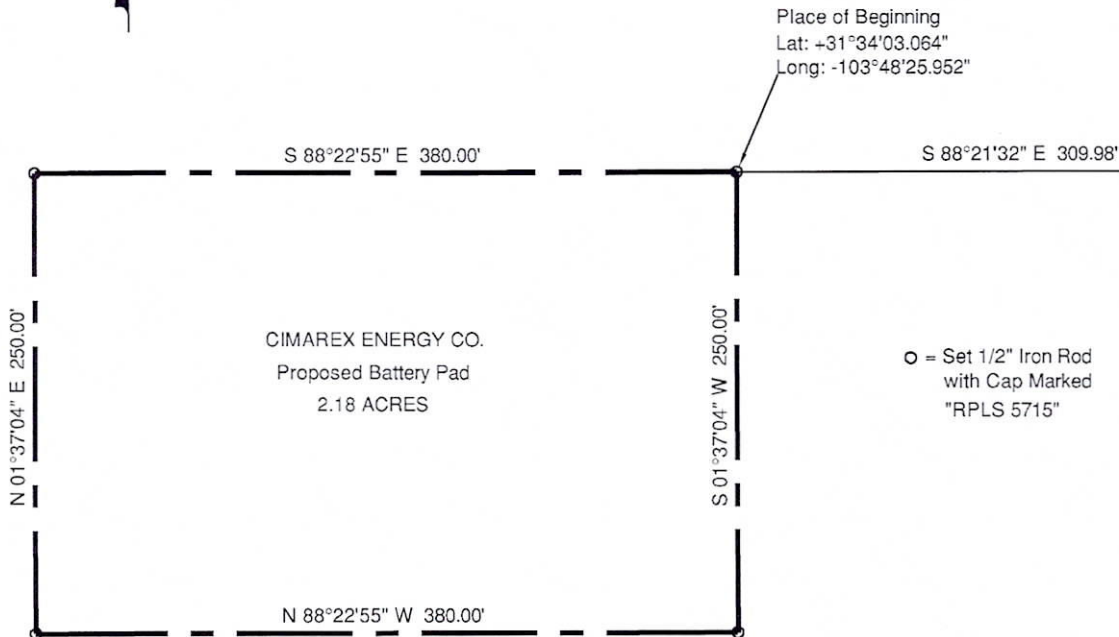
S 88°21'32" E

(83439) 24
Found 1/2" Iron Bar
in New Fence Line

(127800) 25

N 01°38'22" E 660.46'

Block 57
Public School Land Survey
Reeves County, Texas



METES AND BOUNDS DESCRIPTION

Of a 2.18 Acre Tract out of
Section 25, Block 57
Public School Land Survey
Reeves County, Texas

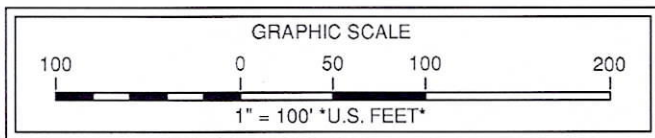
Beginning at a 1/2" iron rod with cap marked "RPLS 5715" set for the Northeast corner of this 2.18 acre tract from which a found 1/2" iron bar for the Northeast corner of Section 25, Block 57, Public School Land Survey bears S 88°21'32" E, 309.98 feet and N 1°38'22" E 660.46 feet;

Thence S 1°37'04" W, a distance of 250.00 feet to a 1/2" iron rod with cap marked "RPLS 5715" set for the Southeast corner of this tract;

Thence N 88°22'55" W, a distance of 380.00 feet to a 1/2" iron rod with cap marked "RPLS 5715" set for the Southwest corner of this tract;

Thence N 1°37'04" E, a distance of 250.00 feet to a 1/2" iron rod with cap marked "RPLS 5715" set for the Northwest corner of this tract;

Thence S 88°22'55" E, a distance of 380.00 feet to the place of beginning.



Note: Survey Reconstruction filed in the Office of Pennell & Marlowe Land Surveyors, Inc.
Latitudes and Longitudes shown are on NAD'27 Datum.

Note: Bearings are based on The Texas Coordinate System of 1927, Central Zone.
Distances are surface values.

Note: Example: (S-99999) indicates General Land Office file number.

Revised: 3/24/2015 (KLB)
USGS Quadrangle Sheet: Halamicek Ranch, Tex.



Stephen P. Marlowe
REGISTERED PROFESSIONAL LAND SURVEYOR NO. 5715

March 18, 2015

150318B-KLB

CIMAREX ENERGY CO.
Survey of a 2.18 Acre Tract out of
Section 25, Block 57
Public School Land Survey
Reeves County, Texas

Scale: 1" = 100'

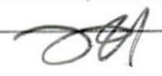
File No. MF111815

County

Damages Pmt

Date Filed: 10/8/21

George P. Bush, Commissioner

By 

77-75-72



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

Date: 05/05/2022

Effective Date: 05/01/2021

Verified

iNt11157-MF11815

030618

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

Description: NORTH TABLE ST 57-25 UT A 1H - ENT

Complete Property Description Listed Below

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

COMMISSIONER OF THE GENERAL

Owner Number: 030618

Interest Type: STATE OF TEXAS ROYALTY

Interest Type Code: STA2

Decimal Interest: 0.03295866 ✓ Rounding difference - OK

Property Description

Property: 420067-114.01 NORTH TABLE STATE 57-25 UNIT A 1H

Operator: CIMAREX ENERGY CO Location: Reeves, TX

Map Reference Information

Reeves, TX US

Survey: PSL

-Block: 57 Lot: Sec: 24 Qtr/Qtr:

Sections 24, 25, 23 & 26, Block 57, PSL Survey,
Reeves County, Texas

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: _____

Sign and Return

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



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

Date: 05/05/2022

Effective Date: 05/01/2021

Verified

iNut11157 - MF111815

030618

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

Description: NORTH TABLE ST 57-25 UT B 2H - ENT

Complete Property Description Listed Below

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

COMMISSIONER OF THE GENERAL

Owner Number: 030618

Interest Type: STATE OF TEXAS ROYALTY

Interest Type Code: STA2

Decimal Interest: 0.03295866 ✓ Rounding Difference - OK

Property Description

Property: 420067-115.01 NORTH TABLE STATE 57-25 UNIT B 2H

Operator: CIMAREX ENERGY CO Location: Reeves, TX

Map Reference Information

Reeves, TX US Survey: PSL -Block: 57Lot: Sec: 24 Qtr/Qtr:
Sections 24, 25, 23 & 26, Block 57, PSL Survey,
Reeves County, Texas

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

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: _____

Sign and Return

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



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

Date: 05/05/2022

Effective Date: 05/01/2021

Verified
INut 11157-MF 111815

030618

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

Description: NORTH TABLE ST 57-25 UT C 3H - ENT

Complete Property Description Listed Below

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

COMMISSIONER OF THE GENERAL

Owner Number: 030618

Interest Type: STATE OF TEXAS ROYALTY

Interest Type Code: STA2

Decimal Interest: 0.03295866 ✓ Rounding difference - OK

Property Description

Property: 420067-116.01 NORTH TABLE STATE 57-25 UNIT C

Operator: CIMAREX ENERGY CO Location: Reeves, TX

Map Reference Information

Reeves, TX US Survey: PSL -Block: 57 Lot: Sec: 24 Qtr/Qtr:
Sections 24, 25, 23 & 26, Block 57, PSL Survey,
Reeves County, Texas

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.

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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: _____

Sign and Return

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



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

Date: 05/05/2022

Effective Date: 05/01/2021

Verified

iNut 11157 - MF 111815

030618

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

Description: NORTH TABLE ST 57-25 UT D 4H - ENT

Complete Property Description Listed Below

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

COMMISSIONER OF THE GENERAL

Owner Number: 030618

Interest Type: STATE OF TEXAS ROYALTY

Interest Type Code: STA2

Decimal Interest: 0.03295866

✓ Bounding Difference - OK

Property Description

Property: 420067-117.01

NORTH TABLE STATE 57-25 UNIT D

Operator: CIMAREX ENERGY CO

Location: Reeves, TX

Map Reference Information

Reeves, TX US

Survey: PSL

-Block: 57 Lot: Sec: 24 Qtr/Qtr:

Sections 24, 25, 23 & 26, Block 57, PSL Survey,
Reeves County, Texas

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.

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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: _____

Sign and Return

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

00010

File No. MF111815

County

Division Order

Date Filed: 12/13/2022

George P. Bush, Commissioner

By VR



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

Date: 04/07/2022

Effective Date: 03/01/2022

Verified

iNt11690 - MF111815

030618

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

Description: SOUTH TABLE STATE 57-25 1H - ENT

Complete Property Description Listed Below

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

COMMISSIONER OF THE GENERAL

Owner Number: 030618

Interest Type: STATE OF TEXAS ROYALTY

Interest Type Code: STA2

Decimal Interest: 0.02762060 ✓

Property Description

Property: 420067-119.01 SOUTH TABLE STATE 57-25 UNIT A 1H

Operator: CIMAREX ENERGY CO Location: Reeves, TX

Map Reference Information

Reeves, TX US

Survey: PSL

-Block: 57Lot: Sec: 25 Qtr/Qtr:

Sections 25, 36 & 37, Block 57, PSL Survey, 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.

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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: _____

SIGN AND RETURN



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

Date: 04/07/2022

Effective Date: 03/01/2022

030618

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

Description: SOUTH TABLE STATE 57-25 2H - ENT

Complete Property Description Listed Below

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

COMMISSIONER OF THE GENERAL

Owner Number: 030618

Interest Type: STATE OF TEXAS ROYALTY

Interest Type Code: STA2

Decimal Interest: 0.02762060

Property Description

Property: 420067-120.01 SOUTH TABLE STATE 57-25 UNIT B 2H

Operator: CIMAREX ENERGY CO Location: Reeves, TX

Map Reference Information

Reeves, TX US

Survey: PSL

-Block: 57Lot: Sec: 25 Qtr/Qtr:

Sections 25, 36 & 37, Block 57, PSL Survey, Reeves
County, TX

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

CIMAREX ENERGY CO

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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: _____

SIGN AND RETURN



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

Date: 04/07/2022

Effective Date: 03/01/2022

030618

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

Description: SOUTH TABLE STATE 57-25 3H - ENT

Complete Property Description Listed Below

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

COMMISSIONER OF THE GENERAL

Owner Number: 030618

Interest Type: STATE OF TEXAS ROYALTY

Interest Type Code: STA2

Decimal Interest: 0.02762060

Property Description

Property: 420067-121.01 SOUTH TABLE STATE 57-25 UNIT C 3H

Operator: CIMAREX ENERGY CO Location: Reeves, TX

Map Reference Information

Reeves, TX US Survey: PSL -Block: 57Lot: Sec: 25 Qtr/Qtr:
Sections 25, 36 & 37, Block 57, PSL Survey, 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.

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

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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: _____

SIGN AND RETURN



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

February 24, 2023

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

Re: State Lease No. MF111815 South Table State 57-25 1H, 2H and 3H iNut 11690

Dear Mrs. Hale-Hill:

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

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

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

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

Thank you,

Vivian Zamora
Landman, Energy Resources
512-475-0428
512-475-1404 (fax)
vivian.zamora@glo.texas.gov

File No. MF11815
Reeves County
Division Order
Date Filed: 2/27/2023
Commissioner Dawn Buckingham, M.D.
By: vd

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



(303) 295-3995

Check Number 0001664082

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21703012016D	03/01/2016		260.00	0.00	260.00
16708171 MI=111815 Surf-Dungs 166					

111815

Cimarex Energy Co.

600 N. Marienfeld St.

Suite 600

Midland, TX 79701

MAIN 432.571.7800



March 15, 2016

State of Texas
1700 N. Congress Ave., Suite 840
Austin, Texas 78701

Attn: Jason Smalley

Certified Mail Return Receipt No. 91 7199 9991 7030 2557 5675

Re: Flare pad
Section 25, Block 57, PSL Survey,
Reeves County, Texas

Dear Jason,

Enclosed is Cimarex Energy Co. checks number **0001664082** in the amount of **Two Hundred Sixty Dollars and 00/100 (\$260.00)** as the total payment for a flare pad associated with the Big Timber State 57-25 Unit 1H located in the above described lands.

If you should have any questions or concerns, please do not hesitate to call. Thank you very much.

Sincerely,

CIMAREX ENERGY CO.

A handwritten signature in blue ink that reads "Tish Maney".

Tish Maney
Land Department
432.571.7892(direct)

Iron Pipe

23 26

23 26

24 25

24 25

28

25

Big Timber State #57-25-1H Well Head

See Detail "A" @ Left

Existing Big Timber Central Tank Battery

POINT OF BEGINNING
Corner #1

Corner #2

L1

L2

L3

Corner #3

Corner #4

Detail "A"
No Scale

SURFACE USE AREA
BIG TIMBER CENTRAL
TANK BATTERY FLARE
Contains 0.060 Acres

LINE TABLE

LINE	DIRECTION	LENGTH
L1	N89°39'16"E	20.00'
L2	S00°20'44"E	130.00'
L3	S89°39'16"W	20.00'
L4	N00°20'44"W	130.00'

Sec. 25

SURFACE USE AREA		
CORNER #	LATITUDE (NAD 83)	LONGITUDE (NAD 83)
1	N 31°34'04.80"	W 103°48'27.94"
2	N 31°34'04.80"	W 103°48'27.71"
3	N 31°34'03.51"	W 103°48'27.70"
4	N 31°34'03.51"	W 103°48'27.93"

SURFACE USE AREA DESCRIPTION

POINT OF BEGINNING BEARS S87°53'13"E 6611.11' FROM THE NORTHWEST CORNER OF SECTION 26, BLOCK 57, P.S.L. SURVEY, REEVES COUNTY, TEXAS.

N89°53'40"E - 5256.37' (Meas.)

N89°53'39"E - 1685.62' (Meas.)

N00°08'39"W - 5280.33' (Meas.)

S00°06'06"E - 5280.62' (Meas.)

26 35

25

25

LINE TABLE		
LINE	DIRECTION	LENGTH
L1	N89°39'16"E	20.00'
L2	S00°20'44"E	130.00'
L3	S89°39'16"W	20.00'
L4	N00°20'44"W	130.00'

Sec. 25

SURFACE USE AREA		
CORNER #	LATITUDE (NAD 83)	LONGITUDE (NAD 83)
1	N 31°34'04.80"	W 103°48'27.94"
2	N 31°34'04.80"	W 103°48'27.71"
3	N 31°34'03.51"	W 103°48'27.70"
4	N 31°34'03.51"	W 103°48'27.93"

SURFACE USE AREA DESCRIPTION

BEGINNING AT A POINT IN SECTION 25, BLOCK 57, P.S.L. SURVEY, REEVES COUNTY, TEXAS, WHICH BEARS S87°53'13"E 6611.11' FROM THE NORTHWEST CORNER OF SECTION 26, BLOCK 57, P.S.L. SURVEY, THENCE N89°39'16"E 20.00'; THENCE S00°20'44"E 130.00'; THENCE S89°39'16"W 20.00'; THENCE N00°20'44"W 130.00' TO THE POINT OF BEGINNING. BASIS OF BEARINGS IS A G.P.S. OBSERVATION. CONTAINS 0.060 ACRES MORE OR LESS.

SECTION CORNER	SECTION CORNER DESC.	LATITUDE (NAD 83)	LONGITUDE (NAD 83)
NW COR SEC 25, BLOCK 57	CALC CORNER	N 31°34'07.31"	W 103°48'43.54"
NE COR SEC 25, BLOCK 57	CALC CORNER	N 31°34'07.34"	W 103°48'24.06"
SE COR SEC 25, BLOCK 57	CALC CORNER	N 31°33'15.08"	W 103°48'23.98"
SW COR SEC 25, BLOCK 57	CALC CORNER	N 31°33'15.06"	W 103°48'43.41"
NW COR SEC 26, BLOCK 57	IRON PIPE	N 31°34'07.23"	W 103°49'44.30"

CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAN WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY..... KNOWLEDGE AND BELIEF.

REGISTERED LAND SURVEYOR
REGISTRATION NO. 6135
STATE OF TEXAS

02-02-16

TBPLS Firm No. 10193884

CIMAREX ENERGY, CO.

**BIG TIMBER CENTRAL TANK BATTERY FLARE
SECTION 25, BLOCK 57, P.S.L. SURVEY,
REEVES COUNTY, TEXAS**

SURVEYED BY	DATE	REVISED BY	DATE
J.V.	01-27-16		
DRAWN BY	DATE		
C.I.	02-02-16		
SCALE	1" = 400'		

SURFACE USE AREA

▲ = SECTION CORNERS LOCATED.
△ = SECTION CORNERS RE-ESTABLISHED.
(Not Set on Ground.)

NOTES:

- Basis of bearing is a G.P.S. observation (Vertical Control Datum: NAVD88)



UELS, LLC
Regional Office * 111 NE 3rd Street
Seminole, TX 79360 * (432) 955-6100
Corporate Office * 85 South 200 East
Vernal, UT 84078 * (435) 789-1017

File No. MF111815
Surfaco Dam County

Date Filed: 2/26/24
Commissioner Dawn Buckingham, M.D.

By: [Signature]

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

MF 111815



(303) 295-3995

Check Number 0001606339

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21712092014A	12/09/2014		7,202.40	0.00	7,202.40
15706091 1661					

023492

Vendor

Check Date: 12/22/2014

Check Amount

7,202.40

Cimarex Energy Co.

600 N. Marienfeld St.

Suite 600

Midland, Texas 79701

PHONE 432.571.7800

FAX 432.571.7832



December 30, 2014

State of Texas

1700 N. Congress Ave., Suite 840

Austin, Texas 78701-1495

Via Certified Mail Return Receipt No. 91 7199 9991 7030 2650 3677

Re: Pipeline ditches
Section 26, Block 57, PSL Survey,
Reeves County, Texas

Dear sir/madam,

Enclosed is Cimarex Energy Co. check number **0001606339 in the amount of Seven Thousand Two Hundred Two Dollars and 40/100 (\$7,202.40)** as the total payment for Surface Damages Consideration for 2 pipeline ditches (180.06 rods x \$40.00/rod [x2] x 50% interest = \$7,202.40) associated with the Big Timber State 57-25 Unit 1H Well located in the above described lands.

Please note that the damages are being paid 50% to JRC/RCG 34 Trade Tracts, Ltd. et al and 50% to the State of Texas per the Surface use Agreement dated October 23, 2013 by and between The State of Texas, acting by and through its agent JRC/RGC 34 Trade Tracts, LTD., and Cimarex Energy Co.

If you should have any questions or concerns, please do not hesitate to call. Thank you very much.

Sincerely,

CIMAREX ENERGY CO.

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

Tish Maney

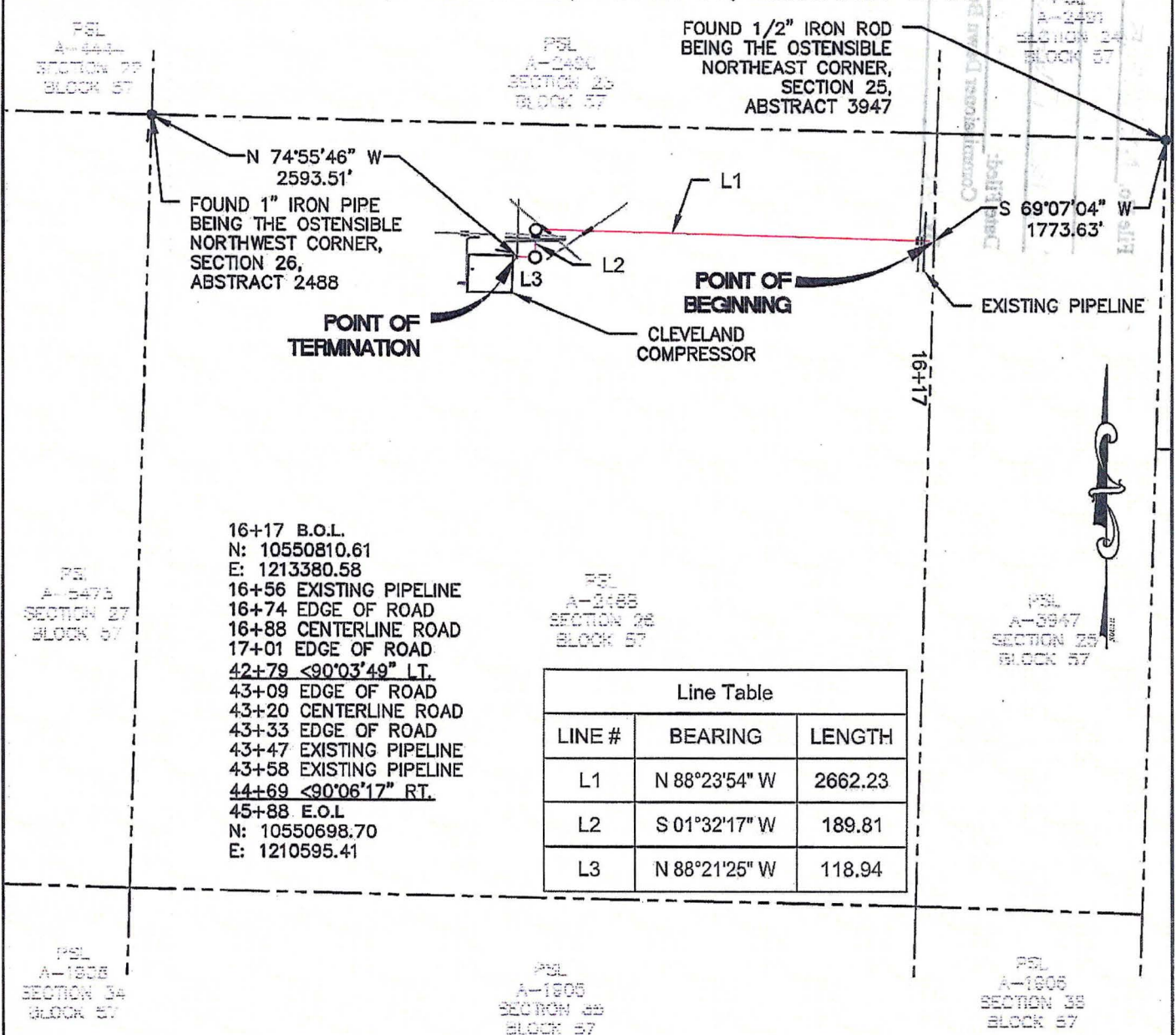
Land Department

432.571.7892(direct)

EXHIBIT "A"

REEVES COUNTY, TEXAS

P.S.L. SURVEY, SECTION 26, BLOCK 57, ABSTRACT 2488



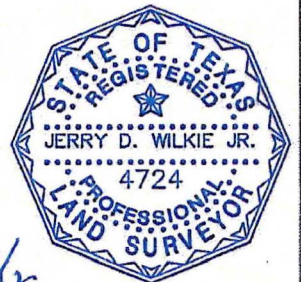
A STRIP OF LAND 45 FEET WIDE, LOCATED IN THE PSL SURVEY, SECTION 26, BLOCK 57, ABSTRACT 2488, REEVES COUNTY, TEXAS AND BEING 22.5 FEET LEFT AND RIGHT OF THE ABOVE PLATTED CENTERLINE

SECTION 26, BLOCK 57, ABSTRACT 2488 = 2970.98 FEET = 180.06 RODS = 3.07 ACRES

NOTES

- ALL BEARINGS & DISTANCES SHOWN HEREON ARE GRID BASED UPON TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE, NORTH AMERICAN DATUM OF 1983, US SURVEY FOOT, AS DERIVED FROM AN ON THE GROUND SURVEY PERFORMED BY WILLBROS ENGINEERS (U.S.) LLC ON NOVEMBER 25, 2014.
- PROPERTY LINES HAVE BEEN ESTABLISHED BASED UPON FOUND MONUMENTS, MEASUREMENTS, AND EVIDENCE OBTAINED IN THE FIELD, ALONG WITH RECORDS AS PROVIDED BY THE CLIENT.
- THE OWNERSHIP OF THE SUBJECT TRACT, SHOWN HEREIN, IS BASED UPON DEEDS PROVIDED BY THE CLIENT. NO OTHER RESEARCH WAS PERFORMED BY THE UNDERSIGNED SURVEYOR.
- THIS PLAT PREPARED WITHOUT THE BENEFIT OF A TITLE COMMITMENT OR ABSTRACT OF TITLE; THERE MAY BE ADDITIONAL EASEMENTS THAT ARE NOT SHOWN HEREON.
- ABSTRACT LINES AND INFORMATION SHOWN BASED ON AVAILABLE RECORDS, INCLUDING GENERAL LAND OFFICE (GLO) MAPS.
- IF THIS PLAT AND ACCOMPANYING DESCRIPTION ARE NOT SIGNED AND SEALED BY THE SURVEYOR WHOSE NAME APPEARS BELOW, IT SHOULD BE CONSIDERED AS A COPY AND NOT AN ORIGINAL.
- THIS SURVEY WAS PERFORMED FOR THE SPECIFIC PURPOSE OF ESTABLISHING A BASELINE, MAPPING SELECTED FEATURES, AND LOCATING NECESSARY LAND LINES FOR EASEMENT ACQUISITION FOR A PIPELINE.

SCALE IN FEET
1000 500 0 1000



JERRY D. WILKIE, JR.
REGISTERED PROFESSIONAL LAND SURVEYOR
TEXAS REGISTRATION NO. 4724

12-3-2014

DRAWN	SA	DATE	12/03/14
CHECKED	BG	DATE	12/03/14
APP'D	JDW	DATE	12/03/14
SCALE	1"=1000'	PAGE	1 OF 1
REV#	DATE	DESC.	
JOB NO.	52704		
02-Dec-2014 : 9:10 AM			



WILLBROS ENGINEERS
(U.S.) LLC
10999 West I-H 10 Suite 370
San Antonio, TX 78230
(210) 399-2300
FIRM #10193861

PLAT

CIMAREX ENERGY CO.
EASEMENT & RIGHT OF WAY
ACROSS THE
PSL SURVEY, ABSTRACT 2488
REEVES COUNTY, TEXAS

DRAWING NO.

52704-020-A-2488

REV.

0

File No. MF111815

County _____

Surface Damage Payment

Date Filed: 6/21/2024

Commissioner Dawn Buckingham, M.D.

By: VR