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Archives and Records Staff

PSA # 00528

MF111895

Leasing: DeD
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<i>State Lease</i>	<i>Control</i>	<i>Base File</i>	<i>County</i>		
MF111895	07-109256	111008	REEVES		
<i>Survey</i>	T & P RY CO				
<i>Block</i>	56				
<i>Block Name</i>					
<i>Township</i>	3-S				
<i>Section/Tract</i>	18				
<i>Land Part</i>	ALL				
<i>Part Description</i>					
<i>Acres</i>	640				
<i>Depth Below</i>	<i>Depth Above</i>	<i>Depth Other</i>			
0	12,007'				
<i>Name</i>	CIMAREX ENERGY CO.				
<i>Lease Date</i>	7/14/2010				
<i>Primary Term</i>	3 yrs				
<i>Bonus (\$)</i>	\$240,000.00				
<i>Rental (\$)</i>	\$0.00				
<i>Lease Royalty</i>	0.1250				

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RAL REVIEW SHEET

Transaction # 6884
Lessor: The Allar Company
Lessee: Cimarex Energy Co.

Geologist: R. Widmayer

Lease Date: 7/14/2010 **UT** ☐

Gross Acres: 640

Net Acres: 640

LEASE DESCRIPTION

County	PIN#	Base File No	Part	Sec.	Block	Twp	Survey	Abst#
REEVES	07-109256	111008	ALL	18	56	03S	T & P RY CO	3372

TERMS OFFERED

Primary Term:
Bonus/Acre:
Rental/Acre:
Royalty:

TERMS RECOMMENDED

Primary Term
Bonus/Acre
Rental/Acre
Royalty

COMPARISONS

MF #	Lessee	Date	Term	Bonus/Ac.	Rental/Ac.	Royalty	Distance
MF106893	Anadarko Petroleum Corporation	9/8/2005	3 years	\$390.00	\$5.00	1/4	Last Lease

Comments:

Approved: TH 8/11/10

RELINQUISHMENT ACT LEASE APPLICATION

Texas General Land Office

Jerry Patterson, Commissioner

TO: Jerry Patterson, Commissioner
Larry Laine, Chief Clerk
Bill Warnick, General Counsel
Louis Renaud, Deputy Commissioner

DATE: 11-Aug-10

FROM: Robert Hatter, Director of Mineral Leasing
Tracey Throckmorton, Geoscience Manager

Applicant: Cimarex Energy Co.

County: REEVES

Prim. Term: 3 years

Bonus/Acre

\$750.00

Royalty: 1/4

Rental/Acre

\$1.00

Consideration

Recommended: TH

Date: 8/11/10

Not Recommended: _____

Comments: Paid up rentals.

Lease Form

Recommended: RJH

Date: 8/13/10

Not Recommended: _____

Comments:

Louis Renaud, Deputy Commissioner

Date: 8/18/10

Recommended: CCR

Not Recommended: _____

Bill Warnick, General Counsel

Date: 8/23/10

Recommended: WFW

Not Recommended: _____

Larry Laine, Chief Clerk

Date: 8/24/10

Approved: LL

Not Approved: _____

Jerry Patterson, Commissioner

Date: 8/25/10

Approved: Jerry E. Patterson

Not Approved: _____

File No. MF 111895

RAL Review

Date Filed: EWAM 8/11/10

Jerry E. Patterson, Commissioner

By GH

1/10/11

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



Check Number 0001330310

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21707262010	07/26/2010		240,000.00	0.00	240,000.00
121					
11702336					

019275

Vendor

Check Date: 08/17/2010

Check Amount

240,000.00



Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ217072110D	07/21/2010		25.00	0.00	25.00

25.00

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



November 10, 2010

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

RE: Mineral Classified Leases
All of Section 18, Block 56, T-3, Abst 3372, T&P RR 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, along with a check representing the bonus consideration for said lease. Specifically, please find the following certified copy of the lease and corresponding check as follows:

Lessor: The Allar Company, a Texas corporation
Recorded: Book 853, P. 55
Check Number 0001330310 - \$240,000.00 (bonus consideration)

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, appearing to read "Todd Meador", written over a horizontal line.

Todd Meador
(432) 571-7858

New
Cimarex Energy Co.

600 N. Mariefeld St.

Suite 600

Midland, Texas 79701

PHONE 432.571.7800



July 15, 2010

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

RE: Mineral Classified Leases
All Section 18, Blk 56-T3, Abstract 3372, T&P RR Co. Survey
Reeves County, TX

Dear Mr. Reid,

The Allar Co., acting as agent for the State of Texas, as Lessor, and Cimarex Energy Co., as Lessee, ("The Parties") have reached an agreement to lease the above-captioned lands in Reeves County, TX. The agreed upon terms of the lease are as follows:

Primary Term:	three (3) years
Royalty:	one-fourth (1/4)
Bonus Consideration:	\$750.00 / net acre
Rentals:	\$1.00 per acre, payment of which is included in the bonus Consideration payment

The Allar Co. is the "Owner of the Soil" for an undivided 100% interest.

An addendum to the lease form has been attached to the lease and is enclosed for your review. Additionally, a check in the amount of \$100.00 has been included to cover the processing fee.

If the lease meets with the approval of the State of Texas, please notify me at the letterhead address or via email at tmeador@cimarex.com, and I will send the originals to be recorded in Reeves County. A certified copy of the recorded leases will be provided to the State when available, along with the bonus consideration.

If I can be of further assistance, please contact me at the number below.

Sincerely,

A handwritten signature in blue ink, appearing to read "Todd Meador", is written over the word "Sincerely,".

Todd Meador
Landman
(432) 571-7858

Cc: Renne Underwood



023492	Vendor	Check Date:	07/29/2010	Check Amount	100.00
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File No. MF 11895

Cover Letter @ Baus @ Fees

Date Filed: ~~11/12/10~~ 11/12/10

Jerry E. Patterson, Commissioner

By GH

FILE # 3421

General Land Office
Relinquishment Act Lease Form
Revised, September 1997

The State of Texas



Austin, Texas

OIL AND GAS LEASE

THIS AGREEMENT is made and entered into this 14th day of July, 2010, between the State of Texas, acting by and through its agent, The Allar Company, a Texas corporation of P.O. Box 1567, Graham, Texas 76450 (Give Permanent Address)

said agent herein referred to as the owner of the soil (whether one or more), and Cimarex Energy Co. of 600 N. Marienfeld Street, Suite 600, Midland, Texas 79701 hereinafter called Lessee. (Give Permanent Address)

1. GRANTING CLAUSE. For and in consideration of the amounts stated below and of the covenants and agreements to be paid, kept and performed by Lessee under this lease, the State of Texas acting by and through the owner of the soil, hereby grants, leases and lets unto Lessee, for the sole and only purpose of prospecting and drilling for and producing oil and gas, laying pipe lines, building tanks, storing oil and building power stations, telephone lines and other structures thereon, to produce, save, take care of, treat and transport said products of the lease, the following lands situated in Reeves County, State of Texas, to-wit:

All of Section 18, Block 56, Township 3, Abstract 3372, T & P. Railroad Company Survey

containing 640.0 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: Two Hundred Forty Thousand and No/100
Dollars (\$240,000.00)

To the owner of the soil: Two Hundred Forty Thousand and No/100
Dollars (\$240,000.00)

Total bonus consideration: Four Hundred Eighty Thousand and No/100
Dollars (\$480,000.00)

The total bonus consideration paid represents a bonus of Seven Hundred Fifty and No/100
Dollars (\$750) per acre, on 640 net acres.

2. TERM. Subject to the other provisions in this lease, this lease shall be for a term of three (3) years from this date (herein called "primary term") and as long thereafter as oil and gas, or either of them, is produced in paying quantities from said land. As used in this lease, the term "produced in paying quantities" means that the receipts from the sale or other authorized commercial use of the substance(s) covered exceed out of pocket operational expenses for the six months last past.



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3. **DELAY RENTALS.** If no well is commenced on the leased premises on or before one (1) year from this date, this lease shall terminate, unless on or before such anniversary date Lessee shall pay or tender to the owner of the soil or to his credit in the N/A - PAID UP LEASE

Bank, at _____, or its successors (which shall continue as the depository regardless of changes in the ownership of said land), the amount specified below; in addition, Lessee shall pay or tender to the COMMISSIONER OF THE GENERAL LAND OFFICE OF THE STATE OF TEXAS, AT AUSTIN, TEXAS, a like sum on or before said date. Payments under this paragraph shall operate as a rental and shall cover the privilege of deferring the commencement of a well for one (1) year from said date. Payments under this paragraph shall be in the following amounts:

To the owner of the soil: _____
Dollars (\$ _____)
To the State of Texas: _____
Dollars (\$ _____)
Total Delay Rental: _____
Dollars (\$ _____)

In a like manner and upon like payments or tenders annually, the commencement of a well may be further deferred for successive periods of one (1) year each during the primary term. All payments or tenders of rental to the owner of the soil may be made by check or sight draft of Lessee, or any assignee of this lease, and may be delivered on or before the rental paying date. If the bank designated in this paragraph (or its successor bank) should cease to exist, suspend business, liquidate, fail or be succeeded by another bank, or for any reason fail or refuse to accept rental, Lessee shall not be held in default for failure to make such payments or tenders of rental until thirty (30) days after the owner of the soil shall deliver to Lessee a proper recordable instrument naming another bank as agent to receive such payments or tenders.

4. **PRODUCTION ROYALTIES.** Upon production of oil and/or gas, Lessee agrees to pay or cause to be paid one-half (1/2) of the royalty provided for in this lease to the Commissioner of the General Land Office of the State of Texas, at Austin, Texas, and one-half (1/2) of such royalty to the owner of the soil:

(A) **OIL.** Royalty payable on oil, which is defined as including all hydrocarbons produced in a liquid form at the mouth of the well and also as all condensate, distillate, and other liquid hydrocarbons recovered from oil or gas run through a separator or other equipment, as hereinafter provided, shall be 1/4 part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, 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 leased premises is sold, used or processed in a plant, it will be run free of cost to the royalty owners through an adequate oil and gas separator of conventional type, or other equipment at least as efficient, so that all liquid hydrocarbons recoverable from the gas by such means will be recovered. The requirement that such gas be run through a separator or other equipment may be waived, in writing, by the royalty owners upon such terms and conditions as they prescribe.

(B) **NON PROCESSED GAS.** 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) shall be 1/4 part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, 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 the greater; provided that the maximum pressure base in measuring the gas under this lease 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 tests 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.** Royalty on any gas processed in a gasoline plant or other plant for the recovery of gasoline or other liquid hydrocarbons shall be 1/4 part of the residue gas and the liquid hydrocarbons extracted or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office. 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 arm's 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.** 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 shall be 1/4 part of the gross production of such products, or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such market value to be determined as follows: 1) on the basis of the highest market price of each product for 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.

5. **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 under this lease in no event shall be less than an amount equal to the total annual delay rental herein provided; 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 the total annual rental less the amount of royalties paid during the preceding year. If Paragraph 3 of this lease does not specify a delay rental amount, then for the purposes of this paragraph, the delay rental amount shall be one dollar (\$1.00) per acre.



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6. ROYALTY IN KIND. Notwithstanding any other provision in this lease, at any time or from time to time, the owner of the soil or the Commissioner of the General Land Office may, at the option of either, upon not less than sixty (60) days notice to the holder of the lease, require that the payment of any royalties accruing to such royalty owner under this lease be made in kind. The owner of the soil or the Commissioner of the General Land Office's right to take its royalty in kind shall not diminish or negate the owner of the soil's or the Commissioner of the General Land Office's rights or Lessee's obligations, whether express or implied, under this lease.

7. NO DEDUCTIONS. Lessee agrees that all royalties accruing under this lease (including those paid in kind) shall be without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting, and otherwise making the oil, gas and other products hereunder ready for sale or use. Lessee agrees to compute and pay royalties on the gross value received, including any reimbursements for severance taxes and production related costs.

8. 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 any other provision of this lease, and subject to the written consent of the owner of the soil and the Commissioner of the General Land Office, Lessee may recycle gas for gas lift purposes on the leased premises or for injection into any oil or gas producing formation underlying the leased premises after the liquid hydrocarbons contained in the gas have been removed; no royalties shall be payable on the recycled gas until it is produced and sold or used by Lessee in a manner which entitles the royalty owners to a royalty under this lease.

9. 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 to accrue 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.

10. (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) PERMITS, 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. All applications, permits, reports or other filings that reference this lease or any specific well on the leased premises and that are submitted to the Texas Railroad Commission or any other governmental agency shall include the word "State" in the title. Additionally, in accordance with Railroad Commission rules, any signage on the leased premises for the purpose of identifying wells, tank batteries or other associated improvements to the land must also include the word "State." 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.

11. 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



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operations pursuant to Paragraph 13, using the expiration of the primary term as the date of cessation of production under Paragraph 13. 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.

12. DRILLING AND REWORKING AT EXPIRATION OF PRIMARY TERM. If, at the expiration of the primary term, neither oil nor gas is being produced on said land, but Lessee is then engaged in drilling or reworking operations thereon, this lease shall remain in force so long as operations on said well or for drilling or reworking of any additional wells are prosecuted in good faith and in workmanlike manner without interruptions totaling more than sixty (60) days during any one such operation, and if they result in the production of oil and/or gas, so long thereafter as oil and/or gas is produced in paying quantities from said land, or payment of shut-in oil or gas well royalties or compensatory royalties is made as provided in this lease.

13. 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.

14. 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 double the annual rental provided in the lease, but not less than \$1,200 a year for each well capable of producing oil or gas in paying quantities. If Paragraph 3 of this lease does not specify a delay rental amount, then for the purposes of this paragraph, the delay rental amount shall be one dollar (\$1.00) per acre. 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. Such payment shall be made one-half (1/2) to the Commissioner of the General Land Office and one-half (1/2) to the owner of the soil. 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.

15. 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, one-half (1/2) to the Commissioner of the General Land Office and one-half (1/2) to the owner of the soil, 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 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. Compensatory royalty payments which are not timely paid will accrue penalty and interest in accordance with Paragraph 9 of this lease. None of these provisions will relieve Lessee of the obligation of reasonable development nor the obligation to drill offset wells as provided in Texas Natural Resources Code 52.173, however, at the determination of the Commissioner, and with the Commissioner's written approval, the payment of compensatory royalties can satisfy the obligation to drill offset wells.

16. 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 14 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 Texas Natural Resources Code 52.151-52.154, 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. 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. Notwithstanding the termination of this lease as to a portion of the lands covered hereby, Lessee shall nevertheless continue to have the right of ingress to and egress from the lands still subject to this lease for all purposes described in Paragraph 1 hereof, together with easements and rights-of-way for existing roads, existing pipelines and other existing facilities on, over and across all the lands described in Paragraph 1 hereof ("the retained lands"), for access to and from the retained lands and for the gathering or transportation of oil, gas and other minerals produced from the retained lands.



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(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 16 (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 Commissioner of the General Land Office. 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.

17. OFFSET WELLS. Neither the bonus, delay rentals, nor royalties paid, or to be paid, under this lease shall relieve Lessee of his obligation to protect the oil and gas under the above-described land from being drained. Lessee, sublessee, receiver or other agent in control of the leased premises shall drill as many wells as the facts may justify and shall use appropriate means and drill to a depth necessary to prevent undue drainage of oil and gas from the leased premises. In addition, if oil and/or gas should be produced in commercial quantities within 1,000 feet of the leased premises, or in any case where the leased premises is being drained by production of oil or gas, the Lessee, sublessee, receiver or other agent in control of the leased premises shall in good faith begin the drilling of a well or wells upon the leased premises within 100 days after the draining well or wells or the well or wells completed within 1,000 feet of the leased premises start producing in commercial quantities and shall prosecute such drilling with diligence. Failure to satisfy the statutory offset obligation may subject this lease and the owner of the soil's agency rights to forfeiture. Only upon the determination of the Commissioner of the General Land Office and with his written approval may the payment of compensatory royalty under applicable statutory parameters satisfy the obligation to drill an offset well or wells required under this paragraph.

18. FORCE MAJEURE. If, after a good faith effort, Lessee is prevented from complying with any express or implied covenant of this lease, from conducting drilling operations on the leased premises, or from producing oil or gas from the leased premises by reason of war, rebellion, riots, strikes, acts of God, or any valid order, rule or regulation of government authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended and Lessee shall not be liable for damages for failure to comply with such covenants; additionally, this lease shall be extended while Lessee is prevented, by any such cause, from conducting drilling and reworking operations or from producing oil or gas from the leased premises. However, nothing in this paragraph shall suspend the payment of delay rentals in order to maintain this lease in effect during the primary term in the absence of such drilling or reworking operations or production of oil or gas.

19. WARRANTY CLAUSE. The owner of the soil warrants and agrees to defend title to the leased premises. If the owner of the soil defaults in payments owed on the leased premises, then Lessee may redeem the rights of the owner of the soil in the leased premises by paying any mortgage, taxes or other liens on the leased premises. If Lessee makes payments on behalf of the owner of the soil under this paragraph, Lessee may recover the cost of these payments from the rental and royalties due the owner of the soil.

20. (A) PROPORTIONATE REDUCTION CLAUSE. If the owner of the soil owns less than the entire undivided surface estate in the above described land, whether or not Lessee's interest is specified herein, then the royalties and rental herein provided to be paid to the owner of the soil shall be paid to him in the proportion which his interest bears to the entire undivided surface estate and the royalties and rental herein provided to be paid to the Commissioner of the General Land Office of the State of Texas shall be likewise proportionately reduced. However, before Lessee adjusts the royalty or rental due to the Commissioner of the General Land Office, Lessee or his authorized representative must submit to the Commissioner of the General Land Office a written statement which explains the discrepancy between the interest purportedly leased under this lease and the actual interest owned by the owner of the soil. The Commissioner of the General Land Office shall be paid the value of the whole production allocable to any undivided interest not covered by a lease, less the proportionate development and production cost allocable to such undivided interest. However, in no event shall the Commissioner of the General Land Office receive as a royalty on the gross production allocable to the undivided interest not leased an amount less than the value of one-sixteenth (1/16) of such gross production.

(B) **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 and the owner of the soil in accordance with Natural Resources Code Sections 52.151-52.154, 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.

21. USE OF WATER. Lessee shall have the right to use water produced on said land necessary for operations under this lease except water from wells or tanks of the owner of the soil; provided, however, Lessee shall not use potable water or water suitable for livestock or irrigation purposes for waterflood operations without the prior consent of the owner of the soil.

22. AUTHORIZED DAMAGES. Lessee shall pay the owner of the soil for damages caused by its operations to all personal property, improvements, livestock and crops on said land.

23. PIPELINE DEPTH. When requested by the owner of the soil, Lessee shall bury its pipelines below plow depth.

24. WELL LOCATION LIMIT. No well shall be drilled nearer than two hundred (200) feet to any house or barn now on said premises without the written consent of the owner of the soil.



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25. **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. 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. Lessee shall, while conducting operations on the leased premises, keep said premises free of all rubbish, cans, bottles, paper cups or garbage, and upon completion of operations shall restore the surface of the land to as near its original condition and contours as is practicable. Tanks and equipment will be kept painted and presentable.

26. **REMOVAL OF EQUIPMENT.** Subject to limitations in this paragraph, Lessee shall have the right to remove machinery and fixtures placed by Lessee on the leased premises, including the right to draw and remove casing, within one hundred twenty (120) days after the expiration or the termination of this lease unless the owner of the soil grants Lessee an extension of this 120-day period. However, Lessee may not remove casing from any well capable of producing oil and gas in paying quantities. Additionally, Lessee may not draw and remove casing until after thirty (30) days written notice to the Commissioner of the General Land Office and to the owner of the soil. The owner of the soil shall become the owner of any machinery, fixtures, or casing which are not timely removed by Lessee under the terms of this paragraph.

27. **(A) ASSIGNMENTS.** Under the conditions contained in this paragraph and Paragraph 29 of this lease, the rights and estates of either party to this lease may be assigned, in whole or in part, and the provisions of this lease shall extend to and be binding upon their heirs, devisees, legal representatives, successors and assigns. However, a change or division in ownership of the land, rentals, or royalties will not enlarge the obligations of Lessee, diminish the rights, privileges and estates of Lessee, impair the effectiveness of any payment made by Lessee or impair the effectiveness of any act performed by Lessee. And no change or division in ownership of the land, rentals, or royalties shall bind Lessee for any purpose until thirty (30) days after the owner of the soil (or his heirs, devisees, legal representatives or assigns) furnishes the Lessee with satisfactory written evidence of the change in ownership, including the original recorded muniments of title (or a certified copy of such original) when the ownership changed because of a conveyance. A total or partial assignment of this lease shall, to the extent of the interest assigned, relieve and discharge Lessee of all subsequent obligations under this lease. If this lease is assigned in its entirety as to only part of the acreage, the right and option to pay rentals shall be apportioned as between the several owners ratably, according to the area of each, and failure by one or more of them to pay his share of the rental shall not affect this lease on the part of the land upon which pro rata rentals are timely paid or tendered; however, if the assignor or assignee does not file a certified copy of such assignment in the General Land Office before the next rental paying date, the entire lease shall terminate for failure to pay the entire rental due under Paragraph 3. Every assignee 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 assignee of the lease, including any liabilities to the State for unpaid royalties.

(B) ASSIGNMENT LIMITATION. Notwithstanding any provision in Paragraph 27(a), if the owner of the soil acquires this lease in whole or in part by assignment without the prior written approval of the Commissioner of the General Land Office, this lease is void as of the time of assignment and the agency power of the owner may be forfeited by the Commissioner. An assignment will be treated as if it were made to the owner of the soil if the assignee is:

- (1) a nominee of the owner of the soil;
- (2) a corporation or subsidiary in which the owner of the soil is a principal stockholder or is an employee of such a corporation or subsidiary;
- (3) a partnership in which the owner of the soil is a partner or is an employee of such a partnership;
- (4) a principal stockholder or employee of the corporation which is the owner of the soil;
- (5) a partner or employee in a partnership which is the owner of the soil;
- (6) a fiduciary for the owner of the soil; including but not limited to a guardian, trustee, executor, administrator, receiver, or conservator for the owner of the soil; or
- (7) a family member of the owner of the soil or related to the owner of the soil by marriage, blood, or adoption.

28. **RELEASES.** Under the conditions contained in this paragraph and Paragraph 29, Lessee may at any time execute and deliver to the owner of the soil and place of record a release or releases covering any portion or portions of the leased premises, and thereby surrender this lease as to such portion or portions, and be relieved of all subsequent obligations as to acreage surrendered. If any part of this lease is properly surrendered, the delay rental due under this lease shall be reduced by the proportion that the surrendered acreage bears to the acreage which was covered by this lease immediately prior to such surrender; however, such release will not relieve Lessee of any liabilities which may have accrued under this lease prior to the surrender of such acreage.

29. **FILING OF ASSIGNMENTS AND RELEASES.** If all or any part of this lease is assigned or released, such assignment or release must be recorded in the county where the land is situated, and the recorded instrument, or a copy of the recorded instrument certified by the County Clerk of the county in which the instrument is recorded, must be filed in the General Land Office within 90 days of the last execution date accompanied by the prescribed filing fee. If any such assignment is not so filed, the rights acquired under this lease shall be subject to forfeiture at the option of the Commissioner of the General Land Office.

30. **DISCLOSURE CLAUSE.** All provisions pertaining to the lease of the above-described land have been included in this instrument, including the statement of the true consideration to be paid for the execution of this lease and the rights and duties of the parties. Any collateral agreements concerning the development of oil and gas from the leased premises which are not contained in this lease render this lease invalid.

31. **FIDUCIARY DUTY.** The owner of the soil owes the State a fiduciary duty and must fully disclose any facts affecting the State's interest in the leased premises. When the interests of the owner of the soil conflict with those of the State, the owner of the soil is obligated to put the State's interests before his personal interests.

32. **FORFEITURE.** If Lessee shall fail or refuse to make the payment of any sum within thirty 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 if Lessee should 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



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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 under the terms of the Relinquishment Act. 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.

33. LIEN. In accordance with Texas Natural Resources Code 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 Texas Natural Resources Code 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, Chap. 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.

34. POOLING. Lessee is hereby granted the right to pool or unitize the royalty interest of the owner of the soil under this lease with any other leasehold or mineral interest for the exploration, development and production of oil or gas or either of them upon the same terms as shall be approved by the School Land Board and the Commissioner of the General Land Office for the pooling or unitizing of the interest of the State under this lease pursuant to Texas Natural Resources Code 52.151-52.154. The owner of the soil agrees that the inclusion of this provision in this lease satisfies the execution requirements stated in Texas Natural Resources Code 52.152.

35. INDEMNITY. Lessee hereby releases and discharges the State of Texas and the owner of the soil, their officers, employees, partners, agents, contractors, subcontractors, guests, invitees, and their respective successors and assigns, of and from all and any actions and causes of action of every nature, or other harm, including environmental harm, for which recovery of damages is sought, including, but not limited to, all losses and expenses which are caused by the activities of Lessee, its officers, employees, and agents arising out of, incidental to, or resulting from, the operations of or for Lessee on the leased premises hereunder, or that may arise out of or be occasioned by Lessee's breach of any of the terms or provisions of this Agreement, or by any other negligent or strictly liable act or omission of Lessee. Further, Lessee hereby agrees to be liable for, exonerate, indemnify, defend and hold harmless the State of Texas and the owner of the soil, their officers, employees and agents, their successors or assigns, against any and all claims, liabilities, losses, damages, actions, personal injury (including death), costs and expenses, or other harm for which recovery of damages is sought, under any theory including tort, contract, or strict liability, including attorneys' fees and other legal expenses, including those related to environmental hazards, on the leased premises or in any way related to Lessee's failure to comply with any and all environmental laws, those arising from or in any way related to Lessee's operations or any other of Lessee's activities on the leased premises, those arising from Lessee's use of the surface of the leased premises; and those that may arise out of or be occasioned by Lessee's breach of any of the terms or provisions of this Agreement or any other act or omission of Lessee, its directors, officers, employees, partners, agents, contractors, subcontractors, guests, invitees, and their respective successors and assigns. Each assignee of this Agreement, or an interest therein, agrees to be liable for, exonerate, indemnify, defend and hold harmless the State of Texas and the owner of the soil, their officers, employees, and agents in the same manner provided above in connection with the activities of Lessee, its officers, employees, and agents as described above. **EXCEPT AS OTHERWISE EXPRESSLY LIMITED HEREIN, ALL OF THE INDEMNITY OBLIGATIONS AND/OR LIABILITIES ASSUMED UNDER THE TERMS OF THIS AGREEMENT SHALL BE WITHOUT LIMITS AND WITHOUT REGARD TO THE CAUSE OR CAUSES THEREOF (EXCLUDING PRE-EXISTING CONDITIONS), STRICT LIABILITY, OR THE NEGLIGENCE OF ANY PARTY OR PARTIES (INCLUDING THE NEGLIGENCE OF THE INDEMNIFIED PARTY), WHETHER SUCH NEGLIGENCE BE SOLE, JOINT, CONCURRENT, ACTIVE, OR PASSIVE.**

36. ENVIRONMENTAL HAZARDS. Lessee shall use the highest degree of care and all reasonable safeguards to prevent contamination or pollution of any environmental medium, including soil, surface waters, groundwater, sediments, and surface or subsurface strata, ambient air or any other environmental medium in, on, or under, the leased premises, by any waste, pollutant, or contaminant. Lessee shall not bring or permit to remain on the leased premises any asbestos containing materials, explosives, toxic materials, or substances regulated as hazardous wastes, hazardous materials, hazardous substances (as the term "Hazardous Substance" is defined in the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), 42 U.S.C. Sections 9601, et seq.), or toxic substances under any federal, state, or local law or regulation ("Hazardous Materials"), except ordinary products commonly used in connection with oil and gas exploration and development operations and stored in the usual manner and quantities. **LESSEE'S VIOLATION OF THE FOREGOING PROHIBITION SHALL CONSTITUTE A MATERIAL BREACH AND DEFAULT HEREUNDER AND LESSEE SHALL INDEMNIFY, HOLD HARMLESS AND DEFEND THE STATE OF TEXAS AND THE OWNER OF THE SOIL FROM AND AGAINST ANY CLAIMS, DAMAGES, JUDGMENTS, PENALTIES, LIABILITIES, AND COSTS (INCLUDING REASONABLE ATTORNEYS' FEES AND COURT COSTS) CAUSED BY OR ARISING OUT OF (1) A VIOLATION OF THE FOREGOING PROHIBITION OR (2) THE PRESENCE, RELEASE, OR DISPOSAL OF ANY HAZARDOUS MATERIALS ON, UNDER, OR ABOUT THE LEASED PREMISES DURING LESSEE'S OCCUPANCY OR CONTROL OF THE LEASED PREMISES. LESSEE SHALL CLEAN UP, REMOVE, REMEDY AND REPAIR ANY SOIL OR GROUND WATER CONTAMINATION AND DAMAGE CAUSED BY THE PRESENCE OR RELEASE OF ANY HAZARDOUS MATERIALS IN, ON, UNDER, OR ABOUT THE LEASED PREMISES DURING LESSEE'S OCCUPANCY OF THE LEASED PREMISES IN CONFORMANCE WITH THE REQUIREMENTS OF APPLICABLE LAW. THIS INDEMNIFICATION AND ASSUMPTION SHALL APPLY, BUT IS NOT LIMITED TO, LIABILITY FOR RESPONSE ACTIONS UNDERTAKEN PURSUANT TO CERCLA OR ANY OTHER ENVIRONMENTAL LAW OR REGULATION. LESSEE SHALL IMMEDIATELY GIVE THE STATE OF TEXAS AND THE OWNER OF THE SOIL WRITTEN NOTICE OF ANY BREACH OR SUSPECTED BREACH OF THIS PARAGRAPH, UPON LEARNING OF THE PRESENCE OF ANY HAZARDOUS MATERIALS, OR UPON RECEIVING A NOTICE FROM ANY GOVERNMENTAL AGENCY PERTAINING TO HAZARDOUS MATERIALS WHICH MAY AFFECT THE LEASED PREMISES. THE OBLIGATIONS OF LESSEE HEREUNDER SHALL SURVIVE THE EXPIRATION OR EARLIER TERMINATION, FOR ANY REASON, OF THIS AGREEMENT.**

37. APPLICABLE LAW. This lease is issued under the provisions of Texas Natural Resources Code 52.171 through 52.190, commonly known as the Relinquishment Act, and other applicable statutes and amendments thereto, and if any provision in this lease does not conform to these statutes, the statutes will prevail over any nonconforming lease provisions.



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38. 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. Once the filing requirements found in Paragraph 39 of this lease have been satisfied, the effective date of this lease shall be the date found on Page 1.

39. LEASE FILING. Pursuant to Chapter 9 of the Texas Business and Commerce 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. This lease is not effective until a certified copy of this lease (which is made and certified by the County Clerk from his records) is filed in the General Land Office in accordance with Texas Natural Resources Code 52.183. Additionally, this lease shall not be binding upon the State unless it recites the actual and true consideration paid or promised for execution of this lease. The bonus due the State and the prescribed filing fee shall accompany such certified copy to the General Land Office.

LESSEE
 BY: [Signature] JA
 Title: Attorney-in-Fact for Cimarron Energy Co.
 Date: 8-31-2010

STATE OF TEXAS
 BY: [Signature]
 Individually and as agent for the State of Texas
 Date: 7/14/10

STATE OF TEXAS
 BY: _____
 Individually and as agent for the State of Texas
 Date: _____

STATE OF TEXAS
 BY: _____
 Individually and as agent for the State of Texas
 Date: _____

STATE OF TEXAS
 BY: _____
 Individually and as agent for the State of Texas
 Date: _____

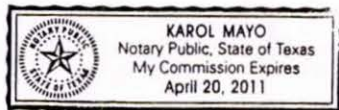


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STATE OF Texas (CORPORATION ACKNOWLEDGMENT)
 COUNTY OF Midland

BEFORE ME, the undersigned authority, on this day personally appeared Roger Alexander
 known to me to be the person whose name is subscribed to the foregoing instruments as Attorney-in-Fact
 of Cinco 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 31st day of August, 2010.

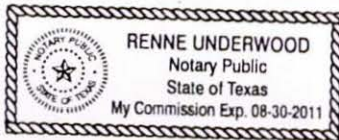


Karol Mayo
 Notary Public in and for STATE OF TEXAS

STATE OF TEXAS (CORPORATION ACKNOWLEDGMENT)
 COUNTY OF YOUNG

BEFORE ME, the undersigned authority, on this day personally appeared Edwin Smith Graham IV
 known to me to be the person whose name is subscribed to the foregoing instruments as Vice President
 of The Allar Company and as agent for the State of Texas 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 14th day of July, 2010.



Renne Underwood
 Notary Public in and for State of Texas

STATE OF (INDIVIDUAL ACKNOWLEDGMENT)
 COUNTY OF

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

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

Notary Public in and for _____

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 _____



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

Addendum attached to Paid Up Oil & Gas Lease between The Allar Company as agent for the State of Texas and Cimarex Energy Co. dated July 14, 2010

40. Delay Rentals

This is a Paid-Up Oil & Gas Lease; however, delay rentals are \$1.00 per acre which would be one annual payment of \$640.00. This payment is included in the initial bonus payment made to both the State and agent at the time of execution of the lease, and are therefore paid in full.

FILE # 3421

FILED FOR RECORD ON THE 24TH DAY OF SEPTEMBER A.D. 2010 1:27 P M.

DUTY RECORDED ON THE 28TH DAY OF SEPTEMBER A.D. 2010 9:00 A M.

BY: Diana Florez, DEPUTY

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

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



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

File No. MF 111895
Lease
Date Filed: 11/18/11
Jerry E. Patterson, Commissioner
By GR

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. 853
PAGE 55, THRU 64 OFFICIAL PUBLIC RECORDS

I hereby certify on 9/30/2010

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS
By Dianne Florez DEPUTY
DAITA GARCIA LINDO



11.15.10

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

September 20, 2011

Todd Meador
Cimarex Energy Co
600 N Marienfeld St, Suite 600
Midland TX 79701

Re: **State Lease MF 111895**

Relinquishment Act Lease dated July 14, 2010
covering Sec 18, Blk 56, T-3, A-3372, T&P RR
Co Survey, Reeves Co TX, recorded Book 853, pg 55
The Allar Company, agent for State of TX, Lessor

Dear Mr. Meador:

The certified copy of the Relinquishment Act lease covering the referenced tract has been approved and filed in our records under Mineral File number **MF-111895**. **Please refer to this number when making payments to the State and in all future correspondence concerning the lease. Failure to include the mineral file number may delay processing of any payments towards the lease.**

There are several contractual and statutory responsibilities for the Lessee which are material provisions of the lease as outlined in the agreement such as Section 10(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 be submitted to the General Land Office as well. Examples are W-1, Application to Drill; W-2, Oil Well Completion Report and Log; G-1, Gas Well Completion Report and Log; W-3, Plugging Report; 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.

Your remittance of **\$240,000.00** has been applied to the State's portion of the cash. Your remittances of **\$100.00** and **\$25.00** have been applied to the processing fee and filing fee.

Sincerely yours,

Drew Reid
Minerals Leasing
Energy Resources
(512) 475-1534
drew.reid@glo.state.tx.us

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

File No. MF 111895

Lease

Date Filed: 11/8/11

Jerry E. Patterson, Commissioner

By G. H.

From: Jesse Arellano
To: Bonn, Carl
CC: Reid, Drew; celliott@cimarex.com
Date: 6/20/2013 2:42 PM
Subject: Section 18 Reeves County
Attachments: Sledge Well.jpg

Carl,

I just got off the phone with Cody Elliott from Cimarex. His company is about to spud a well on their lease M-111895. In their curative they found a well by Sledge to be producing although in small quantities. The well is shown with a blue box around it and the well ID is 08-17101.

Please review and report back to Cody as soon as possible. His phone # is 432-571-7806.

Thanks
ja

Elliott

API 389-00799

File No. ME 111895
email from Jesse

Date Filed: 6-20-13
Jerry Patterson, Commissioner
By C Bonn

FIO _____
Alamo T-Note _____
Termin Ltr CR / Calendar _____
Advise via Email _____
Update Alamo File _____
Stamp File _____

b7 Louis Perand

MF 043245
term ^{mtm} eff 12/17/01

Review
OIL AND GAS LEASE TERMINATIONS WORKSHEET

6.20.13
Cody w/ Chmang

MF # 111895 ^{Active} ~~Cinnarex~~ ^{Lse} ~~exp 7-14-13~~
County _____
Operator / Lessee Sledge Bros ^{Cinnarex}
Address Tric Pass ^{Cody Elliott}
Active Lse

see MF040154
MF043245 Term 12-17-01
MF 047 118 Term 12-17-01
MF 106893 exp 9-8-08

Lease Name MT Richey
Field Name _____
Oil/Gas/Dist/RRC ID # 08-17101 | 389-00799

Last month Produced 3/13 ^{Reporting phantom}
Last Month Royalty Paid 2005? ^{production CSG & oil}
Last Prod Report GLO1 OR GLO 2 _____

Type of Lease RAL
Lease Date 7-14-10 Term 3y Sec 18
Unitized Y/N N 640 a.
Shut-in being paid Y/N N

0.3 bbl/mo by Sledge

8-1-13 Cody Elliott w/ Cinnarex to get
us daily drilling Report &
Logs later @ camp w/ W1

6
File No. MF 111895

Lee Rev Worksheet

Date Filed: 6-20-13

Jerry Patterson, Commissioner

By C. B. [Signature]

From: Carl Bonn
To: Hatter, Robert
CC: Hill, Andrew
Date: 6/25/2013 11:21 AM
Subject: Fwd: Sledge Bros. Lease MF111895
Attachments: MF111895A.0613.JPG; MF111895B.0613.JPG; MF111895C.0613.JPG;
MF111895D.0613.JPG; MF111895E.0613.JPG; MF111895F.0613.JPG; MF111895G.0613.JPG;
MF111895H.0613.JPG; MF111895I.0613.JPG; MF111895J.0613.JPG; MF111895K.0613.JPG;
MF111895L.0613.JPG; MF111895M.0613.JPG; Bonn, Carl.vcf

Robert,

The MT Richey, RRC Lse # 08 - 17101 in pic #1 is API 42-389-00799 and shows last production at the RRC of 5 bbls for March 2013. Obviously production was mis-reported since there is a bird nest in the electric box and no fuses, see pic #3. Also, gun barrels and separator are knocked over.

Let me know if I should request the RRC to seal the well.

Thanks,
Carl

Carl Bonn, CPL
Landman
Energy Resources
Texas General Land Office
PO Box 12873 Austin, TX 78711
(512) 463-5407 - Office (512) 475-1543 - Fax
>>> Andrew Hill 6/25/2013 10:57 AM >>>
Carl,

Here are the photos you requested. Note that the last photo shows the results of a leak from a poly flow line, not from the well in question (API 42-389-00799) but instead from a well north of that location I was not able to get to because of the road condition. The leak looked to be old (at least several months, if not longer) and there were no other vehicle tracks on the lease road leading to that well other than my own. In fact, at a certain point the road became unpassable because of washouts and deep sand.

Please let me know if you need anything else.

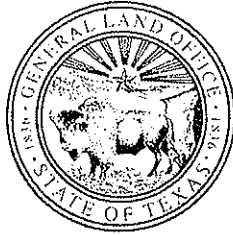
Andy Hill
Field Inspector
Energy Resources Division
West Texas Region

7
File No. M1-111895
email from Andy Hill

Date Filed: 6-25-13
Jerry Patterson, Commissioner

By C. Bonn

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

June 27, 2013

MF111895

Sledge Bros. Oil Co.
1925 W. State Highway 302
Kermit, Texas 79745

Re: Richey, M. T., et al No. 1 Well, Ken Regan (Delaware Field)
RRC ID No. 08-17101, API No. 389-00799

Dear Sir/Madam,

The General Land Office (GLO) is the mineral owner under Section 18, Block 56, Township 3-S, Reeves County, Texas, where the above referenced well is located. According to the records of the Railroad Commission (RRC), Sledge Bros. Oil Co. is the designated operator of the well. The records of the GLO indicate that said minerals were leased to Cimarex Energy Co. on July 14, 2010 and that the oil and gas lease is valid and subsisting as of this date. Sledge Bros. Oil Co. can not legally produce oil or gas from the well. A recent inspection by the GLO indicates that production facilities associated with the well are inoperable and remain on the property.

Therefore, we respectfully request that Sledge Bros. Oil Co. plug the well in accordance with RRC rules, remove all related equipment and materials from the property, and return the location to its original condition within thirty (30) days of receipt of this letter. If any unpaid royalties are identified, our accounting department will contact your office.

Your attention in this matter is appreciated. If you should have any questions, please contact Robert Hatter, in our Mineral Leasing Division at either (512) 475-1542 or robert.hatter@glo.texas.gov.

Sincerely,

C. Louis Renaud
Deputy Commissioner
Energy Resources

8
File No. MF 111895
Ltr to Sledge

Date Filed: 6-27-13
Jerry Patterson, Commissioner

By C Bonn

7011 1150 0001 2416 2475

U.S. Postal Service
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

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

OFFICIAL USE

Postage	\$	Postmark Here
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	

Sent To

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

City, State, ZIP+4

PS Form 3800, August 2006

See Reverse for Instructions

UNITED STATES POSTAL SERVICE

1010 GRANDE DISTRICT
 19 JUL 2013 PM 2 L

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

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

Texas General Land Office
PO Box 12873

Austin, Texas 78711-2873

Attn: Carl Bonn, Energy Resources
 03111

MF 111895

RECEIVED

JUL 22 2013

General Land Office

Certified Mail Provides:

- A mailing receipt
- A unique identifier for your mailpiece
- A record of delivery kept by the Postal Service for two years

Important Reminders:

- Certified Mail may ONLY be combined with First-Class Mail® or Priority Mail®.
- Certified Mail is *not* available for any class of international mail.
- NO INSURANCE COVERAGE IS PROVIDED with Certified Mail. For valuables, please consider Insured or Registered Mail.
- For an additional fee, a *Return Receipt* may be requested to provide proof of delivery. To obtain Return Receipt service, please complete and attach a Return Receipt (PS Form 3811) to the article and add applicable postage to cover the fee. Endorse mailpiece "Return Receipt Requested". To receive a fee waiver for a duplicate return receipt, a USPS® postmark on your Certified Mail receipt is required.
- For an additional fee, delivery may be restricted to the addressee or addressee's authorized agent. Advise the clerk or mark the mailpiece with the endorsement "*Restricted Delivery*".
- If a postmark on the Certified Mail receipt is desired, please present the article at the post office for postmarking. If a postmark on the Certified Mail receipt is not needed, detach and affix label with postage and mail.

IMPORTANT: Save this receipt and present it when making an inquiry.

PS Form 3800, August 2006 (Reverse) PSN 7530-02-000-9047

SENDER: COMPLETE THIS SECTION

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

1. Article Addressed to:

Sledge Bros. Oil Co
PO Box 953
Midland, TX 79702

2. Article Number
(Transfer from service label)

7011 1150 0001 2416 2475

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

Harvie J. McDonald

☐ Agent

☐ Addressee

B. Received by (Printed Name)

Harvie J. McDonald

C. Date of Delivery

7/13

D. Is delivery address different from item 1?

☐ Yes

If YES, enter delivery address below:

☐ No

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☐ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

June 27, 2013

Certified Mail 7011 1150 0001 2416 2475
to: Sledge Bros. Oil Co. PO Box 953
Midland, TX 79702

Sledge Bros. Oil Co.
1925 W. State Highway 302
Kermit, Texas 79745

MF 111895

Re: Richey, M. T., et al No. 1 Well, Ken Regan (Delaware Field)
RRC ID No. 08-17101, API No. 389-00799

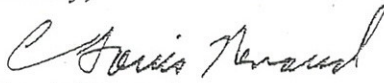
Dear Sir/Madam,

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Sincerely,


C. Louis Renaud
Deputy Commissioner
Energy Resources

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

File No. MF 111895
Cert. Ltr to Sledge

Date Filed: 6-27-13
Jerry Patterson, Commissioner

By C. Bonn

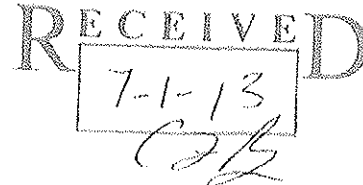
MF 111895

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



June 27, 2013

Texas General Land Office
Attn: Carl Bonn
1700 N. Congress Ave., Ste. 840
Austin, Texas 79701



Via Federal Express

MF 111895
also see MF 047118

Dear Mr. Bonn,

Enclosed herein is a copy of letter dated June 27, 2013 to ConocoPhillips Company, regarding an Oil and Gas Lease in Section 18, Block 56, Township 3, T&P Ry. Co. Reeves County, Texas. Please retain for your records. If you have any questions or concerns, please contact me at the number below.

Sincerely,

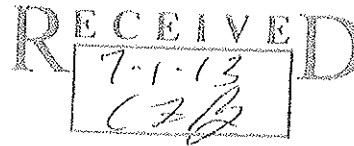
Cimarex Energy Co.

Viviana M. Bush

Viviana M. Bush
Land Technician
432.571.7846 (direct)

June 27, 2013

Attn: Jason Lyons
ConocoPhillips Company
600 N. Dairy Ashford
Houston, TX 77079-1175



Re: Section 18, Block 56, Township 3, T. & P. Ry. Co. Survey, Reeves County, Texas; M. T. Richey, et al., #1 Oil Well; The Allar Company, et al., Oil and Gas Lease MF:047118, dated May 29, 1954, recorded in Volume 161, Page 343, Deed Records, Reeves County, Texas

Mr. Lyons:

On July 14, 2010, Cimarex Energy Co. acquired an oil and gas lease from The Allar Company as Agent for the State of Texas covering all mineral interest in Section 18, Block 56, Township 3, in the T. & P. Ry. Co. Survey in Reeves County, Texas. The State of Texas approved the lease and it has been filed of record in Volume 853, Page 55, Deed Records, Reeves County, Texas.

During recent preparations by Cimarex to drill its Eighteen Mile 56-18 #1H Well in Section 18, it came to our attention, and that of the General Land Office, that Section 18 contains an unplugged, partially equipped oil well ostensibly operated by Sledge Bros. Oil Co. ("Sledge") located in Midland, Texas. The well name is M. T. Richey, et al., #1. The M.T. Richey well was drilled in 1956 under the terms of that certain Oil and Gas Lease dated March 29, 1954, covering all of Section 18 from The Allar Company, et al., as agent for the State of Texas under the Relinquishment Act to Neville G. Penrose, Inc. (the 'Expired Lease'). Records indicate that Sledge owned rights in the Expired Lease from the surface to 5,200 feet and that ConocoPhillips owned all depths below 5,200 feet.

The General Land Office investigated the M.T. Richey well and the Expired Lease and has informed Cimarex that the Expired Lease is terminated and of no force or effect. No production has been reported to the General Land Office and no royalties have been paid to the State subsequent to 2005. Although public production information indicates that 11 barrels of oil were sold in 2011, 9 barrels in 2012, and 8 barrels in 2013, the State has not been paid and holds that such production is not in compliance with the Expired Lease terms regarding production in paying quantities. The State investigator assigned to the matter reported that it was not a producing well and lacked equipment to operate.

Cimarex Energy Co. has a permit to drill its Eighteen Mile 56-18 #1H Well with an anticipated spud date in the first week of July. The location is built and a rig move is imminent.

Delaying drilling operations is not possible due to a pending expiration date. Cimarex, on its behalf and that of the General Land Office, do hereby request that ConocoPhillips execute the enclosed Release of Oil and Gas Lease for the Expired Lease.

I have attached correspondence from the Texas General Land Office indicating that the GLO considers the Lease terminated. Thank you for your attention to this matter.

Sincerely yours,

A handwritten signature in black ink, appearing to be 'Cody Elliott', written over a horizontal line.

Cody Elliott, Landman

Cimarex Energy Co.
600 N. Marienfeld Street, Suite 600
Midland, TX 79701
Direct 432-571-7806, Cell 432-269-9220
celliot@cimarex.com

cc: Attn: Carl F. Bonn
Texas General Land Office
1700 N. Congress Ave.
Austin, Texas 78701-1495

RELEASE OF OIL AND GAS LEASE

KNOW ALL MEN BY THESE PRESENTS, THAT the undersigned owner does hereby release, relinquish, surrender and forever quitclaim to the Lessor(s), and to the heirs, personal representatives, successors and assigns of said Lessor(s), all right, title and interest in and to the Oil and Gas Lease more fully described below, presently owned by the undersigned and covering lands in Reeves County, Texas:

Oil and Gas Lease dated May 29, 1954, between The Allar Company, a corporation, Margaret R. Causbie, joined by her husband, J. M. Causbie, all of Graham, Texas individually and as agent for the State of Texas, as Lessors, and Neville G. Penrose, Inc., a corporation, as Lessee, recorded in Book 161, Page 343, Deed Records, Reeves County, Texas, covering in so far and only in so far as to **All of Section 18, Block 56, Township Three (3), T&P Survey**, further limited to all rights below 5,200 feet.

Executed this _____ day of _____, 2013

ConocoPhillips Company

BY:

STATE OF _____
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 _____ for ConocoPhillips Company and acknowledge 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 Company.

Given under my hand and seal of office this _____ day of _____, 2013.

My commission expires _____

Notary Public State of _____

(10)

File No. MF 111895
Ltr. from Cramer

Date Filed: 7-1-13

Jerry E. Patterson, Commissioner

By C Bonn

From: Jesse Arellano
To: Bonn, Carl
CC: Reid, Drew; celliott@cimarex.com
Date: 6/20/2013 2:42 PM
Subject: Section 18 Reeves County
Attachments: Sledge Well.jpg

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Thanks
ja

Elliott

API 389-00799

File No. ME 111895
email from Jesse

Date Filed: 6-20-13
Jerry Patterson, Commissioner

By C Bonn

FIO _____
Alamo T-Note _____
Termin Ltr CR / Calendar _____
Advise via Email _____
Update Alamo File _____
Stamp File _____

b7 Louis Perand

MF 043245
term ^{MF} 12/17/01
exp 12/17/01

Review
OIL AND GAS LEASE TERMINATIONS WORKSHEET

6.20.13
Cody w/ Chmang

MF # 111895 ^{Active} ~~Cinnarex~~ ^{Lse} ~~exp 7-14-13~~
County _____
Operator / Lessee { Sledge Bros } Cinnarex
Address { Tric Pass } ^{Cody Elliott}
Active Lse

Lease Name MT Richey
Field Name _____
Oil/Gas/Dist/RRC ID # 08-17101 | 389-00799

Last month Produced 3/13 ^{Reporting phantom}
Last Month Royalty Paid 2005? ^{production CSG & oil}
Last Prod Report GLO1 OR GLO 2 _____

Type of Lease RAL
Lease Date 7-14-10 Term 3y ^{Sec 18}
Unitized Y/N N ^{640 a.}
Shut-in being paid Y/N N

0.3 bbl/mo by Sledge

8-1-13 Cody Elliott w/ Cinnarex to get
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Logs later @ camp w/ W1

6
File No. MF 111895

Lee Rev Worksheet

Date Filed: 6-20-13

Jerry Patterson, Commissioner

By C. B. [Signature]

From: Carl Bonn
To: Hatter, Robert
CC: Hill, Andrew
Date: 6/25/2013 11:21 AM
Subject: Fwd: Sledge Bros. Lease MF111895
Attachments: MF111895A.0613.JPG; MF111895B.0613.JPG; MF111895C.0613.JPG;
MF111895D.0613.JPG; MF111895E.0613.JPG; MF111895F.0613.JPG; MF111895G.0613.JPG;
MF111895H.0613.JPG; MF111895I.0613.JPG; MF111895J.0613.JPG; MF111895K.0613.JPG;
MF111895L.0613.JPG; MF111895M.0613.JPG; Bonn, Carl.vcf

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Carl

Carl Bonn, CPL
Landman
Energy Resources
Texas General Land Office
PO Box 12873 Austin, TX 78711
(512) 463-5407 - Office (512) 475-1543 - Fax
>>> Andrew Hill 6/25/2013 10:57 AM >>>
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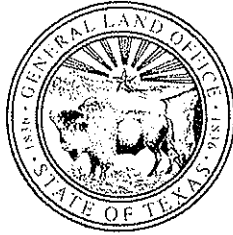
Andy Hill
Field Inspector
Energy Resources Division
West Texas Region

7
File No. M1-111895
email from Andy Hill

Date Filed: 6-25-13
Jerry Patterson, Commissioner

By C. Bonn

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

June 27, 2013

MF111895

Sledge Bros. Oil Co.
1925 W. State Highway 302
Kermit, Texas 79745

Re: Richey, M. T., et al No. 1 Well, Ken Regan (Delaware Field)
RRC ID No. 08-17101, API No. 389-00799

Dear Sir/Madam,

The General Land Office (GLO) is the mineral owner under Section 18, Block 56, Township 3-S, Reeves County, Texas, where the above referenced well is located. According to the records of the Railroad Commission (RRC), Sledge Bros. Oil Co. is the designated operator of the well. The records of the GLO indicate that said minerals were leased to Cimarex Energy Co. on July 14, 2010 and that the oil and gas lease is valid and subsisting as of this date. Sledge Bros. Oil Co. can not legally produce oil or gas from the well. A recent inspection by the GLO indicates that production facilities associated with the well are inoperable and remain on the property.

Therefore, we respectfully request that Sledge Bros. Oil Co. plug the well in accordance with RRC rules, remove all related equipment and materials from the property, and return the location to its original condition within thirty (30) days of receipt of this letter. If any unpaid royalties are identified, our accounting department will contact your office.

Your attention in this matter is appreciated. If you should have any questions, please contact Robert Hatter, in our Mineral Leasing Division at either (512) 475-1542 or robert.hatter@glo.texas.gov.

Sincerely,

C. Louis Renaud
Deputy Commissioner
Energy Resources

8
File No. MF 111895
Ltr to Sledge

Date Filed: 6-27-13
Jerry Patterson, Commissioner

By C Bonn

7011 1150 0001 2416 2475

U.S. Postal Service
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

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OFFICIAL USE

Postage	\$	Postmark Here
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	

Sent To

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

City, State, ZIP+4

PS Form 3800, August 2006

See Reverse for Instructions

UNITED STATES POSTAL SERVICE

1010 GRANDE DISTRICT
 19 JUL 2013 PM 2 L

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

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

Texas General Land Office
PO Box 12873

Austin, Texas 78711-2873

Attn: Carl Bonn, Energy Resources
 03111

MF 111895

RECEIVED

JUL 22 2013

General Land Office

Certified Mail Provides:

- A mailing receipt
- A unique identifier for your mailpiece
- A record of delivery kept by the Postal Service for two years

Important Reminders:

- Certified Mail may ONLY be combined with First-Class Mail® or Priority Mail®.
- Certified Mail is *not* available for any class of international mail.
- NO INSURANCE COVERAGE IS PROVIDED with Certified Mail. For valuables, please consider Insured or Registered Mail.
- For an additional fee, a *Return Receipt* may be requested to provide proof of delivery. To obtain Return Receipt service, please complete and attach a Return Receipt (PS Form 3811) to the article and add applicable postage to cover the fee. Endorse mailpiece "Return Receipt Requested". To receive a fee waiver for a duplicate return receipt, a USPS® postmark on your Certified Mail receipt is required.
- For an additional fee, delivery may be restricted to the addressee or addressee's authorized agent. Advise the clerk or mark the mailpiece with the endorsement "*Restricted Delivery*".
- If a postmark on the Certified Mail receipt is desired, please present the article at the post office for postmarking. If a postmark on the Certified Mail receipt is not needed, detach and affix label with postage and mail.

IMPORTANT: Save this receipt and present it when making an inquiry.

PS Form 3800, August 2006 (Reverse) PSN 7530-02-000-9047

SENDER: COMPLETE THIS SECTION

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

1. Article Addressed to:

Sledge Bros. Oil Co
PO Box 953
Midland, TX 79702

2. Article Number
(Transfer from service label)

7011 1150 0001 2416 2475

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

Harvie J. McDonald

☐ Agent

☐ Addressee

B. Received by (Printed Name)

Harvie J. McDonald

C. Date of Delivery

7/13

D. Is delivery address different from item 1?

☐ Yes

If YES, enter delivery address below:

☐ No

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☐ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

June 27, 2013

Certified Mail 7011 1150 0001 2416 2475

to: Sledge Bros. Oil Co. PO Box 953
Midland, TX 79702

Sledge Bros. Oil Co.
1925 W. State Highway 302
Kermit, Texas 79745

MF 111895

Re: Richey, M. T., et al No. 1 Well, Ken Regan (Delaware Field)
RRC ID No. 08-17101, API No. 389-00799

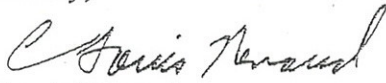
Dear Sir/Madam,

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Your attention in this matter is appreciated. If you should have any questions, please contact Robert Hatter, in our Mineral Leasing Division at either (512) 475-1542 or robert.hatter@glo.texas.gov.

Sincerely,


C. Louis Renaud
Deputy Commissioner
Energy Resources

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

File No. MF 111895
Cert. Ltr to Sledge

Date Filed: 6-27-13
Jerry Patterson, Commissioner

By C. Bonn

MF 111895

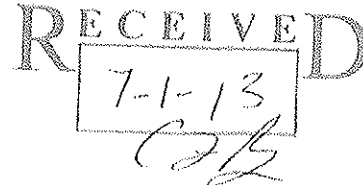
Cimarex Energy Co.
600 N. Marienfeld St.
Suite 600
Midland, Texas 79701
PHONE 432.571.7800



June 27, 2013

Texas General Land Office
Attn: Carl Bonn
1700 N. Congress Ave., Ste. 840
Austin, Texas 79701

Via Federal Express



MF 111895
also see MF 047118

Dear Mr. Bonn,

Enclosed herein is a copy of letter dated June 27, 2013 to ConocoPhillips Company, regarding an Oil and Gas Lease in Section 18, Block 56, Township 3, T&P Ry. Co. Reeves County, Texas. Please retain for your records. If you have any questions or concerns, please contact me at the number below.

Sincerely,

Cimarex Energy Co.

Viviana M. Bush

Viviana M. Bush
Land Technician
432.571.7846 (direct)

June 27, 2013

Attn: Jason Lyons
ConocoPhillips Company
600 N. Dairy Ashford
Houston, TX 77079-1175



Re: Section 18, Block 56, Township 3, T. & P. Ry. Co. Survey, Reeves County, Texas; M. T. Ritchey, et al., #1 Oil Well; The Allar Company, et al., Oil and Gas Lease MF:047118, dated May 29, 1954, recorded in Volume 161, Page 343, Deed Records, Reeves County, Texas

Mr. Lyons:

On July 14, 2010, Cimarex Energy Co. acquired an oil and gas lease from The Allar Company as Agent for the State of Texas covering all mineral interest in Section 18, Block 56, Township 3, in the T. & P. Ry. Co. Survey in Reeves County, Texas. The State of Texas approved the lease and it has been filed of record in Volume 853, Page 55, Deed Records, Reeves County, Texas.

During recent preparations by Cimarex to drill its Eighteen Mile 56-18 #1H Well in Section 18, it came to our attention, and that of the General Land Office, that Section 18 contains an unplugged, partially equipped oil well ostensibly operated by Sledge Bros. Oil Co. ("Sledge") located in Midland, Texas. The well name is M. T. Ritchey, et al., #1. The M.T. Ritchey well was drilled in 1956 under the terms of that certain Oil and Gas Lease dated March 29, 1954, covering all of Section 18 from The Allar Company, et al., as agent for the State of Texas under the Relinquishment Act to Neville G. Penrose, Inc. (the "Expired Lease"). Records indicate that Sledge owned rights in the Expired Lease from the surface to 5,200 feet and that ConocoPhillips owned all depths below 5,200 feet.

The General Land Office investigated the M.T. Ritchey well and the Expired Lease and has informed Cimarex that the Expired Lease is terminated and of no force or effect. No production has been reported to the General Land Office and no royalties have been paid to the State subsequent to 2005. Although public production information indicates that 11 barrels of oil were sold in 2011, 9 barrels in 2012, and 8 barrels in 2013, the State has not been paid and holds that such production is not in compliance with the Expired Lease terms regarding production in paying quantities. The State investigator assigned to the matter reported that it was not a producing well and lacked equipment to operate.

Cimarex Energy Co. has a permit to drill its Eighteen Mile 56-18 #1H Well with an anticipated spud date in the first week of July. The location is built and a rig move is imminent.

Delaying drilling operations is not possible due to a pending expiration date. Cimarex, on its behalf and that of the General Land Office, do hereby request that ConocoPhillips execute the enclosed Release of Oil and Gas Lease for the Expired Lease.

I have attached correspondence from the Texas General Land Office indicating that the GLO considers the Lease terminated. Thank you for your attention to this matter.

Sincerely yours,

A handwritten signature in black ink, appearing to be 'Cody Elliott', with a stylized flourish at the end.

Cody Elliott, Landman

Cimarex Energy Co.
600 N. Marienfeld Street, Suite 600
Midland, TX 79701
Direct 432-571-7806, Cell 432-269-9220
celliot@cimarex.com

cc: Attn: Carl F. Bonn
Texas General Land Office
1700 N. Congress Ave.
Austin, Texas 78701-1495

RELEASE OF OIL AND GAS LEASE

KNOW ALL MEN BY THESE PRESENTS, THAT the undersigned owner does hereby release, relinquish, surrender and forever quitclaim to the Lessor(s), and to the heirs, personal representatives, successors and assigns of said Lessor(s), all right, title and interest in and to the Oil and Gas Lease more fully described below, presently owned by the undersigned and covering lands in Reeves County, Texas:

Oil and Gas Lease dated May 29, 1954, between The Allar Company, a corporation, Margaret R. Causbie, joined by her husband, J. M. Causbie, all of Graham, Texas individually and as agent for the State of Texas, as Lessors, and Neville G. Penrose, Inc., a corporation, as Lessee, recorded in Book 161, Page 343, Deed Records, Reeves County, Texas, covering in so far and only in so far as to **All of Section 18, Block 56, Township Three (3), T&P Survey**, further limited to all rights below 5,200 feet.

Executed this _____ day of _____, 2013

ConocoPhillips Company

BY:

STATE OF _____
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 _____ for ConocoPhillips Company and acknowledge 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 Company.

Given under my hand and seal of office this _____ day of _____, 2013.

My commission expires _____

Notary Public State of _____

(10)

File No. MF 111895
Ltr. from Cramer

Date Filed: 7-1-13

Jerry E. Patterson, Commissioner

By C Bonn

MF 111895

From: "Cody T. Elliott" <celliott@cimarex.com>
To: Carl Bonn <Carl.Bonn@GLO.TEXAS.GOV>
Date: 8/2/2013 8:51 AM
Subject: RE: Eighteenmile reports MF111895 - Cimarex well spud
Attachments: EIGHTEENMILE 56-18 1H (253084) - Sat, 2013-07-06_AM.PDF; EIGHTEENMILE 56-18 1H (253084) - Sun, 2013-07-07_AM.PDF; EIGHTEENMILE 56-18 1H (253084) - Tue, 2013-07-09_AM.PDF; EIGHTEENMILE 56-18 1H (253084) - Wed, 2013-07-10_AM.PDF; EIGHTEENMILE 56-18 1H (253084) - Thu, 2013-07-18_AM.PDF; EIGHTEENMILE 56-18 1H (253084) - Fri, 2013-07-19_AM.PDF; EIGHTEENMILE 56-18 1H (253084) - Sat, 2013-07-20_AM.PDF

I will forward you all the reports I have access to.

More to come.

Cody

-----Original Message-----

From: Carl Bonn [mailto:Carl.Bonn@GLO.TEXAS.GOV]
Sent: Friday, August 02, 2013 8:42 AM
To: Cody T. Elliott
Subject: RE: Eighteenmile reports MF111895 - Cimarex well spud

Cody,

Good report but since the lease was due to expire 7/14/13 we are looking for activity over and across 7/14/13 and continuing. The more proof of operations to hold the lease past the end of the primary term the better.

Carl

>>> "Cody T. Elliott" <celliott@cimarex.com> 8/2/2013 8:23 AM >>>
Carl,

Attached are the first and latest drilling reports we have on the well located in Section 18, Block 56 (Eighteenmile 56/18 1H).

Cody

-----Original Message-----

From: Viviana Bush
Sent: Friday, August 02, 2013 8:20 AM
To: Carl Bonn; Cody T. Elliott
Subject: RE: Eighteenmile reports
Importance: High

Cody,

Please see Mr. Bonn's request below.

Viv

Viviana M. Bush
Land Technician
Cimarex Energy Co.
600 N. Marienfield, Ste. 600
Midland, Texas 79701

Well Name				State/County				Section, Township, Range				Objective				Date																															
EIGHTEENMILE 56-18 1H				TX, Reeves				18 / Blk 53 /				Wolfcamp A				Tue, Jul 2, 2013																															
Contractor / Rig				Rpt #		DFS		ODFS		Present Operation				MD		TVD		Footage		FT/HR		Hours																									
H&P 218				2		-2.750		0		Wait on Daylight, MIRU				0		0		0		0.00		0.00																									
Formation				BGS		CG		TG		Tops																																					
				0		0		0																																							
DP Size		DC Size		DP Av		DC Av		Jet Velocity		HHP/ISQ Inch Bit Dia.		Cost/Ft. 24 Hrs.		Cost/Ft. (OA)		Last Shoe TVD		Frac Gradient MW		Max Allowable SICP																											
0.00		0.000		0		0		0		0.00		\$0.00		\$0.00		0		0.00		0																											
Pump #1				GPS				Pump #2				GPS				Pump #3				GPS				GPM		Off BP																					
																								0		0																					
Slow Stroke				Stand Pipe				EDR				Choke				Slow Stroke				Stand Pipe				EDR				Choke				On BP															
																												0		0																	
MW In		MW Out		VS In		VS Out		PV		YP		Gel Strength		API/Ft/Rate		LCM		MW In		MW Out		VS In		VS Out		PV		YP		Gel Strength		HTHP		LCM													
Cake		Solids		Liquid		Sand		MBT		PH		PM		PF		MF		Cake		Solids		Liquid		Sand		Alk/PM		WPS		ES		CAC/2		NACL													
100.00																		100.00																													
Chlorides		Calcium		Oil		Water		Q/W		Lime		Depth Checked		Chlorides		Calcium		Oil/Pct		Water/Pct		Q/W		Lime		Depth Checked																					
100.00																																															
Bit #		Size		Manufacturer		Type		Serial #		Jet #1		Jet #2		Jet #3		Jet #4		Jet #5		Jet #6		Jet #7		Jet #8		TFA		WOB		Rotary RPM																	
Bit In		Bit Out		Footage		Hours		FT/HR		Cum. Bit Hrs.		Inner		Outer		Dull		Location		Bearing		Gauge		Other		Reason		Diff Pressure		Motor RPM																	
Drag Torque and Weight				Diesel				Mud additives in last 24 hours				Soil Fonnina / Mud Disposal																																			
Pickup Weight				Diesel on Hand								Daily Solids =				bbls @				\$0.00																											
Rotating Weight				Diesel Received								Total Solids =				bbls @				\$0.00																											
Slackoff Weight				Diesel Used Today								Daily Liquids =				bbls @				\$0.00																											
Average Drag				Natural Gas								Total Liquids =				bbls @				\$0.00																											
Maximum Drag																																															
Torque On Bottom				Meter Reading																																											
Torque Off Bottom				MCF Used Today																																											
Daily				Rotating				Sliding				Total				BHA#				Rotating				Sliding				Total				Code				Time Distribution				Daily				CUM			
Feet																Feet																1				MIRU/RDMO				24.00				48.00			
Hours																Hours																															
ROP																ROP																															
%Time																%Time																															
%Feet																%Feet																															
Hours				Time Desc				Chronological Activity (0600																																							



Cimarex Energy Co.

Morning Drilling Report

AFE : 253084
Property : 428085-023.01
API # : 42-389-33823
Prop TD : 15,367

BLM/BIA :

Well Name				State/County		Section, Township, Range		Objective		Date		
EIGHTEENMILE 56-18 1H				TX, Reeves		18 / Blk 53 /		Wolfcamp A		Tue, Jul 2, 2013		
Contractor / Rig	Rpt #	DFS	ODFS	Present Operation				MD	TVQ	Footage	FT/HR	Hours
H&P 218	2	-2.750	0	Wait on Daylight,MIRU				0	0	0	0.00	0.00
Sub Ledger Description	Vendor & Description	B.C.P Code	Daily Drig. Cost	Cum Drig. Cost	Variance To Drig. Afe Over/Under	A.C.P Code	Daily Compl. Cost	Cum Compl. Cost	Variance To Compl. Afe Over/Under	Dry Hole Cost	After Casing Point	Compl. Well Cost
Roads & Location Preparation / Restore		DICG 100	-	96,880	96,880	DICG 100	-	-	-	-	-	-
Damages		DICG 105	-	-	-	DICG 105	-	-	-	-	-	-
Mud/Fluids Disposal Charges		DICG 255	-	-	-	DICG 255	-	-	-	-	-	-
Day Rate		DICG 116	-	-	-	DICG 120	-	-	-	-	-	-
Misc Prep Cost (Mouse Hole, Rat Hole, Bits		DICG 120	-	29,733	29,733	DICG 125	-	-	-	-	-	-
Fuel		DICG 135	-	-	-	DICG 130	-	-	-	-	-	-
Water 009 / Completion Fluids 109		DICG 140	-	-	-	DICG 135	-	-	-	-	-	-
Mud & Addives	Fas-Line (Transfer Pump) / Haliburto	DICG 145	640	1,280	1,280	DICG 140	-	-	-	-	-	-
Surface Rentals	Road Runner (Diaphragm Pump / Tra	DICG 150	370	740	740	DICG 145	-	-	-	-	-	-
Downhole Rentals		DICG 155	-	-	-	DICG 150	-	-	-	-	-	-
DSTS, Formation Tests		DICG 160	-	-	-	DICG 155	-	-	-	-	-	-
Mud Logging		DICG 170	-	-	-	DICG 160	-	-	-	-	-	-
Open Hole Logging		DICG 180	-	-	-	DICG 175	-	-	-	-	-	-
Cementing, thru Intermediate Casing		DICG 185	-	-	-	DICG 180	-	-	-	-	-	-
Tubular Inspections	EL Farmer (2 pipe rack) / Wilbanks T	DICG 190	209	209	209	DICG 185	-	-	-	-	-	-
Casing Crews		DICG 195	-	-	-	DICG 190	-	-	-	-	-	-
Extra labor, Welding, etc.		DICG 200	-	-	-	DICG 170	-	-	-	-	-	-
Trucking		DICG 205	-	-	-	DICG 175	-	-	-	-	-	-
Supervision	Dustin Porter (Supervision) / Randy J	DICG 210	3,700	7,400	7,400	DICG 180	-	-	-	-	-	-
Trailer, Camp & Catering	Cimarex (Satelite) [sat/phone/interco	DICG 280	755	1,510	1,510	DICG 255	-	-	-	-	-	-
Other misc expenses		DICG 220	-	-	-	DICG 190	-	-	-	-	-	-
Overhead		DICG 225	-	8,000	8,000	DICG 195	-	-	-	-	-	-
Remedial Cementing		DICG 231	-	-	-	DICG 215	-	-	-	-	-	-
Mobilize & Demobilize	H&P Inter. Drilling Co. (MOB Rate)	DICG 240	17,385	34,770	34,770	DICG 220	-	-	-	-	-	-
Directional Drilling	Lenco (Septic) / Stellar (trailer / Wate	DICG 245	165	330	330	DICG 225	-	-	-	-	-	-
Dock, Dispatcher, Crane		DICG 250	-	-	-	DICG 230	-	-	-	-	-	-
Marine/Air Transportation		DICG 275	-	-	-	DICG 250	-	-	-	-	-	-
Solids Control-Equip/Services	KSW Oilfield Rentals (Float Pumps)	DICG 260	250	500	500	DICG 240	-	-	-	-	-	-
Well Control-Equip/Services		DICG 265	-	-	-	DICG 245	-	-	-	-	-	-
Fishing & Sidetrack Services		DICG 270	-	-	-	DICG 250	-	-	-	-	-	-
Completion Rig			-	-	-	DICG 115	-	-	-	-	-	-
Coil Tubing			-	-	-	DICG 280	-	-	-	-	-	-
Completion Logging, Perforating			-	-	-	DICG 230	-	-	-	-	-	-
Stimulation			-	-	-	DICG 210	-	-	-	-	-	-
Legal/Regulatory/Curative		DICG 300	-	10,000	10,000	DICG 280	-	-	-	-	-	-
Well Control Insurance		DICG 285	-	5,000	5,000	DICG 230	-	-	-	-	-	-
Contingency		DICG 435	1,174	9,818	9,818	DICG 220	-	-	-	-	-	-
Construction For Well Equipment			-	-	-	DWEA 110	-	-	-	-	-	-
Construction For Lease Equipment			-	-	-	DLEG 110	-	-	-	-	-	-
Construction For Sales P/L			-	-	-	DICG 265	-	-	-	-	-	-
Intangible			24,648	206,170	206,170		0	0	0	0	0	0
Drive Pipe		DWEB 150	-	-	-		-	-	-	-	-	-
Conductor Pipe		DWEB 130	-	-	-		-	-	-	-	-	-
Water String		DWEB 135	-	-	-		-	-	-	-	-	-
Surface Casing		DWEB 140	-	-	-		-	-	-	-	-	-
Intermediate Casing		DWEB 145	-	-	-		-	-	-	-	-	-
Production Casing Or Liner			-	-	-	DWEA 100	-	-	-	-	-	-
Tubing			-	-	-	DWEA 105	-	-	-	-	-	-
N/C Well Equipment			-	-	-	DWEA 115	-	-	-	-	-	-
Wellhead, Tree, Chokes		DWEB 115	-	-	-	DWEA 120	-	-	-	-	-	-
Liner Hanger, Isolation Packer		DWEB 100	-	-	-	DWEA 125	-	-	-	-	-	-
Packer, Nipples			-	-	-	DWEA 130	-	-	-	-	-	-
Pumping Unit, Engine			-	-	-	DLEG 100	-	-	-	-	-	-
Lift Equipment (Bhp, Rods, Anchors)			-	-	-	DLEG 105	-	-	-	-	-	-
Metering Equipment			-	-	-	DLEG 220	-	-	-	-	-	-
Tangible - Well Equipment			0	0	0		0	0	0	0	0	0
N/C Lease Equipment			-	-	-	DLEG 115	-	-	-	-	-	-
Tanks, Tanks Steps, Stairs			-	-	-	DLEG 120	-	-	-	-	-	-
Battery (Heater Treater, Separator,...)			-	-	-	DLEG 125	-	-	-	-	-	-
Flow Lines (Line Pipe From Wellhead)			-	-	-	DLEG 130	-	-	-	-	-	-
Offshore Production Structure For ...			-	-	-	DWEA 135	-	-	-	-	-	-
Pipeline to Sales			-	-	-	DWEA 140	-	-	-	-	-	-
Tangible - Lease Equipment			0	0	0		0	0	0	0	0	0
P&A Costs		DICG 295	-	-	-	DICG 275	-	-	-	-	-	-
P&A			0	0	0		0	0	0	0	0	0





Cimarex Energy Co.

Morning Drilling Report

AFE : 253084
Property : 428085-023.01
API # : 42-389-33823
Prop TD : 15,367

BLM/BIA :

Well Name				State/County		Section Township Range		Objective		Date		
EIGHTEENMILE 56-18 1H				TX, Reeves		18 / Blk 53 /		Wolfcamp A		Fri, Jul 5, 2013		
Contractor / Rig	Rpt #	DFS	ODFS	Present Operation				MD	TD	Footage	FT/HR	Hours
H&P 218	5	0.250	0	Rig up to spud				0	0	0	0.00	0.00
Sub Ledger Description	Vendor & Description	B.C.P Code	Daily Drig. Cost	Cum Drig. Cost	Variance To Drig. Aft Over/Under	A.C.P Code	Daily Compl. Cost	Cum Compl. Cost	Variance To Compl. Aft Over/Under	Dry Hole Cost	After Casing Point	Compl. Well Cost
Roads & Location Preparation / Restore	Chapman [Dig Ditches] / Lee Truck	DIDC 100	2,280	99,160	99,160	DIDC 100	-	-	-	-	-	-
Damages		DIDC 106	-	-	-	DIDC 106	-	-	-	-	-	-
Mud/Fluids Disposal Charges		DIDC 235	-	-	-	DIDC 235	-	-	-	-	-	-
Day Rate		DIDC 115	-	-	-	DIDC 120	-	-	-	-	-	-
Misc Prep Cost (Mouse Hole, Rat Hole, Bits)		DIDC 120	-	29,733	29,733	DIDC 125	-	-	-	-	-	-
Fuel	Simmons Petroleum (Fuel for Rig)	DIDC 135	22,275	22,275	22,275	DIDC 130	-	-	-	-	-	-
Water 009 / Completion Fluids 109	Lee Trucking [Deliver Fresh water]	DIDC 140	6,126	6,126	6,126	DIDC 135	-	-	-	-	-	-
Mud & Additives	Fas-Line [Transfer Pump] / Halibuto	DIDC 145	9,281	11,841	11,841	DIDC 140	-	-	-	-	-	-
Surface Rentals	Road Runner [Diaphragm Pump / Tra	DIDC 150	370	1,850	1,850	DIDC 140	-	-	-	-	-	-
Downhole Rentals	Acme Truck Line [Deliver Jars] / Bul	DIDC 155	4,960	4,960	4,960	DIDC 145	-	-	-	-	-	-
DSTS, Formation Tests		DIDC 160	-	-	-	DIDC 160	-	-	-	-	-	-
Mud Logging		DIDC 170	-	-	-	DIDC 160	-	-	-	-	-	-
Open Hole Logging		DIDC 180	-	-	-	DIDC 165	-	-	-	-	-	-
Cementing, thru Intermediate Casing		DIDC 185	-	-	-	DIDC 165	-	-	-	-	-	-
Tubular Inspections	EL Farmer [2 pipe rack] / Wilbanks T	DIDC 190	209	836	836	DIDC 160	-	-	-	-	-	-
Casing Crews		DIDC 195	-	-	-	DIDC 165	-	-	-	-	-	-
Extra labor, Welding, etc.		DIDC 200	-	-	-	DIDC 170	-	-	-	-	-	-
Trucking	Mc Clatchy Bros [Deliver 9 5/8]	DIDC 205	4,335	4,335	4,335	DIDC 175	-	-	-	-	-	-
Supervision	Brother consulting / Lyman Nance [S	DIDC 210	3,700	22,200	22,200	DIDC 180	-	-	-	-	-	-
Trailer, Camp & Catering	Cimarex [Satellite] [satphone/interco	DIDC 215	3,255	6,275	6,275	DIDC 185	-	-	-	-	-	-
Other misc expenses		DIDC 220	-	-	-	DIDC 190	-	-	-	-	-	-
Overhead		DIDC 225	-	8,000	8,000	DIDC 195	-	-	-	-	-	-
Remedial Cementing		DIDC 231	-	-	-	DIDC 215	-	-	-	-	-	-
Mobilize & Demobilize	H&P Inter. Drilling Co. [MOB Rate]	DIDC 240	17,385	86,925	86,925	DIDC 210	-	-	-	-	-	-
Directional Drilling	Lenco [Septic] / Stellar [trailer / Wate	DIDC 245	165	825	825	DIDC 215	-	-	-	-	-	-
Dock, Dispatcher, Crane		DIDC 250	-	-	-	DIDC 220	-	-	-	-	-	-
Marine/Air Transportation		DIDC 275	-	-	-	DIDC 250	-	-	-	-	-	-
Solids Control-Equip/Services	KSW Oilfield Rentals [Float Pumps]	DIDC 260	250	1,250	1,250	DIDC 230	-	-	-	-	-	-
Well Control-Equip/Services		DIDC 265	-	-	-	DIDC 240	-	-	-	-	-	-
Fishing & Sidetrack Services		DIDC 270	-	-	-	DIDC 245	-	-	-	-	-	-
Completion Rig			-	-	-	DIDC 255	-	-	-	-	-	-
Coil Tubing			-	-	-	DIDC 260	-	-	-	-	-	-
Completion Logging, Perforating			-	-	-	DIDC 210	-	-	-	-	-	-
Stimulation			-	-	-	DIDC 210	-	-	-	-	-	-
Legal/Regulatory/Curative		DIDC 300	-	10,000	10,000	DIDC 260	-	-	-	-	-	-
Well Control Insurance		DIDC 285	-	5,000	5,000	DIDC 270	-	-	-	-	-	-
Contingency		DIDC 435	3,730	16,080	16,080	DIDC 220	-	-	-	-	-	-
Construction For Well Equipment			-	-	-	DWEA 110	-	-	-	-	-	-
Construction For Lease Equipment			-	-	-	DLEG 110	-	-	-	-	-	-
Construction For Sales P/L			-	-	-	DICC 260	-	-	-	-	-	-
Intangible			78,321	337,671	337,671		0	0	0	0	0	0
Drive Pipe		DWEB 150	-	-	-		-	-	-	-	-	-
Conductor Pipe		DWEB 130	-	-	-		-	-	-	-	-	-
Water String		DWEB 135	-	-	-		-	-	-	-	-	-
Surface Casing		DWEB 140	-	-	-		-	-	-	-	-	-
Intermediate Casing		DWEB 145	-	-	-		-	-	-	-	-	-
Production Casing Or Liner			-	-	-	DWEA 100	-	-	-	-	-	-
Tubing			-	-	-	DWEA 105	-	-	-	-	-	-
NIC Well Equipment			-	-	-	DWEA 115	-	-	-	-	-	-
Wellhead, Tree, Chokes		DWEB 115	-	-	-	DWEA 120	-	-	-	-	-	-
Liner Hanger, Isolation Packer		DWEB 100	-	-	-	DWEA 125	-	-	-	-	-	-
Packer, Nipples			-	-	-	DWEA 130	-	-	-	-	-	-
Pumping Unit, Engine			-	-	-	DLEG 100	-	-	-	-	-	-
Lift Equipment (Bhp, Rods, Anchors)			-	-	-	DLEG 105	-	-	-	-	-	-
Metering Equipment			-	-	-	DLEG 225	-	-	-	-	-	-
Tangible - Well Equipment			0	0	0		0	0	0	0	0	0
NIC Lease Equipment			-	-	-	DLEG 115	-	-	-	-	-	-
Tanks, Tanks Steps, Stairs			-	-	-	DLEG 120	-	-	-	-	-	-
Battery (Heater Treater, Separator,...)			-	-	-	DLEG 125	-	-	-	-	-	-
Flow Lines (Line Pipe From Wellhead)			-	-	-	DLEG 130	-	-	-	-	-	-
Offshore Production Structure For ...			-	-	-	DWEA 135	-	-	-	-	-	-
Pipeline to Sales			-	-	-	DWEA 140	-	-	-	-	-	-
Tangible - Lease Equipment			0	0	0		0	0	0	0	0	0
P&A Costs		DIDC 295	-	-	-	DIDC 275	-	-	-	-	-	-
P&A			0	0	0		0	0	0	0	0	0
Total Costs			78,321	337,671	337,671		0	0	0	0	0	0

Well Name: EIGHTEENMILE 56-18 1H										State/Country: TX, Reeves		Section, Township, Range: 18 / Bk 53 /		Objective: Wolfcamp A		Date: Sat, Jul 6, 2013																																				
Contractor / Rig: H&P 218										Rpt #: 6	DPS: 0.250	ODFS: 1	Present Operation				MD: 990	TVQ: 990	Footage: 990	FT/HR: 180.00	Hours: 5.50																															
Drill 12 1/4 Hole @ 990'																																																				
Formation: Red Bed/Anhydrite										BGS: 0	CG: 0	TG: 0	Toys:																																							
DP Size: 0.00										DC Size: 8.000	DP Av: 125	DC Av: 219	Jet Velocity: 272	HHPISQ Inch Bit Dia: 2.11		Cost/Ft. 24 Hrs: \$62.24		Cost/Ft (OA): \$403.32		Last Shoe TVD: 0		Fract Gradient MW: 0.00		Max Allowable SICP: 0																												
PUMP	Pump #1: PZ-11				GFS		Pump #2: PZ-11				GFS		Pump #3:				GFS		GPM		OR BP																															
	6.00				11.00		100		3.837		6.00				11.00		100		3.837		767				450																											
	Slow Stroke				Stand Pipe		EDR		Choke		Slow Stroke				Stand Pipe		EDR		Choke		On BP				1.675																											
WATER	MW in		MW Out		VS in		VS Out		PV		rP		Gel Strength		APIFrate		LCM		MW in		MW Out		VS in		VS Out		PV		rP		Gel Strength		HtHP		LCM																	
	8.40		8.40		29		29		2		1		1		1		100.00		8.40		8.40		29		29		2		1		1		100.00																			
	Cake		Solids		Liquid		Sand		MRT		PM		PM		PF		MF		Cake		Solids		Liquid		Sand		A&PCM		WPS		ES		CAC2		NAC																	
MUD	1		0.30		99.70		0.01		10.00		0.07		0.07		0.20				1		0.30		99.70		0.01		10.00		0.07		0.07		0.20																			
	Chlorides		Calcium		Cl		Water		Q.W		Lime		Depth Checked						Chlorides		Calcium		ClPot		WaterPot		Q.W		Lime		Depth Checked																					
	4,000						99.70						120@10:54						4,000																																	
BIT	Bit #		Size		Manufacturer		Type		Serial #		Jet #1		Jet #2		Jet #3		Jet #4		Jet #5		Jet #6		Jet #7		Jet #8		TFA		WOB		Rotary RPM																					
	1		12.250		Ulterra		U616M1		19160		14		14		14		14		14		14						0.9020		15.25		25.50																					
	128		990		862		5.50		156.73		5.50																				100-400		61-123																			
TORQUE	Drag Torque and Weight				Diesel				Engineer - 24 H				1				shrink Wrap				25				transportation-c				2				Daily Solids =				bbls @				\$0.00											
	Pickup Weight				125,000				Diesel Received				7,527				fork lift				1				Aqualgel				80				7				Total Solids =				bbls @				\$0.00							
	Rotating Weight				110,000				Diesel Used Today				1,162																								Daily Liquids =				bbls @				\$0.00							
TORQUE	Slackoff Weight				100,000																																Daily Totals =				bbls @				\$0.00							
	Average Drag				15,000																																															
	Maximum Drag				16,000																																															
TORQUE	Torque On Bottom				10,000				Meter Reading																																											
	Torque Off Bottom				3,000				MCF Used Today																																											
DAILY	Rotating		Sliding		Total		BHA# 1		Rotating		Sliding		Total		Code		Time Distribution		Daily		CUM																															
	Feet		862		862		Feet		862		862		Feet		1		MIRU/DMO		13.00		133.00																															
	Hours		5.50		5.50		Hours		5.50		5.50		Hours		2		Drilling		5.50		5.50																															
ROP	ROP		156.73		156.73																																															

BLM/BIA:

7-7-13

Well Name

EIGHTEENMILE 56-18 1H

State/Country

TX, Reeves

Section Township Range

18 / Blk 53 /

Quarter

Wolfcamp A

Date

Sun, Jul 7, 2013

Contractor / Rig

H&P 218

Rpt #

7

DFS

1,250

ODFS

2

Present Operation

Drill 12 1/4 Hole @ 3071'

MD

3,071

TVD

3,071

Footage

2,081

FT/Hr

160.08

Rotary

13.00

Formation

Red Bed/Anhydrite/Salt

BGG

0

CG

0

TG

0

Toa

DP Size

0.00

DC Size

8.000

DP Av

125

DC Av

219

Jet Velocity

272

HMPSQ Inch Bit Dia

2.13

Cost/Ft. 24 Hrs.

\$37.40

Cost/Ft. (OA)

\$155.36

Last Shoe TVD

0

Frac Gradient MBV

0.00

Max Allowable SICP

0

Pump #1:

PZ-11

GPS

6.00

11.00

100

3.837

Pump #2:

PZ-11

GPS

6.00

11.00

100

3.837

Pump #3:

GPS

Slow Stroke

Stand Pipe

EDR

Choke

Slow Stroke

Stand Pipe

EDR

Choke

Slow Stroke

Stand Pipe

EDR

Choke

GPM

767

Off BP

1,700

On BP

2,300

MW In

8.45

MW Out

8.45

VS In

28

VS Out

28

PV

2

YP

1

Get Strength

1

API Fracture

1

LCM

100.00

MW In

MW Out

VS In

VS Out

PV

YP

Get Strength

HTHP

LCM

Cake

Solids

Liquid

Sand

MBT

PM

PE

ME

Cake

Solids

Liquid

Sand

API PDM

WPS

ES

CACU2

NACL

1

0.60

99.40

0.01

7.00

0.01

0.01

0.11

Chlorides

Calcium

Oil

Water

Q/W

Lime

Depth Checked

Chlorides

Calcium

Oil

Water

Q/W

Lime

Depth Checked

4,100

99.40

1076 @ 11:45

Bit #

1

Size

12.250

Manufacturer

Ultrerra

Type

U616M1

Serial #

19160

Jet #1

14

Jet #2

14

Jet #3

14

Jet #4

14

Jet #5

14

Jet #6

14

Jet #7

Jet #8

TFA

0.9020

WOB

33-33

Rotary RPM

60-60

Bit In

128

Bit Out

1,084

Footage

956

Hours

6.25

FT/Hr

152.96

Cum. Bit Hrs.

6.25

Inner

1

Outer

3

Dull

BT

Location

Bearing

X

Guage

In

Other

CT

Reason

BHA

Diff Pressure

450-450

Motor RPM

123-123

Bit #

2

Size

12.250

Manufacturer

Smith Tool Co

Type

M1616MPX

Serial #

JG7348

Jet #1

14

Jet #2

14

Jet #3

14

Jet #4

14

Jet #5

14

Jet #6

14

Jet #7

Jet #8

TFA

0.9020

WOB

32-42

Rotary RPM

60-600

Bit In

1,084

Bit Out

3,071

Footage

1,987

Hours

12.25

FT/Hr

162.20

Cum. Bit Hrs.

18.50

Inner

Outer

Dull

Location

Bearing

Guage

Other

Reason

Diff Pressure

500-650

Motor RPM

117-123

Crab Torque and Weight

Diesel

Diesel

Mud additives in last 24 hours

Mud additives in last 24 hours

Mud additives in last 24 hours

Pickup Weight

165,000

Diesel on Hand

6,168

transportation-c

4

Engineer - 24 Hl

1

scale Charge

4

Daily Solids =

bbbls @

\$0.00

Rotating Weight

150,000

Diesel Received

Aquagel

280

mf-55

3

soda Ash

1

Total Solids =

bbbls @

\$0.00

Slackoff Weight

150,000

Diesel Used Today

1,359

Daily Liquids =

bbbls @

\$0.00

Average Drag

15,000

Natural Gas

Total Liquids =

bbbls @

\$0.00

Maximum Drag

16,000

BOP Pressure Testing

Torque On Bottom

12,000

Meter Reading

Last BOP Test:

Days since: 0

Torque Off Bottom

3,000

MCF Used Today

Daily

Rotating

Sliding

Total

Feet

2,081

2,081

Hours

13.00

13.00

ROP

160.08

160.08

%Time

100.00

%Feet

100.00

BHA# 2

Rotating

Sliding

Total

Feet

1,987

1,987

Hours

12.25

12.25

ROP

162.20

162.20

%Time

100.00

%Feet

100.00

Code

Time Distribution

Daily

CUM

1

MIRU/RDMO

133.00

2

Drilling

13.00

18.50

3

Washing/Reaming

0.50

0.50

6

Tripping

8.75

13.75

7

Lubricate Rig

0.50

0.50

10

Deviation Survey

1.25

1.75

Totals

24.00

168.00

Hours

Time Desc

Chronological Activity (0600 Hours to 0600 Hours)

0.50

Lubricate Rig

Service rig (fix oil leak on top drive)

0.75

Drilling

Rotating from 990' to 1,084', 94 FT @ 125.33 ROP WOB=33 RotaryRPM=60 MotorRPM=123 MotorDiffPressure=450 Mud Weight=8.4 Viscosity=27 Gallons Per Minute=768 Pump Pressure=1,600

0.25

Deviation Survey

Survey @ 1001', 3.9

4.00

Tripping

Trip out for scout tool (Tight hole)

0.25

Tripping

JSA on laying down scout tool

1.25

Tripping

Lay down scout tool & bit #1

1.00

Tripping

Pick up new scout tool & bit #2

1.50

Tripping

Trip in hole with BHA#2

0.50

Washing/Reaming

Wash 90' to bottom

1.25

Drilling

Rotating from 1,084' to 1,273', 189 FT @ 151.20 ROP WOB=33 RotaryRPM=60 MotorRPM=123 MotorDiffPressure=500 Mud Weight=8.4 Viscosity=28 Gallons Per Minute=767 Pump Pressure=1,825

0.75

Tripping

Install rotating head.

1.50

Drilling

Rotating from 1,273' to 1,557', 284 FT @ 189.33 ROP WOB=32 RotaryRPM=60 MotorRPM=117 MotorDiffPressure=600 Mud Weight=9.2 Viscosity=28 Gallons Per Minute=731 Pump Pressure=2,200

0.25

Deviation Survey

Survey @ 1476' .1"

2.50

Drilling

Rotating from 1,557' to 2,030', 473 FT @ 189.20 ROP WOB=33 RotaryRPM=600 MotorRPM=123 MotorDiffPressure=600 Mud Weight=9.2 Viscosity=28 Gallons Per Minute=731 Pump Pressure=2,350

0.25

Deviation Survey

Survey @ 1949' .4"

2.75

Drilling

Rotating from 2,030' to 2,503', 473 FT @ 172.00 ROP WOB=42 RotaryRPM=75 MotorRPM=117 MotorDiffPressure=650 Mud Weight=9.6 Viscosity=29 Gallons Per Minute=730 Pump Pressure=2,250

0.25

Deviation Survey

Survey @ 2242' .4"

3.25

Drilling

Rotating from 2,503' to 2,976', 473 FT @ 145.54 ROP WOB=42 RotaryRPM=75 MotorRPM=117 MotorDiffPressure=650 Mud Weight=9.7 Viscosity=28 Gallons Per Minute=730 Pump Pressure=2,200

0.25

Deviation Survey

Survey @ 2895' 1.0"

1.00

Drilling

Rotating from 2,976' to 3,071', 95 FT @ 95.00 ROP WOB=42 RotaryRPM=75 MotorRPM=117 MotorDiffPressure=600 Mud Weight=10.1 Viscosity=29 Gallons Per Minute=730 Pump Pressure=2,300

0.00

Operational Note

Pumped LCM fluid caliper @ 3000' 26 min. 730 GPM, Kelly to flowline 452 bbl

24.00

Next 24 hours:

Drill to T/D TOH and run 9 5/8 casing- Cement same

Elevations:

GL: 0.00

DF: 0.00

KB: 0.00

GHG Emissions

0.00

Next Casing:

9.625 @ 3500

Asc:

0

Spills:

0

Insp:

0

Casing

Description

From

To

ID

Drift

Burst

Collapse

Pipe Body Yield

Joint Strength

Capacity

Displ

Plugged Displ



Cimarex Energy Co.

Morning Drilling Report

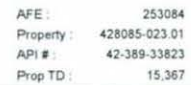
AFE : 253084
Property : 428085-023.01
API # : 42-389-33823
Prop TD : 15,367

BLM/BIA :

Well Name EIGHTEENMILE 56-18 1H				State/County TX, Reeves		Section, Township, Range 18 / Blk 53 /		Location Wolfcamp A		Date Sun, Jul 7, 2013									
Contractor / Rig H&P 218		Rpt # 7	DFS 1.250	ODFS 2	Present Operation Drill 12 1/4 Hole @ 3071'			MD 3,071	TVD 3,071	Footage 2,081	FT/HR 160.08	Hours 13.00							
Qty	BHA 2	Wt	Grd	Thread	OD	ID	Length	CUM	KOP MD/TVD 10,459 / 10,459				Pen Pt MD/TVD 11,450 / 11,000	Landing Pt MD/TVD 15,367 / 11,000	Pilot N				
1	Smith Tool Co M1616MPX			6 5/8 Reg	12.250	3.000	1.50	1.50	Depth				Incl.	Azi.	TVD	VS	N/S	E/W	DLS
1	Vertical Scoop SDI-962-VS08-02			6 5/8	10.500	2.500	20.90	22.40	167				1.70	0.00	166.98	2.48	2.48	0.00	1.02
1	Double pin SDI-800-XO-004			6 5/8	8.500	2.875	1.98	24.38	645				2.50	0.00	644.65	19.99	19.99	0.00	0.17
1	Baker 9.5 M1XL 16 Rev/Gal 1245			6 5/8	9.500		35.93	60.31	1,001				3.90	0.00	1,000.09	39.86	39.86	0.00	0.39
1	Crossover			6 5/8 X 7	9.250	2.875	2.67	62.98	1,476				0.10	0.00	1,474.71	56.44	56.44	0.00	0.80
1	Shock sub SS 1104			7 5/8	9.875	3.000	13.42	76.40	1,949				0.40	0.00	1,947.71	58.50	58.50	0.00	0.06
1	Flo-drift FD 2012088			7 5/8	9.500		4.91	81.31	2,422				0.40	0.00	2,420.69	61.81	61.81	0.00	0.00
1	IBS			7 5/8	9.500	3.000	8.05	89.36	2,895				1.00	0.00	2,893.66	67.58	67.58	0.00	0.13
1	Crossover			7 5/8 X 6	9.500	3.000	4.17	93.53	Projection To Bit: 65.00										
1	6 - 8" DC			6 5/8	8.000	2.875	178.98	272.51	2,960				1.00	0.00	2,958.65	68.38	68.38	0.00	0.11
1	Crossover			6 5/8 X 4	7.750	2.875	3.62	276.13	Final Closure =				67.58 feet @		0.00 Azimuth		New Survey		
1	12 - 6" DC	99.00		4.5 XH	6.500	2.500	356.40	632.53	Planned VS =				0.00 feet @		0.00 Azimuth				
1	Crossover			NC-50	5.000	3.000	2.93	635.46											
1	5" NC50 SpiralWate HWDP	59.16 J-55		NC50	5.000	3.000	176.20	811.66											
1	Knight Jars	59.16 J-55		NC50	5.000	3.000	30.21	841.87											
1	5" NC50 SpiralWate HWDP	59.16 J-55		NC50	5.000	3.000	148.33	990.20											
16						BHA =		990.20											
66								2,080.80	3,071.00										
66						DrillPipe =		2,080.80											
						Total Length =		3,071.00											
						Kelly =		0.00											
Last Inspected BHA Hours:		18.50				Total Depth =		3,071.00											
Contact				Contact								Daily Well Cost				\$77,820			
Engineer	Mark Audas	432.620.1928		Computer	Wellsite 36	303-285.2380		Cum Drilling Cost				\$477,111							
Foreman - Day	Lyman Nance	580-216-1492		Geologist	Kim Nordstog	432.571.7844		Cum Compl Cost				\$0							
Foreman - Night	Jody Solansky	210.334.8052		Landman	Cody T. Elliot	432.571.7806		Cum Well Cost				\$477,111							
Manager	Larry Seigrist	432.620.1934						Cum Intangible Cost				\$477,111							
Safety Supt	Fred Jones	918.606.5904						Cum Tangible Cost				\$0							
Safety Supt	Sheldon Waeger	918.557.4177						Cum Mud Cost				\$26,505							
Superintendent	Scott Lucas	432.894.5572																	











Cimarex Energy Co.
Morning Drilling Report

AFE : 253084
Property : 428085-023.01
API # : 42-389-33823
Prop TD : 15,367

BLM/BIA :

<u>Well Name</u> EIGHTEENMILE 56-18 1H					<u>State/County</u> TX, Reeves		<u>Section Township Range</u> 18 / Blk 53 /		<u>Objective</u> Wolfcamp A		<u>Date</u> Tue, Jul 9, 2013	
<u>Contractor / Rig</u> H&P 218		<u>Rpt #</u> 9	<u>DFS</u> 3,250	<u>ODFS</u> 4	<u>Present Operation</u> Test BOP's	<u>MD</u> 3,492	<u>IVD</u> 3,492	<u>Footage</u> 0	<u>FT/HR</u> 0.00	<u>Hours</u> 0.00		
<u>Contact</u>					<u>Contact</u>					<u>Daily Well Cost</u> \$153,331		
Engineer Mark Audas 432.620.1928					Computer Wellsite 36 303-285.2380					<u>Cum Drilling Cost</u> \$818,125		
Foreman - Day Lyman Nance 580-216-1492					Geologist Kim Nordstog 432.571.7844					<u>Cum Compl Cost</u> \$0		
Foreman - Night Jody Solansky 210.334.8052					Landman Cody T. Elliot 432.571.7806					<u>Cum Well Cost</u> \$818,125		
Manager Larry Seigrist 432.620.1934										<u>Cum Intangible Cost</u> \$695,579		
Safety Supt Fred Jones 918.606.5904										<u>Cum Tangible Cost</u> \$122,546		
Safety Supt Sheldon Waeger 918.557.4177										<u>Cum Mud Cost</u> \$33,737		
Superintendent Scott Lucas 432.894.5572												



Cimarex Energy Co.

Morning Drilling Report

AFE: 253084
Property: 428085-023 01
API #: 42-389-33823
Prop TD: 15,367

BLM/BIA:

Well Name				State/County	Section Township Range	Objective	Date					
EIGHTEENMILE 56-18 1H				TX. Reeves	18 / Blk 53 /	Wolfcamp A	Tue, Jul 9, 2013					
Contractor / Rig	Rpt #	DFS	ODFS	Present Operation			MD	TVD	Footage	FT/HR	Hours	
H&P 218	9	3.250	4	Test BOP's			3,492	3,492	0	0.00	0.00	
Sub Ledger Description	Vendor & Description	B.C.P Code	Daily Drig. Cost	Cum Drig. Cost	Variance To Drig. A/c (Over/Under)	A.C.P Code	Daily Compl. Cost	Cum Compl. Cost	Variance To Compl. A/c (Over/Under)	Dry Hole Cost	After Casing Point	Compl. Well Cost
Roads & Location Preparation / Restoration		DICG 100	-	99,160	99,160	DICG 100	-	-	-	-	-	-
Damages		DICG 105	-	-	-	DICG 105	-	-	-	-	-	-
Mud/Fluids Disposal Charges		DICG 255	-	-	-	DICG 255	-	-	-	-	-	-
Day Rate	H&P 218 [Day Rate / FRC Charge]	DICG 115	27,135	108,540	108,540	DICG 120	-	-	-	-	-	-
Misc Prep Cost (Mouse Hole, Rat Hole, Bits)	Ultara [Bit #1]	DICG 120	-	29,733	29,733	DICG 125	-	-	-	-	-	-
Fuel	Sun Coast [RIG FUEL]	DICG 135	23,144	45,419	45,419	DICG 130	-	-	-	-	-	-
Water 009 / Completion Fluids 109		DICG 140	-	6,126	6,126	DICG 135	-	-	-	-	-	-
Mud & Additives	Fas-Line [Transfer Pump] / Haliburto	DICG 145	1,586	33,737	33,737	DICG 140	-	-	-	-	-	-
Surface Rentals	American Safety Services [H2S Pad]	DICG 150	810	5,090	5,090	DICG 140	-	-	-	-	-	-
Downhole Rentals	Baker [Motor] / Bull Dog Services [R]	DICG 155	6,041	46,358	46,358	DICG 145	-	-	-	-	-	-
DSTS, Formation Tests		DICG 160	-	-	-	DICG 145	-	-	-	-	-	-
Mud Logging		DICG 170	-	-	-	DICG 145	-	-	-	-	-	-
Open Hole Logging		DICG 180	-	-	-	DICG 145	-	-	-	-	-	-
Cementing, thru Intermediate Casing	Baker Hughes Cementing [Cement f	DICG 185	65,109	76,020	76,020	DICG 155	-	-	-	-	-	-
Tubular Inspections	EL Farmer [2 pipe rack] / Wilbanks T	DICG 190	209	2,959	2,959	DICG 160	-	-	-	-	-	-
Casing Crews		DICG 195	-	15,924	15,924	DICG 165	-	-	-	-	-	-
Extra labor, Welding, etc.	Man Welding [weld on head and flow	DICG 200	1,280	2,405	2,405	DICG 170	-	-	-	-	-	-
Trucking		DICG 205	-	5,085	5,085	DICG 175	-	-	-	-	-	-
Supervision	Brother consulting / Lyman Nance [S	DICG 210	3,700	37,000	37,000	DICG 180	-	-	-	-	-	-
Trailer, Camp & Catering	Cimarex [Satelite] [sat/phone/interco	DICG 220	455	8,095	8,095	DICG 255	-	-	-	-	-	-
Other misc expenses		DICG 225	-	-	-	DICG 180	-	-	-	-	-	-
Overhead		DICG 230	-	8,000	8,000	DICG 195	-	-	-	-	-	-
Remedial Cementing		DICG 235	-	-	-	DICG 215	-	-	-	-	-	-
Mobilize & Demobilize		DICG 240	-	86,925	86,925	DICG 215	-	-	-	-	-	-
Directional Drilling	Lenco [Septic] / Pason [Internet / Wc	DICG 245	270	1,800	1,800	DICG 220	-	-	-	-	-	-
Dock, Dispatcher, Crane		DICG 250	-	-	-	DICG 220	-	-	-	-	-	-
Marine/Air Transportation		DICG 255	-	-	-	DICG 280	-	-	-	-	-	-
Solids Control-Equip/Services	KSW Oilfield Rentals [Float Pumps]	DICG 260	250	2,250	2,250	DICG 245	-	-	-	-	-	-
Well Control-Equip/Services	Mc Guire Industries [Separator & Ign	DICG 265	1,230	1,530	1,530	DICG 240	-	-	-	-	-	-
Fishing & Sidetrack Services		DICG 270	-	-	-	DICG 245	-	-	-	-	-	-
Completion Rig			-	-	-	DICG 115	-	-	-	-	-	-
Coil Tubing			-	-	-	DICG 280	-	-	-	-	-	-
Completion Logging, Perforating			-	-	-	DICG 200	-	-	-	-	-	-
Stimulation			-	-	-	DICG 210	-	-	-	-	-	-
Legal/Regulatory/Curative		DICG 300	-	10,000	10,000	DICG 280	-	-	-	-	-	-
Well Control Insurance		DICG 285	-	5,000	5,000	DICG 280	-	-	-	-	-	-
Contingency		DICG 435	6,576	33,123	33,123	DICG 220	-	-	-	-	-	-
Construction For Well Equipment			-	-	-	DWEA 110	-	-	-	-	-	-
Construction For Lease Equipment			-	-	-	DLEQ 110	-	-	-	-	-	-
Construction For Sales P/L			-	-	-	DICG 265	-	-	-	-	-	-
Intangible			138,095	695,579	695,579		0	0	0	0	0	0
Drive Pipe		DWEB 150	-	-	-		-	-	-	-	-	-
Conductor Pipe		DWEB 130	-	-	-		-	-	-	-	-	-
Water String		DWEB 135	-	-	-		-	-	-	-	-	-
Surface Casing		DWEB 140	-	107,310	107,310		-	-	-	-	-	-
Intermediate Casing		DWEB 145	-	-	-		-	-	-	-	-	-
Production Casing Or Liner			-	-	-	DWEA 100	-	-	-	-	-	-
Tubing			-	-	-	DWEA 105	-	-	-	-	-	-
N/C Well Equipment			-	-	-	DWEA 115	-	-	-	-	-	-
Wellhead, Tree, Chokes	Downing [Studs and ring gaskets / V	DWEB 115	15,236	15,236	15,236	DWEA 120	-	-	-	-	-	-
Liner Hanger, Isolation Packer		DWEB 100	-	-	-	DWEA 125	-	-	-	-	-	-
Packer, Nipples			-	-	-	DWEA 130	-	-	-	-	-	-
Pumping Unit, Engine			-	-	-	DLEQ 100	-	-	-	-	-	-
Lift Equipment (Bhp, Rods, Anchors)			-	-	-	DLEQ 105	-	-	-	-	-	-
Metering Equipment			-	-	-	DLEQ 220	-	-	-	-	-	-
Tangible - Well Equipment			15,236	122,446	122,446		0	0	0	0	0	0
N/C Lease Equipment			-	-	-	DLEQ 115	-	-	-	-	-	-
Tanks, Tanks Steps, Stairs			-	-	-	DLEQ 120	-	-	-	-	-	-
Battery (Heater Treater, Separator,...)			-	-	-	DLEQ 125	-	-	-	-	-	-
Flow Lines (Line Pipe From Wellhead)			-	-	-	DLEQ 130	-	-	-	-	-	-
Offshore Production Structure For ...			-	-	-	DWEA 135	-	-	-	-	-	-
Pipeline to Sales			-	-	-	DWEA 140	-	-	-	-	-	-
Tangible - Lease Equipment			0	0	0		0	0	0	0	0	0
P&A Costs		DICC 265	-	-	-	DICC 275	-	-	-	-	-	-
P&A			0	0	0		0	0	0	0	0	0





Cimarex Energy Co.
Morning Drilling Report

AFE : 253084
Property : 428085-023.01
API # : 42-389-33823
Prop TD : 15,367

BLM/BIA :

<u>Well Name</u> EIGHTEENMILE 56-18 1H					<u>State/Country</u> TX, Reeves		<u>Section, Township, Range</u> 18 / Blk 53 /		<u>Objective</u> Wolfcamp A		<u>Date</u> Wed, Jul 10, 2013	
<u>Contractor / Rig</u> H&P 218		<u>Rpt #</u> 10	<u>DFS</u> 4,250	<u>ODFS</u> 5	<u>Present Operation</u> Drill 8 3/4 Hole @ 4664'		<u>MD</u> 4,664	<u>IVD</u> 4,664	<u>Footage</u> 1,172	<u>FT/HR</u> 142.06	<u>Hours</u> 8.25	
<u>Contact</u>					<u>Contact</u>					<u>Costs</u>		
Engineer	Mark Audas	432.620.1928			Computer	Wellsite 36	303-285.2380		Daily Well Cost	\$83,574		
Foreman - Day	Lyman Nance	580-216-1492			Geologist	Kim Nordstog	432.571.7844		Cum Drilling Cost	\$901,699		
Foreman - Night	Jody Solansky	210.334.8052			Landman	Cody T. Elliot	432.571.7806		Cum Compl Cost	\$0		
Manager	Larry Selgrist	432.620.1934							Cum Well Cost	\$901,699		
Safety Supt	Fred Jones	918.606.5904							Cum Intangible Cost	\$779,153		
Safety Supt	Sheldon Waeger	918.557.4177							Cum Tangible Cost	\$122,546		
Superintendent	Scott Lucas	432.894.5572							Cum Mud Cost	\$37,314		



Cimarex Energy Co. Morning Drilling Report

AFE : 253084
Property : 428085-023.01
API # : 42-389-33623
Prop TD : 15,367

BLM/BIA :

Well Name				State/County		Section, Township, Range		Objective		Date				
EIGHTEENMILE 56-18 1H				TX, Reeves		18 / Blk 53 /		Wolfcamp A		Wed, Jul 10, 2013				
Contractor / Rig	Rpt #	DFS	ODFS	Present Operation				MD	TVQ	Footage	FT/HR	Hours		
H&P 218	10	4,250	5	Drill 8 3/4 Hole @ 4664'				4,664	4,664	1,172	142.06	8.25		
Sub Ledger Description	Vendor & Description			B.C.P Code	Daily Drig. Cost	Cum Drig. Cost	Variance To Drig. Aft Over/Under	A.C.P Code	Daily Compl. Cost	Cum Compl. Cost	Variance To Compl. Aft Over/Under	Dry Hole Cost	After Casing Point	Compl. Well Cost
Roads & Location Preparation / Restore				DIDC 100	-	99,160	99,160	DIDC 100	-	-	-	-	-	-
Damages				DIDC 105	-	-	-	DIDC 105	-	-	-	-	-	-
Mud/Fluids Disposal Charges				DIDC 255	-	-	-	DIDC 235	-	-	-	-	-	-
Day Rate	H&P 218 [Day Rate / FRC Charge]			DIDC 115	27,135	135,675	135,675	DIDC 120	-	-	-	-	-	-
Misc Prep Cost (Mouse Hole, Rat Hole, Bits	BAKER [Bit #3]			DIDC 120	-	29,733	29,733	DIDC 125	-	-	-	-	-	-
Fuel				DIDC 125	10,500	35,800	35,800	DIDC 130	-	-	-	-	-	-
Water 009 / Completion Fluids 109				DIDC 135	-	45,419	45,419	DIDC 135	-	-	-	-	-	-
				DIDC 140	-	6,126	6,126	DIDC 135	-	-	-	-	-	-
Mud & Additives	Fas-Line [Transfer Pump] / Haliburto			DIDC 145	3,577	37,314	37,314	DIDC 140	-	-	-	-	-	-
Surface Rentals	American Safety Services [H2S Pad]			DIDC 150	810	5,900	5,900	DIDC 145	-	-	-	-	-	-
Downhole Rentals	Baker [Motor] / Flo-drift [Survey Tool]			DIDC 155	17,272	63,630	63,630	DIDC 150	-	-	-	-	-	-
DSTS, Formation Tests				DIDC 160	-	-	-	DIDC 155	-	-	-	-	-	-
Mud Logging	Pason [Work station] / West Texas Well			DIDC 170	1,005	1,005	1,005	DIDC 160	-	-	-	-	-	-
Open Hole Logging				DIDC 180	-	-	-	DIDC 165	-	-	-	-	-	-
Cementing, thru Intermediate Casing				DIDC 185	-	76,020	76,020	DIDC 170	-	-	-	-	-	-
Tubular Inspections	EL Farmer [2 pipe rack] / Wilbanks T			DIDC 190	209	3,168	3,168	DIDC 175	-	-	-	-	-	-
Casing Crews				DIDC 195	-	15,924	15,924	DIDC 180	-	-	-	-	-	-
Extra labor, Welding, etc.				DIDC 200	-	2,405	2,405	DIDC 185	-	-	-	-	-	-
Trucking				DIDC 205	-	5,085	5,085	DIDC 190	-	-	-	-	-	-
Supervision	Brother consulting / Lyman Nance [S			DIDC 210	3,700	40,700	40,700	DIDC 195	-	-	-	-	-	-
Trailer, Camp & Catering	Cimarex [Satelite] [satphone/interco			DIDC 280	4,501	12,596	12,596	DIDC 200	-	-	-	-	-	-
Other misc expenses				DIDC 220	-	-	-	DIDC 205	-	-	-	-	-	-
Overhead				DIDC 225	-	8,000	8,000	DIDC 210	-	-	-	-	-	-
Remedial Cementing				DIDC 231	-	-	-	DIDC 215	-	-	-	-	-	-
Mobilize & Demobilize				DIDC 240	-	86,925	86,925	DIDC 220	-	-	-	-	-	-
Directional Drilling	Lenco [Septic] / Pason [Internet / We			DIDC 245	270	2,070	2,070	DIDC 225	-	-	-	-	-	-
Dock, Dispatcher, Crane				DIDC 250	-	-	-	DIDC 230	-	-	-	-	-	-
Marine/Air Transportation				DIDC 275	-	-	-	DIDC 250	-	-	-	-	-	-
Solids Control-Equip/Services	KSW Oilfield Rentals [Float Pumps]			DIDC 260	250	2,500	2,500	DIDC 235	-	-	-	-	-	-
Well Control-Equip/Services	Battle energy services Tester [Test B			DIDC 265	10,365	11,895	11,895	DIDC 240	-	-	-	-	-	-
Fishing & Sidetrack Services				DIDC 270	-	-	-	DIDC 245	-	-	-	-	-	-
Completion Rig					-	-	-	DIDC 115	-	-	-	-	-	-
Coil Tubing					-	-	-	DIDC 260	-	-	-	-	-	-
Completion Logging, Perforating					-	-	-	DIDC 200	-	-	-	-	-	-
Stimulation					-	-	-	DIDC 210	-	-	-	-	-	-
Legal/Regulatory/Curative				DIDC 300	-	10,000	10,000	DIDC 280	-	-	-	-	-	-
Well Control Insurance				DIDC 285	-	5,000	5,000	DIDC 285	-	-	-	-	-	-
Contingency				DIDC 435	3,980	37,103	37,103	DIDC 220	-	-	-	-	-	-
Construction For Well Equipment					-	-	-	DWEA 110	-	-	-	-	-	-
Construction For Lease Equipment					-	-	-	DLEG 110	-	-	-	-	-	-
Construction For Sales P/L					-	-	-	DIDC 265	-	-	-	-	-	-
Intangible					83,574	779,153	779,153		0	0	0	0	0	0
Drive Pipe				DWEB 150	-	-	-		-	-	-	-	-	-
Conductor Pipe				DWEB 130	-	-	-		-	-	-	-	-	-
Water String				DWEB 135	-	-	-		-	-	-	-	-	-
Surface Casing				DWEB 140	-	107,310	107,310		-	-	-	-	-	-
Intermediate Casing				DWEB 145	-	-	-		-	-	-	-	-	-
Production Casing Or Liner					-	-	-	DWEA 100	-	-	-	-	-	-
Tubing					-	-	-	DWEA 105	-	-	-	-	-	-
NIC Well Equipment					-	-	-	DWEA 115	-	-	-	-	-	-
Wellhead, Tree, Chokes				DWEB 115	-	15,236	15,236	DWEA 120	-	-	-	-	-	-
Liner Hanger, Isolation Packer				DWEB 100	-	-	-	DWEA 125	-	-	-	-	-	-
Packer, Nipples					-	-	-	DWEA 130	-	-	-	-	-	-
Pumping Unit, Engine					-	-	-	DLEG 100	-	-	-	-	-	-
Lift Equipment (Bhp, Rods, Anchors)					-	-	-	DLEG 105	-	-	-	-	-	-
Metering Equipment					-	-	-	DLEG 220	-	-	-	-	-	-
Tangible - Well Equipment					0	122,546	122,546		0	0	0	0	0	0
NIC Lease Equipment					-	-	-	DLEG 115	-	-	-	-	-	-
Tanks, Tanks Steps, Stairs					-	-	-	DLEG 120	-	-	-	-	-	-
Battery (Heater Treater, Separator,...)					-	-	-	DLEG 125	-	-	-	-	-	-
Flow Lines (Line Pipe From Wellhead)					-	-	-	DLEG 130	-	-	-	-	-	-
Offshore Production Structure For ...					-	-	-	DWEA 135	-	-	-	-	-	-
Pipeline to Sales					-	-	-	DWEA 140	-	-	-	-	-	-
Tangible - Lease Equipment					0	0	0		0	0	0	0	0	0
P&A Costs				DIDC 295	-	-	-	DIDC 275	-	-	-	-	-	-
P&A					0	0	0		0	0	0	0	0	0
Total Costs					83,574	901,699	901,699		0	0	0	0	0	0

BLM/BIA:

7-18-13

Well Name EIGHTEENMILE 56-18 1H				State/County TX, Reeves				Section Township Range 18 / Blk 53 /				Objective Wolfcamp A				Date Thu, Jul 18, 2013																																																																							
Contractor / Rig H&P 218				Rpt # 18				DFS 12.250				ODFS 13				Present Operation Logging well with Schlumberger				MD 12,000				TVD 12,000				Footage 0				FT/HR 0.00				0.00																																																			
Formation 80 % Shale 20% Lime				BDG 0				CG 0				TG 0				Logs 2nd Bone spring Sand @ 9076				3rd Bone Spring Sand @ 10078				WOLF CAMP A @ 10380																																																															
DP Size 0.00				DC Size 6.500				DP Av 0				DC Av 0				Jet Velocity 0				HHP/SG Inch Bit Dia 0.00				Cost/Ft. 24 Hrs \$0.00				Cost/Ft. (OA) \$136.05				Last Shoe TVD 3,492				Env. Gradient/MW 9.40				Max Allowable SICP 36																																															
Pump #1 - PZ-11				GPS 6.00				11.00				3.837				Pump #2 - PZ-11				GPS 6.00				11.00				3.837				Pump #3 -				GPS				GPM 0				Off BP 0																																											
Slow Stroke				Stand Pipe				EDR				Choke				Slow Stroke				Stand Pipe				EDR				Choke				Slow Stroke				Stand Pipe				EDR				Choke																																											
MW in 9.20				MW Out 9.20				VS in 29				VS Out 29				PV 1				YP 1				Get Stronm 1				API/Ft/Rate 100.00				LCM				MW in 9.20				MW Out 9.20				VS in 29				VS Out 29				PV 1				YP 1				Get Stronm 1				API/Ft/Rate 100.00				LCM																			
Cake 1				Solids 2.80				Liquid 97.20				Sand 0.01				MBT 8.00				PH 0.01				PM 0.01				PE 0.01				ME 0.27				Cake 1				Solids 2.80				Liquid 97.20				Sand 0.01				MBT 8.00				PH 0.01				PM 0.01				PE 0.01				ME 0.27																			
Chlorides 55,000				Calcium 1,560				Oil 97.20				Water 0				S.W. 0				Lime 12000@10.46				Depth Checked				Chlorides 55,000				Calcium 1,560				Oil 97.20				Water 0				S.W. 0				Lime 12000@10.46				Depth Checked																																			
Bit # 3				Size 8.750				Manufacturer Iaker Hughe				Type T 607 X				Serial # 7145250				Jet #1 11				Jet #2 11				Jet #3 11				Jet #4 12				Jet #5 12				Jet #6 12				Jet #7 12				Jet #8 12				TFA 0.7202				WOB 30-32				Rotary RPM 45-55																											
Bit In 3,492				Bit Out 12,000				Footage 8,508				Hours 155.75				FT/HR 54.63				Cum. Bit Hrs 177.50				Inner 2				Outer 6				Dull BT				Location Taper				Bearing X				Gauge 01				Other CT				Reason TD				Diff Pressure 400-400				Motor RPM 105-124																											
Drag Torque and Weight				Diesel				Mud additives in last 24 hours				Soil Farming / Mud Disposal				Pickup Weight 43,000				Diesel on Hand 10,568				Tax 6,250				Engineer - 24 Hr 1				Baroid 41 (ST) 70				Daily Solids = bbls @				\$0.00																																															
Rotating Weight 43,000				Diesel Received 7,230				Zeogel 139				BARA-DeFOAM 6				caustic soda 10				Total Solids = bbls @				\$0.00				Slackoff Weight 43,000				Diesel Used Today 1,310				Wall-nut Medium 15				BARO-Seal Clar 13				plug-gt 13				Daily Liquids = 300 bbls @				\$1,500.00																																			
Average Drag				Natural Gas				ROP Pressure Testing				ROP Pressure Testing				ROP Pressure Testing				ROP Pressure Testing				ROP Pressure Testing				ROP Pressure Testing				ROP Pressure Testing				ROP Pressure Testing				ROP Pressure Testing				ROP Pressure Testing																																											
Maximum Drag				Meter Reading				MCF Used Today				Last BOP Test: 07/10/2013				Days since: 8				ROP Pressure Testing				ROP Pressure Testing				ROP Pressure Testing				ROP Pressure Testing				ROP Pressure Testing				ROP Pressure Testing																																															
Torque On Bottom				Torque Off Bottom				Daily				Rotating				Sliding				Total				BHA# 3				Rotating				Sliding				Total				Code				Time Distribution				Daily				CUM																																			
Feet				Feet				Feet				Feet				Feet				Feet				Feet				Feet				Feet				Feet				Feet				Feet				Feet				Feet																																			
Hours				Hours				Hours				Hours				Hours				Hours				Hours				Hours				Hours				Hours				Hours				Hours				Hours				Hours																																			
ROP				ROP				ROP				ROP				ROP				ROP				ROP				ROP				ROP				ROP				ROP				ROP				ROP																																							
%Time				%Time				%Time				%Time				%Time				%Time				%Time				%Time				%Time				%Time				%Time				%Time				%Time																																							
%Feet				%Feet				%Feet				%Feet				%Feet				%Feet				%Feet				%Feet				%Feet				%Feet				%Feet				%Feet				%Feet																																							
Hours				Time Desc				Chronological Activity (0600 Hours to 0600 Hours)				Hours				Time Desc				Chronological Activity (0600 Hours to 0600 Hours)				Hours				Time Desc				Chronological Activity (0600 Hours to 0600 Hours)				Hours				Time Desc				Chronological Activity (0600 Hours to 0600 Hours)																																											
1.00				Cond. Mud & Circ				Pump hi vis sweeps and clean/condition hole for logs.				0.50				Deviation Survey				Drop Gyro data tool (work pipe slow)				1.50				Cond. Mud & Circ				Spot kill mud (150 bbl 9.8 brine Estimated top @ 5686'; 150 bbl 11.3. 80 bbl Estimated top @ 10095'; 11.3 slug)				10.00				Tripping				Check flow & trip out of hole getting Gyro survey. No fill until above 5600' (Proper fills after 5600')				3.00				Wireline Logging				Held safety meeting with Schlumberger, rig up Lubricator and wireline equipment.				8.00				Wireline Logging				Run wireline logs Quad combo Gamma Ray, Porosity, Resistivity and Density. Hole seeping 1 bbl/hr, Tagged up @ 11978'				24.00				Totals				24.00				432.00			
Next 24 hours:				Finish logging & rig up 2nd truck to cut cores				Elevations:				GL: 2,866.00				DF: 25.00				KB: 25.00				GHG Emissions				Next Casing:				7.000 @ 10600				Acc: 0				Spills: 0				Insp: 0				0.00																																							
Casing				Description				From				To				ID				Drift				Burst				Collapse				Pipe Body				Joint				Strength				Capacity				Displ				Plugged																																			
SURF				9-5/8" 40# J-55 LT&C Special Drift Casing				0				3,492				8,835				8,750				3,950				2,570				630,000				520,000				0.07582				0.01455				0.09038																																							
Qty				BHA 3				Wt				Grd				Thread				OD				ID				Length				CUM				KOP MD/TVD				Pen Pt MD/TVD				Landing Pt MD/TVD				Pilot																																							
1				Baker Hughes T 607 X				4.5 reg				8.750				2.500				1.00				1.00				10.439 / 10.439				11.430 / 11.000				15.367 / 11.000				Y																																															
1				Vertical Scoout SDI-712-VS08-011				4.5 XH				7.375				1.875				19.62				20.62				Depth				Incl.				Azi.				TVD				VS				N/S				E/W				DLS																															
1				Jaguar motor 23 rpg				4.5 XH				6.750				2.000				30.41				51.03				4.307				0.30				0.00				4,305.60				79.14				79.16				0.00				0.03																															
1				Shock sub SS 6538				4.5 XH				6.625				2.250				12.36				63.39				4.687				0.10				0.00				4,685.60				80.47				80.48				0.00				0.05																															
1				Flo-drift FD 1666				4.5 XH				6.500				2.250				4.05				67.44				5.160				0.20				0.00				5,158.59				81.71				81.72				0.00				0.02																															
1				JA IBS				4.5 XH				8.625				2.250				6.04				73.48				5.632				0.30				0.00				5,630.59				83.77				83.78				0.00				0.02																															
1				12 - 6" DC				99.00				4.5 XH				6.500				2.500				356.40				429.88				6.104				0.50				0.00				6,102.58				87.06				87.08				0.00				0.04																											
1				Crossover				NC-50				5.000				3.000				2.93				432.81				6.484				0.20				0.00				6,482.57				89.38				89.40				0.00				0.08																															
1				5" NC50 Spiral/Wate HWDP				59.16 J-55				NC50				5.000				3.000				176.20				609.01				6.957				0.20				0.00				6,955.57				91.03				91.05				0.00				0.00																											
1				Knight Jars				59.16 J-55				NC50				5.000				3.000				30.21				639.22				7.429				0.10				0.00				7,427.57				92.27				92.28				0.00				0.02																											
1				5" NC50 Spiral/Wate HWDP				59.16 J-55				NC50				5.000				3.000				148.33				787.55				7.808				0.90				0.00				7,806.55				95.57				95.59				0.00				0.21																											
11				BHA =				787.55				Total Length =				787.55				Kelly =				11,212.45				8.279				0.20				0.00				8,277.52				100.09				100.11				0.00				0.15																															
Last Inspected BHA Hours:				177.50				Total Depth =				12,000.00				9.131				0.70				0.00				9,129.50				106.78				106.80				0.00				0.06																																											
Engineer				Mark Audas				432 620 1928				Computer				Wellsite 36				303-285 2380				Daily Well Cost				\$109.317				9.509				0.60				0.00				9,507.47				111.07				111.09				0.00				0.03																											
Foreman - Day				Lyman Nance				580-216-1492				Geologist				Kim Nordstog				432 571 7844				Cum Drilling Cost				\$1,632,545				9.604				0.60				0.00				9,602.47				112.07				112.09				0.00				0.00																											
Foreman - Night				Jody Solansky				210 334 8052				Landman				Cody T. Elliot				432 571 7806				Cum Compl Cost				\$0				9.888				0.50				0.00				9,886.45				114.79				114.81				0.00				0.04																											
Manager				Larry Seigrist				432 620 1934				Safety Supt				Fred Jones				918 606 5904				Cum Well Cost				\$1,632,545				10.265				0.30				0.00				10,263.44				117.42				117.44				0.00				0.05																											
Safety Supt				Sheldon Waeger				918 557 4177				Cum Intangible Cost				\$1,509,999				10.644				0.30				0.00				10,642.44				119.41				119.43				0.00				0.00																																							
Superintendent				Scott Lucas				432 894 5572				Cum Tangible Cost				\$122,546				11.021				1.00				0.00				11,019.41				123.68				123.71				0.00				0.19</																																							



Cimarex Energy Co.

Morning Drilling Report

AFE : 253084
Property : 428085-023.01
API # : 42-389-33823
Prop TD : 15,367

BLM/BIA :

Well Name				State/County	Section, Township, Range		Objective	Date						
EIGHTEENMILE 56-18 1H				TX, Reeves		18 / Blk 53 /		Wolfcamp A		Thu, Jul 18, 2013				
Contractor / Rig	Rpt #	DFS	ODFS	Present Operation				MD	TVD	Footage	FT/HR	Hours		
H&P 218				Logging well with Schlumberger				12,000	12,000	0	0.00	0.00		
Sub Ledger Description	Vendor & Description			B.C.P Code	Daily Drig. Cost	Cum Drig. Cost	Variance To Drig. Ate Over/Under	A.C.P Code	Daily Compl. Cost	Cum Compl. Cost	Variance To Compl. Ate Over/Under	Dry Hole Cost	After Casing Point	Compl. Well Cost
Roads & Location Preparation / Restoration	Cuatro [Water Location]			DICG 100	650	99,810	-20,190	DICG 100	-	-	-15,000	120,000	15,000	135,000
Damages				DICG 105	-	-	-40,000	DICG 105	-	-	-	40,000	-	40,000
Mud/Fluids Disposal Charges				DICG 235	-	-	-50,000	DICG 235	-	-	-90,000	50,000	90,000	140,000
Day Rate	H&P 218 [Day Rate / FRC Charge]			DICG 115	27,135	352,755	-339,245	DICG 120	-	-	-122,000	692,000	122,000	814,000
Misc Prep Cost (Mouse Hole, Rat Hole, Bits)				DICG 120	-	46,104	5,104	DICG 120	-	-	-	41,000	-	41,000
Fuel	Sun Coast [Rig fuel]			DICG 135	-	35,800	-49,200	DICG 135	-	-	-	85,000	-	85,000
Water 009 / Completion Fluids 109				DICG 140	23,965	92,709	-55,291	DICG 130	-	-	-25,000	148,000	25,000	173,000
Mud & Additives				DICG 145	-	6,126	-8,874	DICG 135	-	-	-10,000	15,000	10,000	25,000
Surface Rentals	[] / Fas-Line [Transfer Pump] / Halib			DICG 145	8,010	101,017	-198,983	DICG 140	-	-	-	300,000	-	300,000
Downhole Rentals	American Safety Services [H2S Pad]			DICG 150	810	12,380	-38,620	DICG 140	-	-	-180,000	51,000	180,000	231,000
DSTS, Formation Tests	BAKER [Reamer] / Baker (Motor) [B]			DICG 155	18,517	168,638	-10,362	DICG 145	-	-	-10,000	179,000	10,000	189,000
Mud Logging				DICG 160	-	-	-	DICG 160	-	-	-	-	-	-
Open Hole Logging	Pason [Work Station] / West Texas V			DICG 170	1,005	9,045	-27,955	DICG 160	-	-	-	37,000	-	37,000
Cementing, thru Intermediate Casing	Hughes Oilfield [Deliver packoff] / Oil			DICG 180	2,335	2,335	-37,665	DICG 155	-	-	-	40,000	-	40,000
Tubular Inspections	Cuatro [Fresh water cement]			DICG 185	3,060	79,080	-100,920	DICG 155	-	-	-65,000	180,000	65,000	245,000
Casing Crews	EL Farmer [2 pipe rack] / Wilbanks T			DICG 190	209	8,574	-21,427	DICG 180	-	-	-10,000	30,000	10,000	40,000
Extra labor, Welding, etc.				DICG 195	-	15,924	-19,076	DICG 165	-	-	-15,000	35,000	15,000	50,000
Trucking				DICG 200	-	2,405	-17,595	DICG 170	-	-	-8,000	20,000	8,000	28,000
Supervision				DICG 205	-	16,815	-3,185	DICG 175	-	-	-20,000	20,000	20,000	40,000
Trailer, Camp & Catering	Brother consulting / Lyman Nance [S]			DICG 210	7,400	74,000	-39,000	DICG 180	-	-	-30,000	113,000	30,000	143,000
Other misc expenses	Cimarex [Satelite] [sat/phone/interco]			DICG 220	1,055	19,036	-28,964	DICG 225	-	-	-8,000	48,000	8,000	56,000
Overhead				DICG 225	-	-	-1,000	DICG 195	-	-	-60,000	1,000	60,000	61,000
Remedial Cementing				DICG 231	-	8,000	-	DICG 195	-	-	-2,000	8,000	2,000	10,000
Mobilize & Demobilize				DICG 240	-	-	-	DICG 215	-	-	-	-	-	-
Directional Drilling	Gyro-Data [Drop Gyro] / Lenco [Sep]			DICG 245	7,265	11,225	-408,775	DICG 220	-	-	-	200,000	-	200,000
Dock, Dispatcher, Crane				DICG 250	-	11,225	-	DICG 220	-	-	-	420,000	-	420,000
Marine/Air Transportation				DICG 275	-	-	-	DICG 250	-	-	-	-	-	-
Solids Control-Equip/Services	KSW Oilfield Rentals [Float Pumps]			DICG 280	715	7,755	-22,245	DICG 260	-	-	-	30,000	-	30,000
Well Control-Equip/Services	Mc Guire Industries [Separator & Ign]			DICG 285	1,455	33,685	-31,315	DICG 240	-	-	-30,000	65,000	30,000	95,000
Fishing & Sidetrack Services	San Jan [Deliver whipstock]			DICG 270	525	525	-109,475	DICG 245	-	-	-	110,000	-	110,000
Completion Rig				DICG 115	-	-	-	DICG 115	-	-	-52,000	-	52,000	52,000
Coil Tubing				DICG 280	-	-	-	DICG 280	-	-	-180,000	-	180,000	180,000
Completion Logging, Perforating				DICG 290	-	-	-	DICG 290	-	-	-100,000	-	100,000	100,000
Stimulation				DICG 210	-	-	-	DICG 210	-	-	-1,587,000	-	1,587,000	1,587,000
Legal/Regulatory/Curative				DICG 300	-	10,000	-	DICG 280	-	-	-	10,000	-	10,000
Well Control Insurance				DICG 285	-	5,000	-	DICG 285	-	-	-	5,000	-	5,000
Contingency				DICG 435	5,206	71,905	-83,095	DICG 220	-	-	-131,000	155,000	131,000	286,000
Construction For Well Equipment				DICG 110	-	-	-	DICG 110	-	-	-	-	-	-
Construction For Lease Equipment				DICG 110	-	-	-	DICG 110	-	-	-404,659	-	404,659	404,659
Construction For Sales P/L				DICG 265	-	-	-	DICG 265	-	-	-	-	-	-
Intangible					109,317	1,509,999	-1,738,091		0	0	-3,154,659	3,248,000	3,154,659	6,402,659
Drive Pipe				DWEB 150	-	-	-	DWEB 150	-	-	-	-	-	-
Conductor Pipe				DWEB 130	-	-	-	DWEB 130	-	-	-	-	-	-
Water String				DWEB 135	-	-	-	DWEB 135	-	-	-	-	-	-
Surface Casing				DWEB 140	-	107,310	6,690	DWEB 140	-	-	-	114,000	-	114,000
Intermediate Casing				DWEB 145	-	-	-452,000	DWEB 145	-	-	-	452,000	-	452,000
Production Casing Or Liner				DWEB 100	-	-	-	DWEB 100	-	-	-80,000	-	80,000	80,000
Tubing				DWEB 105	-	-	-	DWEB 105	-	-	-85,000	-	85,000	85,000
N/C Well Equipment				DWEB 115	-	15,236	-29,764	DWEB 115	-	-	-	-	-	-
Wellhead, Tree, Chokes				DWEB 115	-	-	-	DWEB 120	-	-	-38,000	45,000	38,000	83,000
Liner Hanger, Isolation Packer				DWEB 100	-	-	-	DWEB 125	-	-	-75,000	-	75,000	75,000
Packer, Nipples				DWEB 120	-	-	-	DWEB 130	-	-	-25,000	-	25,000	25,000
Pumping Unit, Engine				DWEB 130	-	-	-	DWEB 130	-	-	-	-	-	-
Lift Equipment (Bhp, Rods, Anchors)				DWEB 135	-	-	-	DWEB 135	-	-	-25,000	-	25,000	25,000
Metering Equipment				DWEB 220	-	-	-	DWEB 220	-	-	-	-	-	-
Tangible - Well Equipment					0	122,546	-488,454		0	0	-328,000	611,000	328,000	939,000
N/C Lease Equipment				DLEQ 115	-	-	-	DLEQ 115	-	-	-158,589	-	158,589	158,589
Tanks, Tanks Steps, Stairs				DLEQ 120	-	-	-	DLEQ 120	-	-	-110,182	-	110,182	110,182
Battery (Heater Treater, Separator,...)				DLEQ 125	-	-	-	DLEQ 125	-	-	-194,064	-	194,064	194,064
Flow Lines (Line Pipe From Wellhead)				DLEQ 130	-	-	-	DLEQ 130	-	-	-335,050	-	335,050	335,050
Offshore Production Structure For ...				DLEQ 135	-	-	-	DLEQ 135	-	-	-	-	-	-
Pipeline to Sales				DLEQ 140	-	-	-	DLEQ 140	-	-	-	-	-	-
Tangible - Lease Equipment					0	0	0		0	0	-797,885	0	797,885	797,885
P&A Costs				DICG 295	-	-	-	DICG 275	-	-	-	-	-	-
P&A					0	0	0		0	0	0	0	0	0
Total Costs					109,317	1,632,545	-2,228,455		0	0	-4,280,544	3,859,000	4,280,544	8,139,544

BLM/BIA:

Well Name EIGHTEENMILE 56-18 1H				State/County TX, Reeves				Section Township Range 18 / Blk 53 /				Objective Wolfcamp A				Date Fri, Jul 19, 2013																																																							
Contractor / Rig H&P 218				Rpt # 19				DFS 13.250				ODFS 14				Present Operation Rig Repair, Work on Top drive				MD 12,000				TVD 12,000				Footage 0				FTHR 0.00				Hours 0.00																																			
Formation 80 % Shale 20% Lime				ROG 0				CG 0				TG 0				Tops 2nd Bone spring Sand @ 9076				3rd Bone Spring Sand @ 10078				WOLF CAMP A @ 10380																																															
DP Size 0.00				DC Size 6.500				DP Av 0				DC Av 0				Jet Velocity 0				HHP/SQ Inch Bit Dia 0.00				Cost/Ft. 24 Hrs \$0.00				Cost/Ft. (OA) \$146.24				Last Shoe TVD 3,492				Final Gradient, MW 9.40				Max Allowable SICP 36																															
Pump #1 6.00				PZ-11 11.00				GPS 3.837				Pump #2 6.00				PZ-11 11.00				GPS 3.837				Pump #3 6.00				GPS 3.837				GPM 0				Off BP 0																																			
Slow Stroke				Stand Pipe				EDR				Choke				Slow Stroke				Stand Pipe				EDR				Choke				Slow Stroke				Stand Pipe				EDR				Choke																											
MW In 9.20				MW Out 9.20				VS In 29				VS Out 29				PV 1				YP 1				Gel Strength 100.00				API/Ft Rate 100.00				LCM 100.00				MW In 9.20				MW Out 9.20				VS In 29				VS Out 29				PV 1				YP 1				Gel Strength 100.00				API/Ft Rate 100.00				LCM 100.00			
Cake 1				Solids 2.60				Liquid 97.40				Sand 0.01				MBT 8.00				PM 0.01				PE 0.01				ME 0.24				Cake 1				Solids 2.60				Liquid 97.40				Sand 0.01				MBT 8.00				PM 0.01				PE 0.01				ME 0.24											
Chlorides 57,000				Calcium 1,680				Oil 97.40				Water 0				Q/W 0				Lime 12000@12.42				Depth Checked 12000@12.42				Chlorides 57,000				Calcium 1,680				Oil 97.40				Water 0				Q/W 0				Lime 12000@12.42				Depth Checked 12000@12.42																			
Bit # 4				Size 8.750				Manufacturer JZ Bits				Type 710120 RR				Serial # K09930				Jet #1 Jet #2				Jet #3 Jet #4				Jet #5 Jet #6				Jet #7 Jet #8				TFA 0.0000				WOB 0.0				Rotary RPM 0.0																											
Bit In 0				Bit Out 0				Footage 0				Hours 0.00				FTHR 0.00				Cum. Bit Hrs 177.50				Inner Outer				Dull Location				Bearing Gauge				Other Reason				Diff Pressure 0.0				Motor RPM 0.0																											
Drag Torque and Weight				Diesel				Mud additives in last 24 hours				Soil Farming / Mud Disposal				Pickup Weight 135,000				Diesel on Hand 10,016				Engineer - 24 H 1				Tax 1,780				Baroid 41 (ST) 5				Daily Solids = bbls @ \$0.00				Total Solids = bbls @ \$0.00				Daily Liquids = bbls @ \$0.00				Total Liquids = 1,280 bbls @ \$3,480.00																							
Rotating Weight 130,000				Diesel Received 552				Zeogel 10				Slackoff Weight 125,000				Diesel Used Today 552				Average Drag 5,000				Maximum Drag 5,000				Torque On Bottom Meter Reading				Torque Off Bottom MCF Used Today				Last BOP Test: 07/10/2013				Days since: 9																															
Daily Feet				Rotating Feet				Sliding Feet				Total Feet				BHA# 4 Feet				Rotating Feet				Sliding Feet				Total Feet				Code Time Distribution				Daily CUM																																			
Hours Hours				ROP %Time				%Time %Feet				Hours Hours				ROP %Time				%Time %Feet				Hours Hours				ROP %Time				%Time %Feet				Hours Hours				ROP %Time				%Time %Feet																											
Hours 3.50				Wireline Logging Run wire line logs Quad combo Gamma Ray, Porosity, Resistivity and Density. Hole seeping 1 bbl/hr. Tagged up @ 11978' Log to 3492'				8.50 Wireline Logging				Run #2 Side wall core Depths / total of 40 10,517,10513,10511,10419,10417,10408,9244,9242,9234,9232,9227,9225,9220,9212,9203,9199,9194,9136,9133,9128,9126,9119,9069,9056,9050,9042,9034,9010,9007,9005,8992,8988,8982,8957,8953,8928,8922,8914,8912,88905' Pool with wireline & rig dr wireline tools. Well flowing 5 bbl/hr				2.00 Tripping				Attempt to pull wear bushing. (Dog nut froze to packing nut, decided to proceed without pulling wear bushing due to well flowing 5 bbl/hr)				4.00 Tripping				Make up bit & bit sub, Trip in from surface to 3554' Filling pipe every 25 stands (Wiper Trip)				6.00 Rig Repair				Shut down due to A/C motor on TDS went down, Change out same				24.00																															
Next 24 hours: Finish wiper trip & GIH with whipstock				Elevations: GL: 2,866.00 DF: 25.00 KB: 25.00				GHG Emissions 0.00				Next Casing: 7,000 @ 10600				Acc: 0				Spills: 0				Insp: 0				0.00																																											
Casing Description				From To				ID Drift				Burst Collapse				Pipe Body Yield				Joint Strength				Capacity Displ				Plugged Displ																																											
SURF 9-5/8" 40# J-55 LT&C Special Drift Casing				0 3,492				8.835 8.750				3.950 2.570				630,000 520,000				0.07582 0.01455				0.09038																																															
Qty 1				BHA 4 JZ Bits 710120 RR				Wt 8.750				Grd 4.5 Reg				Thread 5.000				OD 2.250				ID 3.000				Length 1.00				CUM 1.00																																							
1 Bit sub				4.5 XH 6.500				5.000 2.500				356.40 360.40				3.00 3.00				4.00 4.00				4.00 4.00																																															
1 12 - 6" DC				99.00 5.000				NC-50 5.000				3.000 2.93				363.33 363.33				363.33 363.33				363.33 363.33																																															
1 Crossover				59.16 J-55 NC50				5.000 3.000				176.20 539.53				539.53 539.53				539.53 539.53				539.53 539.53																																															
1 5" NC50 SpiralWate HWDP				59.16 J-55 NC50				5.000 3.000				30.21 569.74				569.74 569.74				569.74 569.74				569.74 569.74																																															
1 5" NC50 SpiralWate HWDP				59.16 J-55 NC50				5.000 3.000				148.33 718.07				718.07 718.07				718.07 718.07				718.07 718.07																																															
7 Total Length =				718.07 718.07				718.07 718.07				718.07 718.07				718.07 718.07				718.07 718.07				718.07 718.07																																															
1 Kelly =				11,281.93 11,281.93				11,281.93 11,281.93				11,281.93 11,281.93				11,281.93 11,281.93				11,281.93 11,281.93				11,281.93 11,281.93																																															
Last Inspected BHA Hours: 177.50				Total Depth = 12,000.00				12,000.00 12,000.00				12,000.00 12,000.00				12,000.00 12,000.00				12,000.00 12,000.00				12,000.00 12,000.00																																															
KOP MD/TVD 10,270 / 10,270				Pen Pt MD/TVD 11,430 / 11,000				Landing Pt MD/TVD 15,367 / 11,000				Pilot Y				Depth Incl.				Azi. TVD				VS N-S				E-W DLS																																											
10,155 0.37				162.51 10,153.78				0.36 1.28				-49.56 0.25				10,250 0.30				159.83 10,248.27				0.16 0.76				-49.38 0.08																																											
10,345 0.35				149.43 10,343.07				0.64 0.28				-49.15 0.08				10,439 0.33				155.30 10,437.67				1.13 -0.22				-48.89 0.04																																											
10,534 0.06				156.52 10,532.27				1.42 -0.51				-48.75 0.29				10,628 0.24				279.30 10,626.87				1.44 -0.52				-48.93 0.29																																											
10,723 0.60				267.74 10,721.27				1.44 -0.51				-49.62 0.39				10,818 0.75				254.47 10,815.96				1.64 -0.70				-50.71 0.23																																											
10,912 0.97				238.04 10,910.35				2.26 -1.28				-51.98 0.35				11,006 0.88				209.17 11,003.94				3.32 -2.33				-53.01 0.50																																											
11,101 0.73				192.08 11,099.43				4.57 -3.57				-53.49 0.29				11,196 0.49				170.92 11,194.02				5.56 -4.56				-53.55 0.34																																											
11,290 0.39				160.35 11,288.52				6.25 -5.26				-53.38 0.14				11,385 0.35				166.91 11,383.32				6.84 -5.84				-53.21 0.06																																											
11,480 0.23				228.18 11,478.02				7.25 -6.25				-53.28 0.33				11,574 0.44				264.51 11,572.52				7.42 -6.41				-53.79 0.31																																											
11,669 0.60				248.23 11,667.41				7.65 -6.63				-54.61 0.23				11,764 0.42				213.08 11,762.01				8.14 -7.11				-55.26 0.37																																											
11,858 0.33				218.24 11,856.61				8.65 -7.61				-55.62 0.10				11,909 0.33				222.61 11,906.91				8.87 -7.83				-55.80 0.05																																											
Projection To Bit: 0.00				11,909 0.33				222.61 11,906.91				-8.87 -7.83				-55.80 0.05				Final Closure = 56.35 feet @ 262.01 Azimuth				Gyro Planned VS = 4,633.00 feet @ 1.07 Azimuth																																															
Engineer Mark Audas				432.620.1928				Computer Wellsite 36				303-285.2380				Daily Well Cost Cum Drilling Cost				\$122,368 \$1,754,914				Cum Compl Cost Cum Well Cost				\$0 \$1,754,914																																											
Foreman - Day Lyman Nance				580-216-1492				Geologist Kim Nordstog				432.571.7844				Cum Intangible Cost Cum Tangible Cost				\$1,632,368 \$122,546				Cum Mud Cost Cum Mud Cost				\$104,189																																											
Foreman - Night Jody Solansky				210.334.8052				Landman Cody T. Elliot				432.571.7806																																																											
Manager Larry Seigrist				432.620.1934																																																																			
Safety Supt Fred Jones				918.606.5904																																																																			
Safety Supt Sheldon Waeger				918.557.4177																																																																			
Superintendent Scott Lucas				432.894.5572																																																																			

7-19-13



Cimarex Energy Co.

Morning Drilling Report

AFE : 253084
Property : 428085-023 01
API # : 42-389-33823
Prop TD : 15,367

BLM/BIA :

Well Name				State/County		Section, Township, Range		Objective		Date		
EIGHTEENMILE 56-18 1H				TX, Reeves		18 / Bik 53 /		Wolfcamp A		Fri, Jul 19, 2013		
Contractor / Rig	Rpt #	DFS	ODFS	Present Operation				MD	TYD	Footage	FT/HR	Hours
H&P 218	19	13.250	14	Rig Repair, Work on Top drive				12,000	12,000	0	0.00	0.00
Sub Ledger Description	Vendor & Description	B.C.P Code	Daily Drig. Cost	Cum Drig. Cost	Variance To Drig. Ate Over/Under	A.C.P Code	Daily Compl. Cost	Cum Compl. Cost	Variance To Compl. Ate Over/Under	Dry Hole Cost	After Casing Point	Compl. Well Cost
Roads & Location Preparation / Restore		DIDC 100	-	99,810	-20,190	DICC 100	-	-	-15,000	120,000	15,000	135,000
Damages		DIDC 106	-	-	-40,000	DICC 106	-	-	-	40,000	-	40,000
Mud/Fluids Disposal Charges		DIDC 235	-	-	-50,000	DICC 235	-	-	-90,000	50,000	90,000	140,000
Day Rate	H&P 218 [Day Rate / FRC Charge]	DIDC 115	27,135	379,890	-312,110	DICC 120	-	-	-122,000	692,000	122,000	814,000
Misc Prep Cost (Mouse Hole, Rat Hole, Bits		DIDC 120	-	46,104	5,104		-	-	-	41,000	-	41,000
		DIDC 125	-	35,800	-49,200	DICC 125	-	-	-	85,000	-	85,000
Fuel		DIDC 135	-	92,709	-55,291	DICC 130	-	-	-25,000	148,000	25,000	173,000
Water 009 / Completion Fluids 109	Cuatro [Deliver Fresh water]	DIDC 140	1,652	7,778	-7,222	DICC 135	-	-	-10,000	15,000	10,000	25,000
Mud & Addives	J / Fas-Line [Transfer Pump] / Halib	DIDC 145	3,171	104,189	-195,811		-	-	-	300,000	-	300,000
Surface Rentals	American Safety Services [H2S Pad]	DIDC 150	810	13,190	-37,810	DICC 140	-	-	-180,000	51,000	180,000	231,000
Downhole Rentals	Jaguar [Motor correction / Motor LIH	DIDC 155	7,205	175,843	-3,157	DICC 145	-	-	-10,000	179,000	10,000	189,000
DSTS, Formation Tests		DIDC 160	-	-	-		-	-	-	-	-	-
Mud Logging	Pason [Work Station] / West Texas V	DIDC 170	1,005	10,050	-26,950		-	-	-	37,000	-	37,000
Open Hole Logging	Schlumberger [Logging service & cu	DIDC 180	61,024	63,359	23,359		-	-	-	40,000	-	40,000
Cementing, thru Intermediate Casing		DIDC 185	-	79,080	-100,920	DICC 155	-	-	-65,000	180,000	65,000	245,000
Tubular Inspections	EL Farmer [2 pipe rack] / Wilbanks T	DIDC 190	209	8,783	-21,218	DICC 160	-	-	-10,000	30,000	10,000	40,000
Casing Crews		DIDC 195	-	15,924	-19,076	DICC 165	-	-	-15,000	35,000	15,000	50,000
Extra labor, Welding, etc.		DIDC 200	-	2,405	-17,595	DICC 170	-	-	-8,000	20,000	8,000	28,000
Trucking		DIDC 205	-	16,815	-3,185	DICC 175	-	-	-20,000	20,000	20,000	40,000
Supervision	Brother consulting / Lyman Nance [S	DIDC 210	3,700	77,700	-35,300	DICC 180	-	-	-30,000	113,000	30,000	143,000
Trailer, Camp & Catering	Cimarex [Satellite] [satphone/interco	DIDC 280	455	19,491	-28,509	DICC 255	-	-	-8,000	48,000	8,000	56,000
Other misc expenses		DIDC 220	-	-	-1,000	DICC 190	-	-	-60,000	1,000	60,000	61,000
Overhead		DIDC 225	-	8,000	-	DICC 195	-	-	-2,000	8,000	2,000	10,000
Remedial Cementing		DIDC 231	-	-	-	DICC 215	-	-	-	-	-	-
Mobilize & Demobilize		DIDC 240	-	219,352	19,352		-	-	-	200,000	-	200,000
Directional Drilling	Acme [Deliver Directional tools] / Lev	DIDC 245	8,005	19,230	-400,770		-	-	-	420,000	-	420,000
Dock, Dispatcher, Crane		DIDC 250	-	-	-	DICC 220	-	-	-	-	-	-
Marine/Air Transportation		DIDC 275	-	-	-	DICC 250	-	-	-	-	-	-
Solids Control-Equip/Services	KSW Oilfield Rentals [Float Pumps]	DIDC 260	715	8,470	-21,530		-	-	-	30,000	-	30,000
Well Control-Equip/Services	Mc Guire Industries [Separator & Ign	DIDC 265	1,455	35,140	-29,860	DICC 240	-	-	-30,000	65,000	30,000	95,000
Fishing & Sidetrack Services		DIDC 270	-	525	-109,475	DICC 245	-	-	-	110,000	-	110,000
Completion Rig			-	-	-	DICC 115	-	-	-52,000	-	52,000	52,000
Coil Tubing			-	-	-	DICC 260	-	-	-180,000	-	180,000	180,000
Completion Logging, Perforating			-	-	-	DICC 200	-	-	-100,000	-	100,000	100,000
Stimulation			-	-	-	DICC 210	-	-	-1,587,000	-	1,587,000	1,587,000
Legal/Regulatory/Curative		DIDC 300	-	10,000	-	DICC 280	-	-	-	10,000	-	10,000
Well Control Insurance		DIDC 285	-	5,000	-		-	-	-	5,000	-	5,000
Contingency		DIDC 435	5,827	77,732	-77,268	DICC 220	-	-	-131,000	155,000	131,000	286,000
Construction For Well Equipment			-	-	-	DWEA 110	-	-	-	-	-	-
Construction For Lease Equipment			-	-	-	DLEQ 110	-	-	-404,659	-	404,659	404,659
Construction For Sales P/L			-	-	-	DICC 265	-	-	-	-	-	-
Intangible			122,368	1,632,368	-1,616,632		0	0	-3,154,659	3,248,000	3,154,659	6,402,659
Drive Pipe		DWEB 150	-	-	-		-	-	-	-	-	-
Conductor Pipe		DWEB 130	-	-	-		-	-	-	-	-	-
Water String		DWEB 135	-	-	-		-	-	-	-	-	-
Surface Casing		DWEB 140	-	107,310	-6,690		-	-	-	114,000	-	114,000
Intermediate Casing		DWEB 145	-	-	-452,000		-	-	-	452,000	-	452,000
Production Casing Or Liner			-	-	-	DWEA 100	-	-	-80,000	-	80,000	80,000
Tubing			-	-	-	DWEA 105	-	-	-85,000	-	85,000	85,000
NIC Well Equipment			-	-	-	DWEA 115	-	-	-	-	-	-
Wellhead, Tree, Chokes		DWEB 115	-	15,236	-29,764	DWEA 120	-	-	-38,000	45,000	38,000	83,000
Liner Hanger, Isolation Packer		DWEB 100	-	-	-	DWEA 125	-	-	-75,000	-	75,000	75,000
Packer, Nipples			-	-	-	DWEA 130	-	-	-25,000	-	25,000	25,000
Pumping Unit, Engine			-	-	-	DLEQ 100	-	-	-	-	-	-
Lift Equipment (Bhp, Rods, Anchors)			-	-	-	DLEQ 105	-	-	-25,000	-	25,000	25,000
Metering Equipment			-	-	-	DLEQ 220	-	-	-	-	-	-
Tangible - Well Equipment			0	122,846	-488,454		0	0	-328,000	611,000	328,000	939,000
NIC Lease Equipment			-	-	-	DLEQ 115	-	-	-158,589	-	158,589	158,589
Tanks, Tanks Steps, Stairs			-	-	-	DLEQ 120	-	-	-110,182	-	110,182	110,182
Battery (Heater Treater, Separator,...)			-	-	-	DLEQ 125	-	-	-194,064	-	194,064	194,064
Flow Lines (Line Pipe From Wellhead)			-	-	-	DLEQ 130	-	-	-335,050	-	335,050	335,050
Offshore Production Structure For ...			-	-	-	DWEA 135	-	-	-	-	-	-
Pipeline to Sales			-	-	-	DWEA 140	-	-	-	-	-	-
Tangible - Lease Equipment			0	0	0		0	0	-797,825	0	797,825	797,825
P&A Costs		DIDC 265	-	-	-	DICC 275	-	-	-	-	-	-
P&A			0	0	0		0	0	0	0	0	0
Total Costs			122,368	1,764,314	-2,104,086		0	0	-4,260,544	3,859,000	4,280,544	8,139,544



Cimarex Energy Co.

Morning Drilling Report

AFE: 253084
Property: 428085-023.01
API #: 42-389-33823
Prop TD: 15,367

BLM/BIA:

Well Name										State/County		Section Township Range		Objective		Date																				
EIGHTEENMILE 56-18 1H										TX, Reeves		18 / Blk 53 /		Wolfcamp A		Sat, Jul 20, 2013																				
Contractor / Rig		Rpt #	DFS	ODFS	Presery Operator		MD		TVD	Footage	FT/HR	Hours																								
H&P 218		20	14,250	15	Circ & Condition Hole For Whipstock @ 10458'		12,000		12,000	0	0.00	0.00																								
Formation		BGS	CO	IG	TSS		2nd Bone spring Sand @ 9076		3rd Bone Spring Sand @ 10078		WOLF CAMP A @ 10380																									
80 % Shale 20% Lime		0	0	0	0																															
DP Size		DC Size	DF Av	DC Av	Jet Velocity	HHP/SQ Inch Bit Dia.		Cost/Ft 24 Hrs		Cost/Ft (OA)		Last Shoe TVD		Frac Gradient MW		Max Allowable SICP																				
0.00		6.500	123	274	0	0.00		\$0.00		\$150.37		3,492		9.40		36																				
PUMP	Pump #1 -		PZ-11		GPS		Pump #2 -		PZ-11		GPS		Pump #3 -		GPS		GPM		Off BP																	
	6.00		11.00		50		6.00		11.00		50		6.00		11.00		50		384		640															
	Slow Stroke		Stand Pipe		EDR		Choke		Slow Stroke		Stand Pipe		EDR		Choke		Slow Stroke		Stand Pipe		EDR		Choke													
WATER	MW in		MW Out		VS in		VS Out		PV		YP		Gel Strength		API Rate		LCM		MW in		MW Out		VS in		VS Out		PV		YP		Gel Strength		HHP		LCM	
	9.20		9.20		29		29		1		1		1		1		100.00		9.20		9.20		29		29		1		1		1		100.00			
	Coke		Solids		Liquid		Sand		MBT		PH		PM		PF		ME		Coke		Solids		Liquid		Sand		MBT		PH		PM		PF		ME	
MUD	1		1.90		98.10		0.01		8.00		0.01		0.01		0.27				1		1.90		98.10		0.01		8.00		0.01		0.01		0.27			
	Chlorides		Calcium		Oil		Water		Q/W		Lime		Depth Checked						Chlorides		Calcium		Oil		Water		Q/W		Lime		Depth Checked					
	55,000		1,680		98.10								12000@12:06						55,000		1,680		98.10													
BIT	Bit #		Size		Manufacturer		Type		Serial #		Jet #1		Jet #2		Jet #3		Jet #4		Jet #5		Jet #6		Jet #7		Jet #8		TFA		WOB		Rotary RPM					
	4		8.750		JZ Bits		710120 RR		K09930																		0.0000		0.0		0.0					
	Bit In		Bit Out		Footage		Hours		FT/HR		Cum. Bit Hrs		Inner		Outer		Dull		Location		Bearing		Gauge		Other		Reason		Diff Pressure		Motor RPM					
0		0		0		0.00		0.00		177.50																		0-0		0-0						
Drag Torque and Weight		Diesel		Mud additives in last 24 hours		Soil Farming / Mud Disposal																														
Pickup Weight 300,000		Diesel on Hand 9,263		Engineer - 24 H 1 Tax 500		Daily Solids = bbls @ \$0.00																														
Rotating Weight 270,000		Diesel Received 753				Total Solids = bbls @ \$0.00																														
Slackoff Weight 260,000						Daily Liquids = bbls @ \$0.00																														
Average Drag 30,000						Total Liquids = 1,280 bbls @ \$3,480.00																														
Maximum Drag 33,000						BOP Pressure Testing																														
Torque On Bottom		Meter Reading				Last BOP Test: 07/10/2013 Days since: 10																														
Torque Off Bottom		MCF Used Today																																		
Daily Rotating Sliding Total		BHA # 4 Rotating Sliding Total		Code Time Distribution Daily CUM																																
Feet		Feet		1 MIRU/DMO 133.00																																
Hours		Hours		2 Drilling 177.50																																
ROP		ROP		3 Washing/Reaming 0.50																																
%Time		%Time		4 Lost Circulation 4.75																																
%Feet		%Feet		5 Cond. Mud & Circ 4.50 24.00																																
				6 Tripping 4.50 48.25																																
				7 Lubricate Rig 3.50																																
				8 Rig Repair 15.00 21.00																																
				10 Deviation Survey 8.75																																
				11 Wireline Logging 23.00																																
				12 Run Casing 8.75																																
				13 Cement Casing 5.00																																
				14 Wait On Cement 4.00																																
				15 NU BOP's 10.50																																
				16 Test BOP's 5.75																																
				22 Well Control 0.75																																
				24 Drill Cmt / Shoe Test 3.00																																
				Totals 24.00 480.00																																
Next 24 hours: TOH, pickup whipstock, GIH and set same		Elevations: GL: 2,866.00 DF: 25.00 KB: 25.00		GHG Emissions																																
Next Casing: 7,000 @ 10600 Acc: 0 Spills: 0 Insp: 0				4,320.00																																
Casing Description From To ID Drift Burst Collapse Pipe Body Yield Joint Strength Capacity Displ Plugged Displ																																				
SURF 9-5/8" 40# J-55 LT&C Special Drift Casing 0 3,492 8.835 8.750 3,950 2,570 630,000 520,000 0.07582 0.01455 0.09038																																				
Qty BHA 4 Wt Grd Thread OD ID Length CUM																																				
1 JZ Bits 710120 RR 4.5 Reg 8.750 1.00 1.00																																				
1 Bit sub 4.5 XH 6.500 2.250 3.00 4.00																																				
1 12 - 6" DC 99.00 4.5 XH 6.500 2.500 356.40 360.40																																				
1 Crossover NC-50 5.000 3.000 2.93 363.33																																				
1 5" NC50 SpiralWate HWDP 59.16 J-55 NC50 5.000 3.000 176.20 539.53																																				
1 Knight Jars 59.16 J-55 NC50 5.000 3.000 30.21 569.74																																				
1 5" NC50 SpiralWate HWDP 59.16 J-55 NC50 5.000 3.000 148.33 718.07																																				
7 BHA = 718.07																																				
309 9,740.05 10,458.12																																				
309 DrillPipe = 9,740.05																																				
Total Length = 10,458.12																																				
Kelly = 1,541.88																																				
Last Inspected BHA Hours: 177.50 Total Depth = 12,000.00																																				
KOP MD/TVD 10,270 / 10,270 Pen Pt MD/TVD 11,430 / 11,000 Landing Pt MD/TVD 15,367 / 11,000 Pilot Y																																				
Depth Incl. Azi. TVD VS N-S E-W DLS																																				
10,155 0.37 162.51 10,153.78 0.36 1.28 -49.56 0.25																																				
10,250 0.30 159.83 10,248.27 0.16 0.76 -49.38 0.08																																				
10,345 0.35 149.43 10,343.07 0.64 0.28 -49.15 0.08																																				
10,439 0.33 155.30 10,437.67 1.13 -0.22 -48.89 0.04																																				
10,534 0.06 156.52 10,532.27 1.42 -0.51 -48.75 0.29																																				
10,628 0.24 279.30 10,626.87 1.44 -0.52 -48.93 0.29																																				
10,723 0.60 267.74 10,721.27 1.44 -0.51 -49.62 0.39																																				
10,818 0.75 254.47 10,815.96 1.64 -0.70 -50.71 0.23																																				
10,912 0.97 238.04 10,910.35 2.26 -1.28 -51.98 0.35																																				
11,006 0.88 209.17 11,003.94 3.32 -2.33 -53.01 0.50																																				
11,101 0.73 192.08 11,099.43 4.57 -3.57 -53.49 0.29																																				
11,196 0.49 170.92 11,194.02 5.56 -4.56 -53.55 0.34																																				
11,290 0.39 160.35 11,288.52 6.25 -5.26 -53.38 0.14																																				
11,385 0.35 166.91 11,383.32 6.84 -5.84 -53.21 0.06																																				
11,480 0.23 228.18 11,478.02 7.25 -6.25 -53.28 0.33																																				
11,574 0.44 264.51 11,572.52 7.42 -6.41 -53.79 0.31																																				
11,669 0.60 248.23 11,667.41 7.65 -6.63 -54.61 0.23																																				
11,764 0.42 213.08 11,762.01 8.14 -7.11 -55.26 0.37																																				
11,858 0.33 218.24 11,856.61 8.65 -7.61 -55.62 0.10																																				
11,909 0.33 222.61 11,906.91 8.87 -7.83 -55.80 0.05																																				
Projection To Bit: 0.00																																				
11,909 0.33 222.61 11,906.91 -8.87 -7.83 -55.80 0.05																																				
Final Closure = 56.35 feet @ 262.01 Azimuth																																				
Planned VS = 4,633.00 feet @ 1.07 Azimuth																																				
Gyro																																				
Contact Engineer Mark Audas 432.620.1928																																				
Foreman - Day Lyman Nance 580-216-1492																																				
Foreman - Night Jody Solansky 210.334.8052																																				
Manager Larry Seigrist 432.620.1934																																				
Safety Supt Fred Jones 918.606.5904																																				
Safety Supt Sheldon Waeger 918.557.4177																																				
Superintendent Scott Lucas 432.894.5572																																				
Contact Computer Wellsite 36 303-285.2380																																				
Geologist Kim Nordstog 432.571.7844																																				
Landman Cody T. Elliot 432.571.7806																																				
Daily Well Cost \$49,473																																				
Cum Drilling Cost \$1,804,387																																				
Cum Compl Cost \$0																																				
Cum Well Cost \$1,804,387																																				
Cum Intangible Cost \$1,681,841																																				
Cum Tangible Cost \$122,546																																				
Cum Mud Cost \$105,975																																				

7-2013



Cimarex Energy Co. Morning Drilling Report

AFE : 253084
Property : 428085-023.01
API # : 42-389-33823
Prop TD : 15,367

BLM/BIA :

Well Name				State/County		Section Township Range		Objective		Date				
EIGHTEENMILE 56-18 1H				TX, Reeves		18 / Bix 53 /		Wolfcamp A		Sat, Jul 20, 2013				
Contractor / Rig	Rpt #	DFS	ODFS	Present Operation				MD	TYD	Footage	FT/HR	Hours		
H&P 218				Circ & Condition Hole For Whipstock @ 10458'				12,000	12,000	0	0.00	0.00		
Sub Ledger Description	Vendor & Description			B.C.P. Code	Daily Drig. Cost	Cum Drig. Cost	Variance To Drig. A/c Over/Under	A.C.P. Code	Daily Compl. Cost	Cum Compl. Cost	Variance To Compl. A/c Over/Under	Dry Hole Cost	After Casing Point	Compl. Well Cost
Roads & Location Preparation / Restore				DIDC 100	-	99,810	-20,190	DICC 100	-	-	-15,000	120,000	15,000	135,000
Damages				DIDC 105	-	-	-40,000	DICC 105	-	-	-	40,000	-	40,000
Mud/Fluids Disposal Charges				DIDC 255	-	-	-50,000	DICC 255	-	-	-90,000	50,000	90,000	140,000
Day Rate	H&P 218 [Day Rate / FRC Charge]			DIDC 115	27,135	407,025	-284,975	DICC 120	-	-	-122,000	692,000	122,000	814,000
Misc Prep Cost (Mouse Hole, Rat Hole, Bts				DIDC 120	-	46,104	5,104	DICC 125	-	-	-	41,000	-	41,000
Fuel				DIDC 125	-	35,800	-49,200	DICC 125	-	-	-	85,000	-	85,000
Water 009 / Completion Fluids 109	Cuatro [Deliver Fresh water]			DIDC 135	-	92,709	-55,291	DICC 130	-	-	-25,000	148,000	25,000	173,000
Mud & Additives	[] / Fas-Line (Transfer Pump) / Halib			DIDC 140	1,127	8,905	-6,095	DICC 135	-	-	-10,000	15,000	10,000	25,000
Surface Rentals	American Safety Services [H2S Pad]			DIDC 145	1,786	105,975	-194,025	DICC 140	-	-	-180,000	51,000	180,000	231,000
Downhole Rentals				DIDC 150	810	14,000	-37,000	DICC 140	-	-	-180,000	51,000	180,000	231,000
DSTS, Formation Tests				DIDC 155	-	175,843	-3,157	DICC 145	-	-	-10,000	179,000	10,000	189,000
Mud Logging	Pason [Work Station] / West Texas V			DIDC 160	-	-	-	DICC 150	-	-	-	-	-	-
Open Hole Logging	Hughes Oilfield Transportation [Retu]			DIDC 170	1,005	11,055	-25,945	DICC 160	-	-	-	37,000	-	37,000
Cementing, thru Intermediate Casing				DIDC 180	500	63,859	23,859	DICC 165	-	-	-	40,000	-	40,000
Tubular Inspections	EL Farmer [2 pipe rack] / Wilbanks T			DIDC 185	-	79,080	-100,920	DICC 165	-	-	-65,000	180,000	65,000	245,000
Casing Crews				DIDC 190	209	8,992	-21,009	DICC 160	-	-	-10,000	30,000	10,000	40,000
Extra labor, Welding, etc.				DIDC 195	-	15,924	-19,076	DICC 165	-	-	-15,000	35,000	15,000	50,000
Trucking				DIDC 200	-	2,405	-17,595	DICC 170	-	-	-8,000	20,000	8,000	28,000
Supervision	Brother consulting / Lyman Nance [S			DIDC 205	-	16,815	-3,185	DICC 175	-	-	-20,000	20,000	20,000	40,000
Trailer, Camp & Catering	[] / Cimarex [Satellite] [sat/phone/inte			DIDC 210	3,700	81,400	-31,600	DICC 180	-	-	-30,000	113,000	30,000	143,000
Other misc expenses				DIDC 215	1,255	20,746	-27,254	DICC 255	-	-	-8,000	48,000	8,000	56,000
Overhead				DIDC 220	-	-	-1,000	DICC 190	-	-	-60,000	1,000	60,000	61,000
Remedial Cementing				DIDC 225	-	8,000	-	DICC 195	-	-	-2,000	8,000	2,000	10,000
Mobilize & Demobilize				DIDC 231	-	-	-	DICC 215	-	-	-	-	-	-
Directional Drilling	Lenco [Septic] / Pason [Internet / Wc			DIDC 240	-	219,352	19,352	DICC 215	-	-	-	200,000	-	200,000
Dock, Dispatcher, Crane				DIDC 245	7,420	26,650	-393,350	DICC 245	-	-	-	420,000	-	420,000
Marine/Air Transportation				DIDC 250	-	-	-	DICC 230	-	-	-	-	-	-
Solids Control-Equip/Services	KSW Oilfield Rentals [Float Pumps]			DIDC 255	-	-	-	DICC 250	-	-	-	-	-	-
Well Control-Equip/Services	Mc Guire Industries [Separator & Ign			DIDC 260	715	9,185	-20,815	DICC 260	-	-	-30,000	30,000	-	30,000
Fishing & Sidetrack Services				DIDC 265	1,455	36,595	-28,405	DICC 240	-	-	-30,000	65,000	30,000	95,000
Completion Rig				DIDC 270	-	525	-109,475	DICC 245	-	-	-	110,000	-	110,000
Coil Tubing								DICC 115	-	-	-52,000	-	52,000	52,000
Completion Logging, Perforating								DICC 280	-	-	-180,000	-	180,000	180,000
Stimulation								DICC 290	-	-	-100,000	-	100,000	100,000
Legal/Regulatory/Curative				DIDC 300	-	10,000	-	DICC 210	-	-	-1,587,000	-	1,587,000	1,587,000
Well Control Insurance				DIDC 285	-	5,000	-	DICC 280	-	-	-	10,000	-	10,000
Contingency				DIDC 435	2,356	80,088	-74,912	DICC 285	-	-	-80,000	5,000	-	5,000
Construction For Well Equipment								DWEA 110	-	-	-131,000	155,000	131,000	286,000
Construction For Lease Equipment								DLEG 110	-	-	-404,659	-	404,659	404,659
Construction For Sales P/L								DICC 265	-	-	-	-	-	-
Intangible					49,473	1,681,841	-1,556,159		0	0	-3,154,659	3,248,000	3,154,659	6,402,659
Drive Pipe				DWEB 150	-	-	-		-	-	-	-	-	-
Conductor Pipe				DWEB 130	-	-	-		-	-	-	-	-	-
Water String				DWEB 135	-	-	-		-	-	-	-	-	-
Surface Casing				DWEB 140	-	107,310	5,690		-	-	-	114,000	-	114,000
Intermediate Casing				DWEB 145	-	-	-452,000		-	-	-	452,000	-	452,000
Production Casing Or Liner								DWEA 100	-	-	-80,000	-	80,000	80,000
Tubing								DWEA 105	-	-	-85,000	-	85,000	85,000
N/C Well Equipment								DWEA 115	-	-	-	-	-	-
Wellhead, Tree, Chokes				DWEB 115	-	15,236	-29,764	DWEA 120	-	-	-38,000	45,000	38,000	83,000
Liner Hanger, Isolation Packer				DWEB 120	-	-	-	DWEA 125	-	-	-75,000	-	75,000	75,000
Packer, Nipples								DWEA 130	-	-	-25,000	-	25,000	25,000
Pumping Unit, Engine								DLEG 100	-	-	-	-	-	-
Lift Equipment (Bhp, Rods, Anchors)								DLEG 105	-	-	-25,000	-	25,000	25,000
Metering Equipment								DLEG 220	-	-	-	-	-	-
Tangible - Well Equipment					0	122,546	-488,454		0	0	-328,000	611,000	328,000	939,000
N/C Lease Equipment								DLEG 115	-	-	-158,589	-	158,589	158,589
Tanks, Tanks Steps, Stairs								DLEG 120	-	-	-110,182	-	110,182	110,182
Battery (Heater Treater, Separator,...)								DLEG 125	-	-	-194,064	-	194,064	194,064
Flow Lines (Line Pipe From Wellhead)								DLEG 130	-	-	-335,050	-	335,050	335,050
Offshore Production Structure For ...								DWEA 135	-	-	-	-	-	-
Pipeline to Sales								DWEA 140	-	-	-	-	-	-
Tangible - Lease Equipment					0	0	0		0	0	-797,885	0	797,885	797,885
P&A Costs				DICC 295	-	-	-	DICC 275	-	-	-	-	-	-
P&A					0	0	0		0	0	0	0	0	0
Total Costs					49,473	1,804,387	-2,954,613		0	0	-4,280,544	3,859,000	4,280,544	8,139,544

BLM/BIA :

Well Name EIGHTEENMILE 56-18 1H				State/County TX, Reeves		Section Township Range 18 / Blk 53 /		Quarter Wolfcamp A		Date Sun, Jul 21, 2013	
Contractor / Rig H&P 218		Rpt # 21	DFS 15,250	ODFS 16	Present Operation Pooch w/ Gyro & prepare to release from whipstock.			MD 12,000	TYD 12,000	Footage 0	FT/HR 0.00
Formation 80 % Shale 20% Lime		BGS 0	CG 0	TG 0	2nd Bone spring Sand @ 9076		3rd Bone Spring Sand @ 10078		WOLF CAMP A @ 10380		
DP Size 0.00	DC Size 0.000	DP Av 0	DC Av 0	Jet Velocity 0	HHP/SG Inch Bit Dia 0.00	Cost/Ft 24 Hrs \$0.00	Cost/Ft (DA) \$154.29	Last Shoe TYD 3,492	Fract Gradient M/W 9.40	Max Allowable SICP 54	
Pump #1 - PZ-11		GPS 6.00	Pump #2 - PZ-11		GPS 6.00	Pump #3 -		GPS	GPM 0	Off BP 0	
Slow Stroke		Stand Pipe	EDR		Choke	Slow Stroke		Stand Pipe	EDR	Choke	
Slow Stroke		Stand Pipe	EDR		Choke	Slow Stroke		Stand Pipe	EDR	Choke	
M/W In 9.10	M/W Out 9.10	V/S In 29	V/S Out 29	PV 1	Y/P 1	Get Strength 100.00	API/Ft Rate 100.00	LCM	HTHP LCM		
Cake 1	Solids 0.80	Liquid 99.20	Sand 0.01	MBT 8.00	PM 0.01	PE 0.01	ME 0.21				
Chlorides 72.000	Calcium 1.840	Oil 99.20	Water Q/W	Lime 12000@12.42	Depth Checked						
Bit # 4	Size 8.750	Manufacturer JZ Bits	Type 710120 RR	Serial # K09930	Jet #1	Jet #2	Jet #3	Jet #4	Jet #5	Jet #6	Jet #7
Bit In 0	Bit Out 0	Footage 0	Hours 0.00	FT/HR 0.00	Cum. Bit Hrs 177.50	Inner	Outer	Dull	Location	Bearing	Gauge
Drag Torque and Weight				Mud additives in last 24 hours				Spot Farming / Mud Disposal			
Pickup Weight 280,000	Diesel on Hand 8,303	Engineer - 24 H 1		Tax 1,584	MF-55 10	Daily Solids = bbls @ \$0.00		Total Solids = bbls @ \$0.00		Daily Liquids = bbls @ \$0.00	
Rotating Weight 250,000	Diesel Received 960	Maximum Drag 32,000		Torque On Bottom		Total Liquids = 1,280 bbls @ \$3,480.00		ROP Pressure Testing		Last BOP Test: 07/10/2013 Days since: 11	
Slackoff Weight 238,000	Diesel Used Today	Torque Off Bottom		MCF Used Today							
Average Drag 30,000	ROP	%Time		%Feet							
Maximum Drag 32,000	ROP	%Time		%Feet							
ROP	ROP	%Time		%Feet							
%Time	%Time	%Time		%Time							
%Feet	%Feet	%Feet		%Feet							
Chronological Activity (0600 Hours to 0600 Hours)											
2.00 Cond. Mud & Circ Spot kill mud, 150 bbl 10# brine, 60 bbl 12.0, Slug pipe with 80 bbl 10# brine											
4.50 Tripping Trip out of hole (proper fills)											
0.50 Tripping Clean rig floor											
0.50 Lubricate Rig Service rig & Work on top drive.											
1.50 Directional Work Pick up Smith whip stock & scribe											
10.50 Tripping Trip in hole with Smith open hole whip stock @ controlled speed, Fill every 15 stands. (Good displacement)											
4.00 Directional Work Rig up Gyro data, GIH & orient whipstock. Confirmed whip face direction with 5 points 4.72, 3.43, 4.73, 5.93, 3.48 (Directional Plan 3 called for 1.8)											
0.50 Directional Work Pooch w/ Gyro & prepare to release from whipstock.											
0.00 Operational Note Plan to Set whip top @ 10270', 3.48 az, Bottom face @ 10284', Bottom of tool @ 10303'											
24.00											
Totals 24.00 504.00											
Next 24 hours: Set whip stock, Mill off slide, TOH for directional tools											
Elevations: GL: 2,866.00 DF: 25.00 KB: 25.00 GHG Emissions											
Next Casing: 7,000 @ 10600 Acc: 0 Spills: 0 Insp: 0 30.00											
Casing	Description	From	To	ID	Drift	Burst	Collapse	Pipe Body Yield	Joint Strength	Capacity	Dispi
SURF	9-5/8" 40# J-55 LT&C Special Drift Casing	0	3,492	8.835	8.750	3,950	2,570	630,000	520,000	0.07582	0.01455
Qty	BHA 5	Wt	Grd	Thread	OD	ID	Length	CUM	KOP MD/TVD	Pen Pt MD/TVD	Landing Pt MD/TVD
1	Smith Whipstock S# 80000483			4.5 IF	8.750		32.85	32.85	10,270 / 10,270	11,430 / 11,000	15,367 / 11,000
1	Smith Bl-Mill	99.00		4.5 IF	6.500	2.500	8.60	41.45			
1	Smith running tool			4.5 IF	6.500	1.850	5.80	47.25			
1	5" 19.50# S-135 NC50 DP	19.50	S-135	NC50	5.000	4.276	31.55	78.80			
1	Smith multi-cycle valve			4.5 IF	6.750	4.625	5.30	84.10			
1	Smith Float sub			4.5 IF	6.563	2.250	2.10	86.20			
1	Smith UBHO			4.5 IF	6.500	2.250	3.60	89.80			
12	5" NC50 SpiralWate HWDP	59.16	J-55	NC50	5.000	3.000	354.00	443.80			
19	BHA						443.80				
309							9,826.20	10,270.00			
309	DrillPipe						9,826.20				
	Total Length						10,270.00				
	Kelly						1,730.00				
	Last Inspected BHA Hours:	177.50					Total Depth =	12,000.00			
Projection To Bit: 0.00											
Final Closure = 56.35 feet @ 262.01 Azimuth											
Planned VS = 4,633.00 feet @ 1.07 Azimuth											
Gyro											
Contact											
Engineer	Mark Audas	432.620.1928	Computer	Wellsite 36	303-285.2380	Daily Well Cost	\$47,107				
Foreman - Day	Lyman Nance	580-216-1492	Geologist	Kim Nordstog	432.571.7844	Cum Drilling Cost	\$1,851,494				
Foreman - Night	Jody Solansky	210.334.8052	Landman	Cody T. Elliot	432.571.7806	Cum Compli Cost	\$0				
Manager	Larry Selgrist	432.620.1934				Cum Well Cost	\$1,851,494				
Safety Supt	Fred Jones	918.606.5904				Cum Intangible Cost	\$1,728,948				
Safety Supt	Sheldon Waeger	918.557.4177				Cum Tangible Cost	\$122,546				
Superintendent	Scott Lucas	432.894.5572				Cum Mud Cost	\$108,935				

Cimarex Energy Co.
Morning Drilling Report

Well Name	EIGHTEENMILE 56-18 1H				State/County	Section, Township, Range	Objective	Date				
Contractor / Rig	Rpt #	DFS	ODFS	Present Operation	TX, Reeves	18 / Bk 53 /	Wolfcamp A	MD	TYQ	Footage	FT/HR	Hours
H&P 218	21	15,250	16	Pooh w/ Gyro & prepare to release from whipstock.				12,000	12,000	0	0.00	0.00
Sub Ledger Description	Vendor & Description	B.C.P Code	Daily Drig. Cost	Cum Drig. Cost	Variance To Drig. Ate Over/Under	A.C.P Code	Daily Compl. Cost	Cum Compl. Cost	Variance To Compl. Ate Over/Under	Dry Hole Cost	After Casing Point	Compl. Well Cost
Roads & Location Preparation / Restore		DICC 102	-	99,810	-20,190	DICC 100	-	-	-15,000	120,000	15,000	135,000
Damages		DICC 106	-	-	-40,000	DICC 106	-	-	-	40,000	-	40,000
Mud/Fluids Disposal Charges		DICC 255	-	-	-50,000	DICC 235	-	-	-90,000	50,000	90,000	140,000
Day Rate	H&P 218 [Day Rate / FRC Charge]	DICC 115	27,135	434,160	-257,840	DICC 120	-	-	-122,000	692,000	122,000	814,000
Mac Prep Cost (Mouse Hole, Rat Hole, Bts		DICC 120	-	46,104	5,104		-	-	-	41,000	-	41,000
Fuel		DICC 125	-	35,800	-49,200	DICC 125	-	-	-	85,000	-	85,000
Water 009 / Completion Fluids 109		DICC 135	-	92,709	-55,291	DICC 130	-	-	-25,000	148,000	25,000	173,000
Mud & Additives		DICC 140	-	8,905	-8,095	DICC 135	-	-	-10,000	15,000	10,000	25,000
Surface Rentals	[] / Fas-Line (Transfer Pump) / Halib	DICC 145	2,960	108,935	-191,065		-	-	-	300,000	-	300,000
Downhole Rentals	American Safety Services (H2S Pad)	DICC 150	810	14,810	-36,190	DICC 140	-	-	-180,000	51,000	180,000	231,000
DSTS, Formation Tests		DICC 155	-	175,843	-3,157	DICC 145	-	-	-10,000	179,000	10,000	189,000
Mud Logging	Pason (Work Station) / West Texas V	DICC 160	-	-	-		-	-	-	-	-	-
Open Hole Logging		DICC 170	1,005	12,060	-24,940		-	-	-	37,000	-	37,000
Cementing, thru Intermediate Casing		DICC 185	-	63,859	23,859		-	-	-	40,000	-	40,000
Tubular Inspections	EL Farmer (2 pipe rack) / Wilbanks T	DICC 190	209	9,201	-20,800	DICC 160	-	-	-10,000	30,000	10,000	40,000
Casing Crews		DICC 195	-	15,924	-19,076	DICC 165	-	-	-15,000	35,000	15,000	50,000
Extra labor, Welding, etc.		DICC 200	-	2,405	-17,595	DICC 170	-	-	-8,000	20,000	8,000	28,000
Trucking		DICC 205	-	16,815	-3,185	DICC 175	-	-	-20,000	20,000	20,000	40,000
Supervision	Brother consulting / Lyman Nance (S	DICC 210	3,700	85,100	-27,900	DICC 180	-	-	-30,000	113,000	30,000	143,000
Trailer, Camp & Catering	Cimarex (Satelite) [satphone/intenco	DICC 220	455	21,201	-26,799	DICC 225	-	-	-8,000	48,000	8,000	56,000
Other misc expenses		DICC 225	-	-	-1,000	DICC 195	-	-	-60,000	1,000	60,000	61,000
Overhead		DICC 231	-	8,000	-	DICC 195	-	-	-2,000	8,000	2,000	10,000
Remedial Cementing		DICC 240	-	219,352	19,352		-	-	-	200,000	-	200,000
Mobilize & Demobilize		DICC 245	6,420	33,070	-386,930		-	-	-	420,000	-	420,000
Directional Drilling	Lenco (Septic) / Pason (Internet / Wo	DICC 255	-	-	-	DICC 220	-	-	-	-	-	-
Dock, Dispatcher, Crane		DICC 275	-	-	-	DICC 250	-	-	-	-	-	-
Marine/Air Transportation		DICC 260	715	9,900	-20,100		-	-	-	30,000	-	30,000
Solids Control-Equip/Services	KSW Oilfield Rentals (Float Pumps)	DICC 265	1,455	38,050	-26,950	DICC 240	-	-	-30,000	65,000	30,000	95,000
Well Control-Equip/Services	Mc Guire Industries (Seperator & Ign	DICC 270	-	525	-109,475	DICC 245	-	-	-	110,000	-	110,000
Fishing & Sidetrack Services						DICC 315	-	-	-52,000	-	52,000	52,000
Completion Rig						DICC 260	-	-	-180,000	-	180,000	180,000
Coil Tubing						DICC 200	-	-	-100,000	-	100,000	100,000
Completion Logging, Perforating						DICC 210	-	-	-1,587,000	-	1,587,000	1,587,000
Stimulation						DICC 280	-	-	-	10,000	-	10,000
Legal/Regulatory/Curative		DICC 300	-	10,000	-	DICC 280	-	-	-	5,000	-	5,000
Well Control Insurance		DICC 285	-	5,000	-		-	-	-	155,000	131,000	286,000
Contingency		DICC 435	2,243	82,331	-72,689	DICC 220	-	-	-131,000	-	-	-
Construction For Well Equipment						DWEA 110	-	-	-	404,659	-	404,659
Construction For Lease Equipment						DLEQ 110	-	-	-	-	-	-
Construction For Sales P/L						DICC 285	-	-	-404,659	-	-	-
Intangible			47,107	1,728,848	-1,618,963		0	0	-3,164,659	3,248,000	3,154,659	6,402,659
Drive Pipe		DWER 160	-	-	-		-	-	-	-	-	-
Conductor Pipe		DWER 130	-	-	-		-	-	-	-	-	-
Water String		DWER 135	-	-	-		-	-	-	-	-	-
Surface Casing		DWER 140	-	107,310	-6,690		-	-	-	114,000	-	114,000
Intermediate Casing		DWER 145	-	-	-452,000		-	-	-	452,000	-	452,000
Production Casing Or Liner						DWEA 100	-	-	-80,000	-	80,000	80,000
Tubing						DWEA 105	-	-	-85,000	-	85,000	85,000
N/C Well Equipment						DWEA 110	-	-	-	-	-	-
Wellhead, Tree, Chokes		DWER 115	-	15,236	-29,764	DWEA 120	-	-	-38,000	45,000	38,000	83,000
Liner Hanger, Isolation Packer		DWER 100	-	-	-	DWEA 125	-	-	-75,000	-	75,000	75,000
Packer, Nipples						DWEA 130	-	-	-25,000	-	25,000	25,000
Pumping Unit, Engine						DLEQ 100	-	-	-	-	-	-
Lift Equipment (Bhp, Rods, Anchors)						DLEQ 105	-	-	-25,000	-	25,000	25,000
Metering Equipment						DLEQ 220	-	-	-	-	-	-
Tangible - Well Equipment			0	122,646	-489,454		0	0	-328,000	611,000	328,000	839,000
N/C Lease Equipment						DLEQ 110	-	-	-158,589	-	158,589	158,589
Tanks, Tanks Steps, Stairs						DLEQ 120	-	-	-110,182	-	110,182	110,182
Battery (Heater Treater, Separator,...)						DLEQ 125	-	-	-194,064	-	194,064	194,064
Flow Lines (Line Pipe From Wellhead)						DLEQ 130	-	-	-335,050	-	335,050	335,050
Offshore Production Structure For ...						DWEA 135	-	-	-	-	-	-
Pipeline to Sales						DWEA 140	-	-	-	-	-	-
Tangible - Lease Equipment			0	0	0		0	0	-797,885	0	797,885	797,885
P&A Costs			DICC 295	-	-	-DICC 275	-	-	-	-	-	-
P&A			0	0	0		0	0	0	0	0	0
Total Costs			47,107	1,851,494	-2,007,506		0	0	-4,280,644	3,859,000	4,280,544	8,139,544



Well Name				State/County				Section Township Range				Objective				Date											
EIGHTEENMILE 56-18 1H												TX, Reeves				18 / Blk 53 /				Wolfcamp A				Tue, Jul 23, 2013			
Contractor / Rig				Rpt #		DFS		ODFS		Present Operation				MD				TVQ		Footage		FT/Hr		Hours			
H&P 218				23		17.250		18		Drilling 8 3/4" curve to @ 10439'				10,439				10,377		157		11.21		14.00			
Formation				BGG		GS		TG		Logs				2nd Bone spring Sand @ 9076				3rd Bone Spring Sand @ 10078				WOLF CAMP A @ 10380					
70 % Shale 20% Lime 10% Sand				591		1,795		3,458																			
DP Size				DC Size		DP Av		DC Av		Jet Velocity		HHP/PSQ Inch Bit Dia		Cost/Ft. 24 Hrs.		Cost/Ft. (QA)		Last Shoe TVQ		Frac Gradient MW		Max Allowable SICP					
5.00				6.750		237		394		214		1.81		\$996.77		\$199.39		3,492		9.40		45					
Pump #1:-				PZ-11		GPS		Pump #2:-		PZ-11		GPS		Pump #3:-				GPS		GPM		On BP					
6.00				11.00		65		3.837		6.00		11.00		65		3.837				499		1,400					
Slow Stroke				Stand Pipe		EDR		Choke		Slow Stroke		Stand Pipe		EDR		Choke		Slow Stroke		Stand Pipe		EDR					
																						1,475					
MW in				MW Out		VS in		VS Out		PV		YP		Gel Strength		APIFrate		LCM		MW in		MW Out					
9.15				9.15		29		29		1		1		1		1		100.00									
Cake				Solids		Liquid		Sand		MBT		PH		PM		PF		ME		Cake		Solids					
1				0.30		99.70		0.01				7.00		0.01		0.01		0.18				100.00					
Chlorides				Calcium		Oil		Water		Q/W		Lime		Depth Checked						Chlorides		Calcium					
85,000				2,000		99.70								10282 @ 11:31													
Bit #				Size		Manufacturer		Type		Serial #		Jet #1		Jet #2		Jet #3		Jet #4		Jet #5		Jet #6					
5				8.750		JZ Bits		HF43-SBH		K20119		18		18		18											
Bit in				Bit Out		Footage		Hours		FT/Hr		Cum. Bit Hrs		Inner		Outer		Dull		Location		Bearing					
10,282				10,439		157		14.00		11.21		201.00															
Drag Torque and Weight				Drivel				Mud additives in last 24 hours				Soil Farming / Mud Disposal															
Pickup Weight				280,000				Diesel on Hand				5,976				Engineer - 24 H				1							
Rotating Weight				250,000				Diesel Received				1,356				MF-55				3							
Slackoff Weight				235,000				Diesel Used Today																			
Average Drag				30,000				Natural Gas																			
Maximum Drag				32,000																							
Torque On Bottom								Meter Reading																			
Torque Off Bottom								MCF Used Today																			
Daily				Rotating				Sliding				Total				BHA# 6				Rotating							
Feet				157				157								Feet				157							
Hours				14.00				14.00								Hours				14.00							
ROP				11.21				11.21								ROP				11.21							
%Time				100.00												%Time				100.00							
%Feet				100.00												%Feet				100.00							
Hours				Time Desc				Chronological Activity (0600 Hours to 0600 Hours)																			
1.00				Tripping				Pick up directional tools, motor, mule shoe & tool carrier. Change motor from 2.38 to 2.12 and shallow test motor. make up bit # 5																			
1.50				Tripping				Trip in hole to shoe (3492) Install rotating head.																			
1.00				Cond. Mud & Circ				Circulate bottoms up through choke. (15' flare) Casing psi. 180																			
1.50				Cut Drig Line				Cut drilling line 93' Set & check crown o matic (ok)																			
3.50				Tripping				Trip in hole to 10180'																			
0.50				Washing/Reaming				Wash to bottom with tool face @ 3.84 (Top of whip stock @ 10270')																			
4.50				Drilling				Sliding from 10,282' to 10,310', 28 FT @ 6.22 ROP using Bit #5 - S/N K20119 on BHA #6 (Seq #6) - 07/22/2013 WOB=10 MotorRPM=68 MotorDiffPressure=50 Mud Weight=9.3 Viscosity=29 Gallons Per Minute=560 Pump Pressure=1,250 Time drill off of whip stock																			
6.50																											



Cimarex Energy Co.

Morning Drilling Report

AFE : 253084
Property : 428085-023 01
API # : 42-389-33823
Prop TD : 15,367

BLM/BIA :

Well Name				State/County		Section Township Range		Objective		Date			
EIGHTEENMILE 56-18 1H				TX, Reeves		18 / Blk 53 /		Wolfcamp A		Tue, Jul 23, 2013			
Contractor / Rig	Rpt #	DFS	ODFS	Present Operation				MD	TVQ	Footage	FT/HR	Hours	
H&P 218	23	17,250	18	Drilling 8 3/4" curve to @ 10439'				10,439	10,377	157	11.21	14.00	
Sub Ledger Description	Vendor & Description	B.C.P Code	Daily Drig. Cost	Cum Drig. Cost	Variance To Drig. Ate Over/Under	A.C.P Code	Daily Compl. Cost	Cum Compl. Cost	Variance To Compl. Ate Over/Under	Dry Hole Cost	After Casing Point	Compl. Well Cost	
Roads & Location Preparation / Restoration	Blutches Rat Hole Service [Cement	DIDC 100	3,586	103,396	-16,604	DIDC 100	-	-	-15,000	120,000	15,000	135,000	
Damages		DIDC 105	-	-	-40,000	DIDC 105	-	-	-	40,000	-	40,000	
Mud/Fluids Disposal Charges		DIDC 255	-	-	-50,000	DIDC 255	-	-	-90,000	50,000	90,000	140,000	
Day Rate	H&P 218 [Day Rate / FRC Charge]	DIDC 115	27,135	488,430	-203,570	DIDC 120	-	-	-122,000	692,000	122,000	814,000	
Misc Prep Cost (Mouse Hole, Rat Hole,		DIDC 120	-	46,104	5,104	DIDC 120	-	-	-	41,000	-	41,000	
Bits		DIDC 125	-	45,300	-39,700	DIDC 125	-	-	-	85,000	-	85,000	
Fuel		DIDC 135	-	92,709	-55,291	DIDC 130	-	-	-25,000	148,000	25,000	173,000	
Water 009 / Completion Fluids 109		DIDC 140	-	8,905	-6,095	DIDC 135	-	-	-10,000	15,000	10,000	25,000	
Mud & Additives	[] / Fas-Line [Transfer Pump] / Halib	DIDC 145	2,530	113,557	-186,443	DIDC 140	-	-	-	300,000	-	300,000	
Surface Rentals	American Safety Services [H2S Pad]	DIDC 150	810	16,430	-34,570	DIDC 140	-	-	-180,000	51,000	180,000	231,000	
Downhole Rentals		DIDC 155	-	175,843	-3,157	DIDC 145	-	-	-10,000	179,000	10,000	189,000	
DSTS, Formation Tests		DIDC 160	-	-	-	DIDC 160	-	-	-	-	-	-	
Mud Logging	Pason [Work Station] / West Texas V	DIDC 170	1,005	14,070	-22,930	DIDC 170	-	-	-	37,000	-	37,000	
Open Hole Logging		DIDC 180	-	63,859	23,859	DIDC 180	-	-	-	40,000	-	40,000	
Cementing, thru Intermediate Casing		DIDC 185	-	79,080	-100,920	DIDC 155	-	-	-65,000	180,000	65,000	245,000	
Tubular Inspections	EL Farmer [2 pipe rack] / Wilbanks T	DIDC 190	209	9,619	-20,382	DIDC 180	-	-	-10,000	30,000	10,000	40,000	
Casing Crews		DIDC 195	-	15,924	-19,076	DIDC 165	-	-	-15,000	35,000	15,000	50,000	
Extra labor, Welding, etc.		DIDC 200	-	2,405	-17,595	DIDC 170	-	-	-8,000	20,000	8,000	28,000	
Trucking		DIDC 205	-	16,815	-3,185	DIDC 175	-	-	-20,000	20,000	20,000	40,000	
Supervision	Brother consulting / Lyman Nance [S	DIDC 210	3,700	92,500	-20,500	DIDC 180	-	-	-30,000	113,000	30,000	143,000	
Trailer, Camp & Catering	Cimarex [Satelite] [sat/phone/interco	DIDC 220	455	22,111	-25,889	DIDC 205	-	-	-8,000	48,000	8,000	56,000	
Other misc expenses		DIDC 220	-	-	-1,000	DIDC 190	-	-	-60,000	1,000	60,000	61,000	
Overhead		DIDC 225	-	8,000	-	DIDC 195	-	-	-2,000	8,000	2,000	10,000	
Remedial Cementing		DIDC 231	-	-	-	DIDC 215	-	-	-	-	-	-	
Mobilize & Demobilize		DIDC 240	-	219,352	19,352	DIDC 240	-	-	-	200,000	-	200,000	
Directional Drilling	Lenco [Septic] / Pason [Internet / We	DIDC 245	270	39,760	-380,240	DIDC 245	-	-	-	420,000	-	420,000	
Dock, Dispatcher, Crane		DIDC 250	-	-	-	DIDC 230	-	-	-	-	-	-	
Marine/Air Transportation		DIDC 275	-	-	-	DIDC 250	-	-	-	-	-	-	
Solids Control-Equip/Services	KSW Oilfield Rentals [Float Pumps]	DIDC 260	715	11,330	-18,670	DIDC 260	-	-	-	30,000	-	30,000	
Well Control-Equip/Services	Mc Guire Industries [Separator & Ign	DIDC 265	1,455	40,960	-24,040	DIDC 240	-	-	-30,000	65,000	30,000	95,000	
Fishing & Sidetrack Services	Smith Tool [Whipstock & Service Tec	DIDC 270	107,171	124,150	14,150	DIDC 245	-	-	-	110,000	-	110,000	
Completion Rig		DIDC 115	-	-	-	DIDC 115	-	-	-52,000	-	52,000	52,000	
Coil Tubing		DIDC 280	-	-	-	DIDC 280	-	-	-180,000	-	180,000	180,000	
Completion Logging, Perforating		DIDC 200	-	-	-	DIDC 200	-	-	-100,000	-	100,000	100,000	
Stimulation		DIDC 210	-	-	-	DIDC 210	-	-	-1,587,000	-	1,587,000	1,587,000	
Legal/Regulatory/Curative		DIDC 300	-	10,000	-	DIDC 280	-	-	-	10,000	-	10,000	
Well Control Insurance		DIDC 285	-	5,000	-	DIDC 285	-	-	-	5,000	-	5,000	
Contingency		DIDC 435	7,452	93,280	-61,720	DIDC 220	-	-	-131,000	155,000	131,000	286,000	
Construction For Well Equipment		DIDC 110	-	-	-	DIDC 110	-	-	-	-	-	-	
Construction For Lease Equipment		DIDC 110	-	-	-	DIDC 110	-	-	-404,659	-	404,659	404,659	
Construction For Sales P/L		DIDC 265	-	-	-	DIDC 265	-	-	-	-	-	-	
Intangible				156,493	1,958,889	-1,239,111		0	0	-3,154,659	3,248,000	3,154,659	6,402,659
Drive Pipe		DWEB 150	-	-	-	DWEB 150	-	-	-	-	-	-	
Conductor Pipe		DWEB 130	-	-	-	DWEB 130	-	-	-	-	-	-	
Water String		DWEB 135	-	-	-	DWEB 135	-	-	-	-	-	-	
Surface Casing		DWEB 140	-	107,310	-6,690	DWEB 140	-	-	-	114,000	-	114,000	
Intermediate Casing		DWEB 145	-	-	-452,000	DWEB 145	-	-	-	452,000	-	452,000	
Production Casing Or Liner		DWEB 100	-	-	-	DWEB 100	-	-	-80,000	-	80,000	80,000	
Tubing		DWEB 105	-	-	-	DWEB 105	-	-	-85,000	-	85,000	85,000	
NIC Well Equipment		DWEB 115	-	15,236	-29,764	DWEB 115	-	-	-	-	-	-	
Wellhead, Tree, Chokes		DWEB 120	-	-	-	DWEB 120	-	-	-38,000	45,000	38,000	83,000	
Liner Hanger, Isolation Packer		DWEB 100	-	-	-	DWEB 125	-	-	-75,000	-	75,000	75,000	
Packer, Nipples		DWEB 130	-	-	-	DWEB 130	-	-	-25,000	-	25,000	25,000	
Pumping Unit, Engine		DWEB 100	-	-	-	DWEB 100	-	-	-	-	-	-	
Lift Equipment (Bhp, Rods, Anchors)		DWEB 105	-	-	-	DWEB 105	-	-	-25,000	-	25,000	25,000	
Metering Equipment		DWEB 220	-	-	-	DWEB 220	-	-	-	-	-	-	
Tangible - Well Equipment			0	122,546	-488,454		0	0	-329,000	611,000	328,000	939,000	
NIC Lease Equipment		DWEB 115	-	-	-	DWEB 115	-	-	-158,589	-	158,589	158,589	
Tanks, Tanks Steps, Stairs		DWEB 120	-	-	-	DWEB 120	-	-	-110,182	-	110,182	110,182	
Battery (Heater Treater, Separator,...)		DWEB 125	-	-	-	DWEB 125	-	-	-194,064	-	194,064	194,064	
Flow Lines (Line Pipe From Wellhead)		DWEB 130	-	-	-	DWEB 130	-	-	-335,050	-	335,050	335,050	
Offshore Production Structure For ...		DWEB 135	-	-	-	DWEB 135	-	-	-	-	-	-	
Pipeline to Sales		DWEB 140	-	-	-	DWEB 140	-	-	-	-	-	-	
Tangible - Lease Equipment			0	0	0		0	0	-797,885	0	797,885	797,885	
P&A Costs		DIDC 265	-	-	-	DIDC 275	-	-	-	-	-	-	
P&A			0	0	0		0	0	0	0	0	0	
Total Costs				156,493	2,081,435	-1,777,585		0	0	-4,280,544	3,859,000	4,280,544	8,139,544

BLM/BIA:

Well Name EIGHTEENMILE 56-18 1H				State/County TX, Reeves		Section Township Range 18 / Blk 53 /		Objective Wolfcamp A		Date Wed, Jul 24, 2013																																																																																																	
Contractor / Rig H&P 218		Rpt # 24	DFS 18,250	ODFS 19	Present Operation ulate & pump sweeps prepare hole to lay dn 5" dp and run		MD 10,835	TYD 10,728	Footage 396	FT/HR 25.55	Hours 15.50																																																																																																
Next 24 hours: Lay dn 5" dp and run 7" casing						Elevations: GL: 2,866.00 DF: 25.00 KB: 25.00		GHG Emissions																																																																																																			
Next Casing: 7,000 @ 10600		Acc: 0		Spills: 0		Insp: 0		810.00																																																																																																			
Casing	Description	From	To	ID	Drift	Burst	Collapse	Pipe Body Yield	Joint Strength	Capacity	Displ	Plugged Displ																																																																																															
SURF	9-5/8" 40# J-55 LT&C Special Drift Casing	0	3,492	8.835	8.750	3,950	2,570	630,000	520,000	0.07582	0.01455	0.09038																																																																																															
Qty	BHA #	Wt	Grd	Thread	OD	ID	Length	CUM																																																																																																			
1	J2 Bits HF43-SBH			4.5 Reg	8.750		1.00	1.00																																																																																																			
1	Weatherford motor, 6.22 BB, 7/8 i			4.5 IF	7.750		27.94	28.94																																																																																																			
1	Weatherford mule shoe 49777			4.5 IF	6.750	3.250	3.64	32.58																																																																																																			
1	NM tool carrier			4.5 IF	6.625	3.250	29.57	62.15																																																																																																			
2	Flex NMDC 43215			4.5 IF	6.750	2.875	62.05	124.20																																																																																																			
30	5" 19.50# S-135 NC50 DP	19.50 S-135	NC50		5.000	4.276	945.71	1,069.91																																																																																																			
6	5" NC50 SpiralWate HWDP	59.16 J-55	NC50		5.000	3.000	176.20	1,246.11																																																																																																			
1	Knight Jars	59.16 J-55	NC50		5.000	3.000	30.31	1,276.42																																																																																																			
5	5" NC50 SpiralWate HWDP	59.16 J-55	NC50		5.000	3.000	148.33	1,424.75																																																																																																			
				BHA =		1,424.75																																																																																																					
300	5" 19.50# S-135 NC50 DP	19.50 S-135	NC50		5.000	4.276	9,410.25	10,835.00																																																																																																			
300					DrillPipe =		9,410.25																																																																																																				
				Total Length =		10,835.00																																																																																																					
				Kelly =		0.00																																																																																																					
Last Inspected BHA Hours:		216.50		Total Depth =		10,835.00																																																																																																					
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Cimarex Energy Co. Morning Drilling Report

AFE : 253084
Property : 428085-023.01
API # : 42-389-33823
Prop TD : 15,367

BLM/BIA :

Well Name				State/County		Section, Township, Range		Objective		Date				
EIGHTEENMILE 56-18 1H				TX, Reeves		18 / Blk 53 /		Wolfcamp A		Wed, Jul 24, 2013				
Contractor / Rig	Rpt #	DFS	OQFS	Present Operation				MD	TVQ	Footage	FT/HR	Hours		
H&P 218	24	18,250	19	culate & pump sweeps prepare hole to lay dn 5" dp and run				10,835	10,728	396	25.55	15.50		
Sub Ledger Description	Vendor & Description			B.C.P Code	Daily Drig. Cost	Cum Drig. Cost	Variance To Drig. A/c Over/Under	A.C.P Code	Daily Compl. Cost	Cum Compl. Cost	Variance To Compl. A/c Over/Under	Dry Hole Cost	After Casing Point	Compl. Well Cost
Roads & Location Preparation / Restore				DIDC 100	-	103,396	-16,604	DIDC 100	-	-	-15,000	120,000	15,000	135,000
Damages				DIDC 106	-	-	-40,000	DIDC 106	-	-	-	40,000	-	40,000
Mud/Fluids Disposal Charges				DIDC 255	-	-	-50,000	DIDC 255	-	-	-80,000	50,000	90,000	140,000
Day Rate	H&P 218 [Day Rate / FRC Charge]			DIDC 115	27,135	515,565	-176,435	DIDC 120	-	-	-122,000	692,000	122,000	814,000
Misc Prep Cost (Mouse Hole, Rat Hole,				DIDC 120	-	46,104	5,104	DIDC 120	-	-	-	41,000	-	41,000
Bits				DIDC 125	-	45,300	-39,700	DIDC 125	-	-	-	85,000	-	85,000
Fuel				DIDC 135	-	92,709	-55,291	DIDC 130	-	-	-25,000	148,000	25,000	173,000
Water 009 / Completion Fluids 109				DIDC 140	-	8,905	-6,095	DIDC 135	-	-	-10,000	15,000	10,000	25,000
Mud & Additives	II / Fas-Line (Transfer Pump) / Halib			DIDC 145	9,920	123,477	-176,523	DIDC 140	-	-	-180,000	51,000	180,000	231,000
Surface Rentals	American Safety Services [H2S Pad]			DIDC 150	1,980	18,410	-32,590	DIDC 145	-	-	-10,000	179,000	10,000	189,000
Downhole Rentals				DIDC 155	-	175,843	-3,157	DIDC 155	-	-	-	-	-	-
DSTS, Formation Tests				DIDC 160	-	-	-	DIDC 160	-	-	-	-	-	-
Mud Logging	Pason [Work Station] / West Texas V			DIDC 170	1,005	15,075	-21,925	DIDC 170	-	-	-	37,000	-	37,000
Open Hole Logging				DIDC 180	-	63,859	23,859	DIDC 180	-	-	-	40,000	-	40,000
Cementing, thru Intermediate Casing				DIDC 185	-	79,080	-100,920	DIDC 185	-	-	-65,000	180,000	65,000	245,000
Tubular Inspections	EL Farmer (2 pipe rack) / Wilbanks T			DIDC 190	209	9,828	-20,173	DIDC 180	-	-	-10,000	30,000	10,000	40,000
Casing Crews				DIDC 195	-	15,924	-19,076	DIDC 195	-	-	-15,000	35,000	15,000	50,000
Extra labor, Welding, etc.				DIDC 200	-	2,405	-17,595	DIDC 170	-	-	-8,000	20,000	8,000	28,000
Trucking				DIDC 205	-	16,815	-3,185	DIDC 175	-	-	-20,000	20,000	20,000	40,000
Supervision	Brother consulting / Lyman Nance [S			DIDC 210	3,700	96,200	-16,800	DIDC 180	-	-	-30,000	113,000	30,000	143,000
Trailer, Camp & Catering	Cimarex [Satelite] [sat/phone/interco			DIDC 280	455	22,566	-25,434	DIDC 255	-	-	-8,000	48,000	8,000	56,000
Other misc expenses				DIDC 220	-	-	-1,000	DIDC 190	-	-	-60,000	1,000	60,000	61,000
Overhead				DIDC 225	-	8,000	-	DIDC 195	-	-	-2,000	8,000	2,000	10,000
Remedial Cementing				DIDC 231	-	-	-	DIDC 215	-	-	-	-	-	-
Mobilize & Demobilize				DIDC 240	-	219,352	19,352	DIDC 240	-	-	-	200,000	-	200,000
Directional Drilling	Lenco [Septic] / Pason [Internet / Wc			DIDC 245	11,320	51,080	-368,920	DIDC 245	-	-	-	420,000	-	420,000
Dock, Dispatcher, Crane				DIDC 250	-	-	-	DIDC 230	-	-	-	-	-	-
Marine/Air Transportation				DIDC 275	-	-	-	DIDC 250	-	-	-	-	-	-
Solids Control-Equip/Services	KSW Oilfield Rentals [Float Pumps]			DIDC 260	715	12,045	-17,955	DIDC 260	-	-	-	30,000	-	30,000
Well Control-Equip/Services	Mc Guire Industries [Separator & Ign			DIDC 265	1,455	42,415	-22,585	DIDC 240	-	-	-30,000	65,000	30,000	95,000
Fishing & Sidetrack Services	Acme [Return whipstock tools]			DIDC 270	450	124,600	14,600	DIDC 245	-	-	-	110,000	-	110,000
Completion Rig				DIDC 115	-	-	-	DIDC 115	-	-	-52,000	-	52,000	52,000
Coil Tubing				DIDC 280	-	-	-	DIDC 280	-	-	-180,000	-	180,000	180,000
Completion Logging, Perforating				DIDC 290	-	-	-	DIDC 290	-	-	-100,000	-	100,000	100,000
Stimulation				DIDC 210	-	-	-	DIDC 210	-	-	-1,587,000	-	1,587,000	1,587,000
Legal/Regulatory/Curative				DIDC 300	-	10,000	-	DIDC 280	-	-	-	10,000	-	10,000
Well Control Insurance				DIDC 285	-	5,000	-	DIDC 285	-	-	-	5,000	-	5,000
Contingency				DIDC 435	2,917	96,198	-58,802	DIDC 220	-	-	-131,000	155,000	131,000	286,000
Construction For Well Equipment				DIDC 110	-	-	-	DIDC 110	-	-	-	-	-	-
Construction For Lease Equipment				DIDC 110	-	-	-	DIDC 110	-	-	-404,659	-	404,659	404,659
Construction For Sales P/L				DIDC 265	-	-	-	DIDC 265	-	-	-	-	-	-
Intangible					61,261	2,020,150	-1,227,850		0	0	-3,154,659	3,248,000	3,154,659	6,402,659
Drive Pipe				DWEB 150	-	-	-	DWEB 150	-	-	-	-	-	-
Conductor Pipe				DWEB 130	-	-	-	DWEB 130	-	-	-	-	-	-
Water String				DWEB 135	-	-	-	DWEB 135	-	-	-	-	-	-
Surface Casing				DWEB 140	-	107,310	-6,690	DWEB 140	-	-	-	114,000	-	114,000
Intermediate Casing				DWEB 145	-	-	-452,000	DWEB 145	-	-	-	452,000	-	452,000
Production Casing Or Liner				DWEB 100	-	-	-	DWEB 100	-	-	-80,000	-	80,000	80,000
Tubing				DWEB 105	-	-	-	DWEB 105	-	-	-85,000	-	85,000	85,000
N/C Well Equipment				DWEB 115	-	15,236	-29,764	DWEB 115	-	-	-	-	-	-
Wellhead, Tree, Chokes				DWEB 120	-	-	-	DWEB 120	-	-	-38,000	45,000	38,000	83,000
Liner Hanger, Isolation Packer				DWEB 100	-	-	-	DWEB 125	-	-	-75,000	-	75,000	75,000
Packer, Nipples				DWEB 130	-	-	-	DWEB 130	-	-	-25,000	-	25,000	25,000
Pumping Unit, Engine				DWEB 100	-	-	-	DWEB 100	-	-	-	-	-	-
Lift Equipment (Bhp, Rods, Anchors)				DWEB 105	-	-	-	DWEB 105	-	-	-25,000	-	25,000	25,000
Metering Equipment				DWEB 220	-	-	-	DWEB 220	-	-	-	-	-	-
Tangible - Well Equipment					0	122,546	-489,454		0	0	-329,000	611,000	328,000	839,000
N/C Lease Equipment				DWEB 115	-	-	-	DWEB 115	-	-	-158,589	-	158,589	158,589
Tanks, Tanks Steps, Stairs				DWEB 120	-	-	-	DWEB 120	-	-	-110,182	-	110,182	110,182
Battery (Heater Treater, Separator,...)				DWEB 125	-	-	-	DWEB 125	-	-	-194,064	-	194,064	194,064
Flow Lines (Line Pipe From Wellhead)				DWEB 130	-	-	-	DWEB 130	-	-	-335,050	-	335,050	335,050
Offshore Production Structure For ...				DWEB 135	-	-	-	DWEB 135	-	-	-	-	-	-
Pipeline to Sales				DWEB 140	-	-	-	DWEB 140	-	-	-	-	-	-
Tangible - Lease Equipment					0	0	0		0	0	-797,885	0	797,885	797,885
P&A Costs				DIDC 295	-	-	-	DIDC 275	-	-	-	-	-	-
P&A					0	0	0		0	0	0	0	0	0
Total Costs					61,261	2,142,696	-1,716,304		0	0	-4,280,544	3,859,000	4,280,544	6,139,544



Cimarex Energy Co. Morning Drilling Report

AFE: 253084
Property: 428085-023 01
API #: 42-389-33823
Prop ID: 15367

BLM/BIA:

Well Name				State/County		Section Township Range		Objective		Date	
EIGHTEENMILE 56-18 1H				TX, Reeves		18 / Bk 53 /		Wolfcamp A		Fri, Aug 2, 2013	
Contractor / Rig		Rpt #	DFS	ODFS	Present Operation		MD		TVD	Footage	FT/HR
H&P 218		33	27,250	28	Drill 6 1/8 Lateral @ 14394' Rev 2		14,394		10,855	880	48.22 18.25
Formation		BGG		CG	TG	Toss		2nd Bone spring Sand @ 9076'		3rd Bone Spring Sand @ 10078'	
100 % Shale		1,200		8,593	0					WOLF CAMP A @ 10380'	
DP Size	DC Size	DP Av	DC Av	Jet Velocity	HHP/SG Inch Bit Dia	Cost/Ft. 24 Hrs	Cost/Ft. (OA)	Last Shoe TVD	Fract Gradient MW	Max Allowable SICP	
4.00	0.000	306	170	192	2.22	\$149.78	\$243.04	10,696	15.00	1,057	
Pump #1	PZ-11	GPS	Pump #2	PZ-11	GPS	Pump #3	GPS	GPM	Off BP	On BP	
6.00	11.00	65	3.837					249	3,700	4,000	
Slow Stroke	Stand Pipe	EDR	Choke	Slow Stroke	Stand Pipe	EDR	Choke	Slow Stroke	Stand Pipe	EDR	Choke
MW in	MW Out	VS in	VS Out	PV	YP	Get Strength	API/Ft	LGM	MW in	MW Out	VS in
13.10	13.10	44	45	20	27	11	16	7.60	13.10	13.10	44
Cake	Solids	Liquid	Sand	MBT	PH	PM	PE	ME	Cake	Solids	Liquid
1	17.00	83.00		9.00	0.30	0.15	0.20		100.00		
Chlorides	Calcium	Qd	Water	Q/W	Lime	Depth Checked			Chlorides	Calcium	Qd
116,000	1,400	2.00	81.00			13690 @ 12:01					
Bit #	Size	Manufacturer	Type	Serial #	Jet #1	Jet #2	Jet #3	Jet #4	Jet #5	Jet #6	Jet #7
6	6.000	Smith Tool Cr	CDIS513UE	cdi0402	11	11	10	10	10		
Bit In	Bit Out	Footage	Hours	FT/HR	Cum. Bit Hrs	Inner	Outer	Dull	Location	Bearing	Gauge
10,835	14,394	3,559	61.25	58.11	277.75						
Drop Torque and Weight	Diesel		Mud additives in last 24 hours		Scale Charge		Soil Farming / Mud Disposal				
Pickup Weight	190,000	Diesel on Hand	7,138	Eng Service	1	transporation	1	Daily Solids =	bbls @	\$0.00	
Rotating Weight	160,000	Diesel Received		Baroid	18,000	EP Mudlube	1	Total Solids =	bbls @	\$0.00	
Slackoff Weight	140,000	Diesel Used Today	1,551	Bara-Zan D Plu	5	Zeo-Gel	25	Daily Liquids =	bbls @	\$0.00	
Average Drag	30,000							Total Liquids =	2,860 bbls @	\$7,775.00	
Maximum Drag	32,000							BOP Pressure Testing			
Torque On Bottom	8,000	Meter Reading						Last BOP Test: 07/28/2013 Days since: 5			
Torque Off Bottom	4,000	MCF Used Today									
Daily	Rotating	Sliding	Total	BHA# 7	Rotating	Sliding	Total	Code	Time Distribution	Daily	CUM
Feet	880		880	Feet	3,559		3,559	1	MIRU/RDMO		133.00
Hours	18.25		18.25	Hours	61.25		61.25	2	Drilling	18.25	277.75
ROP	48.22		48.22	ROP	58.11		58.11	3	Washing/Reaming		1.00
%Time	100.00			%Time	100.00			4	Lost Circulation		4.75
%Feet	100.00			%Feet	100.00			5	Cond. Mud & Circ		40.00
								6	Tripping		118.75
								7	Lubricate Rig	0.50	7.00
								8	Rig Repair		29.50
								9	Cut Drig Line		1.50
								10	Deviation Survey	4.00	37.75
								11	Wireline Logging		23.00
								12	Run Casing		32.75
								13	Cement Casing		7.50
								14	Wait On Cement		8.00
								15	NU BOP's		27.50
								16	Test BOP's		12.75
								20	Directional Work	1.25	12.25
								21	Weather		0.50
								22	Well Control		0.75
								23	Waiting-Orders/Equip		3.00
								24	Drill Cmt / Shoe Test		6.00
								26	Rig Repair-Expendables		7.00
								Totals		24.00	792.00
Next 24 hours: Drill/ Surveys											
Elevations: GL: 2,866.00 DF: 25.00 KB: 25.00 GHG Emissions											
Next Casing: 4.500 @ 15367 Acc: 0 Spills: 0 Insp: 0 1,190.00											
Casing	Description	From	To	ID	Drift	Burst	Collapse	Pipe Body Yield	Joint Strength	Capacity	Displ
SURF	9-5/8" 40# J-55 LT&C Special Drift Casing	0	3,492	8.835	8.750	3.950	2.570	630,000	520,000	0.07582	0.01455
INTM	7" 32# L-80 LT&C Casing	1	3,499	6.094	5.969	9.050	8.600	745,000	672,000	0.03608	0.01164
INTM	7" 32# L-80 LT&C Bond-Coat Casing	3,499	7,015	6.094	5.969	9.050	8.600	745,000	672,000	0.03608	0.01164
INTM	7" 32# L-80 LT&C Casing	7,015	9,991	6.094	5.969	9.050	8.600	745,000	672,000	0.03608	0.01164
INTM	7" 32# L-80 BT&C x LT&C CrossOver	10,033	10,077	6.094	5.969	9.050	8.600	745,000	791,000	0.03608	0.01164
INTM	7" 32# L-80 BT&C Casing	10,077	10,780	6.094	5.969	9.050	8.600	745,000	791,000	0.03608	0.01164



Cimarex Energy Co.

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1	Smith Tool Co CDIS513UE			3 1/2 reg	6.000		0.92	0.92																																																																																																			
1	RSS			3 1/2 if	6.000		12.89	13.81																																																																																																			
1	HEL LWD			3 1/2 if	4.750	2.220	22.22	36.03																																																																																																			
1	Filter Sub			3 1/2 if	4.810	2.750	4.69	40.72																																																																																																			
1	Motor QLE 7/8 stage 2.1 lobe .21r			3 1/2 if	5.940	2.750	25.78	66.50																																																																																																			
1	NM Stabilizer			3 1/2 if	5.000	2.220	4.99	71.49																																																																																																			
1	X/O			3 1/2 if x	5.500	2.375	2.41	73.90																																																																																																			
7				BHA =			73.90																																																																																																				
426	4" 14# S-135 NC40 DP	14.00	S-135	NC40	4.000	3.340	14,415.60	14,489.50																																																																																																			
426				DrillPipe =			14,415.60																																																																																																				
				Total Length =			14,489.50																																																																																																				
				Kelly =			-95.50																																																																																																				
Last Inspected BHA Hours: 277.75				Total Depth = 14,394.00																																																																																																							
									KOP MD/TVD	Pen Pt MD/TVD	Landing Pt MD/TVD	Pilot																																																																																															
									10,270 / 10,270	11,297 / 10,865	15,235 / 10,865	Y																																																																																															
									Depth	Incl.	Azi.	TVD	VS	N-S	E-W	DLS																																																																																											
									12,476	87.40	2.50	10,855.37	1907.38	1907.94	-12.32	3.44																																																																																											
									12,571	89.13	5.28	10,858.25	2002.21	2002.67	-5.88	3.45																																																																																											
									12,666	91.19	4.87	10,857.98	2096.97	2097.29	2.53	2.21																																																																																											
									12,761	91.42	4.17	10,855.82	2191.77	2191.97	10.01	0.78																																																																																											
									12,856	90.80	3.31	10,853.98	2286.65	2286.75	16.21	1.12																																																																																											
									12,950	90.19	2.49	10,853.17	2380.60	2380.62	20.96	1.09																																																																																											
									13,045	90.49	2.38	10,852.60	2475.57	2475.53	25.00	0.34																																																																																											
									13,140	90.18	0.67	10,852.05	2570.56	2570.49	27.53	1.83																																																																																											
									13,235	90.00	0.80	10,851.90	2665.56	2665.49	28.74	0.23																																																																																											
									13,329	89.63	1.00	10,852.20	2759.56	2759.47	30.22	0.45																																																																																											
									13,424	91.42	2.80	10,851.33	2854.54	2854.41	33.37	2.67																																																																																											
									13,519	91.85	0.01	10,848.62	2949.49	2949.33	35.70	2.97																																																																																											
									13,614	89.51	358.97	10,847.49	3044.44	3044.32	34.85	2.70																																																																																											
									13,708	90.12	359.75	10,847.80	3138.39	3138.31	33.80	1.05																																																																																											
									13,803	89.88	359.39	10,847.80	3233.36	3233.31	33.09	0.46																																																																																											
									13,898	89.07	357.84	10,848.67	3328.26	3328.27	30.79	1.84																																																																																											
									13,993	89.38	358.91	10,849.95	3423.15	3423.22	28.10	1.17																																																																																											
									14,088	88.52	359.32	10,851.69	3518.08	3518.19	26.63	1.00																																																																																											
									14,183	88.89	1.91	10,853.84	3613.04	3613.15	27.65	2.75																																																																																											
									14,277	90.00	2.47	10,854.75	3707.02	3707.08	31.24	1.32																																																																																											
									Projection To Bit:	60.00																																																																																																	
									14,337	90.00	2.47	10,855.33	3767.00	3767.03	33.54	0.81																																																																																											
									Final Closure =	3,707.21 feet @	0.48 Azimuth																																																																																																
									Planned VS =	4,633.23 feet @	1.07 Azimuth	MWD																																																																																															
<table border="0"><tr><td colspan="4">Contact</td><td colspan="4">Contact</td><td colspan="4">Daily Well Cost</td></tr><tr><td>Engineer</td><td>Mark Audas</td><td>432.620.1928</td><td></td><td>Computer</td><td>Wellsite 36</td><td>303-285.2380</td><td></td><td>Cum Drilling Cost</td><td>\$131,810</td><td colspan="2"></td></tr><tr><td>Foreman - Day</td><td>Randy Payne</td><td>580.243.9241</td><td></td><td>Geologist</td><td>Kim Nordstog</td><td>432.571.7844</td><td></td><td>Cum Compl Cost</td><td>\$5,960</td><td colspan="2"></td></tr><tr><td>Foreman - Night</td><td>Jody Solansky</td><td>210.334.8052</td><td></td><td>Landman</td><td>Cody T. Elliot</td><td>432.571.7806</td><td></td><td>Cum Well Cost</td><td>\$3,498,383</td><td colspan="2"></td></tr><tr><td>Manager</td><td>Larry Seigrist</td><td>432.620.1934</td><td></td><td></td><td></td><td></td><td></td><td>Cum Intangible Cost</td><td>\$2,895,360</td><td colspan="2"></td></tr><tr><td>Safety Supt</td><td>Fred Jones</td><td>918.606.5904</td><td></td><td></td><td></td><td></td><td></td><td>Cum Tangible Cost</td><td>\$603,022</td><td colspan="2"></td></tr><tr><td>Safety Supt</td><td>Sheldon Waeger</td><td>918.557.4177</td><td></td><td></td><td></td><td></td><td></td><td>Cum Mud Cost</td><td>\$254,894</td><td colspan="2"></td></tr><tr><td>Superintendent</td><td>Scott Lucas</td><td>432.894.5572</td><td></td><td></td><td></td><td></td><td></td><td colspan="4"></td></tr></table>												Contact				Contact				Daily Well Cost				Engineer	Mark Audas	432.620.1928		Computer	Wellsite 36	303-285.2380		Cum Drilling Cost	\$131,810			Foreman - Day	Randy Payne	580.243.9241		Geologist	Kim Nordstog	432.571.7844		Cum Compl Cost	\$5,960			Foreman - Night	Jody Solansky	210.334.8052		Landman	Cody T. Elliot	432.571.7806		Cum Well Cost	\$3,498,383			Manager	Larry Seigrist	432.620.1934						Cum Intangible Cost	\$2,895,360			Safety Supt	Fred Jones	918.606.5904						Cum Tangible Cost	\$603,022			Safety Supt	Sheldon Waeger	918.557.4177						Cum Mud Cost	\$254,894			Superintendent	Scott Lucas	432.894.5572									
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Cimarex Energy Co.
Morning Drilling Report

AFE : 253084
Property : 428085-023.01
API # : 42-389-33823
Prop TD : 15,367

BLM/BIA :

Well Name				State/County		Section, Township, Range		Objective		Date				
EIGHTEENMILE 56-18 1H				TX, Reeves		18 / Blik 53 /		Wolfcamp A		Fri, Aug 2, 2013				
Contractor / Rig		Rpt #	DFS	ODFS	Present Operation				MD	TYD	Footage	FT/HR	Hours	
H&P 218		33	27.250	28	Drill 6 1/8 Lateral @ 14394' Rev 2				14,394	10,855	880	48.22	18.25	
Sub Ledger Description		Vendor & Description		B.C.P Code	Daily Drig. Cost	Cum Drig. Cost	Variance To Drig. A/c Over/Under	A.C.P Code	Daily Compl. Cost	Cum Compl. Cost	Variance To Compl. A/c Over/Under	Dry Hole Cost	After Casing Point	Compl. Well Cost
Roads & Location Preparation / Restore				DICG 100	-	103,396	-16,604	DICG 100	-	-	-15,000	120,000	15,000	135,000
Damages				DICG 106	-	-	-40,000	DICG 106	-	-	-	40,000	-	40,000
Mud/Fluids Disposal Charges				DICG 226	-	11,010	-38,990	DICG 226	-	-	-90,000	50,000	90,000	140,000
Day Rate		H&P 218 (Day Rate / FRC Charge)		DICG 116	27,135	759,780	67,780	DICG 120	-	-	-122,000	692,000	122,000	814,000
Misc Prep Cost (Mouse Hole, Rat Hole)				DICG 120	-	46,104	5,104	-	-	-	-	41,000	-	41,000
Bits				DICG 126	-	45,600	-38,400	DICG 126	-	-	-	85,000	-	85,000
Fuel				DICG 136	-	138,746	9,254	DICG 130	-	-	-25,000	148,000	25,000	173,000
Water 009 / Completion Fluids 109				DICG 140	-	9,979	-5,021	DICG 136	-	-	-10,000	15,000	10,000	25,000
Mud & Additives		[] / Fas-Line (Transfer Pump) / Halib		DICG 146	15,527	254,894	-45,106	-	-	-	-	300,000	-	300,000
Surface Rentals		American Safety Services (H2S Pad)		DICG 160	810	25,700	-25,300	DICG 140	-	-	-180,000	51,000	180,000	231,000
Downhole Rentals		Weatherford (4" DP & Tools)		DICG 156	1,760	192,698	13,698	DICG 146	-	-	-10,000	179,000	10,000	189,000
DSTS, Formation Tests				DICG 160	-	-	-	-	-	-	-	-	-	-
Mud Logging		Pason (Work Station) / West Texas V		DICG 170	1,005	24,120	-12,880	-	-	-	-	37,000	-	37,000
Open Hole Logging				DICG 180	-	63,859	23,859	-	-	-	-	40,000	-	40,000
Cementing, thru Intermediate Casing				DICG 186	-	133,918	46,082	DICG 186	-	-	-65,000	180,000	65,000	245,000
Tubular Inspections		EL Farmer (2 pipe rack) / Wilbanks T		DICG 190	209	11,709	-18,292	DICG 180	1,276	1,276	-8,724	30,000	10,000	40,000
Casing Crews				DICG 196	-	47,861	12,861	DICG 186	-	-	-15,000	35,000	15,000	50,000
Extra labor, Welding, etc.				DICG 200	-	2,770	-17,230	DICG 170	-	-	-8,000	20,000	8,000	28,000
Trucking		Villa & Sons (Forklift, Truck) / Villa ar		DICG 206	-	16,815	3,185	DICG 176	4,400	4,400	-15,600	20,000	20,000	40,000
Supervision		Jody Solansky (Supervision) / Randy		DICG 210	3,700	129,500	16,500	DICG 180	-	-	-30,000	113,000	30,000	143,000
Trailer, Camp & Catering		Cimarex (Satellite) [satphone/interco		DICG 280	455	28,191	-19,809	DICG 256	-	-	-8,000	48,000	8,000	56,000
Other misc expenses				DICG 220	-	-	-1,000	DICG 190	-	-	-60,000	1,000	60,000	61,000
Overhead				DICG 226	-	8,000	-	DICG 196	-	-	-2,000	8,000	2,000	10,000
Remedial Cementing				DICG 231	-	-	-	DICG 216	-	-	-	-	-	-
Mobilize & Demobilize				DICG 240	-	219,352	19,352	-	-	-	-	200,000	-	200,000
Directional Drilling		Lenco (Septic) / Pason (Internet / Wc		DICG 246	59,480	236,437	-183,563	-	-	-	-	420,000	-	420,000
Dock, Dispatcher, Crane				DICG 260	-	-	-	DICG 230	-	-	-	-	-	-
Marine/Air Transportation				DICG 276	-	-	-	DICG 260	-	-	-	-	-	-
Solids Control-Equip/Services		KSW Oilfield Rentals (Float Pumps)		DICG 260	7,021	24,786	-5,214	-	-	-	-	30,000	-	30,000
Well Control-Equip/Services		Mc Guire Industries (Separator & Ign		DICG 266	2,755	76,987	11,987	DICG 240	-	-	-30,000	65,000	30,000	95,000
Fishing & Sidetrack Services				DICG 270	-	124,600	14,600	DICG 246	-	-	-	110,000	-	110,000
Completion Rig				-	-	-	-	DICG 116	-	-	-52,000	-	52,000	52,000
Coil Tubing				-	-	-	-	DICG 280	-	-	-180,000	-	180,000	180,000
Completion Logging, Perforating				-	-	-	-	DICG 200	-	-	-100,000	-	100,000	100,000
Stimulation				-	-	-	-	DICG 210	-	-	-1,587,000	-	1,587,000	1,587,000
Legal/Regulatory/Curative				DICG 300	-	10,000	-	DICG 280	-	-	-	10,000	-	10,000
Well Control Insurance				DICG 286	-	5,000	-	-	-	-	-	5,000	-	5,000
Contingency				DICG 436	5,993	137,591	-17,409	DICG 220	284	284	-130,716	155,000	131,000	286,000
Construction For Well Equipment				-	-	-	-	DWEA 110	-	-	-	-	-	-
Construction For Lease Equipment				-	-	-	-	DLEG 110	-	-	-404,659	-	404,659	404,659
Construction For Sales P/L				-	-	-	-	DICG 266	-	-	-	-	-	-
Intangible				-	125,850	2,889,401	-368,599	-	5,960	5,960	-3,148,599	3,248,000	3,154,659	6,402,659
Drive Pipe				DWER 150	-	-	-	-	-	-	-	-	-	-
Conductor Pipe				DWER 130	-	-	-	-	-	-	-	-	-	-
Water String				DWER 136	-	-	-	-	-	-	-	-	-	-
Surface Casing				DWER 140	-	107,310	-6,690	-	-	-	-	114,000	-	114,000
Intermediate Casing				DWER 146	-	447,792	-4,208	-	-	-	-	452,000	-	452,000
Production Casing Or Liner				-	-	-	-	DWEA 100	-	-	-80,000	-	80,000	80,000
Tubing				-	-	-	-	DWEA 106	-	-	-85,000	-	85,000	85,000
N/C Well Equipment				-	-	-	-	DWEA 116	-	-	-	-	-	-
Wellhead, Tree, Chokes				DWER 116	-	47,920	2,920	DWEA 120	-	-	-38,000	45,000	38,000	83,000
Liner Hanger, Isolation Packer				DWER 100	-	-	-	DWEA 126	-	-	-75,000	-	75,000	75,000
Packer, Nipples				-	-	-	-	DWEA 130	-	-	-25,000	-	25,000	25,000
Pumping Unit, Engine				-	-	-	-	DLEG 100	-	-	-	-	-	-
Lift Equipment (Bhp, Rods, Anchors)				-	-	-	-	DLEG 106	-	-	-25,000	-	25,000	25,000
Metering Equipment				-	-	-	-	DLEG 120	-	-	-	-	-	-
Tangible - Well Equipment				-	0	603,022	-7,978	-	0	0	-328,000	611,000	328,000	939,000
N/C Lease Equipment				-	-	-	-	DLEG 116	-	-	-158,589	-	158,589	158,589
Tanks, Tanks Steps, Stairs				-	-	-	-	DLEG 120	-	-	-110,182	-	110,182	110,182
Battery (Heater Treater, Separator,...)				-	-	-	-	DLEG 126	-	-	-194,064	-	194,064	194,064
Flow Lines (Line Pipe From Wellhead)				-	-	-	-	DLEG 130	-	-	-335,050	-	335,050	335,050
Offshore Production Structure For				-	-	-	-	DWEA 136	-	-	-	-	-	-
Pipeline to Sales				-	-	-	-	DWEA 140	-	-	-	-	-	-
Tangible - Lease Equipment				-	0	0	0	-	0	0	-797,885	0	797,885	797,885
P&A Costs				DICG 276	-	-	-	DICG 276	-	-	-	-	-	-
P&A				-	0	0	0	-	0	0	0	0	0	0
Total Costs				-	125,850	3,492,423	-368,577	-	5,960	5,960	-4,274,594	3,859,000	4,280,544	8,139,544

11

File No. MF 111895
Cimrex Drilling
Report
Date Filed: 8-2-13
Jerry E. Patterson, Commissioner
By CBH

API No. 42-389-33823		RAILROAD COMMISSION OF TEXAS OIL & GAS DIVISION				FORM W-1 07/2004	
Drilling Permit # 764275		APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER				Permit Status: Approved	
SWR Exception Case/Docket No.		This facsimile W-1 was generated electronically from data submitted to the RRC. A certification of the automated data is available in the RRC's Austin office.					
1. RRC Operator No. 153438		2. Operator's Name (as shown on form P-5, Organization Report) CIMAREX ENERGY CO.			3. Operator Address (include street, city, state, zip):		
4. Lease Name EIGHTEENMILE 56-18			5. Well No. 1H				
GENERAL INFORMATION							
6. Purpose of filing (mark ALL appropriate boxes): ☒ New Drill ☐ Recompletion ☐ Reclass ☐ Field Transfer ☐ Re-Enter ☐ Amended ☐ Amended as Drilled (BHL) (Also File Form W-1D)							
7. Wellbore Profile (mark ALL appropriate boxes): ☐ Vertical ☒ Horizontal (Also File Form W-1H) ☐ Directional (Also File Form W-1D) ☐ Sidetrack							
8. Total Depth 10400		9. Do you have the right to develop the minerals under any right-of-way? ☒ Yes ☐ No		10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)? ☐ Yes ☒ No			
SURFACE LOCATION AND ACREAGE INFORMATION							
11. RRC District No. 08		12. County REEVES		13. Surface Location ☒ Land ☐ Bay/Estuary ☐ Inland Waterway ☐ Offshore			
14. This well is to be located 13.4 miles in a W direction from MENTONE which is the nearest town in the county of the well site.							
15. Section 18		16. Block 56 T3S		17. Survey T&P RR CO/ RITCHEY, A S		18. Abstract No. A-3372	
				19. Distance to nearest lease line: 200 ft.		20. Number of contiguous acres in lease, pooled unit, or unitized tract: 641.3	
21. Lease Perpendiculars: 425 ft from the S line and 500 ft from the E line.		22. Survey Perpendiculars: 425 ft from the S line and 500 ft from the E line.					
23. Is this a pooled unit? ☐ Yes ☒ No		24. Unitization Docket No:		25. Are you applying for Substandard Acreage Field? ☐ Yes (attach Form W-1A) ☒ No			
FIELD INFORMATION List all fields of anticipated completion including Wildcat. List one zone per line.							
26. RRC District No.	27. Field No.	28. Field Name (exactly as shown in RRC records)		29. Well Type	30. Completion Depth	31. Distance to Nearest Well in this Reservoir	32. Number of Wells on this lease in this Reservoir
08	71052900	PHANTOM (WOLFCAMP)		Oil or Gas Well	10400	0.00	1
BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS (see W-1H attachment)							
Remarks				Certificate: I certify that information stated in this application is true and complete, to the best of my knowledge. Martina Warren, Regulatory Tech Jun 07, 2013 Name of filer Date submitted (432)620-1960 mwarren@cimarex.com Phone E-mail Address (OPTIONAL)			
RRC Use Only				Data Validation Time Stamp: Jun 11, 2013 8:20 AM('As Approved' Version)			

Permit Status: Approved <i>The RRC has not approved this application. Duplication or distribution of information is at the user's own risk.</i>

RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION
APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER

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

Permit #	764275
Approved Date: Jun 11, 2013	

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

1. RRC Operator No. 153438	2. Operator's Name (exactly as shown on form P-5, Organization Report) CIMAREX ENERGY CO.	3. Lease Name EIGHTEENMILE 56-18	4. Well No. 1H
Lateral Drainhole Location Information			
5. Field as shown on Form W-1 PHANTOM (WOLFCAMP) (Field # 71052900, RRC District 08)			
6. Section 18	7. Block 56 T3S	8. Survey T&P RR CO/ RITCHEY, A S	9. Abstract 3372
		10. County of BHL REEVES	
11. Terminus Lease Line Perpendiculars 200 ft. from the N line. and 500 ft. from the E line			
12. Terminus Survey Line Perpendiculars 200 ft. from the N line. and 500 ft. from the E line			
13. Penetration Point Lease Line Perpendiculars 467 ft. from the S line. and 500 ft. from the E line			

Block 56, Twp.3, T. & P. RR. Co. Survey Reeves County, Texas.

(110869) 10 9 (S-29871)

S 87°56'24" E 5268.42'

44 (121227)

(S-29875) 17 18 (111008)

CIMAREX ENERGY CO.

Bottom Hole Location (BHL)

GRID N: 764793.062

GRID E: 914400.071

NAD'27 Lat/Long

Lat: 31°43'21.537"

Long: 103°49'30.911"

43 (S-29888)

Driving Directions to Location:

From intersection of CR 300 and Hwy 302 in Mentone, Texas;

Drive Southwest on Hwy 302, 5.3 miles to Hwy 285;

Turn right (Northwest) on to Hwy 285, drive 12.0 miles to CR 432;

Turn left (Southwest) on to CR 432, drive 0.7 miles to Lat:

31°42'46.89", Long: 103°49'35.01";

Location is left (South) 1110 feet.

Abstract No. 3372

641.3 Acres

Penetration Point (PP)

GRID N: 760202.709

GRID E: 914305.940

NAD'27 Lat/Long

Lat: 36°22'07.467"

Long: 89°34'52.681"

Surface Hole Location (SHL)

GRID N: 760160.795

GRID E: 914305.084

NAD'27 Lat/Long

Lat: 31°42'35.686"

Long: 103°49'30.327"

Eighteenmile 56-18

(151372) 20 19 (S-29876)

N 88°16'07" W 5328.71'

42 (121453)

GRAPHIC SCALE



Note: Well location is 13.4 miles West of the city of Mentone, Texas.

Note: Survey Reconstruction filed in the Office of Pennell & Marlowe Land Surveyors, Inc.

Note: Bearings and distances are based on The Texas Coordinate System of 1927, Central Zone.

Note: Coordinates shown herein are on The Texas Coordinate System of 1927, Central Zone.

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

Revised: 06/07/2013-KRM

USGS Quadrangle Sheet: Narrow Bow Draw, Tex.

Railroad Commission Permit Plat

CIMAREX ENERGY CO.
Eighteenmile 56-18 #1H
425' FROM SOUTH LINE
500' FROM EAST LINE
Eighteenmile 56-18 Lease
641.3 Acres being all of
Section 18, Block 56, Twp. 3
T. & P. RR. Co. Survey
Reeves County, Texas

Scale: 1" = 1000'



June 4, 2013

130604M2-KRM

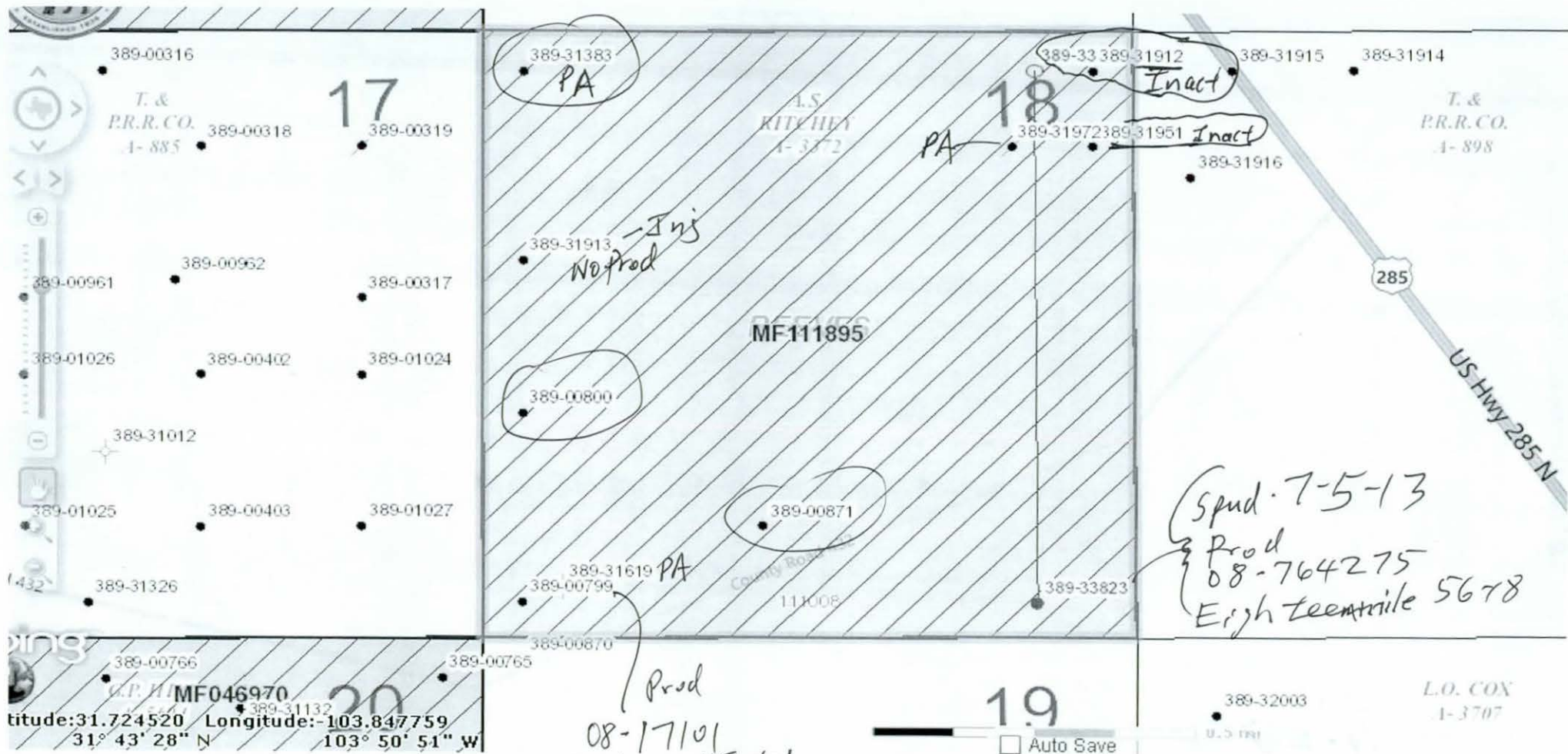
Stephen P. Marlowe
REGISTERED PROFESSIONAL LAND SURVEYOR NO. 5715

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

File No. MF 111895Permit 389-33823Eighteen Mile 56-18 #1HDate Filed: 6/7/13

Jerry E. Patterson, Commissioner

By SSD



Prod
08-17101
Richey M Tetal

File No. MF 111895
P/47

Date Filed: 6-11-14
Jerry Patterson, Commissioner

By CBonn

Worksheet for Producing-HBP-Unitized Status Analysis

MF 111895
Lease #

C Bonn
Date analysis done By

I. If this is an HROW lease or an Unleased HROW agreement (32.207):

Do not process this until at least two years past the primary term.

If this is a Free Royalty:

Do not process until there has been no revenue for at least two years.

6-11-14

II. Search for this lease on GIS.

Get a picture of how this lease relates to the area around it.

III. Search for lease in Alamo

If this lease is NOT in an Active or Producing unit, go to V. below.

If this lease has a related unit, go to IV. below.

IV. Check Units in Alamo

If this lease is in an Active or Producing Unit: What is Unit # _____ Temporary _____ or Permanent _____

If Temporary, has the term expired? Yes _____ No _____ If No, when is expiration date: _____

If Temporary and the term has expired, are there other leases involved?

[Note: If the unit is expired but is still showing Active or Producing in Alamo, update the Status of the Unit in Alamo and make a note here that all the leases in the unit, regardless of anniversary month, must be corrected as well.]

If Unit is Permanent and all leases in Unit are terminated, Terminate the Unit in Alamo and set out the reason in Comments.

___ check here if there are extra sheets with more units.

V. Check for wells producing under this lease or unit wells in which this lease is/was a participant.

Well Name	API#	RRC#	Production reported From mo/yr To mo/yr	Revenue within last 2 months? Yes No
<u>Eightmile 5678</u>	<u>33823</u>	<u>764275</u>	<u>10/13</u> <u>3/14</u>	<u>6/14</u>

___ check here if there are extra sheets with more wells.

If there has been production within the last 60 days on any well, make a note on Anniversary Report and in Alamo, and go to the next lease.

If it has been more than 60 days since production has been reported, are there any signs (on Alamo or in the file) of a workover in progress _____ or a new well being drilled _____ [check with geologist to ask if he is receiving workover or drilling reports.] or a shut-in royalty payment that has been tendered _____?

If workover or new well is in progress, make an appropriate note in Comments in Alamo under this lease # and make a note on the Anniversary Report. Go to the next lease.

If a shut-in royalty has been tendered, turn this lease status over to the shut-in royalty analyst and make a note on the Anniversary Report. Go to the next lease.

~~If none of the above, go to VI. below.~~

14
File No. MI-111895
Worksheet / Prod

Date Filed: 6-11-14
Jerry Patterson, Commissioner

By C Bonn



10.25.13

NADOA Model Form Division Order (Adopted 9/95)

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

Date: 10/22/2013

MF 111895

Effective Date: 09/01/2013

030618

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

Description: EIGHTEENMILE 56-18 1H - ENT

Complete Property Description Listed Below

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

COMMISSIONER OF THE GENERAL

Owner Number: 030618

Interest Type: State Interest

Interest Type Code: ST1

Decimal Interest: 0.12500000

Property Description

Property: 428085-023.01 EIGHTEENMILE 56-18 1H

Operator: CIMAREX ENERGY CO Location: Reeves, TX

Map Reference Information

Reeves, TX US

SECTION: 18,BLOCK 56,T-3,T&P, REEVES CTY
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): _____

KEEP THIS COPY

Owner(s) Daytime Phone #: _____

Owner(s) FAX Number: _____

Owner(s) Email Address: _____

10-25-13

Block 56, Twp.3, T. & P. RR. Co. Survey Reeves County, Texas.

(110869) 10 9 (S-29871)

S 87°56'24" E 5268.42'

(S-29875) 17 18 (111008)

CIMAREX ENERGY CO.

Bottom Hole Location (BHL)

GRID N: 764793.062

GRID E: 914400.071

NAD'27 Lat/Long

Lat: 31°43'21.537"

Long: 103°49'30.911"

44 (121227)

43 (S-29888)

Driving Directions to Location:

From intersection of CR 300 and Hwy 302 in Mentone, Texas;

Drive Southwest on Hwy 302, 5.3 miles to Hwy 285;

Turn right (Northwest) on to Hwy 285, drive 12.0 miles to CR 432;

Turn left (Southwest) on to CR 432, drive 0.7 miles to Lat:

31°42'46.89", Long: 103°49'35.01";

Location is left (South) 1110 feet.

Abstract No. 3372

641.3 Acres

Penetration Point (PP)

GRID N: 760202.709

GRID E: 914305.940

NAD'27 Lat/Long

Lat: 36°22'07.467"

Long: 89°34'52.681"

Surface Hole Location (SHL)

GRID N: 760160.795

GRID E: 914305.084

NAD'27 Lat/Long

Lat: 31°42'35.686"

Long: 103°49'30.327"

Eighteenmile 56-18

(151372) 20 19 (S-29876)

N 88°16'07" W 5328.71'

42 (121453)

GRAPHIC SCALE



Note: Well location is 13.4 miles West of the city of Mentone, Texas.

Note: Survey Reconstruction filed in the Office of Pennell & Marlowe Land Surveyors, Inc.

Note: Bearings and distances are based on The Texas Coordinate System of 1927, Central Zone.

Note: Coordinates shown herein are on The Texas Coordinate System of 1927, Central Zone.

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

Revised: 06/07/2013-KRM

USGS Quadrangle Sheet: Narrow Bow Draw, Tex.

Railroad Commission Permit Plat

CIMAREX ENERGY CO.
Eighteenmile 56-18 #1H
425' FROM SOUTH LINE
500' FROM EAST LINE
Eighteenmile 56-18 Lease
641.3 Acres being all of
Section 18, Block 56, Twp. 3
T. & P. RR. Co. Survey
Reeves County, Texas

Scale: 1" = 1000'



June 4, 2013

130604M2-KRM

Stephen P. Marlowe
REGISTERED PROFESSIONAL LAND SURVEYOR NO. 5715

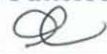
P.O. Box 51887, Midland, Texas, 79710 (432) 262-0901 Fax (432) 262-0679

File No. 111095

DIVISION ORDER

Date Filed: 10/25/13

Jerry E. Patterson, Commissioner

By 



UNITED STATES POSTAL SERVICE

TULSA OK 741

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

24 NOV 2011 4 52 1

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



Texas General Land Office

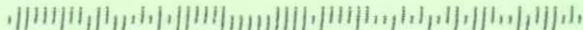
Jerry Patterson, Commissioner

P.O. Box 12873

Austin, Texas 78711-2873

21510

11+2873



SENDER: COMPLETE THIS SECTION

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

1. Article Addressed to:

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

2. Article Number

(Transfer from service label)

7007 0710 0000 5379 0561

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

Justin Wallace

☐ Agent☐ Addressee

B. Received by (Printed Name)

JUSTIN WALLACE

C. Date of Delivery

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ NoMF111895
Andrea

3. Service Type

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

4. Restricted Delivery? (Extra Fee)

☐ Yes



Texas General Land Office

Reconciliation Billing

Jerry Patterson, Commissioner

PO Box 12873
Austin, TX 78711-2873
(800) 998-4456
7:30 - 5:30 M-F

FILE COPY

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

Billing Date: 11/20/2014
Billing Due Date: 12/20/2014
Customer Number: C000044010

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
15I00170	MF111895	\$0.00	\$2,135.20	\$213.52	\$67.13	\$2,415.85
Total Due		\$0.00	\$2,135.20	\$213.52	\$67.13	\$2,415.85

Penalty and interest have been calculated thru 11/30/2014. Payment remitted after 11/30/2014 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: 11/20/2014

Billing Due Date: 12/20/2014

Customer Number: C000044010

Remit Payment To:

Texas General Land Office

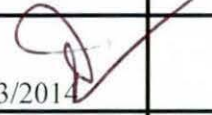
PO Box 12873

Austin, TX 78711-2873

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
15I00170	MF111895	\$0.00	\$2,135.20	\$213.52	\$67.13	\$2,415.85
Total Due		\$0.00	\$2,135.20	\$213.52	\$67.13	\$2,415.85
Amt. Paid						

Energy Financial Management
SMAR Activity / Invoicing Approval

Auditor/Account Examiner: Andrea Charlton
Company Name: CIMAREX ENERGY CO.
Customer Number: C000044010
Mineral File #: MF111895
Transaction Type: Volume Reconciliation
Other / Invoice #:

Previous Amount	Current Amount	Date	AE / Reviewer's Notes	Reviewer's Signature	AR Notes
	\$2,415.85	11/05/14	Under reported/paid royalty	MM 11/13/2014 	

All original invoices must be approved.

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

Customer ID: C000044010
 Invoice Number:
 GLO Lease: MF111895
 GLO Review: CIMAREX ENERGY CO.
 Review Period: JANUARY THROUGH DECEMBER 2013

Auditor/AE: Acharlto
 Billing Date: 11/5/2014
 P&I Calculation Date: 11/30/2014
 Royalty Rate: 12.50%

Month / Year	RRC Number	(1) Oil Volume	(2) Tract Participation Rate	(3) Price	(4) Gross Value	(5) Royalty Due	(6) Royalty Paid	(7) Additional Royalty Due	(8) Number of Days Late	(9) Interest Rate For Additional Royalty	(10) Penalty From Additional Royalty	(11) Interest From Additional Royalty	Revenue Due
					(1)X(2)x(3)	(4) * Royalty Rate							(7)+(10)+(11)
Nov-13	08-44792	196.00	1	\$ 87.150860	\$17,081.57	\$2,135.20	\$0.00	\$2,135.20	329	4.250000%	\$213.52	\$67.13	\$2,415.85
TOTALS		196.00			\$17,081.57	\$2,135.20	\$0.00	\$2,135.20			\$213.52	\$67.13	\$2,415.85

ATTENTION: Linda Keith
 CERTIFIED MAIL : 7007 0710 0000 5379 0561

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

COLUMN (1) RRC VOLUME - REPRESENTS UNDER REPORTED OIL VOLUMES FROM RRC WELL PERMIT ID# 08-44792

COLUMN (3) PRICE - TAKEN FROM GLO PRODUCTION REPORTS TO THE TEXAS GENERAL LAND OFFICE.

COLUMN (10)(11)(12) SEE ATTACHMENT III, "SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES", FOR EXPLANATION OF PENALTY AND INTEREST CALCULATION.

NOTE 1 : PAYMENT OF THIS INVOICE SHOULD BE SUBMITTED SEPARATELY FROM MONTHLY ROYALTY PAYMENTS, THE PAYMENT CAN BE SUBMITTED BY A HAND CHECK
 OR A WIRE, DO NOT SUBMIT THE GLO-3 REPORT FOR THIS PAYMENT.

ATTACHMENT III

SUMMARY OF PENALTY/ INTEREST ASSESSMENT RULES FOR DELINQUENT ROYALTIES AND DELINQUENT REQUIRED REPORTS OR DOCUMENTS

	Due Before 10/1/75 (Production prior to 8/1/75)	Due After 10/1/75 and Before 9/1/85 (Production 8/1/75 through 6/30/85)	Due After 9/1/85 (Production 7/1/85 through 12/31/09)	Due After 2/26/10 (Production 1/1/10 through present)
PENALTY (1) For delinquent royalty	None	The greater of 1% of the delinquent amount or \$5.00 for each 30-day delinquency	(2) For delinquencies of 30 days or less, the greater of 5% of the delinquent amount or \$25.00; for delinquencies of more than 30 days, the greater of 10% of the delinquent amount or \$25.00	(2) For delinquencies of 30 days or less, the greater of 5% of the delinquent amount or \$25.00; for delinquencies of more than 30 days, the greater of 10% of the delinquent amount or \$25.00
For delinquent report, affidavit, or other document	None	\$5.00 per document for each 30-day period of delinquency	\$10.00 per document for each 30-day period of delinquency	\$10.00 per document for each 30-day period of delinquency
INTEREST (2) For delinquent royalty	6% per year, simple; accrual begins 30 days after due date	6% per year, simple; accrual begins 30 days after due date	(3) 12% per year, simple; accrual begins 60 days after due date	(4) Prime plus 1% set on the first business day of each calendar year

(1) 31 TAC §9.51 (b) (3) (A)

(2) Penalties are not assessed in cases of title dispute as to the state's portion of the royalty or to royalty in dispute as to fair market value except when fraud is involved, in which case the fraud penalty is applicable. Penalty provisions are found at Tex Nat. Res. Code Ann §52.131 (e) (f) (h).

(3) Tex Nat. Res. Code Ann §52.131 (g)

(4) Per 31 TAC §9.51 (b) (3) (E), the interest rate on past due royalty is Wall Street Journal Prime plus 1%, to be adjusted annually.

Calendar Year	Prime Rate	Interest Rate
2010	3.25%	4.25%
2011	3.25%	4.25%
2012	3.25%	4.25%
2013	3.25%	4.25%
2014	3.25%	4.25%

A royalty payment that is not accompanied by the required royalty affidavit identifying the GLO lease number is delinquent, 31 TAC §9.51 (2) (B).

The state's power to forfeit a lease shall not be affected by the assessment or payment of any delinquency, penalty, or interest provided in 31 TAC §9.51 (b) (3) (D).

16

File No. ME 111895

Reconciliation Billing

Date Filed: 12/5/14.

Jerry E. Patterson, Commissioner

By Nancy Ramirez

UNITED STATES POSTAL SERVICE



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

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

General Land Office



Texas General Land Office

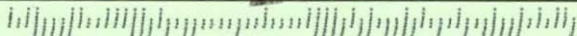
George P. Bush, Commissioner

P.O. Box 12873

Austin, Texas 78711-2873

RECEIVED

21510



SENDER: COMPLETE THIS SECTION

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

1. Article Addressed to:

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

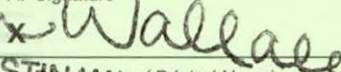
2. Article Number

(Transfer from service label)

7011 1150 0001 2415 5583

COMPLETE THIS SECTION ON DELIVERY

A. Signature

☐ Agent☐ Addressee

B. Received by (Printed Name)

JUSTIN WALLACE

C. Date of Delivery

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

MF 111895 Shirley

3. Service Type

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

4. Restricted Delivery? (Extra Fee)

☐ Yes



Texas General Land Office

Reconciliation Billing

George P. Bush, Commissioner

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

copy

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

Billing Date: 9/8/2015
Billing Due Date: 10/8/2015
Customer Number: C000044010

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
16I00014	MF111895	\$0.00	\$2,251.32	\$244.16	\$133.94	\$2,629.42
Total Due		\$0.00	\$2,251.32	\$244.16	\$133.94	\$2,629.42

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

Contact Info: Shirley Chou (512) 463-5408 or shirley.chou@glo.texas.gov

NOTICE

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

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

Detach and return with payment

Reconciliation Billing

Cimarex Energy Co.

Billing Date: 9/8/2015

Billing Due Date: 10/8/2015

Customer Number: C000044010

Remit Payment To:

Texas General Land Office

PO Box 12873

Austin, TX 78711-2873

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
16I00014	MF111895	\$0.00	\$2,251.32	\$244.16	\$133.94	\$2,629.42
Total Due		\$0.00	\$2,251.32	\$244.16	\$133.94	\$2,629.42
Amt. Paid						

Customer ID: C000044010

Invoice Number:

GLO Lease: MF111895

GLO Review: CIMAREX ENERGY CO

Review Period: JAN 2014 THROUGH JUNE 2014

Auditor/AE: schou

Billing Date: 9/4/2015

P&I Calculation Date: 9/30/2015

Royalty Rate: 12.50%

Month / Year	RRC Number	(1) Oil Volume	(2) Tract Participation Rate	(3) Price	(4) Gross Value	(5) Royalty Due	(6) Royalty Paid	(7) Additional Royalty Due	(8) Number of Days Late	(9) Interest Rate For Additional Royalty	(10) Penalty From Additional Royalty	(11) Interest From Additional Royalty	Revenue Due
					(1)X(2)x(3)	(4) * Royalty Rate							(7)+(10)+(11)
Jan-14	08-44792	200.00	1	\$ 87,662,430	\$17,532.49	\$2,191.56	\$0.00	\$2,191.56	574	4.250000%	\$219.16	\$131.42	\$2,542.14
Jun-14	08-44792	5.00	1	\$ 95,614,050	\$478.07	\$59.76	\$0.00	\$59.76	421	4.250000%	\$25.00	\$2.52	\$87.28
TOTALS		205.00			\$18,010.56	\$2,251.32	\$0.00	\$2,251.32			\$244.16	\$133.94	\$2,629.42

COMMENTS: COLUMN (1) VOLUME : REPRESENTS THE UNDER REPORTED SKIM OIL VOLUME FROM RRC # 08-44792 (EIGHTEENMILE 56-18).

COLUMN (3) PRICE: PER GLO-1 PRODUCTION REPORT.

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

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

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

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

ATTENTION: MARY JANE RUSSELL

CERTIFIED MAIL : 70111150000124155583

17

File No. UF 111895

Reeves County

Reconciliation Billing

Date Filed: 9/23/15

George P. Bush, Commissioner

By Nancy Ramirez

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



June 6, 2016

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

Re: State Lease No: 111895
Gas Lift Gas Usage
Eighteenmile 56-18 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 (#428085023G).

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

Please feel free to contact me with any questions regarding the commingling at 918-585-1100.

Sincerely,

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

Sheli Armstrong
Regulatory Analyst

918 9

File No. MF 111895

REEVES County

GAS LIFT REQUEST

Date Filed: 8/8/2016

George P. Bush, Commissioner

By M. T. SCOTT





TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

June 21, 2016

Certified Mail: 7011 1150 0001 2416 7227

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

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

Dear Ms. Armstrong:

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

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

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

1. Lessee shall install and utilize square-edged orifice meters and meter tubes per all applicable specifications and requirements of API MPMS 14.3/AGA Report No. 3 for gas measurement.

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

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

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

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

Sincerely,

A handwritten signature in black ink, reading "Matthew T. Scott". The signature is fluid and cursive, with the first name "Matthew" and last name "Scott" clearly legible.

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. MF11895

REEVES County
AGREE TO
GAS LIFT

Date Filed: 8/8/2016

George P. Bush, Commissioner

By MT SCOTT

USPS TRACKING #



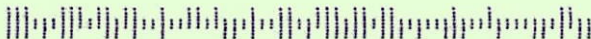
9590 9402 1749 6074 7782 93

**United States
Postal Service**

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

MF 111895
DRIAN GRAY
TEXAS GENERAL LAND OFFICE
P.O. BOX 12873
AUSTIN, TX 78701

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



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:

Matt Bruns
Cimarex Energy Co.
600 N. Marienfeld, Suite 600
Midland, TX 79902



9590 9402 1749 6074 7782 93

2. Article Number (Transfer from service label)

7011 1150 0001 2420 7053

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

P. Walden

☐ Agent☐ Addressee**B. Received by (Printed Name)**

Pamela Walden

C. Date of Delivery

8-26-19

- 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

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Insured Mail Restricted Delivery

(over \$500)

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

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Total Postage Matt Bruns

Sent To

Cimarex Energy Co.

Street, Apt. No.
or PO Box No.

600 N. Marienfeld, Suite 600

City, State, ZIP

Midland, TX 79902

7011 1150 0001 2420 0571

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- For an additional fee, delivery may be restricted to the addressee or addressee's authorized agent. Advise the clerk or mark the mailpiece with the endorsement "*Restricted Delivery*".
- If a postmark on the Certified Mail receipt is desired, please present the article at the post office for postmarking. If a postmark on the Certified Mail receipt is not needed, detach and affix label with postage and mail.

IMPORTANT: Save this receipt and present it when making an inquiry.



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

August 20, 2019

Certified USPS # 7011 1150 0001 2420 7053

Matt Bruns
Cimarex Energy Co.
600 N. Marienfeld, Suite 600
Midland, TX 79902

Re: Partial Release of State Lease No. MF 111895
Eighteenmile 56-18 Well No. 1H / API No. 42-389-33823 / RRC Lease No. 08-283294
All of Section 18, Block 56, Township 3, Abstract 3372, T.&P. Railroad Company Survey,
Reeves County, Texas, containing approximately 640 acres

Mr. Bruns:

The Texas General Land Office (GLO) has completed a review of the above captioned State Lease of which Cimarex Energy Co. is the current listed operator. The review of our internal records indicated that the GLO has not received a Partial Release as required under the Retained Acreage Clause located in Paragraph No. 16 of the above referenced State Lease.

In accordance with Paragraph No. 16(B) of the State Lease dated July 14, 2010, it appears the above referenced State Lease terminated as to all depths lying below 12,007' subsurface, being 100' below the total depth drilled in the Eighteenmile 56-18 Well No. 1H (API No. 42-389-33823), said well being the deepest well drilled, as reflected in the Gyrodata Incorporated survey dated August 6, 2013.

Please provide the GLO with a Partial Release of the above referenced State Lease as to the terminated depths as required under Paragraph No. 16, effective as of the date of said termination. Additionally, Title 31, §9.92, of the Texas Administrative Code requires that a recorded original or certified copy of the Partial Release, along with a filing fee of twenty-five dollars (\$25.00) for each State Lease affected by said Partial Release, is to be filed with our office.

Should you disagree with this assessment please provide evidence to the GLO at the address shown below within thirty (30) days of receipt of this letter. If you have questions concerning this matter, please feel free to e-mail me at the address below my signature.

Best,

COPY

Brian Gray
Energy Resources
512-463-5118
brian.gray@glo.texas.gov

File No. MF 111895

Reeves County

Partial Release Request

Date Filed: 8/20/2019

George P. Bush, Commissioner
By BG

COBY

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

PARTIAL RELEASE OF OIL AND GAS LEASE

STATE OF TEXAS §
 §
COUNTY OF REEVES §

CIMAREX ENERGY CO. (hereinafter the "Lessee"), a Delaware corporation, whose address is 600 N. Marienfeld St., Suite 600, Midland, TX 79701, does hereby release, remise, relinquish, and surrender unto the Lessors named below or their successors-in-interest, all of its right, title and interest in and to the Oil and Gas Lease described below ("the Lease"):

Lease No.: MF-111895
Lease Dated: July 14, 2010
Original Lessor: The Allar Company, a Texas Corporation, as agent for the State of Texas
Original Lessee: Cimarex Energy Co.
Recorded: Volume 853, Page 55, Official Public Records of Reeves County, Texas
Description: All of Section 18, Block 56, Township 3, Abstract 3372, T&P RR Co. Survey, Reeves County, Texas, containing 640 acres, more or less

INSOFAR AND ONLY INSOFAR AS the Lease covers depths below 12,007 feet, being 100 feet below the deepest total depth drilled and logged in the Eighteenmile 56-18 1H (API: 42-389-33823), as seen on the Schlumberger Platform Express Three Detector Litho-Density Compensated Neutron Log in the Cimarex Energy Co. Eighteenmile 56-18 1H (API: 42-389-33823), located 425' FSL and 500' FEL of Section 18, Block 56, Township 3, T&P RR Co. Survey, Reeves County, Texas.

CIMAREX ENERGY CO. expressly retains and reserves all right, title and interest in and to the Lease as to those depths from the surface of the Earth down to and including 12,007 feet, being 100 feet below the total depth drilled and logged in the Eighteenmile 56-18 1H (API: 42-389-33823).

IN WITNESS WHEREOF, this instrument is executed on the date reflected in the acknowledgement below, but it shall be effective for all purposes as of July 14, 2015.

True & Correct Copy of a
document on file at
Reeves County Texas,
Dianne O. Florez, County Clerk
Page 1 of 3

LESSEE:

CIMAREX ENERGY CO.

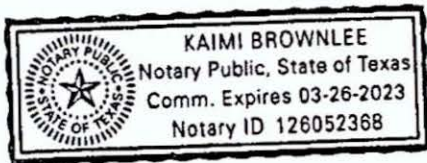
By:

Roger Alexander
Roger Alexander, Attorney-in-Fact

ACKNOWLEDGEMENT

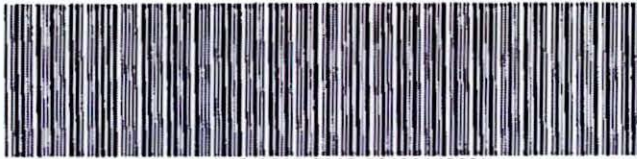
STATE OF TEXAS §
 §
COUNTY OF MIDLAND §

This instrument was acknowledged before me on this 10th day of September, 2019, by Roger Alexander, acting as Attorney-in-Fact, for **CIMAREX ENERGY CO.**, a Delaware corporation, on behalf of said corporation.



Kaimi Brownlee
Notary Public in and for State of Texas
My Commission Expires: 3/26/2023

True & Correct Copy of a
document on file at
Reeves County Texas,
Dianne O. Florez, County Clerk
Page 2 of 3



VG-3005-2019-2019014889

Reeves County
Dianne O. Florez
Reeves County Clerk

Instrument Number: 2019014889

Real Property Recordings
PARTIAL RELEASE

Recorded On: September 12, 2019 08:34 AM

Number of Pages: 3

" Examined and Charged as Follows: "

Total Recording: \$30.00

***** THIS PAGE IS PART OF THE INSTRUMENT *****

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.

File Information:

Document Number: 2019014889
Receipt Number: 20190912000001
Recorded Date/Time: September 12, 2019 08:34 AM
User: Lindsey C
Station: CLERK08

Record and Return To:

CIMAREX ENERGY CO
600 N MARIENFELD STE 600
MIDLAND TX 79701

True & Correct Copy of a
document on file at
Reeves County Texas,
Dianne O. Florez, County Clerk
Page 3 of 3



STATE OF TEXAS

Reeves County

I hereby certify that this Instrument was filed in the File Number sequence on the date/time printed hereon, and was duly recorded in the Official Records of Reeves County, Texas

Dianne O. Florez
Reeves County Clerk
Reeves County, TX

Dianne O. Florez

File No. 111895

County _____

Partial release

Date Filed: 11/08/19

George R Bush, Commissioner

By GC

11. 0.13

THE STATE OF TEXAS
COUNTY OF REEVES
I, Dianne O. Flores, Clerk of the County Court in and
for said County and State do hereby certify that the foregoing is a true and correct copy of
Partial Release of Oil and Gas Lease dated July 14, 2019
filed for record in my office this 12th day of September, 2019 at
2:34 P.M., under Clerk's File No. 2019014789, to be recorded in the
Official Public Records
Records of Reeves County, Texas.

TO CERTIFY WHICH, Witness my hand and official seal at Pecos, Texas
this 20th day of September, 2019.

By D. Hancock, Deputy, DIANNE O. FLORES, COUNTY CLERK
REEVES COUNTY, TEXAS

PLEASE DETACH AT PERFORATION ABOVE

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

PLEASE DETACH AT PERFORATION ABOVE



(303) 295-3995

Check Number 0001784226

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ217092719a	09/27/2019		25.00	0.00	25.00
2 5 20702698 126					

023492

Vendor

Check Date: 10/29/2019

Check Amount

X 25.00

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



November 1, 2019

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

Via-CMRRR: 9407 1108 9876 5047 5681 77

**RE: Partial Release of Oil and Gas Lease
Section 18, Block 56, Township 3, T&P RR Co. Survey,
Reeves County, Texas**

Dear Ms. Cantu,

Please find enclosed a certified copy of the *Partial Release of Oil and Gas Lease* filed of record in Reeves County, Texas covering the above captioned lands, together with a check in the amount of \$25.00 for the proper filing fees regarding the lease stated below:

Lessor: The Allar Company, a Texas Corporation, as agent for the State of Texas
Recorded: Vol. 853, Page 55

Please respond with a 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,
Cimarex Energy Co.

Kaimi Brownlee
Land Technician
Direct No.: (432) 571-7868
Email: kbrownlee@cimarex.com

File No. 111895

County

Ltr & fee

Date Filed: 11/08/19

George P. Bush, Commissioner

By _____

11. 0.13



MEMORANDUM

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

DATE: June 29, 2023 **PSA# 00528**

TO: School Land Board

FROM: Pooling Committee

SUBJECT: Anadarko E&P Onshore LLC to have the State enter into a Production Sharing Agreement for the drilling of one or more allocation wells

- Anadarko E&P Onshore LLC is the operator of State Lease MF111895, State Unit 8783, which includes State Lease MF114492, State Unit 7981, which includes State Lease MF117053, in which the State has a royalty interest, and they are requesting that the royalty owners sign a Production Sharing Agreement, which the School Land Board has the authority to approve pursuant to Texas Natural Resources Code §52.154.
- The Production Sharing Agreement will allow the operator to drill one or more allocation wells which traverse the above units.
- The State's participation in the sharing well will be based on Productive Lateral Length from the first take point to the last take point.

POOLING COMMITTEE RECOMMENDATION:

The Pooling Committee recommends Board approval of the Production Sharing Agreement.

General Land Office

6/08/23

Date

DocuSigned by:

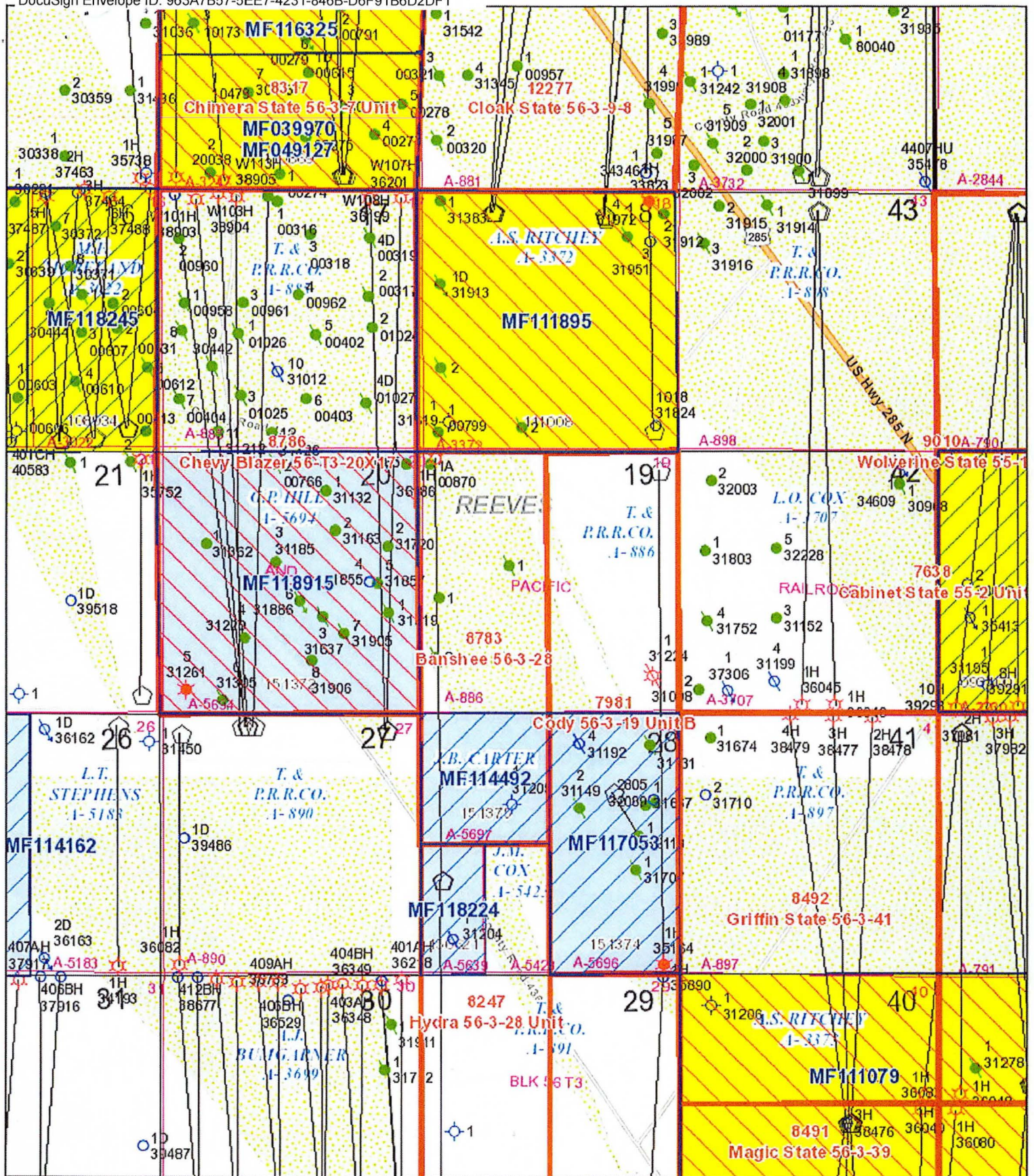
Office of the Governor

6/12/2023

Date

Office of the Governor

Date



GLO Land/Lease Mapping Viewer

Please review all copyright and disclaimer information from our webpage here, <https://www.glo.texas.gov/policy/index.html>. 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 boundaries of private and public land.

0 0.28 0.55 1.1 mi



PRODUCTION SHARING AGREEMENT

STATE OF TEXAS

§

§

COUNTY OF REEVES

§

This **PRODUCTION SHARING AGREEMENT** ("Agreement") is by and between the undersigned parties (collectively the "Interest Owners" or individually an "Interest Owner"), and **Anadarko E&P Onshore LLC**, a Delaware limited liability company, with an address at 5 Greenway Plaza, Suite 110, Houston, Texas 77046 ("Anadarko"). Interest Owners and Anadarko may be collectively referred to herein as the "Parties" or individually as a "Party."

RECITALS

- A. Interest Owners own an interest in the oil and gas leasehold, minerals, royalties, overriding royalties and/or executive rights under the lands described on Exhibit "A", attached hereto and fully incorporated by reference herein and made a part hereof (collectively, the "Lands").
- B. The oil and gas leases described on Exhibit "B" (collectively, the "Leases") are owned by Anadarko and other working interest owners who are Interest Owners.
- C. Anadarko, as operator, plans to, from time to time, drill one or more Horizontal Drainhole Well(s) on the Lands and Leases described on Exhibits "A" and "B".
- D. The Parties wish to encourage further development of the Lands and Leases by the drilling of one or more Horizontal Drainhole Well(s) by Anadarko, and in order to:
 - 1. Prevent physical and economic waste and the drilling of unnecessary wells, and to increase the ultimate recovery of Hydrocarbons from the Lands and Leases; and
 - 2. Protect the correlative rights of all Interest Owners so that each may receive a fair share of the Hydrocarbons in and under their respective proportion of the Lands and Leases.
- E. The Parties desire to establish a basis for allocating and sharing in the proceeds of production of Hydrocarbons from such a Horizontal Drainhole Well(s) deemed a Sharing Well, as defined below.
- F. In consideration of the mutual promises set out herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree to the following terms, conditions and provisions:

AGREEMENT

- 1. **DEFINITIONS.** As used in this Agreement, these words have the following meanings:

- a. "Allocation Factor" means a fraction, the numerator of which is equal to the length, in feet, of that portion of Completed Lateral Length for such Sharing Well that traverses such Tract, and the denominator of which is equal to the total Completed Lateral Length across all Tracts for such Sharing Well.
- b. "Completed Lateral Length" means the horizontal length, in feet, that begins at the first Take Point, and terminates at the last Take Point, less any portion of the Horizontal Drainhole deemed non-productive in the sole opinion of Anadarko. In the event a Sharing Well is developed with more than one Horizontal Drainhole, the Completed Lateral Length shall be the sum of all Completed Lateral Lengths in all such Horizontal Drainholes.
- c. "Correlative Interval" is the depth interval designated by applicable field rules, or new field designation designated by the Texas Railroad Commission for the Horizontal Drainhole Well, or where a correlative interval has not been designated by the Texas Railroad Commission, it shall be the producing interval for the field in which the Horizontal Drainhole Well is completed as shown by information submitted by Anadarko to the Texas Railroad Commission.
- d. "Exploration and Production Activities" means the necessary, incidental, and appurtenant activities and operations to be conducted by Anadarko and convenient to its exploration, exploitation, development, transportation, production operations, and any other operations on the Lands and Leases and in the area, including, but not limited to, any rights granted to Anadarko under the terms of the Leases.
- e. "Horizontal Drainhole" means that portion of the Horizontal Drainhole Well drilled in the Correlative Interval between the penetration point and the terminus.
- f. "Horizontal Drainhole Well" means a horizontal well as defined in Texas Railroad Commission Statewide Rule 86, having a horizontal displacement of at least one hundred (100) feet.
- g. "Hydrocarbons" means oil, gas, condensate, casinghead gas and all by-products thereof that may be produced from a well permitted by the Texas Railroad Commission.
- h. "Sharing Well" means a Horizontal Drainhole Well in which the Completed Lateral Length traverses at least two Tracts listed on Exhibit "A".
- i. "Take Point" means any point along the Horizontal Drainhole where Hydrocarbons can enter the wellbore from the Correlative Interval and be produced.
- j. "Tract" means the individual tracts listed on Exhibit "A", which collectively cover the Lands.

2. ALLOCATION. Production of Hydrocarbons from a Sharing Well shall be allocated on the following basis:

- a. Each Interest Owner shall share the production or proceeds from a Sharing Well on the basis of the Allocation Factor, as defined above.
- b. Proceeds from production from a Sharing Well shall be paid in accordance with the Allocation Factor, as same may be proportionately reduced, set out in Section 2.c below, subject to the terms of the Leases' royalty provisions, which remain in full force and effect except as expressly modified herein.
- c. In the event an Interest Owner owns less than 100% of the undivided interest in a Tract in which the Completed Lateral is located, then such Interest Owner's Allocation Factor shall be further proportionately reduced based upon its actual ownership in such tract.
- d. Under no circumstances shall the sum of all Allocation Factors for all Interest Owners (whether a part of this Agreement or not) in a Sharing Well exceed 1.00 (i.e. 100%).

3. Exploration and Production Activities from each Sharing Well, whether or not the entirety of the Sharing Well's Horizontal Drainhole is located on the Lands and regardless of the surface location of such Sharing Well, shall be treated as if there were actual operations on or production from the Lands and will be deemed as actual operations conducted on, or production from, the Lands pursuant to the terms and provisions of each of the Leases and shall be deemed sufficient to maintain the Leases in full force and effect pursuant to the terms thereof.
4. Production from any and all Sharing Wells drilled hereunder shall not create any offset obligation under the Leases, whether express or implied, and shall not constitute drainage under the Leases because all Interest Owners are sharing in the production proceeds. This Agreement shall be deemed to constitute satisfaction of Anadarko's obligations (whether express or implied) to protect the Leases from drainage from each Sharing Well drilled, and protection of each Interest Owner's respective correlative rights. The undersigned further agrees that this Agreement affects only production from each Sharing Well drilled hereunder, and in no way affects ownership under other wells drilled or to be drilled which are not Sharing Wells.
5. If any State lease contains a retained-acreage clause, partial-termination clause, or other provision that would, based upon the passage of time or the occurrence or non-occurrence of some event or condition, cause the State lease to terminate, except as to certain portions of the leased premises included within certain types of units or otherwise associated with productive wells, then, for the sole purpose of determining the acreage and/or depths of the leased premises under said State lease that is perpetuated by a Sharing Well, that portion of the Sharing Well drilled on the leased premises of said State lease shall be treated as a well drilled entirely on the leased premises, and the acreage retained by said Sharing Well shall be the greater of 40 acres or the amount of acreage determined by the following formula: $0.032 \times L = A$, where L = the length (in feet) of the horizontal lateral component of the well from the first takepoint to the last takepoint and A = the portion of the State lease retained (in acres) provided that, if A is not divisible by the number 20, A will be rounded up to the next number divisible by 20, i.e. ($0.032 \times 4500 \text{ feet} = 144 \text{ acres}$, which rounds up to 160 acres).
6. The provisions of any leases, agreements and, to the extent necessary, any division order(s) or transfer order(s) covering or affecting the Lands and Leases, are hereby amended to the extent necessary to make such instruments and agreements conform to the provisions herein, but not otherwise. In the event of a conflict between the terms and conditions of this Agreement and any of the Leases, agreements, division or transfer orders, then this Agreement shall prevail.
7. This Agreement shall become effective on April 11, 2023 (the "Effective Date"), and shall remain in effect as to each respective Lease for so long as such Lease is maintained in full force and effect. In the event a Sharing Well is plugged back or recompleted in such manner that the wellbore is no longer a Sharing Well, or in the event a Sharing Well is no longer capable of producing in paying quantities, then Anadarko may terminate this Agreement as to that specific Sharing Well or affected Lease, by filing a notice of termination to that effect in the records of Reeves County, Texas, within ninety (90) days after such occurrence. This Agreement shall become binding as to each Interest Owner upon such owner's execution of this Agreement regardless of whether all Interest Owners have executed this Agreement.

- ~~8. In addition to the foregoing, the undersigned Interest Owners do hereby RATIFY, ADOPT, and CONFIRM the oil and gas lease(s) covering their respective Lands and Leases, and each lessor does hereby GRANT, LEASE and LET unto Anadarko, all of Interest Owners' interest in the acreage covered by such lease, subject to the same terms and conditions provided for therein, as same may have been amended otherwise or herein.~~
9. It is understood and agreed that the Interest Owners herein do not by the execution hereof intend to pool or communitize the interest which they now own, or may hereafter own in portions of the land covered by the Lands and Leases with the interests of other parties owning an interest in any other portion or portions of the land covered by the Lands and Leases, except as to the extent that the Lands and Leases are already subject to a pooled unit. Further, except as amended by this Agreement made for the sole purpose of allocation of production of Hydrocarbons from one or more Sharing Wells, the Leases described in Exhibit "B" are not otherwise altered or amended, except as set forth in Section (6) above.
10. To the extent they have the right to do so, Interest Owners hereby grant, let, lease and demise unto Anadarko surface and subsurface easements and rights-of-way (including all reasonable ingress and egress thereto and therefrom) on, in and under all the Lands and Leases associated with the Sharing Well(s) for Exploration and Production Activities.
11. This Agreement may be executed in multiple counterparts, each of which shall be given the same effect as the execution of an original Agreement. Failure of any party hereto to execute a counterpart shall not render this Agreement ineffective as to any other Party hereto that does execute a counterpart thereof, but this Agreement shall be a covenant running with the Land and Leases and be binding upon each executing Party and its, his or her heirs, legal representatives, successors and assigns. The executed counterparts may be combined into one or more instruments for recordation, by combining the signature pages and acknowledgments, and the executing parties agree that such combined instruments shall be effective for all purposes as a single instrument.

{Signature pages to follow}

Anadarko E&P Onshore LLC

Signature: _____

Name: John V. Schneider

Title: Attorney-in-Fact

ACKNOWLEDGMENT

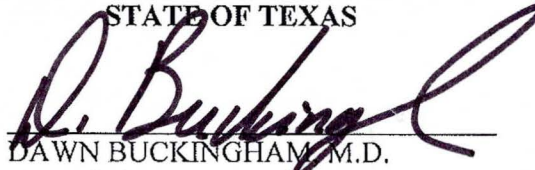
STATE OF TEXAS §

COUNTY OF HARRIS §

This instrument was acknowledged before me on _____, 2023, by _____, as Attorney-in-Fact for Anadarko E&P Onshore LLC, a Delaware limited liability company, on behalf of said company.

Notary Public, State of TEXAS

Date Executed 7/18/23

STATE OF TEXAS

DAWN BUCKINGHAM, M.D.
Commissioner, General Land Office

Approved:

leas. DBO

cont. MB

legal MO

exec. MT

CERTIFICATE

I, Linda Olson, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on June 29th, 2023, the foregoing instrument was approved by said Board under the provisions of Chapter 32 and 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 18 day of July, 2023


Secretary of the School Land Board

EXHIBIT "A"

Attached to and made a part of that certain Production Sharing Agreement dated April 11, 2023, between Anadarko E&P Onshore LLC, and Interest Owners.

LANDS:

Tract 1: Section 18, Block 56, Township 3, T&P RR Co. Survey, Reeves County, Texas

Tract 2: Cody 56-3-19 Unit B as described in that certain Declaration of Pooled Unit Cody 56-3-19 Unit B, filed as Instrument Number 16-04192, in Reeves County, Texas covering the following described lands: 640.24 acres being the E/2 of Section 19, and the E/2 of Section 28, Block 56, Township 3, T&P RR Co. Survey, Reeves County, Texas

Tract 3: Banshee 56-3-28 Unit as described in that certain Declaration of Pooled Unit Banshee 56-3-28 Unit, filed as Instrument Number 18-04386, in Reeves County, Texas covering the following described lands: 480 acres being the W/2 of Section 19, and the NW/4 of Section 28, Block 56, Township 3, T&P RR Co. Survey, Reeves County, Texas

EXHIBIT "B"

Attached to and made a part of that certain Production Sharing Agreement dated April 11, 2023, between Anadarko E&P Onshore LLC, and Interest Owners

OIL AND GAS LEASES:

1. APC LEASE NO: 25813900
LESSOR: The Allar Company (State of Texas)
LESSEE: Cimarex Energy Co.
LEASE DATE: 7/14/2010
RECORDING: Volume 853, Page 55, Reeves County TX
2. APC LEASE NO: 1345983000
LESSOR: CHEVRON U.S.A. INC.
LESSEE: Anadarko E&P Onshore LLC
LEASE DATE: 7/15/2014
RECORDING: Volume 1138, Page 244, Reeves County, Texas
3. APC LEASE NO: 1361522000
LESSOR: J.R. Meeker Trust
LESSEE: Resolute Natural Resources Southwest LLC
LEASE DATE: 9/21/2013
RECORDING: Volume 1026, Page 356, Reeves County, Texas
4. APC LEASE NO: 1361521000
LESSOR: Meeker Investments Inc.
LESSEE: Resolute Natural Resources Southwest LLC
LEASE DATE: 8/15/2013
RECORDING: Volume 1026, Page 195, Reeves County, Texas
5. APC LEASE NO: 1361520000
LESSOR: AWP 1983 Trust
LESSEE: Resolute Natural Resources Southwest LLC
LEASE DATE: 8/15/2013
RECORDING: Volume 1032, Page 281, Reeves County, Texas
6. APC LEASE NO: 1361491000
LESSOR: Charles R. Meeker Trust
LESSEE: Resolute Natural Resources Southwest LLC
LEASE DATE: 11/21/2013
RECORDING: Volume 1052, Page 147, Reeves County, Texas
7. APC LEASE NO: 1361524000
LESSOR: John Mason Carter
LESSEE: Petro-Hunt LLC
LEASE DATE: 3/13/2009
RECORDING: Volume 821, Page 193, Reeves County, Texas

8. APC LEASE NO: 1361603000
LESSOR: Cheesman Family Oil and Gas Venture
LESSEE: Petro-Hunt LLC
LEASE DATE: 10/15/2008
RECORDING: Volume 817, Page 707, Reeves County, Texas
9. APC LEASE NO: 1361523000
LESSOR: Catherine Carter Malone
LESSEE: Petro-Hunt LLC
LEASE DATE: 3/13/2009
RECORDING: Volume 821, Page 188, Reeves County, Texas
10. APC LEASE NO: N/A
LESSOR: George C. Fraser, et al
LESSEE: Continental Oil Company
LEASE DATE: 07/28/1950
RECORDING: Volume 133, Page 182, Reeves County, Texas

File No. MF111895

Reeves County

Production Sharing Agreement #0052d

Date Filed: 07/25/2023

Commissioner Dawn Buckingham, M.D.

By: MSB



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

iNut No. 13517

GENERAL INFORMATION

Name of Well: Wand State 56 - 3 - 18 - 19 A #21HA API # 42-389-40697
Name of Operator: Anadarko E&P Onshore LLC RRC # 08-892458
Operator Contact Person: Cindy Bao Phone: 713-215-7016
Counties: Reeves

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

Lease Type	Unit/Lease No	Total Lateral Ft.	Unit or Lease Lateral Ft.	Unit or Lease Rylty Decimal	Lease Royalty Decimal	RRAC Participation Factor	State Participation by Unit/Lease
FR	8783/MF114492	7152	2134	0.02083333	0.06250000	0.09945934	0.00621621
RAL	MF111895	7152	5018	0.12500000	0.12500000	0.70162192	0.08770274
Totals:						0.80108127	0.09391895
Effective Date:							State Net Royalty Revenue in Well

Name of Production Sharing Agreement, if any: PSA00528

Comments:

•

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

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

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

DO NOT DESTROY



Texas General Land Office

UNIT AGREEMENT MEMO

INUT240001

Unit Number 13517
Operator Name Anadarko E&P Onshore LLC
Customer ID C000044444
Unit Name Wand State 56 - 3 - 18 - 19 A # 21H
County 1 Reeves **RRC District 1** 08
County 2 **RRC District 2**
County 3 **RRC District 3**
County 4 **RRC District 4**
Unit type iNut
State Net Revenue Interest Oil 0.09391895
State Part in Unit 0.80108127
Unit Depth Specified Depths
From Depth Well
To Depth Formation
Participation Basis Length of Lateral
If Exclusions Apply: See Remarks

Effective Date 09/01/2023
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	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF111895		0.000000	0.000000	0.70162192	O/G	0.12500000	0.08770274	No
MF114492		0.000000	0.000000	0.09945934	O/G	0.06250000	0.00621621	No

API Number
4238940697

Remarks:

Prepared By:
GLO Base Updated By:
RAM Approval By:
GIS By:
Well Inventory By:

Prepared Date: 04/25/2024
GLO Base Date: 04/25/2024
RAM Approval Date: 04/25/2024
GIS Date: 4/29/24
WI Date: 04/25/2024

Pooling Committee Report

To: School Land Board

INUT240001

Date of Board Meeting:

Unit Number: 13517

Effective Date: 09/01/2023

Unit Expiration Date:

Applicant: Anadarko E&P Onshore LLC

Attorney Rep:

Operator: ANADARKO E&P ONSHORE LLC,

Unit Name: Wand State 56 - 3 - 18 - 19 A # 21H

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>
FR	MF114492	0.06250000	03/13/2012	3 years	160.000000	0.000000	0.00621621
RAL	MF111895	0.12500000	07/14/2013	3 years	640.000000	0.000000	0.08770274

Private Acres:	0.000000
State Acres:	0.000000
Total Unit Acres:	0.000000

<u>Participation Basis:</u>	Length of Lateral
Surface Acreage	
<u>State Acreage:</u>	80.11%
<u>State Net Revenue Interest:</u>	9.39%

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

<u>RRC Rules:</u>	<u>Spacing Acres:</u>
No	

T. & P. R. R. CO.
BLOCK 56
TSP 3

BANSHEE 56-3-28 UNIT
TRACT SUMMARY

TRACT	CALLED ACREAGE	MINERAL OWNERSHIP
1	160.00	CHEESMAN FAMILY OIL AND GAS VENTURE
2	280.00	CHEVRON U.S.A INC.
3	40.00	CHEVRON U.S.A INC.
TOTAL	480.00	

ANADARKO E&P
ONSHORE LLC
BANSHEE 56-3-28 UNIT

Surface to Penetration Point
Grid Bearing - N36°56'20"W -- 367'
Penetration Point to First Take Point
Grid Bearing - S06°33'50"W -- 297'
First Take Point to Last Take Point
Grid Bearing - S02°21'10"E -- 7152'
Last Take Point to End of Terminus
Grid Bearing - S01°21'55"W -- 3134'

NEW DRILL
SURFACE LOCATION WELL NO. 21HA
340' FNL x 1480' FNL A-3372, Section 18,
Bik. 56, TSP 3, T. & P. R. R. CO. SURVEY,
Reeves Co.,
WELL DATA - NAD 27, TX(C)
X = 911151.18'; Y = 764782.49'
Lat. = 31°43'20.42"; Long. = -103°50'08.50"
Ground Elevation: 2828.8'
Approx. 8.3 miles Southeast of Orla, TX
END 9282' PENETRATION POINT WELL NO. 21HA
53' FNL x 1251' FNL Section 18, Bik. 56,
TSP 3, T. & P. R. R. CO. SURVEY, Reeves Co.,
WELL DATA - NAD 27, TX(C)
X = 910930.55'; Y = 765075.93'
Lat. = 31°43'23.26"; Long. = -103°50'11.16"
END 10675' FIRST TAKE POINT WELL NO. 21HA
349' FNL x 1226' FNL Section 18, Bik. 56,
TSP 3, T. & P. R. R. CO. SURVEY, Reeves Co.,
WELL DATA - NAD 27, TX(C)
X = 910896.64'; Y = 764781.23'
Lat. = 31°43'20.33"; Long. = -103°50'11.45"
END 17827' LAST TAKE POINT WELL NO. 21HA
2122' FNL x 1725' FNL Section 19, Bik. 56,
TSP 3, T. & P. R. R. CO. SURVEY, Reeves Co.,
WELL DATA - NAD 27, TX(C)
X = 911187.09'; Y = 757711.82'
Lat. = 31°42'10.49"; Long. = -103°50'05.51"
END 20966' END OF TERMINUS WELL NO. 21HA
29' FSL x 1742' FNL A-886, Section 19,
Bik. 56, TSP 3, T. & P. R. R. CO. SURVEY,
Reeves Co.,
WELL DATA - NAD 27, TX(C)
X = 911112.43'; Y = 754579.10'
Lat. = 31°41'39.48"; Long. = -103°50'05.23"

WAFWA	
WAND STATE 56-3-18-19 A 21HA	
NAD 83 LAT (DD)	NAD 83 LONG (DD)
N/A	N/A



Firm #10041700
For R.R.C Use Only

FIELD: PHANTOM (WOLFCAMP)

LEASE BOUNDARY - - - - -
PRODUCING WELL - - - - -
INJECTION WELL - - - - -
WELL LOCATIONS - - - - -
PROPOSED CONVERSION - - - - -

I, BRYON W. CAREY hereby certify that this plat,
drawn to the scale indicated, accurately represents
conditions as they actually exist on the property
on which permit to drill is sought and correctly
reflects all pertinent data required to be shown on
such plat by orders of the Railroad Commission of Texas.

Date: 03/20/2024

1000 750 500 250 0 500 1000
SCALE IN FEET
SCALE: 1" = 1000'

FAA REQUIRED: NO

ANADARKO E&P ONSHORE LLC

WAND STATE 56-3-18-19 A

WELL NO. 21HA

Reeves County, Texas

Scale: 1" = 1000' 03/20/2024 505-WAND.STATE.DGN
Plat prepared by DLS
Horizon Survey, Inc.

File No. MF111895

Reeves County

iNut13517-API 42.389.40697

Date Filed: 04/26/2024

Commissioner Dawn Buckingham, M.D.

By: Jm

04-03-2024
4214# 45-583-40697
11/14/1321



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

iNut No. 13518

GENERAL INFORMATION

Name of Well: Wand State 56 - 3 - 18 - 19 B #12HA API # 42-389-40696
Name of Operator: Anadarko E&P Onshore LLC RRC # 08-892453
Operator Contact Person: Cindy Bao Phone: 713-215-7016
Counties: Reeves

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

Lease Type	Unit/Lease No	Total Lateral Ft.	Unit or Lease Lateral Ft.	Unit or Lease Rylty Decimal	Lease Royalty Decimal	RRAC Participation Factor	State Participation by Unit/Lease
FR	8783/MF114492	9856	5107	0.02083333	0.06250000	0.17272048	0.01079503
RAL	MF111895	9856	4749	0.12500000	0.12500000	0.48183847	0.06022981
Totals:						0.65455896	0.07102484
Effective Date:							State Net Royalty Revenue in Well

Name of Production Sharing Agreement, if any: PSA00528

Comments:

•

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

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

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

DO NOT DESTROY



Texas General Land Office

UNIT AGREEMENT MEMO

INUT240001

Unit Number 13518
Operator Name Anadarko E&P Onshore LLC
Customer ID C000044444
Unit Name Wand State 56 - 3 - 18 - 19 B # 12HA
County 1 Reeves **RRC District 1** 08
County 2 **RRC District 2**
County 3 **RRC District 3**
County 4 **RRC District 4**
Unit type iNut
State Net Revenue Interest Oil 0.07102484
State Part in Unit 0.65455896
Unit Depth Specified Depths
From Depth **Well**
To Depth **Formation**
Participation Basis Length of Lateral
If Exclusions Apply: See Remarks

Effective Date 09/01/2023
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	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF111895		0.000000	0.000000	0.48183847	O/G	0.12500000	0.06022981	No
MF114492		0.000000	0.000000	0.17272048	O/G	0.06250000	0.01079503	No

API Number
4238940696

Remarks:

Prepared By: Jm
GLO Base Updated By: Jm
RAM Approval By: JD
GIS By: RL
Well Inventory By: Jm

Prepared Date: 04/26/2024
GLO Base Date: 04/26/2024
RAM Approval Date: 04/26/2024
GIS Date: 4/29/24
WI Date: 04/26/2024

Pooling Committee Report

To: School Land Board

INUT240001

Date of Board Meeting:

Unit Number: 13518

Effective Date: 09/01/2023

Unit Expiration Date:

Applicant: Anadarko E&P Onshore LLC

Attorney Rep:

Operator: ANADARKO E&P ONSHORE LLC,

Unit Name: Wand State 56 - 3 - 18 - 19 B # 12HA

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>
FR	MF114492	0.06250000	03/13/2012	3 years	160.000000	0.000000	0.01079503
RAL	MF111895	0.12500000	07/14/2013	3 years	640.000000	0.000000	0.06022981

Private Acres:	0.000000
State Acres:	0.000000
Total Unit Acres:	0.000000

<u>Participation Basis:</u>	Length of Lateral
Surface Acreage	
<u>State Acreage:</u>	65.46%
<u>State Net Revenue Interest:</u>	7.10%

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

<u>RRC Rules:</u>	<u>Spacing Acres:</u>
No	

T. & P. R. R. CO.
TSP 3

TRACT	CALLED ACREAGE	MINERAL OWNERSHIP
1	160.00	CHEESMAN FAMILY OIL AND GAS VENTURE
2	280.00	CHEVRON U.S.A INC.
3	40.00	CHEVRON U.S.A INC.
TOTAL	480.00	

BANSHEE 56-3-28 UNIT TRACT SUMMARY

Surface to Penetration Point
Grid Bearing - N54°25'56"W -- 490'
Penetration Point to First Take Point
Grid Bearing - S03°09'45"W -- 488'
First Take Point to Last Take Point
Grid Bearing - S00°29'29"E -- 9856'
Last Take Point to End of Terminus
Grid Bearing - S01°40'37"W -- 163'

NEW DRILL
SURFACE LOCATION WELL NO. 12HA
340' FNL x 1450' FNL A-3372, Section 18,
Blk. 56, TSP 3, T. & P. R. R. CO. SURVEY,
Reeves Co.,
WELL DATA - NAD 27, TX(C)
X = 911121.15'; Y = 764783.32'
Lat. = 31°43'20.42"; Long. = -103°50'08.85"
Ground Elevation: 2828.9'
Approx. 8.3 miles Southeast of Orla, TX
QMD 9274' PENETRATION POINT WELL NO. 12HA
67' FNL x 1043' FNL Section 18, Blk. 56,
TSP 3, T. & P. R. R. CO. SURVEY, Reeves Co.,
WELL DATA - NAD 27, TX(C)
X = 910722.50'; Y = 765068.38'
Lat. = 31°43'23.12"; Long. = -103°50'13.57"
QMD 10588' FIRST TAKE POINT WELL NO. 12HA
554' FNL x 1031' FNL Section 18, Blk. 56,
TSP 3, T. & P. R. R. CO. SURVEY, Reeves Co.,
WELL DATA - NAD 27, TX(C)
X = 910695.60'; Y = 764581.51'
Lat. = 31°43'18.29"; Long. = -103°50'13.70"
QMD 20444' LAST TAKE POINT WELL NO. 12HA
196' FSL x 1405' FNL Section 19, Blk. 56,
TSP 3, T. & P. R. R. CO. SURVEY, Reeves Co.,
WELL DATA - NAD 27, TX(C)
X = 910779.88'; Y = 754755.83'
Lat. = 31°41'41.12"; Long. = -103°50'09.15"
QMD 20607' END OF TERMINUS WELL NO. 12HA
33' FSL x 1405' FNL A-886, Section 19,
Blk. 56, TSP 3, T. & P. R. R. CO. SURVEY,
Reeves Co.,
WELL DATA - NAD 27, TX(C)
X = 910775.11'; Y = 754592.91'
Lat. = 31°41'39.51"; Long. = -103°50'09.14"

WAFWA	
WAND STATE 56-3-18-19 B 12HA	
NAD 83	NAD 83
LAT (DD)	LONG (DD)
N/A	N/A



Firm #10041700
For R.R.C Use Only

FIELD: PHANTOM (WOLFCAMP)
LEASE BOUNDARY - - - - -
PRODUCING WELL - - - - -
INJECTION WELL - - - - -
WELL LOCATIONS - - - - -
PROPOSED CONVERSION - - - - -

I, BRYON W. CAREY hereby certify that this plat,
drawn to the scale indicated, accurately represents
conditions as they actually exist on the property
on which permit to drill is sought and correctly
reflects all pertinent data required to be shown on
such plat by orders of the Railroad Commission of Texas.

Date: 03/20/2024

ANADARKO E&P ONSHORE LLC

WAND STATE 56-3-18-19 B

WELL NO. 12HA

Reeves County, Texas

Scale: 1" = 1000' 03/20/2024 505-WAND.STATE.DGN
Plat prepared by DLS
Horizontal Survey, Inc.

1000 750 500 250 0 500 1000
SCALE IN FEET
SCALE: 1" = 1000'

FAA REQUIRED: NO

iNut#13518
API#42-389-40696
DP#08-892453

ANADARKO E&P
ONSHORE LLC
BANSHEE 56-3-28 UNIT

ANADARKO E&P
ONSHORE LLC

ANADARKO E&P
ONSHORE LLC
TRACT 1
(CALLED 641.30 AC)

10

9 44

17

18 43

20

19 42

27

28 41

1

2

3

BANSHEE 56-3-28 UNIT 1H

WAND STATE 56-3-18-19 B 12HA

WAND STATE 56-3-18-19 A 21HA

WAND STATE 56-3-18-19 C 13H

WAND STATE 56-3-18-19 D 22H

WAND STATE 56-3-18-19 E 14H

EIGHTEENMILE 56-18 1H

(LTP) 1405'
(EOT) 1405'

(LTP) 196'
(EOT) 196'

(LTP) 2676'
(EOT) 2676'

(LTP) 1233'
(EOT) 1233'

(LTP) 2839'
(EOT) 2839'

(LTP) 196'
(EOT) 196'

(LTP) 2676'
(EOT) 2676'

(LTP) 1233'
(EOT) 1233'

(LTP) 2839'
(EOT) 2839'

(LTP) 196'
(EOT) 196'

(LTP) 2676'
(EOT) 2676'

(LTP) 1233'
(EOT) 1233'

(LTP) 2839'
(EOT) 2839'

(LTP) 196'
(EOT) 196'

(LTP) 2676'
(EOT) 2676'

(LTP) 1233'
(EOT) 1233'

(LTP) 2839'
(EOT) 2839'

(LTP) 196'
(EOT) 196'

(LTP) 2676'
(EOT) 2676'

(PP) 1043'

(SURF) 1450'

(FTP) 1031'

(FTP) 554'

(PP) 67'

(SURF) 340'

FTP

189'

1024'

4749'

5107'

44

43

42

41

File No. MF111895

Rooves County

iNut13518-API42-389-40696

Date Filed: 04/26/2024

Commissioner Dawn Buckingham, M.D.

By: Jm

1744-03-Sub 125
1744-03-Sub 125
1744-03-Sub 125



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

iNut No. 13519

GENERAL INFORMATION

Name of Well: Wand State 56 - 3 - 18 - 19 C #13HA API # 42-389-40698
Name of Operator: Anadarko E&P Onshore LLC RRC # 08-892459
Operator Contact Person: Cindy Bao Phone: 713-215-7016
Counties: Reeves

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

Lease Type	Unit/Lease No	Total Lateral Ft.	Unit or Lease Lateral Ft.	Unit or Lease Ryty Decimal	Lease Royalty Decimal	RRAC Participation Factor	State Participation by Unit/Lease
FR	8783/MF114492	9648	4543	0.02083333	0.06250000	0.15695824	0.00980989
RAL	MF111895	9648	5105	0.12500000	0.12500000	0.52912521	0.06614065
Totals:						0.68608345	0.07595054
Effective Date:	09/01/2023						State Net Royalty Revenue in Well

Name of Production Sharing Agreement, if any: PSA00528

Comments:

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

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

Prepared by: Jm Alamo updated by: Jm WI updated by: Jm
RAM approval by: JD GIS updated by: RL

DO NOT DESTROY



Texas General Land Office

UNIT AGREEMENT MEMO

INUT240001

Unit Number 13519
Operator Name Anadarko E&P Onshore LLC
Customer ID C000044444
Unit Name Wand State 56 - 3 - 18 - 19 C # 13HA
County 1 Reeves **RRC District 1** 08
County 2 **RRC District 2**
County 3 **RRC District 3**
County 4 **RRC District 4**
Unit type iNut
State Net Revenue Interest Oil 0.07595054
State Part in Unit 0.68608345
Unit Depth Specified Depths
From Depth Well
To Depth Formation
Participation Basis Length of Lateral
If Exclusions Apply: See Remarks

Effective Date 09/01/2023
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	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF111895		0.000000	0.000000	0.52912521	O/G	0.12500000	0.06614065	No
MF114492		0.000000	0.000000	0.15695824	O/G	0.06250000	0.00980989	No

API Number
4238940698

Remarks:

Prepared By: jm
GLO Base Updated By: jm
RAM Approval By: jd
GIS By: RL
Well Inventory By: jm

Prepared Date: 04/26/2024
GLO Base Date: 04/26/2024
RAM Approval Date: 04/26/2024
GIS Date: 4/29/24
WI Date: 04/26/2024

Pooling Committee Report

To: School Land Board

INUT240001

Date of Board Meeting:

Unit Number: 13519

Effective Date: 09/01/2023

Unit Expiration Date:

Applicant: Anadarko E&P Onshore LLC

Attorney Rep:

Operator: ANADARKO E&P ONSHORE LLC,

Unit Name: Wand State 56 - 3 - 18 - 19 C # 13HA

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>
FR	MF114492	0.06250000	03/13/2012	3 years	160.000000	0.000000	0.00980989
RAL	MF111895	0.12500000	07/14/2013	3 years	640.000000	0.000000	0.06614065

Private Acres:	0.000000
State Acres:	0.000000
Total Unit Acres:	0.000000

Participation Basis:	Length of Lateral
Surface Acreage	
State Acreage:	68.61%
State Net Revenue Interest:	7.60%

Unit Type:	Unitized for:
iNut	Oil And Gas
Term:	

RRC Rules:	Spacing Acres:
No	

T. & P. R. R. CO.
BLOCK 56
TSP 3

BANSHEE 56-3-28 UNIT
TRACT SUMMARY

TRACT	CALLED ACREAGE	MINERAL OWNERSHIP
1	160.00	CHEESMAN FAMILY OIL AND GAS VENTURE
2	280.00	CHEVRON U.S.A INC.
3	40.00	CHEVRON U.S.A INC.
TOTAL	480.00	

ANADARKO E&P
ONSHORE LLC
BANSHEE 56-3-28 UNIT

Surface to Penetration Point
Grid Bearing - N66°17'17"E -- 762'
Penetration Point to First Take Point
Grid Bearing - S29°04'14"E -- 250'
First Take Point to Last Take Point
Grid Bearing - S00°58'22"W -- 9648'
Last Take Point to End of Terminus
Grid Bearing - S03°31'42"W -- 723'

NEW DRILL
SURFACE LOCATION WELL NO. 13H
340' FNL x 1510' FWL A-3372, Section 18,
Bik. 56, TSP 3, T. & P. R. R. CO. SURVEY,
Reeves Co.,
WELL DATA - NAD 27, TX(C)
X = 911181.50'; Y = 764781.53'
Lat. = 31°43'20.42"; Long. = -103°50'08.15"
Ground Elevation: 2829.0'
Approx. 8.3 miles Southeast of Orla, TX
@MD 9323' PENETRATION POINT WELL NO. 13H
13' FNL x 2199' FWL Section 18, Bik. 56,
TSP 3, T. & P. R. R. CO. SURVEY, Reeves Co.,
WELL DATA - NAD 27, TX(C)
X = 911879.13'; Y = 765087.94'
Lat. = 31°43'23.67"; Long. = -103°50'00.19"
@MD 10499' FIRST TAKE POINT WELL NO. 13H
227' FNL x 2326' FWL Section 18, Bik. 56,
TSP 3, T. & P. R. R. CO. SURVEY, Reeves Co.,
WELL DATA - NAD 27, TX(C)
X = 912000.46'; Y = 764869.69'
Lat. = 31°43'21.55"; Long. = -103°49'58.71"
@MD 20147' LAST TAKE POINT WELL NO. 13H
745' FSL x 2447' FWL Section 19, Bik. 56,
TSP 3, T. & P. R. R. CO. SURVEY, Reeves Co.,
WELL DATA - NAD 27, TX(C)
X = 911837.55'; Y = 755274.17'
Lat. = 31°41'46.58"; Long. = -103°49'57.10"
@MD 20870' END OF TERMINUS WELL NO. 13H
23' FSL x 2422' FWL A-886, Section 19,
Bik. 56, TSP 3, T. & P. R. R. CO. SURVEY,
Reeves Co.,
WELL DATA - NAD 27, TX(C)
X = 911791.80'; Y = 754552.70'
Lat. = 31°41'39.43"; Long. = -103°49'57.36"

WAFWA	
WAND STATE 56-3-18-19 C 13H	
NAD 83 LAT (DD)	NAD 83 LONG (DD)
N/A	N/A

FIELD: PHANTOM (WOLFCAMP)

LEASE BOUNDARY - - - - -
PRODUCING WELL - - - - -
INJECTION WELL - - - - -
WELL LOCATIONS - - - - -
PROPOSED CONVERSION - - - - -



Firm #10041700
For R.R.C Use Only

I, BRYON W. CAREY hereby certify that this plat,
drawn to the scale indicated, accurately represents
conditions as they actually exist on the property
on which permit to drill is sought and correctly
reflects all pertinent data required to be shown on
such plat by orders of the Railroad Commission of Texas.

Date: 03/20/2024

ANADARKO E&P
ONSHORE LLC

ANADARKO E&P
ONSHORE LLC
TRACT 1
(CALLED 641.30 AC)

INUT#13519
API#42-389-40698
DP# 08-892459

ANADARKO E&P
ONSHORE LLC

1000 750 500 250 0 500 1000
SCALE IN FEET
SCALE: 1" = 1000'

FAA REQUIRED: NO

ANADARKO E&P ONSHORE LLC

WAND STATE 56-3-18-19 C

WELL NO. 13H

Reeves County, Texas

Scale: 1" = 1000' 03/20/2024 S05-WAND.STATE.DGN
Plat prepared by DLS
Horizontal Survey, Inc.

File No. MF111895

Rooves County

iNut13519-AP142-389-40698

Date Filed: 04/26/2024

Commissioner Dawn Buckingham, M.D.

By: Jm

1-1-24 08-Substituted
V214-15-280-110-015
11/14/24 10:21d



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

iNut No. 13520

GENERAL INFORMATION

Name of Well: Wand State 56 - 3 - 18 - 19 D #22HA API # 42-389-40699
Name of Operator: Anadarko E&P Onshore LLC RRC # 08-892462
Operator Contact Person: Cindy Bao Phone: 713-215-7016
Counties: Reeves

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

Lease Type	Unit/Lease No	Total Lateral Ft.	Unit or Lease Lateral Ft.	Unit or Lease Rylty Decimal	Lease Royalty Decimal	RRAC Participation Factor	State Participation by Unit/Lease
FR	7981/MF117053	9554	4540	0.03125390	0.06250000	0.23762647	0.01485165
RAL	MF111895	9554	5014	0.12500000	0.12500000	0.52480636	0.06560080
Totals:						0.76243283	0.08045245
Effective Date: <u>09/01/2023</u>							State Net Royalty Revenue in Well

Name of Production Sharing Agreement, if any:

Comments:

•

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

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

Prepared by: jm Alamo updated by: jm WI updated by: jm
RAM approval by: VP GIS updated by: RC

DO NOT DESTROY



Texas General Land Office

UNIT AGREEMENT MEMO

INU240001

Unit Number 13520
Operator Name Anadarko E&P Onshore LLC
Customer ID C000044444
Unit Name Wand State 56 - 3 - 18 - 19 D # 22HA
County 1 Reeves **RRC District 1** 08
County 2 **RRC District 2**
County 3 **RRC District 3**
County 4 **RRC District 4**
Unit type iNut
State Net Revenue Interest Oil 0.08045245
State Part in Unit 0.76243283
Unit Depth Specified Depths
From Depth **Well**
To Depth **Formation**
Participation Basis Length of Lateral
If Exclusions Apply: See Remarks

Effective Date
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	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF111895		0.000000	0.000000	0.52480636	O/G	0.12500000	0.06560080	No
MF117053		0.000000	0.000000	0.23762647	O/G	0.06250000	0.01485165	No

API Number

4238940699

Remarks:

Prepared By:

GLO Base Updated By:

RAM Approval By:

GIS By:

Well Inventory By:

Prepared Date:

GLO Base Date:

RAM Approval Date:

GIS Date:

WI Date:

04/26/2024

04/26/2024

04/26/2024

04/29/2024

04/29/2024

Pooling Committee Report

To: School Land Board

INU240001

Date of Board Meeting:

Unit Number: 13520

Effective Date:

Unit Expiration Date:

Applicant: Anadarko E&P Onshore LLC

Attorney Rep:

Operator: ANADARKO E&P ONSHORE LLC

Unit Name: Wand State 56 - 3 - 18 - 19 D # 22HA

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>
FR	MF117053	0.06250000		3 years	320.000000	0.000000	0.01485165
RAL	MF111895	0.12500000	07/14/2013	3 years	640.000000	0.000000	0.06560080

Private Acres:	0.000000
State Acres:	0.000000
Total Unit Acres:	0.000000

Participation Basis:	Length of Lateral
Surface Acreage	
State Acreage:	76.24%
State Net Revenue Interest:	8.05%

Unit Type:	Unitized for:
iNut	Oil And Gas
Term:	

RRC Rules:	Spacing Acres:
No	

T. & P. R. R. CO.
BLOCK 56
TSP 3

iNut# 13520
API# 42.389.40699
DP# 08-892462

ANADARKO E&P
ONSHORE LLC
TRACT I
(CALLED 641.30 AC)

CODY 56-3-19 UNIT B TRACT SUMMARY		
TRACT	CALLED ACREAGE	MINERAL OWNERSHIP
1	320.08	CHEVRON U.S.A INC.
2	320.16	L.H. MEEKER, et al
TOTAL	640.24	

Surface to Penetration Point
Grid Bearing - N46°30'23"W -- 734'
Penetration Point to First Take Point
Grid Bearing - S17°23'03"W -- 286'
First Take Point to Last Take Point
Grid Bearing - S02°39'02"W -- 9554'
Last Take Point to End of Terminus
Grid Bearing - S02°37'40"E -- 733'

NEW DRILL
SURFACE LOCATION WELL NO. 22H
512' FNL x 1398' FEL A-3372, Section 18,
Blk. 56, TSP 3, T. & P. R. R. CO. SURVEY,
Reeves Co.,
WELL DATA - NAD 27, TX(C)
X = 913542.65'; Y = 764538.63'
Lat. = 31°43'18.75"; Long. = -103°49'40.74"
Ground Elevation: 2838.3'
Approx. 8.5 miles Southeast of Origo, TX
@ND 9293' PENETRATION POINT WELL NO. 22H
23' FNL x 1946' FEL Section 18, Blk. 56,
TSP 3, T. & P. R. R. CO. SURVEY, Reeves Co.,
WELL DATA - NAD 27, TX(C)
X = 913009.93'; Y = 765044.05'
Lat. = 31°43'23.59"; Long. = -103°49'47.09"
@ND 10868' FIRST TAKE POINT WELL NO. 22H
297' FNL x 2023' FEL Section 18, Blk. 56,
TSP 3, T. & P. R. R. CO. SURVEY, Reeves Co.,
WELL DATA - NAD 27, TX(C)
X = 912924.62'; Y = 764771.56'
Lat. = 31°43'20.87"; Long. = -103°49'47.98"
@ND 20422' LAST TAKE POINT WELL NO. 22H
750' FSL x 2182' FEL Section 19, Blk. 56,
TSP 3, T. & P. R. R. CO. SURVEY, Reeves Co.,
WELL DATA - NAD 27, TX(C)
X = 912484.32'; Y = 755260.36'
Lat. = 31°41'46.65"; Long. = -103°49'49.61"
@ND 21155' END OF TERMINUS WELL NO. 22H
19' FSL x 2126' FEL A-886, Section 19,
Blk. 56, TSP 3, T. & P. R. R. CO. SURVEY,
Reeves Co.,
WELL DATA - NAD 27, TX(C)
X = 912517.92'; Y = 754528.27'
Lat. = 31°41'39.41"; Long. = -103°49'48.96"

WAFWA WAND STATE 56-3-18-19 D 22H	
NAD 83 LAT (DD)	NAD 83 LONG (DD)
N/A	N/A

FIELD: PHANTOM (WOLFCAMP)

LEASE BOUNDARY - - - - -
PRODUCING WELL - - - - -
INJECTION WELL - - - - -
WELL LOCATIONS - - - - -
PROPOSED CONVERSION - - - - -



Firm #10041700
For R.R.C Use Only

1000 750 500 250 0 500 1000
SCALE IN FEET
SCALE: 1" = 1000'

I, BRYON W. CAREY hereby certify that this plat,
drawn to the scale indicated, accurately represents
conditions as they actually exist on the property
on which permit to drill is sought and correctly
reflects all pertinent data required to be shown on
such plat by orders of the Railroad Commission of Texas.

Date: 03/20/2024

ANADARKO E&P
ONSHORE LLC

(PP) 23'
(SURF) 512'
(FTP) 297'

(PP) 1946'
(FTP) 2023'
(SURF) 1398'

WAND STATE 56-3-18-19 B 12HA
WAND STATE 56-3-18-19 A 21HA
WAND STATE 56-3-18-19 C 13H

WAND STATE 56-3-18-19 D 22H
WAND STATE 56-3-18-19 E 14H

5014'

EIGHTEENMILE 56-18 IH

1452'

305'

1

ANADARKO E&P
ONSHORE LLC
CODY 56-3-19
UNIT B

(LTP) 456'

453'

LTP

(LTP) 2182'

(EOT) 511'

(EOT) 19'

EOT

(EOT) 5304'

FSL UNIT

(LTP) 6034'

FSL UNIT

(LTP) 750'

(EOT) 2126'

FAA REQUIRED: NO

ANADARKO E&P ONSHORE LLC

WAND STATE 56-3-18-19 D

WELL NO. 22H

Reeves County, Texas

Scale: 1" = 1000' 03/20/2024 505.WAND.STATE.DGN
Plat prepared by DLS
Horizontal Survey, Inc.

File No. MF111895
Reeves County
Int 13520 - AP142.389.40699
Date Filed: 04/26/2024
Commissioner Dawn Buckingham, M.D.
By: Jm

00061 #4412
Pawnee, Neb. 68344
04/26/24 - 50 #4412



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

iNut No. 13521

GENERAL INFORMATION

Name of Well: Wand State 56 - 3 - 18 - 19 E #14HA API # 42-389-40700
 Name of Operator: Anadarko E&P Onshore LLC RRC # 08-892466
 Operator Contact Person: Cindy Bao Phone: 713-215-7016
 Counties: Reeves

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

Lease Type	Unit/Lease No	Total Lateral Ft.	Unit or Lease Lateral Ft.	Unit or Lease Rylyty Decimal	Lease Royalty Decimal	RRAC Participation Factor	State Participation by Unit/Lease
FR	7981/MF117053	9843	5109	0.03125390	0.06250000	0.25955692	0.01622231
RAL	MF111895	9843	4734	0.12500000	0.12500000	0.48095093	0.06011887
Totals:						0.74050785	0.07634117
Effective Date: <u>09/01/2023</u>							State Net Royalty Revenue in Well

Name of Production Sharing Agreement, if any:

Comments:

•

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

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

Prepared by: Jm Alamo updated by: Jm WI updated by: Jm
 RAM approval by: WD GIS updated by: RC

DO NOT DESTROY



Texas General Land Office

UNIT AGREEMENT MEMO

INU240001

Unit Number 13521
Operator Name Anadarko E&P Onshore LLC
Customer ID C000044444
Unit Name Wand State 56 - 3 - 18 - 19 E # 14HA
County 1 Reeves **RRC District 1** 08
County 2 **RRC District 2**
County 3 **RRC District 3**
County 4 **RRC District 4**
Unit type iNut
State Net Revenue Interest Oil 0.07634117
State Part in Unit 0.74050785
Unit Depth Specified Depths
From Depth **Well**
To Depth **Formation**
Participation Basis Length of Lateral
If Exclusions Apply: See Remarks

Effective Date 09/01/2023
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	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF111895		0.000000	0.000000	0.48095093	O/G	0.12500000	0.06011887	No
MF117053		0.000000	0.000000	0.25955692	O/G	0.06250000	0.01622231	No

API Number
4238940700

Remarks:

Prepared By: TM
GLO Base Updated By: TM
RAM Approval By: JD
GIS By: RC
Well Inventory By: TM

Prepared Date: 04/26/2024
GLO Base Date: 04/26/2024
RAM Approval Date: 04/26/2024
GIS Date: 04/29/2024
WI Date: 04/26/2024

Pooling Committee Report

To: School Land Board

INU240001

Date of Board Meeting:

Unit Number: 13521

Effective Date: 09/01/2023

Unit Expiration Date:

Applicant: Anadarko E&P Onshore LLC

Attorney Rep:

Operator: ANADARKO E&P ONSHORE LLC,

Unit Name: Wand State 56 - 3 - 18 - 19 E # 14HA

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>
FR	MF117053	0.06250000		3 years	320.000000	0.000000	0.01622231
RAL	MF111895	0.12500000	07/14/2013	3 years	640.000000	0.000000	0.06011887

Private Acres:	0.000000
State Acres:	0.000000
Total Unit Acres:	0.000000

<u>Participation Basis:</u>	Length of Lateral
Surface Acreage	
<u>State Acreage:</u>	74.05%
<u>State Net Revenue Interest:</u>	7.63%

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

<u>RRC Rules:</u>	<u>Spacing Acres:</u>
No	

T. & P. R. R. CO.
BLOCK 56
TSP 3

iNut# 13521
API# 42-389-40700
DP# 08-892466

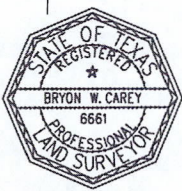
CODY 56-3-19 UNIT B TRACT SUMMARY		
TRACT	CALLED ACREAGE	MINERAL OWNERSHIP
1	320.08	CHEVRON U.S.A. INC.
2	320.16	L.H. MEEKER, et al
TOTAL	640.24	

Surface to Penetration Point
Grid Bearing - N40°38'38"W -- 576'
Penetration Point to First Take Point
Grid Bearing - S07°17'30"E -- 502'
First Take Point to Last Take Point
Grid Bearing - S01°54'09"W -- 9843'
Last Take Point to End of Terminus
Grid Bearing - S00°58'43"E -- 147'

NEW DRILL
SURFACE LOCATION WELL NO. 14H
483' FNL x 1406' FEL A-3372, Section 18,
Bik. 56, TSP 3, T. & P. R. R. CO. SURVEY,
Reeves Co.,
WELL DATA - NAD 27, TX(C)
X = 913536.14; Y = 764567.99
Lat. = 31°43'19.04"; Long. = -103°49'40.83"
Ground Elevation: 2838.2'
Approx. 8.5 miles Southeast of Orla, TX
@MD 9299' PENETRATION POINT WELL NO. 14H
57' FNL x 1794' FEL Section 18, Bik. 56,
TSP 3, T. & P. R. R. CO. SURVEY, Reeves Co.,
WELL DATA - NAD 27, TX(C)
X = 913161.05; Y = 765004.94
Lat. = 31°43'23.25"; Long. = -103°49'45.33"
@MD 10729' FIRST TAKE POINT WELL NO. 14H
553' FNL x 1715' FEL Section 18, Bik. 56,
TSP 3, T. & P. R. R. CO. SURVEY, Reeves Co.,
WELL DATA - NAD 27, TX(C)
X = 913224.75; Y = 764507.11
Lat. = 31°43'18.34"; Long. = -103°49'44.41"
@MD 20572' LAST TAKE POINT WELL NO. 14H
178' FSL x 1751' FEL Section 19, Bik. 56,
TSP 3, T. & P. R. R. CO. SURVEY, Reeves Co.,
WELL DATA - NAD 27, TX(C)
X = 912898.19; Y = 754675.45
Lat. = 31°41'40.99"; Long. = -103°49'44.61"
@MD 20719' END OF TERMINUS WELL NO. 14H
31' FSL x 1744' FEL A-886, Section 19,
Bik. 56, TSP 3, T. & P. R. R. CO. SURVEY,
Reeves Co.,
WELL DATA - NAD 27, TX(C)
X = 912900.70; Y = 754528.49
Lat. = 31°41'39.54"; Long. = -103°49'44.53"

WAPWA WAND STATE 56-3-18-19 E 14H	
NAD 83 LAT (DD)	NAD 83 LONG (DD)
N/A	N/A

FIELD: PHANTOM (WOLFCAMP)
LEASE BOUNDARY - - - - -
PRODUCING WELL - - - - -
INJECTION WELL - - - - -
WELL LOCATIONS - - - - -
PROPOSED CONVERSION - - - - -



SCALE IN FEET
SCALE: 1" = 1000'

I, BRYON W. CAREY hereby certify that this plat,
drawn to the scale indicated, accurately represents
conditions as they actually exist on the property
on which permit to drill is sought and correctly
reflects all pertinent data required to be shown on
such plat by orders of the Railroad Commission of Texas.

Bryon W. Carey
Date: 03/20/2024

ANADARKO E&P
ONSHORE LLC

ANADARKO E&P
ONSHORE LLC
TRACT 1
(CALLED 641.30 AC)

ANADARKO E&P
ONSHORE LLC
CODY 56-3-19
UNIT B

FAA REQUIRED: NO

ANADARKO E&P ONSHORE LLC

WAND STATE 56-3-18-19 E

WELL NO. 14H

Reeves County, Texas

Scale: 1" = 1000' 03/20/2024 505-WAND.STATE.DGN
Plat prepared by DLS
Horizon Survey, Inc.

File No. MF11895

Reeves County

iNwt13521 - AP142-389-40700

Date Filed: 04/26/2024

Commissioner Dawn Buckingham, M.D.

By: Jm

014156-8001403
V014156-8001403
1/21/2024



Texas General Land Office

Reconciliation Billing

Commissioner Dawn Buckingham, M.D.

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

Cimarex Energy Co.
Attn: Tran Chu
6001 Deauville Blvd. Suite 300 N
Midland, TX 79706-2671

Billing Date: 5/10/2024
Billing Due Date: 6/9/2024
Customer Number: C000044010

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
24I00749	MF111895	\$0.00	\$3,036.90	\$460.15	\$336.48	\$3,833.53
Total Due		\$0.00	\$3,036.90	\$460.15	\$336.48	\$3,833.53

Penalty and interest have been calculated thru 5/31/2024. Payment remitted after 5/31/2024 will result in additional penalty and interest charges.

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.

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: 5/10/2024

Billing Due Date: 6/9/2024

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
24I00749	MF111895	\$0.00	\$3,036.90	\$460.15	\$336.48	\$3,833.53
Total Due		\$0.00	\$3,036.90	\$460.15	\$336.48	\$3,833.53
Amt. Paid						

Customer ID: C000044010
 Invoice Number:
 GLO Lease: MF111895
 GLO Review: CIMAREX ENERGY CO.
 Review Period: Sept 2022 - Aug 2023

Category Oil
 Auditor/AE: ECortez
 Billing Date: 5/8/2024
 P&I Calculation Date: 5/31/2024
 Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participation Rate	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Royalty Due	Number of Days Late	Interest Rate For Additional Royalty	Penalty Rate From Additional Royalty	Interest Rate From Additional Royalty2	Revenue Due
Dec-22	08-283294	0	1	\$0.000	1	\$0.00	\$10,806.72	\$10,765.91	\$40.81	481	8.50%	\$25.00	\$4.01	\$69.82
Mar-23	08-283294	0	1	\$0.000	1	\$0.00	\$15,391.85	\$11,731.42	\$3,660.43	392	8.50%	\$366.04	\$283.86	\$4,310.33
Apr-23	08-283294	0	1	\$0.000	1	\$0.00	\$13,256.02	\$12,564.89	\$691.13	361	8.50%	\$69.11	\$48.61	\$808.85
May-23	08-283294	0	1	\$0.000	1	\$0.00	\$10,920.14	\$11,328.16	(\$408.02)	331	8.50%	\$0.00	\$0.00	(\$408.02)
Jun-23	08-283294	0	1	\$0.000	1	\$0.00	\$10,189.18	\$11,136.63	(\$947.45)	300	8.50%	\$0.00	\$0.00	(\$947.45)
TOTALS		0				\$0.00	\$60,563.91	\$57,527.01	\$3,036.90			\$460.15	\$336.48	\$3,833.53

COMMENTS: BILLING ON UNDER PAID OIL ROYALTIES TO THE GLO FOR STATE LEASE MF111895

COLUMN (8) ROYALTY DUE PER SUBMITTED GLO1 REPORTS

COLUMN (9) ROYALTY PAID

COLUMNS (12),(13),(14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENTS:
<http://www.glo.texas.gov/energy-business/oil-gas/rrac/forms/penalty-interest-assessment-rules.pdf>

FOR QUESTIONS REGARDING THIS INVOICE PLEASE E-MAIL: eric.cortez@glo.texas.gov

NOTE 1: PAYMENT OF THIS INVOICE MAY BE MADE BY CHECK OR ACH DEBIT.
 PLEASE REMIT PAYMENT OF THIS INVOICE SEPARATELY FROM REGULAR ROYALTY PAYMENTS.
 WHEN PAYMENT IS REMITTED, PLEASE SEND AN EMAIL TO: account.services@glo.texas.gov and eric.cortez@glo.texas.gov
 NOTING YOUR COMPANY NAME, CUSTOMER ID, INVOICE NUMBER(S) AND AMOUNT OF PAYMENT.

EMAIL: Chinedu Achebe Chinedu.achebe@coterra.com Leroy Cantu Leroy.Cantu@coterra.com Tran Chu Tran.Chu@coterra.com

File No. MF 11895

County

Recon Billing

Date Filed: 6/4/2024

Commissioner Dawn Buckingham, M.D.

By: VI



Texas General Land Office

Reconciliation Billing

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

Commissioner Dawn Buckingham, M.D.

Cimarex Energy Co.
Attn: Tran Chu
6001 Deauville Blvd. Suite 300 N
Midland, TX 79706-2671

Billing Date: 5/10/2024
Billing Due Date: 6/9/2024
Customer Number: C000044010

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
24I00751	MF111895	\$1,014.62	\$0.00	\$140.71	\$46.30	\$1,201.63
Total Due		\$1,014.62	\$0.00	\$140.71	\$46.30	\$1,201.63

Penalty and interest have been calculated thru 5/31/2024. Payment remitted after 5/31/2024 will result in additional penalty and interest charges.

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.

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Detach and return with payment

Reconciliation Billing

Cimarex Energy Co.

Billing Date: 5/10/2024

Billing Due Date: 6/9/2024

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
24I00751	MF111895	\$1,014.62	\$0.00	\$140.71	\$46.30	\$1,201.63
Total Due		\$1,014.62	\$0.00	\$140.71	\$46.30	\$1,201.63
Amt. Paid						

Customer ID: C000044010

Invoice Number:

GLO Lease: MF111895

GLO Review: CIMAREX ENERGY CO.

Review Period: Sept 2022 - Aug 2023

Category Gas

Auditor/AE: ECortez

Billing Date: 5/8/2024

P&I Calculation Date: 5/31/2024

Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participation Rate	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Royalty Due	Number of Days Late	Interest Rate For Additional Royalty	Penalty Rate From Additional Royalty	Interest Rate From Additional Royalty2	Revenue Due
Mar-23	08-283294	308	1	\$1.752	1.21933	\$657.84	\$82.23	\$0.00	\$82.23	382	8.50%	\$25.00	\$6.19	\$113.42
May-23	08-283294	71	1	\$2.160	1.32000	\$202.44	\$25.30	\$0.00	\$25.30	321	8.50%	\$25.00	\$1.54	\$51.84
Jul-23	08-283294	1,067	1	\$2.160	1.32000	\$3,042.23	\$380.28	\$0.00	\$380.28	259	8.50%	\$38.03	\$17.71	\$436.02
Aug-23	08-283294	1,783	1	\$2.076	1.13844	\$4,214.46	\$526.81	\$0.00	\$526.81	229	8.50%	\$52.68	\$20.86	\$600.35
TOTALS		3,229				\$8,116.97	\$1,014.62	\$0.00	\$1,014.62			\$140.71	\$46.30	\$1,201.63

COMMENTS: BILLING ON UNDER REPORTED GAS VOLUMES TO THE GLO FOR STATE LEASE MF111895 (08-283294)

COLUMN (3) UNDER REPORTED VOLUMES: REPORTED RRC VOLUMES MINUS REPORTED GLO2 VOLUMES

COLUMNS (5) & (6) REPORTED GLO2 PRICES AND BTU FACTORS WERE USED

COLUMNS (12),(13),(14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENTS:

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

FOR QUESTIONS REGARDING THIS INVOICE PLEASE E-MAIL: eric.cortez@glo.texas.gov

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PLEASE REMIT PAYMENT OF THIS INVOICE SEPARATELY FROM REGULAR ROYALTY PAYMENTS.

WHEN PAYMENT IS REMITTED, PLEASE SEND AN EMAIL TO: account.services@glo.texas.gov and eric.cortez@glo.texas.gov

NOTING YOUR COMPANY NAME, CUSTOMER ID, INVOICE NUMBER(S) AND AMOUNT OF PAYMENT.

EMAIL:

Chinedu Achebe

Chinedu.achebe@coterra.com

Leroy Cantu

Leroy.Cantu@coterra.com

Tran Chu

Tran.Chu@coterra.com

File No. MF111895

County _____

Recon Billing

Date Filed: 6/4/2024

Commissioner Dawn Buckingham, M.D.

By: _____ VD