

MF116593

Lease Type	Control	Basefile	County
52.076 [Unleas	01-003416		LOVING
	01-003425		REEVES
	Survey		
	Block		
	Block Name		
	Township		
	Section/Tract		
	Land Part		
	Acres	Net: 18.600000	Gross: 18.600000
	Depth Below	Depth Above	Depth Other
	Name	CIMAREX ENERGY CO.	
	Lease Date	6/17/2014	
	Primary Term	1 years	
	Bonus	\$55,800.00	
	Lease Royalty	0.25000000	
	Paid Up	NA	

Leasing: mc

Maps: _____

GIS: mc

Scanlab: _____



Contents of Mineral File Number: M-116593

1. Declaration of Greenhorn Unit 5/1/15
2. Ltr. From Cimrex 5/1/15
3. Bonus 5/1/15
4. Ltr. to Cimrex 5/8/15
5. Pooling Agreement Packet # 6878
Greenhorn South Unit 1-35 5/11/15
6. Revised Buckskin unit 6878 3-9-15
scanned SM 8/25/15
7. E-Mail From Cimrex 12/10/15
8. Amendment to Declaration of
Greenhorn South Unit 1-35 12/10/15
9. Ltr. to Cimrex 12/30/15
scanned PJ 2-23-16
10. Request to Gas lift 3/30/17
11. Agree to Gas lift 3/30/17
scanned PJ 5-26-2017

DECLARATION OF POOLED UNIT

(Greenhorn South Unit 1-35)

STATE: TEXAS §
COUNTY: REEVES § KNOW ALL MEN BY THESE PRESENTS, THAT:

This Declaration of Pooled Unit, Greenhorn South Unit 1-35 ("Declaration") is executed by Cimarex Energy Co. ("Cimarex"), that is the owner in the leasehold estate created under those oil, gas and mineral leases and memorandums of oil, gas and mineral leases, all described in Exhibit "A", which exhibit is attached to and incorporated by reference into this Declaration for all purposes (collectively referred to herein as the "Unit Leases").

RECITALS

WHEREAS, Cimarex is authorized under the terms of the Unit Leases or otherwise, to pool, unitize or combine all or a portion of the lands covered by the Unit Leases with other land, lands, lease or leases to form a pooled unit for the exploration, development and production of oil, gas and associated and constituent hydrocarbons and hydrocarbon gases from the lands covered by the Unit Leases; and

WHEREAS, the pooling, unitization, and combination of the Unit Leases to form the Unit, described below, is necessary and advisable, in the judgment of Cimarex, to develop and produce oil and gas from the Unit Leases.

NOW THEREFORE, in consideration of the foregoing premises, the mutual benefits to be derived by the parties hereto and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Cimarex agrees to the following:

1. **Declaration of Unit.** In accordance with the provisions of the Unit Leases, including all renewals, extensions, ratifications, and amendments of the Unit Leases and the lands covered by the Unit Leases and the mineral and/or royalty estates in the lands subject to the Unit Leases into a unit for the exploration, development, and production of oil, gas, and associated hydrocarbons ("Unit").

2. **Drilling, Reworking and Other Operations.** All drilling, reworking, or other operations on the land within the Unit shall be considered as though such drilling, reworking, or other operations were on each separate tract in the Unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the Unit Leases or other contracts thereon and this Declaration. Similarly, production from the Unit shall be deemed to have been produced from each such separate tract in the Unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of each of the Unit Leases or other contracts thereon and this Declaration. Production from the Unit shall be allocated proportionately among all of the tracts within the Unit in the proportion which the number of surface acres in each tract bears to the total number of surface acres in the Unit. If at any time any tract of land or interest within the Unit is not properly pooled or unitized by this Declaration, or is not otherwise committed to the Unit, such fact shall not affect, terminate, impair, or otherwise invalidate the Unit as to any interest pooled or unitized by this Declaration.

3. **No Cross-Assignment or Cross-Conveyance.** Nothing in this Declaration is intended to be construed as a cross-assignment or cross-conveyance of any interest that is subject to this Declaration.

4. **Description of Unit Area.** The Unit Area is limited to the Southeast one-half (SE/2) of Section 35, Block 1, H&GN RR Co. Survey, Reeves County, Texas, described on Exhibit "B" and depicted on Exhibit "C", each of which are attached to and incorporated by reference into this Declaration for all purposes. The depths pooled under this Declaration shall be limited from

the Top of the Wolfcamp Formation to the Base of the Wolfcamp Formation. The Top of the Wolfcamp Formation is defined as the stratigraphic equivalent of ten thousand six hundred thirty-five feet (10,635'), as seen on the Schlumberger Platform Express Compensated Neutron Log - Three Detector Litho-Density Log in the Cimarex Energy Co. Ruby 1-39 #1H well (API# 4238933662), located two hundred feet (200') FSWL and six hundred sixty feet (660') FSEL Section 39, Block 1, H&GN RR Co. Survey, Reeves County, Texas. The Base of the Wolfcamp Formation is defined as the stratigraphic equivalent of fifteen thousand seven hundred twenty-two feet (15,722'), as seen on the Schlumberger Platform Express Density/Neutron Final Composite Log in the Helmerich & Payne, Inc. Harrison State #14-1 well (API# 4238932189), located two thousand three hundred fifty feet (2350') FSL and one thousand sixteen feet (1016') FWL Section 14, Block C-20, PSL Survey, Reeves County, Texas.

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5. **Unit Name.** The Unit shall be known as the Greenhorn Unit South, containing four hundred and two-tenth (400.2) acres, more or less, in Southeast One-half (SE/2) of Section 35, Block 1, H&GN RR Co. Survey, Reeves County, Texas, .

6. **Additional Interest Included.** In the event Cimarex, as of the Effective Date (as hereinafter defined), owns any leasehold interest or mineral and/or royalty interest other than those specifically described or referred to in this Declaration which cover lands within the Unit Area, or any interest for which ratification of the Unit, those interests are hereby pooled and combined into the Unit, without the necessity of specifically enumerating such interest or interests or the specific land which they cover or in which they are held.

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7. **Ratification of Unit.** This Declaration may be ratified by other parties, including SRO Land & Minerals, L.P., Monroe Properties, Inc and Lee M. Stratton Living Trust, Mary Elizabeth Stratton, Trustee, and their heirs, successors and assigns (collectively referred to herein as "Lessors") by separate instruments in writing, referring to this Declaration. This Declaration, and each counterpart or ratification of it shall be binding on each party who executes it, without regard to whether any other party owning an interest in the Unit Area may execute this Declaration, or a counterpart or ratification of it. Nothing in this Section shall be construed as an offer to third parties to ratify this Declaration.

8. **Successors and Assigns.** This Declaration shall be binding on the heirs, representatives, successors and assigns, as applicable, of Cimarex, and the Lessors and Lessees (as hereinafter defined) under the Unit Leases set forth on Exhibit "A".

9. **Other Lands.** In the event the Leases cover lands in addition to those comprising the Unit, those other lands shall not be affected by this Declaration and nothing in this Declaration shall be construed in any manner as changing or affecting the rights, privileges, obligations or agreements of the Lessors and Lessee as to those other lands covered by the Unit Leases.

10. **Expiration and Dissolution of the Unit.** The Unit shall expire in its entirety when (i) production in the Unit ceases to produce oil and/or gas for a period exceeding sixty (60) consecutive days, non-aggregated; and (ii) the Unit ceases to be maintained by the Primary Term (as defined in the Leases), timely shut-in payments, workover(s), drilling and/or re-completion operations as authorized by the Unit Leases or by force majeure provisions. The Unit shall not be dissolved by Cimarex at any time prior to the above expiration of the Unit. The Unit and this Declaration shall expire immediately upon the complete termination or partial termination of any Unit Leases underlying the Lessors' interest in the Unit Area, but only as to the portion of the lands for which the underlying Unit Leases terminate. After the Unit has expired, Cimarex shall dissolve the Unit by filing an instrument of record to this effect in Reeves County, Texas.

11. **Counterparts.** This Declaration may be executed by all parties or in separate counterparts. If executed in separate counterparts, all counterparts, when executed by Cimarex shall constitute one and the same agreement. This Declaration (whether executed in one

document or in multiple counterparts) shall be individually binding on each party who executes it without regard to whether this Declaration is executed by all parties.

12. **Effective Date.** The Unit created by this Declaration shall be effective as of the date recorded in the public records in the appropriate county ("Effective Date").

13. **Termination of Leases.** This Declaration only pools the Unit owners' fee simple determinable estate that has been conveyed by the Unit Leases underlying the Lessors' interest in the Unit, but expressly does not pool or in the future pool the possibility of reverter of the leasehold estate, which has been retained by Lessors. In no event will Lessors be required to bear costs of drilling or operations for the Unit (including but not limited to costs of drilling, reworking, completion, abandonment, or plugging), either before or after the Unit Leases have terminated. In no event will Lessors be liable to Cimarex, Unit owners or any third party for any environmental liability arising in connection with the Unit.

14. **Right to Amend.** In the absence of Lessors' consent, Cimarex shall not have the right to correct, alter or amend this Declaration, and the respective terms and provisions hereof, and to change the size and area of, and interests covered by the Unit described herein, including, without limitation, the power (i) to change, reduce, enlarge or extend the size or configuration of the Unit Area; (ii) to include any other formation or formations and any other mineral or minerals therein, thereunder or produced therefrom, all in accordance with the terms and provisions of the Unit Leases; (iii) to include in the Unit described herein or in any amendments hereto, oil, gas and mineral leases, or interests in the lands described therein, covering interests in the Unit Area, which are secured or obtained subsequent to the Effective Date hereof, or prior to the Effective Date hereof and not included and described herein; or (iv) to include in the Unit described herein or in any amendments hereto, full or undivided interests in the Unit Area which are not otherwise included herein by the owner of such full or undivided interests. The above restrictions represent a non-exhaustive list, and any such amendment hereof shall be executed by Cimarex with the consent of the Lessors. Any such amendment hereof shall be executed by the Operator of the Unit on behalf of Cimarex, provided that such amendment will not change the interest of the working interest owners in the Unit. By execution of this Declaration, Cimarex does not exhaust its right to pool the leases and lands hereinabove described with other leases and lands as to any other minerals, horizon or strata covered thereby so far as the power, right and authority to do so is granted in the Unit Leases and various agreements and so long as such power and authority is exercised in accordance with applicable rules and regulations of any governmental regulatory body or agency having jurisdiction.

This Declaration is executed as of the date of the acknowledgment below.

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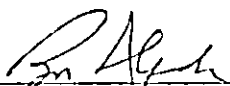
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OPERATOR/LESSEE:

CIMAREX ENERGY CO.

By: 
Roger Alexander, Attorney-in-Fact
Date: 08/11/2014

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ACKNOWLEDGEMENTS

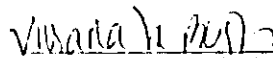
STATE OF TEXAS

COUNTY OF MIDLAND

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The foregoing instrument was acknowledged before me this 11th day of August, 2014, by Roger Alexander, Attorney-in-Fact for Cimarex Energy Co., a Delaware corporation, on behalf of said corporation.

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Notary Public in and for the State of Texas
My Commission Expires SEPTEMBER 26, 2016

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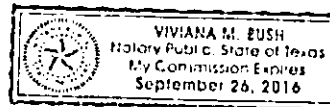


EXHIBIT "A"

Attached to and made a part of that certain Declaration of Pooled Unit dated effective June 17, 2014, by Cimarex Energy Co. for the Greenhorn South Unit 1-35

OIL AND GAS LEASES SUBJECT TO THIS AGREEMENT:

1. Dated: June 10, 2013
Lessor: SRO Land & Minerals, L.P., Monroe Properties, Inc., and Lee M Stratton Living Trust, Mary Elizabeth Stratton, Trustee
Lessee: Cimarex Energy Co.
Recorded: Book 1026, Page 278
Land Description: All of Section 35, Block 1, H&GN RR Co. Survey, Reeves County, Texas, containing 723.8 acres more or less, less and except a tract 100 feet in width being fifty (50) feet in width on either side of the centerline of the railroad thereon, which said centerline is located upon and also traverses said survey No. 35 in Block one (1), containing eight (8.00) acres, more or less.
2. Dated: March 5, 2014
Lessor: BNSF Railway Company, a Delaware Corporation
Lessee: Cimarex Energy Co.
Recorded: Vol 1069, Page 0784
Land Description: All that part of the tract of land located in Section 35, Block 1, H&GN RR Co. Survey, Reeves County, Texas, containing eight (8.00) acres more or less.
3. Unleased Pecos River Tract (Subject to Pooling Agreement & Ratification Pursuant to Texas Natural Resource Code 52.076 & 52.154 Greenhorn South Unit 1-35)

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END OF EXHIBIT "A"

EXHIBIT "B"

Attached to and made a part of that certain Declaration of Pooled Unit dated effective June 17, 2014, by Cimarex Energy Co. for the Greenhorn South Unit 1-35

DESCRIPTION OF LANDS SUBJECT TO THIS AGREEMENT

Tract 1: All of the Southeast One-half (SE/2) of Section 35, Block 1, H&GN RR Co. Survey, Reeves County, Texas, said Southeast One-half (SE/2) contain 377.6 acres more or less, less and except a tract one hundred (100) feet in width being fifty (50) feet in width on either side of the centerline of the railroad thereon, which said center line is located upon and also traverses said survey No. 35 in Block one (1), containing four (4.0) acres, more or less.

Tract 2: Southeast One-half (SE/2) of that certain tract of land located in Survey (Section) 35, Block 1, H&GN RR Co. Survey, Reeves County, Texas, as follows: commencing at a point on the South line of said Section, six hundred (600) feet South, fifty-six (56) degrees West from the S.E. corner of said Section, begins station No. 155+91, Thence on a two (2) degree curve to the left three hundred eighty (380) feet to Station No. 1517+17 equals P.T., thence North, eighty-seven (87) degrees five (5) minutes West two thousand six hundred thirty-five (2635) feet to station No. 1584+06 equals P.C., thence on a four (4) degree curve to the right, four hundred twenty-four (424) feet to station No. 1588+30, on the North line of said Section, said right-of-way in said survey containing eight (8.0) acres, more or less, said Southeast One-half (SE/2) tract containing four (4.0) acres, more or less.

Tract 3: All that part of the Pecos River East of Section 35, Block 1, H&GN RR Co. Survey, Reeves County, Texas, containing 18.6 acres more or less.

End of Exhibit "B"

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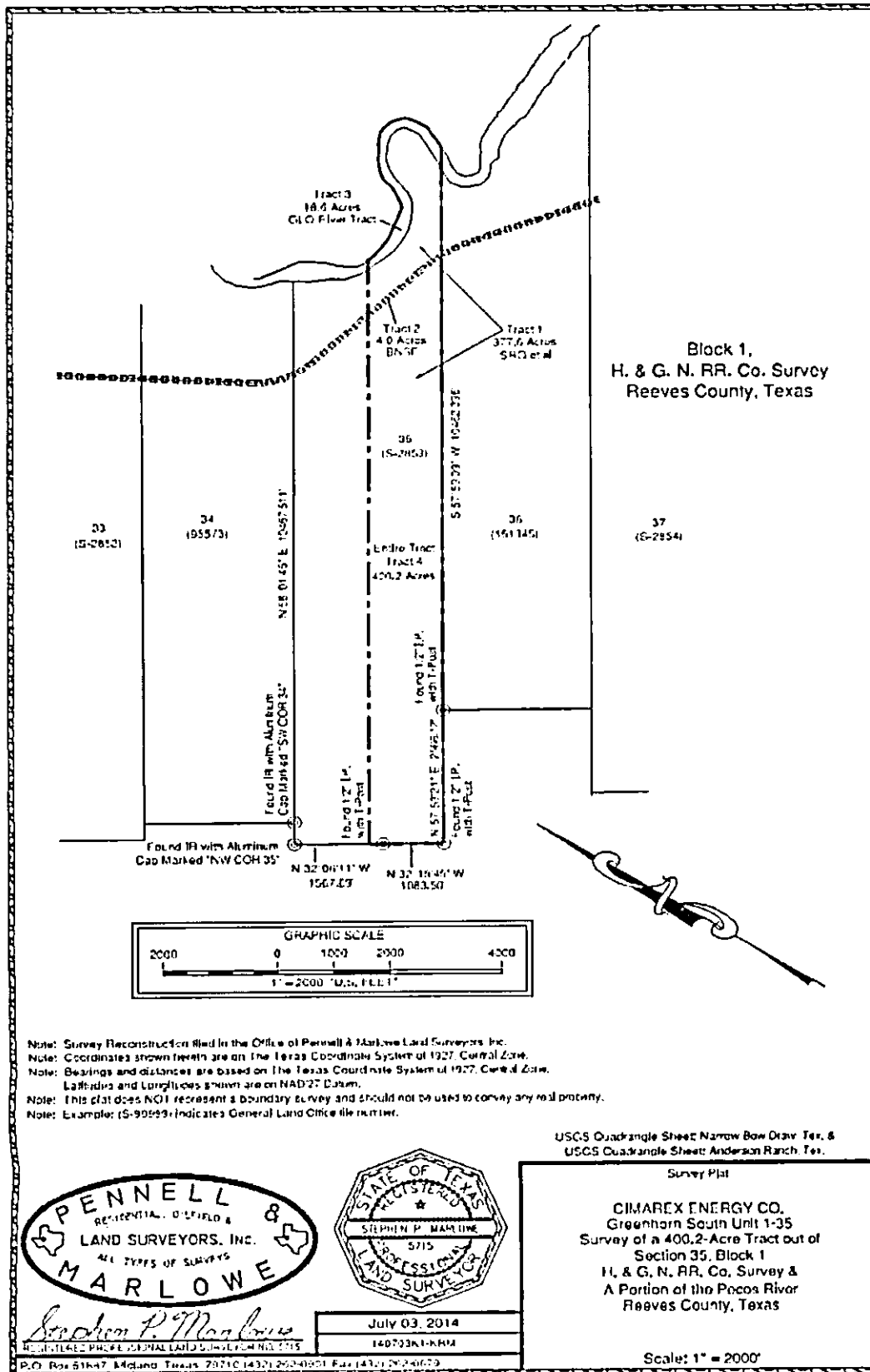
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EXHIBIT "C"

Attached to and made a part of that certain Declaration of Pooled Unit dated effective June 17, 2014, by
Cimarex Energy Co. for the
Greenhorn South Unit 1-35



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DANIEL O. FLORES
COUNTY CLERK
2014 AUG 14 PM 07:05
STATE COURTS - JUDGE

Handwritten signature

①

File No. M-116593

Declaration of Greenhorn Vnt ^{County}

Date Filed: 5/1/15

George P. Bush, Commissioner

By [Signature]

Cimarex Energy Co.
600 N. Marinfeld St.
Suite 600
Midland, TX 79701
MAIN 432 571 7800



April 29, 2015

Via: U.S. Mail
and email Daryl.Morgan@GLO.TEXAS.GOV

General Land Office
Attn: J. Daryl Morgan, CPL
P.O. Box 12873
Austin, Texas 78711-2873

Re: Greenhorn South Unit 1-35 (M-116593-GLO Unit No.6878)
Section 35, Blk. 1, PSL Survey
Reeves and Loving Counties, Texas

Dear Daryl:

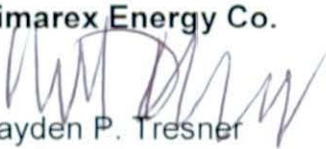
Enclosed in duplicate is the executed Pooling Agreement & Ratification for the captioned. Per your instructions, the appropriate exhibits have been added to Exhibit "2".

Also enclosed is Cimarex's corporate check in the amount of \$55,800 as consideration to the State for pooling the unleased portion of the Pecos River.

If there is anything further that you should require, please contact the undersigned directly at (432) 571-7856 or by email at htresner@cimarex.com.

Sincerely,

Cimarex Energy Co.


Hayden P. Tresner
Landman

//Enclosure

CC: Flip Whitworth *via email*

2
File No. M-116593

County

Ltr. From Cimagex

Date Filed: 5/1/15

George P. Bush, Commissioner

By [Signature]

2 172



(303) 295-3995

Check Number 0001624603

Invoice #	Inv. Date	Description	Amount	Discount	Net Amount
REQ21704142015B	04/14/2015		55,800.00	0.00	55,800.00

15711358

023492

Vendor

Check Date: 04/22/2015

Check Amount

55,800.00

3

File No. M-116593

Bonds County

Date Filed: 5/1/15

George P. Bush, Commissioner

By [Signature]

2015



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

May 8, 2015

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

RE: §52.076 Pooling Agreement
Greenhorn South Unit 1-35
M- 116593 - GLO Unit No. 6878
Reeves and Loving Counties, Texas

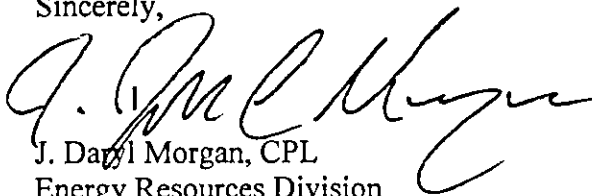
Dear Mr. Tresner:

Enclosed is a duplicate original of the above referenced §52.076 Pooling Agreement that has been executed by George P. Bush, Commissioner of the Texas General Land Office ("GLO"). We have retained the other duplicate original of the Agreement, which will be filed in Mineral File **M-116593**. Please refer to this file number when reporting and paying royalties to the GLO and in all future correspondence involving the State's unleased mineral interest within the referenced unit. For purposes of royalty reporting to the GLO, this Unit has been assigned **GLO Unit No. 6878**.

We also hereby acknowledge receipt of the \$55,800.00 as the consideration to the State for pooling the unleased interest.

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

Sincerely,


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

Enclosure

File No. M-116593

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_____ County

Ltr. to Cmyet

Date Filed: 5/8/15

George P. Bush, Commissioner

By _____

DO NOT DESTROY



Texas General Land Office
UNIT AGREEMENT MEMO

UPA148205

Unit Number 6878
Operator Name Cimarex Energy Co. Effective Date 07/01/2014
Customer ID C000044010 Unitized For Oil And Gas
Unit Name Greenhorn South Unit 1-35 Unit Term
County 1 Loving RRC District 1 08 Old Unit Number Inactive Status Date
County 2 Reeves RRC District 2 08
County 3 RRC District 3
County 4 RRC District 4
Unit type Permanent
State Net Revenue Interest 0.01161919
State Part in Unit 0.04647676
Unit Depth Specified Depths Well
From Depth 10635 TVD Formation Top of Wolfcamp to Base of Wolfcamp
To Depth 15722 TVD Participation Basis Surface Acreage
If Exclusions Apply: See Remarks

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	Lease Royalty	Tract Royalty Participation	Royalty Rate Reduction Clause
MF116593	1	18.600000	400.200000	0.04647676	0.25000000	0.01161919	No

API Number

38934327

Remarks:

52.076 on the Pecos River

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:

05/08/2015

05/08/2015

05/11/2015

5-18-15

5/8/15

Pooling Committee Report

To: School Land Board

UPA148205

Date of Board Meeting: 07/01/2014

Unit Number: 6878

Effective Date: 07/01/2014

Unit Expiration Date:

Applicant: Cimarex Energy Co.

Attorney Rep: Flip Whitworth

Operator: CIMAREX ENERGY CO.

Unit Name: Greenhorn South Unit 1-35

Field Name: Phantom (Wolfcamp)

County: Loving
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>
52.076	MF116593	0.25000000	06/17/2015	1 years	30.400000	30.400000	0.01894789

52.076 on the Pecos River

Private Acres:	370.700000
State Acres:	30.400000
Total Unit Acres:	401.100000

<u>Participation Basis:</u>	Surface Acreage
Surface Acreage	
<u>State Acreage:</u>	75.81%
<u>State Net Revenue Interest:</u>	1.89%

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

<u>RRC Rules:</u>	<u>Spacing Acres:</u>
Yes	704 acres for a 11,313 foot lateral

Working File Number: UPA148205

REMARKS:

- Cimarex Energy Co. is requesting permanent oil and gas pooling from 10,635 feet TVD to 15,722 feet TVD as seen on the Cimarex Energy Co. Ruby 1-39 #1H well log (42-389-33662) and the Helmerich & Payne, Inc. Harrison State #14-1 well (42-389-32189) in order to test the Wolfcamp Formation.
- The applicant plans to spud the unit well by June 30, 2014, with a proposed TD of 12,300 feet TVD. An 11,313 foot lateral is expected to be drilled.
- With approval of the unit the State's unit royalty participation will be 1.89%. State unit royalty participation may change slightly based on final survey results.
- To compensate the State for lost lease bonus on the unleased Pecos River, the applicant has agreed to pay the Permanent School Fund \$3,000.00 per net mineral acre, for a total of \$91,200.00.
- The State will participate on a unitized basis from the date of first production.

POOLING COMMITTEE RECOMMENDATION:

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



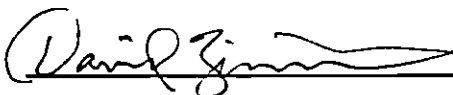
Mary Smith - Office of the Attorney General

6/18/2014
Date



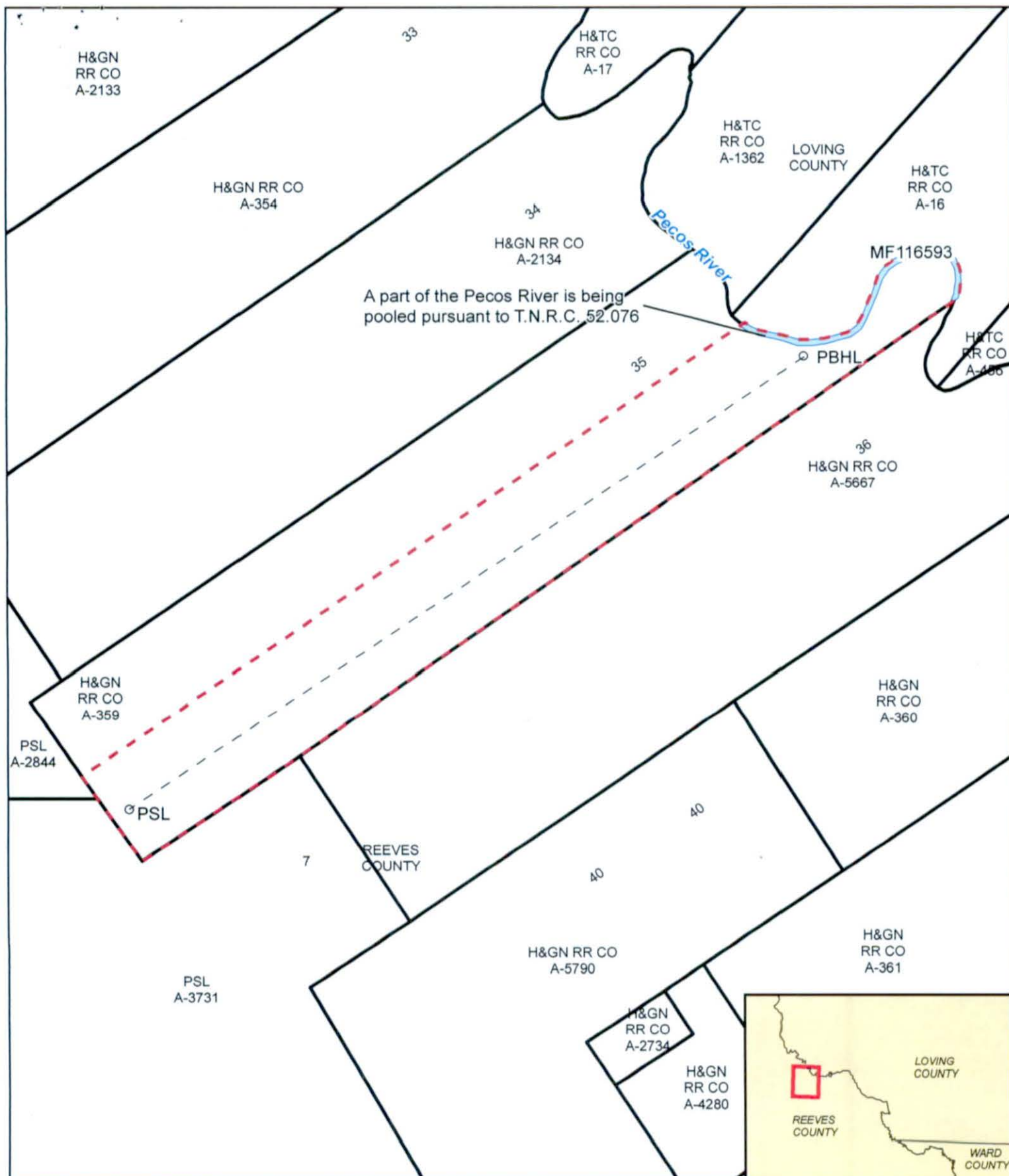
Robert Hatter - General Land Office

6/18/14
Date



David Zimmerman - Office of the Governor

6/18/14
Date



Unit #6878
Cimarex Energy
Greenhorn South Unit 1-35
Phantom (Wolfcamp) Field
Loving and Reeves Counties, Texas

2,000 1,000 0 2,000 Feet

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



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

**POOLING AGREEMENT & RATIFICATION PURSUANT TO TNRC §52.076 & §52.154
STATE OF TEXAS / CIMAREX ENERGY CO.
GREENHORN SOUTH UNIT 1-35
M-116593 – GLO UNIT NO. 6878
LOVING AND REEVES COUNTIES, TEXAS**

THIS AGREEMENT ("Agreement") is made and entered into effective August 14, 2014, by and between the Commissioner of the General Land Office of the State of Texas ("State"), and Cimarex Energy Co. ("Cimarex").

WITNESSETH THAT:

WHEREAS, the State owns the minerals under approximately 18.6 acres of the Pecos River contained within the boundaries of the 400.2 acre, Greenhorn South Unit 1-35 ("Unit"); said Unit being more particularly described in the Declaration of Pooled Unit filed of record in Volume 1096, Page 663 of the Official Public Records of Reeves County, Texas and said 18.6 acres being hereinafter referred to as the ("unleased interest"); and

WHEREAS, pursuant to Texas Natural Resources Code §52.076(a)(4), the School Land Board has authority to pool unleased river beds and channels owned by the State and pursuant to Texas Natural Resources Code §52.154, the School Land Board has the authority to ratify agreements that include a mineral or royalty interest of the State; and

WHEREAS, Cimarex and the State desire to pool the above-referenced unleased interest into said Unit; and

WHEREAS, the School Land Board at its regular meeting on July 1, 2014, determined that pooling said unleased interest as to oil and gas produced from the top of the Wolfcamp Formation to the base of the Wolfcamp Formation as further defined on the attached exhibit "2" is in the best interest of the State.

NOW, THEREFORE, in consideration of the payment to the State of \$55,800.00 and of the mutual agreements hereinafter set forth and together with other valuable consideration, the receipt and sufficiency of which are hereby acknowledged and confessed, and for the purposes and upon the terms and conditions contained herein, the parties agree that the State hereby ratifies the Unit and that the unleased interests is pooled as per the following terms and conditions:

1. This Agreement is entered into pursuant to the authority granted in Chapter 52, of the Texas Natural Resources Code and Chapter 9 of Title 31 of the Texas Administrative Code and is intended to be performed pursuant to and in compliance with all applicable statutes, decisions, regulations, rules, orders and directives of any governmental agency having jurisdiction over the production and conservation of minerals from the Unit and in the interpretation and application hereof this Agreement shall be, in all things, subject thereto.

2. The State and Cimarex agree that nothing herein shall be construed as granting a leasehold interest to Cimarex in the unleased interest but rather this Agreement affects a contractual pooling of interests with the respective rights and duties of the parties defined in paragraph 3, below.

3. The rights and duties of the State and Cimarex with respect to the unleased interest within the boundaries of the Unit shall be established, governed and controlled by the terms, conditions and covenants contained in Exhibit "1" and Exhibit "2" attached hereto and incorporated herein, wherein the State shall be considered the Lessor and Cimarex the Lessee and the State shall receive its share of Unit production in the form of a royalty as provided in Exhibit "1" and allocated to the State as provided in Exhibit "2" with no obligation to the State for operating costs of any kind, including but not limited to exploring, drilling, equipping, completion, treating, transporting, marketing, plugging, abandonment or restoration.

4. This Agreement shall remain in effect for a term of one year from the effective date (herein called "primary term") and so long as the pooled mineral is being produced in paying quantities from the Unit, or so long as this Agreement is maintained in force by payment of shut-in oil or gas well royalties on a unit well, by drilling or rework operations on a unit well, or by other means in accordance with the terms of Exhibit "1" to this Agreement, or so long as the instrument creating the Unit remains in effect; provided that this Agreement shall automatically terminate on the date production of the pooled mineral ceases and there are no further operations on the Unit to re-establish production of the pooled mineral, even though the instrument creating the pooled unit may remain in effect because a dissolution of unit has not been filed of record.

5. Inasmuch as the parties may not be able conveniently to execute one original hereof, it is agreed that a counterpart hereof may be executed by each party to this Agreement, each of which shall be considered an original, and all of said counterparts shall be construed together as one instrument.

6. The terms and provisions hereof shall extend to and be binding upon the heirs, legal representatives, successors, and assigns of the parties hereto.

7. This Agreement is to be performed in the State of Texas, and the substantive laws of the State of Texas will govern the validity, construction and enforcement of this Agreement.

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

Date Executed 5/7/15

legal mm
leas. mm
cont. mm
exec. mm

STATE OF TEXAS

[Signature]

George P. Bush, Commissioner
General Land Office

Date Executed 4-21-15

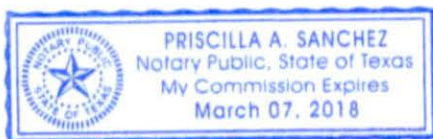
CIMAREX ENERGY CO.

By: [Signature]
ROGER ALEXANDER
Its: Attorney-in-Fact

STATE OF TEXAS

COUNTY OF MIDLAND

This instrument was acknowledged before me on April 21, 2015, by Roger Alexander as attorney-in-fact of Cimarex Energy Co., a Delaware corporation on behalf of said corporation.



[Signature]
Notary Public in and for the State of Texas

CERTIFICATE

I, Stephanie Crenshaw, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on July 1, 2014, the foregoing instrument was approved by said Board under the provisions of Chapter 52 of the Natural Resources Code all of which is set forth in the Minutes of the Board of which I am custodian.

IN TESTIMONY WHEREOF, witness my hand this the 6th day of May, 2015.

[Signature]
Secretary of the School Land Board

EXHIBIT "1"

§52.076 Exhibit 1, Revised 3/07

1. RESERVATION AND GRANT: There is hereby excepted and reserved to Lessor the full use of the property covered hereby and all rights with respect to the surface and subsurface thereof for any and all purposes except those granted to Lessee, being the right to explore for, drill and produce the pooled mineral from the pooled area, and Lessor further reserves the rights of ingress and egress and use of said lands by Lessor and its mineral lessees, for purposes of exploring for and producing the minerals and zones which are not covered by this Agreement. All of the rights in and to the pooled area retained by Lessor and all of the rights in and to the pooled area granted to Lessee herein shall be exercised in such a manner that neither shall unduly interfere with the operations of the other.

2. PRODUCTION ROYALTIES: Upon production of the pooled mineral Lessee agrees to pay or cause to be paid to the Commissioner of the General Land Office in Austin, Texas, for the use and benefit of the State of Texas, during the term hereof:

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

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

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

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

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

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

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

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

(H) MINIMUM ROYALTY: The royalties paid to Lessor each year in no event shall be less than \$5.00 per acre pooled; otherwise, there shall be due and payable on or before the last day of the month succeeding the anniversary date of first production a sum equal to \$5.00 per acre pooled less the amount of royalties paid during the preceding year.

3. 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 to each lease number. If Lessee pays his royalty on or before thirty (30) days after the royalty payment was due, then Lessee owes a penalty of 5% on the royalty or \$25.00, whichever is greater. A royalty payment which is over thirty (30) days late shall accrue a penalty of 10% of the royalty due or \$25.00 whichever is greater. In addition to a penalty, royalties shall accrue interest at a rate of 12% per year; such interest will begin accruing when the royalty is sixty (60) days overdue. Affidavits and supporting documents which are not filed when due shall incur a penalty in an amount set by the General Land Office administrative rule which is effective on the date when the affidavits or supporting documents were due. The Lessee shall bear all responsibility for paying or causing royalties to be paid as prescribed by the due date provided herein. Payment of the delinquency penalty shall in no way operate to prohibit the State's right of forfeiture as provided by law nor act to postpone the date on which royalties were originally due. The above penalty provisions shall not apply in cases of title dispute as to the State's portion of the royalty or to that portion of the royalty in dispute as to fair market value.

4. (A) RESERVES, CONTRACTS AND OTHER RECORDS: Lessee shall annually furnish the Commissioner of the General Land Office with its best possible estimate of pooled mineral reserves underlying the pooled area 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 pooled

mineral produced from the pooled area, including the books and accounts, receipts and discharges of all wells, tanks, pools, meters, and pipelines shall at all times be subject to inspection and examination by the Commissioner of the General Land Office, the Attorney General, the Governor, or the representative of any of them.

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

(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.

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

6. DRILLING AND REWORKING AT EXPIRATION OF PRIMARY TERM: If, at the expiration of the primary term, the pooled mineral is not being produced from the pooled area, but Lessee is then engaged in drilling or reworking operations thereon, this agreement 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 agreement.

7. CESSATION, DRILLING, AND REWORKING: If at the end of, or after the primary term, production of the pooled mineral should cease from any cause, this agreement shall not terminate if Lessee re-establishes production in paying quantities within sixty (60) days after such cessation or commences additional drilling or reworking operations within sixty (60) days after such cessation, and this agreement 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. For a cessation of production prior to the end of the primary term, Lessee may use the expiration of the primary term as the date of cessation of production. If such drilling or reworking operations result in the production of the pooled mineral, the agreement shall remain in full force and effect for so long as the pooled mineral is produced from the pooled unit 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, this agreement 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 agreement 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.

8. 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 end of the primary term, a well capable of producing the pooled mineral in paying quantities is located on the pooled area, but the pooled mineral is not being produced for lack of suitable production facilities or lack of a suitable market, then Lessee may pay as a shut-in oil or gas royalty an amount equal to \$10.00 per acre pooled, but not less than \$1,200 for each well capable of producing the pooled mineral in paying quantities. To be effective, each initial shut-in oil or gas royalty must be paid on or before: (1) the expiration of the primary term (2) 60 days after the Lessee ceases to produce the pooled mineral from the pooled area, or (3) 60 days after Lessee completes a drilling or reworking operation in accordance with the terms of this agreement; whichever date is latest. If the shut-in oil or gas royalty is paid, this agreement shall be considered to be a producing agreement and the payment shall extend the term of the agreement for a period of one year 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 pooled mineral exists, Lessee may extend this agreement 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.

9. COMPENSATORY ROYALTIES: If, during the period the agreement is kept in effect by payment of the shut-in oil or gas royalty, the pooled mineral is sold and delivered in paying quantities from a well located within one thousand (1,000) feet of the pooled area and completed in the same producing reservoir, or in any case in which drainage of the pooled mineral is occurring, the right to continue to maintain the agreement by paying the shut-in oil or gas royalty shall cease, but the agreement shall remain effective for the remainder of the year for which the royalty has been paid. The Lessee may maintain the agreement for four more successive years by Lessee paying compensatory royalty at the royalty rate provided in this agreement 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 pooled area. The compensatory royalty is to be paid monthly to the Commissioner beginning on or before the last day of the month following the month in which the pooled mineral 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 pooled area; if the compensatory royalty paid in any 12-month period is in an amount less than the annual shut-in oil or gas royalty, Lessee shall pay an amount equal to the difference within thirty (30) days from the end of the 12-month period, and none of these provisions will relieve Lessee of the obligation of reasonable development nor the obligation to drill offset wells as provided in N.R.C. Section 52.034; however, at the determination of the Commissioner, and with the Commissioner's written approval, the payment of compensatory royalties shall satisfy the obligation to drill offset wells. Compensatory royalty payments, which are not timely paid, will accrue penalty and interest in accordance with Paragraph 3 of this agreement.

10. USE OF WATER; SURFACE: Lessee shall have the right to use water produced on said land necessary for operations hereunder and solely upon the pooled area; provided, however, Lessee shall not use potable water or water suitable for livestock or irrigation purposes for water flood operations without the prior written consent of Lessor. Subject to its obligation to pay surface damages, Lessee shall have the right to use so much of the surface of the land that may be reasonably necessary for drilling and operating wells and transporting and marketing the production therefrom, such use to be conducted under conditions of least injury to the surface of the land.

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

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

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

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

12. IDENTIFICATION MARKERS: Lessee shall erect, at a distance not to exceed twenty-five (25) feet from each well on the premises covered by this agreement, a legible sign on which shall be stated the name of the operator, the State Lease Number designation and the well number. Where two or more wells on the same lease or where wells on two or more leases are

connected to the same tank battery, whether by individual flow line connections direct to the tank or tanks or by use of a multiple header system, each line between each well and such tank or header shall be legibly identified at all times, either by a firmly attached tag or plate or an identification properly painted on such line at a distance not to exceed three (3) feet from such tank or header connection. Said signs, tags, plates or other identification markers shall be maintained in a legible condition throughout the term of this agreement.

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

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

15. FORFEITURE: If Lessee shall fail or refuse to make the payment of any sum within thirty (30) days after it becomes due, or if Lessee or an authorized agent should knowingly make any false return or false report concerning production or drilling, or if Lessee shall fail or refuse to drill any offset well or wells in good faith as required by law and the rules and regulations adopted by the Commissioner of the General Land Office, or if Lessee should fail to file reports in the manner required by law or fail to comply with rules and regulations promulgated by the General Land Office, the School Land Board, or the Railroad Commission, or refuse the proper authority access to the records pertaining to operations, or if Lessee or an authorized agent should knowingly fail or refuse to give correct information to the proper authority, or knowingly fail or refuse to furnish the General Land Office a correct log of any well, or if Lessee shall knowingly violate any of the material provisions of this agreement, or if this agreement is assigned and the assignment is not filed in the General Land Office as required by law, the rights acquired under this agreement shall be subject to forfeiture by the Commissioner, and he shall forfeit same when sufficiently informed of the facts which authorize a forfeiture, and when forfeited the area shall again be subject to lease or pooling. However, nothing herein shall be construed as waiving the automatic termination of this agreement by operation of law or by reason of any special limitation arising hereunder. Forfeitures may be set aside and this agreement 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 agreement and the rules and regulations that may be adopted relative hereto.

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

17. APPLICABLE LAWS AND DRILLING RESTRICTIONS: This agreement shall be subject to all rules and regulations, and amendments thereto, promulgated by the Commissioner of the General Land Office governing drilling and producing operations on Permanent Free School Land (specifically including any rules promulgated that relate to plans of operations), payment of royalties, and auditing procedures, and shall be subject to all other valid statutes, rules, regulations, orders and ordinances that may affect operations under the provisions of this agreement. Without limiting the generality of the foregoing, Lessee hereby agrees, by the acceptance of this agreement, to be bound by and subject to all statutory and regulatory provisions relating to the General Land Office's audit billing notice and audit hearings procedures. Said provisions are currently found at Texas Natural Resources Code Sections 52.135 and 52.137 through 52.140.

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

19. FORCE MAJEURE: Should Lessee be prevented from complying with any express or implied covenant of this agreement, from conducting drilling operations thereon, or from producing the pooled mineral therefrom, after effort made in good faith, by reason of war, rebellion, riots, strikes, fires, acts of God or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended upon proper and satisfactory proof presented to the Commissioner of the General Land Office in support of Lessee's contention and Lessee shall not be liable for damages for failure to comply therewith (except in the event of operations suspended as provided in the rules and regulations adopted by the School Land Board); and this agreement shall be extended while and so long as Lessee is prevented, by any such cause, from drilling, reworking operations or producing the pooled mineral from the pooled area; provided, however, that nothing herein shall be construed to suspend the or to abridge Lessee's right to a suspension under any applicable statute of this State.

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

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

22. ANTIQUITIES CODE: In the event that any site, object, location, artifact or other feature of archaeological, scientific, educational, cultural, archeological or historical interest are encountered on Permanent School Fund Land during the activities authorized by this agreement, Lessee will immediately cease activities and will immediately notify the General Land Office (ATTN: Archaeologist, Asset Management Division, 1700 N. Congress Ave., Austin, Texas 78701) and the Texas Historical Commission (P.O. Box 12276, Austin, TX 78711) so that adequate measures may be undertaken to protect or recover such discoveries or findings, as appropriate. Lessee is expressly placed on notice of the National Historical Preservation Act of 1966 (PB-89-66, 80 Statute 915, 16 U.S.C.A. 470) and the Antiquities Code of Texas, Chapter 191, Tex. Nat. Code Ann. (Vernon 1993 & Supp. 1998).

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

24. FILING: Pursuant to Chapter 9 of the Tex. Bus. & Com. Code, this agreement must be filed of record in the office of the County Clerk in any county in which all or any part of the pooled area is located, and recorded copies thereof must be filed in the General Land Office.

EXHIBIT "2"

PURPOSES:

1.

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

UNIT DESCRIPTION:

2.

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

MINERAL POOLED:

3.

The mineral pooled and unitized ("pooled mineral") hereby shall be oil and gas including all hydrocarbons that may be produced from an oil well or a gas well as such wells are recognized and designated by the Railroad Commission of Texas or other state regulatory agency having jurisdiction of the drilling and production of oil and gas wells. The pooled mineral shall extend to those depths underlying the surface boundaries of the pooled unit from the Top of the Wolfcamp Formation to the Base of the Wolfcamp Formation. The Top of the Wolfcamp Formation is defined as the stratigraphic equivalent of 10,635 feet, as seen on the Schlumberger Platform Express Compensated Neutron Log - Three Detector Litho-Density Log in the Cimarex Energy Co., Ruby 1-39 #1H well, API No. 42-389-33662. The Base of the Wolfcamp Formation is defined as the stratigraphic equivalent of 15,722 feet, as seen on the Schlumberger Platform Express Density/Neutron Final Composite Log in the Helmerich & Payne, Inc., Harrison State #14-1 well, API No. 42-389-32189 ("unitized interval").

POOLING AND EFFECT:

4.

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

- (a) The unit, to the extent as above described, shall be operated as an entirety for the exploration, development and production of the pooled mineral, rather than as separate tracts.
- (b) All drilling operations, reworking or other operations with respect to the pooled mineral on land within the unit shall be considered as though the same were on each separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement.
- (c) Production of the pooled mineral from the unit allocated to each separate tract, respectively, as hereinafter provided, shall be deemed to have been produced from each such separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement.
- (d) All rights to the production of the pooled mineral from the unit, including royalties and other payments, shall be determined and governed by the lease or other contract pertaining to each separate tract, respectively, based upon the production so allocated to such tract only, in lieu of the actual production of the pooled mineral therefrom.
- (e) A shut-in oil or gas well located upon any land or lease included within said unit shall be considered as a shut-in oil or gas well located upon each tract or lease included within said unit.
- (f) If the Railroad Commission of Texas (or any other Texas regulatory body having jurisdiction) shall adopt special field rules providing for oil and/or gas proration units of less than 400 acres, then Lessee agrees to either (1) drill to the density permitted by the Railroad Commission, (2) make application to the School Land Board of the State of Texas to reform the unit to comply with Railroad Commission unit rules, or (3) make application to the School Land Board of the State of Texas for such remedy as may be agreeable to the Board.
- (g) This Agreement shall not relieve Lessee from the duty of protecting the State lands within the boundaries of the pooled unit described in Exhibit "B" from drainage from any well situated on privately owned land, lying outside the unitized area described in Exhibit "B", but, subject to such obligation, Lessee may produce the allowable for the entire unit as fixed by the Railroad Commission of Texas or other lawful authority, from any one or more wells completed thereon.

- (h) There shall be no obligation to drill internal offsets to any other well on separate tracts within the pooled unit, nor to develop the lands within the boundaries thereof separately, as to the pooled mineral.

ALLOCATION OF PRODUCTION:

5.

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

DISSOLUTION:

6.

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

RATIFICATION/WAIVER:

7.

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

EXHIBIT "A"

Attached to and made a part of that certain Pooling Agreement & Ratification for the Greenhorn South Unit 1-35, GLO Unit No.6878

OIL AND GAS LEASES

1. Dated: June 10, 2013
Lessor: SRO Land & Minerals, L.P., Monroe Properties, Inc., and Lee M Stratton Living Trust, Mary Elizabeth Stratton, Trustee
Lessee: Cimarex Energy Co.
Recorded: Book 1026, Page 278
Legal Description: All of Section 35, Block 1, H&GN RR Co. Survey, Reeves County, Texas, containing 723.8 acres more or less, less and except a tract 100 feet in width being fifty (50) feet in width on either side of the centerline of the railroad thereon, which said centerline is located upon and also traverses said survey No. 35 in Block one (1), containing eight (8.00) acres, more or less.
2. Dated: March 5, 2014
Lessor: BNSF Railway Company, a Delaware Corporation
Lessee: Cimarex Energy Co.
Recorded: Vol 1069, Page 0784
Legal Description: All that part of the tract of land located in Section 35, Block 1, H&GN RR Co. Survey, Reeves County, Texas, containing eight (8.00) acres more or less.
3. Unleased Pecos River Tract (Subject to Pooling Agreement & Ratification Pursuant to Texas Natural Resource Code 52.076 & 52.154 Greenhorn South Unit 1-35)

END OF EXHIBIT "A"

EXHIBIT "B"

Attached to and made a part of that certain Pooling Agreement & Ratification for the Greenhorn South Unit 1-35, GLO Unit No.6878

LEGAL DESCRIPTION OF UNIT

Tract 1: All of the Southeast One-half (SE/2) of Section 35, Block 1, H&GN RR Co. Survey, Reeves County, Texas, said Southeast One-half (SE/2) contain 377.6 acres more or less, less and except a tract one hundred (100) feet in width being fifty (50) feet in width on either side of the centerline of the railroad thereon, which said center line is located upon and also traverses said survey No. 35 in Block one (1), containing four (4.0) acres, more or less;

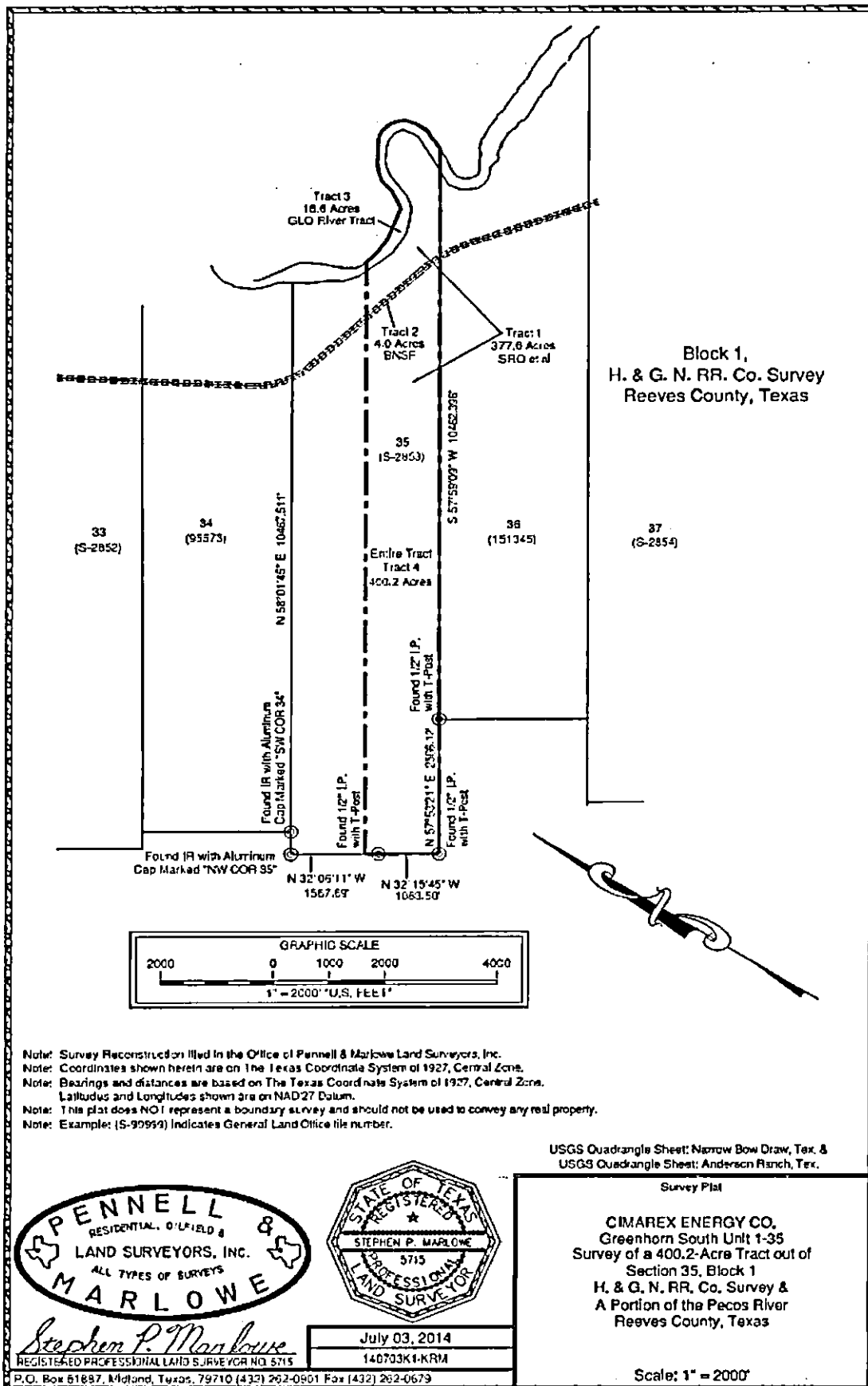
Tract 2: Southeast One-half (SE/2) of that certain tract of land located in Survey (Section) 35, Block 1, H&GN RR Co. Survey, Reeves County, Texas, as follows: commencing at a point on the South line of said Section, six hundred (600) feet South, fifty-six (56) degrees West from the S.E. corner of said Section, begins station No. 155+91, Thence on a two (2) degree curve to the left three hundred eighty (380) feet to Station No. 1517+17 equals P.T., thence North, eighty-seven (87) degrees five (5) minutes West two thousand six hundred thirty-five (2635) feet to station No. 1584+06 equals P.C., thence on a four (4) degree curve to the right, four hundred twenty-four (424) feet to station No. 1588+30, on the North line of said Section, said right-of-way in said survey containing eight (8.0) acres, more or less, said Southeast One-half (SE/2) tract containing four (4.0) acres, more or less;

Tract 3: All that part of the Pecos River East of Section 35, Block 1, H&GN RR Co. Survey, Reeves County, Texas, containing 18.6 acres more or less.

END OF EXHIBIT "B"

EXHIBIT "C"

Attached to and made part of that certain Pooling Agreement & Ratification for the Greenhorn South Unit 1-35, GLO Unit No.6878



"C"

File No. M-116593
Footmy Hyndt Packet # 6878
Greenhorn South Unit 1-35
County

Date Filed: 5/11/15
George P. Busha Commissioner
By: [Signature]

24733

DO NOT DESTROY

Drew



Texas General Land Office
UNIT AGREEMENT MEMO

UPA148205

Unit Number 6878
Operator Name Cimarex Energy Co. Effective Date 07/01/2014
Customer ID C000044010 Unitized For Oil And Gas
Unit Name Greenhorn South Unit 1-35 Unit Term
County 1 Loving RRC District 1 08 Old Unit Number Inactive Status Date
County 2 Reeves RRC District 2 08
County 3 RRC District 3
County 4 RRC District 4
Unit type Permanent
State Net Revenue Interest 0.01161919
State Part in Unit 0.04647676
Unit Depth Specified Depths Well
From Depth 10635 TVD Formation Top of Wolfcamp to Base of Wolfcamp
To Depth 15722 TVD Participation Basis Surface Acreage
If Exclusions Apply: See Remarks

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	Lease Royalty	Tract Royalty Participation	Royalty Rate Reduction Clause
MF116593	1	18.600000	400.200000	0.04647676	0.25000000	0.01161919	No

API Number

38934327

Remarks:

52.076 on the Pecos River

Prepared By:

Jm

Prepared Date:

3/9/2015

GLO Base Updated By:

Jm

GLO Base Date:

3/9/2015

RAM Approval By:

OVD

RAM Approval Date:

3/12/2015

GIS By:

GIS Date:

Well Inventory By:

mb

WI Date:

3/9/15

Pooling Committee Report

To: School Land Board

UPA148205

Date of Board Meeting: 07/01/2014

Unit Number: 6878

Effective Date: 07/01/2014

Unit Expiration Date:

Applicant: Cimarex Energy Co.

Attorney Rep: Flip Whitworth

Operator: CIMAREX ENERGY CO.

Unit Name: Greenhorn South Unit 1-35

Field Name: Phantom (Wolfcamp)

County: Loving
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>
52.076	MF116593	0.25000000	06/17/2015	1 years	30.400000	18.600000	0.01161919

52.076 on the Pecos River

Private Acres:	381.600000
State Acres:	18.600000
Total Unit Acres:	400.200000

<u>Participation Basis:</u>	Surface Acreage
Surface Acreage	
<u>State Acreage:</u>	4.65%
<u>State Net Revenue Interest:</u>	1.16%

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

<u>RRC Rules:</u>	<u>Spacing Acres:</u>
Yes	704 acres for a 11,313 foot lateral

REMARKS:

- Cimarex Energy Co. is requesting permanent oil and gas pooling from 10,635 feet TVD to 15,722 feet TVD as seen on the Cimarex Energy Co. Ruby 1-39 #1H well log (42-389-33662) and the Helmerich & Payne, Inc. Harrison State #14-1 well (42-389-32189) in order to test the Wolfcamp Formation.
- The applicant plans to spud the unit well by June 30, 2014, with a proposed TD of 12,300 feet TVD. An 11,313 foot lateral is expected to be drilled.
- With approval of the unit the State's unit royalty participation will be 1.89%. State unit royalty participation may change slightly based on final survey results.
- To compensate the State for lost lease bonus on the unleased Pecos River, the applicant has agreed to pay the Permanent School Fund \$3,000.00 per net mineral acre, for a total of \$91,200.00.
- The State will participate on a unitized basis from the date of first production.

POOLING COMMITTEE RECOMMENDATION:

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



Mary Smith - Office of the Attorney General

6/18/2014

Date



Robert Hatter - General Land Office

6/18/14

Date



David Zimmerman - Office of the Governor

6/18/14

Date

File No. MF 116593 6

Loving / Reeves County

Revised Buck Slip Unit 6878

Date Filed: 3-9-15

George P. Bush, Commissioner

By Jm

Daryl Morgan

From: Cody Elliott <celliott@cimarex.com>
Sent: Thursday, December 10, 2015 8:06 AM
To: Daryl Morgan
Cc: Hayden Tresner
Subject: Amended DPU's
Attachments: Original Recorded - First Amendment of DPU - Bighorn North Unit 1-31.pdf; Original Recorded - First Amendment of DPU - Greenhorn South Unit 1-35.pdf

Daryl,

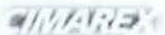
Hayden may have mentioned to you that a few of our DPU's we filed of record contained errors. These DPU's contained pooled acreage covering lands the GLO contributed as unleased river acreage. In order to correct the errors, Cimarex prepared and filed amendments to the DPU's. I have attached the recorded amendments herein for the Bighorn North Unit 1-31 and Greenhorn South Unit 1-35.

In both cases, the GLO's interest and royalty share in the unit has not changed. Only grammatical and descriptive information was amended in the documents.

I believe we will need the GLO to ratify the new DPU's, as amended.

Please let me know if there is anything else you need from me , or if there any other steps I need to take to get this issue resolved.

Thank you. Cody



Cody Elliott

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

(7)

File No. M-116593

E-Mail From Cimwex County

Date Filed: 12/10/15

George P. Bush, Commissioner

By [Signature]

CONTRACT BRIEF

GIS ✓
Tulsa ✓

Prospect Name: Dixieland Prospect No: 428085

Well /Unit Name: Greenhorn South Unit 1-35

Contract Type: ***First Amendment of Declaration of Pooled Unit as of the date of acknowledge- Date: ment Term: n/a

Operator/Lessee: Cimarrex Energy Co.

Non-Operator(s):

State: Texas County: Reeves

Contract Provisions: (check all that apply)

Consent to Assign: n/a 1-Consent Penalty: n/a

Preferential Right:	n/a	Other: n/a
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Execution of Agreement:

In Counterpart: Yes _____ No _____
All Parties Signed: Yes _____ No _____

Lands Covered by Contract:

See Exhibit "B" of this First Amendment of Declaration of Pooled Unit

Associated Leases: See Exhibit "A" of First Amendment of Declaration of Pooled Unit

Associated Contracts

Associated Wells: Greenhorn South Unit 1-35

Remarks / Comments / Unusual Terms of Deal:

Purpose: Since executing, filing and recording the original Declaration of Pooled Unit on August 14, 2014, errors have been discovered in the instrument and exhibits attached hereto; said errors have been correct by this First Amendment of Declaration of Pooled Unit for the Greenhorn South Unit 1-35.

***The original declaration is hereby deleted in its entirety and replaced with the attached First Amendment of Declaration of Pooled Unit.

Prepared by: Priscilla Sanchez Date: 7/1/2015

Telephone: 432.620.1968

(To be entered by Land Administration)

Contract Number: _____ BA Number: _____

FIRST AMENDMENT OF DECLARATION OF POOLED UNIT

(Greenhorn South Unit 1-35)

STATE OF TEXAS §
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COUNTY OF REEVES §

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WHEREAS, on August 14, 2014, a Declaration of Pooled Unit for the Greenhorn South Unit 1-35 was filed for record, and subsequently recorded at Volume 1096, Page 663, Official Public Records, Reeves County, Texas (the "Original Declaration");

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WHEREAS, since executing, filing and recording the Original Declaration, it has been discovered that errors and contained in the instrument and exhibits attached thereto;

WHEREAS, said errors have been corrected by this First Amendment of Declaration of Pooled Unit for the Greenhorn South Unit 1-35, which shall be considered, for all purposes, as a complete and entire replacement of the Original Declaration, including the exhibits attached thereto;

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NOW THEREFORE, for good and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Original Declaration is hereby deleted in its entirety and replaced with the following:

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This First Amendment of Declaration of Pooled Unit for the Greenhorn South Unit 1-35 (the "Declaration") is executed by Cimarex Energy Co. ("Cimarex"), who is the owner in the leasehold estate created under those oil, gas and mineral leases and memorandums of oil, gas and mineral leases, all described in Exhibit "A", which exhibit is attached to and incorporated by reference into this Declaration for all purposes (collectively referred to herein as the "Unit Leases").

RECITALS

WHEREAS, Cimarex is authorized under the terms of the Unit Leases or otherwise, to pool, unitize or combine all or a portion of the lands covered by the Unit Leases with other land, lands, lease or leases to form a pooled unit for the exploration, development and production of oil, gas and associated and constituent hydrocarbons and hydrocarbon gases from the lands covered by the Unit Leases; and

WHEREAS, the pooling, unitization, and combination of the Unit Leases to form the Unit, described below, is necessary and advisable, in the judgment of Cimarex, to develop and produce oil and gas from the Unit Leases.

NOW THEREFORE, in consideration of the foregoing premises, the mutual benefits to be derived by the parties hereto and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Cimarex agrees to the following:

1. **Declaration of Unit.** In accordance with the provisions of the Unit Leases, including all renewals, extensions, ratifications, and amendments of the Unit Leases and the lands covered by the Unit Leases and the mineral and/or royalty estates in the lands subject to the Unit Leases into a unit for the exploration, development, and production of oil, gas, and associated hydrocarbons ("Unit").

2. **Drilling, Reworking and Other Operations.** All drilling, reworking, or other operations on the land within the Unit shall be considered as though such drilling, reworking, or other operations were on each separate tract in the Unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the Unit Leases or other contracts thereon and this Declaration. Similarly, production from the Unit shall be deemed to have been produced from each such separate tract in the Unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of each of the Unit Leases or other contracts thereon and this Declaration. Production from the Unit shall be allocated proportionately among all of the tracts within the Unit in the proportion which the number of surface acres in each tract bears to the total number of surface acres in the Unit. If at any time any tract of land or interest within the Unit is not properly pooled or unitized by this Declaration, or is not otherwise committed to the Unit, such fact shall not affect, terminate, impair, or otherwise invalidate the Unit as to any interest pooled or unitized by this Declaration.

3. **No Cross-Assignment or Cross-Conveyance.** Nothing in this Declaration is intended to be construed as a cross-assignment or cross-conveyance of any interest that is subject to this Declaration.

4. **Description of Unit Area.** The Unit Area is limited to the Southeast one-half (SE/2) of Section 35, Block 1, H&GN RR Co. Survey, Reeves County, Texas, and all of that part of the Pecos River lying East of the Southeast one-half (SE/2) of Section 35, Block 1, H&GN RR Co. Survey, Reeves and Loving Counties, Texas, described on Exhibit "B" and depicted on Exhibit "C", each of which are attached to and incorporated by reference into this Declaration for all purposes. The depths pooled under this Declaration shall be limited from the Top of the Wolfcamp Formation to the Base of the Wolfcamp Formation. The Top of the Wolfcamp Formation is defined as the stratigraphic equivalent of ten thousand six hundred thirty-five feet (10,635'), as seen on the Schlumberger Platform Express Compensated Neutron Log - Three Detector Litho-Density Log in the Cimarex Energy Co. Ruby 1-39 #1H well (API#

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4238933662), located two hundred feet (200') FSWL and six hundred sixty feet (660') FSEL Section 39, Block 1, H&GN RR Co. Survey, Reeves County, Texas. The Base of the Wolfcamp Formation is defined as the stratigraphic equivalent of fifteen thousand seven hundred twenty-two feet (15,722'), as seen on the Schlumberger Platform Express Density/Neutron Final Composite Log in the Helmerich & Payne, Inc. Harrison State #14-1 well (API# 4238932189), located two thousand three hundred fifty feet (2350') FSL and one thousand sixteen feet (1016') FWL Section 14, Block C-20, PSL Survey, Reeves County, Texas.

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5. **Unit Name.** The Unit shall be known as the Greenhorn South Unit 1-35, containing 400.2 acres, more or less, in total.

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6. **Additional Interest Included.** In the event Cimarex, as of the Effective Date (as hereinafter defined), owns any leasehold interest or mineral and/or royalty interest other than those specifically described or referred to in this Declaration which cover lands within the Unit Area, or any interest for which ratification of the Unit, those interests are hereby pooled and combined into the Unit, without the necessity of specifically enumerating such interest or interests or the specific land which they cover or in which they are held.

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7. **Ratification of Unit.** This Declaration may be ratified by other parties, including SRO Land & Minerals, L.P., Monroe Properties, Inc and Lee M. Stratton Living Trust, Mary Elizabeth Stratton, Trustee, and their heirs, successors and assigns (collectively referred to herein as "Lessors") by separate instruments in writing, referring to this Declaration. This Declaration, and each counterpart or ratification of it shall be binding on each party who executes it, without regard to whether any other party owning an interest in the Unit Area may execute this Declaration, or a counterpart or ratification of it. Nothing in this Section shall be construed as an offer to third parties to ratify this Declaration.

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8. **Successors and Assigns.** This Declaration shall be binding on the heirs, representatives, successors and assigns, as applicable, of Cimarex, and the Lessors and Lessees (as hereinafter defined) under the Unit Leases set forth on Exhibit "A".

9. **Other Lands.** In the event the Leases cover lands in addition to those comprising the Unit, those other lands shall not be affected by this Declaration and nothing in this Declaration shall be construed in any manner as changing or affecting the rights, privileges, obligations or agreements of the Lessors and Lessee as to those other lands covered by the Unit Leases.

10. **Expiration and Dissolution of the Unit.** The Unit shall expire in its entirety when (i) production in the Unit ceases to produce oil and/or gas for a period exceeding sixty (60) consecutive days, non-aggregated; and (ii) the Unit ceases to be maintained by the Primary Term (as defined in the Leases), timely shut-in payments, workover(s), drilling and/or re-completion operations as authorized by the Unit Leases or by force majeure provisions. The Unit shall not

be dissolved by Cimarex at any time prior to the above expiration of the Unit. The Unit and this Declaration shall expire immediately upon the complete termination or partial termination of any Unit Leases underlying the Lessors' interest in the Unit Area, but only as to the portion of the lands for which the underlying Unit Leases terminate. After the Unit has expired, Cimarex shall dissolve the Unit by filing an instrument of record to this effect in Reeves County, Texas.

11. **Counterparts.** This Declaration may be executed by all parties or in separate counterparts. If executed in separate counterparts, all counterparts, when executed by Cimarex shall constitute one and the same agreement. This Declaration (whether executed in one document or in multiple counterparts) shall be individually binding on each party who executes it without regard to whether this Declaration is executed by all parties.

12. **Effective Date.** The Unit created by this Declaration shall be effective as of July 15, 2014 ("Effective Date").

13. **Termination of Leases.** This Declaration only pools the Unit owners' fee simple determinable estate that has been conveyed by the Unit Leases underlying the Lessors' interest in the Unit, but expressly does not pool or in the future pool the possibility of reverter of the leasehold estate, which has been retained by Lessors. In no event will Lessors be required to bear costs of drilling or operations for the Unit (including but not limited to costs of drilling, reworking, completion, abandonment, or plugging), either before or after the Unit Leases have terminated. In no event will Lessors be liable to Cimarex, Unit owners or any third party for any environmental liability arising in connection with the Unit.

14. **Right to Amend.** In the absence of Lessors' consent, Cimarex shall not have the right to correct, alter or amend this Declaration, and the respective terms and provisions hereof, and to change the size and area of, and interests covered by the Unit described herein, including, without limitation, the power (i) to change, reduce, enlarge or extend the size or configuration of the Unit Area; (ii) to include any other formation or formations and any other mineral or minerals therein, thereunder or produced therefrom, all in accordance with the terms and provisions of the Unit Leases; (iii) to include in the Unit described herein or in any amendments hereto, oil, gas and mineral leases, or interests in the lands described therein, covering interests in the Unit Area, which are secured or obtained subsequent to the Effective Date hereof, or prior to the Effective Date hereof and not included and described herein; or (iv) to include in the Unit described herein or in any amendments hereto, full or undivided interests in the Unit Area which are not otherwise included herein by the owner of such full or undivided interests. The above restrictions represent a non-exhaustive list, and any such amendment hereof shall be executed by Cimarex with the consent of the Lessors. Any such amendment hereof shall be executed by the Operator of the Unit on behalf of Cimarex, provided that such amendment will not change the interest of the working interest owners in the Unit. By execution of this Declaration, Cimarex does not exhaust its right to pool the leases and lands hereinabove described with other leases

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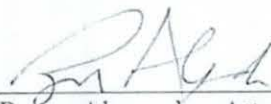
and lands as to any other minerals, horizon or strata covered thereby so far as the power, right and authority to do so is granted in the Unit Leases and various agreements and so long as such power and authority is exercised in accordance with applicable rules and regulations of any governmental regulatory body or agency having jurisdiction.

This Declaration is executed as of the date of the acknowledgment below.

OPERATOR/LESSEE:

Cimarex Energy Co.

By:


Roger Alexander, Attorney-in-Fact *HY*

ACKNOWLEDGEMENT

STATE OF TEXAS §
 §
COUNTY OF MIDLAND §

The foregoing instrument was acknowledged before me this 1st day of July, 2015, by Roger Alexander, Attorney-in-Fact for Cimarex Energy Co., a Delaware corporation, on behalf of said corporation.




Notary Public in and for the State of Texas

My Commission Expires: March 1, 2018

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EXHIBIT "A"

Attached to and made a part of that certain Declaration of Pooled Unit for the Greenhorn South Unit 1-35

OIL AND GAS LEASES

1. Oil and Gas Lease with Security Agreement dated June 10, 2013, between SRO Land & Minerals, L.P., Monroe Properties, Inc., and Lee M. Stratton Living Trust, Mary Elizabeth Stratton, Trustee, as Lessors, and Cimarex Energy Co., as Lessee, recorded at Volume 1026, Page 278, Official Public Records, Reeves County, Texas;
2. Paid-Up Oil and Gas Lease dated March 5, 2014, between BNSF Railway Company, as Lessor, and Cimarex Energy Co., as Lessee, recorded at Volume 1069, Page 784, Official Public Records, Reeves County, Texas;
3. Unleased Pecos River Tract (Subject to Pooling Agreement & Ratification for the Greenhorn South Unit 1-35; GLO Unit No. 6878)

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EXHIBIT "B"

Attached to and made a part of that certain Declaration of Pooled Unit for the Greenhorn South Unit 1-35

DESCRIPTION OF UNIT AREA

Southeast one-half (SE/2) of Section 35, Block 1, H&GN RR Co. Survey, Reeves County, Texas and all of that part of the Pecos River lying East of the Southeast one-half (SE/2) of Section 35, Block 1, H&GN RR Co. Survey, Reeves and Loving Counties, Texas, containing 400.2 acres of land, more or less, in total, and comprised of the following three (3) described tracts of land:

Tract 1: All of the Southeast one-half (SE/2) of Section 35, Block 1, H&GN RR Co. Survey, Reeves County, Texas, containing 381.6 acres, more or less; SAVE AND EXCEPT the following tract of land, totaling 4.0 acres, and being the same tract described below as Tract 2, as follows: a right-of-way one hundred (100) feet in width, being a strip of ground fifty (50) feet in width on either side of the centerline of the railroad thereon, which said centerline is located upon and traverses Section 35, Block 1, H&GN RR Co. Survey, as follows: commencing at a point on the South line of said Section, 600 feet South, 56 degrees West from the S.E. corner of said Section, begins station No. 1553+91, thence on a 2 degree curve to the left 380 feet to Station No. 1517+17 equals P.T., thence North, 87 degrees 05 minutes West 2635 feet to station No. 1584+06 equals P.C., thence on a 4 degree curve to the right, 424 feet to station No. 1588+30, on the North line of said Section, said right-of-way in said survey containing 8 acres, more or less; INSOFAR AND ONLY INSOFAR as to that portion of the above-described right-of-way that is lying and situated in the Southeast one-half (SE/2) of Section 35, Block 1, H&GN RR Co. Survey, Reeves County, Texas, containing 4 acres, more or less, in total; and containing 377.6 acres of land, more or less, in total;

Tract 2: A right-of-way one hundred (100) feet in width, being a strip of ground fifty (50) feet in width on either side of the centerline of the railroad thereon, which said centerline is located upon and traverses Section 35, Block 1, H&GN RR Co. Survey, as follows: commencing at a point on the South line of said Section, 600 feet South, 56 degrees West from the S.E. corner of said Section, begins station No. 1553+91, thence on a 2 degree curve to the left 380 feet to Station No. 1517+17 equals P.T., thence North, 87 degrees 05 minutes West 2635 feet to station No. 1584+06 equals P.C., thence on a 4 degree curve to the right, 424 feet to station No. 1588+30, on the North line of said Section, said right-of-way in said survey containing 8 acres, more or less; INSOFAR AND ONLY INSOFAR as to that portion of the above-described right-of-way that is lying and situated in the Southeast one-half (SE/2) of Section 35, Block 1, H&GN RR Co. Survey, Reeves County, Texas, containing 4 acres, more or less, in total

Tract 3: All of that part of the Pecos River lying East of the Southeast one-half (SE/2) of Section 35, Block 1, H&GN RR Co. Survey, Reeves County, Texas, containing 18.6 acres, more or less, in total

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EXHIBIT "C"

Attached to and made a part of that certain Declaration of Pooled Unit for the Greenhorn South Unit 1-

35

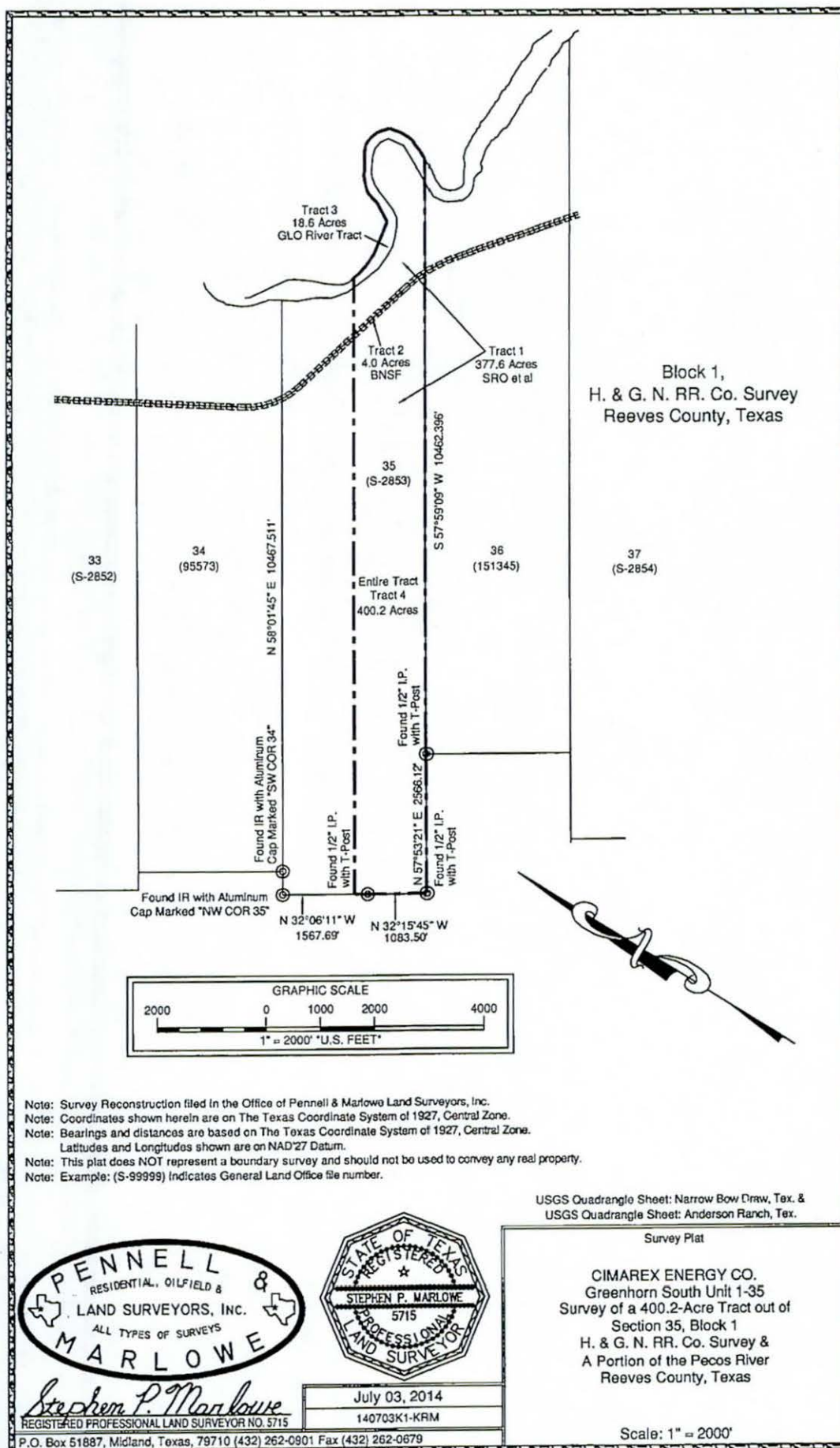
Plat of Unit on Following Page

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(8)

File No. M-116593

Amendment to Declaration
of Greenhorn South Vi. t. 1-35 County

Date Filed: 12/10/15

George P. Bush, Commissioner

By [Signature]



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

December 30, 2015

Mr. Cody Elliott
Cimarex Energy Co.
600 N. Marienfeld Street, Suite 600
Midland, Texas 79701

RE: §52.076 Pooling Agreements and Ratifications
Bighorn North Unit 1-31
M-116658 / GLO Unit No. 6911
Greenhorn South Unit 1-35
M-116593 / GLO Unit No. 6878
Loving and Reeves Counties, Texas

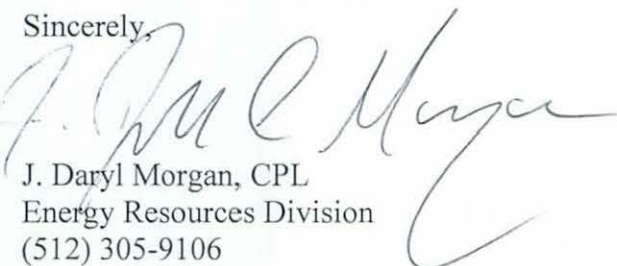
Dear Mr. Elliott:

I hereby acknowledge receipt of your E-Mail of December 10, 2015, and the attachments being Amendments to the Bighorn North Unit 1-31 and to the Greenhorn South Unit 1-35. As you stated in your E-Mail, the Amendments were to correct grammatical and descriptive information in the Declarations for the two Pooled Units and these corrections do not effect the interest of the State in the Units.

I have printed copies of the Amendments and they have been accepted by our office and filed in the appropriate mineral files and we make note of the corrections.

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

Sincerely,


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

Enclosure

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File No. M-116593

Ltr. to Cinget County

Date Filed: 12/30/15

George P. Bush, Commissioner

By [Signature]

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



March 6, 2017

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

Re: State Lease No: 116593
Gas Lift Gas Usage
Greenhorn South Unit 1-35 1H & 2H
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 (#428085049G; 428085035G).

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

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

Sincerely,


Sheli Armstrong
Regulatory Analyst

1164

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File No. MF 116523

REEVES County

REQUEST TO SHELLEY

Date Filed: 3/30/17

George P. Bush, Commissioner

By: MTSCOTT



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

March 28, 2017

Certified Mail: 7016 2070 0000 7391 7987

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

RE: Your Letter Dated 03/6/2017 Requesting Authority to Utilize Gas Produced on the Leased Premises for Gas Lift Purposes and/or to Use Off-Lease Gas for Gas Lift or Gas Lift Makeup Supply as Applicable to the Greenhorn South Unit 1-35 Lease, Unleased River Tract 52.076, MF116593, GLO Unit 6878, Reeves County, Texas.

Dear Ms. Armstrong:

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

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

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

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

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

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

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

Sincerely,

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

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

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

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No. MF116593

REEVES County

AGREE TO GAS LIFT

Date Filed: 3/30/17

George P. Bush, Commissioner

MT SCOTT