

Ladies and Gentlemen:

In connection with title to the captioned lands (the "Property"), for drilling purposes, we rendered our Title Opinion No. 27,037, on May 13, 2011, and our Supplemental Title Opinion, dated June 4, 2011, based upon our examination of the materials described in those opinions, which collectively cover that period of time from sovereignty of the soil to August 14, 2010, as to the federal records, and July 9, 2010, as to the county records. Capitalized terms not otherwise defined herein are defined in our original opinion.

You have now asked that we supplement our prior opinion to provide ownership of communitized areas consisting of the E $\frac{1}{2}$ E $\frac{1}{2}$, W $\frac{1}{2}$ E $\frac{1}{2}$, E $\frac{1}{2}$ W $\frac{1}{2}$ and W $\frac{1}{2}$ W $\frac{1}{2}$ Section 33, as to the Third Bone Spring Formation, which you have advised occurs at a subsurface depth of approximately 11,200 feet. We now supplement our original title opinion and supplemental title opinion by stating the ownership of operating rights in the communitized areas described above, as of August 14, 2010, as to the federal records, and July 9, 2010, as to the county records, as follows:

III. TITLE TO OPERATING RIGHTS:

A. Communitized Area consisting of the E $\frac{1}{2}$ E $\frac{1}{2}$ Section 33, containing 160 acres, more or less, as to the Third Bone Spring Sand Formation¹:

<u>Interest Owner</u>	<u>Before Payout</u> ²	
	<u>Gross Working Interest</u>	<u>Net Revenue Interest</u>
Magnum Hunter Production Inc.	69.956895%	0.58410222
✓ Hyde Oil and Gas Corporation	3.771553%	0.03300109
✓ W. A. Moncrief, Jr., Trustee of the W. A. Moncrief, Jr. Trust	1.885776%	0.01650054
✓ W. A. Moncrief, Jr., Trustee of the Lee Wiley Special Trust	0.628592%	0.00550018
✓ Michael J. Moncrief, Trustee of the Michael J. Moncrief Grantors Trust	0.628592%	0.00550018
✓ C. Jan Moncrief, Trustee of the Richard B. Moncrief Grantors Trust	0.628592%	0.00550018

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✓ Read & Stevens, Inc.	✓	7.937500%	0.06693125
✓ First Century Oil, Inc.	✓	2.500000%	0.02056250
✓ Charles B. Read	✓	4.500000%	0.03746250
✓ Fuel Products, Inc.	✓	0.750000%	0.00600000
✓ CLM Production Company	✓	0.500000%	0.00422500
✓ Watson Properties, LLC	✓	0.375000%	0.00316875
✓ Lincoln Oil & Gas, LLC	✓	0.500000%	0.00422500
✓ Cactus Operating Company LLC	✓	0.375000%	0.00316875
✓ Thomas M. Beall	✓	0.250000%	0.00211250
✓ Laura K. Read	✓	0.250000%	0.00200000
✓ Marion P. Riley	✓	0.125000%	0.00100000
✓ Steven Rodrigue	✓	0.031250%	0.00025000
✓ Unknown Trustees of the Jessica and Tyler Rodrigue Trust	✓	0.031250%	0.00025000
✓ Pecos Air, Inc.	✓	0.937500%	0.00750000
✓ Spiral Inc.	✓	0.312500%	0.00250000
✓ HHB Limited Partnership	✓	<u>3.125000%</u>	<u>0.02640625</u>
	Total	100.000000%	0.83786689

¹ In tabulating ownership, we have assumed that the Third Bone Spring Sand Formation occurs at an approximate subsurface depth of 11,200 feet, but not below the base of the Bone Spring Formation, as found at a subsurface depth of 11,230 feet in the logs of the Sun Lea Chaparral Fed. Com. #1 Well, located 1980 feet from the South and West lines of Section 33.

² The Examined Materials include a Transfer of Operating Rights dated October 13, 1997, filed for record on October 31, 1997, and recorded in Book 833, Page 233 of the Official Public Records of Lea County, New Mexico, which conveys operating rights in Tract 4 of the Property on a before and after payout basis. The instrument does not describe the manner in which payout is to be calculated, however. The figures are consistent with those set forth in the Exhibit A attached to that certain Operating Agreement dated August 1, 1997, between Read & Stevens, Inc., as Operator, and Mallon Oil Company, et al., as Non-Operator; however, that agreement also fails to describe the manner in which payout is to be calculated.

<u>Interest Owner</u>	<u>After Payout</u> ²	
	<u>Gross Working Interest</u>	<u>Net Revenue Interest</u>
Magnum Hunter Production Inc.	69.956895%	0.58410222
Hyde Oil and Gas Corporation	3.771553%	0.03300109
W. A. Moncrief, Jr., Trustee of the W. A. Moncrief, Jr. Trust	1.885776%	0.01650054
W. A. Moncrief, Jr., Trustee of the Lee Wiley Special Trust	0.628592%	0.00550018
Michael J. Moncrief, Trustee of the Michael J. Moncrief Grantors Trust	0.628592%	0.00550018
C. Jani Moncrief, Trustee of the Richard B. Moncrief Grantors Trust	0.628592%	0.00550018
Read & Stevens, Inc.	7.937500%	0.06693125
First Century Oil, Inc.	2.500000%	0.02056250
Charles B. Read	2.000000%	0.01633750
Fuel Products, Inc.	0.750000%	0.00600000
CLM Production Company	0.500000%	0.00422500

Watson Properties, LLC	0.375000%	0.00316875
Lincoln Oil & Gas, LLC	0.500000%	0.00422500
Cactus Operating Company LLC	0.375000%	0.00316875
Thomas M. Beall	0.250000%	0.00211250
Laura K. Read	0.750000%	0.00622500
Marion P. Riley	0.125000%	0.00100000
Steven Rodrigue	0.031250%	0.00025000
Unknown Trustees of the Jessica and Tyler Rodrigue Trust	0.031250%	0.00025000
Pecos Air, Inc.	0.937500%	0.00750000
Spiral Inc.	0.312500%	0.00250000
HHB Limited Partnership	3.125000%	0.02640625
Carolyn Beall	0.500000%	0.00422500
James B. Read (Mammoth Star Production Co. LLC)	0.500000%	0.00422500
Betty Read Young	0.500000%	0.00422500
Bernadine Glenn	<u>0.500000%</u>	<u>0.00422500</u>
Total	100.000000%	0.83786689

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