

MICHAEL CUNNINGHAM, P. A.

MICHAEL CUNNINGHAM
ATTORNEY AT LAW

(505) 398-5182

LAW OFFICE
P. O. BOX 1000
TATUM, NEW MEXICO 88267

January 27, 2006

OIL CONSERVATION DIVISION
CASE NUMBER
EXHIBIT NUMBER 3

Chaparral Oil & Gas Company
Attn: James Strickler
P. O. Box B
Aztec, NM 87410

Chaparral 2.0

RE: Federal Lease SF 047017-B
Township 28 North, Range 11 West, NMPM
Section 24: W2
Containing 320 acres, more or less
San Juan County, New Mexico
Fruitland Coal Formation only

DRILLING TITLE OPINION

Gentlemen:

We have examined:

1. Richard T. C. Tully, P. A., title opinion dated March 7, 1991, effective as to the county records to February 1, 1991, and the federal records to February 28, 1991.
2. Instruments filed or recorded in the office of the Clerk of San Juan County, New Mexico, from February 1, 1991 to January 6, 2006 at 4:30 P. M. This examination was based upon a review of the tract indices of San Juan Abstract and Title Company, Farmington, New Mexico, and the instruments posted as affecting the subject interests.
3. Records in the Office of the Bureau of Land Management, Santa Fe, New Mexico, pertaining to case files SF 047017-B, from February 28, 1991 to January 17, 2006 at 8:00 A. M.

Based upon our examination, and subject to the comments, objections, and requirements listed hereinafter, we find title of the oil, gas, and associated liquid hydrocarbons, for drilling purposes only, to be vested as follows:

DIVISION OF INTEREST
Fruitland Coal Formation only

Federal Lease SF 047017-B

I. SW of Section 24, 28N-11W, containing 160 acres, more or less

United States of America	12.50% RI
Successors of Marquis G. Eaton et ux.	0.50% ORI
Burlington Resources Oil & Gas Company LP	6.00% ORI
Exploration Finance Company	6.00% ORI
Christie Eaves	1.25% ORI
Lea Ann Eaves	1.25% ORI
General Minerals Corporation	2.50% ORI
Vance One Limited Partnership	25.00% ORI*
<i>*This override burdens only the working interest of General Minerals.</i>	
Ronnie L. Morehead et ux. (25% GWI)	17.50% WI
General Minerals Corporation (75% GWI)	27.50% WI-Before
<i>Coal Gas Mart, LLC carried working interest becomes effective.</i>	
(46.428572% GWI)	7.50% WI-After
<i>Coal Gas Mart, LLC carried working interest becomes effective.</i>	
Coal Gas Mart, LLC (28.571428% GWI)	20.00% CWI *
<i>*See Requirement No. 8 concerning this "carried working interest".</i>	

See Requirement No. 5 concerning the working interest.

II. NW of Section 24, 28N-11W, containing 160 acres, more or less

United States of America	12.50% RI
Successors of Marquis G. Eaton et ux.	0.50% ORI
Burlington Resources Oil & Gas Company LP	2.50% ORI
Exploration Finance Company	2.50% ORI
Chaparral Oil & Gas Company (40% GWI)	32.80% WI
Jean F. Vanderslice (25% GWI)	20.50% WI
Jerry W. Sandel, Trustee of the Jerry W. and Nancy M. Sandel Revocable Living Trust UTA dated September 12, 1974, as amended (10.50% GWI)	8.61% WI
Sherry Pigford, as her sole and separate property (10.50% GWI)	8.61% WI
Marie Eaves, single (2.50% GWI)	2.05% WI
Lea Ann Eaves, single (1.25% GWI)	1.025% WI

Christie E. Waszak, as her sole and separate property (1.25% GWI)	1.025% WI
Bettye J. Salmon, Trustee of The Bettye J. Salmon Living Trust UTA dated April 21, 1995 (9.00% GWI)	7.38% WI

RECAPITULATION OF WORKING INTEREST

Fruitland Coal Formation

W2 of Section 24, 28N-11W

Ronnie L. Morehead et ux. (517 West 13 th , Ada, Oklahoma 74820)	12.50% WI
General Mineral Corporation (130 S. Main Street, Noble, Oklahoma 73068)	37.50% WI *
Chaparral Oil & Gas Company	20.00% WI
Jean F. Vanderslice	12.50% WI
Jerry W. Sandel, Trustee of the Jerry W. and Nancy M. Sandel Revocable Living Trust UTA dated September 12, 1974, as amended	5.25% WI
Sherry Pigford, as her sole and separate property	5.25% WI
Marie Eaves, single	1.25% WI
Lea Ann Eaves, single	0.625% WI
Christie E. Waszak, as her sole and separate property	0.625% WI
Bettye J. Salmon, Trustee of The Bettye J. Salmon Living Trust UTA dated April 21, 1995	4.50% WI

Total 100.000 %

**The interest of General Minerals Corporation is subject to a certain carried working interest in favor of Coal Gas Mart, LLC. At such time as that interest is no longer carried, Coal Gas Mart, LLC will own 14.285714% drill-block working interest and General Minerals Corporation will own 23.214286% drill-block working interest.*

Instruments Reviewed

NW

1. Transfer of Operating Rights from Joe Salmon and Donna Salmon to Jerry Sandel and Sherry Pigford, dated December 31, 1991, effective January 1, 1992, approved by the BLM February 1, 1992, recorded in Book 1140, Page 548, conveying 50% of 55% of 20% to each.