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RASHCHAPMAN
RASH CHAPMAN SCHREIDER LEVERTON & MORRISON LLP

70-025-41481

October 24, 2013

DRILLING TITLE OPINION

Chevron North America Exploration and Production Company
Delaware Basin – New Mexico
1400 Smith St.
Houston, TX 77002

Attention: Mr. Jason A. Levine

**RE: MERCHANT LIVESTOCK COMPANY ET AL, OIL & GAS
LEASES** covering the following lands in Lea County, New Mexico:

The N/2 of Section 18, Township 23 South, Range 34 East, NMPM,
containing 315.34 acres, more or less ("Captioned Land").

Ladies and Gentlemen:

In order to determine the ownership of the surface, oil and gas, and leasehold estates located in Captioned Land, we have examined the following:

MATERIALS EXAMINED

(1) Runsheet and copies prepared by Brenda G. Buckelew on behalf of Continental Land Resources LLC, which covers the N/2 of Section 18 from inception of the records to April 12, 2013 at 5:00 P.M., based upon the indices and tract books of Elliott and Waldron Title Abstract Company, Lovington, New Mexico.¹

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WITH
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(2) Online well records of the Oil Conservation Division, Energy, Minerals and Natural Resources Department, State of New Mexico Oil Conservation Division pertaining to the Captioned Land.

¹ Unless otherwise noted, all recording references herein are to the official public records of Lea County, New Mexico.

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DESCRIPTION OF LAND

Captioned Land containing 315.34 acres, more or less, was patented by the United States of America to William H. Stephens by Patent No. 877615 dated August 28, 1922, recorded June 9, 1926, in Patent Book 3 at Page 444. No minerals were reserved to the United States. The surface and mineral title in Captioned Land are privately owned.

FEE TITLE

Surface Estate:

Limestone Livestock LLC ----- All

Mineral Estate:

Merchant Livestock Company (Lease No. 1)----- 0.33815000

John E. Bosserman (Lease No. 2)----- 0.08092500

Ray Westall (Unleased)----- 0.04046250

Randall Harris (Unleased) ----- 0.04046250

Geodyne Nominee Corporation (Unleased) ----- 0.12500000

Surgarberry Oil & Gas Corporation (Unleased)----- 0.01250000

Katy Pipeline & Production Corporation (Unleased) ----- 0.05000000

William Osborn Jr. (Unleased)----- 0.09548611

Osborn Heirs Company Ltd. (Unleased)----- 0.09548611

Barrett Oklahoma Interests Ltd. (Unleased)----- 0.09548611

Fleet Family Mineral Properties Inc. (Unleased) ----- 0.01041667

Fleet Dickey Mineral Properties LLC (Unleased)----- 0.01562500

EFFECTIVE OIL AND GAS LEASES

Lease No. 1:

Dated:-----June 18, 2011.

Recorded: -----July 6, 2011 in Book 1735, Page 598, Lea
County Records.

Lessor: -----Merchant Livestock Company.

Lessee: -----Chesapeake Exploration LLC.

Land Covered:-----**Township 23 South, Range 34 East, NMPM**
Section 18: N/2

Lea County, New Mexico, containing 320
acres, more or less.

Interest Covered:-----0.3381500 of the oil and gas estate located in
and under the N/2 of Section 18.

Primary Term: -----Three (3) years from date.

Royalty: -----1/4 on oil and gas.

Minimum Royalty: -----None.

Shut-in Gas Royalty:-----See Paragraph 3, shut-in royalty in the amount
of \$1.00 per net acre of Lessee's gas acreage
then held under the Lease.

Delay Rentals: -----None due, this is a paid-up Lease.

Pooling Clause: -----See Paragraph 5, Lessee is granted the right to
pool. Units pooled shall not exceed the
standard proration unit fixed by law or by the
Oil Conservation Division of the Energy and
Minerals Department of the State of New

Mexico or by any other lawful authority, plus a tolerance of 10%.

Special Provisions: ----- Your particular attention is directed to the following: Paragraph 6 which provides that if at the expiration of the primary term there is no well on said land capable of producing oil or gas but Lessee has commenced operations for drilling or reworking thereon this Lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells; Paragraph 6 also provides that if after the expiration of the primary term all wells on said land should become incapable of producing for any cause, this Lease shall not terminate if Lessee commences operations for additional drilling or reworking within 60 days thereafter; Paragraph 12 provides that Lessor grants to Lessee, during the primary term (and for a period of 30 days after the expiration of the primary term), a preferential right to acquire a new lease extending beyond the primary term under the circumstances specified therein; Exhibit A, Paragraph 1 provides that Lessee agrees not to conduct drilling operations, including but not limited to tank batteries, pipelines, fences, gates, roads, tanks, power stations, telephone lines, and any other structures upon the NE/4 NE/4 of Section 18 without prior written consent of Lessor, Lessee also agrees not to place any materials or equipment upon the NE/4 NE/4 of Section 18 without prior written consent of Lessor; and Exhibit A, Paragraph 2 provides that Lessee shall not have the right or power to use water from Lessor's well, ponds, lakes,

streams or other fresh water supply without
the prior written consent of Lessor.

Lease No. 2:

Dated:-----December 9, 2011.

Recorded: -----March 15, 2012 in Book 1768, Page 659, Lea
County Records.

Lessor: -----John E. Bosserman, a widower.

Lessee: -----Chesapeake Exploration LLC.

Land Covered:-----**Township 23 South, Range 34 East, NMPM**
Section 18: N/2

Lea County, New Mexico, containing 320
acres, more or less.

Interest Covered:-----0.08092500 of the oil and gas estate located in
and under the N/2 of Section 18.

Primary Term: -----Five (5) years from date.

Royalty: -----1/4 on oil and gas.

Minimum Royalty: -----None.

Shut-in Gas Royalty:-----See Paragraph 3, shut-in royalty of \$1.00 per
acre then covered by this Lease.

Delay Rentals: -----None due, this is a paid-up Lease.

Pooling Clause:-----See Paragraph 6, Lessee is granted the right to
pool. Units pooled shall not exceed the
standard proration unit fixed by law or by the
Oil Conservation Division of the Energy and
Minerals Department of the State of New

Mexico or by any other lawful authority, plus a tolerance of 10%.

Special Provisions: -----Your particular attention is directed to the following: Paragraph 5 which provides that if Lessee drills a dry hole or if all production permanently ceases from any cause this Lease shall remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production within 90 days after the completion of operations on such dry hole or within 90 days after such cessation of production; Paragraph 5 also provides that if at the end of the primary term or any time thereafter this Lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or other operations reasonably calculated to obtain or restore production this Lease shall remain in force so long as any one or more of such operations are prosecuted without cessation of more than 90 days; Paragraph 5 further provides that after completion of a well capable of producing in paying quantities Lessee shall drill such additional wells on the Leased Premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the Leased Premises as to formations then capable of producing in paying quantities on the Leased Premises or lands pooled therewith, or (b) to protect the Leased Premises from uncompensated drainage by any well(s) located on other lands not pooled therewith; and Paragraph 12 which provides that Lessee shall have the prior and preferred right and option to purchase a new lease

covering all or a portion of the land described
herein upon the expiration of this Lease.

ASSIGNMENT OF LEASES

By Assignment, Bill of Sale and Conveyance dated effective July 1, 2012, recorded November 8, 2012 in Book 1804, Page 464, Lea County Records, Chesapeake Exploration LLC, Arcadia Resources LP, Jamestown Resources LLC, Larchmont Resources LLC assigned all right, title and interest in Lease Nos. 1 and 2 to Chevron USA Inc. See Title Requirement No. 14.

OWNERSHIP OF LEASEHOLD TITLE

Chevron USA Inc. ----- 41.9075% WI
31.430625% NRI *

Unleased ----- 58.0925%

* This Net Revenue Interest was computed by deducting from the Working Interest the 1/4 royalty provided under the Effective Leases.

EASEMENTS

(1) Easement and Right-of-Way dated June 1, 1960, recorded June 10, 1960 in Book 283, Page 307, from L.B. Merchant to New Mexico Electric Service for an electric distribution line across all of Section 18.

(2) Easement dated January 18, 1961, recorded January 27, 1961 in Book 252, Page 459, from Merchants Livestock Company to Transwestern Pipeline Company for a pipeline easement across all of Section 18.

(3) Right of Way Agreement dated August 9, 1968, recorded September 9, 1968 in Book 311, Page 78, from L.B.M. Cattle Company to Continental Oil Company for a pipeline easement across the W/2 of Section 18.

(4) Easement dated June 4, 1980, recorded in Book 382, Page 256, from W.A. Maddox and his wife, Frances Maddox to Transwestern Pipeline Company for a pipeline across the N/2 of Section 18.

(5) Road Easement dated May 27, 1983, recorded June 28, 1983 in Book 405, Page 687, from Frances Maddox to Exxon Corporation for a road 30 feet wide across Section 18.

(6) Right of Way Grant dated November 22, 1995, recorded December 4, 1995 in Book 517, Page 474, Deed Records, from Hanich Brothers Company Inc. to Agave Energy Company for a pipeline easement across Section 18.

(7) Right of Way Grant dated August 7, 2000, recorded October 30, 2000 in Book 1045, Page 574, from Jim Keller of Keller RV LLC to Santa Fe Snyder Corporation for a road easement across the N/2 of Section 18.

(8) Right of Way Easement dated January 24, 2007, recorded February 28, 2007 in Book 1499, Page 27, from Jim Keller to DCP Midstream LP for a pipeline easement across Section 18.

(9) Right of Way Grant dated February 15, 2007, recorded February 28, 2007 in Book 1498, Page 981, from Jim Keller of Keller RV LLC to Devon Energy Production Company LP for a pipeline easement across the N/2 of Section 18.

(10) Right of Way Grant dated February 15, 2007, recorded February 28, 2007 in Book 1498, Page 985, from Jim Keller of Keller RV LLC to Devon Energy Production Company LP for an electric line easement across the N/2 of Section 18.

LIENS

(1) New Mexico Mortgage, Security Agreement and Financing Statement dated February 22, 2010, recorded February 22, 2010 in Book 1668, Page 532, Lea County records from Limestone Livestock LLC to AXA Equitable Life Insurance Company, encumbering the surface of all of Section 18.

(2) Mortgage, Deed of Trust, Security Agreement and Financing Statement dated July 28, 2011, recorded July 15, 2011 in Book 1739, Page 828, from Agave Energy to Wells Fargo Bank, N.A., Agent, as amended by First Amendment to Mortgage, Deed of Trust, Security Agreement and Financing Statement dated March 14, 2013, recorded March 25, 2013 in Book 1827, Page 569, from Chesapeake Exploration LLC et al, to Wells Fargo Bank, N.A., Agent, encumbering the leasehold in the N/2 of Section 18.

TAXES

Nothing provided. See Title Requirement No. 18.

TITLE REQUIREMENTS

1.

If there is a tenant in possession of Captioned Land, you should obtain from the tenant the usual "Tenant's Consent Agreement."

REQUIREMENT: Advisory.

2.

As you will note above, this Opinion is based upon the indices and tract books of Elliott and Waldron Title Abstract Company, Lovington, New Mexico. This compilation of records purports to cover all of the instruments on file with the District and County Clerks of Lea County, New Mexico, relating to Captioned Land. We have no way of verifying that this compilation of instruments is without error and contains all of the pertinent instruments. This Opinion is qualified accordingly.

REQUIREMENT: Advisory as to the limitations on this Opinion.

3.

This pertains to the following Oil and Gas Leases the primary terms of which have expired but no release appears of record:

(1) Oil and Gas Lease dated December 8, 2008, recorded in Book 1617, Page 964, from John E. Bosserman, J.D. Bosserman and Joyce L. Bosserman, his wife, and Troy L. Bosserman and Laura A. Bosserman, his wife, to Chesapeake Exploration LLC covering the N/2 of Section 18 with a 3 year primary term.

(2) Oil and Gas Lease dated January 9, 2006, recorded in Book 1422, Page 72, from Merchant Livestock Company to Devon Energy Production Company LP covering the N/2 of Section 18 with a 3 year primary term.

(3) Oil and Gas Lease dated December 7, 2005, recorded in Book 1424, Page 952, from John E. Bosserman, J.D. Bosserman and Joyce L. Bosserman, his wife, and Troy L. Bosserman and Laura A. Bosserman, his wife, to Devon Energy Production Company LP covering the N/2 of Section 18 with a 3 year primary term.

(4) Oil and Gas Lease dated September 12, 2003, recorded in Book 1255, Page 470, from Osborn Heirs Company Ltd. to T. Verne Dwyer covering the NE/4 of Section 18 with an 18 month primary term.

(5) Oil and Gas Lease dated December 11, 2002, recorded in Book 1206, Page 281, from Sugarberry Oil & Gas Corporation and Katy Pipeline and Production Corporation to Devon Energy Production Company LP covering the NE/4 of Section 18 with a 3 year primary term.

(6) Oil and Gas Lease dated November 26, 2002, recorded in Book 1197, Page 511, from John E. Bosserman, J.D. Bosserman and Joyce L. Bosserman, his wife, and Troy L. Bosserman and Laura A. Bosserman, his wife, to Devon Energy Production Company LP covering the NE/4 of Section 18 with a 3 year primary term.

(7) Oil and Gas Lease dated June 28, 2000, recorded in Book 1036, Page 15, from Albert M. Biedenharn, III, Jewel B. Crosswell, Lawrence T. Biedenharn and The Chase Bank of Texas, N.A., Trustee of the Charles O. Biedenharn Trust under the Will of Betty Osborn Biedenharn to Santa Fe Snyder Corporation covering the N/2 of Section 18 with a 1 year primary term.

(8) Oil and Gas Lease dated June 28, 2000, recorded in Book 1030, Page 199, from Barrett Oklahoma Interests Ltd. to Santa Fe Snyder Corporation covering the N/2 of Section 18 with a 1 year primary term.

(9) Oil and Gas Lease dated May 22, 2000, recorded in Book 1022, Page 519, from Randall Harris and wife, Teresa Harris to Santa Fe Snyder Corporation covering the N/2 of Section 18 with a 2 year primary term.

(10) Oil and Gas Lease dated May 31, 2000, recorded in Book 1024, Page 722, from Geodyne Nominee Corporation to Santa Fe Snyder Corporation covering the N/2 of Section 18 with an 18 month primary term.

(11) Oil and Gas Lease dated May 17, 2000, recorded in Book 1032, Page 35, from Sugarberry Oil & Gas Corporation and Global Natural Resources Corporation of Nevada to Santa Fe Snyder Corporation covering the N/2 of Section 18 with a 1 year primary term.

(12) Oil and Gas Lease dated April 10, 2000, recorded in Book 1012, Page 513, from W.B. Osborn Oil & Gas Operations to Southwestern Energy Production Co. covering the N/2 of Section 18 with a primary term ending July 15, 2000.

(13) Oil and Gas Lease dated August 23, 1999, recorded in Book 978, Page 318, from John E. Bosserman and wife, Carol Jean Bosserman to Santa Fe Snyder Corporation covering the N/2 of Section 18 with a 3 year primary term.

(14) Oil and Gas Lease dated April 28, 1999, recorded in Book 961, Page 402, from Merchant Livestock Company to Santa Fe Energy Resources Inc. covering the N/2 of Section 18 with a 4 year primary term.

(15) Oil and Gas Lease dated June 12, 1980, recorded in Book 328, Page 486, from John J. Fleet, Individually and as Executor of the Estate of Carl W. Fleet, Deceased, to BTA Oil Producers covering the N/2 of Section 18 with a 6 month primary term.

(16) Oil and Gas Lease dated June 4, 1980, recorded in Book 328, Page 434, from W.B. Osborn, Jr., Betty Osborn Biedenharn, the Estate of Charlotte Osborn Barrett and the Estate of Jewel H. Storey to BTA Oil Producers covering the N/2 of Section 18 with a 6 month primary term.

(17) Oil and Gas Lease dated October 17, 1979, recorded in Book 328, Page 546, from Fluor Oil and Gas Corporation to BTA Oil Producers covering the N/2 of Section 18 with a 180 day primary term.

(18) Oil and Gas Lease dated October 18, 1978, recorded in Book 316, Page 753, from Merchant Livestock Company to BTA Oil Producers covering the N/2 of Section 18 with a 5 year primary term.

(19) Oil and Gas Lease dated October 18, 1978, recorded in Book 316, Page 751, from Don E. Gridley and wife, Alice F. Gridley, and John E. Bosserman and wife, Carol Jean Bosserman to BTA Oil Producers covering the N/2 of Section 18 with a 5 year primary term.

(20) Oil and Gas Lease dated September 21, 1978, recorded in Book 316, Page 749, from Lignum Oil Company to BTA Oil Producers covering the N/2 of Section 18 with a 3 year primary term.

(21) Oil and Gas Lease dated April 18, 1952, recorded in Book 104, Page 182, from John J. Fleet to W.B. Osborn covering the N/2 of Section 18 with a 10 year primary term.

REQUIREMENT: Satisfy yourselves that the above referenced Oil and Gas Leases are no longer effective.

4.

This pertains to the mineral interests credited to W.B. Osborn, Jr., Osborn Heirs Company Ltd., and Barrett Oklahoma Interests Ltd. In 1954, W.B. Osborn and John J. Fleet each owned an undivided 1/32 interest in the mineral estate in the N/2 of Section 18. By Mineral Deed dated December 21, 1956, recorded in Book 206, Page 56, Chas T. Bates conveyed a 1/4 interest in the mineral estate in the N/2 of Section 18 in equal shares to W.B. Osborn, Jewel Osborn, W.B. Osborn, Jr., Betty Osborn Biedenharn and Charlotte Osborn Barrett (each acquired an undivided 1/20 interest). It appears from the Materials Examined that W.B. Osborn and Jewel Osborn (later seen in title as Jewel H. Storey) were husband and wife and that W.B. Osborn, Jr., Betty Osborn Biedenharn and Charlotte Osborn Barrett were their three children.

Thereafter, by Mineral Deed dated March 11, 1957, recorded in Book 210, Page 167, W.B. Osborn, Jewel Osborn, W.B. Osborn, Jr., Betty Osborn Biedenharn and Charlotte Osborn Barrett conveyed an undivided 1/8 interest (being half of the interest they received from Chas T. Bates) to M.T. Townsend. At this point, W.B. Osborn had an undivided .05625 mineral interest and Jewel Osborn, W.B. Osborn, Jr., Betty Osborn Biedenharn and Charlotte Osborn Barrett each had a .025 mineral interest.

The Materials Examined contained a Notice of Probate dated July 31, 1958, recorded in Book 138, Page 470, indicating that W.B. Osborn *a/k/a* William B. Osborn died testate a resident of Texas. An Ancillary Probate was conducted in the Probate Court of Roosevelt County, New Mexico in Cause No. 1800 styled, "In the Matter of the Last Will and Testament of William B. Osborn, Deceased." The Notice

of Probate indicated that at the time of his death, W.B. Osborn owned an undivided 9/160 mineral interest in the N/2 of Section 18 (being .05625). The Probate proceedings for the Estate of William B. Osborn *a/k/a* W.B. Osborn were not included in the Materials Examined.

By Mineral Deed dated October 28, 1960, recorded in Book 386, Page 379, M.T. Townsend and Kate Townsend, his wife conveyed to Jewel Osborn (the widow of W.B. Osborn) an additional 1/40 mineral interest and an additional 1/30 mineral interest to each of W.B. Osborn, Jr., Betty Osborn Biedenharn and Charlotte Osborn Barrett. Thus, at this time Jewel Osborn owned an undivided .05 mineral interest and W.B. Osborn, Jr., Betty Osborn Biedenharn and Charlotte Osborn Barrett each owned an undivided 0.05833333 mineral interest.

Thereafter by Mineral Deed dated February 1, 1971, recorded in Book 323, Page 932, John J. Fleet, II, and his wife Geraldine Chastaine Fleet conveyed an undivided 1/192 mineral interest in the N/2 of Section 18 in equal shares to each of W.B. Osborn, Jr., Betty Osborn Biedenharn and Charlotte Osborn Barrett so each obtained an undivided 0.00173611 mineral interest. After this conveyance, W.B. Osborn, Jr., Betty Osborn Biedenharn and Charlotte Osborn Barrett each owned an undivided 0.06006944 mineral interest.

The Materials Examined contained a Notice of Administration dated August 9, 1978, recorded in Book 352, Page 10, which indicates that Charlotte Osborn Barrett, the daughter of W.B. Osborn and Jewel Osborn, died in 1976 a resident of Texas. An Ancillary Probate proceeding was conducted in the District Court of Roosevelt County, New Mexico, in Cause No. 78-PB-15 styled, "In the Matter of the Last Will and Testament and Estate of Charlotte Osborn Barrett." This Notice indicated that at the time of Charlotte's death she owned a 212/2880 (or 0.07361111) mineral interest in the N/2 of Section 18. Based on the Materials Examined we can only document title into Charlotte as to 0.06006944 mineral interest. We have assumed for purposes of this Opinion that Charlotte obtained an additional 0.01354167 mineral interest from her father W.B. Osborn, under his Will. If this is the case, then Charlotte would have had an undivided 0.07361111 mineral interest in the N/2 of Section 18 at the time of her death.

Next the Materials Examined contained the Ancillary Probate proceedings for the Estate of Jewel H. Storey conducted in the District Court of Roosevelt County, New Mexico, in Cause No. 79-PB-23 styled, "In the Matter of the Last Will and Testament and Estate of Jewel H. Storey, Deceased." We believe that Jewel H. Storey

is one and the same as Jewel Osborn. The Inventory of Jewel's Estate indicates that at the time of Jewel's death, Jewel owned an undivided 189/2880 (or a 0.065625) mineral interest in the N/2 of Section 18. Based on the Materials Examined we can only document title into Jewel as to 0.05 mineral interest.

For purposes of this Opinion we have assumed that Jewel Osborn obtained the additional 0.01562500 mineral interest from her husband W.B. Osborn, under his Will. Based on this assumption, the remainder of W.B.'s interest would have been 0.04062500. We have further assumed that this 0.04062500 mineral interest was equally divided between his children in his Will. Thus, W.B. Osborn, Jr., Betty Osborn Biedenharn and Charlotte Osborn Barrett would have each received an undivided 0.01354167 mineral interest from their father. Thus after the death of W.B. Osborn, W.B. Osborn, Jr., Betty Osborn Biedenharn and Charlotte Osborn Barrett would have each owned an undivided 0.07361111 mineral interest in the N/2 of Section 18.

Under Jewel Osborn's Will her mineral interest went equally into three trusts for the benefit of each of her children to be distributed to them at such time as they attain the age of 35. For purposes of this opinion we have therefore credited each of W.B. Osborn, Jr., Betty Osborn Biedenharn and Charlotte Osborn Barrett with receiving 1/3 of Jewel's 0.065625 mineral interest (being 0.021875 to each). Thus after Jewel's death they would each have had a total undivided 0.09375000 mineral interest in the N/2 of Section 18.

All of Charlotte Osborn Barrett's mineral interest went equally to her two children: Marcus Thurman Barrett, III, and William Osborn Barrett, who subsequently conveyed their interests to Barrett Oklahoma Interests Ltd. All of Betty Osborn Biedenharn's interest went under her Will to her four children: Albert M. Biedenharn, III, Jewel Crosswell, Charles O. Biedenharn and Lawrence T. Biedenharn, who subsequently conveyed their interests to the Osborn Heirs Company Ltd.

REQUIREMENT:

- (a) Provide to us for examination exemplified copies of the Probate proceedings for the Estate of William B. Osborn *a/k/a* W.B. Osborn, Deceased, in Cause No. 1800 of the Probate Court of Roosevelt County, New Mexico. We reserve further requirement.

(b) Provide to us for examination and record in Lea County, New Mexico, if not already of record an Executor's Deed from William B. Osborn, Jr., Ancillary Executor of the Estate of William B. Osborn *a/k/a* W.B. Osborn, Deceased, in Cause No. 1800 in the Probate Court of Roosevelt County, New Mexico, conveying W.B. Osborn's mineral interest in the N/2 of Section 18 to Jewel Osborn, W.B. Osborn, Jr., Betty Osborn Biedenharn and Charlotte Osborn Barrett. We reserve further requirement.

(c) Provide to us for examination and record in Lea County, New Mexico, if not already of record, a Personal Representative's Deed from William B. Osborn, Jr., Betty Osborn Biedenharn and Marcus Thurman Barrett, III, Ancillary Co-Personal Representatives of the Estate of Jewel H. Storey *a/k/a* Jewel Osborn, Deceased, in Cause No. 79-PB-23 in the District Court of Roosevelt County, New Mexico, conveying Jewel's mineral interest in the N/2 of Section 18 in equal shares to W.B. Osborn, Jr., Trustee of the W.B. Osborn, Jr. Trust, Betty Osborn Biedenharn, Trustee of the Betty Osborn Biedenharn Trust and Marcus Thurman Barrett, Jr., Trustee of the Charlotte Osborn Barrett Trust. We reserve further requirement.

(d) Provide to us for examination and record in Lea County, New Mexico, if not already of record, a Deed of Distribution from Betty Osborn Biedenharn, Trustee of the Betty Osborn Biedenharn Trust to Betty Osborn Biedenharn, and a Deed of Distribution from W.B. Osborn, Jr., Trustee of the W.B. Osborn, Jr. Trust to W.B. Osborn, Jr.

(e) Provide to us for examination the Trust Agreements for the Betty Osborn Biedenharn Trust, the Charlotte Osborn Barrett Trust, and the W.B. Osborn, Jr. Trust, or satisfy yourself as to the the identity and authority of the Trustees.

(f) Provide to us for examination and record in Lea County, New Mexico, if not already of record, an Affidavit of Identity which provides that Jewel H. Storey and Jewel Osborn are one in the same person.

5.

This pertains to the mineral interests credited to Fleet Family Mineral Properties Inc. and Fleet Dickey Mineral Properties LLC. In 1934 John J. Fleet owned an undivided 1/32 mineral interest in the N/2 of Section 18.

By Conveyance dated August 25, 1966, recorded in Book 301, Page 547, John J. Fleet conveyed 1/3 of his 1/32 mineral interest to John J. Fleet as Testamentary Trustee under the Last Will and Testament of Alice J. Fleet, Deceased, for the benefit of Alice J. Dickey and John J. Fleet II and 1/3 of his 1/32 mineral interest to John J. Fleet as Executor of the Estate of Carl W. Fleet, Deceased. The Probate proceedings for the Estates of Alice J. Fleet, Deceased, and Carl W. Fleet, Deceased, were not included in the Materials Examined.

Thereafter, by Trustee's Conveyance dated effective June 1, 1968, recorded in Book 310, Page 435, John J. Fleet, Trustee under the Last Will and Testament of Alice J. Fleet, Deceased, in distribution of the Trust conveyed an undivided 1/192 (or 0.00520833) mineral interest in the N/2 of Section 18 to John J. Fleet, II. As stated in Requirement No. 4 above, by Mineral Deed dated February 1, 1971, recorded in Book 323, Page 932, John J. Fleet, II, and his wife Geraldine Chastaine Fleet subsequently conveyed this undivided 1/192 mineral interest in the N/2 of Section 18 in equal shares to each of W.B. Osborn, Jr., Betty Osborn Biedenharn and Charlotte Osborn Barrett.

Next by Trustee's Conveyance dated effective January 1, 1990, recorded in Book 456, Page 813, John J. Fleet, Trustee under the Last Will and Testament of Alice J. Fleet, Deceased, in distribution of the Trust conveyed an undivided 1/192 mineral interest in the N/2 of Section 18 to Alice J. Dickey.

By Mineral Deed dated August 2, 2007, recorded in Book 1545, Page 12, Alice J. Dickey, an unmarried woman, conveyed all her mineral interest in the N/2 of Section 18 (being an undivided 1/96 interest she obtained from her father, Carl W. Fleet and an undivided 1/192 interest she obtained under the Will of Alice J. Fleet) to Fleet Dickey Mineral Properties LLC. However, according to the Materials

Examined, record title to the 1/96 interest conveyed by Alice J. Dickey in this Mineral Deed is still in the name of John J. Fleet as Executor of the Estate of Carl W. Fleet, Deceased. We assume for purposes of this Opinion that John J. Fleet as Executor of the Estate of Carl W. Fleet, Deceased, conveyed this 1/96 interest to Alice J. Dickey and that the instrument so conveying this interest was not included in the Materials Examined.

Finally, by Mineral Deed dated April 5, 2004, recorded in Book 1360, Page 274, John J. Fleet II, Executor of the Estate of John J. Fleet, Deceased, conveyed all right, title and interest of John J. Fleet to Fleet Family Mineral Properties Inc. The Probate proceedings for the Estate of John J. Fleet were not included in the Materials Examined.

REQUIREMENT:

- (a) Provide to us for examination exemplified copies of the Probate proceedings for the Estate of Alice J. Fleet, Deceased, including the Will, the Order approving the Will, and the Letters appointing the Personal Representative.
- (b) Provide to us for examination exemplified copies of the Probate proceedings for the Estate of Carl W. Fleet, Deceased, including the Will, the Order approving the Will, and the Letters appointing the Personal Representative.
- (c) Provide to us for examination exemplified copies of the Probate proceedings for the Estate of John J. Fleet, Deceased, including the Will, the Order approving the Will, and the Letters appointing the Personal Representative.
- (d) Provide to us for examination and record in Lea County, New Mexico, if not already of record, a properly executed and acknowledged Instrument from John J. Fleet as Executor of the Estate of Carl W. Fleet, Deceased, which conveys an undivided 1/96 mineral interest in the N/2 of Section 18 to Alice J. Dickey.

6.

This pertains to the mineral interests credited to Ray Westall, Randall Harris and John E. Bosserman. By Warranty Deed dated April 29, 1971, recorded in Book

324, Page 326, Don E. Gridley and wife, Alice F. Gridley and John E. Bosserman and wife, Carol Jean Bosserman, conveyed an undivided 32.37% of an undivided 1/2 interest in the mineral estate in the N/2 of Section 18 to the New Mexico Bank & Trust Company.

Then by Quitclaim Deed dated December 2, 1971, recorded in Book 326, Page 822, the New Mexico Bank & Trust Company quitclaimed to Don E. Gridley and John E. Bosserman an undivided 32.37% of an undivided 1/32 interest in the mineral estate in the N/2 of Section 18 (emphasis added). We believe the description of the interest conveyed in this Quitclaim Deed was a typographical error and that the description should have been an undivided 32.37% of an undivided 1/2 interest.

REQUIREMENT: Obtain, record in Lea County, New Mexico, and submit to us for examination a properly executed and acknowledged Correction Deed from the New Mexico Bank & Trust Company conveying to Don E. Gridley and John E. Bosserman all of an undivided 32.37% of an undivided 1/2 interest in the mineral estate in the N/2 of Section 18.

7.

This pertains to the mineral interest credited to Sugarberry Oil & Gas Corporation and Katy Pipeline & Production Corporation. By Instrument dated January 31, 1957, recorded May 13, 1957 in Book 154, Page 40, and Instrument dated December 30, 1958, recorded February 6, 1959 in Book 231, Page 303, Midhurst Oil Corporation assigned to Flavy E. Davis a "royalty interest" equal to 1% of the "net interests in production" of Grantor in the oil, gas and other minerals which are produced, saved and sold from Grantor's 1/16 mineral interest in the N/2 of Section 18. The Instrument dated December 30, 1958 defines "net interests in production" as follows:

"the respective interests in production or the proceeds of production attributable to the mineral interest acquired by Grantor from Nalam Corporation by deed or assignment dated July 3, 1956, recorded in Volume 111, at Page 384, of the Deed Records in the Office of the County Clerk of Lea County, New Mexico...[a]s to any mineral interest so acquired by Grantor in and to the oil, gas and other minerals...which on July 3, 1956, was subject to a valid and subsisting mineral interest or other contract or arrangement for mineral development, the net interest in production attributable to such interest as to such tract or part thereof is the

percentage of production or proceeds of production which was provided to be delivered or paid with respect to such interest under the terms of such mineral lease or other contract or arrangement for mineral development..."

While the interest conveyed in the referenced Instruments is labeled a "royalty interest," since the interest is described as an interest in production or an interest in proceeds of production we believe this interest is really a net profits interest which is a personal property interest and not an interest in real property. This distinction is relevant in the event you desire to pool this interest. If this interest is an interest in real property, the consent of the owner of this interest would be required in order to pool. If this interest is a personal property interest, the consent of the owner of this interest would not be required to pool.

We noted in the Materials Examined an Assignment dated February 28, 1995, recorded in Book 512, Page 533, from the Estate of Flavy E. Davis, Deceased, by and through Eugene S. Burk the Estate's duly appointed Personal Representative in Cause Number 93-PR-22 pending in the District Court of Pitkin County, Colorado, conveying this interest to Fredericka Crain, formerly known as Willie Fred Hodges Davis. Thereafter, by Assignment dated July 26, 1995, recorded in Book 520, Page 14, Fredericka H. Crain conveyed this interest to Advent Trust Company, Trustee of the Frederick H. Crain Trust.

REQUIREMENT:

(a) Investigate and verify that Midhurst Oil Corporation and Flavy E. Davis intended that this interest be a personal property interest and not a real property interest. Submit to us the results of your investigation.

(b) If you determine this interest is instead a real property interest, in the event this interest is pooled, you must obtain the consent of Advent Trust Company, Trustee of the Frederick H. Crain Trust in order to pool this interest.

8.

This pertains to the mineral interest credited to Ray Westall and Randall Harris. In 1979, Alice F. Gridley owned an undivided 1/4 interest in an undivided 32.37% of 1/2 mineral interest in the N/2 of Section 18, and a 1/4 interest in the all of the

surface of Section 18. The Materials Examined contained a Notice of Probate dated June 1, 1979, recorded in Book 359, Page 820, which indicates that Alice died on February 2, 1979 and Probate proceedings were conducted in the District Court of Chaves County, New Mexico, in Cause No. PB-79-26 styled, "In the Matter of the Estate of Alice F. Gridley." These Probate proceedings were not included in the Materials Examined.

By Deed of Distribution dated July 5, 1979, recorded in book 375, Page 65, Don E. Gridley, Personal Representative of the Estate of Alice F. Gridley, conveyed to Don E. Gridley all right, title and interest of Alice being an undivided 1/4 interest in an undivided 32.37% of an undivided 1/2 mineral interest in the N/2 of Section 18. This Deed did not include Alice's 1/4 interest in the surface estate of Section 18. **See Title Requirement No. 15.**

REQUIREMENT:

Provide to us for examination exemplified copies of the Probate proceedings for the Estate of Alice F. Gridley, Deceased, in Cause No. PB-79-26 in the District Court of Chaves County, New Mexico, including the Order for Adjudication of Intestacy, Determination of Heirship, and Complete Settlement of Estate.

9.

This pertains to the Mineral Interest credited herein to Geodyne Nominee Corporation. By Assignment, Bill of Sale and Conveyance dated effective May 1, 1985, recorded in Book 392, Page 291, Fluor Oil and Gas Corporation conveyed to Frontier Fuels Inc. an undivided 1/8 mineral interest in the N/2 of Section 18. This Assignment was made subject to that certain Asset/Stock Purchase and Sale Agreement dated October 30, 1985, by and between Fluor Oil and Gas Corporation, Fluor Canada Ltd. – Fluor Canada Ltee., Fluor Corporation, Primary Fuels Inc. and Houston Industries Inc. The referenced Asset/Stock Purchase and Sale Agreement was not included in the Materials Examined.

Thereafter, by Assignment, Bill of Sale and Conveyance dated effective July 1, 1988, recorded in Book 452, Page 274, Primary Fuels Inc. (formerly Frontier Fuels Inc.) conveyed to Geodyne Nominee Corporation an undivided 1/8 mineral interest in the N/2 of Section 18. This Assignment was made subject to that certain Asset Purchase Agreement dated January 13, 1989, by and between Primary Fuels Inc.,

Houston Industries Inc., Geodyne Resources Inc., and Geodyne Production Company. The referenced Asset Purchase Agreement was not included in the Materials Examined.

REQUIREMENT: Provide to us for examination the following:

(a) That certain Asset/Stock Purchase and Sale Agreement dated October 30, 1985, by and between Fluor Oil and Gas Corporation, Fluor Canada Ltd. – Fluor Canada Ltee., Fluor Corporation, Primary Fuels Inc. and Houston Industries Inc.; and

(b) That certain Asset Purchase Agreement dated January 13, 1989, by and between Primary Fuels Inc., Houston Industries Inc., Geodyne Resources Inc., and Geodyne Production Company.

10.

This pertains to the mineral interest credited herein to Sugarberry Oil & Gas Corporation and Katy Pipeline & Production Corporation. By Assignment, Bill of Sale and Conveyance dated effective January 1, 1989, recorded in Book 438, Page 252, Lignum Oil Company conveyed to Cairn Energy USA Inc. an undivided 1/16 mineral interest in the N/2 of Section 18. This Assignment referenced that certain First Amended and Restated Purchase and Sale Agreement dated April 13, 1989, by and between Lignum Oil Company, Cairn Energy USA Inc. and Pearson Inc. The referenced Purchase and Sale Agreement was not included in the Materials Examined.

Thereafter, by Assignment, Bill of Sale and Conveyance dated effective January 1, 1989, recorded in Book 453, Page 348, Cairn Energy USA Inc. conveyed an undivided 1/16 mineral interest in the N/2 of Section 18 as follows: 85% to Sugarberry Oil & Gas Corporation and 15% to Wright Brothers Energy Inc. This Assignment was made subject to that certain unrecorded Letter Agreement dated April 26, 1989, by and between McCuiston Mineral Corporation and Cairn Energy USA Inc., as amended by that certain Letter Agreement dated May 3, 1989, by and between McCuiston Mineral Corporation, Sugarberry Oil & Gas Corporation, Wright Brothers Energy Inc., and Cairn Energy USA, Inc. The referenced Letter Agreements were not included in the Materials Examined.

Next, by Assignment, Bill of Sale and Conveyance dated effective March 1, 1990, recorded in Book 461, Page 775, Wright Brothers Energy Inc. conveyed to Global Natural Resources Corporation of Nevada all of its 15% of an undivided 1/16 mineral interest in the N/2 of Section 18. This Assignment was made subject to that certain unrecorded Purchase and Sale Agreement dated effective March 1, 1990 and Letter Agreement of Reversionary Interests dated March 14, 1990. The referenced Purchase and Sale Agreement and Letter Agreement of Reversionary Interests were not included in the Materials Examined.

REQUIREMENT: Provide to us for examination the following:

- (a) That certain First Amended and Restated Purchase and Sale Agreement dated April 13, 1989, by and between Lignum Oil Company, Cairn Energy USA Inc. and Pearson Inc.;
- (b) That certain unrecorded Letter Agreement dated April 26, 1989, by and between McCuiston Mineral Corporation and Cairn Energy USA Inc., as amended by that certain Letter Agreement dated May 3, 1989, by and between McCuiston Mineral Corporation, Sugarberry Oil & Gas Corporation, Wright Brothers Energy Inc., and Cairn Energy USA, Inc.; and
- (c) That certain unrecorded Purchase and Sale Agreement dated effective March 1, 1990 and Letter Agreement of Reversionary Interests dated March 14, 1990.

11.

This pertains to the Mineral Interest credited to John E. Bosserman. In 1999 John E. Bosserman and his wife, Carol Jean Bosserman each owned an undivided 1/4 interest in an undivided 32.37% of an undivided 1/2 mineral interest in the N/2 of Section 18.

By Special Warranty Deed dated April 25, 2000, recorded in Book 1015, Page 513, John E. Bosserman, Personal Representative of the Estate of Carol Jean Bosserman, Deceased, conveyed to John E. Bosserman, a widow, an undivided 1/4 interest in an undivided 32.37% of an undivided 1/2 mineral interest in the N/2 of

Section 18. The Probate proceedings for the Estate of Carol Jean Bosserman, Deceased, were not included in the Materials Examined.

REQUIREMENT: Provide to us for examination exemplified copies of the Probate proceedings for the Estate of Carol Jean Bosserman, Deceased, including the Will, the Order approving the Will, and the Letters appointing the Personal Representative.

12.

This pertains to the mineral interest credited to Sugarberry Oil & Gas Corporation and Katy Pipeline & Production Company. In 1989 Cairn Energy USA Inc. owned an undivided 1/16 mineral interest in the N/2 of Section 18. By Assignment, Bill of Sale and Conveyance dated May 10, 1989, Cairn Energy USA Inc. conveyed all of this 1/16 mineral interest as follows: 85% to Sugarberry Oil & Gas Corporation and 15% to Wright Brothers Energy Inc. Then by Assignment and Conveyance of Interest dated effective March 1, 1990, recorded in Book 461, Page 775, Wright Brother's Energy Inc. conveyed all of their 15% of 1/16 mineral interest to Global Natural Resources Corporation of Nevada.

Next, by Assignment, Conveyance and Bill of Sale dated effective January 8, 2001, recorded July 1, 2002 in Book 1156, Page 49, Lea County Records, Ocean Energy Inc. (successor by merger to Global Natural Resources Corporation of Nevada) conveyed to Katy Pipeline & Production Company an undivided 5% of 8/8 interest in the oil, gas and minerals in the N/2 of Section 18. This Assignment was made subject to that certain Purchase and Sale Agreement dated March 14, 1990, between Global Natural Resources Corporation of Nevada and Wright Brothers Energy Inc. and that certain Letter Agreement dated March 14, 1990, between Global Natural Resources Corporation of Nevada and Katy Pipeline & Production Corporation. According to this Assignment, as provided in the March 14, 1990 Letter Agreement, Katy Pipeline & Production Corporation is entitled to an assignment of 5% of 8/8ths mineral interest in the N/2 of Section 18 upon payout as payout is described therein. The parties to this Assignment acknowledge that payout as described in the May 10, 1990 Letter Agreement occurred on January 8, 2001.

Ocean Energy Inc. then conveyed to Katy Pipeline & Production Company (in Deed dated effective January 1, 2002, recorded in Book 1180, Page 319) all its remaining right, title and interest in its undivided 1/16 mineral interest in the N/2 of

Section 18. Thereafter, by Deed and Assignment dated effective January 1, 2002, recorded in Book 1187, Page 116, Katy Pipeline & Production Company conveyed the interest it received from Ocean Energy Inc. in the Deed dated effective January 1, 2002, to Sugarberry Oil & Gas Corporation, excepting and reserving all right, title and interest of [Katy Pipeline & Production Corporation] that was obtained prior to the Deed dated effective January 1, 2002. We assume that the intended reserved interest was the 5% of 8/8 mineral interest Katy Pipeline & Production Corporation obtained from Ocean Energy Inc. in the Assignment, Conveyance and Bill of Sale dated effective January 8, 2001.

While we have credited Katy Pipeline & Production Corporation with this 5% of 8/8 mineral interest in this Opinion, we are unable to determine from the Materials Examined the validity of this conveyance. This is because at the time of the Assignment from Ocean Energy Inc. to Katy Pipeline & Production Corporation of the undivided 5% of 8/8 mineral interest, Ocean Energy Inc. only owned an undivided 15% of an undivided 1/16 (or 0.009375) mineral interest in the N/2 of Section 18.

REQUIREMENT:

(a) Provide to us for examination that certain Purchase and Sale Agreement dated March 14, 1990, between Global Natural Resources Corporation of Nevada and Wright Brothers Energy Inc. and that certain Letter Agreement dated March 14, 1990, between Global Natural Resources Corporation of Nevada and Katy Pipeline & Production Corporation.

(b) Investigate and verify that Katy Pipeline & Production Corporation owns a 5% of 8/8 mineral interest in Captioned Land. If so, you should obtain and record in Lea County, New Mexico, a properly executed and acknowledged Stipulation of Interest by and between Katy Pipeline & Production Corporation and Sugarberry Oil & Gas Corporation stipulating as to the amount of their respective interests.

13.

This pertains to the mineral interest credited herein to Sugarberry Oil & Gas Corporation and Katy Pipeline & Production Corporation. As previously stated in

Requirement No. 12 above, by Mineral and Surface Deed and Assignment of Overriding Royalty Interests dated effective January 1, 2002, recorded October 28, 2002 in Book 1180, Page 319, Lea County Records, Ocean Energy Inc. (successor by merger to Global Natural Resources Corporation of Nevada) conveyed to Katy Pipeline & Production Company all its (remaining) right, title and interest of Ocean Energy Inc. in an undivided 15% of an undivided 1/16 mineral interest in the N/2 of Section 18.

This Deed was made subject to the all of the terms and conditions of that certain Agreement for Purchase and Sale dated August 23, 2002, by and between Ocean Energy Inc., and Black Stone Minerals Company, LP, as amended by that certain Second Corrected First Amendment to Agreement for Purchase and Sale dated September 19, 2002, as further modified by that certain Letter Agreement dated October 8, 2002 by and between Ocean Energy Inc. and Katy Pipeline & Production Company. The referenced Purchase and Sale Agreement, Second Corrected First Amendment to Agreement for Purchase and Sale, and Letter Agreement were not included in the Materials Examined.

REQUIREMENT: Provide to us for examination that certain Agreement for Purchase and Sale dated August 23, 2002, by and between Ocean Energy Inc., and Black Stone Minerals Company, LP, as amended by that certain Second Corrected First Amendment to Agreement for Purchase and Sale dated September 19, 2002, as further modified by that certain Letter Agreement dated October 8, 2002 by and between Ocean Energy Inc. and Katy Pipeline & Production Company.

14.

This pertains to the Assignment listed above under Assignment of Leases. By Assignment, Bill of Sale and Conveyance dated effective July 1, 2012, recorded November 8, 2012 in Book 1804, Page 464, Lea County Records, Chesapeake Exploration LLC, Arcadia Resources LP, Jamestown Resources LLC, Larchmont Resources LLC assigned all right, title and interest in Lease Nos. 1 and 2 to Chevron USA Inc. This Assignment was made subject to that certain Purchase and Sale Agreement dated September 6, 2012 between Assignors and Assignee. This Agreement was not included in the Materials Examined.

REQUIREMENT: Provide to us for examination that certain Purchase and Sale Agreement dated September 6, 2012 between Chesapeake Exploration LLC, Arcadia Resources LP, Jamestown Resources LLC, Larchmont Resources LLC, and Chevron USA Inc.

15.

This pertains to the surface estate in Captioned Land. In 1979, Don E. Gridley, Alice F. Gridley, John E. Bosserman and Carol Jean Bosserman each owned 1/4 interest in the surface of Section 18. According to a Notice of Probate dated June 1, 1979, recorded in Book 359, Page 820, Alice died intestate on February 2, 1979 and Probate proceedings were conducted in the District Court of Chaves County, New Mexico, in Cause No. PB-79-26 styled, "In the Matter of the Estate of Alice F. Gridley."

By Deed of Distribution dated July 5, 1979, recorded in book 375, Page 65, Don E. Gridley, Personal Representative of the Estate of Alice F. Gridley conveyed to Don E. Gridley all right, title and interest of Alice being an undivided 1/4 interest in an undivided 32.37% of an undivided 1/2 mineral interest in the N/2 of Section 18. We assume that Don E. Gridley, Personal Representative of the Estate of Alice F. Gridley, intended to also convey to Don E. Gridley all of Alice's 1/4 interest in the surface.

The next instrument in the chain of title to the surface of Captioned Land is a Special Warranty Deed dated September 25, 1985, recorded in Book 423, Page 676, wherein Frances Maddox, Ancillary Personal Representative of the Estate of William Allen Maddox, Deceased, conveyed to Frances Maddox all of the surface estate in Section 18.

Next, by Warranty Deed dated January 27, 1993, recorded in Book 489, Page 481, Frances Maddox conveyed all of the surface estate in Section 18 to the Hanich Brothers Company Inc. We assume that Don E. Gridley, John E. Bosserman and Carol Jean Bosserman conveyed to W.A. Maddox *a/k/a* William Allen Maddox all of the surface of Section 18 and the instrument evidencing such conveyance was not included in the Materials Examined.

REQUIREMENT: (a) Provide to us for examination and record in Lea County, New Mexico, if not already of record, a properly

executed and acknowledged instrument which conveys all of Alice's 1/4 interest in the surface of Section 18 from Don E. Gridley, Personal Representative of the Estate of Alice F. Gridley, to Don E. Gridley.

(b) Provide to us for examination, and record in Lea County, New Mexico, if not already of record, a properly executed and acknowledged instrument which conveys all of the surface estate in Section 18 from Don E. Gridley, John E. Bosserman and Carol Jean Bosserman to W.A. Maddox *a/k/a* William Allen Maddox.

(b) Provide to us for examination exemplified copies of the Probate proceedings for the Estate of W.A. Maddox *a/k/a* William Allen Maddox.

16.

The Effective Leases appear to be encumbered by Mortgage, Deed of Trust, Security Agreement and Financing Statement dated July 28, 2011, recorded July 15, 2011 in Book 1739, Page 828, from Agave Energy to Wells Fargo Bank, N.A., Agent, as amended by First Amendment to Mortgage, Deed of Trust, Security Agreement and Financing Statement dated March 14, 2013, recorded March 25, 2013 in Book 1827, Page 569, from Chesapeake Exploration LLC et al, to Wells Fargo Bank, N.A., Agent, encumbering the leasehold in the N/2 of Section 18.

REQUIREMENT: You should obtain a Release of this Mortgage as to the Effective Leases and file the same of record in Lea County, New Mexico.

17.

We draw your attention to the 58.0925% mineral interest in Captioned Land which is unleased.

REQUIREMENT: Provide to us for examination properly executed and recorded Oil and Gas Leases covering these interests at which time this Opinion must be updated.

18.

This pertains to ad valorem taxes assessed against Captioned Land. No information regarding taxes pertaining to Captioned Land was provided to us.

REQUIREMENT: You must verify that all ad valorem taxes and/or any special assessments pertaining to Captioned Land are paid in full and not due or delinquent for the year 2012 and all prior years.

COMMENTS

This Opinion does not cover, and does not certify to, vacancies, conflicts in boundaries, encroachments or discrepancies in area, ownership of the minerals underlying the beds of navigable waterways or any other matter which a survey on the ground might disclose, or other latent defects, if any, not appearing in the Materials Examined, such as: the rights of persons in actual possession of Captioned Land other than the record owners thereof or their predecessors in title; the improper indexing of public records by the County and/or District Clerks of Lea County, New Mexico; forgeries; the capacity of parties; improper delivery of deeds and other conveyances; liens for current ad valorem taxes not yet due and/or delinquent; unpaid bills for labor performed and/or materials furnished that might entitle a party to assert a statutory Mechanic's and Materialmen's Lien.

This Opinion does not cover matters related to environmental contamination of Captioned Land. Environmental audits may serve to reduce or eliminate the risk of liability associated with your proposed operations on Captioned Land.

Further, as stated in the opening paragraph of this Opinion, the focus of this Opinion is on the ownership of the surface, mineral and leasehold estates. When referring to the ownership of the mineral and leasehold estates in this Opinion, our discussions and tabulations are limited to ownership of oil and gas and associated hydrocarbons produced with these substances. References to "oil and gas", "minerals", "mineral estate", "hydrocarbons" or "other minerals", if any, cover only oil and gas and related hydrocarbons. This Opinion does not cover the ownership of coal, lignite or any other mineral that has been or may be produced by methods that consume, deplete or destroy the surface of Captioned Land.

This Opinion is written solely for the benefit and use of Chevron North America Exploration and Production. No one other than Chevron shall be entitled to rely on this Opinion without the prior written authorization and consent of the undersigned.

Respectfully submitted,

A handwritten signature in black ink that reads "Alicia J DeSario". The signature is written in a cursive style with a large, stylized "A" and "D".

Alicia J. DeSario