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THIS INFORMATION OR OPINION IS
FURNISHED AT YOUR REQUEST AS
A MATTER OF ACCOMMODATION AND
YOU AGREE BY YOUR ACCEPTANCE
HEREOF THAT ANY USE OF OR
RELIANCE THEREON SHALL BE
WITHOUT RECOURSE TO MEWBOURNE
OIL COMPANY.

May 16, 2011

DRILLING OPINION OF TITLE TO:

The mineral estate only in the following lands in Section 35, Township 23 South, Range 28 East, N.M.P.M., Eddy County, New Mexico (comprising all of said Section 35):

Tract 1: E $\frac{1}{2}$ W $\frac{1}{2}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$, S $\frac{1}{2}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$,
S $\frac{1}{2}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$, S $\frac{1}{2}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$,
SE $\frac{1}{4}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$,
E $\frac{1}{2}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$, containing 105 acres, more or less

Tract 2: N $\frac{1}{2}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$, containing 5 acres, more or less

Tract 3: N $\frac{1}{2}$ N $\frac{1}{2}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$, containing 2.5 acres, more or less

Tract 4: S $\frac{1}{2}$ N $\frac{1}{2}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$, containing 2.5 acres, more or less

→ Tract 5: N $\frac{1}{2}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$, containing 5 acres, more or less

Tract 6: S $\frac{1}{2}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$, containing 5 acres, more or less

Tract 7: N $\frac{1}{2}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$,
E $\frac{1}{2}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ NW $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$, containing 155 acres,
more or less

→ Tract 8: S $\frac{1}{2}$ S $\frac{1}{2}$ NE $\frac{1}{4}$, containing 40 acres, more or less

→ Tract 9: SE $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$, W $\frac{1}{2}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$,
E $\frac{1}{2}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$, N $\frac{1}{2}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$, containing 310 acres,
more or less

Tract 10: S $\frac{1}{2}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$, containing 5 acres, more or less

Tract 11: N $\frac{1}{2}$ NE $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$, containing 5 acres, more or less

Tracts 1 - 8 comprise the N $\frac{1}{2}$ of Section 35. Tracts 9 - 11 comprise the S $\frac{1}{2}$ of Section 35.

Layla 35 No. 2H

AMT&S No. 11-151

Mewbourne Oil Company
500 W. Texas, Suite 1020
Midland, Texas 79701

Attention: Mr. D. Paul Haden
Senior Landman

Oil Conservation Division
Case No. 3
Exhibit No. 3

B. Title to Lease 7 (Covering the Entire Mineral Estate in Tract 4, Subject to 1/4 Royalty)*:

Chevron Midcontinent, L.P.	25.0%
DDDF Company, Inc.	25.0%
W. B. Robbins, III, Trustee of the (New) RSG Trust dated August 19, 2002	25.0%
Jack L. Russell, whose wife is Frances E. Russell	<u>25.0%</u> 100.0%

* There appears to be a serious question whether Lease 7 is still in effect. See XI.3, below.

→ V. TITLE TO TRACT 5:

The ownership of Tract 5 is uncertain. See XIV.10, below.

VI. TITLE TO TRACT 6:

A. Title to the Mineral Estate, Subject to Lease as Indicated:

Pardue Limited Company	(Lease 8 - 1/8 Royalty)	100%
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B. Title to Lease 8 (Covering the Entire Mineral Estate in Tract 6, Subject to 1/8 Royalty):

Penroc Oil Corporation	100%
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VII. TITLE TO TRACT 7:

A. Title to the Mineral Estate, Subject to Lease as Indicated:

Melissa Breaux, (believed to be the same person as Melissa McCarthy), separate property	(Lease 9 - 3/16 Royalty)	1/40
Melissa McCarthy (believed be the same person as Melissa Breaux), separate property	(Lease 10 - 3/16 Royalty)	1/40
Margaret L. Fate, separate property	(Lease 9 - 3/16 Royalty)	1/20
Margaret L. Fate, separate property	(Lease 10 - 3/16 Royalty)	1/20
Lovella Kilman, separate property	(Lease 9 - 3/16 Royalty)	1/40
Lovella Kilman, separate property	(Lease 10 - 3/16 Royalty)	1/40
Cella B. Milavec, separate property	(Lease 9 - 3/16 Royalty)	1/20

Margaret Williams, separate property	(Lease 10 - 3/16 Royalty)	1/20
Terry Williams, separate property	(Lease 9 - 3/16 Royalty)	1/100
Terry Williams, separate property	(Lease 10 - 3/16 Royalty)	1/100

B. Title to Leases 9 and 10 Insofar as They Cover Tract 7 (Covering the Entire Mineral Estate in Tract 7, Subject to 3/16 Royalty):

Chevron Midcontinent, L.P.	90.625%
Roden Oil Company	<u>9.375%*</u>
	100.000%

* This interest is subject to the entire burden of the 0.1875% overriding royalty interest described below in C.

C. Overriding Royalty Interest under Leases 9 and 10:

Chevron Midcontinent, L.P.	2% x 9.375% = 0.1875%*
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* This interest burdens only the working interest of Roden Oil Company under Leases 9 and 10.

→ VIII. TITLE TO TRACTS 8 AND 9:

A. Title to the Mineral Estate, Subject to Lease as Indicated:

Patricia Ann Beeman Allen, separate property	(Lease 11 - 3/16 Royalty)	8.17/350 ¹
Francis F. Beeman and Betty Jo Beeman, husband and wife, as joint tenants	(Lease 11 - 3/16 Royalty)	17.5/350 ¹
William B. Beeman, separate property	(Lease 11 - 3/16 Royalty)	35/350 ¹
The Beveridge Company	(Lease 12 - 3/16 Royalty)	1/3 of 14/350 ¹
Melissa Breaux, (believed to be the same person as Melissa McCarthy), separate property	(Lease 9 - 3/16 Royalty)	1/80
Melissa McCarthy (believed to be the same person as Melissa Breaux), separate property	(Lease 10 - 3/16 Royalty)	1/80
Carmex, Inc.	(Lease 13 - 3/16 Royalty)	5.6/350 ¹
Margaret L. Fate, separate property	(Lease 9 - 3/16 Royalty)	1/40
Margaret L. Fate, separate property	(Lease 10 - 3/16 Royalty)	1/40

Gulf Coast Oil & Gas Company	(Lease 12 - 3/16 Royalty)	1/3 of 14/350 ¹
Lovella Kilman, separate property	(Lease 9 - 3/16 Royalty)	1/80
Lovella Kilman, separate property	(Lease 10 - 3/16 Royalty)	1/80
Cella B. Milavec, separate property	(Lease 9 - 3/16 Royalty)	1/40
Cella B. Milavec, separate property	(Lease 10 - 3/16 Royalty)	1/40
T. L. Rees, separate property	(Lease 14 - 3/16 Royalty)	2.8/350 ¹
Martha Stribling for life, remainder to T. B. Stribling III, Trustee of the Martha G. Stribling Irrevocable Trust	(Lease 9 - 3/16 Royalty)	1/40
Martha Stribling for life, remainder to T. B. Stribling III, Trustee of the Martha G. Stribling Irrevocable Trust	(Lease 10 - 3/16 Royalty)	1/40
Martha Stribling, Trustee under Trust Agreement dated September 24, 1996	(Lease 15 - 3/16 Royalty)	39.665/350 ¹
Martha Stribling Revocable Trust restated as of June 21, 2010, for the life of Martha Stribling, remainder to T. B. Stribling III, Trustee of the Martha G. Stribling Irrevocable Trust	(Lease 15 - 3/16 Royalty)	39.665/350 ¹
Belinda Williams, separate property	(Lease 9 - 3/16 Royalty)	1/200
Belinda Williams, separate property	(Lease 10 - 3/16 Royalty)	1/200
Doris S. Williams, Trustee of the Williams Living Trust dated March 18, 2008	(Lease 9 - 3/16 Royalty)	1/40
Doris S. Williams, Trustee of the Williams Living Trust dated March 18, 2008	(Lease 10 - 3/16 Royalty)	1/40
Glen Brady Williams, separate property	(Lease 9 - 3/16 Royalty)	1/40
Glen Brady Williams, separate property	(Lease 10 - 3/16 Royalty)	1/40
James Williams, separate property	(Lease 9 - 3/16 Royalty)	1/200
James Williams, separate property	(Lease 10 - 3/16 Royalty)	1/200
James W. Williams, separate property	(Lease 9 - 3/16 Royalty)	1/40
James W. Williams, separate property	(Lease 10 - 3/16 Royalty)	1/40

Lanora Williams (aka Lanora Williams Allomong, believed to be the same person as Nora Williams), separate property	(Lease 10 - 3/16 Royalty)	1/200
Nora Williams (believed to be the same person as Lanora Williams, aka Lanora Williams Allomong), separate property	(Lease 9 - 3/16 Royalty)	1/200
Linda Sue Williams (aka Linda Harris), separate property	(Lease 9 - 3/16 Royalty)	1/200
Linda Sue Williams (aka Linda Harris), separate property	(Lease 10 - 3/16 Royalty)	1/200
Linville D. Williams, separate property	(Lease 9 - 3/16 Royalty)	1/40
Linville D. Williams, separate property	(Lease 10 - 3/16 Royalty)	1/40
Margaret Williams, separate property	(Lease 10 - 3/16 Royalty)	1/40
Stephen Frank Williams, Jr., separate property	(Lease 9 - 3/16 Royalty)	1/40
Terry Williams, separate property	(Lease 9 - 3/16 Royalty)	1/200
Terry Williams, separate property	(Lease 10 - 3/16 Royalty)	1/200
Zia Royalty, LLC	(Lease 12 - 3/16 Royalty)	1/3 of 14/350 ¹
→ Various Owners	(Leases 15, 20 & 21 - 3/16 Royalty)	12.6/350 ²

¹ There appears to be a serious question whether Leases 11 - 15 are still in effect. See XI.3, below.

→ ² The ownership of this interest is uncertain. See XIV.15, below in this regard. It appears that Leases 15, 20, and 21, which provide for a 3/16 royalty, collectively cover this interest, subject to the discussion of the recording act problem relating to the conveyance to Ralph V. Robinson discussed below in XIV. 15. There also appears to be a serious question whether Leases 15, 20, and 21 are still in effect. See XI.3, below in this regard.

B. Title to Leases 9 - 15, 20, and 21 Insofar as they Cover Tract 8:

1. Leases 9, 10, 12 - 15, and 20 (Covering an Uncertain Interest in Tract 8, Subject to 3/16 Royalty)¹:

Chevron Midcontinent, L.P.	90.625% ²
Roden Oil Company	$\frac{9.375\%}{100.000\%}$ ^{2,3}

¹ There appears to be a serious question whether Leases 12 - 15 and 20 are still in effect. See XI.3, below.

Lease 13:

Lessor: Carmex, Inc.
Lessee: Robert J. Cerf
Recording Information: Book 153, Page 956, Miscellaneous Records
Date: January 9, 1978
Primary Term: 3 years
Land Covered: Tracts 8 and 9
Mineral Interest Covered: 5.6/350
Royalty: 3/16
Delay Rentals: None. This is a paid up lease.

Lease 14:

Lessor: Originally T. L. Rees; as corrected, T. L. Rees and wife, Margaret D. Rees
Lessee: Charles J. Cerf, Jr.
Recording Information: Original lease recorded in Book 154, Page 818, Miscellaneous Records; correction lease recorded in Book 178, Page 328
Date: May 26, 1978
Primary Term: 3 years
Land Covered: Purports to cover all of Section 35; however, the lessor only owned interests in Tracts 8 and 9
Mineral Interest Covered: 2.8/350
Royalty: 3/16 on oil and gas
Delay Rentals: None. This is a paid up lease.

Lease 15:

Lessor: Thomas B. Stribling and wife, Martha Stribling
Lessee: Robert J. Cerf
Recording Information: Book 157, Page 978, Miscellaneous Records
Date: January 9, 1978

Primary Term: 3 years
Land Covered: Tracts 8 and 9
Mineral Interest Covered: At least 79.33/350, and possibly more; see XIV.15, below. In addition, it appears that Leases 15, 20, and 21 also collectively cover a 12.6/350 interest, subject to the discussion of the recording act problem pertaining to the conveyance to Ralph V. Robinson in XIV.15, below.
Royalty: 3/16
Delay Rentals: \$1 per acre per year
Depository: None provided

Lease 16:

Lessor: Hervey C. Ruiz
Lessee: Lyle D. Cannon
Recording Information: Book 455, Page 32, Eddy County Records
Date: February 19, 2002
Primary Term: 3 years
Land Covered: Tract 10
Mineral Interest Covered: 1/12
Royalty: 3/16
Delay Rentals: None. This is a paid up lease.

Lease 17:

Lessor: Perla C. Martinez, individually and as attorney in fact for Anastacia R. Blanco and Maria R. Walker (fka Maria R. Hernandez)
Lessee: Lyle D. Cannon
Recording Information: Book 455, Page 30, Eddy County Records
Date: February 19, 2002
Primary Term: 3 years
Land Covered: Tract 10
Mineral Interest Covered: 5/24

Royalty: 3/16
Delay Rentals: None. This is a paid up lease.

Lease 18:

Lessor: Eddie E. Carrasco
Lessee: Lyle D. Cannon
Recording Information: Book 460, Page 977, Eddy County Records
Date: February 19, 2002
Primary Term: 3 years
Land Covered: Tract 10
Mineral Interest Covered: 1/24
Royalty: 3/16
Delay Rentals: None. This is a paid up lease.

Lease 19:

Lessor: Pardue Limited Company
Lessee: BK Exploration Corporation
Recording Information: Book 408, Page 108, Eddy County Records
Date: March 1, 2001
Primary Term: 3 years
Land Covered: Tract 11
Mineral Interest Covered: 100%
Royalty: 1/5
Delay Rentals: None. This is a paid up lease.

 **Lease 20:**

Lessor: Originally John E. Osborn; as corrected, John E. Osborn and wife, Lorene W. Osborn
Lessee: Charles J. Cerf, Jr.
Recording Information: Original lease recorded in Book 160, Page 217, Miscellaneous Records; correction lease recorded in Book 177, Page 206

Date: May 25, 1978

Primary Term: 3 years

Land Covered: Purports to cover all of Section 35; however, the lessor only owned interests in Tracts 8 and 9

Mineral Interest Covered: Unknown; see XIV.15, below. It appears that Leases 15, 20, and 21 collectively cover a 12.6/350 interest (in addition to the 79.33/350 interest covered by Lease 15), subject to the discussion of the recording act problem pertaining to the conveyance to Ralph V. Robinson in XIV.15, below.

Royalty: 3/16

Delay Rentals: None. This is a paid up lease.

Pooling: *The pooling provision of this lease provides that new pooled units may not be created after May 25, 1998.*

⇒ **Lease 21:**

Lessor: Joe H. Beeman and Mary Jo Beeman (formerly Mary Jo Beeman Fields)

Lessee: HNG Oil Company

Recording Information: January 24, 1979 in Book 167, Page 456, Miscellaneous Records

Date: January 4, 1979

Primary Term: 3 years

Land Covered: Purports to cover all of Section 35; however, the lessors only owned interests in Tracts 8 and 9

Mineral Interest Covered: Unknown; see XIV.15, below. It appears that Leases 15, 20, and 21 collectively cover a 12.6/350 interest (in addition to the 79.33/350 interest covered by Lease 15), subject to the discussion of the recording act problem pertaining to the conveyance to Ralph V. Robinson in XIV.15, below.

Royalty: 3/16

Delay Rentals: None. This is a paid up lease.

2. Well Information: The New Mexico Oil Conservation Division internet web site reflects that three wells have been drilled on the captioned lands, as follows:

(a) Williams 35 Com. No. 1 – N½ Sec. 35: This well is located 660 feet from north line and 2310 feet from the west line of Section 35, in the NE¼NW¼ of the section. The well was spudded December 14, 1978, and was completed February 23, 1979. It was drilled to a total depth of 13,100 feet, and was plugged back to 13,019 feet. The well originally produced from the Atoka formation, from 11,754 feet down to 11,761 feet. On

REQUIREMENT T: If it is determined that Leases 5, 6, and 7 are still in effect, you should ascertain the marital status of Robert J. Johnston as of February 20, 1979 and January 12, 1990. If he was not married as of the earlier date, then this requirement will be satisfied and nothing further need be done. If he was married as of the earlier date and was still married to the same person as of the later date, then he and his wife should quitclaim to Chevron Midcontinent, L.P. all of their interest in Leases 5, 6, and 7, and such document should be recorded in the Eddy County Records. If he was married as of the earlier date but his marriage terminated prior to the later date, we should be advised whether it terminated by divorce or by the death of his wife, and we reserve possible additional requirements as well as the right to revise the ownership reported in this opinion. If it is determined that Leases 5, 6, and 7 are no longer in effect, then this requirement may be disregarded.

→ 10. Tract 5 - Uncertain Ownership: The materials examined include Stubbeman, McRae, Sealy, Laughlin & Browder Original Division Order Opinion dated June 14, 1979. With respect to Tract 5, this prior opinion is based on documents filed in the records of Eddy County as of April 17, 1979 at 8:00 a.m. This is the only prior opinion that reports the ownership of Tract 5. Said opinion reports that Tract 5 was owned by Cora Enderud, Roy Martin Enderud Frank Miller Enderud, Ernesta Jane Enderud Roberts, and Albert Larson, as their separate property. However, the opinion does not report the specific interest owned by each of these parties, and simply lumps their ownership of Tract 5 together. Said prior opinion does not contain any title requirements pertaining to the ownership of Tract 5.

Said opinion also reports that Tract 5 is subject to an Oil and Gas Lease from Cora Enderud, Frank Albert Enderud, and Ernesta Jane Enderud Roberts to Phillips Petroleum Company, dated May 3, 1976, recorded in Book 137, Page 341 of the Miscellaneous Records of Eddy County. Said lease purports to cover Tract 5 for a primary term of five years, and provides for a 1/8 royalty.

Because said prior opinion does not report the individual interest of each owner, we examined the title to Tract 5 from inception of the Eddy County Records, and did not rely on said opinion with respect to Tract 5.

The Eddy County Records reflect that W. W. Hutto, D. Black and R. O. McGee, Trustees, conveyed Tract 5 to C. O. Enderud by Trustees' Deed dated July 24, 1909, recorded in Book 28, Page 138 of the Deed Records of Eddy County. The materials examined do not reflect any conveyances of Tract 5 out of C. O. Enderud, nor do they reflect any New Mexico estate proceedings pertaining to C. O. Enderud, except as discussed below.

The Eddy County Records do include portions of Kansas probate proceedings conducted in connection with the estate of C. O. Enderud (also known as Christian Olaf Enderud, also known as Christian Oluf Enderud). Said proceedings were commenced in 1969 in the Probate Court of Cowley County, Kansas in case number 14909. In 1980, portions of said proceedings were recorded in Book 48, Page 896 of the Sundry Probate Records of Eddy County. For the reasons discussed below, we doubt that this decedent is the same person as the C. O. Enderud to whom Tract 5 was conveyed in 1909. Instead, it appears likely that this decedent was a son of the C. O. Enderud to whom Tract 5 was conveyed in 1909.

The Petition for Probate of Will filed in the Kansas proceedings states that the decedent died March 3, 1969, that he was a widower, and that he was survived by nine children, as follows: Opal Sample, Louis Enderud, Roy Enderud, Carl W. Enderud, Clarence Enderud, Ruby Luce (formerly Ruby Platter), Jesse Enderud, Lloyd Enderud, and Alfred Enderud. The Petition for Probate of Will filed in the Kansas proceedings also states that the decedent's estate included the following:

"An undivided interest in the Trust Estate of Carl C. Enderud, Deceased who was the father of C. O. Enderud and which Trust Estate is being administered in Sumner County, Kansas."

However, as discussed below, the will of the decedent, and the inventory filed in the Kansas proceedings, both indicate that the decedent's father was Carl O. Enderud, not Carl C. Enderud.

The decedent's will contained a specific bequest of personal property, and left the entire residue of his estate (specifically including all of his right, title and interest in the estate of his father, Carl O. Enderud) to the nine children named above, in equal shares. The will was probated by Order dated April 4, 1969. The inventory filed in the Kansas proceedings states,

"The deceased, at the time of his death was the owner of an undivided one-sixth (1/6) interest in the Trust Estate of his father, Carl O. Enderud; and as a beneficiary of said Trust Estate was the owner of an undivided one-sixth (1/6) interest in the following Real Estate: [following are descriptions of tracts of land located in Kansas, Oklahoma, and New Mexico, including the N $\frac{1}{2}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 35]."

It is likely that the foregoing description was made in error, and should have been the N $\frac{1}{2}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 35 (which is the description of Tract 5) instead of the N $\frac{1}{2}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 35. This is because neither C. O. Enderud nor Carl O. Enderud appears to be in the chain of title to the N $\frac{1}{2}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 35. Therefore, it seems likely that the description used in the inventory simply inadvertently dropped a "SW $\frac{1}{4}$ " from the description. If that is the case, then the will and the inventory suggest that the decedent's father, Carl O. Enderud, was the same person as the C. O. Enderud to whom Tract 5 was conveyed in 1909.

The Kansas proceedings include a Petition to close the estate of C. O. Enderud (the son of Carl O. Enderud), which was filed in said proceedings on July 21, 1970. Among other things, this pleading states,

"That Carl Enderud, who was the father of C.O. Enderud, was a resident of Sumner County, Kansas, and he died about 25 years ago, leaving his estate in trust for a period of 25 years. That C.O. Enderud would have received an undivided 1/6 interest in said estate trust had he survived the 25 year period. That by reason of the death of C.O. Enderud, his interest in the trust estate, which is being probated in Sumner County, Kansas, passed to his 9 children who have been heretofore named in these proceedings.

That C.O. Enderud died in Arkansas City, Kansas on the 3rd day of March, 1969, and about a year before the termination of his father's said trust. The Probate Court of Sumner County, Kansas, ordered that the undivided 1/6 interest should be paid directly to the 9 children of C.O. Enderud, deceased, and should not be paid to the executrix of the estate of C.O. Enderud for distribution."

Based on the information contained in the Kansas probate proceedings, it appears that Carl O. Enderud died approximately 25 years prior to July 21, 1970 (or approximately 1945), and that his estate was administered in the Probate Court of Sumner County, Kansas. It further appears likely that, at his death, he owned Tract 5. This suggests that Carl O. Enderud was the same person as the C. O. Enderud to whom Tract 5 was conveyed in 1909. The foregoing information also indicates that Carl O. Enderud devised his estate to a trust, and that C. O. Enderud (the son, aka Christian Olaf Enderud) was one of the beneficiaries of the trust, and that his interest in the trust was 1/6. This further suggests that there were other beneficiaries of the trust, perhaps including other children of Carl O. Enderud. However, because we have not examined copies of the proceedings conducted in connection with the estate of Carl O. Enderud in the Probate Court of Sumner County, Kansas, we do not know the names of the other beneficiaries of the trust. Further, because the Eddy County Records do not contain any other information regarding the ownership of Tract 5, we are unable to report the names of the owners of Tract 5. However, based on the foregoing information, and on the information contained in the prior opinion, and on certain information reflected in the materials examined, it appears possible that the owners of Tract 5 may include the nine children of C. O.

(Christian Olaf) Enderud named above, as well as Cora Enderud, Roy Martin Enderud Frank Miller Enderud, Ernesta Jane Enderud Roberts, and Albert Larson and/or Mary Jane Larson, David A. Larson, and Carolyn L. Oliveira. Because of the uncertainties discussed above, we are also unable to report the ownership of the working interest in Tract 5.

We are at a loss to explain how the author of the prior opinion mentioned above concluded that Tract 5 was owned 100% by Cora Enderud, Roy Martin Enderud, Frank Miller Enderud, Ernesta Jane Enderud Roberts, and Albert Larson, and we cannot verify this ownership. Nor can we verify that the Oil and Gas Lease described in said prior opinion (being the lease described above and in (c), below) covers any interest in Tract 5. It is possible that the author of the prior opinion had available to him other information, such as the probate proceedings conducted in connection with the estate of Carl O. Enderud in the Probate Court of Sumner County, Kansas. If so, however, the opinion does not describe what this other information might have been. Based on the information available in the Eddy County Records, we are unable to conclude or report that the ownership of Tract 5 as reported in the prior opinion is correct.

The materials examined do reflect several documents which purport to affect Tract 5. However, because of the uncertainties discussed above, we are unable to determine what effect they may actually have on the title to Tract 5, if any. For information and future reference, these other documents are briefly described as follows:

(a) Oil and Gas Lease from Cora Enderud and Roy Martin Enderud, Testamentary Trustees of the Will of Carl O. Enderud, deceased, to Francisca Corporation, dated November 19, 1968, recorded in Book 64, Page 761 of the Miscellaneous Records of Eddy County, covering Tract 5 for a primary term of 5 years;

(b) Oil and Gas Lease from Cora Enderud, Roy Martin Enderud, Frank Albert Enderud, Ernesta Jane Enderud Roberts, and Albert Larson to L. D. Williams and others, dated August 2, 1971, recorded in Book 82, Page 159 of the Miscellaneous Records of Eddy County, covering Tract 5 for a primary term of 5 years;

(c) Oil and Gas Lease from Cora Enderud, Frank Albert Enderud, and Ernesta Jane Enderud Roberts to Phillips Petroleum Company, dated May 3, 1976, recorded in Book 137, Page 341 of the Miscellaneous Records of Eddy County, covering Tract 5 for a primary term of five years;

(d) Oil, Gas and Mineral Lease from Lloyd Enderud and wife, Freida I. Enderud, to Ed Phillips, dated February 1, 1979, recorded in Book 175, Page 845 of the Miscellaneous Records of Eddy County, covering Tract 5 for a primary term of 5 years;

(e) Oil, Gas and Mineral Lease from Roy O. Enderud and wife, Farrell Enderud, to Ed Phillips, dated February 1, 1979, recorded in Book 175, Page 847 of the Miscellaneous Records of Eddy County, covering Tract 5 for a primary term of 5 years;

(f) Oil, Gas and Mineral Lease from Alfred Norman Enderud and wife, Nancy L. Enderud, to Ed Phillips, dated February 1, 1979, recorded in Book 175, Page 849 of the Miscellaneous Records of Eddy County, covering Tract 5 for a primary term of 5 years;

(g) Oil, Gas and Mineral Lease from Clarence O. Enderud and wife, Ellen I. Enderud, to Ed Phillips, dated February 1, 1979, recorded in Book 175, Page 851 of the Miscellaneous Records of Eddy County, covering Tract 5 for a primary term of 5 years;

(h) Oil, Gas and Mineral Lease from Ruby Enderud Haines and husband, Fred A. Haines, to Ed Phillips, dated February 1, 1979, recorded in Book 175, Page 853 of the Miscellaneous Records of Eddy County, covering Tract 5 for a primary term of 5 years;

(i) Oil, Gas and Mineral Lease from Louis E. Enderud and wife, Micheline Enderud, to Ed Phillips, dated February 1, 1979, recorded in Book 178, Page 1003 of the Miscellaneous Records of Eddy County, covering Tract 5 for a primary term of 5 years;

(j) Oil, Gas and Mineral Lease from Carl William Enderud and wife, Betty Enderud, to Ed Phillips, dated February 1, 1979, recorded in Book 180, Page 606 of the Miscellaneous Records of Eddy County, covering Tract 5 for a primary term of 5 years;

(k) Oil, Gas and Mineral Lease from Jesse V. Enderud and wife, Mary Enderud, to Ed Phillips, dated February 1, 1979, recorded in Book 181, Page 335 of the Miscellaneous Records of Eddy County, covering Tract 5 for a primary term of 5 years;

(l) Oil, Gas and Mineral Lease from Opal Sample to Ed Phillips, dated February 1, 1979, recorded in Book 181, Page 782 of the Miscellaneous Records of Eddy County, covering Tract 5 for a primary term of 5 years;

(m) Oil, Gas and Mineral Lease from David A. Larson and wife, Penny A. Larson, to Ed Phillips, dated March 1, 1979, recorded in Book 182, Page 819 of the Miscellaneous Records of Eddy County, covering Tract 5 for a primary term of 5 years;

(n) Oil, Gas and Mineral Lease from Mary Jane Larson to Ed Phillips, dated March 1, 1979, recorded in Book 182, Page 821 of the Miscellaneous Records of Eddy County, covering Tract 5 for a primary term of 5 years;

(o) Oil, Gas and Mineral Lease from Carolyn L. Oliveira and husband, George F. Oliveira, to Ed Phillips, dated March 1, 1979, recorded in Book 182, Page 823 of the Miscellaneous Records of Eddy County, covering Tract 5 for a primary term of 5 years; and,

(p) Quitclaim Deed from Lloyd Emery Enderud and wife, Freida I. Enderud, to Lloyd E. Enderud and Freida I. Enderud as Trustees of the Lloyd E. Enderud and Freida I. Enderud Joint Revocable Trust dated September 1, 2009, said deed being dated October 28, 2009, recorded in Book 794, Page 1120 of the Eddy County Records, conveying all of the grantors' interest in the N½ of Section 35.

It is possible that the lease described above in (c) covers some interest in Tract 5. If so, it was pooled with the remainder of the N½ of Section 35 by virtue of the Designation of Consolidated Unit described above in XII.13. Therefore, if said lease covers an interest in Tract 5, then it may still be in effect, as generally discussed in XI.3. If so, the lease is now owned 100% by Penroc Oil Corporation, and it may be subject to overriding royalty interests totaling 1.5%, although this is not at all certain. Until the ownership of Tract 5 is more definite, we will not report on these possible overriding royalty interests and problems associated therewith. Nevertheless, we reserve the right make comments and requirements pertaining to these possible overriding royalty interests until a later date, including until after Requirement U has been satisfied.

With respect to the leases described above in (d) - (o), we note that the Eddy County Records reflect probate proceedings conducted in connection with the estate of Edwin E. Phillips in the District Court of Eddy County, in case number PB-01-4. However, we do not know if Edwin E. Phillips was the same person as Ed Phillips, the lessee in said leases. Under his will, his estate passed to his wife, Kathleen A. Phillips. Even if he was the same person, and even if said leases did in fact cover interests in Tract 5, we doubt that any of said leases are still in effect since they were never assigned to Phillips Petroleum Company and were never pooled with the remainder of the N½ of Section 35 said leases were affected by the forced pooling order described above in XII.13.

REQUIREMENT U: We should be furnished for examination copies of the proceedings conducted in connection with the estate of Carl O. Enderud in the Probate Court of Sumner County,

Kansas. We reserve possible additional requirements including, but not limited to, requirements that the will of Carl O. Enderud be probated in New Mexico and that further inquiry be made into the interests in Tract 5 claimed by the persons mentioned above.

11. Tract 7 - Possible Adverse Claim: The materials examined reflect a Deed of Distribution from Kathleen A. Phillips, as Personal Representative of the estate of Edwin E. Phillips, to Kathleen A. Phillips, dated September 18, 2001, recorded in Book 431, Page 223 of the Eddy County Records, and a Correction Deed of Distribution between the same parties, dated June 9, 2005, recorded in Book 599, Page 867 of the Eddy County Records. Among other things, these documents purported to convey all of the estate's interest in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 35, which is part of Tract 7. The materials examined do not reflect that Edwin E. Phillips owned an interest in said land. Ed E. Phillips did own 1/2 of the Phillips overriding royalty interest in Tract 3 described above in XII.4. We have assumed that he was the same person as Edwin E. Phillips and, as a result of probate proceedings conducted in connection with his estate, we have credited said overriding royalty interest to Kathleen A. Phillips. However, because of the Deeds of Distribution described above, it is possible that Kathleen A. Phillips also claims some interest in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 35. If she does, such claim would be adverse to the interests in Tract 7 reported above in VII.

REQUIREMENT V: You should inquire of Kathleen A. Phillips whether she claims some interest in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 35 and, if so, you should inquire as to the interest she claims and the basis for such claim. We reserve possible additional requirements as well as the right to revise the ownership of Tract 7 reported in this opinion.

12. Tracts 7, 8, and 9 - Roxie Williams Trust: At one time, Roxie Williams owned a 1/2 interest in Tract 7 and a 1/4 interest in Tracts 8 and 9, subject to Lease 10. Roxie Williams died May 5, 1991, and her will was probated in the District Court of Eddy County in case number PB-91-69. Under her will, said interests were devised to Margaret L. Fate and Linville D. Williams as Co-Trustees under a certain Trust Agreement "executed on _____ day of _____, 1990." The will further provided that if said trust was not in existence at the death of Roxie Williams, said interests were devised to a trust created by the will, subject to the same terms and provisions of the 1990 trust, which were incorporated into the will by reference.

The materials examined reflect a Quitclaim Deed from Linville D. Williams and Margaret L. Fate, as Trustees of the Roxie L. Williams Testamentary Trust, to Martha Stribling and others, dated August 11, 2003 recorded in Book 521, Page 88 of the Eddy County Records, conveying said interests. The materials examined do not include a copy of said 1990 trust. Because we have not examined said trust, we are unable to verify that said trustees were authorized to execute said Quitclaim Deed.

In addition, we note that Margaret L. Fate executed said Quitclaim Deed through Linville D. Williams, as her attorney in fact. Because we have not examined a copy of said 1990 trust, we are unable to verify that the trustees were authorized to utilize attorneys in fact. In addition, the materials examined do not include a copy of the power of attorney pursuant to which Linville D. Williams purported to execute the Quitclaim Deed on behalf of Margaret L. Fate. Therefore, we are unable to verify that he was authorized to do so.

The foregoing matters affect all mineral interests in Tracts 7, 8, and 9 which are subject to Lease 10. However, because Lease 10 still appears to be in effect, the foregoing matters do not affect the working interest. Therefore, we do not have any requirements for drilling purposes. However, we reserve the right to make requirements at such time as a division order title opinion is requested.

13. Tracts 7, 8, and 9 - Estate of Lawrence P. Williams - Identity of Doris Williams: In 1982, Lawrence P. Williams acquired from a trust created by his father, S. F. Williams, a 1/20 interest in Tract 7, and a 1/40 interest in Tracts 8 and 9, as his separate property, subject to Lease 9. Lawrence P. Williams died September 12, 2001, and his will was probated in County Court at Law

No. 1 of Collin County, Texas, in case number PB001-65-02. Portions of these proceedings are recorded in Book 458, Page 2, of the Eddy County Records.

Under the will of Lawrence P. Williams, the foregoing interests were devised to his wife, Doris S. Williams, who subsequently conveyed said interests to Doris S. Williams as Trustee of the Williams Living Trust dated March 18, 2008. We have reported ownership accordingly. However, because the will of Lawrence P. Williams has not been probated in New Mexico, the title to these interests is unmarketable.

The materials examined reflect that in 2003, Doris E. Williams acquired from a trust created by Roxie Williams, the mother of Lawrence P. Williams, identical interests in Tracts 7, 8, and 9, subject to Lease 10. We have assumed that Doris S. Williams and Doris E. Williams are the same person, and we have also reported that these interests were conveyed to Doris S. Williams as Trustee of the Williams Living Trust dated March 18, 2008. However, we are not able to verify that this is correct. If it is not correct, then we have overstated the interests owned by said trustee, and we have failed to report the interests of Doris E. Williams.

The foregoing matters do not affect the working interest under Leases 9 and 10. Therefore, we do not have any requirements for drilling purposes. However, we reserve the right to make requirements at such time as a division order title opinion is requested.

14. Tracts 8 and 9 - Title to Lease 15: The prior opinions assumed that Lease 15 would be assigned by the original lessee, Robert J. Cerf, to HNG Oil Company. The prior opinions reported ownership accordingly, and required that such an assignment be obtained. However, the materials examined do not reflect such an assignment. Therefore, it appears that the original lessee is still the actual, record owner of Lease 15, if it is still in effect (see XI.3, above). If Lease 15 is no longer in effect, then this matter is no longer relevant. However, if Lease 15 is still in effect, this matter affects the ownership of Lease 15 reported above in VIII.B.

REQUIREMENT W: If it is determined that Lease 15 is still in effect, the current owners of the lease should obtain an assignment of the lease from Robert J. Cerf. In the alternative, the title to Lease 15 should be judicially quieted against Robert J. Cerf.

→ 15. Tracts 8 and 9 - Uncertain Ownership of a 12.6/350 Interest: It appears that, at one time, Joe H. Beeman owned a 35/350 interest in Tracts 8 and 9, probably as his separate property. Mr. Beeman conveyed this interest to R. C. Beveridge on May 24, 1973. On December 28, 1973, R. C. Beveridge and wife re-conveyed to Mr. Beeman 60% of the 35/350 interest conveyed to them by Mr. Beeman, being a 21/350 interest. In 1974, Mr. Beeman and wife, Mary Jo Beeman, then conveyed to T. L. Rees 1/3 of 40% of said 21/350 interest, or a 2.8/350 interest. It appears that the Beemans also conveyed to Carmex, Inc. 2/3 of 40% of said 21/350 interest, or a 5.6/350 interest. This left the Beemans with a 12.6/350 interest in Tracts 8 and 9.

→ The Beemans and their attorneys then engaged in a series of conveyances, lawsuits, and stipulations of interest which, over a span of almost fifteen years, completely confused and obscured the ownership of this 12.6/350 interest. Some of these conveyances, lawsuits, and stipulations are described in Stubbeman, McRae, Sealy, Laughlin & Browder Title Opinion dated April 8, 1978 (paragraph 5, pages 3 - 4), and in Stubbeman, McRae, Sealy, Laughlin & Browder Original Division Order Title Opinion dated June 13, 2003 (paragraph 19, pages 24 - 26). In the interest of time, and in order not to overburden this opinion, we have chosen not to re-describe in this opinion the documents and lawsuits that were described in detail in said prior opinions, and we refer you to said opinions for a more detailed description of those documents and lawsuits. In general, however, said documents and lawsuits are problematic for several reasons including describing conveyed interests by use of mineral acres without allocating the mineral acres among the tracts being conveyed, stipulated to or adjudicated, otherwise ambiguous, unclear and imprecise descriptions of the interests being conveyed, stipulated to, litigated and adjudicated, apparently conflicting conveyances to

different parties, overconveyances, conveyances by parties with no interest to convey, conveyances by potentially married persons without joinder of their spouses, incorrect legal descriptions for the lands being conveyed, and failure to join necessary defendants in quiet title suits.

For information purposes and future reference, we note the following corrections of the descriptions of some of said documents in the 1978 Stubbeman, McRae opinion:

- (i) the document described in (e) on page 4 was recorded in Book 218, not Book 318;
- (ii) the document described in (l) on page 4 was in favor of Mary Jo Fields, not Mary Jo Beeman (although they appear to be the same person); and,
- (iii) the document described in (m) on page 4 was recorded at page 653, not page 553.

For information purposes and future reference, we note the following corrections of the descriptions of some of said documents in the 2003 Stubbeman, McRae title opinion:

- (iv) the document described in A on page 24 was recorded at page 703, not page 707;
- (v) the document described in B on page 24 was recorded in Book 254, Page 814, not Book 248, Page 51;
- (vi) the second document described in C on page 25 was recorded in Book 261, not Book 260;
- (vii) the grantee in the deed described in D on page 25 was Charles L. Reitenger, not Charles H. Reitenger, and the interest conveyed was 1/3 of 1/5 of 1/2, not 1/3 of 1/2 of 1/2;
- (viii) the document described in E on page 25 was recorded in Book 255, not Book 253;
- (ix) the documents described in J and K on page 25 were not deeds, but were entitled "Assignment of Oil and Gas Interest for Collateral Purposes," and were recorded in the Miscellaneous Records, not the Deed Records;
- (x) the 1986 Stipulation of Interest described on page 25 was dated January 20, 1986, not January 31, 1986, the interest credited to Jo H. Beeman was actually credited in the Stipulation to Joe H. Beeman, and said interest was actually 26.25000%, not 16.25000%; and,
- (xi) in the discussion of the 1986 Stipulation of Interest described on page 25, there is a reference to "John H. Reitenger," when the reference should have been to Charles L. Reitenger, and we note that this Stipulation was recorded in Book 265, Page 486 of the Deed Records.

➔ In addition, the discussion of the 1984 quiet title suit on page 24 of the 2003 opinion states that the author's file indicated that the judgment entered in said lawsuit "in effect, decreed that the title to the 12.6/350 mineral interest was owned as follows:

Joe H. Beeman	1/2 x 1/4 x 12.6/350
Mary Jo Beeman	1/2 x 1/4 x 12.6.350

Thomas B. Stribling and wife Martha Stribling	1/2 x 12.6/350
John E. <u>Osborn</u>	1/4 x 12.6/350"

→ However, said judgment actually determined that Thomas B. and Martha Stribling acquired 24.0174 total net mineral acres in numerous tracts of land (including Tracts 8 and 9), and that John E. Osborn (misspelled as Osborne in the judgment) acquired 12.00827 net mineral acres in the same lands, without any indication of which portions of said net mineral acres were attributable to Tracts 8 and 9. Therefore, it is not really possible to determine from the judgment the respective interests in Tracts 8 and 9 that were owned by the Beemans, the Striblings, and John Osborn.

→ In addition to the documents and lawsuits described in said prior opinions, the materials examined reflect the following additional documents which contribute to the confusion:

(xii) Mineral Deed from Joe H. Beeman and Mary Jo Beeman to John E. Osborn, dated March 1, 1974, recorded in Book 218, Page 46 of the Deed Records of Eddy County, conveying 12.0087 mineral acres in Tracts 8 and 9 and numerous other tracts, without allocation of the mineral acres among the various tracts;

(xiii) Warranty Deed from Joe H. Beeman to Thomas Jack Gregory and Bonnie R. Gregory, husband and wife, and to Clarence W. Ervin and Mary I. Ervin, husband and wife, dated March 10, 1986, recorded in Book 265, Page 832 of the Deed Records of Eddy County, conveying all of the grantor's interest in a 1/2 interest in Tracts 8 and 9, but misdescribing the SE $\frac{1}{4}$, S $\frac{1}{2}$ S $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 35 as the SE $\frac{1}{4}$ S $\frac{1}{2}$ S $\frac{1}{2}$ NE $\frac{1}{4}$;

(xiv) Special Mineral Deed from Kirby, Ratliff, Manning & Greak, Inc. to Louis M. (Mickey) Ratliff, Jr., Nevill Manning, and Nolan Greak, in equal shares, dated February 20, 1987, recorded in Book 172, Page 937 of the Eddy County Records, conveying a 3.0625% of 1/2 interest in Tracts 8 and 9 (but misdescribing the SE $\frac{1}{4}$, S $\frac{1}{2}$ S $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 35 as the SE $\frac{1}{4}$ S $\frac{1}{2}$ S $\frac{1}{2}$ NE $\frac{1}{4}$);

(xv) Stipulation of Interest dated July 8, 1987, effective March 10, 1986, recorded in Book 2, Page 234 and in Book 14, Page 259 of the Eddy County Records, among Joe H. Beeman, Thomas J. Gregory and Bonnie Ruth Gregory, and Clarence W. Ervin and Mary I. Ervin, in which the parties stipulated to the following interests in a 1/2 interest in Tracts 8 and 9 (but misdescribing the SE $\frac{1}{4}$, S $\frac{1}{2}$ S $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 35 as the SE $\frac{1}{4}$ S $\frac{1}{2}$ S $\frac{1}{2}$ NE $\frac{1}{4}$):

Joe H. Beeman	"1/2 of 26.25000% or 13.125 [sic] of the total interest remaining after stipulation dated January 20, 1986"
Thomas J. Gregory Bonnie Ruth Gregory	"65% of 13.125% of the interest remaining after stipulation dated January 20, 1986"
Clarence W. Ervin Mary I. Ervin	"35% of 13.125% of the interest remaining after stipulation dated January 20, 1986"

(xvi) Mineral Deed from Virginia Lee Davis to Dewie B. Leach, a single man, dated August 24, 1987, recorded in Book 5, Page 346 of the Eddy County Records, conveying 40% of the grantor's 10% interest in Tracts 8 and 9;

(xvii) Mineral Deed from Mary Jo Dickerson to Jonathan D. Knoerdel, dated September 2, 1987, recorded in Book 4, page 1144 of the Eddy County Records, conveying 2% of the grantor's interest in Tracts 8 and 9;

(xviii) Stipulation of Interest dated September 20, 1987, recorded in Book 14, Page 467 of the Eddy County Records, between Joe H. Beeman and Alec G. McGonagill, in which the parties stipulated to the following interests in a 1/2 interest in the lands described in Exhibit A (however, there was no Exhibit A attached to the recorded version of this document):

Joe H. Beeman	"1/2 of 16.15000% of 13.125 [sic] of the total interest remaining after stipulation dated September 20, 1987"
Alec G. McGonagill	"5 % of 13.125% of the interest remaining after stipulation dated September 20, 1987"

(xix) Untitled document dated September 25, 1987, recorded in Book 52, Page 693 of the Eddy County Records, in which Mary Jo Dickerson agreed to deliver to Alec G. McGonagill 8% of money held in suspense by various oil companies, and 5% of all mineral rights held by Mary Jo Dickerson in Eddy County (attached to this document was an exhibit which described Tracts 8 and 9, but which misdescribed the SE $\frac{1}{4}$, S $\frac{1}{2}$ S $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 35 as the SE $\frac{1}{4}$ S $\frac{1}{2}$ S $\frac{1}{2}$ NE $\frac{1}{4}$);

(xx) Quitclaim Deed from Mary Jo Dickerson, formerly known as Mary Joe [sic] Beeman, to Peter A. Panagopoulos, dated December 8, 1987, recorded in Book 10, Page 1117 of the Eddy County Records, purporting to convey 5% of her 1/2 interest in a 60% of 1/2 interest in Tracts 8 and 9;

(xxi) Quitclaim Deed from Mary Jo Dickerson, formerly known as Mary Joe [sic] Beeman, to Peter A. Panagopoulos, dated December 8, 1987, recorded in Book 17, Pages 306 and 616 of the Eddy County Records, purporting to convey 2% of all oil and gas production and 5% of all monies held in suspense by the oil companies for said production on her 1/2 interest in a 60% of 1/2 interest in Tracts 8 and 9;

(xxii) Quitclaim Deed from Mary Jo Dickerson, formerly known as Mary Joe [sic] Beeman, to Peter A. Panagopoulos, Andreas P. Panagopoulos, Pavlos P. Panagopoulos, Panagiota P. Panagopoulos, and Magdalene P. Panagopoulos, doing business as Panagopoulos Enterprises, dated February 1, 1988, recorded in Book 13, Page 850 of the Eddy County Records, purporting to convey 7% of all oil and gas production and 7% of all monies held in suspense by the oil companies for said production on her 1/2 interest in a 60% of 1/2 interest in Tracts 8 and 9;

→ (xxiii) Stipulation of Interest dated April 13, 1988, effective September 29, 1987, recorded in Book 18, Page 989 of the Eddy County Records, between Joe H. Beeman and Laura Meade, in which the parties stipulated to the following interests in a 1/2 interest in Tracts 8 and 9 (but misdescribing the SE $\frac{1}{4}$, S $\frac{1}{2}$ S $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 35 as the SE $\frac{1}{4}$ S $\frac{1}{2}$ S $\frac{1}{2}$ NE $\frac{1}{4}$):

Joe H. Beeman	"1/2 of 26.25000% of 13.125% of the total interest remaining after stipulation dated September 20, 1987"
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→ Laura Meade	"3 $\frac{1}{2}$ % of 13.125% of the interest
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remaining after stipulation dated
September 20, 1987"

(xxiv) Assignment of Production from Klipstine and Hanratty, P.C., a partnership, and from James W. Klipstine and wife, Latannia Klipstine, to Western Commerce Bank, dated October 4, 1989, recorded in Book 54, Page 895 of the Eddy County Records, assigning all of the assignors' interest in production from Tracts 8 and 9 in order to secure a debt;

(xxv) Quitclaim Deed from Seminole Memorial Hospital to Martha Stribling, Thomas B. Stribling, Joe H. Beeman, Klipstine & Hanratty (a partnership composed of James W. Klipstine, Jr. and Kevin J. Hanratty), John E. Osborn, Virginia Lee Davis, Mary Jo Dickerson (aka Mary Jo Beeman aka Mary Jo Fields), John E. Hall III, Kirby, Ratliff, Manning & Greak, Thomas Jack Gregory, Bonnie Ruth Gregory, Clarence W. Ervin, Mary I. Ervin, and Laura Meade, dated October 31, 1989, recorded November 21, 1994 in Book 203, Page 1049 of the Eddy County Records, conveying all of the grantor's interest in a 1/2 interest in Tracts 8 and 9 (but misdescribing the SE $\frac{1}{4}$, S $\frac{1}{2}$ S $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 35 as the SE $\frac{1}{4}$ S $\frac{1}{2}$ S $\frac{1}{2}$ NE $\frac{1}{4}$) (we note that this document was executed and acknowledged by George Cristy without indication of his capacity as an officer or other representative of the grantor);

(xxvi) Quitclaim Mineral Deed from Joe H. Beeman to Alec G. McGonagill, dated May 11, 1990, recorded in Book 68, Page 656 of the Eddy County Records, conveying any mineral interest owned by the grantor in Tracts 8 and 9 (but misdescribing the SE $\frac{1}{4}$, S $\frac{1}{2}$ S $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 35 as the SE $\frac{1}{4}$ S $\frac{1}{2}$ S $\frac{1}{2}$ NE $\frac{1}{4}$);

(xxvii) Mineral Deed from Dewie B. Leach, a single man, to LBD, a limited partnership, dated August 11, 1998, recorded in Book 326, Page 79 of the Eddy County Records, conveying all of his interest in a 1/2 interest in Tracts 8 and 9; and,

(xxviii) Mineral Deed from Helen Beeman to M. Craig Beeman, dated February 18, 2011, effective February 15, 2011, recorded in Book 845, Page 647 of the Eddy County Records, conveying an undivided .00081740 interest in all of the oil, gas and other minerals in and under and that may be produced from the Layla "35" Fee Com No. 1 in Section 35. This document then states that Helen Beeman owns a .00081740 royalty interest.

➤ Whatever portion of said 12.5/350 interest in Tracts 8 and 9 that was acquired by Thomas B. and Martha G. Stribling from the Beemans as a result of the documents described above and in said prior opinions now appears to be owned as follows:

Martha Stribling for life, remainder to T. B. Stribling III as successor Trustee of the Martha G. Stribling Irrevocable Trust	50%
Martha Stribling, Trustee under Trust Agreement dated 9/24/96	50%

➤ Said portion of the 12.6/350 interest is subject to Lease 15, if it is still in effect (see XI.3, above).

Whatever portion of said 12.6/350 interest in Tracts 8 and 9 that was acquired by John Osborn is now owned by Bertha Lorene Osborn, as her separate property, subject to Lease 20, if it is still in effect (see XI.3, above).

Whatever portion of said 12.6/350 interest in Tracts 8 and 9 that was retained by Joe H. Beeman as a result of the foregoing documents, if any, is now owned by Helen Beeman, subject to

Lease 21 if it is still in effect (see XI.3, above), and subject to the Mineral Deed to M. Craig Beeman described above in (xxviii).

Whatever portion of said 12.6/350 interest in Tracts 8 and 9 that was acquired by Peter A. Panagopoulos now appears to be owned by Panagopoulos Enterprises, subject to Lease 21 if it is still in effect (see XI.3, above).

Whatever portion of said 12.6/350 interest in Tracts 8 and 9 that was acquired by Thomas Jack Gregory and Bonnie R. Gregory now appears to be owned by Bonnie R. Gregory and the heirs of Thomas Jack Gregory, deceased, subject to Lease 21 if it is still in effect (see XI.3, above). In this regard, the materials examined reflect a Proof of Death and Heirship executed by Bonnie R. Gregory, dated October 10, 1995, recorded in Book 231, Page 1112 of the Eddy County Records. This document states that Thomas Jack Gregory died intestate July 24, 1994 in Carlsbad, New Mexico. He was survived by his wife, Bonnie R. Gregory, and by his children, Irma J. Gregory, Thomas W. Gregory, William I. Gregory, and Stanley J. Gregory. Because the heirship of Thomas Jack Gregory has not been judicially determined, the title to whatever portion of said 12.6/350 interest that passed through his estate is unmarketable.

With one possible exception, it appears that whatever portion of said 12.6/350 interest in Tracts 8 and 9 that was not conveyed by the Beemans to Thomas B. and Martha G. Stribling, and to John Osborn, is subject to Lease 21, if it is still in effect (see XI.3, above). The possible exception results from a Mineral Deed from Mary Jo Beeman Fields to Ralph V. Robinson dated January 8, 1979, recorded in Book 245, Page 703 of the Deed Records of Eddy County, purporting to convey a 30% interest in Tracts 8 and 9. Lease 21 was executed January 4, 1974, prior to the execution of the Robinson deed. Accordingly, whatever interest was conveyed to Ralph V. Robinson should have been subject to Lease 21. However, Lease 21 was not recorded until January 24, 1979, and therefore was not of record when the Robinson deed was executed. Therefore, Ralph V. Robinson did not have constructive notice of Lease 21 when the deed to him was executed. Accordingly, if Ralph V. Robinson was a bona fide purchaser from Mary Jo Beeman Fields, and if he did not have actual knowledge of Lease 21, then he could claim that his interest in Tracts 8 and 9, if any, is not subject to Lease 21, if it is still in effect.

➔ Because of the problems associated with the documents described above and in the prior opinions, the ownership of Tracts 8 and 9 is uncertain, and we are not able to report it. Were it not for the recording act problem associated with the potential interest of Ralph V. Robinson, discussed above, we could report that all of said 12.6/350 interest in Tracts 8 and 9 is subject to Leases 15, 20, and 21, if they are still in effect. However, because of said recording act problem, and because we are unable to determine the respective interests in Tracts 8 and 9 that are covered by Leases 15, 20, and 21, we are not even able to report that said 12.6/350 interest is completely covered by Leases 15, 20, and 21, even if said leases are still in effect. In any event, however, as discussed above in XI.3, there appears to be a serious question whether any of these leases are still in effect.

➔ It appears that the parties who could now claim portions of said 12.6/350 interest are as follows: Martha Stribling, individually and as Trustee of a Trust dated 9/24/96, T. B. Stribling III as Successor Trustee of the Martha G. Stribling Irrevocable Trust, Bertha Lorene Osborn, Ralph V. Robinson, Childs & Bishop Law Office, Inc., Klipstine & Hanratty, James W. Klipstine, Jr., Kevin J. Hanratty, Helen Beeman, M. Craig Beeman, Mary Jo Dickerson (formerly Beeman), Virginia Lee Davis, LBD, a limited partnership, Charles L. Reitenger, John Edward Hall III, the successor of United New Mexico Bank of Carlsbad, First Federal Savings and Loan Association of Littlefield, Texas, Jonathan D. Knoerdel, Panagopoulos Enterprises, Clarence W. Ervin and Mary I. Ervin, Bonnie R. Gregory, Irma J. Gregory, Thomas W. Gregory, William I. Gregory, Stanley J. Gregory, Laura Meade, Alec McGonagill, Louis M. (Mickey) Ratliff, Jr., Nevill Manning, Nolan Greak, Seminole Memorial Hospital, Andreas P. Panagopoulos, Pavlos P. Panagopoulos, Panagiota P. Panagopoulos, Magdalene (or Magdaline) P. Panagopoulos, and Panagopoulos Enterprises.

We also note that numerous tax liens have been filed that could affect any interest owned by Klipstine & Hanratty, James W. Klipstine, Jr., or Kevin J. Hanratty, and said liens have not been released of record. It is likely that these liens are no longer enforceable. However, it is not possible to determine this from the materials examined. These liens are as follows:

(a) Notice of Federal Tax Lien against James W. Klipstine, Jr., in the amount of \$43,081.64, dated March 13, 1986, recorded in Book 260, Page 1106 of the Miscellaneous Records of Eddy County;

(b) Notice of Federal Tax Lien against Klipstine & Hanratty, in the amount of \$3,589.91, dated August 10, 1989, recorded in Book 51, Page 1156 of the Eddy County Records, as amended by Notice dated January 31, 1990, recorded in Book 64, Page 950 of the Eddy County Records;

(c) Notice of Federal Tax Lien against Klipstine & Hanratty, in the amount of \$39.26, dated August 10, 1989, recorded in Book 51, Page 1183 of the Eddy County Records, as amended by Notice dated February 2, 1990, recorded in Book 64, Page 949 of the Eddy County Records;

(d) Notice of Federal Tax Lien against James W. Klipstine, Jr., in the amount of \$9,377.98, dated October 19, 1989, recorded in Book 56, Page 826 of the Eddy County Records;

(e) Notice of Federal Tax Lien against James W. Klipstine Jr. PC, formerly known as Klipstine & Fry PC, formerly known as Klipstine & Hanratty PC, in the amount of \$7693.54, dated March 8, 1990, recorded in Book 64, Page 953 of the Eddy County Records, as amended by Notices dated March 27, 1990 and September 17, 1995, recorded in Book 66, Page 234 and in Book 231, Page 681, and in Book 231, Page 684 of the Eddy County Records;

(f) Notice of Federal Tax Lien against Klipstine & Fry PC, formerly known as formerly known as Klipstine & Hanratty PC, also known as James W. Klipstine Jr. PC, in the amount of \$679.24, dated January 31, 1990, recorded in Book 64, Page 948 of the Eddy County Records;

(g) Notice of Federal Tax Lien against James W. Klipstine, Jr., in the amount of \$4,037.95, dated June 21, 1990, recorded in Book 71, Page 685 of the Eddy County Records;

(h) Notice of Federal Tax Lien against James W. Klipstine, Jr. and Latannia J. Klipstine, in the amount of \$1,337.79, dated November 4, 1993, recorded in Book 173, Page 341 of the Eddy County Records;

REQUIREMENT X: If it is determined that Leases 15, 20 and 21 are all still in effect, then Ralph V. Robinson (and his wife, if he is married) should ratify Lease 21, or a new lease should be obtained from him (and his wife, if he is married). We reserve the right to make additional requirements with respect to the ownership of said 12.6/350 interest in Tracts 8 and 9 at such time as a division order title opinion is requested.

➔ REQUIREMENT Y: If it is determined that Leases 15, 20 and 21 are not still in effect, and it therefore becomes necessary to obtain new leases covering said 12.6/350 interest in Tracts 8 and 9, then you should obtain leases covering Tracts 8 and 9 from the following parties and their spouses (as applicable): Martha Stribling, individually and as Trustee of a Trust dated 9/24/96, T. B. Stribling III as Successor Trustee of the Martha G. Stribling Irrevocable Trust, Bertha Lorene Osborn, Ralph V. Robinson, Childs & Bishop Law Office, Inc., Klipstine & Hanratty, James W. Klipstine, Kevin J. Hanratty, Helen Beeman, Mary Jo Dickerson (formerly Beeman), Virginia Lee

Davis, LBD, a limited partnership, Charles L. Reitenger, John Edward Hall III, the successor of United New Mexico Bank of Carlsbad, First Federal Savings and Loan Association of Littlefield, Texas, Jonathan D. Knoerdel, Panagopoulos Enterprises, Clarence W. Ervin and Mary I. Ervin, Bonnie R. Gregory, Irma J. Gregory, Thomas W. Gregory, William I. Gregory, Stanley J. Gregory, Laura Meade, Alec McGonagill, Louis M. (Mickey) Ratliff, Jr., Nevill Manning, Nolan Greak, Seminole Memorial Hospital, Andreas P. Panagopoulos, Pavlos P. Panagopoulos, Panagiota P. Panagopoulos, and Magdalene (or Magdaline) P. Panagopoulos, and Panagopoulos Enterprises, and their spouses (as applicable). In the alternative, all of said parties and their spouses (as applicable) should first enter into a stipulation of interests setting forth their respective portions of said 12.6/350 interest, or the ownership of said interest should be settled through litigation, and then leases should be obtained from the resulting owners of said 12.6/350 interest and their spouses (as applicable). In addition, the tax liens described above should be released, or satisfactory evidence should be furnished that said tax liens are no longer effective or enforceable. In addition, if you require marketable title, the heirship of Thomas Jack Gregory should be judicially determined in New Mexico. We also reserve the right to make additional requirements with respect to the ownership of said 12.6/350 interest in Tracts 8 and 9 at such time as a division order title opinion is requested.

16. Tracts 7, 8, and 9 - Martha Stribling Life Estate - Related Matters: At one time, Martha Stribling, also known as Martha G. Stribling, owned a 1/10 interest in Tract 7 and a 1/20 interest in Tracts 8 and 9, as her separate property, subject to Leases 9 and 10. She acquired these interests through trusts created by her parents, S. F. Williams, Sr. and Roxie L. Williams.

At the same time, Martha Stribling also owned, subject to Lease 15 (if it is still in effect - see XI.3, above), a 39.665/350 interest in Tracts 8 and 9, being her community 1/2 of a total 79.33/350 interest acquired by her and her husband, Thomas B. Stribling, in 1974 by a Mineral Deed from Francis F. Beeman and wife, Patricia Ann Beeman Allen and husband, and Charles Michael Beeman and wife, dated March 6, 1974, recorded in Book 218, Page 150 of the Deed Records of Eddy County. She became vested with her community 1/2 of said interest upon the death of her husband, Thomas B. Stribling, on July 19, 2003.

Martha Stribling also appears to have become vested with her community 1/2 of an uncertain interest obtained by her and her husband from Joe H. and Mary Jo Beeman, as discussed above in XIV.15. This interest would also be subject to Lease 15 (if it is still in effect).

The materials examined then reflect a Warranty Deed from Martha Stribling, also known as Martha G. Stribling, to Martha G. Stribling, as Trustee of the Martha G. Stribling *Irrevocable* Trust, dated April 5, 2006, recorded in Book 798, Page 1232, conveying all of her interests in Eddy County, but "reserving to Grantor a life estate in any real estate of minerals granted." This deed did not contain any provisions regarding the right of Martha Stribling, as life tenant, to receive payments of bonus or royalties during her life.

The materials examined then reflect the following additional conveyances:

(a) Quitclaim Deed from Martha G. Stribling to the Martha G. Stribling *Revocable* Trust, restated as of June 21, 2010, said deed being dated April 16, 2011, recorded in Book 850, Page 203 of the Eddy County Records, conveying the following:

"the following Division Order/Oil & Gas Lease dated August 7, 2003 between Martha G. Stribling (lessor) and Mewbourne Oil Company (lessee) Said Division Order/Oil & Gas Lease pertains to the property number located on the following described lands in Eddy County, New Mexico:

Owner Number : 12905
Lease Number: 52147