

Rick Harris

From: Deidre O'Callaghan <Deidre.O'Callaghan@aec-denver.com>
Sent: Wednesday, May 06, 2015 9:08 AM
To: Rick Harris
Subject: ownership reports Section 1, 24-2
Attachments: 24N 2W Sec 1 Lot 2 3 4 SWNE S2NW N2SW 327.75 acres CB Revised 2.5.14.docx

Rick, per our conversation today, here is the ownership report showing McElvain ownership in Section 1. Note the difference between ownership in Tract 1 and in Tract 2 – I'm thinking that the assignment to HOC maybe just missed the Tract 2 interest? Let me know what you think. In the meantime, we have a title opinion cooking, hope to have that in a few weeks. DO'C

Deidre O'Callaghan
Senior Landman



Anschutz Exploration Corporation
555 17th Street, Suite 2400, Denver, CO 80202
(303) 299-1478 DIRECT
(303) 324-5559 CELL
(303) 299-1518 FAX

OWNERSHIP REPORT

RIO ARRIBA COUNTY, NEW MEXICO

Regina Prospect

Township 24N Range 2W NMPM

Section 1: Tract 1 – Lot 2, SWNE (W2NE) (82.60 Ac. m/l)
 Tract 2 – Lots 3, 4, S2NW, N2SW (245.15 Ac. m/l)

Containing 327.75 acres, more or less.

Limited in depth from the stratigraphic equivalent of 6,213' MD to 8,080' MD covering the interval from the base of the Point Lookout Sandstone to the top of the Dakota Sandstone as shown on the log from the Bear Com #28 Well located in the NESWSW Sec. 28, T26N-R2W, Rio Arriba County, NM.

TRACT 1: Lot 2, SWNE (W2NE) (82.60 Ac. m/l)

Working Interests:

#	Owner	Interest	NRI	Leasehold Status
1.	Arriba Company, L.L.C. P.O. Box 35304 Tulsa, OK 74153	5.0000000%	4.2250000%	Held by Production OGL: Book 93 (OG) Page 245 Lessor: United States of America Lessee: Northwest Exploration Company Lease Date: April 1, 1981 Royalty: 1/8 th (12.5%) Term: 5 Years
2.	NM&O Operating Company 320 South Boston, Ste. 2000 Tulsa, OK 74103	0.9500000%	0.8027500%	
3.	Hunt Oil Company 1900 North Akard Street Dallas, TX 75201	47.0250000%	39.7361250%	ORRI: (1) 3% of 8/8ths Reserved by Northwest Exploration Company at Book 104 (OG), Page 747; (2) 2.5% Proportionately Reduced (2.35125%) according to ownership, Reserved by T.H. McElvain Oil & Gas at Book 531, Page 3866.
4.	J&M Raymond, Ltd. P.O. Box 291445 Kerrville, TX 87029	23.5125000%	18.6924375%	
5.	McElvain Oil Company P.O. Box 801888 Dallas, TX 75380	23.5125000%	18.6924375%	Well History: Federal Invader #001 Status: Producing Surface Location: D (NWNW) Units Held: 320 (W2) C, D, E, F, L, K, M; & N Spud Date: 1/20/1986 API #: 30-039-23976 Operator: NM&O Operating Co. Total Depth: 8,104' Formation: Blanco Mesaverde
6.	Northwest Exploration P.O. Box 5800, T.A. Denver, CO 80217	0.0000000%	3.0000000%	
7.	T.H. McElvain Oil & Gas 1050 17 th Street, Ste. 2500 Denver, CO 80265	0.0000000%	2.3512500%	
Total		100.0000%	87.5000%	

TRACT 2: Lots 3, 4, S2NW, N2SW (245.15 Ac. m/l)

Working Interests:

#	Owner	Interest	NRI	Leasehold Status
1.	Arriba Company, L.L.C. P.O. Box 35304 Tulsa, OK 74153	5.0000000%	4.2250000%	Held by Unit OGL: Book 93 (OG) Page 245 Lessor: United States of America Lessee: Northwest Exploration Company Lease Date: April 1, 1981 Royalty: 1/8 th (12.5%) Term: 5 Years
2.	NM&O Operating Company 320 South Boston, Ste. 2000 Tulsa, OK 74103	0.9500000%	0.8027500%	ORRI: (1) 3% of 8/8ths Reserved by Northwest Exploration Company at Book 104 (OG), Page 747.
3.	T.H. McElvain Oil & Gas 1050 17 th Street, Ste. 2500 Denver, CO 80265	94.0500000%	79.4722500%	
4.	Northwest Exploration P.O. Box 5800, T.A. Denver, CO 80217	0.0000000%	3.0000000%	Well History: Federal Invader #001 Status: Producing Surface Location: D (NWNW) Units Held: 320 (W2) C, D, E, F, L, K, M, & N Spud Date: 1/20/1986 API #: 30-039-23976 Operator: NM&O Operating Co. Total Depth: 8,104' Formation: Blanco Mesaverde
Total		100.0000%	87.5000%	

Surface Ownership

Owner	Interest
Schmitz Land, LLC HC 74 Box 113 Lindrith, NM 87029	100.00%

Taxes

N/A

Unsatisfied Mortgages or Deeds of Trust

N/A

Unsatisfied Judgments and Liens

N/A

- The Working Interests of T.H. McElvain Oil & Gas, J&M Raymond Ltd., and McElvain Oil Company, in Tract #1 reported herein, are subject to the following unrecorded instrument: "Participation Agreement dated August 1, 2003, by and between T.H. McElvain Oil & Gas Limited Partnership, as Seller, and J&M Raymond, Ltd. and McElvain Oil Company, as Buyers, and McElvain Oil & Gas Properties, Inc., as Operator." This Agreement is *not* recorded in the official records contained in the County Clerks Office in Rio Arriba County, New Mexico; therefore, the terms of this agreement are not reported on herein.
- This interests reported herein are all subject to the following instruments:

- a. Operating Agreement (OA1967) dated October 7, 1981, between Northwest Exploration Company, as Operator, and Northwest Pipeline Corporation, et al, as Non-Operator;
 - b. Operating Agreement (OA2073) dated August 26, 1983, between Jerome P. McHugh, as Operator, and Northwest Exploration Company, et al, as Non-Operators, amended by Letter Agreement dated September 7, 1983, between Northwest Exploration Company and Jerome P. McHugh & Associates;
 - c. Operating Agreement (OA1968) dated January 25, 1983, between Jerome P. McHugh, as Operator, and Northwest Exploration Company, et al, as Non-Operator;
 - d. Purchase and Sale Agreement (SA1922) dated May 3, 1984, between Northwest Exploration Company, et al, and Mesa Grande Resources;
 - e. Communitization Agreement (CM-2187) dated May 15, 1984, by Northwest Exploration Company, approved August 20, 1984, effective May 15, 1984, BLM Contract No. NMA-0093, by Gayle A. Stephens, for District Manager, BLM.
3. Acquisition information provided by the client (“HOC Spreadsheet”) states that Hunt Oil Company owns 100% of the Working Interest concerning the W2NE; however, based upon the instruments recorded in the Rio Arriba County Clerk’s Office, in Tierra Amarilla, N.M., and upon instruments filed with the Department of Interior – Bureau of Land Management, in Santa Fe, N.M. (“BLM”), this figure is incorrect. In an instrument dated September 19, 2007, and filed with the BLM, in Santa Fe, N.M., T.H. McElvain Oil & Gas L.P. (who at the time owned 94.05% Working Interest in the W2NE), conveyed to J&M Raymond, Ltd., and McElvain Oil Company, 23.5125% Working Interest, each, while retaining 47.025% Working Interest (or, exactly one-half (1/2) of their original 94.05% WI). Subsequent to this conveyance, in an instrument dated October 12, 2011, and filed with the BLM, in Santa Fe, N.M., T.H. McElvain Oil & Gas, L.P., conveyed all of the remaining Working Interest owned by them in the W2NE (47.025%), to Hunt Oil Company.
4. Acquisition information provided by the client (“HOC Spreadsheet”) does not list any interest being acquired by Hunt Oil Company in Tract #2; however, according to instruments filed of record in the Rio Arriba County Clerk’s Office, as well as the Department of Interior – Bureau of Land Management in Santa Fe, N.M., T.H. McElvain Oil & Gas, L.P., currently own 94.05% Working Interest in Tract #2 (Lots 3, 4, S2NW, N2SW).
5. For the purposes of this report, the information contained herein is limited in Depth to the stratigraphic equivalent of 6,213’ MD to 8,080’ MD, covering the interval from the Base of the Pictured Cliffs to the top of the Dakota Sandstone formations; however, ownership information regarding the interests in the Shallow Depths, as well as the Deep Depths, have been calculated and retained. Therefore, the information concerning the depths not reported on herein, is available upon request of the client.

Information as of December 19, 2014. CCB

Last Instrument: Book 534/3967 (08/19/2011)

This Ownership Report is limited to the review and accuracy of the records indicated above and our interpretations and indicated assumptions are based on our experience as practicing Landmen, as we are not attorneys, nor is this a title opinion.