

~~March~~ March 7, 2001
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LEASEHOLD TAKEOFF

Township 8 South, Range 30 East, NMPM
Section 5: W/2
Chaves County, New Mexico

MINERAL OWNERSHIP **NET MINERAL ACRES & PERCENTAGE** **REMARKS**

SECTION 5: SW/4
Containing 160.0 Gross Acres

<p>Section 5: W/2SW/4 Bonnie H. Matlock (heir to Bruce Matlock, deceased) Now known as: Bonnie H. Morrison? San Francisco, Ca. 94109</p>	<p>20 Net Acres (25%)</p>	<p><i>Lsd. Piverno Operating Inc. Term: 2 yrs from 9-18-2000 Royalty: 1/5 ORRI: 3% Recorded Book 402 Page 1458</i></p> <p>Open</p>
<p>First Roswell Company Post Office Box 1797 Roswell, NM 88202-1797</p>	<p>60 Net Acres (75%)</p>	<p><i>Lsd. Piverno Operating Inc. Term: 1 yr from 2-1-2001 Royalty: 1/4th Recorded Book 404 Page 1703</i></p> <p>Open</p>

EXCEPTIONS TO TITLE:

- Section 5: NW/4 - UV Industries - Original MD to UV Ind. covered all depths. Assignment to Tenneco appears to cover only Surface to Base of San Andres Formation. Needs further review before leasing.

- Section 5: SE/4SW/4 A Tax Lien transfer was made from the NM Tax and Revenue Depart. to Robert O. Dimmick. Under Del. Acct #0402164888. Dimmick subsequently conveyed this Lien to Quang Le of 2925 Vista Creek Drive San Jose' Ca. 95133. This was in 1993. Need to investigate prior to leasing.

- Section 5: Lots 3&4
 (N/2NW/4) Under the Bankruptcy of Stevens Oil Company there was reference to a Skinner Well. Looking at maps it appears to be a well located in Section 8. This needs further review since it has appeared in a conveyance of ORRI in Book 760 Page 708 (see attached) in SE/4NW/4 of Section 5 and other references in the Stevens bankruptcy.

LEASING REPORT

Township 8 South, Range 30 East, NMPM

Section 5: E2SW4

Chaves County, New Mexico

March 7, 2001

SE4SW4

NAME	ACRES	REMARKS
Deone Leone Grammer	<input type="checkbox"/> 2.5 6.25%	According to her niece, Alyce Navera, she is deceased, but her direct heirs are unknown. On a copy of the 5/8/90 oil and gas lease provided with the Lease TakeOff Report, a hand written note states that Marie G. Ervin was an heir to Deona Leone Grammer. However, Alyce Navera never heard of Marie G. Ervin. An internet service, Uslocator, was then used to track Marie G. Ervin by social security number. The report stated that she died 11/6/95, with last known address being Sacramento, CA. No probate was found in Sacramento County.
Argie Pearl Poage and Virgal Harvey Poage, both deceased Sole Heir Alyce Navera P.O. Box 11112 Costa Mesa, CA 92627 (760) 251-0177 Home (714) 313-7730 Cell	✓ 18.75 46.875%	Alyce Navera is executing an Affidavit of Heirship for both Argie Pearl Poage and Virgal Harvey Poage. Upon receipt I will forward to your office for recording. Alyce Navera has already executed an oil and gas lease in favor of Primero. <i>Leased 5yr term from 2-15-2001 1/8th Roy Recorded in Book 409 Page 1700</i>
Alvin L. Cox, Jr. and Deborah Cox, husband and wife 291 Del Roy Drive San Marcos, CA 92069-115 (760) 798-1051	✓ 18.75 46.875%	Alvin L. Cox, Jr. and Deborah Cox have agreed to lease to Primero for 5 years, 1/8 royalty and \$20.00 per net acre. A lease and draft were mailed on 2/1/01 and an Amended lease was mailed on 2/9/01. Cox was out of town for a couple of weeks, but Primero should receive the lease and draft in the near future. <i>Leased 5 yr term 1/8th Roy</i>

NE4SW4

NAME	ACRES	REMARKS
Robert Gardet, aka Robert Gardett, aka Robert G. Gardet	<input type="checkbox"/> 10.0 25%	An internet service, Uslocator, was used to locate Gardet by social security number. The report stated that Gardet died 6/16/91, with last known address of Los Angeles, CA. No probate was found in Los Angeles Probate Court. <u>No evidence of any heirs was of record in Chaves Co., N.M.</u>
Gertrude Smith aka Trudie Smith	<input type="checkbox"/> 10.0 25%	An internet service, Uslocator, was used to locate Smith by social security number. The report stated that the last known address for Smith was 7137 Alvern Street, Apt. 217B, Los Angeles, CA 9004-1821. No telephone number was listed for Smith at that location. <u>A letter was mailed to the above address on 2/13/01. The letter has not been return undeliverable. A certified letter was mailed 3/7/01.</u>

- 22.5 net mineral acres out of 160 are not locatable, 19.0625%.

<p>Eileen H. Globensky as Trustee of the Eileen H. Globensky Children's Trust</p> <p>The new Trustee is: Bank One Trust Co. Oil and Gas Dept. Att: Suzanne Foster P.O. Box One Tulsa, OK 74102</p>	<p>✓ 2.5 6.25%</p>	<p>Bank One has agreed to lease to Primero for 3 years, 1/6 royalty and \$25.00 per net acre. Bank One will prepare the oil and gas lease.</p> <p><i>Leased</i></p>
<p>Ronald W. Washchka and Patricia H. Washchka as Co-Trustees of the Patricia H. Washchka Trust, UTA dated 8/15/73</p> <p>The new Trustee is: Bank One Trust Co. Oil and Gas Dept. Att: Suzanne Foster P.O. Box One Tulsa, OK 74102 (918) 586-5389</p>	<p>✓ 3.34 8.33%</p>	<p>Bank One has agreed to lease to Primero for 3 years, 1/6 royalty and \$25.00 per net acre. Bank One will prepare the oil and gas lease.</p> <p><i>Leased</i></p>
<p>F. George Heinze, III as Trustee of the F. George Heinze, III Children's Trust</p> <p>The new Trustee is: Mary Ellen Heinze P.O. Box 68 Faulkner, MD 20632 (301) 934-4352</p>	<p>✓ 2.5 6.25%</p>	<p>Mary Ellen Heinze said she would probably lease under the same terms as the Bank One Trust Co. She would take to Suzanne Foster at Bank One on 3/5/01. In anticipation of her consenting to lease, a lease and draft was mailed on 3/6/01. I told her I would call her on or about 3/8/01.</p> <p><i>Leased</i></p>
<p>Mary Anne Heinze Romano as Trustee of the Sergio Romano Children's Trust</p> <p>The new Trustee is: Bank One Trust Co. Oil and Gas Dept. Att: Suzanne Foster P.O. Box One Tulsa, OK 74102 (918) 586-5389</p>	<p>✓ 2.5 6.25%</p>	<p>Bank One has agreed to lease to Primero for 3 years, 1/6 royalty and \$25.00 per net acre. Bank One will prepare the oil and gas lease.</p> <p><i>Leased</i></p>

<p>John V. Hanney and The First National Bank and Trust Company of Tulsa as Trustee of the Colette H. Johnstone Trust No 1.</p> <p>The new Trustee is: Bank One Trust Co. Oil and Gas Dept. Att: Suzanne Foster P.O. Box One Tulsa, OK 74102 (918) 586-5389</p>	<p>✓ 3.33 8.33%</p>	<p>Bank One has agreed to lease to Primero for 3 years, 1/6 royalty and \$25.00 per net acre. Bank One will prepare the oil and gas lease.</p> <p><i>Leased</i></p>
<p>John V. Hanney and The First National Bank and Trust Company of Tulsa as Trustee of the John V. Hanney Trust No 1.</p> <p>The new Trustee is: Bank One Trust Co. Oil and Gas Dept. Att: Suzanne Foster P.O. Box One Tulsa, OK 74102 (918) 586-5389</p>	<p>✓ 2.5 6.25%</p>	<p>Bank One has agreed to lease to Primero for 3 years, 1/6 royalty and \$25.00 per net acre. Bank One will prepare the oil and gas lease.</p> <p><i>Leased</i></p>
<p>Eileen H. Romano and Giangiorgio Romano as Trustee of the Eileen H. Romano Trust created by Revocable Trust Agreement dated 1/28/70</p> <p>The new Trustee is: Bank One Trust Co. Oil and Gas Dept. Att: Suzanne Foster P.O. Box One Tulsa, OK 74102 (918) 586-5389</p>	<p>✓ 3.33 8.33%</p>	<p>Bank One has agreed to lease to Primero for 3 years, 1/6 royalty and \$25.00 per net acre. Bank One will prepare the oil and gas lease.</p> <p><i>Leased</i></p>