



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
BETTY RIVERA
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

March 13, 2002

Mr. James Bruce
Attorney at Law
Post Office Box 1056
Santa Fe, New Mexico 87504

Dear Mr. Bruce:

Based upon the reasons stated in your letter of March 8, 2002, and in accordance with the provisions of Division Order No. R-11683, Leonard Resource Investment Corporation is hereby granted an additional extension of time until May 31, 2002, in which to commence drilling the well pooled by this order.

Sincerely,


LORI WROTENBERY
Division Director

fd/

cc: Case No. 12729
OCD - Hobbs

JAMES BRUCE

ATTORNEY AT LAW

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March 8, 2002

Lori Wrotenbery
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Order No. R-11683
NE $\frac{1}{4}$ SW $\frac{1}{4}$ §5-20S-39E
Leonard Resource Investment Corporation

Dear Ms. Wrotenbery:

Leonard Resource Investment Corporation ("Leonard Resource") requests that the well commencement deadline be extended an additional 60 days. The reason for this request is as follows:

1. By letter dated December 19, 2001, the Division granted Leonard Resource until March 31, 2002 to commence the well.
2. Leonard Resource has evaluated production from offsetting wells, and will proceed with the drilling of the well. However, the title opinion on the well was just completed (a portion of the opinion is attached). As you can see, there is a substantial amount of curative work on the title requirements which has to be completed before the well can safely be drilled from a title standpoint.

As a result of the foregoing, Leonard Resource requests that the commencement deadline be extended one final time, to May 31, 2002.

Thank you for your consideration of this matter.

Very truly yours,


James Bruce

Attorney for Leonard Resource Investment Corporation

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February 19, 2002

ORIGINAL DRILLING TITLE OPINION

Leonard Resource Investment Corporation
P. O. Box 3422
Midland, TX 79702

Attention: Mr. Dan Leonard

Re: **Your Marshall #1 Well** – to be situated on the following-described land in Lea County,
New Mexico:

Township 20 South, Range 39 East, N.M.P.M.
Section 5: SW/4

containing 160 acres.

Gentlemen:

At your request, we have examined the following:

MATERIALS EXAMINED

Examination of the Records

We have examined all of the instruments affecting the title to the oil and gas mineral estate in captioned land which have been recorded in the Records of the Lea County, New Mexico, from the inception of such records to January 11, 2002, as reflected by the records of Elliott & Waldron Title and Abstract Co, Inc.

Instruments

1. Copies of Lease Nos. 1 through 34, analyzed below.
2. Copy of your mineral takeoff for captioned land.
3. Copy of Judgment and Order Terminating Conservatorship for the conservatorship proceedings for David Bond Kyte, in Cause No. 126,245, in the Superior Court of the State of California, for the County of Santa Barbara, dated November 30, 1989.
4. Copy of Conveyance dated May 4, 1988, from the Bank of California, National Association, Trustee under the Betty Kyte Irrevocable Trust Agreement of December 2, 1958, and the Bank of California, National Association, Trustee under the Cecile Marie Dreessen Revocable Trust Agreement of May 15, 1987
5. Copy of Trust Agreements dated December 23, 1958, between Betty Kyte Dreessen, as Trustor, and the Bank of California, National Association, Trustee.

6. Copy of Revocable Trust Agreement dated May 15, 1987, between Cecile Marie Dreessen, as Trustor, and the Bank of California, National Association, as Trustee.
7. Copy of the Mariee I. Kyte Revocable Living Trust dated October 6, 1975, together with a letter whereby United California Bank declines to serve as Co-Trustee and a letter whereby Ingrid Powell accepts her appointment as Co-Trustee.
8. Copy of the Betty M. Dreessen Revocable Living Trust dated October 17, 1977.
9. Copy of the C. and I. Powell Revocable Living Trust dated June 16, 1978.
10. Copy of Death Certificate of David Bond Kyte.
11. Pages 1, 18, 20 and 21 of that certain Declaration of Trust by David Bond Kyte, known as the David Bond Kyte 1997 Trust.
12. Copy of First Amendment to Declaration of Trust dated March 4, 1997, amending the David Bond Kyte 1997 Trust.
13. Letter dated May 7, 1998, from Roger P. Kokores, Attorney-at-Law, to Capataz Operating, Inc., regarding the Mariee I. Kyte Trust dated October 6, 1975.
14. Letter dated April 15, 1998, from David M. Yager, Attorney-at-Law, to Mr. Glen E. Farmer, regarding David Bond Kyte, enclosing the Last Will and Testament of David Bond Kyte, Deceased.

OWNERSHIP OF THE OIL AND GAS MINERAL ESTATE

Based upon examination of the foregoing and subject to the title requirements hereinafter made, we find title to captioned land vested as follows:

Minerals:

<u>Owner</u>	<u>Lease No.</u>	<u>Lease Royalty</u>	<u>Mineral Interest</u>
The Heirs and/or Devisees of Sid Cross, Deceased	12	1/4	7.5/6720
The Heirs and/or Devisees of Melvia Cross, Deceased	11	1/4	7.5/6720
Jerome T. Hanners, as his separate property	22	3/16	27/2688
Howard Fletcher, as his separate property	1, 2	3/16	27/448
Jones Robinson Ltd.	14	1/5	3/128
The Heirs and/or Devisees of Anderson Carter, Deceased	3	1/4	3/256
Beverly T. Carter, Trustee of the Powhatan and Beverly T. Carter Revocable Trust under Trust Agreement dated September 25, 1981	10	1/4	3/256
J. M. Welborn, Trustee of the J. M. Welborn Trust, created October 23, 1992	28	1/4	55/1280
Manon Markham McMullen, as her separate property	7	1/4	55/2560

<u>Owner</u>	<u>Lease No.</u>	<u>Lease Royalty</u>	<u>Mineral Interest</u>
Roderick Allen Markham, as his separate property	9	1/4	55/2560
Dominion Oklahoma Texas Exploration & Production Inc.	30	1/4	1577/32,000 ¹
Sempra Energy Production Company	29	1/4	266.44/8960 ²
Andrew Oil & Gas Partnership	27	1/4	1/320
The Pastor of First United Methodist Church of Ardmore, Oklahoma, Harold Reed, Ray London, John Frank Snodgrass and the Trust Officer of Exchange National Bank & Trust Company, Trustees of the Gladys R. Berry Loan Fund Trust	32	1/4	1/640
The Heirs and/or Devisees of Mark Whelan, Deceased	19	3/16	1/640
Mark E. Hodge, as his separate property	31	1/4	1/1280
Kathryn Bray Richards, for her life, remainder, equally to Kathryn Kimberlee Richards, Kendall Richards Bourland and Casey Arlon Richards, as their separate property	34	3/16	1/1280
Joyce Blackburn Hart, for her life, remainder, equally to Edwin Robert Hart, Jr., Linda Hart Catterton, Samuel Lloyd Hart, Brenda Denise Hart, William Otho Hart, David Ray Hart and Jason Gregory Hart, as their separate property	26	3/16	1/1280
L. E. Jones Mineral Company	15	1/4	116/1920
SCE Petroleum, L.L.C.	4	1/4	116/1920
Klein Bank, William D. Schenck and William Carl Schenck, as Co-Trustees of the trusts created under the terms and provisions of the Kirby D. Schenck and Rita D. Schenck Revocable Trust Agreement executed on October 2, 1991 (subject to that certain Minerals Management Agreement, effective January 1, 1995, recorded in Book 609, page 491 of the Miscellaneous Records of Lea County, New Mexico, between said Trustees and Western Commerce Bank)	20	1/5	1/32
Cecil Bond Kyte, as his separate property	33	1/4	841.344/13,440
Craig C. Powell and Ingrid D. Powell, Co-Trustees of the C. and I. Powell Revocable Living Trust dated June 16, 1978	21	1/4	12% of 841.344/13,440
Edward Dreessen, Jr., as his separate property	16	1/4	12% of 841.344/13,440
Cecile Marie Dreessen, as her separate property	17	1/4	12% of 841.344/13,440

<u>Owner</u>	<u>Lease No.</u>	<u>Lease Royalty</u>	<u>Mineral Interest</u>
Ingrid Dreessen Powell, Successor Trustee under that certain Trust Agreement dated December 23, 1958, a/k/a The Betty Kye Dreessen Trust	8	1/4	64% of 841.344/13,440
Betty M. Dreessen, Trustee of The Betty M. Dreessen Revocable Living Trust dated October 17, 1977	25	1/4	841.344/13,440
David M. Yager, Successor Trustee of the David Bond Kye 1997 Trust	18	1/4	841.344/13,440
Burke Healey, Trustee for The Burke Healey Trust, a Revocable Trust dated January 2, 1985	5	1/4	13/800
Baren Healey, Trustee for The Baren Healey 1988 Trust under Agreement dated April 25, 1988	6	1/4	13/800
Petco Limited, a Texas limited partnership	24	1/4	52/1200
Sugarberry Land Company	23	1/4	104/1200 ³
Ellen Cornelius, as her separate property	Unleased	N/A	7.5/6720
Margaret Nell Fletcher Luttrell, as her separate property	Unleased	N/A	27/2688
Acey B. Cross	Unleased	N/A	60.3/6720
Margaret Cissell, as her separate property	Unleased	N/A	9/448
The Heirs and/or Devisees of J. W. Black, Deceased	Unleased	N/A	.128/71,680
Wells Fargo Bank, N.A., Successor Trustee of Trust A and Trust B created under the Wills of J. E. Simmons and Beulah H. Simmons, Deceased	Unleased	N/A	1/64 ⁴
Charles M. Wyman	Unleased	N/A	1/320 ⁴
J. C. Halliburton	Unleased	N/A	3/320 ⁴
Lena C. Drake	Unleased	N/A	1/320 ⁴
John F. Coultres, Jr.	Unleased	N/A	1/320 ⁴
Nettie B. Johnson	Unleased	N/A	1/320 ⁴
Mitchell Holmes Russell, as his separate property	Unleased	N/A	1/1280 ⁴
Lynford Outten Russell, Jr., as his separate property	Unleased	N/A	1/1280 ⁴
The Children of Harland M. Joseph, Deceased	Unleased	N/A	1/640 ⁴
Roy G. Barton, Jr., as his separate property	Unleased	N/A	1/1280
The Hefner Company, Inc.	Unleased	N/A	116/1920

¹ This interest must bear 1/320 of the royalty owned by Lambert Oil and Gas Royalties Corporation. This interest is leased only in the NE/4 SW/4 of captioned Section 5.

- ² The royalty attributable to this interest is owned by Bank of America, N.A., Trustee of The Sabine Royalty Trust.
- ³ The royalty attributable to this interest is owned by Ken Perkins Oil & Gas, Inc.
- ⁴ These interests have been force-pooled by the Compulsory Pooling Order described below.

Oil and Gas Leasehold Estate:

Leonard Resource Investment Corporation (Force Pooled) . . . . .	.04062500	of 7/8 WI	⁵
	+ .07343750	of 13/16 WI	
	+ .05468750	of 4/5 WI	
	+ <u>.72982708</u>	of 3/4 WI	⁶
	.89857708		
 The Hefner Company, Inc. . . . .	.06041667		
Roy G. Barton, Jr., as his separate property . . . . .	.00078125		
Ellen Cornelius, as her separate property . . . . .	.00111607		
Margaret Nell Fletcher Luttrell, as her separate property . . . . .	.01004464		
Acey B. Cross . . . . .	.00897321		
Margaret Cissell, as her separate property . . . . .	.02008929		
The Heirs and/or Devisees of J. W. Black, Deceased . . . . .	.00000179		

- ⁵ This interest is subject to the Compulsory Pooling Order described below.
- ⁶ The interest of Dominion Oklahoma Texas Exploration & Production Inc. (being a .04928125 mineral interest) is leased only insofar as it covers the NE/4 SW/4 of captioned Section 5.

EXISTING OIL AND GAS LEASES

Lease No. 1:

Date: July 18, 2001.

Recorded: Book 1100, page 481, Lea County Records.

Lessor: Elizabeth J. Fletcher.

Lessee: Joe D. Gilmer.

Land Covered: T-20-S, R-39-E, N.M.P.M.
Section 5: SW/4
Section 8: NW/4

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

Interest Covered: Undetermined; see Requirement No. 3, below.

Primary Term: Three (3) years from date.

Attorney at Law, Leonard Resource Investment Corporation was granted an extension of time until March 31, 2002, in which to commence the drilling of the well pooled by this order. The pooled unit was to be dedicated to the Marshall No. 1 Well and to be drilled at a standard location within the NE/4 SW/4 of captioned Section 5, being 1,980 feet from the south line and 1,750 feet from the west line of said section. If the well is not commenced within the time provided in the order, as amended by the above-described letter, this order shall be of no further effect unless the operator obtains a time extension from the Division Director, for good cause. The order authorizes Leonard Resource Investment Corporation to recoup from all of the parties subject to the order (being the non-consenting working interest owners) to recoup the following costs and charges from production:

- (a) The proportionate share of reasonable well costs attributable to each non-consenting working interest owner who has not paid its share of estimated well costs within 30 days from the date of the schedule of estimated well costs is furnished; and
- (b) As a charge for the risk involved in drilling the well, 200% of the above cost.

Any unleased mineral interests shall be considered a 7/8 working interest and a 1/8 royalty interest for the purpose of allocating costs and charges under this order. Any well costs or charges that are to be paid out of production shall be withheld only from the working interests' share of production and no costs or charges shall be withheld from production attributable to royalty interests.

We have indicated in the ownership portion of this opinion the parties whom you have advised us are subject to this Compulsory Pooling Order.

PATENT INFORMATION

All of captioned land was patented by the United States of America to George C. Fletcher by Patent dated May 29, 1915, recorded in Book 1, page 261 of the Transcribed Patent Records of Lea County, with no minerals reserved therein.

EASEMENTS

This opinion does not cover surface easements.

ENCUMBRANCES

None.

TAXES

We have not been furnished any information pertaining to the status of property taxes assessed against captioned land; however, since the minerals have been severed from the surface, we make no requirement in this regard.

TITLE REQUIREMENTS

1.

We find the following-described oil and gas leases, whose primary terms have expired, which have not been released of record:

- (a) Dated August 8, 1927, recorded in Book 9, page 543 of the Oil and Gas Records of Lea County, from A. B. Cross, et al, as Lessors, to M. W. Coll, as Lessee, covering

the SW/4 of Section 5 and the NW/4 of Section 8, Township 20 South, Range 39 East, N.M.P.M., Lea County, New Mexico, for a primary term of ten years from date;

- (b) Dated October 17, 1949, recorded in Book 82, page 105 of the Oil and Gas Records of Lea County, from Powhatan Carter and his wife, Effie Carter, as Lessors, to Union Oil Company of California, as Lessee, covering the SW/4 of Section 5 and the NW/4 of Section 8, Township 20 South, Range 39 East, N.M.P.M., Lea County, New Mexico, for a primary term of four years from date;
- (c) Dated October 17, 1949, recorded in Book 82, page 107 of the Oil and Gas Records of Lea County, from Samuel B. Fletcher and his wife, Mamie Fletcher, as Lessors, to Union Oil Company of California, as Lessee, covering the SW/4 of Section 5 and the NW/4 of Section 8, Township 20 South, Range 39 East, N.M.P.M., Lea County, New Mexico, for a primary term of four years from date;
- (d) Dated October 17, 1949, recorded in Book 82, page 111 of the Oil and Gas Records of Lea County, from R. A. Hefner and his wife, Eva Hefner, as Lessors, to Union Oil Company of California, as Lessee, covering the SW/4 of Section 5 and the NW/4 of Section 8, Township 20 South, Range 39 East, N.M.P.M., Lea County, New Mexico, for a primary term of four years from date;
- (e) Dated December 5, 1949, recorded in Book 83, page 117 of the Oil and Gas Records of Lea County, from John T. Kerr, Trustee under the Will of Martin E. Brigham, Deceased, as Lessor, to Toklan Production Company, as Lessee, covering the SW/4 of Section 5 and the NW/4 of Section 8, Township 20 South, Range 39 East, N.M.P.M., Lea County, New Mexico, for a primary term of five years from date;
- (f) Dated December 5, 1949, recorded in Book 83, page 119 of the Oil and Gas Records of Lea County, from Raymond A. Weisner and his wife, Mary A. Weisner, as Lessors, to Toklan Production Company, as Lessee, covering the SW/4 of Section 5 and the NW/4 of Section 8, Township 20 South, Range 39 East, N.M.P.M., Lea County, New Mexico, for a primary term of five years from date;
- (g) Dated December 5, 1949, recorded in Book 83, page 121 of the Oil and Gas Records of Lea County, from J. C. Halliburton and his wife, Zee B. Halliburton, as Lessors, to Toklan Production Company, as Lessee, covering the SW/4 of Section 5 and the NW/4 of Section 8, Township 20 South, Range 39 East, N.M.P.M., Lea County, New Mexico, for a primary term of five years from date;
- (h) Dated December 5, 1949, recorded in Book 83, page 123 of the Oil and Gas Records of Lea County, from Nettie B. Johnson, a widow, as Lessor, to Toklan Production Company, as Lessee, covering the SW/4 of Section 5 and the NW/4 of Section 8, Township 20 South, Range 39 East, N.M.P.M., Lea County, New Mexico, for a primary term of five years from date;
- (i) Dated December 5, 1949, recorded in Book 83, page 125 of the Oil and Gas Records of Lea County, from Lena C. Drake, a single woman, as Lessor, to Toklan Production Company, as Lessee, covering the SW/4 of Section 5 and the NW/4 of Section 8, Township 20 South, Range 39 East, N.M.P.M., Lea County, New Mexico, for a primary term of five years from date;
- (j) Dated November 10, 1949, recorded in Book 83, page 145 of the Oil and Gas Records of Lea County, from M. P. Long and T. W. Prentice, Executors of the Estate of L. H. Wentz, Deceased, as Lessors, to Union Oil Company of California, as Lessee, covering the SW/4 of Section 5 and the NW/4 of Section 8, Township 20 South, Range 39 East, N.M.P.M., Lea County, New Mexico, for a primary term of five years from date;

- (k) Dated December 7, 1949, recorded in Book 83, page 147 of the Oil and Gas Records of Lea County, from C. H. Kyte and his wife, Mariee I. Kyte, as Lessors, to Union Oil Company of California, as Lessee, covering the SW/4 of Section 5 and the NW/4 of Section 8, Township 20 South, Range 39 East, N.M.P.M., Lea County, New Mexico, for a primary term of five years from date;
- (l) Dated November 20, 1949, recorded in Book 83, page 384 of the Oil and Gas Records of Lea County, from Margaret Nell Fletcher Luttrell and her husband, J. D. Luttrell, Jr., as Lessors, to Union Oil Company of California, as Lessee, covering the SW/4 of Section 5 and the NW/4 of Section 8, Township 20 South, Range 39 East, N.M.P.M., Lea County, New Mexico, for a primary term of five years from date;
- (m) Dated December 8, 1949, recorded in Book 83, page 387 of the Oil and Gas Records of Lea County, from H. Dillard Schenck and his wife, Kirby L. Schenck, as Lessors, to Union Oil Company of California, as Lessee, covering the SW/4 of Section 5 and the NW/4 of Section 8, Township 20 South, Range 39 East, N.M.P.M., Lea County, New Mexico, for a primary term of five years from date;
- (n) Dated November 12, 1949, recorded in Book 83, page 389 of the Oil and Gas Records of Lea County, from J. E. Simmons and his wife, Beulah H. Simmons, as Lessors, to Union Oil Company of California, as Lessee, covering the SW/4 of Section 5 and the NW/4 of Section 8, Township 20 South, Range 39 East, N.M.P.M., Lea County, New Mexico, for a primary term of five years from date;
- (o) Dated February 7, 1950, recorded in Book 83, page 459 of the Oil and Gas Records of Lea County, from J. W. Black, a single man, as Lessor, to Union Oil Company of California, as Lessee, covering the SW/4 of Section 5 and the NW/4 of Section 8, Township 20 South, Range 39 East, N.M.P.M., Lea County, New Mexico, for a primary term of five years from date;
- (p) Dated November 28, 1949, recorded in Book 84, page 219 of the Oil and Gas Records of Lea County, from G. T. Hanners and his wife, Mary Hanners, as Lessors, to Union Oil Company of California, as Lessee, covering the SW/4 of Section 5 and the NW/4 of Section 8, Township 20 South, Range 39 East, N.M.P.M., Lea County, New Mexico, for a primary term of five years from date;
- (q) Dated December 16, 1949, recorded in Book 84, page 221 of the Oil and Gas Records of Lea County, from Acey B. Cross and his wife, Emily Cross, as Lessors, to Union Oil Company of California, as Lessee, covering the SW/4 of Section 5 and the NW/4 of Section 8, Township 20 South, Range 39 East, N.M.P.M., Lea County, New Mexico, for a primary term of five years from date;
- (r) Dated January 14, 1950, recorded in Book 84, page 223 of the Oil and Gas Records of Lea County, from Sid Cross and his wife, Leda Cross; and Melvia Cross, dealing in their separate property, as Lessors, to Union Oil Company of California, as Lessee, covering the SW/4 of Section 5 and the NW/4 of Section 8, Township 20 South, Range 39 East, N.M.P.M., Lea County, New Mexico, for a primary term of five years from date;
- (s) Dated February 3, 1950, recorded in Book 84, page 225 of the Oil and Gas Records of Lea County, from Ellen Cornelius, dealing in her separate property, as Lessor, to Union Oil Company of California, as Lessee, covering the SW/4 of Section 5 and the NW/4 of Section 8, Township 20 South, Range 39 East, N.M.P.M., Lea County, New Mexico, for a primary term of five years from date;
- (t) Dated December 5, 1949, recorded in Book 84, page 429 of the Oil and Gas Records of Lea County, from Florence H. Russell and her husband, Lynford O. Russell, as

Lessors, to Toklan Production Company, as Lessee, covering the SW/4 of Section 5 and the NW/4 of Section 8, Township 20 South, Range 39 East, N.M.P.M., Lea County, New Mexico, for a primary term of five years from date;

- (u) Dated December 5, 1949, recorded in Book 91, page 330 of the Oil and Gas Records of Lea County, from Toklan Royalty Corporation and J. G. Catlett, Inc., as Lessors, to Toklan Production Company, as Lessee, covering the SW/4 of Section 5 and the NW/4 of Section 8, Township 20 South, Range 39 East, N.M.P.M., Lea County, New Mexico, for a primary term of five years from date;
- (v) Dated September 19, 1997, recorded in Book 830, page 208 of the Lea County Records, from Betty M. Dreessen, Trustee of the Betty M. Dreessen Revocable Living Trust dated October 17, 1977, as Lessor, to Collins & Ware, Inc., as Lessee, covering the following-described lands:

Township 19 South, Range 39 East
Section 29: W/2

Township 20 South, Range 39 East
Section 5: SW/4
Section 8: NW/4

all in Lea County, New Mexico, for a primary term of three years from date;

- (w) Dated September 30, 1997, recorded in Book 830, page 211 of the Lea County Records, from David Bond Kyte 1997 Trust, David M. Yager, Successor Trustee, dated October 17, 1977, as Lessor, to Collins & Ware, Inc., as Lessee, covering the following-described lands:

Township 19 South, Range 39 East
Section 29: W/2

Township 20 South, Range 39 East
Section 5: SW/4
Section 8: NW/4

all in Lea County, New Mexico, for a primary term of three years from date;

- (x) Dated September 19, 1997, recorded in Book 830, page 214 of the Lea County Records, from Cecile Marie Dreessen, dealing her separate property, as Lessor, to Collins & Ware, Inc., as Lessee, covering the following-described lands:

Township 19 South, Range 39 East
Section 29: W/2

Township 20 South, Range 39 East
Section 5: SW/4
Section 8: NW/4

all in Lea County, New Mexico, for a primary term of three years from date;

- (y) Dated September 25, 1997, recorded in Book 830, page 217 of the Lea County Records, from Beverly T. Carter, Trustee of the Powhatan & Beverly T. Carter Revocable Trust under Trust Agreement dated September 25, 1981, as Lessor, to Collins & Ware, Inc., as Lessee, covering Lots 4, 5, 6, and SW/4 of captioned Section 5 for a primary term of three years from date;

- (z) Dated September 30, 1997, recorded in Book 830, page 220 of the Lea County Records, from Western Commerce Bank, Agent for the Kirby D. Schenck Trusts, as Lessor, to Collins & Ware, Inc., as Lessee, covering the following-described lands:

Township 20 South, Range 39 East
 Section 5: SW/4
 Section 18: E/2 NE/4

all in Lea County, New Mexico, for a primary term of three years from date;

- (aa) Dated September 19, 1997, recorded in Book 831, page 88 of the Lea County Records, from Ingrid Dreessen Powell, Successor Trustee under that certain Trust Agreement dated December 23, 1958, a/k/a The Betty Kyte Dreessen Trust, as Lessor, to Collins & Ware, Inc., as Lessee, covering the following-described lands:

Township 19 South, Range 39 East
 Section 29: W/2

Township 20 South, Range 39 East
 Section 5: SW/4
 Section 8: NW/4

all in Lea County, New Mexico, for a primary term of three years from date;

- (bb) Dated October 8, _____, recorded in Book 831, page 85 of the Lea County Records, from Joyce Blackburn Hart, et al, as Lessors, to Collins & Ware, Inc., as Lessee, covering captioned land only, for a primary term of three years from date;
- (cc) Dated September 19, 1997, recorded in Book 831, page 211 of the Lea County Records, from Craig C. Powell and Ingrid D. Powell, Co-Trustees of the C. and I. Powell Revocable Living Trust dated June 16, 1978, as Lessor, to Collins & Ware, Inc., as Lessee, covering the following-described lands:

Township 19 South, Range 39 East
 Section 29: W/2

Township 20 South, Range 39 East
 Section 5: SW/4
 Section 8: NW/4

all in Lea County, New Mexico, for a primary term of three years from date;

- (dd) Dated September 25, 1997, recorded in Book 831, page 177 of the Lea County Records, from Anderson Carter, dealing in his separate property, as Lessor, to Collins & Ware, Inc., as Lessee, covering Lots 4, 5, 6, SW/4 of captioned Section 5 for a primary term of three years from date;
- (ee) Dated October 8, 1997, recorded in Book 831, page 224 of the Lea County Records, from Davidson Trust Company, formerly known as Trust Company of Montana, Trustee of the Bessie L. Whelan Trust, as Lessor, to Collins & Ware, Inc., as Lessee, covering captioned land only for a primary term of 3 years from date;
- (ff) Dated September 19, 1997, recorded in Book 834, page 546 of the Lea County Records, from Edward Theodore Dreessen, Jr., dealing in his separate property, as Lessor, to Collins & Ware, Inc., as Lessee, covering the following-described lands:

Township 19 South, Range 39 East
Section 29: W/2

Township 20 South, Range 39 East
Section 5: SW/4
Section 8: NW/4

all in Lea County, New Mexico, for a primary term of three years from date; and

(gg) Dated September 19, 1997, recorded in Book 839, page 10 of the Lea County Records, from Betty M. Dreessen and Ingrid Dreessen Powell, Co-Trustees of the Mariee I. Kyte Irrevocable Living Trust dated October 6, 1975, as Lessor, to Collins & Ware, Inc., as Lessee, covering the following-described lands:

Township 19 South, Range 39 East
Section 29: W/2

Township 20 South, Range 39 East
Section 5: SW/4
Section 8: NW/4

all in Lea County, New Mexico, for a primary term of three years from date.

REQUIREMENT: Submit for examination releases of the above-described oil and gas leases; or, in the alternative, you must satisfy yourself that the above-described leases are no longer in force and effect insofar as they cover captioned land.

2.

We direct your attention to the fact that Lease Nos. 3 and 10 are top leases, insofar as they cover Tract II described therein.

REQUIREMENT: You must satisfy yourself that Lease Nos. 3 and 10 are currently effective insofar as they cover the lands described as Tract II therein.

3.

Lease No. 1 is from Elizabeth J. Fletcher. Lease No. 2 is from Grace Marjann Fletcher. We do not find any interest in captioned land owned of record by these parties. However, we note that your mineral takeoff for captioned land credits each of these parties with an undivided 1/2 of an undivided 9/112 mineral interest in captioned land. It appears that these parties are claiming to own an undivided 1/2 of the undivided 9/112 mineral interest in captioned land previously owned by S. B. Fletcher.

We find estate proceedings conducted for the Estate of Samuel Ben Fletcher (a/k/a S. B. Fletcher) conducted in Cause No. 1679 in the Probate Court of Lea County, New Mexico. The petition filed in these proceedings reflects that Samuel Ben Fletcher died on December 21, 1956, intestate, owning an undivided 9/112 mineral interest in captioned land, as his separate property. The Final Decree entered in these proceedings decrees that this interest passed as follows:

Mamie E. Fletcher, his widow 1/4
Howard E. Fletcher, his son 3/4

We also find estate proceedings conducted for the Estate of Mamie E. Fletcher, Deceased, conducted in Cause No. 3518 in the Probate Court of Lea County, New Mexico. Under the terms of her Will, Mamie E. Fletcher devised all of her real property in the State of New Mexico to her daughter, Margaret Cissell.

Based upon the foregoing, we find that the undivided 9/112 mineral interest in captioned land previously owned by S. B. Fletcher is now owned as follows:

- Margaret Cissell, (the daughter of Mamie E. Fletcher, the widow of S. B. Fletcher) 1/4
- Howard E. Fletcher (the son of S. B. Fletcher) 3/4

REQUIREMENT: Submit for examination the documentation which evidences the complete chain of title of the undivided 9/112 mineral interest in captioned land previously owned by S. B. Fletcher to Grace Marjann Fletcher and Elizabeth J. Fletcher.

4.

We direct your attention to the fact that many of the leases analyzed above are to Joe D. Gilmer or Gilmer & Associates, as Lessee. We have assumed that you will acquire an assignment of these leases. However, such assignment is not of record.

REQUIREMENT: Submit for examination an assignment from Joe D. Gilmer and his wife; and Gilmer & Associates to Leonard Resource Investment Corporation of the leases analyzed above which have been acquired by such parties.

5.

We direct your attention to the fact that as of the date of close of our examination of the Records of Lea County, Lease Nos. 30 through 34 have not been recorded.

REQUIREMENT: Lease Nos. 30 through 34 should promptly be recorded in the Records of Lea County, at which time you should check the records to ensure that nothing adverse to these interests have been filed for record. You should then furnish us with recorded copies of these leases.

6.

We direct your attention to the Compulsory Pooling Order analyzed above.

REQUIREMENT: Advisory as to the necessity of complying with the terms and provisions of the Compulsory Pooling Order, including the well pooled thereunder on or before March 31, 2002, unless an additional extension of the order is obtained.

7.

Powhatan Carter was the owner of record of an undivided 3/128 mineral interest in captioned land. We find a Notice of the estate proceedings conducted for the Estate of Powhatan Carter, Deceased, recorded in Book 179, page 393 of the Miscellaneous Records of Lea County. This notice states that Powhatan Carter died on October 10, 1959, owning an undivided 3/128 mineral interest in captioned land. This notice indicates that the Estate of Powhatan Carter, Deceased, was administered in Cause No. 23404 in the District Court of Chaves County, New Mexico.

We next find a Notice of the estate proceedings for the Estate of Effie Carter, Deceased, recorded in Book 317, page 334 of the Miscellaneous Records of Lea County. This notice indicates that Effie Carter died on August 12, 1973, owning an undivided 3/256 mineral interest in captioned land. We have not examined these estate proceedings.

By Mineral Deed dated July 28, 1982, recorded in Book 399, page 156 of the Deed Records of Lea County, Powhatan Carter, Jr., dealing in his separate property, but jointed by his wife, Beverly T. Carter, conveyed an undivided 3/256 mineral interest in captioned land to Powhatan Carter, Jr.

and Beverly T. Carter, Co-Trustees of the Powhatan & Beverly T. Carter Revocable Trust under Trust Agreement dated September 25, 1981. We find evidence in the materials examined that Powhatan Carter, Jr. is now deceased.

We note in your mineral takeoff that Anderson Carter, dealing in his sole and separate property; and Beverly T. Carter, Trustee of the Powhatan & Beverly T. Carter Revocable Trust under Trust Agreement dated September 25, 1981, are each credited with an undivided 3/256 mineral interest in captioned land.

Lease No. 3 is from Anderson Carter, II, Personal Representative of the Estate of Anderson Carter. We have not been furnished the estate proceedings for the Estate of Anderson Carter, Deceased.

REQUIREMENTS: (a) Submit for examination the estate proceedings conducted for the Estate of Powhatan Carter, Deceased, in Cause No. 23404 in the District Court of Chaves County, New Mexico.

(b) Submit for examination the estate proceedings conducted for the Estate of Effie Carter, Deceased, in Cause No. 6404 in the Probate Court of Chaves County, New Mexico.

(c) Submit for examination the estate proceedings conducted for the Estate of Anderson Carter, Deceased.

(d) Submit for examination the Trust Agreement for the Powhatan & Beverly T. Carter Revocable Trust dated September 25, 1981.

8.

L. H. Wentz was the owner of record of an undivided 13/80 mineral interest in captioned land. In a quiet title suit conducted in Cause No. 7852 in the District Court of Lea County, New Mexico, this mineral interest was quieted in the name of M. P. Long and T. W. Prentice, Executors of the Estate of L. H. Wentz, Deceased.

My Mineral Deed dated January 17, 1956, recorded in Book 193, page 462 of the Deed Records of Lea County, M. P. Long and T. W. Prentice, Executors of the Estate of L. H. Wentz, Deceased, conveyed an undivided 4/5 of this interest to Southern Minerals Corporation. By Mineral Deed dated February 21, 1956, recorded in Book 106, page 407 of the Miscellaneous Records of Lea County, M. P. Long and T. W. Prentice, Executors of the Estate of L. H. Wentz, Deceased, conveyed an undivided 1/5 of this interest to Sparks Healey Company, a copartnership composed of Dorothy Wentz Sparks, Burke Healey and Baren Healey.

We have not examined the estate proceedings conducted for the Estate of L. H. Wentz, Deceased.

REQUIREMENT: Submit for examination the estate proceedings conducted for the Estate of L. H. Wentz, Deceased.

9.

Lease No. 6 has been executed by Baren Healey, Trustee of the Baren Healey 1988 Trust. We have not examined the trust agreement for this trust.

REQUIREMENT: Submit for examination the trust agreement for the Baren Healey 1988 Trust.

10.

We find that Sid Cross owned of record an undivided 7.5/6720 mineral interest in captioned land. Your mineral takeoff credits Peggy Creech, Executrix of the Estate of Melvia Cross, Deceased, with a .0106 mineral interest in captioned land. Lease No. 11 is from Peggy Creech, Executrix of the Estate of Melvia Cross, Deceased. We have not examined the estate proceedings conducted for the Estate of Melvia Cross, Deceased.

REQUIREMENTS: (a) Submit for examination the documentation which evidences the ownership of Melvia Cross of a .0106 mineral interest in captioned land.

(b) Submit for examination the estate proceedings conducted for the Estate of Melvia Cross, Deceased.

11.

We find that Melvia Cross owns of record an undivided 7.5/6720 mineral interest in captioned land. Your mineral takeoff credits Peggy Creech, Executrix of the Estate of Sid Cross, Deceased, with a .0106 mineral interest in captioned land. Lease No. 12 is from Peggy Creech, Executrix of the Estate of Sid Cross, Deceased. We have not examined the estate proceedings conducted for the Estate of Sid Cross, Deceased.

REQUIREMENTS: (a) Submit for examination the documentation which evidences the ownership of Sid Cross of a .0106 mineral interest in captioned land.

(b) Submit for examination the estate proceedings conducted for the Estate of Sid Cross, Deceased.

12.

Lease No. 13 is from Darrell Sisson, Executor of the Estate of Alva Presley, Deceased. We do not find an interest in the minerals in captioned land owned of record by Alva Presley, Deceased.

REQUIREMENT: Submit for examination the documents evidencing the complete chain of title of the mineral interest in captioned land owned by Alva Presley, Deceased.

13.

By Deed dated June 1, 1981, recorded in Book 390, page 605 of the Deed Records of Lea County, The Hefner Company, a general partnership, conveyed to the following parties the respective percentage interests set forth opposite their names in and to its undivided 196/640 mineral interest in captioned land:

- Robert A. Hefner, Jr. 20%
- Robert A. Hefner, Jr., Trustee of the
R. A. Hefner Trust No. 1 6-2/3%
- Robert A. Hefner, Jr., Trustee of the
Eva Hefner Trust No. 1 6-2/3%

We next find a Quitclaim Deed effective December 31, 1988, recorded in Book 451, page 121 of the Deed Records of Lea County, wherein Robert A. Hefner, III, Trustee of the R. A. Hefner Trust No. 1; and Robert A. Hefner, III, Trustee of the Eva Hefner Trust No. 1, quitclaimed all of their right, title and interest in and to the minerals in captioned land to The GHK Company, a limited partnership.

Robert A. Hefner, Jr. is now deceased. Ancillary probate proceedings were conducted on his estate in Cause No. PB-88-143-FR in the District Court of Lea County. Robert A. Hefner, III was appointed as Personal Representative of the estate.

We have not been furnished the trust agreements for the R. A. Hefner Trust No. 1 and the Eva Hefner No. 1.

By Conveyance effective January 1, 1991, recorded in Book 475, page 475 of the Deed Records of Lea County, The GHK Company, a limited partnership, assigned all of its right, title and interest in the minerals in captioned land to L. E. Jones Mineral Company, an Oklahoma general partnership comprised of LaWayne E. Jones, Kalkman Habeck Company and Mary LuAnn Walker.

REQUIREMENTS: (a) Submit for examination the trust agreement for the R. A. Hefner Trust No. 1.

(b) Submit for examination the trust agreement for the Eva Hefner Trust No. 1.

14.

Mark Whelan is the owner of record of an undivided 1/640 mineral interest in captioned land. Your mineral takeoff appears to credit this interest to Davidson Trust Company, formerly known as Trust Company of Montana, Trustee of the Bessie L. Whelan Trust. Lease No. 19 is from Davidson Trust Company, Trustee of the Bessie L. Whelan Trust.

REQUIREMENT: Submit for examination the documents comprising the complete chain of title of the interest which you are crediting to Davidson Trust Company, formerly known as Trust Company of Montana, Trustee of the Bessie L. Whelan Trust.

15.

We direct your attention to the fact that we have credited Joyce Blackburn Hart, for her life, with an undivided 1/1280 mineral interest in captioned land, with the remainder equally, to Edwin Robert Hart, Jr., Linda Hart Catterton, Samuel Lloyd Hart, Brenda Denise Hart, William Otho Hart, David Ray Hart and Jason Gregory Hart, as their separate property.

Lease No. 26 has been executed by Joyce Blackburn Hart, dealing in her separate property. However, we have not been furnished ratifications of this lease by all of the remaindermen entitled to this interest upon the death of Joyce Blackburn Hart.

REQUIREMENT: Submit for examination ratifications of Lease No. 26 executed by all of the remaindermen to the interest owned by Joyce Blackburn Hart, for her life.

16.

J. M. Welborn, Trustee of the J. M. Welborn Trust, created October 23, 1992, is the owner of record of an undivided 55/1280 mineral interest in captioned land.

Lease No. 28 has been executed by American State Bank, Lubbock, Texas, as Co-Trustee of the J. M. Welborn Trust.

We have not been furnished a copy of the trust agreement for the J. M. Welborn Trust created October 23, 1992.

REQUIREMENTS: (a) Submit for examination a copy of the trust agreement for the J. M. Welborn Trust, created October 23, 1992.

(b) Submit for examination the instrument whereby American State Bank, Lubbock, Texas, became the Co-Trustee of the J. M. Welborn Trust.

17.

Mrs. Doris A. Wilk was the owner of record of an undivided 1/640 mineral interest in captioned land. By Mineral Deed dated September 5, 1989, recorded in Book 456, page 202 of the Deed Records of Lea County, Doris A. Wilk, a single woman, conveyed all of her right, title and interest in and to an undivided 1/640 mineral interest in captioned land to The First National Bank and Trust Company, Chickasha, Oklahoma, Trustee of The Doris A. Wilk Trust.

By Conveyance dated May 3, 1991, recorded in Book 472, page 243 of the Deed Records of Lea County, The First National Bank and Trust Company, Chickasha, Oklahoma, Trustee of The Doris A. Wilk Trust, conveyed all of its right, title and interest in the minerals in captioned land, equally, to Roy G. Barton, Jr., as his separate property, and Mark E. Hodge, as his separate property.

We have not examined the trust agreement for The Doris A. Wilk Trust.

We cannot determine from the materials examined whether or not the interests conveyed to Roy G. Barton, Jr. and Mark E. Hodge are in fact owned as their separate property. Lease No. 31 has been executed by Mark E. Hodge, dealing in his separate property.

REQUIREMENTS: (a) Submit for examination the trust agreement for The Doris A. Wilk Trust.

(b) Submit for examination evidence that the undivided 1/1280 mineral interest acquired by Roy G. Barton, Jr. from The First National Bank and Trust Company, Chickasha, Oklahoma, Trustee of The Doris A. Wilk Trust, was acquired as their separate property.

18.

Gladys R. Berry was the owner of record of an undivided 1/640 mineral interest in captioned land. We find exemplified copies of portions of the estate proceedings conducted for the Estate of Gladys R. Berry, Deceased, recorded in Book 502, page 766 of the Miscellaneous Records of Lea County. These proceedings reflect that Gladys Berry died October 11, 1973, with proceedings conducted on her estate in Cause No. P-73-184 in the District Court of the 20th Judicial District Court of Ardmore County, Oklahoma. Under the terms of her Will, she devised all of the residue of her estate (which included her mineral interest in captioned land) to The Gladys R. Berry Loan Fund Trust, of which the pastor of the First United Methodist Church of Ardmore, Oklahoma (determined to be D. Allen Pollen); Harold Reed, Ray London, John Frank Snodgrass and the Trust Officer of Exchange National Bank & Trust Company of Ardmore, Oklahoma (determined to be Bill R. Gardner) are named as trustees. We do not find that ancillary probate proceedings have been conducted on this estate in the State of New Mexico.

Lease No. 32 is from BancFirst, as Trustee under the Will of Gladys R. Berry. We do not find documentation which evidences the manner in which BancFirst became the Trustee under the Will of Gladys R. Berry.

REQUIREMENTS: (a) New Mexico ancillary probate proceedings should be conducted for the Estate of Gladys R. Berry, Deceased, in a court of competent jurisdiction in the State of New Mexico.

(b) Submit for examination the documentation which evidences the manner in which BancFirst became the Trustee under the Will of Gladys R. Berry, Deceased.

19.

Martin E. Brigham was the owner of record of an undivided 1/320 mineral interest in captioned land. We find exemplified copies of portions of the estate proceedings conducted on the Estate of Martin E. Brigham, Deceased, recorded in Book 51, page 428 of the Miscellaneous Records of Lea County. Under the terms of his Will, Martin E. Brigham devised all of the residue of his estate (which included his mineral interest in captioned land) to the following parties in the proportions indicated opposite their names:

- Walter H. Brigham 15%
- John T. Kerr, Trustee 85%

These proceedings were conducted in the Register of Wills in Montgomery County, Pennsylvania. We do not find that New Mexico ancillary probate proceedings have been conducted for this estate.

We find an Affidavit recorded in Book 83, page 225 of the Miscellaneous Records of Lea County, which states that the undivided 1/320 mineral interest in captioned land acquired by Martin E. Brigham (which was acquired by Mineral Deed dated January 31, 1931, recorded in Book 28, page 112 of the Deed Records of Lea County, from J. G. Catlett, Inc.) was acquired as the separate property of Martin E. Brigham.

By Quitclaim Deed dated June 18, 1954, recorded in Book 175, page 359 of the Deed Records of Lea County, Walter H. Brigham, dealing in his separate property, quitclaimed all of his right, title and interest in and to the minerals in captioned land to John T. Kerr, Trustee of the Estate of Martin E. Brigham, Deceased.

By Quitclaim Deed dated July 12, 1971, recorded in Book 326, page 360 of the Deed Records of Lea County, John T. Kerr, Trustee under the Will of Martin E. Brigham, Deceased, quitclaimed an undivided 1/320 mineral interest in captioned land to John F. Coultres, Jr.

REQUIREMENT: New Mexico ancillary probate proceedings should be conducted for the Estate of Martin E. Brigham, Deceased.

20.

By Mineral Deed dated April 21, 1980, recorded in Book 380, page 509 of the Deed Records of Lea County, Arlon Bernice Bray and Kathryn Everett Bray conveyed an undivided 1/2560 mineral interest in captioned land to Kathryn Kimberlee Richards, Kendall K. Richards Bourland and Arlon Lee (Casey) Richards, reserving a life estate to the grantors in a successive life estate, to their daughter, Kathryn Bray Richards.

Lease No. 34 has been executed by Kathryn Bray Richards, Successor Life Tenant. This lease has been ratified by Ratification dated January 15, 2002, as yet unrecorded, by K. Kimberlee (Richards) Dickson, Individually and as Attorney-in-Fact for Kendall Richards Bourland and Casey Arlon Richards, all as remaindermen to Kathryn Bray Richards.

We cannot determine from the materials examined whether or not Kathryn Everett Bray is still living.

We have not been furnished the instrument whereby Kendall Richards Bourland and Casey Arlon Richards appointed K. Kimberlee (Richards) Dickson as their Attorney-in-Fact.

REQUIREMENTS: (a) If Kathryn Everett Bray is now deceased, submit for examination evidence that she is deceased.

(b) Submit for examination the instrument whereby Kendall Richards Bourland and Casey Arlon Richards appoint K. Kimberlee

(Richards) Dickson as their Agent and Attorney-in-Fact to execute the above-described Ratification.

21.

By Mineral Deed dated January 31, 1951, recorded in Book 139, page 126 of the Deed Records of Lea County, R. A. Hefner and his wife, Eva Hefner, conveyed an undivided 1/640 mineral interest in captioned land to A. C. Bray. It appears that this mineral interest was subsequently claimed by Effie Bray who, by Mineral Deed dated June 30, 1971, recorded in Book 328, page 179, conveyed an undivided 1/2 of an undivided 1/640 mineral interest in captioned land each, to Arlon Berniece Bray and Beatrice Blackburn.

REQUIREMENT: Submit for examination the documentation evidencing the manner in which Effie V. Bray acquired an undivided 1/640 mineral interest in captioned land.

22.

By Mineral Deed dated January 31, 1951, recorded in Book 139, page 126 of the Deed Records of Lea County, R. A. Hefner and his wife, Eva Hefner, conveyed an undivided 1/640 mineral interest in captioned land to Kenneth E. Ward.

By Mineral Deed dated June 19, 1973, recorded in Book 335, page 437 of the Deed Records of Lea County, Kenneth E. Ward (without joinder of a spouse) conveyed an undivided 1/640 mineral interest in captioned land to Mrs. Doris A. Wilk.

We cannot determine from the materials examined whether or not Kenneth E. Ward was married at the time that he acquired an undivided 1/640 mineral interest in captioned land. If he was married at the time that he acquired this interest, this interest is presumed to be acquired as the community property of Kenneth E. Ward and his wife. If he still owned this interest as community property at the time of the above-described conveyance to Mrs. Doris A. Wilk, such conveyance would be void for failure of his wife to join in such conveyance.

REQUIREMENT: Submit for examination evidence as to whether or not Kenneth E. Ward acquired an undivided 1/640 mineral interest in captioned land as community property or as separate property.

23.

We have credited Margaret Nell Fletcher Luttrell with the ownership of an undivided 27/2688 mineral interest in captioned land pursuant to the Final Decree entered in that certain quiet title suit conducted in Cause No. 7852 in the District Court of Lea County, New Mexico. We note that Margaret Nell Fletcher Luttrell is not reflected as owning an interest on your mineral takeoff.

REQUIREMENT: Submit for examination the documentation which evidences the manner in which Margaret Nell Fletcher Luttrell became divested of an undivided 27/2688 mineral interest in captioned land.

24.

By Mineral Deed dated March 5, 1934, recorded in Book 35, page 365 of the Deed Records of Lea County, Elmer Kenney conveyed an undivided 1/320 mineral interest in captioned land to Charles M. Wyman. We cannot determine from the materials examined whether or not this interest was owned by Elmer Kenney as community property or separate property.

We note that your mineral takeoff credits Charles M. Wyman with the mineral interest conveyed to him by the above-described Mineral Deed. However, we find a Division Order dated June 17, 1957, recorded in Book 132, page 8 of the Miscellaneous Records of Lea County, which reflects that Charles M. Wyman may be deceased, and that this interest became owned as follows:

Florence R. Wyman 5/8

Olive W. Hollingsworth 3/16

Doris W. Giles 3/16

REQUIREMENTS: (a) Submit for examination evidence as to whether or not the undivided 1/320 mineral interest in captioned land owned by Elmer Kenney was owned as community property or separate property.

(b) Submit for examination the estate proceedings for Charles M. Wyman, if he is deceased.

25.

Louis Dreyfus Natural Gas Corp. was the owner of record of an undivided 1577/32,000 mineral interest in captioned land. By Mineral Deed effective June 1, 1999, recorded in Book 960, page 661 of the Deed Records of Lea County, Louis Dreyfus Natural Gas Corp. conveyed to the following parties:

Bandera Minerals, L.L.C. 38%

Bandera Minerals I, L.L.C. 38%

Bandera Minerals II, L.L.C. 24%

of its right, title and interest in and to the "Properties", as defined in that certain Purchase and Sale Agreement dated May 18, 1999, by and between Grantor, as Seller, and Bandera Petroleum, Inc., as Buyer. Although captioned land is not described in the Exhibit "A" attached to this Mineral Deed, because this instrument conveys the "Properties", as defined in the above-described Purchase and Sale Agreement, we must make the following requirement.

REQUIREMENT: Submit for examination a copy of the above-described Purchase and Sale Agreement.

26.

We note that your mineral takeoff credits Harland M. Joseph with an undivided 1/640 mineral interest in captioned land. We find exemplified copies of estate proceedings conducted for the Estate of Harland M. Joseph, Deceased, recorded in Book 107, page 281 of the Miscellaneous Records of Lea County. These proceedings were conducted in the Register of Wills in Sussex County, Delaware. The petition filed in these proceedings reflects that Harland M. Joseph died on January 7, 1948. Under the terms of his Will, he devised all of his estate to his children. We cannot determine from the materials examined who are the children of Harland M. Joseph, Deceased. We do not find that this estate has been administered in New Mexico ancillary probate proceedings.

REQUIREMENTS: (a) Submit for examination evidence as to who are the children of Harland M. Joseph, Deceased.

(b) The Estate of Harland M. Joseph should be administered in New Mexico ancillary probate proceedings in a court of competent jurisdiction in the State of New Mexico.

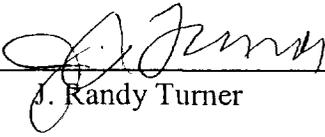
COMMENTS

This opinion cannot cover such matters as area, boundaries, location on the ground or other matters which can be determined only by an actual ground survey.

This opinion is rendered for the sole use of the addressee. The matters set forth herein may not be relied upon by any other parties without the prior written consent of the undersigned.

Respectfully submitted,

TURNER, DAVIS & GERALD

By: 

J. Randy Turner

JRT:ldb