

Unleased Mineral Owners

1) Ruth N. Halls, Trustee U/T/A dated December 31, 1956
400 A East Pedragosa Street
Santa Barbara, California 93013

- Checked Lea County Records for updated address or conveyance.
- Sent letter to last known address. (see copy)
- Searched "R Halls, Ruth Halls, Halls" in area phone directory and called parties in attempt to contact Ruth N. Halls.
- Sent a fax to Howard L. Sargent, who was the alternate Executor of the Estate of Jay C. Halls, deceased, husband of Ruth N. Halls. Mr. Sargent replied that he did not know Jay C. Halls or Ruth N. Halls. (see copy)

2) Hitchcock & Chamberlain, Ltd.
c/o Wells Fargo Bank (re: Agency 12059)
Market at Montgomery
San Francisco, California

- Checked Lea County Records for updated address or conveyance.
- Sent letter to last known address. (see copy)
- Searched "Hitchcock and Chamberlain" in area phone directory and called in attempt to contact.
- Contacted California Secretary of State. Entity Hitchcock & Chamberlain not in database of California Secretary of State.

OIL CONSERVATION DIVISION

CASE NUMBER _____

EXHIBIT 3

Blaine Hess
Oil Properties
P.O. Box 326
Roswell, New Mexico 88202-0326
(505) 623-5400
(505) 623-4916 *facsimile*

August 28, 2002

Ruth N. Halls
400 A East Pedragosa Street
Santa Barbara, CA 93103

Re: **Oil and Gas Lease**
Township 14 South, Range 37 East, N.M.P.M.
Sec. 23: NW/4 -1.1101 net mineral acres
Lea County, New Mexico

Dear Mrs. Halls,

The records of Lea County, New Mexico indicate your ownership of an undivided mineral interest as above captioned. In this regard, on behalf of our client, and subject to approval of title, we wish to offer \$75.00 per net mineral acre for a 3-year paid-up Oil and Gas Lease with a 3/16th royalty

Should you accept this offer, please show your acceptance in the space provided below and return this letter to the undersigned. We will then prepare and forward to you our Oil and Gas Lease. It is contemplated that upon our receipt of a fully executed and acknowledged lease, we will promptly update our title and if approved, process a check payable to you for \$83.26.

We are anxious to finalize our leasing activities in this area and would appreciate your prompt consideration of this offer. Please do not hesitate to contact us with any questions or concerns that you may have.

Please be advised that this offer may be withdrawn without notice subsequent to the expiration of thirty (30) days from date.

Sincerely,

Chris Anderson

_____ **Yes, we accept your offer.**

_____ **No, we do not accept. Other** _____

FROM : Howard Sargent

PHONE NO. : 3236602270

Aug. 29 2002 05:29PM P1

FROM : BLAINE HESS OIL PROPERTIES

PHONE NO. : 505 623 4916

Aug. 29 2002 04:08PM P1

Fax 505-623-~~5400~~ 4916

BLAINE HESS OIL PROPERTIES

FACSIMILE TRANSMITTAL SHEET

TO: Mr. Howard L. Sargent	FROM: Chris Anderson
COMPANY:	PHONE NUMBER: (505) 623-4916
FAX NUMBER: (323) 660-2270	FAX NUMBER: (505) 623-4916
PHONE NUMBER: (323) 660-2270	DATE: 8/29/2002
RE: Ruth N. Halls, widow of Jay C. Halls	TOTAL NO. OF PAGES INCLUDING COVER: 1

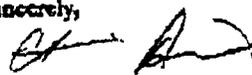
To: I do not know anything about the estate of Jay C. Halls. I never met the Halls? man.

*Howard L. Sargent
Cal USA ret.*

URGENT FOR REVIEW PLEASE COMMENT PLEASE REPLY PLEASE RECYCLE

NOTES/COMMENTS:

Mr. Sargent,
I noticed your name on a document in the Lea County, NM records as a alternate executor for the estate of Jay C. Halls, dec'd some time ago. I am trying to locate the late Mr. Halls wife, Ruth N. Halls, or her heirs, as they own a mineral interest in Lea County we are interested in leasing. If you know of their whereabouts or can otherwise help me, please call me at the above number or you might reach me by fax at the above number as well. Thank you so much for your help.

Sincerely,

Chris Anderson

POST OFFICE BOX 326
ROSWELL, NEW MEXICO 88202-0326
TELEPHONE (505) 623-5400