

**MADDOX & HOLLOMAN, P.C.**

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February 3, 2005

**FAX TRANSMITTAL COVERSHEET**

Number of Pages 10 (Including Cover Sheet)

Message to: Gall MacQuesten - Assistant General Counsel New Mexico Energy,  
Minerals and Natural Resources Department

FAX Number: (505) 476-3462

Message From: Scotty Holloman Esq.

Telephone Number: (505) 393-0505 / Fax Number (505) 397-2646

Comments: Being faxed herewith is letter regarding Lucky Services, Inc., - War Deck  
#001 Unit Letter B, Section 33, Township 21S, Range 35E in Lea County, New Mexico.  
API#30-025-30626 with attachments.

If transmission problems, contact Nona L. at (505) 393-0505.

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Before the OCD  
Case 13413  
OCD Ex. 3

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February 3, 2005

Gail MacQuesten  
Assistant General Counsel  
New Mexico Energy, Minerals and  
Natural Resources Department  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

VIA FAX: (505) 476-3462

RE: Lucky Services, Inc. - War Deck #001 Unit Letter B, Section 33,  
Township 21S, Range 35E in Lea County, New Mexico. API #30-025-  
30626

Dear Ms. MacQuesten:

This firm represents Lucky Services, Inc. In your letter to Advanced Exploration, Inc. et al, dated January 24, 2005 you indicate that Rudolph A. Woerndle, attorney for Advanced Exploration, Inc., informed you that Lucky Services, Inc., acquired title to the well and the appurtenant oil & gas lease as a result of a levy in case No CV98-128-C. This is incorrect.

As a result of the special master's sale in cause No CV98-128-C Lucky Services, Inc acquired title to the San Simon State #3, 4, 5, 7 or 407 in Section 4, Township 22 South, Range 35 East, N.M.P.M., Lea County, New Mexico.

For your reference I am enclosing copies of the Report of Sale by Special Master, Special Master's Deed and Bill of Sale, and Supplemental Judgment, Order Approving and Confirming Sale and Directing Delivery of Deed entered in Cause No. CV98-128-C.

As you can tell no properties located in Section 33 Township 21 South, Range 35 East, L.M.P.M. Lea County, New Mexico were included in the sale.

Gail MacQuesten  
February 3, 2005  
Page 2

Lucky Services, Inc, has not been in the title for the War Deck #1 Well and has not been the operator of this well.

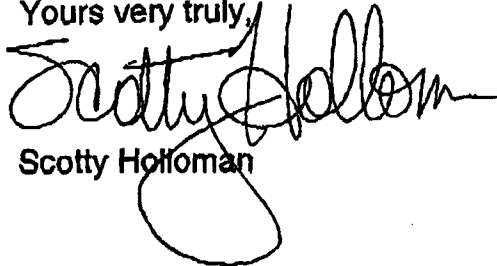
If you have other documentation which would indicate otherwise, please let me know.

Without further documentation showing Lucky Services, Inc, acquiring title to the War Deck #001 Well, Lucky Services, Inc., will not participate in the hearing before the Hearing Officer on Thursday, February 17, 2005.

Again if you have further information which would show that Lucky Services, Inc., was somehow in the chain of title for this property please send it to me to review it.

If I can provide further assistance please let me know.

Yours very truly,

A handwritten signature in black ink, appearing to read "Scotty Holloman". The signature is fluid and cursive, with a large loop at the end.

Scotty Holloman

SH/nlm  
Enclosure  
xc: Lucky Services, Inc.

FIFTH JUDICIAL DISTRICT  
LEA COUNTY NEW MEXICO  
FILED OFFICE

00 JUN 27 AM 11:15

JANIE S. HARRIS  
DISTRICT COURT CLERK

STATE OF NEW MEXICO  
IN THE DISTRICT COURT OF LEA COUNTY  
FIFTH JUDICIAL DISTRICT

LUCKY SERVICES, INC.,

Plaintiff,

vs.

No. CV-98-128-C

ADVANCED DOWN HOLE, INC.,

Defendant.

REPORT OF SALE BY SPECIAL MASTER

COMES NOW SCOTTY HOLLOMAN, Special Master appointed in the above-captioned action, and states that:

In accordance with the Judgment entered in the above-captioned cause on June 12, 1998, in favor of the Plaintiff and against the Defendant, establishing the oil and gas lien and foreclosing said lien and ordering the sale of the property described in the Judgment, for a judgment in (1) the amount of \$18,922.16, plus interest thereon at the rate of 18.0 percent per annum from November 13, 1997, and (2) costs in the amount of \$852.00, plus interest thereon at the statutory rate of 8.75 percent from date of judgment until paid, and (3) the amount of \$2,000.00 in attorneys fees, plus interest thereon at the statutory rate of 8.75 percent per annum from date of judgment, plus interest and costs, and declaring said Judgment as a first lien against the property described in the Judgment; and by the

CITY OF ALBUQUERQUE, NEW MEXICO


terms of the Judgment, I, SCOTTY HOLLOMAN, was appointed as Special Master to sell the premises described in the Judgment in the manner prescribed by law to satisfy said lien, which was in the amount of \$30,860.77 at the date of sale; and costs of sale are Special Master's fee of \$106.00 (including tax), and publication costs of \$250.23, and

FURTHER, in accordance with the Judgment, I advertised the properties described in the Judgment to be sold by me at the hour of 9:30 a.m. on June 15, 2000, in the lobby of Gary Don Reegen, P.A., 1819 North Turner, Suite G, Hobbs, New Mexico, and caused a copy of said notice to be published in the *Hobbs Daily News-Sun*, a daily newspaper published in Hobbs, Lea County, New Mexico, said notice being published for four (4) consecutive weeks on the same day of each week, showing in said notice the amount of judgment and interest figured to date of sale; and

On June 15, 2000, the day said property was so advertised to be sold, I attended at the time and place fixed for the sale and offered the property for sale at public auction to the highest bidder for cash and sold the same to Lucky Services, Inc., which bid the sum of \$30,860.77 plus costs, being its entire judgment, said sum being the highest bid offered for the premises;

FURTHER, in pursuance of the order directed to me in the Decree above-mentioned, I did, upon the sale of said property, make and execute a Special Master's Deed and Bill of Sale in favor of the purchaser at said sale above-described, a copy of which deed and bill of sale is attached hereto as Exhibit "A" and presented to the Court herewith for

approval and with the request that the sale be affirmed and approved by the Court and this Special Master be authorized and directed by the Court to deliver said deed and bill of sale to the purchaser at said sale.

  
SCOTTY HOLLOMAN  
SPECIAL MASTER

STATE OF NEW MEXICO)  
COUNTY OF LEA) ss.

SCOTTY HOLLOMAN being first duly sworn upon oath, state that I am the Special Master above-named, that I have read and understand the contents of the above report of sale and that the matters and things therein stated are true and correct.

  
SCOTTY HOLLOMAN

SUBSCRIBED AND SWORN TO before me this 22<sup>nd</sup> day of June, 2000, by  
SCOTTY HOLLOMAN.

My commission expires:

March 22, 2004

  
Notary Public

STATE OF NEW MEXICO  
IN THE DISTRICT COURT OF LEA COUNTY  
FIFTH JUDICIAL DISTRICT

LUCKY SERVICES, INC.,

Plaintiff,

vs.

No. CV-98-128-C

ADVANCED DOWN HOLE, INC.,

Defendant.

**SPECIAL MASTER'S DEED AND BILL OF SALE**

KNOW ALL MEN BY THESE PRESENTS THAT:

WHEREAS, by judgment entered June 12, 1998, in Lea County District Court Cause No. CV-98-128-C, the undersigned was appointed Special Master to sell the property conveyed hereby to satisfy the judgment; and

WHEREAS, after notice duly given, the undersigned did on June 15, 2000, at 10:30 a.m., in the lobby of Gary Don Reagan, P.A., 1819 North Turner, Suite G, Hobbs, New Mexico, offer the property for sale; and

WHEREAS, Lucky Services, Inc., made the highest and best bid for the property and has been confirmed by the Court as purchaser at the sale,

CLERK OF DISTRICT COURT, LEA COUNTY, NEW MEXICO



NOW, THEREFORE, in consideration of the premises, I, SCOTTY HOLLOMAN, as Special Master, grant to Lucky Services, Inc., all the interest of the Defendant in and to the following described property in Lea County, New Mexico:

San Simon State #3, 4, 5, 7, or 407, which leases encompass wells in Section 4, Township 22 South, Range 35 East, N.M.P.M., Lea County, New Mexico,

together with all appurtenances, including the oil and gas wells, machinery, equipment, tools, fixtures, and appliances located thereon and used in connection therewith,


subject to: all taxes, assessments, prior encumbrances, restrictions, easements, rights-of-way, and other encumbrances not foreclosed in this suit.

DATED June 26, 2000.

  
SCOTTY HOLLOMAN  
SPECIAL MASTER

STATE OF NEW MEXICO)  
COUNTY OF LEA ) ss.

The foregoing instrument was acknowledged before me this 26<sup>th</sup> day of June, 2000, by SCOTTY HOLLOMAN.

  
Notary Public

My commission expires:

March 27, 2004



FIFTH JUDICIAL DISTRICT  
LEA COUNTY NEW MEXICO  
FRI JUN 17 1998

00 JUN 28 PM 3:00

STATE OF NEW MEXICO  
IN THE DISTRICT COURT OF LEA COUNTY  
FIFTH JUDICIAL DISTRICT

JANIE C. HILL JUL 2  
DISTRICT COURT CLERK

LUCKY SERVICES, INC.,

Plaintiff,

vs.

No. CV-98-128-C

ADVANCED DOWN HOLE, INC.,

Defendant.

**SUPPLEMENTAL JUDGMENT,  
ORDER APPROVING AND CONFIRMING SALE  
AND DIRECTING DELIVERY OF DEED**

THIS MATTER coming before the Court on the motion of the Plaintiff for an order approving and confirming the sale of the Special Master herein and directing the delivery of the deed and bill of sale executed by the Special Master to the purchaser, and the Court, after examination of the proceedings of said sale, finds that the same should be approved by this Court.

IT IS, THEREFORE, ORDERED by the Court that the proceedings of the Special Master, SCOTTY HOLLOMAN, in the sale of said properties, be and are hereby authorized and approved, and the Special Master is directed to deliver to the purchaser the deed and bill of sale executed by the Special Master for the property sold; the Special Master be paid \$106.00 (including tax) for services rendered; Gary Don Reagan, P.A., be paid

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FOR:

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DATE	START	SENDER
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moneys paid for the purchase of the property.

IT IS FURTHER ORDERED that Defendant shall pay the sum of \$100.00 to the Plaintiff on the date of sale within which to redeem the said property.

IT IS FURTHER ORDERED that the Special Ma  
relieved of any further duties and obligations in this mat

**GARY C  
DISTRI**

SUBMITTED BY:

GARY DON REAGAN, P.A.

by Henry Don Kegan

**Gary Don Reagan  
Attorneys for the Plaintiff  
P. O. Box 770  
Hobbs, NM 88241-0770  
Telephone: (505) 397-6551**