

**TAMMY SLOAN SMITH
CERTIFIED PROFESSIONAL LANDMAN
259 LOGGING TRAIL ROAD
DURANGO, COLORADO 81303
(970) 259-3710**

Project: Edwin Smith / Synergy Operating LLC

Township 29 North, Range 11 West, N.M.P.M.

Section 8: SW1/4

San Juan County, New Mexico

Containing 160.00 acres, more or less

This ownership report is compiled from a review of documents recorded in the office of the San Juan County Clerk based upon a book and page chain created from the records of San Juan County Abstract & Title Company in Farmington, New Mexico, from its tract indices, covering a period of time from January 1, 1958 to present. Said title company's records were current to August 19, 2005. A miscellaneous name check was also completed utilizing the Clerk's records covering the following: Margaret Hasselman Jones, Julia Hasselman Keller, May Hasselman Kouns, Jennie Hasselman Hill, June Hill Walmsley and J. Truman Walmsley, as Trustee of the Bypass Trust under the will of June H. Walmsley. This ownership report covers the mineral interest originally owner by the Hasselman sisters only and is limited to the information reviewed in the sources noted above and assumes no liability as to their accuracy.

Current Owner and Address: J. Truman Walmsley, Trustee
Of the Bypass Trust under the
Will of June H. Walmsley, Deceased,
Dated April 7, 1992
P.O. Box 2605
Spokane, Washington 99220

Mineral Interest Owned: 50.00%

Note: Under Warranty Deed dated April 26, 1951 and recorded June 2, 1951 in Book 159, Page 110, Earl M. Kouns conveyed an undivided ½ interest in and to the SW1/4 of Section 8, T29N, R11W, to Margaret Hasselman Jones, Julia Hasselman Keller, May Hasselman Kouns and Jennie Hasselman Hill as Joint Tenants. This same interest was confirmed under Judgment filed August 19, 1958 under San Juan District Court Case No. 5994. (Copies provided by law firm). J. Truman Walmsley, Trustee, is the successor in interest to this interest.

Several documents reviewed in the Clerk's office indicate that there appears to have been confusion as to whether the Hasselman sisters owned the interest as joint tenants or as tenants in common. These instruments are summarized as follows:

Under Powers of Attorney recorded in Book 576, Page 553, and in Book 594, Pages 332 and 334, Richard H. Kouns, Evelyn K. Kurtz, Clara Prangley, and Robert H. Kouns, et al. appoint various people as their attorney-in-fact over the SW1/4 of Section 8. The above noted names are the heirs of May Hasselman Kouns.

Under Designation of Agent recorded in Book 596, Page 76, it is recited that "the interest of May Hasselman Kouns (deceased) has been vested in her children, Richard H. Kouns, Evelyn K. Kurtz, Clara Prangley, and Robert H. Kouns, share and share alike."

The Estate of May H. Kouns was probated under Ancillary Probate Case No. 1727 in San Juan County, New Mexico. The Inventory filed in the case showed that the Estate owned an undivided 1/8th interest in and to the SW1/4 of Section 8. There is no mention that May H. Kouns owned this interest as a joint tenant with her sisters. Under the Final Decree filed in the case, this interest passed to her children, Richard H. Kouns, Evelyn K. Kurtz, Clara Prangley, and Robert H. Kouns.

Under Assignment of Interests in Oil and Gas Wells recorded in Book 1016, Page 204, Robert H. Kouns conveyed an interest under a couple of wells producing from the SW1/4 of Section 8 to Charla Varner.

Under Assignment of Interests in Oil and Gas Wells recorded in Book 1016, Page 205, Robert H. Kouns conveyed an interest under a couple of wells producing from the SW1/4 of Section 8 to Robert E. Kouns.

Under Assignment of Interests in Oil and Gas Wells recorded in Book 1016, Page 206, Robert H. Kouns conveyed an interest under a couple of wells producing from the SW1/4 of Section 8 to Debra Kouns.

Under Assignment of Interests in Oil and Gas Wells recorded in Book 1016, Page 207, Robert H. Kouns conveyed an interest under a couple of wells producing from the SW1/4 of Section 8 to Jodie Yates.

Under Assignment of Interests in Oil and Gas Wells recorded in Book 1016, Page 208, Robert H. Kouns conveyed an interest under a couple of wells producing from the SW1/4 of Section 8 to Kimberly Brautigam.

Under Assignment of Interests in Oil and Gas Wells recorded in Book 1111, Page 342, Debra Kouns conveyed an interest under a couple of wells producing from the SW1/4 of Section 8 to Charla Varner, Robert E. Kouns, Kimberly Brautigam and Jodie Yates.

Under Assignment of All Right, Title and Interest Surface to Base of Pictured Cliffs recorded in Book 1399, Page 269, Annemarie Keller, successor in interest to Julia H. Keller, conveyed an interest in the SW1/4 of Section 8 to Synergy Operating, LLC. (Copy provided by law firm).

Under Assignment of All Right, Title and Interest Surface to Base of Pictured Cliffs recorded in Book 1399, Page 270, Kimberly Brautigam, successor in interest to May H. Kouns, conveyed an interest in the SW1/4 of Section 8 to Synergy Operating, LLC.

Under Assignment of All Right, Title and Interest Surface to Base of Pictured Cliffs recorded in Book 1399, Page 271, Kimberly Brautigam, successor in interest to May H. Kouns, conveyed an interest in the SW1/4 of Section 8 to Synergy Operating, LLC. (Duplicate of above noted document.)

Under Assignment of All Right, Title and Interest Surface to Base of Pictured Cliffs recorded in Book 1399, Page 272, Margaret K. Dunn, successor in interest to Julia H. Keller, conveyed an interest in the SW1/4 of Section 8 to Synergy Operating, LLC. (Copy provided by law firm).

Under Assignment of All Right, Title and Interest Surface to Base of Pictured Cliffs recorded in Book 1399, Page 1030, Charla Varner, successor in interest to May H. Kouns, conveyed an interest in the SW1/4 of Section 8 to Synergy Operating, LLC.

Under Assignment of All Right, Title and Interest Surface to Base of Pictured Cliffs recorded in Book 1399, Page 1031, Robert E. Kouns, successor in interest to May H. Kouns, conveyed an interest in the SW1/4 of Section 8 to Synergy Operating, LLC.

Under Assignment of All Right, Title and Interest Surface to Base of Pictured Cliffs recorded in Book 1399, Page 1032, Jodie Yates, successor in interest to May H. Kouns, conveyed an interest in the SW1/4 of Section 8 to Synergy Operating, LLC.

Under Assignment of All Right, Title and Interest Surface to Base of Pictured Cliffs recorded in Book 1412, Page 434, Jodie Yates, successor in interest to May H. Kouns, conveyed an interest in the SW1/4 of Section 8 to Synergy Operating, LLC.

Under Assignment of All Right, Title and Interest Surface to Base of Pictured Cliffs recorded in Book 1412, Page 435, Robert E. Kouns, successor in interest to May H. Kouns, conveyed an interest in the SW1/4 of Section 8 to Synergy Operating, LLC.

Under Assignment of All Right, Title and Interest Surface to Base of Pictured Cliffs recorded in Book 1412, Page 436, Charla Varner, successor in interest to May H. Kouns, conveyed an interest in the SW1/4 of Section 8 to Synergy Operating, LLC.

Due to the joint tenancy originally created under Warranty Deed recorded in Book 159, Page 110, none of the above grantors would have an interest to claim under the subject lands. Copies of the above documents are attached, unless they were previously provided by the law firm of Sutin, Thayer & Browne.

Also attached are any other documents found pertaining to the interests originally owned by the Hasselman sisters and are noted as follows:

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| Designation of Agent | Book 460, Page 96 |
| Pertinent copies from the Estate of May Hasselman Kouns, Deceased | |
| Death Certificate | Book 744, Page 134 |
| Death Certificate | Book 744, Page 135 |
| Death Certificate | Book 744, Page 136 |
| Death Certificate | Book 1096, Page 326 |
| Personal Representatives Deed | Book 1409, Page 654 |
| Pertinent copies from the Estate of June H. Walmsley, Deceased | |
| Petition for Condemnation | District Court Case No. CV 2005-106-6 |
| Notice of Condemnation | District Court Case No. CV 2005-106-6 |
| Right of Way and Easement | Book 1405, Page 573 |

By:


Tammy Sloan Smith, CPL

Date: 9/9/05