

IN RE: OPINION OF TITLE TO
The Northwest Quarter (NW4) of
the Northeast Quarter (NE4) of
Section Ten (10) Township 29
North of Range 15 West, N.M.P.M.
San Juan County, New Mexico

DRILLSITE OPINION

Mr. William Springer
2456 Gray Street
Edgewater, Colorado 80214

May 17, 1982

In connection with rendering an opinion as to ownership of the oil, gas and other hydrocarbons underlying the above captioned lands and leases thereof, the following materials have been examined:

(1) San Juan County Abstract and Title Company Abstract of Title # N-20,597, consisting of 423 pages including the Abstractor's Certificate, and covering the subject lands from inception of records through November 2, 1981 at 4:30 pm., as the same are reflected from the Public Records of San Juan County, State of New Mexico.

(2) Oil and Gas Lease, Fred and Roma Clawson to William L. Springer, August 22, 1981.

(3) Oil and Gas Lease, Christine F. Puckett a/k/a Christine F. Deloach to William L. Springer, November 24, 1981.

(4) Oil and Gas Lease, Mary Holder to William L. Springer, October 1, 1981.

(5) Order Approving Final Report and Account, Determining Heirship and Discharging Executor issued by the Probate Court, Bernalillo County, New Mexico in No. 12721, IN THE MATTER OF THE LAST WILL AND TESTAMENT OF RUBY L. BRIMHALL, deceased.

(6) Mineral Deed, C. B. and Ida H. Rohrer to Jerome P. McHugh and Associates, October 26, 1981.

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I. TITLE TO SURFACE

Title to the surface is divided among fee owners too numerous to list for purposes of this opinion. As the exact drillsite location has not been communicated to this office as of this writing, title to the area surrounding said drillsite will be rendered when appropriate. Particular attention to easements and location access should be given after the site is selected.

II. TITLE TO OIL AND GAS

Title to the minerals of the 40 acre tract comprising the proration unit for the proposed well is vested as follows:

Owner		Net Acreage
Ray Crane	<div>BEFORE EXAMINER STAMETS OIL CONSERVATION DIVISION EXHIBIT NO. <u>1</u> CASE NO. <u>7742</u> Submitted by <u>Applicant</u> Hearing Date <u>12/16/82</u></div>	0.238914

<u>Owner</u>	<u>Net Acreage</u>
Madge Brimhall	0.238914
Frances Arn	0.238914
J. J. Landon	0.238914
Mary Holder	0.955647
James P. Carter	0.955647
W. L. Brimhall	2.69214
Ethel Brimhall Foutz	2.69214
E. L. Brimhall	2.69214
Hulda Brimhall Urquhart	2.69214
M. K. Brimhall	2.69214
Sherrell Brimhall	2.69214
John A. St. Clair (P. J. Corey Real Estate Contract)	0.17482
Jerome P. McHugh and Associates	6.93354
Christine F. Puckett	1.2138
Evelyn Brimhall Wright	2.87034
Iona D. Brimhall	1.94903
M. K. and Madge Brimhall	0.34963
Fred L. Crosby	0.4027
Mrs. Leslie B. Clawson (see Comments)	0.8054
Miguel N. Sedillo	0.05887
Manuel Elgart (Sedillo Real Estate Cont.)	0.18123
Leo and Inez Schuessler (M. N. Sedillo Real Estate Contract)	0.11566
Celso Rodriguez (M. N. Sedillo Real Estate Contract)	0.40109
V. O. Contracting Company	0.45694
Charles K. and Lee Ann Hickman	2.71355
Jim L. and Patsy A. Bailey	1.83686
Robert G. and Marcia Allen	0.51675
	<u>40.00000</u>

III. LEASEHOLD ESTATE

<u>A. Leased Interests</u>	<u>Percentage Ownership</u>
Frances Arn	0.597282 % of 20% R. I.
James P. Carter	2.389128 % of 20% R. I.
J. J. Landon	0.597282 % of 20% R.I.
Mary Holder	2.389128 % of 20% R.I.
Christine F. Puckett	3.0345 % of 20% R.I.
E. L. and Pearl Brimhall	6.730346 % of 20% R.I.
Ethel Brimhall Foutz	6.730346 % of 20% R.I.

McHugh & Assoc has

<u>Leased Interests</u>	<u>Percentage Ownership</u>
Sherrell and Louise Brimhall	6.730346 % of 20% R.I.
M. K. and Madge Brimhall (see Comments)	0.87408 % of 20% R.I.
Jim L. and Fatsy A. Bailey	4.59216 % of 20 %R.I.
Charles K. and Lee Ann Hickman	6.78387 % of 20% R.I.
Robert G. and Marcia Allen	1.29187 % of 1/8 R.I.
SEE COMMENTS regarding the following:	
Hulda Brimhall Urquhart	6.730346 % of 20% R.I.
W. L. Brimhall	6.730346 % of 20% R.I.
Clawson	2.01349 % of 1/8 R.I.
M. K. Brimhall	6.730346 % of 20% R.I.
Madge Brimhall	0.597282 % of 20% R.I.

<u>B. Unleased Interests</u>	<u>Percentage Ownership</u>
Kay Crane	0.597282% of 40 acres
John A. St. Clair (Corey REC)	0.43704 % of 40 acres
Jerome P. McHugh and Associates	17.33385 % of 40 acres
Evelyn Brimhall Wight	7.17585 % of 40 acres
Iona D. Brimhall	4.87258 % of 40 acres
Fred L. Crosby	1.00675 % of 40 acres
Miguel N. Sedillo	0.14718 % of 40 acres
Manuel Elgart (Sedillo REC)	0.45308 % of 40 acres
Leo and Inez Schuessler (Sedillo REC)	0.28917 % of 40 acres
Celso Rodriguez (Sedillo REC)	1.00272 % of 40 acres
V. C. Contracting Co.	1.14235 % of 40 acres
	100.00000 % leased and unleased

<u>C. Working Interests</u>	
William L. Springer	41.448468%
William L. Springer (see Comments)	22.80181 %
Caribou Four Corners	1.29187 %
Unleased	34.457852%
	100.000000

IV. TABULATION OF LEASES

All of the leases procured by William L. Springer are Standard Form RM-88g (15) 1500 2-59 LeRC-48550 Oil and Gas Leases. Each lease is paid up so as to eliminate the payment of any delay rentals. The Allen lease to Caribou Four Corners is a Standard Form Producers 88 lease printed by Billings Blue Print. It is also paid up. It should be noted that the Caribou lease expressly provides for no drilling upon the premises; however, due to its location it would fall without the legal location pattern prescribed by the State of New Mexico. All the following leases contain descriptions sufficient to cover the interests owned by the parties set forth above. The Clawson leases

purporting to cover the Leslie B. Clawson tract do have an 18 foot metes and bounds error, but are still sufficient to cover the interest actually held by Clawson.

<u>Lessor</u>	<u>Royalty</u>	<u>Term</u>
Frances Arn	20%	3 yrs. from 10/1/81
James P. Carter	20%	3 yrs. from 10/1/81
J. J. Landon	20%	3 yrs. from 10/1/81
Mary Holder	20%	3 yrs. from 10/1/81
Christine F. Puckett	20%	1 yr. from 11/24/81
B. L. and Pearl Brimhall	20%	3 yrs. from 9/5/81
Ethel Brimhall Fautz	20%	3 yrs. from 9/5/81
Sherrell and Louise Brimhall	20%	3 yrs. from 9/5/81
M. K. and Madge Brimhall	20%	3 yrs. from 9/5/81
Jim L. and Patsy A. Bailey	20%	3 yrs. from 9/20/81
Charles K. and Lee Ann Hickman	20%	3 yrs. from 10/6/81
Robert G. and Marcia Allen	12.5%	5 yrs. from 2/10/81

SHE COMMENTS as to following leases

Ruth V. Clawson	12.5%	2 yrs. from 8/22/81
Fred and Roma Clawson	12.5%	2 yrs. from 8/22/81
Derald Urquhart	20%	3 yrs. from 9/5/81
Elvin D. Urquhart	20%	3 yrs. from 9/5/81
Meredith Herring	20%	3 yrs. from 9/5/81
Zetta Brimhall	20%	3 yrs. from 9/5/81
Ralph Brimhall	20%	3 yrs. from 9/5/81
Rosa Lee Jackson	20%	3 yrs. from 9/5/81
Marva Joplin	20%	3 yrs. from 9/5/81

V. TAXES, POSSESSION, PENDING SUITS AND JUDGEMENTS, MECHANICS AND MATERIALMEN'S LIENS, CHATTEL MORTGAGES AND FINANCING STATEMENTS

The materials examined reflect that there are no unpaid taxes (excepting tax certificates from the first third of this century which, by New Mexico case law, are insufficient to convey mineral interests), pending suits or judgments, mechanics or materialmen's liens, chattel mortgages or financing statements to be satisfied against the subject lands. No check has been made, however, independent of the Abstract. No affidavits of possession have been submitted and the prospective lands should be checked so as to foreclose any rights which may have vested as a result of possession.

VI. MORTGAGES AND REAL ESTATE CONTRACTS

Mortgage, Hickmans to Citizens Bank of Farmington, Recorded Book 755 Page 596
Mortgage, Baileys to Citizens Bank, Recorded Book 839, Page 553
Mortgage, Allens to Southwest Mortgage Co., Recorded Book 803 Page 178; Assigned to Federal Nat'l. Mortgage Association, Recorded Book 807 Page 592
Mortgage, Allens to Citizens Bank, Recorded Book 868 Page 540

All mortgages should be subordinated to Oil and Gas Leases covering the respective tracts so as to prevent any loss of minerals in the event of foreclosure.

Real Estate Contracts, John A. St. Clair from F. J. Corey, Recorded Book 826 Page 358
Schuessler from Sedillo, Recorded Book 790 Page 353
Elgart from Sedillo, Recorded Book 790 Page 170

Real Estate Contract, C. Rodriguez from Sedillo, Recorded
Book 794 Page 556

Production proceeds attributable to the above lessors when subject to real estate contracts should be escrowed pending fulfillment of the contract terms and vesting of the subject property, or a Stipulation of Interest obtained from both parties to said contracts with regard to distribution of any proceeds.

It should be noted that the Elgart and C. Rodriguez real estate contracts are subject to a Decree of Divorce, Sedillo versus Sedillo, Cause # 78-748, District Court of San Juan County, New Mexico, wherein Guadalupe Sedillo retains a $\frac{1}{2}$ interest in said contracts. A Stipulation should be obtained accordingly, if funds are not escrowed.

VII. EASEMENTS

The Abstracts reflect a Right of Way Easement from the San Juan County Board of Commissioners to Lower Valley Water Users covering a portion of Section 10 as recorded at Book 652 Page 311.

Additionally omitted instruments referred to in the Abstract reflect federal easements from the U.S. to Arizona Public Service Co and Tucson Gas and Electric which may or may not affect the captioned lands.

Any prospective drillsite should be checked for interference with the foregoing easements.

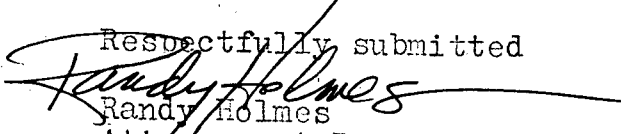
VIII. COMMENTS

(A). Probate Documentation- Leases have been submitted to this examiner which purport to affect the Clawson, W.L. Brimhall, and Hulda Brimhall Urquhart interests set forth in this Opinion. Copies of the recorded documents evidencing distribution and heirship of the respective estates of the foregoing persons must be submitted so as to confirm and validate Oil and Gas Leases which purport to have been executed by the appropriate heirs. Additionally, probate documentation as to James Alma Brimhall must be submitted so as to confirm the passing of his estate to Ruby Brimhall and thence to her heirs in the Order examined concerning her estate. This Opinion has been rendered on the assumption that Ruby Brimhall was the sole heir of the mineral interests of James Alma Brimhall.

(B). Identity of Lessor- Portions of the captioned lands are owned by M. K. and Madge Brimhall as husband and wife and by persons of the same name who inherited interests in an individual capacity. In that William L. Springer has obtained an Oil and Gas lease from M. K. and Madge Brimhall which contains a description sufficient to cover all interests owned by said persons in the captioned unit (if they are the same persons) then this interest may be listed as leased on the condition that an Affidavit of Identity be secured setting forth that M. K. Brimhall, heir of J. A. Brimhall and Madge Brimhall, heir of Ruby Brimhall are the same persons as M. K. and Madge Brimhall owning a tract herein as husband and wife.

(c). Non-Production- Prior to drilling, the subject lands should be checked so as to assure that there is no production of oil or gas presently therefrom which would serve to extend any previous leases. The Abstract reflects no recorded unreleased leases on the captioned premises, though.

Respectfully submitted


Randy Holmes
Attorney at Law