

LYNCH, CHAPPELL & ALSUP

A PROFESSIONAL CORPORATION

ATTORNEYS

THE SUMMIT, SUITE 700

300 NORTH MARIENFELD

MIDLAND, TEXAS 79701

(915) 683-3351

TELECOPIER (915) 683-2587

Jeffrey D. Hewett

January 9, 2001

IN RE: OPINION OF TITLE §
TO THE FOLLOWING §
TRACTS OF LAND LOCATED §
IN LEA COUNTY, §
NEW MEXICO: §

Tract 1: §

Section 23: W½E½ §

No. 25,484

Tract 2: §

Section 23: E½E½ §

Said two tracts of land collectively composing §
E½ Section 23, Township 20 South, Range 35 East, §
N. M. P.M., Lea County, New Mexico, §
320 acres, more or less. §

BWB Partners I
Post Office Box 51407
Midland, Texas 79710

Attention: Mr. William H. Bennett

BEFORE THE
OIL CONSERVATION DIVISION

Case No. 12571 Exhibit No. **3**

Submitted By:

BWB Partners

Hearing Date: January 11, 2001

Gentlemen:

To ascertain title to the captioned lands (the "Property"), for drilling purposes, at your request, we have conducted an independent examination of the following materials (the "Examined Materials"):

- a. Drilling Title Opinion prepared by Steven C. Hofer, Attorney at Law of Midland, Texas, dated October 2, 1986, addressed to BTA Oil Producers, covering title to the Property, based upon an examination of prior title opinions and other materials collectively certified from the inception of the records to September 24, 1986, at 7:00 a.m.;
- b. Division Title Opinion prepared by Steven C. Hofer, Attorney at Law of Midland, Texas, dated February 2, 1987, addressed to BTA Oil Producers, covering title to the Property, based upon an examination of prior title opinions and other materials collectively certified from the inception of the records to January 15, 1987, at 7:00 a.m.;
- c. Supplemental Division Order Title Opinion prepared by Steven C. Hofer, Attorney at Law of Midland, Texas, dated June 17, 1987, addressed to BTA Oil Producers, covering title to the Property, based upon an examination of prior title opinions and other materials collectively certified from the inception of the records to June 9, 1987, at 7:00 a.m.; and
- d. Our review of the public records of Lea County, New Mexico maintained by the County Clerk, the District Court Clerk, and other filing authorities of that county, based upon runsheets prepared by Elliott & Waldron Title & Abstract Co., Inc. of Lovington, New Mexico, certified from June 9, 1987, at 7:00 a.m. to October 30, 2000, at 7:00 a.m.

From our examination of the Examined Materials, and based solely thereon, we now report title to the Property, for drilling purposes, as of October 30, 2000, at 7:00 a.m., as follows:

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Linda Nixon Seeligson, as her separate property	12	1/8
Polly Nixon Pater, as her separate property	13	1/8
TOTAL		ALL

* Leases 9 through 13 provide for royalty interests of 1/4.

II. TITLE TO THE WORKING INTEREST IN THOSE CERTAIN OIL AND GAS LEASES DESCRIBED HEREINBELOW (THE "LEASES"), INsofar AS THEY COVER THE PROPERTY:

A. Tract 1 (W½ E½ Section 23):

<u>Interest Owner</u>	<u>Lease No.</u>	<u>Gross Working Interest</u>		<u>Net Revenue Interest</u>
		<u>As to costs of Drilling Completion And Equipping Each Well</u>	<u>As to costs of Operating Each Well</u>	
BWB Partners, I	1-5	1.000000%	1.000000%	.00800000
Hayes Land Corporation	1-5	6.000000%	6.000000%	0.04800000
Hayes Land and Production Company	1-5	6.000000%	6.000000%	0.04800000
M. Brad Bennett, whose wife is Linda Bennett	1-5	12.000000%	12.000000%	0.09600000
Alby Associates	1-5	0.600000%	0.300000%	0.00240000
Lloyd Alpern Trust	1-5	0.300000%	0.150000%	0.00120000
Bernard E. Alpern Trust	1-5	1.800000%	0.942857%	0.00754285
BTA Oil Producers	1-5	0.300000%	0.150000%	0.00120000

Blank Living Investment Trust dated July 24, 1989	1-5	0.300000%	0.150000%	0.00120000
Jane C. Gottschalk, as her separate property	1-5	0.300000%	0.150000%	0.00120000
James R. Currie, whose marital status is unknown	1-5	0.300000%	0.150000%	0.00120000
Robert M. Davenport, whose wife is Eloise Davenport	1-5	0.300000%	0.150000%	0.00120000
Thurston Dean M.D., whose marital status is unknown	1-5	0.300000%	0.150000%	0.00120000
Forman Energy Corporation	1-5	0.900000%	0.450000%	0.00360000
Morgan Guaranty Trust Company of New York, Trustee under the Last Will and Testament of Gerald N. Frank for the benefit of Peter Frank	1-5	0.450000%	0.235714%	0.00188571
Morgan Guaranty Trust Company of New York, Trustee under the Will of Gerald N. Frank for the benefit of Lynn Brettman	1-5	0.450000%	0.235714%	0.00188571
Ann M. Gallop, whose marital status				

is unknown	1-5	0.105000%	0.052500%	0.00042000
Barbara G. Gilbert, as her separate property	1-5	0.127500%	0.063750%	0.00051000
Karlene Beal Garber, Trustee of the Karlene Beal Garber Trust under Agreement dated June 8, 1993	1-5	0.421387%	0.293887%	0.00235110
Harlan Richard Garber, Trustee of the Harlan Richard Garber Living Trust	1-5	0.074362%	0.051862%	0.00041490
Barbara G. Gilbert, Trustee of the Barbara G. Gilbert 1997 Revocable Trust	1-5	0.067500%	0.033750%	0.00027000
Salvatore Giordano, Sr., whose marital status is unknown	1-5	0.300000%	0.150000%	0.00120000
Stanley Glickman, whose marital status is unknown	1-5	0.900000%	0.450000%	0.00360000
Patricia M. Booth, as her separate property	1-5	0.100000%	0.050000%	0.00040000
Jonathan Gould, as his separate property	1-5	0.100000%	0.050000%	0.00040000
Judson Gould, as his separate property	1-5	0.100000%	0.050000%	0.00040000
Elena J. Atlas, as her separate property	1-5	0.150000%	0.075000%	0.00060000
L. Keith Steiner, III, as				

his separate property	1-5	0.075000%	0.037500%	0.00030000
Dorothy S. Schott, as her separate property	1-5	0.075000%	0.037500%	0.00030000
Bank of America, N.A., as Trustee for Trust No. 1430-1-09	1-5	0.690000%	0.480000%	0.00384000
Bank of America, N.A., as Trustee for Trust No. 1430-2-09	1-5	1.768500%	1.228500%	0.00982800
Bank of America, N.A., as Trustee for Trust No. 1430-3-09	1-5	1.480500%	1.030500%	0.00824400
Bank of America, N.A., as Trustee for Trust No. 1430-4-09	1-5	1.480500%	1.030500%	0.00824400
Bank of America, N.A., as Trustee for Trust No. 1430-5-09	1-5	1.480500%	1.030500%	0.00824400
Oxnard Investors	1-5	0.300000%	0.150000%	0.00120000
Roger P. Palma, whose marital status is unknown	1-5	0.600000%	0.353572%	0.00282858
William Spiegelman, as his separate property	1-5	0.240000%	0.120000%	0.00096000
Scharffenbarger Living Trust	1-5	1.200000%	0.600000%	0.00480000
Patricia A. Shea Ryan, as her separate property	1-5	0.100000%	0.050000%	0.00040000
Victor L. Anfuso and Kathy S. Anfuso, Trustees of The Anfuso Family Trust under Agreement dated				

February 16, 1995	1-5	0.100000%	0.050000%	0.00040000
William Andrew Shea and Francis Scott Shea, Trustees under the Will of May Nora Shea for the benefit of William A. Shea, Jr.	1-5	0.100000%	0.050000%	0.00040000
Robert G. Stone, whose marital status is unknown	1-5	0.075000%	0.037500%	0.00030000
Pamela Stone, whose marital status is unknown	1-5	0.075000%	0.037500%	0.00030000
Gary R. Stone, whose marital status is unknown	1-5	0.075000%	0.037500%	0.00030000
Mary R. Stone, whose marital status is unknown	1-5	0.075000%	0.037500%	0.00030000
Robert J. Strassenburgh, II, whose marital status is unknown	1-5	0.300000%	0.150000%	0.00120000
Trobaugh Properties	1-5	1.200000%	0.600000%	0.00480000
Elizabeth Wolff, whose marital status is unknown	1-5	0.300000%	0.150000%	0.00120000
Morris Radmin and Babette S. Goldman, Co-Trustees, under the Will of Ilsa B. Wolff for the benefit of Eva Trent	1-5	1.200000%	0.600000%	0.00480001
HRK Equity Corporation	1-5	0.000000%	0.016072%	0.00012857
Trust under the Will of Samuel Klau	1-5	0.000000%	0.016071%	0.00012857
Keleen H. Beal, a widow, as separate property	1-5	12.758865%	13.608870%	0.10887095

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Barry A. Beal, Spencer E. Beal, Keleen H. Beal, and Carlton Beal, Jr., as Co-Trustees for the Carlton Beal Family Trust for Carlton Beal, Jr.	1-5	2.551773%	2.721774%	0.02177419
Barry Beal, Spencer E. Beal, and Keleen H. Beal, as Co-Trustees for Carlton Beal Family Trust for Barry Beal	1-5	2.551773%	2.721774%	0.02177419
Barry A. Beal, Spencer E. Beal, and Keleen H. Beal, as Co-Trustees for Carlton Beal Family Trust for Spencer Beal	1-5	2.551773%	2.721774%	0.02177419
Barry A. Beal, Spencer E. Beal, and Keleen H. Beal, and Kelly Beal, as Co-Trustees of the Carlton Beal Family Trust for Kelly Beal	1-5	2.551773%	2.721774%	0.02177419
Barry A. Beal, Spencer E. Beal, Keleen H. Beal, and Karlene Garber, as Co-Trustees for the Carlton Beal Family Trust for Karlene Garber	1-5	2.551773%	2.721774%	0.02177419
Carlton Beal, Jr., whose wife is Lynda Beal	1-5	10.474444%	12.041597%	0.09633278
Barry A. Beal, whose wife is Nancy Beal	1-5	10.474444%	12.041597%	0.09633278
Spencer E. Beal, whose wife is Karen Beal	1-5	4.014694%	5.581847%	0.04465477
Kelly Beal, whose wife is Chrys Beal	1-5	1.935694%	3.502847%	0.02802279

Barry Beal, Jr., whose wife is Cliffy Beal	1-5	0.315815%	1.882907%	0.01506327
Stuart E. Beal, whose wife is Kathryn L Beal	1-5	0.265715%	0.132858%	0.00106286
Robert M. Davenport, Jr., whose wife is Elizabeth Davenport	1-5	<u>0.265715%</u>	<u>0.132858%</u>	<u>0.00106286</u>
Totals		100.00000%	100.00000%	0.80000000

B. Tract 2 (E½E½ Section 23)

- As to all depths from the surface to a subsurface depth of 11,920 feet:

<u>Interest Owner</u>	<u>Lease No.</u>	<u>Gross Working Interest</u>		<u>Net Revenue Interest</u>
		<u>As to costs of Drilling Completion And Equipping Each Well</u>	<u>As to costs of Operating Each Well</u>	
BWB Partners, I	1-5	1.000000%	1.000000%	.00800000
Hayes Land Corporation	1-5	6.000000%	6.000000%	0.04800000
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Keleen H. Beal, a widow, as separate property	1-5	12.758865%	13.608870%	0.10887095

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Kelly Beal, whose wife is Chrys Beal	1-5	1.935694%	3.502847%	0.02802279

Barry Beal, Jr., whose wife is Cliffy Beal	1-5	0.315815%	1.882907%	0.01506327
Stuart E. Beal, whose wife is Kathryn L Beal	1-5	0.265715%	0.132858%	0.00106286
Robert M. Davenport, Jr., whose wife is Elizabeth Davenport	1-5	<u>0.265715%</u>	<u>0.132858%</u>	<u>0.00106286</u>
Totals		100.00000%	100.00000%	0.80000000

2. As to all depths below a subsurface depth of 11,920 feet:

<u>Interest Owner</u>	<u>Lease No.</u>	<u>Gross Working Interest</u>		<u>Net Revenue Interest</u>
		<u>As to costs of Drilling Completion And Equipping Each Well</u>	<u>As to costs of Operating Each Well</u>	
BWB Partners, I	1-5	100.000000%	100.000000%	.75000000

**III. TITLE TO OVERRIDING ROYALTY INTERESTS IN THE LEASES, INsofar
AS THEY COVER THE PROPERTY:**

A. **Tract 1 (W½E½ Section 23): Title to an Overriding Royalty Interest of
1.25% in all depths:**

<u>Interest Owner</u>	<u>Lease No.</u>	<u>Interest Owned</u>
M. Brad Bennett, whose wife is Linda Bennett	1-5	0.9375000%
William H. Bennett, as his separate property	1-5	<u>0.3125000%</u>
Total		1.2500000%