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January 3, 2000

Cactus Energy, Inc.
P.O. Box 2412
Midland, TX 79702

Attention: **Richard Coats**

Re: **Kemp Lumber
Mineral Interest
Township 18 South Range 25 East NMPM
Section 2: S $\frac{1}{2}$ S $\frac{1}{2}$
Containing 160.0 acres, more or less
Eddy County, New Mexico**

Dear Richard:

In line with our conversation, the following will be a summary of our attempts to ascertain the successors to the Kemp Lumber Company, a defunct corporation (Kemp).

We were contacted by your office on August 9, 1999 pertaining to the need to locate the successors to Kemp, which is the record owner of an undivided one-fourth mineral interest under the above described tract. We were informed that the corporation was dissolved in 1965 but the New Mexico Regulation Commission's records did not contain the Articles of Dissolution which should have reflected the existing shareholders at that time.

Based on a copy of the last oil and gas lease (1963) executed by Kemp which reflected a post office box in Roswell as its address, we reviewed the pertinent records of Chaves County. From a review of the Roswell city directories from 1954 to 1963, we ascertained that the officers of the corporation were Walter Harrison (president), J.C. Jones (vice president), and Laura K. Stilwell (secretary). Based on documentation furnished by the Regulation Commission, we endeavored to locate Walter Harrison and Laura Stilwell, or their heirs, who were reflected as shareholders in 1953.

From a review of the Roswell cemetery's records, we determined both persons are deceased and were able to locate heirs of both. Harrison's (DOD 7/5/84) survivors were a widow, Cleo A. Harrison (now deceased), and one daughter, Linda Sims. He was predeceased by one son, Ted Harrison. By investigating the last known address of Harrison, we were able to locate Linda Sims at 23779 Pasa Tiempo Lane, Harbor City, California 90710, (310)530-6679. From conversation with Mrs. Sims, we were told that she would review any old files she had on her father in an effort to determine any helpful information pertaining to Kemp successors. This was the only conversation with Mrs. Sims. We have left numerous messages at her home but have never received a return call.

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Laura Stilwell died a widow on 2/18/91 and had only one son, W.K. Stilwell, 9913 Trinidad, El Paso, Texas 79925 (915)598-2404. Mr. Stilwell's recollection of Kemp Lumber was very limited but remembered that Kemp was bought by a company in Minnesota.

Based on the aforementioned 1953 document reflecting the shareholders, our calculation would show Harrison would own 0.3963% of the outstanding shares and Stilwell's ownership would be 1.524%. This would equate to 0.159 net acres for Harrison and 0.6098 net acres for Stilwell. It should be noted by the 1953 document (which was a stockholder's consent to extension of term) indicated that the parties reflected represented "more than two-thirds" of the outstanding capitol stock of Kemp. The above calculations were assuming the 1953 parties owned 100% of the outstanding stock.

A review of the indices of the Chaves County Clerk revealed documents executed by Kemp. The last was a 1965 quitclaim deed in favor of Leidigh and Havens Lumber Company. This document conveyed a 160-acre tract in southern Chaves County. We were able to determine that this tract was conveyed again in 1967 to McDonald Lumber Co., a Minnesota corporation. (This could possibly explain Mr. Stilwell's recollection that Kemp was sold to a company in Minnesota. It should be noted that the quitclaim deeds from Kemp and Leidigh and Havens were both executed by E.L. Clark, vice president.)

We visited with several "old-timers" of Roswell who remembered the lumber company. One source recalled that Kemp used the Atwood and Malone law firm. However, a search of their records did not reveal any existing files nor any indication that the files had been destroyed.

We also reviewed the probate records of Chaves County for all the names listed as 1953 shareholders. Our research revealed probate proceedings on only three of the listed shareholders. We are including with this correspondence a summary of these persons and their respective heirs. It should be noted that we have made no attempt to contact these heirs.

Should you have some question concerning the foregoing, please advise

Respectfully,



Randy V. Watts

RVW/kec

Summary of Probates in Chaves County
Pertaining to Shareholders of
Kemp Lumber Company

Cause No. 5685 - Estate of Hiram M. Dow, deceased (DOD 3/7/69). Under the residue clause of Dow's will Dorothy Dow Schauer (daughter), P.O. Box 10009, Alameda, NM 87113, would receive his one share of Kemp Lumber Company.

Cause No. 4733 - Estate of Edward J. Williams, aka Ed J. Williams, deceased. After specific bequeaths, all property passed to Charlotte H. Williams. (Note: The fifteen shares of Kemp Lumber Company were listed in inventory.)

Cause No. 5117 - Estate of Charlotte H. Williams, deceased. All property of estate passed to three daughters: Dorothy Mae Sacra, The Barclay, Apt. 117, 2600 Bellfontaine, Houston, TX 77025, Mary Charlotte Smith, 1203 Camino Real, Roswell, NM 88201, and Nell Jean Fields, now deceased.

Cause No. 7176 - Estate of Nell Jean Fields, deceased (DOD 1/8/83). All property of estate passed to children: Edward J. Fields, Rte. 1, Box 582, Anthony, NM 88021, Jean Ann Fields Barnes, 11205 Bob Mitchell Dr., El Paso, TX 79936, Benjamin F. Fields III, 1101 N. Kentucky, Roswell, NM 88201, Richard Spencer Fields, 1201 Mullis, Roswell, NM 88201, Larry Gayden Fields, 205 Sun Season, Santa Teresa, NM 88088, Frances Ann Fields Laman, 608 Stardust Lane, Richardson, TX 75080, Charles William Fields, 3920 S. Bell #105, Amarillo, TX 79109.

Cause No. PB 86-7 - Estate of Logan A. Hunter, deceased. All property of estate passed to widow Louise K. Hunter, 2207 Fulkerson Dr., Roswell NM 88201. (The 1953 document indicates Hunter owned 20 shares of Kemp.)

