

**NE/4 Section 35, T-23-S, R-27-E (160 Acres)**  
**Eddy County, New Mexico**

This 160 tract of land was patented to Mr. Latimer E. Taylor August 5, 1914 by Patent recorded in Volume 3, Page 164. Mr. Taylor died intestate in Eddy County, New Mexico on or about December 27, 1940. Probate #999, Eddy County, New Mexico. It was ordered that Mr. Taylor's estate be distributed to 17 individuals. Most of these heirs are now deceased and no probates for these individuals are of record in Eddy County, New Mexico.

There are now approximately 80 mineral owners under this tract. We have located approximately 60 of these who live in about 18 different states. Most of the mineral owners that we have located live in the state of Indiana. Many of these mineral owners are very old and some do not understand our offer to lease their minerals. (Mrs. Dorothy Hutchison is 93 years old, Mr. Paul E. Taylor is 84 years old, Mr. Charles Hamm is 100 years old (9/30/02), Mrs. Helen Scholl is 98 years old.

Our initial efforts in attempting to locate the mineral owners concentrated with using the telephone directory assistance, the Internet, and Mail-outs with the few correct addresses we had. We subsequently received considerable assistance from the few replies we received per the mail-outs.

We have leased from 54 mineral owners representing approximately 131 net mineral acres. This represents approximately 81% of the mineral ownership under the 160 acre tract. This leasing effort took approximately 4 months. Efforts are still being made to locate and lease the remaining mineral owners. We have sent offers to five (5) mineral owners for which we believe we have current addresses, however we have received no response from said owners. One mineral owner has indicated they would accept our offer to lease, but after several contacts we have yet to receive the lease.

The last leases acquired on this 160 acre tract were acquired in 1990 by Mr. T. Vern Dwyer, leasing approximately 65 net mineral acres.

OIL CONSERVATION DIVISION  
CASE NUMBER \_\_\_\_\_  
EXHIBIT 3