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August 2, 2012

**DIVISION ORDER TITLE OPINION**

M-Tex Oil  
P. O. Box 98989  
Midland, TX 79710

Re: E/2 of Section 31, Block 35, T-3-S, T&P RR Co. Survey,  
Glasscock County, Texas – Billy Bob #1 Well

Gentlemen:

**MATERIALS EXAMINED**

I have examined the following:

**PRIOR TITLE OPINIONS:**

Drilling Title Opinion dated November 16, 2011, prepared by the undersigned, addressed to M-Tex Oil, covering title to all of said Section 31 from sovereignty to October 17, 2011 at 7:00 a.m.

**EXAMINATION OF RECORDS:**

The instruments filed of record in the office of the County Clerk of Glasscock County, Texas, based upon an uncertified runsheet prepared by Cooper Norris from the records at Patch Title of Midland, Texas, from sovereignty to October 17, 2011 at 7:00 a.m.

Based upon my examination of the foregoing, and subject to the following comments and requirements, I am of the opinion that the oil and gas produced from the captioned land is owned as follows:

ROYALTY INTEREST:

	Benedick Sampson and wife, Beatrice Sampson	1/2 of 1/8 of 1/4 -----	.01562500
Lease 2	Rick Astley, separate property	1/2 of 1/4 less 1/2 of 1/2 of 1/4 less 1/2 of 1/2 of 1/8 of 1/4 -----	.05468750
Lease 1	Dee Snider, separate property	1/2 of 1/4 less 1/2 of 1/2 of 1/4 less 1/2 of 1/2 of 1/8 of 1/4 -----	.05468750
	ABC Company	170/960 of 1/4 -----	.04427083
	Wes Walker	.14121875 of 1/4 -----	.03530469
	Herman Rosenberg	1/160 of 1/4 -----	.00156250
	Elaine Benes	1/400 of 1/4 -----	.00062500
	Charles Patton	.02711458 of 1/4 -----	.00677865
	Lloyd Christmas	1/96 of 1/4 -----	.00260417
	McDonalds, LLC	11/240 of 1/4 -----	.01145833
	Nick Cage	.01302083 of 1/4 -----	.00325521
	Edmond T. Henderson	5199/550000 of 22/480 of 1/4 -----	.00010831
	Weatherford Girls' Home, Inc.	1999/550000 of 22/480 of 1/4 -----	.00004165
	T.S. Elliott	3/640 of 1/4 -----	.00117188
	Phil Hartman	1/320 of 1/4 -----	.00078125
	Texas Energy, LLC	1/2 of (464941/550000) of 22/480 of 1/4 plus 1/2 of 22/480 of 1/4 -----	.00770772
	Franklin Harris and The Trust Company of Arizona, Co-Trustees of the Patty Jensen Ward Revocable Trust dated December 2, 1989, as amended	1/2 of (464941/550000) of 22/480 of 1/4 plus 1/2 of 22/480 of 1/4 -----	.00770772

Alice Wanderlundt	34501/550000 of 22/480 of 1/4-----	.00071876
Greg Randall	34500/550000 of 22/480 of 1/4-----	.00071875
Jimmy Parsons, Trustee of the Jimmy Parsons Living Trust ut dated March 10, 1998	8860/550000 of 22/480 of 1/4-----	<u>.00018458</u>
Total Royalty Interest-----		.25000000

WORKING INTEREST:

M-Tex Oil ----- .75000000

EFFECTIVE OIL AND GAS LEASES

Lease No. 1:

Effective Date:	July 2, 2008.
Recorded:	Volume 120, Page 460, Official Public Records, as amended by Volume 165, Page 154, Official Public Records.
Lessor:	Dee Snider.
Lessee:	M-Tex Oil
Land Covered:	All of said Section 31.
Interest Covered:	This is a 1/2 interest lease.
Primary Term:	Seven (7) years.
Royalty:	1/4 on oil and gas.
Shut-In Royalty:	Yes. \$1.00 per acre per year. Lessee shall not be entitled to hold the lease under the shut-in provision for any period longer than 12 consecutive months or any cumulative period longer than 24 months.
Delay Rentals:	None due. This is a paid-up lease.
Pooling Clause:	No.

Lease Form: AAPL Form 659-89.

Lease Addendum: Paragraphs 14 through 20 have been added to the lease. You must be thoroughly familiar with all of its terms and provisions because I cannot, in this brief analysis, fully analyze all of its terms and provisions.

Lease No. 2:

Effective Date: July 2, 2008.

Recorded: Volume 120, Page 463, Official Public Records, as amended by Volume 157, Page 319, Official Public Records.

Lessor: Rick Astley.

Lessee: M-Tex Oil

Land Covered: All of said Section 31.

Interest Covered: This is a 1/2 interest lease.

Primary Term: Seven (7) years.

Royalty: 1/4 on oil and gas.

Shut-In Royalty: Yes. \$1.00 per acre per year. Lessee shall not be entitled to hold the lease under the shut-in provision for any period longer than 12 consecutive months or any cumulative period longer than 24 months.

Delay Rentals: None due. This is a paid-up lease.

Pooling Clause: No.

Lease Form: AAPL Form 659-89.

Lease Addendum: Paragraphs 14 through 20 have been added to the lease. You must be thoroughly familiar with all of its terms and provisions because I cannot, in this brief analysis, fully analyze all of its terms and provisions.

TAXES

I have not examined any records or materials evidencing the current status of ad valorem taxes assessed against the captioned land.

### PATENT INFORMATION

Section 31 was duly patented by the State of Texas to Texas and Pacific Railroad Company on June 2, 1885, by Patent No. 122, Volume 98, Patent Records, General Land Office, recorded in Volume 4, Page 941, Deed Records, Glasscock County, Texas, as containing 640 acres.

### POSSESSION

Nothing has been submitted with respect to present possession of captioned land and you are charged with notice of the nature and extent of claims of any party in actual possession. You should satisfy yourself that no one other than the surface owner is in actual possession and, if possession is held through tenancy, a tenant's consent agreement should be obtained and placed of record.

### EASEMENTS

Refer to Drilling Title Opinion.

### LIENS AND ENCUMBRANCES

None of record.

### STATUS OF DRILLING TITLE OPINION REQUIREMENTS

All requirements remain unsatisfied.

### DIVISION ORDER TITLE REQUIREMENTS

1.

By Warranty Deed dated September 1, 1976, recorded in Volume 154, Page 433, Deed Records, Rick McDonald and wife, Sandra Dee conveyed the E/2 of said Section 31 to Benedick Sampson and wife, Beatrice. The Warranty Deed excepts all of the oil, gas and other minerals save and except 1/2 interest in and to all of the royalty. The Warranty Deed also states "in the event of production, the Grantees herein, their heirs and assigns, shall be entitled to an undivided 1/2 of 1/8<sup>th</sup> of all the oil, gas and other mineral royalty..." On the date of the Warranty Deed, 1/2 of royalty had previously been conveyed. The language in the Warranty Deed is not clear. For purposes of this opinion, I credited Benedick Sampson and wife, Beatrice with 1/2 of 1/8 of royalty.

REQUIREMENT: Furnish for my examination and thereafter file of record in Glasscock County, Texas, a Stipulation of Interest containing present words of grant executed by the parties to the Warranty Deed, or their heirs and assigns stipulating as to how the 1/2 of royalty is owned. If the Stipulation of Interest grants Benedick Sampson and wife, Beatrice with an interest different from that set forth herein, the ownership set forth herein will have to be revised.

2.

By Mineral and Royalty Deed dated July 18, 1963, recorded in Volume 113, Page 15, Deed Records, Marvin Derrick conveyed to Jimmy Parsons 157/550,000 of 22/480 of royalty in all of said Section 31. On the date of the deed, Mary Herrick was the owner of 197/550,000 of 22/480 of royalty in all of said Section 31. Jimmy Parsons subsequently assigned this interest to James Parsons, Trustee of The Jimmy Parsons Living Trust dated March 10, 1998.

REQUIREMENT: Have Marvin Derrick quitclaim all of his interest in said Section 31 to Jimmy Parsons, Trustee of The Jimmy Parsons Living Trust dated March 10, 1998. The instrument should be filed of record in Glasscock County, Texas.

3.

By Mineral Deed dated July 7, 1966, recorded in Volume 116, Page 73, Deed Records, Fred Aarons and wife, Mary Lou. Aaronson conveyed to Greg Randall 34,500/500,000 of 22/480 of royalty in all of said Section 31. It is apparent from the records that the interest was intended to be 34,500/550,000 of 22/480 of royalty in all of said Section 31.

REQUIREMENT: Have Fred E. Aarons and wife, Mary Lou Aarons execute a deed correcting the interest conveyed to be 34,500/550,000 of 22/480 of royalty. The correction instrument should be filed of record in Glasscock County, Texas.

4.

By Assignment and Conveyance of Oil & Gas Interests and Appurtenant Rights dated July 1, 2001, recorded in Volume 52, Page 744, Official Public Records, Virginia Dawson, Individually and as Trustee of the Testamentary Trust created u/w/o Hank W. Hill, Jr., Deceased conveyed a 11/240 of royalty in all of said Section 31 to McDonalds, LLC. I have not examined probate proceedings in the Estate of Hank W. Hill, Jr.

REQUIREMENT: Furnish for my examination complete probate proceedings in the Estate of Hank W. Hill, Jr. so I can confirm the proper party executed the conveyance. The probate proceedings should be filed of record in Glasscock County, Texas.

5.

By Transfer, Conveyance and Assignment dated effective August 1, 2001, recorded in Volume 5, Page 763, Official Public Records, Bob Dell, Individually and as Trustee u/w/o Randall Dell, Deceased conveyed all of his interest in said Section 31 to Edmond T. Henderson. I have not examined probate proceedings in the Estate of Randall Dell, Deceased.

REQUIREMENT: Furnish for my examination complete probate proceedings in the Estate of Randall Dell so I can confirm the proper party executed the conveyance. The probate proceedings should be filed of record in Glasscock County, Texas.

6.

Patty Lawson is the record owner of .03083088 of royalty in said Section 31. I have credited this interest to Franklin Harris and The Trust Company of Arizona, Co-Trustees of the Patty Jensen Ward Revocable Trust dated December 2, 1989, as amended. By Trust Agreement dated December 2, 1989, Patty Stubbeman conveyed all of her interest in said Section 31 to The Fourth National Bank of Weatherford, as Trustee of the Patty Stubbeman Revocable Trust. By Mineral Deed dated April 1, 1985, recorded in Volume 218, Page 156, Deed Records, The Fourth National Bank of Weatherford, Trustee of the Patty Jensen Ward Revocable Trust dated December 2, 1989, conveyed its interest in said Section 31 to Marcellus National Bank and Trust Company and Franklin Harris, Co-Trustees of The Patty Jensen Ward Revocable Trust. In Certificate of Incumbency and Memorandum of Trust dated November 2, 1995, recorded in Volume 318, Page 666, Deed Records, Franklin Harris and The Trust Company of Arizona stated (i) that they are the current trustees of The Patty Jensen Ward Revocable Trust, and (ii) The Patty Jensen Ward Revocable Trust has been amended 26 times, the latest amendment being dated June 2, 1995 and removing F & M Bank and Trust Company as a Trustee. I have not examined any other amendments to the Patty Stubbeman Revocable Trust.

REQUIREMENT: a) Furnish me with an Affidavit of Identity which states Patty Stubbeman and Patty Lawson are one and the same person.

b) If my opinion is desired as to the amendments to the trust, same should be furnished for my examination.

7.

Wes Walker is the owner of record of .14121875 of royalty. From the materials examined, it appears Wes Walker is deceased. The materials examined also reference the Estate of Devin Walker. I have not examined probate proceedings for Wes Walker or Devin Walker.

REQUIREMENT: Furnish for my examination complete probate proceedings in the Estate of Wes Walker, Deceased and the Estate of Devin Walker, Deceased. The probate proceedings should be filed of record in Glasscock County, Texas. Upon examination of the probate materials, it will be necessary to update this opinion with respect to the interest of Wes Walker.

8.

Ernie Starr, Trustee under the Fourth Paragraph of the Will of Mary Shuster Gregg is the owner of record of 999/550,000 of 22/480 of royalty in said Section 31. I have credited this interest to Weatherford Girls' Home, Inc. A recital in the materials examined states that the interest went to Mary Starr after the death of Edwin Garrett and that Mary Starr conveyed this interest to Mary Jo Jun and Edith Shuster Payton, equally. In 1992, Mary Starr, Mary Jo Jun and Edith Shuster Payton conveyed all of their interest in said Section 31 to Weatherford Girls' Home, Inc.

REQUIREMENT: a) Furnish for my examination probate proceedings in the Estate of Mary Shuster Gregg so I can confirm that Mary Starr became the owner of this interest upon the death of Edwin Garrett. The probate proceedings should be filed of record in Glasscock County, Texas.

b) Furnish for my examination evidence that Edwin Garrett is deceased.

9.

The Drilling Title Opinion covered to October 17, 2011 at 7:00 a.m. It is my understanding that first runs from the Billy Bob #1 Well located on captioned land occurred after the closing date.

REQUIREMENT: The records of the County and District Clerks should be examined for instruments filed of record after such closing date.

10.

Prepare division orders in accordance with the ownership tabulations set forth above and circulate same for execution.

REQUIREMENT: As stated.



### COMMENTS

This opinion does not cover questions of boundaries, area, excesses, conflicts with adjacent tracts or surveys, location on the ground, location or depths of wells, possible dedication of natural gas deposits to interstate commerce by either current or prior owners of interests in the captioned lands, unrecorded instruments, errors or omissions of abstractors or public officials, unpaid bills for labor or materials that may ripen into mechanic's or materialmen's liens, rights of persons in possession, if any, regulatory matters nor any other matters not covered by the materials actually examined.

This opinion is rendered exclusively for the benefit of M-Tex Oil and may not be used or relied upon by any other party without my written permission.

Very truly yours,

Nathan Drake