

LAW OFFICES
TURNER & DAVIS
A PROFESSIONAL CORPORATION

400 W. ILLINOIS, SUITE 1400
P. O. BOX 2796
MIDLAND, TEXAS 79702-2796

TELEPHONE (915) 687-0011 / FAX (915) 687-1735

JAMES R. "RUSTY" FULLER
MEMBER TEXAS, NEW MEXICO AND OKLAHOMA BARS

TELEPHONE (915) 687-0011
FAX (915) 687-1735

March 14, 1997

ORIGINAL DRILLING TITLE OPINION

Amerind Oil Company, Ltd.
415 W. Wall, Suite 500
Midland, TX 79701-4467

Attention: Mr. Robert C. Leibrock

Re: The following-described land situated in Lea County, New Mexico:

Township 16 South, Range 35 East, N.M.P.M.
Section 3: N/2 SE/4

containing 80 acres, more or less.

Gentlemen:

At your request, we have examined the following:

MATERIALS EXAMINED

Examination of the Records

We have examined all of the instruments pertaining to captioned land which have been recorded in the Records of Lea County, New Mexico, from inception of the records to January 30, 1997 at 7:00 a.m., based upon the indices of Elliott & Waldron Title and Abstract Co., Inc.

FEE TITLE

Based upon examination of the foregoing and subject to the title requirements hereinafter made, we find title to captioned land vested as follows:

Surface:

Dan Field	1/2
Mike Field	1/2

Minerals:

<u>Owner</u>	<u>Lease No.</u>	<u>Lease Royalty</u>	<u>Interest</u>
Dan Field, as his separate property	1	1/5	1/8
Mike Field, as his separate property	2	3/16	1/8

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 11754 Exhibit No. 2
Submitted By:
Amerind Oil Company
Hearing Date: April 3, 1997

<u>Owner</u>	<u>Lease No.</u>	<u>Lease Royalty</u>	<u>Interest</u>
David Dwain Griswold, Trustee of the Elaine B. Flint FBO Eloise Ann Flint Griswold Trust dated August 21, 1971	3	1/5	1/40
William Hardy Griswold, as his separate property	4	1/5	1/80
David Dwain Griswold, as his separate property	5	1/5	1/80
David Dwain Griswold, Trustee of the Elaine B. Flint Grandchildren's Trust FBO Melissa Kay Griswold dated May 10, 1973	6	1/5	1/80
Rita D. Schenck, Rowdy William Carl Schenck and Klein Bank of Houston, Texas, Co-Trustees of Trust B created under The Kirby D. Schenck and Rita D. Schenck Revocable Trust Agreement dated October 2, 1991	7	1/5	3/64
Rita D. Schenck, Rowdy William Carl Schenck and Klein Bank of Houston, Texas, Co-Trustees of Trust B-GST created under The Kirby D. Schenck and Rita D. Schenck Revocable Trust Agreement dated October 2, 1991	7	1/5	3/64
Rita D. Schenck, Rowdy William Carl Schenck and Klein Bank of Houston, Texas, Co-Trustees of Trust A-2 created under The Kirby D. Schenck and Rita D. Schenck Revocable Trust Agreement dated October 2, 1991	8	1/5	3/32
Emory Isenberg, as his separate property	9	1/6	1/48
Irvin Isenberg, as his separate property	10	1/6	1/48
Alvin Hurwitz and Sherlie Hurwitz, Trustees of the Hurwitz Living Trust dated September 27, 1991	11	1/6	1/48
W. Chris Barnhill	12	3/16	1/32
Mary Carolyn Johnston, as her separate property	13	3/16	1/64
Charles M. Fuchtman, as his separate property	14	3/16	1/64
Tom R. Cone, as his separate property	15	1/4	1/80
Cathie Cone McCown, as her separate property	16	1/4	1/80
Mary Scott Gould, as her separate property	17	1/5	1/144
Flo Scott Brown, as her separate property	18	1/6	1/144
The Heirs or Devisees of Mary Jo Dotson, Deceased	19	1/5	1/144
Mary Ann Gathings, as her separate property	20	1/5	1/144
H. D. White, as his separate property	21	3/16	1/144
Mary M. Weigl, as her separate property	22	3/16	1/144
Clara Cordelia Carmichael, Trustee of the Clara Cordelia Carmichael Living Trust under Trust Agreement dated April 19, 1983	23	3/16	1/288

<u>Owner</u>	<u>Lease No.</u>	<u>Lease Royalty</u>	<u>Interest</u>
Clara Cordelia Carmichael, Trustee of the Clara Cordelia Carmichael Living Trust under Trust Agreement dated April 19, 1983	23	3/16	1/288
Carlton James Carmichael, Jr., Trustee under the Will of Carlton James Carmichael, Deceased	24	3/16	1/288
Nova Jean Marley	25	3/16	1/1152
Elova Moad Miller, as her separate property	26	1/6	1/288
Owen W. McWhorter, Jr., as his separate property	27	1/6	1/960
Charles L. Cobb and wife, Margaret E. Cobb, for so long as either shall live, remainder to Constance Cobb Keen	28	3/16	1/960
Marion Shelton Bennett, as her separate property	29	3/16	1/640
NationsBank of Texas, N.A., Trustee of the Nancy Ann Jones Trust dated June 1, 1972	30	1/4	1/48
Charles R. Jones, as his separate property	30	1/4	1/48
Donald L. Jones, Jr., as his separate property	30	1/4	1/48
Stephen E. Cone, Jr., as his separate property	31	1/4	97/1920
Carl A. Schellinger	32	1/4	1/576
Roy G. Barton, Jr., Trustee of the Roy G. Barton, Sr. and Opal Barton Revocable Trust established under Trust Agreement dated January 28, 1982	33	1/4	3/64
The A. L. Cone Partnership — Force Pool	Unleased	N/A	1/64
Clifford Cone, as his separate property — JOIN	Unleased	N/A	1/80
Marilyn Cone, Trustee for the D.C. Trust — JOIN	Unleased	N/A	1/80
Kenneth G. Cone, as his separate property — Force Pool	Unleased	N/A	1/80
Harry H. Jung — Leased	Unleased	N/A	1/1152
Madlyn Dotson Bailey, as her separate property	Unleased	N/A	1/144 (.56)
Lavenia Howard, as her separate property *	Unleased	N/A	1/1920 .04
Joan Garrison, as her separate property *	Unleased	N/A	1/3840 .02
Tom Wessley Schnaubert for life, remainder to *	Unleased	N/A	1/3840 * .06*
Tommy Gene Schnaubert, Bobby Joe Schnaubert, Mary Irwinsky and Ruth Marie Dake, in equal shares	Unleased	N/A	47/960
Katherine Cone Keck, as her separate property — 1/2 Lease 1/2 JOIN	Unleased	N/A	47/960
Marjorie Cone Kastman, as her separate property — JOIN	Unleased	N/A	1/48

(*) During his lifetime, Tom Wessley Schnaubert has the exclusive right to execute leases covering this interest and to receive the bonuses, delay rentals and royalties attributable thereto.

Total .62

Leasehold Estate:

Amerind Oil Company, Ltd.	.0739583 of 5/6 WI	1
	plus .2118056 of 13/16 WI	
	plus .3958333 of 4/5 WI	
	plus .1380209 of 3/4 WI	
Ameristate Exploration, L.L.C.	.0486111 of 3/4 WI	2
Unleased	.1317708	

¹ This interest must bear overriding royalty interests totaling .0052322 of the oil and gas produced and saved from captioned land, owned as follows:

Thomas R. Nickoloff	.0014905
Edsel B. Neff, Jr.	.0014904
David Petroleum Corp.	.0009850
McMillan Production Company, Inc.	.0008442
Permian Exploration Corporation	.0004221

² This interest must bear an overriding royalty interest equal to .0009722 of the oil and gas produced and saved from captioned land, owned by Nearburg Exploration Company, L.L.C.

EXISTING OIL AND GAS LEASES

Lease No. 1:

Date: May 5, 1995.

Recorded: Volume 516, page 759, Oil and Gas Records.

Lessor: Dan Field, dealing in his sole and separate property.

Lessee: Bill Seltzer.

Land Covered: T-16-S, R-35-E, N.M.P.M.
Section 2: SW/4 SW/4
Section 3: N/2 SE/4, SE/4 SE/4

Lea County, New Mexico, containing 160 acres, more or less.

Interest Covered: An undivided 1/8 interest in captioned land.

Primary Term: Two (2) years from date.

Royalties: 1/5 on oil and gas.

Shut-in Gas Well Royalties: While there is a gas well on this lease or on acreage pooled therewith, but gas is not being sold or used, Lessee may pay or tender as royalty, on or before 90 days after the date on which said well is shut-in and annually thereafter, the sum of \$1.00 per acre (proportionately reduced), and if such payment is made or tendered, this lease shall not terminate and it will be considered that gas is being produced from this lease in paying quantities.