

PERMIAN BASIN LAND ASSOCIATES

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November 4, 1997

Mr. Jerry M. Gahr
V-F Petroleum Inc.
110 N. Marienfeld, Suite 580
Midland, Texas 79701

Re: All of Section 8, T-16-S, R-35-E, Lea County, New Mexico

Dear Mr. Gahr:

At your request we have examined the public records of the State of New Mexico and the Lea County Clerk, with respect to the ownership of operating rights under the captioned property, limited to all depths below the base of the Abo Formation, at approximately 10,700 feet. Based on this examination, as of August 1, 1997, we find that the ownership of the operating rights is common throughout all of said Section 8.

If there are any further questions you might have, please do not hesitate to call.

Sincerely,



Charles L. House, CPL

**BEFORE THE
OIL CONSERVATION DIVISION**
Santa Fe, New Mexico

Case No. 11842 Exhibit No. 2

Submitted by: V-F Petroleum Inc.

Hearing Date: November 6, 1997