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October 25, 2006

ORIGINAL DRILLING TITLE OPINION

DRAFT #1

Before the Oil Conservation Division
Exhibit No. 5
Parallel Petroleum Corp
OCD CASE 13923
Hearing: June 21, 2007

Parallel Petroleum Corporation
P. O. Box 10587
Midland, TX 79702

Attention: Mr. Michael Gray

Re: **Your Racehorse Prospect** – the ownership of the oil and gas mineral estate in the following-described lands situated in Chaves County, New Mexico:

Township 15 South, Range 25 East, N.M.P.M.
Section 34: All

containing 640 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 affecting the title to the oil and gas mineral estate in captioned land which have been recorded in the Records of Chaves County, New Mexico, from the inception of such records to May 2, 2006 at 7:00 a.m., as reflected by a "runsheel" furnished to us by Shaw Interests, Inc., which purports to list all of such instruments.

Additional Materials

1. Copy of mineral takeoff for captioned land furnished to us by Shaw Interests, Inc.
2. Copy of the Runsheel Covering the Don Angle Interest (the "runsheel"), from inception to October 21, 2005 at 7:00 a.m., based upon instruments of record in Chaves and Eddy Counties, New Mexico, furnished by Shaw Interests, Inc.
3. Copy of the Supplemental Runsheel Covering the Don Angle Interest (the "supplemental"), each based upon instruments of record in Chaves and Eddy Counties, New Mexico, from October 21, 2005 at 7:00 a.m. to August 27, 2006 at 7:00 a.m., furnished by Shaw Interests, Inc. We qualify this opinion accordingly.
4. Copy of Trust Agreement for The Pearson Family Trust.

<u>Owner</u>	<u>Lease No.</u>	<u>Lease Royalty</u>	<u>Mineral Interest</u>
Hildene Senter Doyle, as Trustee of the Senter Family Trust	29	1/5	1/16
Abbie Pearson Jeter, as her separate property	Unleased	N/A	1/32
Randy R. Pearson, as his separate property	Unleased	N/A	1/32
Alma Beatrice Pearson Ingram, as her separate property	25	3/16	1/8

NW/4, save and except Tracts 4 and 5, described below:

<u>Owner</u>	<u>Lease No.</u>	<u>Lease Royalty</u>	<u>Mineral Interest</u>
Barry Neil Pearson, a single person	27	3/16	1/2
JCCO, Inc.	28	1/4	1/2

Tract 4: A tract of land lying in the NW/4 NW/4 and the SW/4 NW/4, being more particularly described as follows:

Beginning at a point for the northwesterly corner of Section 34; thence southerly along the westerly line of said Section 34 a distance of 600.93 feet to the true point and place of beginning; thence continuing southerly along said westerly section line a distance of 2021.07 feet to a point for the westerly 1/4 corner of said Section 34; thence easterly along the latitudinal 1/4 line of said Section 34 a distance of 38.0 feet to a point on the easterly right of way line of NMP F-023-2(6), County of Chaves, State of New Mexico; thence N.1°41'W. along said easterly right of way line a distance of 2022.05 feet to the true point and place of beginning. Containing 38.395 square feet, more or less, of which 38.395 square feet, more or less, are in the existing road right of way, containing .88 acres, more or less:

<u>Owner</u>	<u>Lease No.</u>	<u>Lease Royalty</u>	<u>Mineral Interest</u>
New Mexico State Highway Commission	Unleased	N/A	All

Tract 5: A tract of land being part of the NW/4, being more particularly described as follows:

Beginning at the C 1/4 corner of said Section 34; thence South 89°14'56" West along the South line of said NW/4, a distance of 590.38 feet; thence North 00°36'01" West parallel to the East line of said NW/4, a distance of 1475.68 feet; thence North 89°14'56" East parallel to the South line of said NW/4, a distance of 590.38 feet to a point on the East line of said NW/4; thence South 00°36'01" East along the East line of the NW/4 of said Section 34, a distance of 1475.68 feet to the point of beginning, containing 20 acres, more or less:

<u>Owner</u>	<u>Lease No.</u>	<u>Lease Royalty</u>	<u>Mineral Interest</u>
JCCO, Inc.	28	1/4	1/2