

- (a) production payment reserved by UV Industries, Inc. in that certain Conveyance dated June 15, 1979, recorded in Book 184 of the Miscellaneous Records of Chaves County, New Mexico, from UV Industries, Inc. to Tenneco Oil Company, equal to 5% of the net interest conveyed therein to Tenneco Oil Company, which production payment is now owned by the following parties in the proportions indicated opposite their names:

David P. Frase, an unmarried man . . . . .	1/4
Daniel M. Tucker and Sharon . . . . .	1/4
L. Tucker, as Trustee of the Tucker 1998 Revocable Living Trust	
Jerry E. Tucker and Nadine . . . . .	1/4
R. Tucker, husband and wife, as joint tenants	
Timothy Frase and Stacey Frase, . . . . .	1/4
husband and wife	

- (b) a nonparticipating royalty interest owned by Manix Royalty, Ltd. equal to the difference between 22.5% and any burdens on production burdening this interest as of September 1, 1999.

**Tract A:**

**A 7.346 acre tract or parcel of land, lying in the NE/4 NE/4, the SE/4 NE/4, the NE/4 SE/4 and the SE/4 SE/4, being more particularly bounded and described as follows:**

Beginning at a point for the Southeasterly corner of Section 28; thence Westerly along the Southerly line of Section 28 a distance of 10.4 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 5332.76 feet to a point on the Northerly line of Section 28; thence Easterly along the Northerly line of Section 28 a distance of 110.01 feet to a point for the Northeasterly corner of Section 28; thence Southerly along the Easterly line of Section 28 a distance of 5,280 feet to a point for the Southeasterly corner of Section 28, the point and place of beginning.

<u>Owner</u>	<u>Lease No.</u>	<u>Lease Royalty</u>	<u>Mineral Interest</u>
Mary Jo Vandiver, as her separate property . . . . .	1	1/6	1/64
Sally Sears, as her separate property . . . . .	2	1/5	1/64
Allie Rugel, as her separate property . . . . .	Unleased	N/A	5/128
Pauline Sowell, as her separate property . . . . .	Unleased	N/A	1/256
The Heirs or devisees of C.E. Rugel, . . . . . Deceased	Unleased	N/A	1/256
Carrie Gross, as her separate property . . . . .	Unleased	N/A	1/256
Daniel F. Rugel, as his separate property . . . . .	Unleased	N/A	1/256
Joe Rugel, as his separate property . . . . .	Unleased	N/A	1/256

Before the Oil Conservation Division  
Exhibit No. 7  
Parallel Petroleum Corp  
OCD CASE 13985  
Hearing: September 20, 2007

<u>Owner</u>	<u>Lease No.</u>	<u>Lease Royalty</u>	<u>Mineral Interest</u>
John Rugel, as his separate property .....	Unleased	N/A	1/256
Chapman Webb, as his separate property .....	Unleased	N/A	1/64
Edna Earl Chapman, as her separate property .....	Unleased	N/A	1/64
Frieda Chapman, as her separate property .....	Unleased	N/A	1/64
J.C. Chapman, Jr., as his separate property .....	Unleased	N/A	1/64
Pure Energy Group, Inc. ....	13	1/4	1/64 <sup>1</sup>
Edge Petroleum Exploration Company .....	13	1/4	1/32 <sup>1</sup>
Chisos, Ltd. ....	13	1/4	1/64 <sup>1</sup>
The Heirs or devisees of H.W. Etz, Jr., Deceased	Unleased	N/A	1/32
Barry Neil Pearson, a single man .....	12	3/16	3/4

<sup>1</sup> Each of these interests is subject to and must bear its proportionate share of the following:

- (a) production payment reserved by UV Industries, Inc. in that certain Conveyance dated June 15, 1979, recorded in Book 184 of the Miscellaneous Records of Chaves County, New Mexico, from UV Industries, Inc. to Tenneco Oil Company, equal to 5% of the net interest conveyed therein to Tenneco Oil Company, which production payment is now owned by the following parties in the proportions indicated opposite their names:

David P. Frase, an unmarried man .....	1/4
Daniel M. Tucker and Sharon .....	1/4
L. Tucker, as Trustee of the Tucker 1998 Revocable Living Trust	
Jerry E. Tucker and Nadine .....	1/4
R. Tucker, husband and wife, as joint tenants	
Timothy Frase and Stacey Frase, .....	1/4
husband and wife	

- (b) a nonparticipating royalty interest owned by Manix Royalty, Ltd. equal to the difference between 22.5% and any burdens on production burdening this interest as of September 1, 1999.

**Tract B:**

**A 25.180 acre tract or parcel of land, lying in the NE/4 NE/4, the SE/4 NE/4, the NE/4 SE/4 and the SE/4 SE/4, more particularly described as follows:**

Beginning at a point for centerline Station 53+15.3 of NMP F-023-2(6), County of Chaves, State of New Mexico and point on the Southerly line of Section 28, said point bears Westerly along said Southerly Section line a distance of 110.4 feet from

the Southeasterly corner of said Section 28; thence Westerly along the Southerly line of said Section 28, a distance of 100.0 feet to a point on the Westerly right of way line of NMP F-023-2(6); thence N.1°41'W. along said Westerly right of way line a distance of 4762.2 feet; thence S.88°19'E. a distance of 100.0 feet; thence N.1°41'W. a distance of 300.0 feet; thence N.88°19'E. a distance of 100.0 feet; thence N.1°41'W. a distance of 270.56 feet to a point on the Northerly line of Section 28; thence Easterly along said Northerly line of Section 28 a distance of 200.02 feet to a point on the Easterly right of way line of NMP F-023-2(6); thence S.1°41'E. along said Easterly right of way line a distance of 5332.76 feet to a point on the Southerly line of Section 28; thence Westerly along the Southerly line of Section 28 a distance of 100.0 feet to the point and place of beginning.

<u>Owner</u>	<u>Lease No.</u>	<u>Lease Royalty</u>	<u>Mineral Interest</u>
Mary Jo Vandiver, as her separate property .....	1	1/6	1/64
Sally Sears, as her separate property .....	2	1/5	1/64
Allie Rugel, as her separate property .....	Unleased	N/A	5/128
Pauline Sowell, as her separate property .....	Unleased	N/A	1/256
The Heirs or Devisees of C.E. Rugel, .....	Unleased	N/A	1/256
Deceased			
Carrie Gross, as her separate property .....	Unleased	N/A	1/256
Daniel F. Rugel, as his separate property .....	Unleased	N/A	1/256
Joe Rugel, as his separate property .....	Unleased	N/A	1/256
John Rugel, as his separate property .....	Unleased	N/A	1/256
Chapman Webb, as his separate property .....	Unleased	N/A	1/64
Edna Earl Chapman, as her separate property .....	Unleased	N/A	1/64
Frieda Chapman, as her separate property .....	Unleased	N/A	1/64
J.C. Chapman, Jr., as his separate property .....	Unleased	N/A	1/64
Pure Energy Group, Inc. ....	13	1/4	1/64
Edge Petroleum Exploration Company .....	13	1/4	1/32
Chisos, Ltd. ....	13	1/4	1/64
The Heirs or Devisees of H.W. Etz, Jr., .....	Unleased	N/A	1/32
Deceased			
State Highway Commission of New Mexico .....	Unleased	N/A	3/4

<sup>1</sup> Each of these interests is subject to and must bear its proportionate share of the following:

- (a) production payment reserved by UV Industries, Inc. in that certain Conveyance dated June 15, 1979, recorded in Book 184 of the Miscellaneous Records of Chaves County, New Mexico, from UV Industries, Inc. to Tenneco Oil Company, equal to 5% of the net interest conveyed therein to Tenneco Oil Company, which production payment is now owned by the

following parties in the proportions indicated opposite their names:

David P. Frase, an unmarried man .....	1/4
Daniel M. Tucker and Sharon .....	1/4
L. Tucker, as Trustee of the Tucker 1998 Revocable Living Trust	
Jerry E. Tucker and Nadine .....	1/4
R. Tucker, husband and wife, as joint tenants	
Timothy Frase and Stacey Frase, .....	1/4
husband and wife	

- (b) a nonparticipating royalty interest owned by Manix Royalty, Ltd. equal to the difference between 22.5% and any burdens on production burdening this interest as of September 1, 1999.

**S/2 NE/4, save and except that portion of Tract A and Tract B lying in the S/2 NE/4:**

<u>Owner</u>	<u>Lease No.</u>	<u>Lease Royalty</u>	<u>Mineral Interest</u>
Allie Rugel, as her separate property .....	Unleased	N/A	5/128
Pauline Sowell, as her separate property .....	Unleased	N/A	1/256
The Heirs or Devisees of C.E. Rugel, .....	Unleased	N/A	1/256
Deceased			
Carrie Gross, as her separate property .....	Unleased	N/A	1/256
Daniel F. Rugel, as his separate property .....	Unleased	N/A	1/256
Joe Rugel, as his separate property .....	Unleased	N/A	1/256
John Rugel, as his separate property .....	Unleased	N/A	1/256
Chapman Webb, as his separate property .....	Unleased	N/A	1/64
Edna Earl Chapman, as her separate property .....	Unleased	N/A	1/64
Frieda Chapman, as her separate property .....	Unleased	N/A	1/64
J.C. Chapman, Jr., as his separate property .....	Unleased	N/A	1/64
Carroll Jackson, Jr., as his separate property .....	9	3/16	7/24
Dolly D. Bassett, as her separate property .....	10	3/16	7/24
Coleman F. Jackson and Carrie A. Jackson, .....	11	3/16	7/24
his wife as joint tenants			

**N/2 NE/4 and NW/4, save and except that portion of Tract A and Tract B lying in the N/2 NE/4:**

<u>Owner</u>	<u>Lease No.</u>	<u>Lease Royalty</u>	<u>Mineral Interest</u>
Carroll Jackson, Jr., as his separate property .....	9	3/16	1/3

<u>Owner</u>	<u>Lease No.</u>	<u>Lease Royalty</u>	<u>Mineral Interest</u>
Dolly D. Bassett, as her separate property .....	10	3/16	1/3
Coleman F. Jackson and Carrie A. Jackson, ..... his wife as joint tenants	11	3/16	1/3

SW/4:

<u>Owner</u>	<u>Lease No.</u>	<u>Lease Royalty</u>	<u>Mineral Interest</u>
Sallie Jean Skaggs Simpson, as her ..... separate property	Unleased	N/A	1/12
Robert C. Sexton and Mary M. Sexton, ..... Co-Trustees of the Sexton Family Trust under Trust Agreement dated August 25, 1992	Unleased	N/A	1/12
Mrs. Claudia Sexton, as her separate ..... property	Unleased	N/A	1/24
Mrs. Lucile Sexton Lamb, as her separate ..... property	4	3/16	1/24
Mrs. Myrtis Sexton Ashy, as her separate ..... property	Unleased	N/A	1/24
Virginia Fay Sexton, as Personal ..... Representative of the Estate of Joseph P. Sexton, Jr., deceased	3	3/16	1/24
Mrs. Lallance Ray Spencer, a/k/a Alma ..... R. Spencer, as her separate property	5	3/16	1/12
J. Allen Ray, Jr., as his separate property .....	Unleased	N/A	1/12
Carroll Jackson Jr., and wife, Opal Jackson .....	6	1/5	1/6
Coleman F. Jackson and wife, Carrie ..... A. Jackson	7	1/5	1/6
Dolly D. Bassett, as her separate property .....	8	1/5	1/6

Oil and Gas Leasehold Estate:

SE/4, save and except the portions of Tract A and Tract B described immediately below lying within the SE/4:

As to depths from the surface to 200 feet below the base of the ABO formation (sometimes referred to as the Wolfcamp Formation), said base being defined as occurring at the stratigraphic equivalent of a subsurface depth of 4,918 feet, as identified by the Schlumberger Compensated Neutron Density Log for the Mesa Petroleum Co., Catclaw State No. 1 Well, located 1980' FNL and 1980' FEL of Section 31, T17S, R24E, NMPM, Eddy County, New Mexico: