

EXHIBIT 2 - TITLE OPINION DATED MAY 24, 1979

WIENER, WEISS, MADISON & HOWELL

ATTORNEYS AT LAW

411 COMMERCIAL NATIONAL BANK BUILDING

SHREVEPORT, LOUISIANA 71101

TELEPHONE 226-9100
AREA CODE 318

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JAMES FLEET HOWELL
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May 24, 1979

FILE NO.

Mr. John Franks
3800 Old Mooringsport Road
Shreveport, Louisiana 71107

Re: A tract of land in Caddo Parish, Louisiana, containing 339.5 Acres, more or less, as more particularly described on Exhibit A. attached hereto and made a part hereof.

Dear Mr. Franks:

Pursuant to your request, we have examined title to the above described property through the Conveyance and Mortgage Records of Caddo Parish, Louisiana, as reflected by the indexes thereto up to the present date. From this examination, and assuming the truth of all affidavits of record, it is our opinion that merchantable title to the property stands in the name of JOHN FRANKS, husband of Alta V. Franks, subject to the following exceptions:

1.
MINERALS

A. An Oil, Gas and Mineral Lease, dated September 15, 1978, executed by Jack Wells Clarke and Mid South Securities, Inc. in favor of Pride Exploration, Inc. covering the East Half of the Southeast Quarter (E/2 of SE/4) of Section 16 (T17N-R15W), Caddo Parish, Louisiana, recorded in Conveyance Book 1693, Page 78, of the records of Caddo Parish, Louisiana, is in its primary term, and stands against the property. An Oil, Gas and Mineral Lease dated August 7, 1978, executed by John S. Welsh, Jr. and Ferne Beseler Welsh, in favor of Pride Exploration, Inc. covering the West Half of the Southeast Quarter (W/2 of SE/4) of Section 16 (T17N-R15W), Caddo Parish, Louisiana, as recorded in Conveyance Book 1680, Page 35, of the records of Caddo Parish, Louisiana, is in its primary term, and stands against the property. The Clarke and Mid South lease contains a covenant prohibiting drilling

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or other surface activity on the leased premises; and by that certain Agreement to Establish Drill Site and Production Site Locations executed May 24, 1979, between John Franks and Pride Exploration, Inc. and filed and recorded that date in the Conveyance Records of Caddo Parish, Louisiana, under Registry No. 795,006, surface activity by or on behalf of the lessee under the above-said Welsh lease is limited to a particular portion of the leased premises, in the form of a square with side 250' in length, as more particularly described therein.

B. The Cash Sale Warranty Deed from Jack Wells Clarke, husband of Dorothy Irelan Clarke and Mid South Securities, Inc. conveying the above described property to John Franks reserved to the vendors the right to receive all delay rentals, shut-in royalty payments, and royalties due on production of oil, gas or other minerals under the Pride Lease, and also reserved to vendors a mineral royalty interest of one-sixth of eight-eighths ($1/6$ th of $8/8$ ths) of all oil, gas and liquid hydrocarbons in, on, under and that may be produced from the subject property less the 168.98 acres in and under which John S. Welsh, Jr. and Ferne Beseler Welsh owned mineral rights as of the date of the sale.

C. By Mineral Deed of May 24, 1979, from John S. Welsh, Jr. and Ferne Besler Welsh, all minerals of every nature whatsoever on, in and under the above-said 168.98 acres, were conveyed to John Franks, with Grantors reserving a mineral royalty interest of three-sixteenths of eight-eighths ($3/16$ ths of $8/8$ ths) of all oil, gas and liquid hydrocarbons in, on, under and that may be produced from the minerals and mineral rights thus conveyed; and also reserving unto Grantors all economic benefits (delay rentals, shut-in royalties, and lease royalties, if any) arising from or connected with the Oil, Gas and Mineral Lease of August 7, 1978, which they had granted to Pride Exploration, Inc.

CONCLUSION

Good and merchantable record title in and to the minerals and mineral rights in, on and under the captioned property is subject to (1) the above described Oil and Gas Lease in

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favor of Pride Exploration Inc., as lessee; (2) the mineral royalty interests reserved by Mr. Clarke and Mid South Securities, Inc. in their said Cash Sale Deed; and (3) the mineral royalty interests reserved to John S. Welsh, Jr. and Ferne Beseler Welsh in their Mineral Deed; none of which interfere with or impinge upon the use and enjoyment of the surface of the captioned property except on the 250' square described in the Agreement to Establish Drill Site and Production Site Locations, and then only to the limited extent permitted therein.

II.

EASEMENTS AND RIGHTS-OF-WAY

A. That certain pole line right-of-way of indefinite width and location granted by John S. Welsh, Jr. in favor of Southwestern Gas & Electric Company, dated October 9, 1951, and recorded in Conveyance Book 626, Page 604, of the records of Caddo Parish, Louisiana.

B. That certain pole line right-of-way affecting the West Half of the Southeast Quarter (W/2 of SE/4) of Section 16, and the Northwest Quarter of the Northeast Quarter (NW/4 of NE/4) of Section 21 (T17N-R15W), Caddo Parish, Louisiana, granted by John S. Welsh, Jr., et al, in favor of Southwestern Gas & Electric Company, dated January 23, 1956, and recorded in Conveyance Book 760, Page 674, of the records of Caddo Parish, Louisiana.

C. That certain pole line right-of-way of indefinite width and location granted by John S. Welsh, Jr. in favor of Southwestern Gas & Electric Company, dated February 18, 1948, and recorded in Conveyance Book 557, Page 425, of the records of Caddo Parish, Louisiana. (This right-of-way describes the Southwest Quarter (SW/4) of Section 21 (T15N-R17W), as being affected by the property, but since Mr. Welsh did not own the property described in the document, it is probable that the intention was to grant a right-of-way somewhere on the captioned property).

D. That certain pole line right-of-way ten feet in width across an area just to the south of existing Highway 80, and an additional easement north of said highway granted by John S. Welsh, Jr., et al, in favor of Southwestern

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Electric Power Company, dated December 31, 1963, and recorded in Conveyance Book 1020, Page 77, of the records of Caddo Parish, Louisiana.

E. That certain pole line right-of-way measuring thirty feet by five feet across the southerly portion of the property situated north of Highway 80, granted by John S. Welsh, Jr., et al, in favor of Southwestern Electric Power Company, dated July 2, 1964, and recorded in Conveyance Book 1039, Page 473, of the records of Caddo Parish, Louisiana.

F. A dedication of a portion of the East fifty (E 50') of the captioned property for road purposes granted by John S. Welsh, Jr., et al, in favor of the Public, as more fully shown in Plat Book 1200, Page 71, of the records of Caddo Parish, Louisiana.

CONCLUSION

The various utility and pole line rights-of-way appear to be easements for "retail services," and as such are permitted exceptions under the Agreement for the Purchase and Sale of Immovable Property with Mr. Clarke and Mid South Securities, Inc., dated May 22, 1979. The public road easement on the east side of the property is also a permitted exception.

III.

AD VALOREM TAXES

The subject property is located outside of the City of Shreveport, Louisiana. State and parish ad valorem taxes for 1978 and prior years have been paid in full as reflected by certificates from Harold M. Terry, Sheriff and Ex Officio Tax Collector for Caddo Parish, Louisiana. Liens for 1979 ad valorem taxes, or for special assessments which are not shown as existing liens on the public records, are not covered by this opinion.

IV.

SURVEY

Since neither a current survey nor a report of a physical inspection of the premises have been furnished in connection

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with this title examination, no opinion is offered regarding encroachments, overlaps, boundary line disputes, location of improvements, recent construction or delivery of materials, or any other matters which should be disclosed by a current survey and/or physical inspection of the premises.

V.
MISCELLANEOUS

A. This examination does not cover rights or claims of parties in possession not shown by the public records, nor easements, or claims of easements, not shown by the public records.

B. This opinion does not cover liens or rights to liens for services, labor, or materials heretofore or hereafter furnished, imposed by law and not shown by the public records.

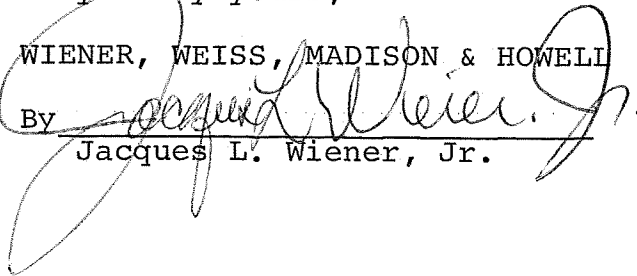
C. This examination does not cover that portion of the captioned property designated as Tract 2.) on Exhibit A., being the tract between I-20 and U. S. Highway 80, which tract was excepted from title warranty by the sellers in the above-said Cash Sale Deed of May 24, 1979.

We hand you herewith a multiple original of the Agreement for the Purchase and Sale of Immovable Property effective May 22, 1979, a stamped copy of the Cash Sale Deed of May 24, 1979, a stamped multiple original of the Agreement to Establish Drill Site and Production Site Locations of May 24, 1979, a multiple original of the Option to Purchase Minerals dated May 21, 1979, a stamped copy of the Mineral Deed of May 24, 1979, a copy of the Sellers' Closing Statement and a copy of the Buyer's Closing Statement, both dated May 24, 1979, and the three-year tax certificates dated March 8, 1979. With sincere thanks for your confidence in allowing us this opportunity to be of service, we also enclose our statement for professional services and costs advanced in connection with this matter.

Very truly yours,

WIENER, WEISS, MADISON & HOWELL

By


Jacques L. Wiener, Jr.

JLW, Jr.:prm
Enclosures