

STATE OF NEVADA §
COUNTY OF EUREKA §

90015

ASSIGNMENT OF OVERRIDING ROYALTY

KNOW ALL MEN BY THESE PRESENTS:

THAT, WHEREAS, on November 12, 1979, Sun Oil Company (Delaware), acting by and through Surmark Exploration Company, a division of Sun Oil Company (Delaware) now, SUN EXPLORATION AND PRODUCTION COMPANY, P. O. Box 340180, Dallas, Texas, entered into a certain Letter Agreement, as amended by letters dated November 16, 1979, with PENDLETON LAND AND EXPLORATION, INC., 23 Iverness Way, Englewood, Colorado 80112, wherein, pursuant to the terms and conditions thereof, "SUN" agreed to execute and deliver unto "PENDLETON" certain overriding royalty interests in and to certain oil, gas and mineral leases.

NOW, THEREFORE, SUN EXPLORATION AND PRODUCTION COMPANY, hereinafter referred to as "Assignor", for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does, subject to the terms, conditions and provisions hereinafter set forth, hereby transfer, bargain, convey and assign, without warranty of any kind, either express or implied, unto PENDLETON LAND AND EXPLORATION, INC., hereinafter referred to as "Assignee", an overriding royalty interest in and to the oil, gas and mineral leases described in Exhibit "A" attached hereto and made a part hereof, equal to a net 3.33%, proportionally reduced to SUN EXPLORATION AND PRODUCTION COMPANY'S SEVENTY FIVE PERCENT (75%) interest, of all the oil, gas and other minerals, in and under, produced, saved and marketed from the lands covered by the oil, gas and mineral leases described in Exhibit "A" under the terms thereof. The 3.33% overriding royalty interest proportionally reduced to "SUN'S" 75% interest, conveyed herein shall apply separately to each such lease described in Exhibit "A", and such lease or leases, whether one or more, are hereinafter referred to in the singular. The overriding royalty interests conveyed herein on each lease shall apply only to the mineral or minerals covered by such lease under the terms, provisions and covenants thereof, subject to the terms and conditions hereinafter contained.

1. Assignor shall have the right to pool or unitize the lands and interests described in the oil and gas lease, all or any part of the land covered by said lease with other land, lease or leases or rights therein, regardless of the ownership thereof, including the overriding royalty interests herein conveyed, without the joinder or consent of Assignee, in the same man-

ner and to the extent the right and power is granted the Lessee in said lease with respect to the royalties therein reserved. In the event of production from any such pooled unit or from any unit created by a regulatory body having jurisdiction, the overriding royalty interests herein conveyed shall be computed on the proportionate part of the production from such pooled unit that is allocated to the lands subject to such overriding royalty interests, and unless otherwise allocated by order of a regulatory body, the amount of such production to be so allocated from each such unit shall be that portion of such total production that the surface area of the lands described in said lease and included with such unit bears to the total surface area of all lands within such unit. Assignee shall receive the above provided overriding royalty interest only upon and out of that portion of the production so allocated to said lease.

2. Assignee's share of production shall be free and clear of the costs and expenses of development, operation and the production thereof, provided however, Assignee shall bear production, severance, ad valorem and other similar taxes, both State and Federal, measured by the amount or value of the production attributable to its share of production. Assignor is hereby authorized to pay such taxes before remitting to Assignee.

3. Should said lease cover or affect less than the entire mineral interest in the lands subject to the oil and gas lease, or any portion thereof, or vest in Assignor less than the full working interest leasehold estate described in said lease, then the overriding royalty interests hereinabove provided shall be reduced proportionately and shall be payable to Assignee in the proportion that the mineral ownership of the Lessor in the land or lands subject to the oil and gas lease, from which production is obtained, bears to the full mineral interest in such land or lands. Should suit be brought or dispute arise involving the title to lands covered by said lease, the ownership of said lease, or land or lease in any pooled unit, or the overriding royalties herein conveyed, then Assignor may suspend, without interest, all payments hereunder affected by such suit or dispute until furnished with evidence satisfactory to Assignor of the final determination thereof.

4. Nothing herein contained or otherwise shall be construed as imposing any obligation, express or implied, upon Assignor ever against its will to prospect, drill, operate, produce, continue to produce, pool, unitize or otherwise develop the aforesaid lease or the pooled premises, or to protest same in any manner; and the preservation of the leasehold estate by rental payments or otherwise, shall be solely at the will and discretion of Assignor, its respective successors and assigns.

5. This Assignment is expressly made subject to that certain Exploratory Option Agreement dated January 1, 1978, between Southern Pacific Land Company and Pendleton Land and Exploration, Inc., and further subject to that certain Letter Agreement dated November 12, 1979, and amendatory letters thereto dated November 16, 1979, between Sun Exploration and Production Company and Pendleton Land and Exploration, Inc., all of which are incorporated herein by reference and made a part hereof as though fully set out herein.

TO HAVE AND TO HOLD the same unto said Assignee, its successors and assigns, according to and subject to all the benefits, privileges, conditions, stipulations and provisions contained in said lease. All the terms, provisions and conditions hereof shall inure to the benefit of and be binding upon the parties hereto, their respective successors and assigns.

EXECUTED this 15th day of SEPTEMBER, 1983.

"ASSIGNOR"

SUN EXPLORATION AND PRODUCTION COMPANY
[Formerly Sun Oil Company (Delaware)]

By: Charles R. Morgan
Attorney-in-fact

"ASSIGNEE"

PENDLETON LAND AND EXPLORATION, INC.

By: [Signature]
Its President

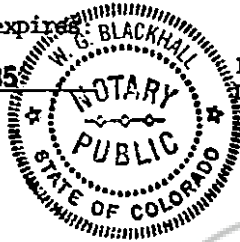
STATE OF Colorado §
§
COUNTY OF Denver §

On this 15th day of September, 1983, personally appeared before me, a Notary Public, Charles R. Mangum, known to me to be the person whose name is subscribed to the within instrument as the Attorney-in-Fact of SUN EXPLORATION AND PRODUCTION COMPANY, and acknowledged to me that he subscribed the name of said SUN EXPLORATION AND PRODUCTION COMPANY thereto as principal and his own name as Attorney-in-Fact, freely and voluntarily and for the uses and purposes therein mentioned.

W. G. Blackhall
Notary Public

My commission expires

March 3, 1985



1801 Broadway, Suite 1000
Denver, CO. 80202

STATE OF Colorado §
§
COUNTY OF Arapahoe §

On this 5th day of October, 1983, personally appeared before me, a Notary Public, Ed Pendleton, known to me to be the person whose name is subscribed to the within instrument as the President of PENDLETON LAND AND EXPLORATION, INC., and acknowledged to me that he subscribed the name of said PENDLETON LAND AND EXPLORATION, INC., thereto as principal and his own name as President, freely and voluntarily and for the uses and purposes therein mentioned.

Janet Phelps
Notary Public

My commission expires:

6/14/87

My Commission Expires 6-14-87
7451 S. Harrison Way, Littleton, CO 80122

Attached to and made a part of Assignment
of Overriding Royalty Interest
from Sun Exploration and Production Company, as Assignor,
to Pendleton Land & Exploration, Inc., as Assignee, dated

Exhibit "A"
Eureka County, Nevada

Lease No.: 724456
Southern Pacific
Lease No.: 05874
Date: December 1, 1982
Lessor: Southern Pacific Land Company, a California corporation
Lessee: Sun Exploration and Production Company-75% and Reading &
Bates Petroleum Company-25%
Recorded: Book 110, Page 590, Document 87623 of the Records of Eureka
County, Nevada

Description: Township 34 North, Range 48 East
Section 5: *N $\frac{1}{2}$ and SW $\frac{1}{4}$
Section 5: SE $\frac{1}{4}$
Section 9: *NE $\frac{1}{4}$ and SW $\frac{1}{4}$
Section 9: NW $\frac{1}{4}$
Section 17: *SE $\frac{1}{4}$ of NW $\frac{1}{4}$
Section 17: W $\frac{1}{2}$ of NW $\frac{1}{4}$
Section 23: *All
Section 27: *All
Township 35 North, Range 48 East
Section 33: All

Lease No.: 724457
Southern Pacific
Lease No.: 05875
Date: December 1, 1982
Lessor: Southern Pacific Land Company, a California corporation
Lessee: Sun Exploration and Production Company-75% and Reading &
Bates Petroleum Company-25%
Recorded: Book 110, Page 569, Document 87620 of the Records of Eureka
County, Nevada

Description: Township 35 North, Range 48 East
Section 1: All
Section 21: All
Section 29: All
Township 35 North, Range 49 East
Section 1: All
Section 13: *All, except entry through the upper 250' of
subsurface

Lease No.: 724458
Southern Pacific
Lease No.: 05876
Date: December 1, 1982
Lessor: Southern Pacific Land Company, a California corporation
Lessee: Sun Exploration and Production Company-75% and Reading &
Bates Petroleum Company-25%
Recorded: Book 110, Page 562, Document 87619 of the Records of Eureka
County, Nevada

Description: Township 33 North, Range 49 East
Section 3: *Lots 1 & 2, S $\frac{1}{2}$ of NE $\frac{1}{4}$ & SE $\frac{1}{4}$
Section 11: *All, except entry through the upper 250' of
Subsurface

* Reserved Mineral Interest

Township 34 North, Range 49 East

Section 24: *All, except entry through the upper 250' of Subsurface
Section 25: *All, except entry through the upper 250' of Subsurface
Section 26: *SE $\frac{1}{4}$, except entry through the upper 250' of Subsurface
Section 34: *SE $\frac{1}{4}$, except entry through the upper 250' of Subsurface
Section 35: *All, except entry through the upper 250' of Subsurface

Lease No.: 724459
Southern Pacific
Lease No.: 05877
Date: December 1, 1982
Lessor: Southern Pacific Land Company, a California corporation
Lessee: Sun Exploration and Production Company-75% and Reading & Bates Petroleum Company-25%
Recorded: Book 110, Page 583, Document 87622 of the Records of Eureka County, Nevada

Description: Township 34 North, Range 49 East
Section 1: *All, except entry through the upper 250' of Subsurface
Section 12: *All, except entry through the upper 250' of Subsurface
Section 13: *All, except entry through the upper 250' of Subsurface

Township 35 North, Range 49 East

Section 25: *All, except entry through the upper 250' of Subsurface
Section 36: *All

Lease No.: 724460
Southern Pacific
Lease No.: 05878
Date: December 1, 1982
Lessor: Southern Pacific Land Company, a California corporation
Lessee: Sun Exploration and Production Company-75% and Reading & Bates Petroleum Company-25%
Recorded: Book 110, Page 555, Document 87618 of the Records of Eureka County, Nevada

Description: Township 35 North, Range 49 East
Section 24: *All, except entry through the upper 250' of Subsurface

Lease No.: 724467
Southern Pacific
Lease No.: 05885
Date: December 1, 1982
Lessor: Southern Pacific Land Company, a California corporation
Lessee: Sun Exploration and Production Company-75% and Reading & Bates Petroleum Company-25%
Recorded: Book 110, Page 213, Document 87400 of the Records of Eureka County, Nevada

Description: Township 30 North, Range 48 East
Section 1: *All

Township 31 North, Range 48 East
Section 23: *All
Section 25: *All
Section 35: *All

Township 30 North, Range 49 East
Section 5: *Lots 3, 4, S½ of NW¼ & S½
Section 5: NE¼

Lease No.: 724470
Southern Pacific
Lease No.: 05888
Date: December 1, 1982
Lessor: Southern Pacific Land Company, a California corporation
Lessee: Sun Exploration and Production Company-75% and Reading & Bates Petroleum Company-25%
Recorded: Book 110, Page 597, Document 87624 of the Records of Eureka County, Nevada

Description: Township 30 North, Range 48 East
Section 23: *A11
Section 25: *A11
Section 27: *A11
Section 29: *A11
Section 35: *A11

Lease No.: 724471
Southern Pacific
Lease No.: 05889
Date: December 1, 1982
Lessor: Southern Pacific Land Company, a California corporation
Lessee: Sun Exploration and Production Company-75% and Reading & Bates Petroleum Company-25%
Recorded: Book 110, Page 548, Document 87617 of the Records of Eureka County, Nevada

Description: Township 28 North, Range 49 East
Section 5: A11
Section 9: *A11
Section 17: A11

Township 29 North, Range 49 East
Section 31: *A11
Section 35: *A11

Lease No.: 724472
Southern Pacific
Lease No.: 05890
Date: December 1, 1982
Lessor: Southern Pacific Land Company, a California corporation
Lessee: Sun Exploration and Production Company-75% and Reading & Bates Petroleum Company-25%
Recorded: Book 110, Page 576, Document 87621 of the Records of Eureka County, Nevada

Description: Township 29 North, Range 49 East
Section 1: *A11

Township 29 North, Range 50 East
Section 1: A11
Section 3: A11
Section 5: A11

Lease No.: 724473
Southern Pacific
Lease No.: 05891
Date: December 1, 1982
Lessor: Southern Pacific Land Company, a California corporation
Lessee: Sun Exploration and Production Company-75% and Reading & Bates Petroleum Company-25%
Recorded: Book 110, Page 185, Document 87396 of the Records of Eureka County, Nevada

* Reserved Mineral Interest

Description: Township 29 North, Range 49 East
Section 3: *A11
Section 5: *Lots 3, 4, 5, 6, 11 & 12
Section 5: NE $\frac{1}{2}$ & SE $\frac{1}{2}$
Section 7: *A11
Section 9: *A11

Lease No.: 724474
Southern Pacific
Lease No.: 05892
Date: December 1, 1982
Lessor: Southern Pacific Land Company, a California corporation
Lessee: Sun Exploration and Production Company-75% and Reading & Bates Petroleum Company-25%
Recorded: Book 110, Page 206, Document 87399 of the Records of Eureka County, Nevada

Description: Township 29 North, Range 49 East
Section 11: *A11
Section 13: *A11
Section 15: *A11
Section 17: A11
Section 19: *A11

Lease No.: 724475
Southern Pacific
Lease No.: 05893
Date: December 1, 1982
Lessor: Southern Pacific Land Company, a California corporation
Lessee: Sun Exploration and Production Company-75% and Reading & Bates Petroleum Company-25%
Recorded: Book 110, Page 178, Document 87395 of the Records of Eureka County, Nevada

Description: Township 29 North, Range 49 East
Section 21: *A11
Section 23: *A11
Section 25: *A11
Section 27: *A11
Section 29: A11

Lease No.: 724476
Southern Pacific
Lease No.: 05894
Date: December 1, 1982
Lessor: Southern Pacific Land Company, a California corporation
Lessee: Sun Exploration and Production Company-75% and Reading & Bates Petroleum Company-25%
Recorded: Book 110, Page 164, Document 87393 of the Records of Eureka County, Nevada

Description: Township 30 North, Range 49 East
Section 7: Lots 1, 2, 3 and 4 (A11)
Section 9: A11

Township 31 North, Range 49 East
Section 29: *E $\frac{1}{2}$
Section 29: W $\frac{1}{2}$
Section 31: *E $\frac{1}{2}$ of W $\frac{1}{2}$, Lots 1, 2, 3, 4 & SE $\frac{1}{2}$
Section 31: NE $\frac{1}{2}$
Section 33: *A11
Section 35: *A11

Lease No.: 724477
Southern Pacific
Lease No.: 05895
Date: December 1, 1982
Lessor: Southern Pacific Land Company, a California corporation
Lessee: Sun Exploration and Production Company-75% and Reading & Bates Petroleum Company-25%
Recorded: Book 110, Page 157, Document 87392 of the Records of Eureka County, Nevada

Description: Township 30 North, Range 49 East
Section 17: *A11
Section 19: *Lots 1, 2, 3, and 4 (A11)
Section 21: A11
Section 29: *A11
Section 31: *Lots 1, 2, 3 and 4 (A11)
Section 33: A11

Lease No.: 724478
Southern Pacific
Lease No.: 05896
Date: December 1, 1982
Lessor: Southern Pacific Land Company, a California corporation
Lessee: Sun Exploration and Production Company-75% and Reading & Bates Petroleum Company-25%
Recorded: Book 110, Page 150, Document 87391 of the Records of Eureka County, Nevada

Description: Township 31 North, Range 49 East
Section 3: NW $\frac{1}{4}$
Section 7: *E $\frac{1}{2}$ of W $\frac{1}{2}$ & Lots 1, 2, 3, & 4
Section 7: E $\frac{1}{2}$
Section 13: *A11
Section 15: *A11
Section 17: *E $\frac{1}{2}$
Section 17: W $\frac{1}{2}$

Lease No.: 724479
Southern Pacific
Lease No.: 05897
Date: December 1, 1982
Lessor: Southern Pacific Land Company, a California corporation
Lessee: Sun Exploration and Production Company-75% and Reading & Bates Petroleum Company-25%
Recorded: Book 110, Page 171, Document 87394 of the Records of Eureka County, Nevada

Description: Township 31 North, Range 49 East
Section 19: *E $\frac{1}{2}$ of W $\frac{1}{2}$ & Lots 1, 2, 3, & 4
Section 19: E $\frac{1}{2}$
Section 21: *A11
Section 23: *A11
Section 25: *A11
Section 27: *A11

Lease No.: 724480
Southern Pacific
Lease No.: 05898
Date: December 1, 1982
Lessor: Southern Pacific Land Company, a California corporation
Lessee: Sun Exploration and Production Company-75% and Reading & Bates Petroleum Company-25%
Recorded: Book 110, Page 248, Document 87405 of the Records of Eureka County, Nevada

Description: Township 29 North, Range 50 East
Section 7: *A11
Section 9: *A11
Section 11: *A11
Section 15: *A11

Lease No.: 724481
Southern Pacific
Lease No.: 05899
Date: December 1, 1982
Lessor: Southern Pacific Land Company, a California corporation
Lessee: Sun Exploration and Production Company-75% and Reading & Bates Petroleum Company-25%
Recorded: Book 110, Page 241, Document 87404 of the Records of Eureka County, Nevada

Description: Township 29 North, Range 50 East
Section 17: *A11
Section 19: *A11
Section 21: *A11
Section 29: *A11
Section 31: *A11

Lease No.: 724482
Southern Pacific
Lease No.: 05900
Date: December 1, 1982
Lessor: Southern Pacific Land Company, a California corporation
Lessee: Sun Exploration and Production Company-75% and Reading & Bates Petroleum Company-25%
Recorded: Book 110, Page 234, Document 87403 of the Records of Eureka County, Nevada

Description: Township 30 North, Range 50 East
Section 1: *A11
Section 11: *A11
Section 13: *A11
Section 35: *A11

Township 30 North, Range 51 East
Section 5: *A11

Lease No.: 724484
Southern Pacific
Lease No.: 05901
Date: December 1, 1982
Lessor: Southern Pacific Land Company, a California corporation
Lessee: Sun Exploration and Production Company-75% and Reading & Bates Petroleum Company-25%
Recorded: Book 110, Page 227, Document 87402 of the Records of Eureka County, Nevada

Description: Township 30 North, Range 51 East
Section 7: *A11
Section 17: *A11
Section 19: *A11
Section 29: *A11
Section 31: *A11

Lease No.: 724485
Southern Pacific
Lease No.: 05902
Date: December 1, 1982
Lessor: Southern Pacific Land Company, a California corporation
Lessee: Sun Exploration and Production Company-75% and Reading & Bates Petroleum Company-25%
Recorded: Book 110, Page 220, Document 87401 of the Records of Eureka County, Nevada

* Reserved Mineral Interest

Description:

Township 28 North, Range 51 East
Section 1: *Lots 1, 2, & 5 & SW $\frac{1}{4}$ of NE $\frac{1}{4}$
Section 3: *Lots 1 & 2 & S $\frac{1}{2}$ of NE $\frac{1}{4}$
Section 9: *NE $\frac{1}{4}$
Section 11: *NE $\frac{1}{4}$
Section 13: *Lots 1 & 2 & W $\frac{1}{2}$ of NE $\frac{1}{4}$
Section 15: *NE $\frac{1}{4}$
Section 17: *All

Township 29 North, Range 51 East

Section 13: *NE $\frac{1}{4}$
Section 15: *All
Section 23: *NE $\frac{1}{4}$
Section 25: *NE $\frac{1}{4}$
Section 27: *NE $\frac{1}{4}$
Section 33: *NE $\frac{1}{4}$
Section 35: *NE $\frac{1}{4}$

Lease No.: 724486

Southern Pacific

Lease No.: 05903

Date: December 1, 1982

Lessor: Southern Pacific Land Company, a California corporation

Lessee: Sun Exploration and Production Company-75% and Reading & Bates Petroleum Company-25%

Recorded: Book 110, Page 192, Document 87397 of the Records of Eureka County, Nevada

Description:

Township 29 North, Range 51 East
Section 1: *Lots 1, 2 & S $\frac{1}{2}$ of NE $\frac{1}{4}$
Section 3: *All
Section 11: *NE $\frac{1}{4}$

Township 30 North, Range 51 East

Section 13: *NE $\frac{1}{4}$
Section 23: *All
Section 25: *NE $\frac{1}{4}$
Section 27: *All
Section 35: *All

Lease No.: 724487

Southern Pacific

Lease No.: 05904

Date: December 1, 1982

Lessor: Southern Pacific Land Company, a California corporation

Lessee: Sun Exploration and Production Company-75% and Reading & Bates Petroleum Company-25%

Recorded: Book 110, Page 199, Document 87398 of the Records of Eureka County, Nevada

Description:

Township 30 North, Range 51 East
Section 1: *Lots 1 & 2
Section 11: *All

Lease No.: 724492

Southern Pacific

Lease No.: 05909

Date: December 1, 1982

Lessor: Southern Pacific Land Company, a California corporation

Lessee: Sun Exploration and Production Company-75% and Reading & Bates Petroleum Company-25%

Recorded: Book 110, Page 541, Document 87616 of the Records of Eureka County, Nevada

Description:

Township 34 North, Range 51 East
Section 27: NE $\frac{1}{4}$

Township 35 North, Range 51 East
Section 17: N $\frac{1}{4}$

* Reserved Mineral Interest

RECORDED AT REQUEST OF
SUN EXPLORATION & PRODUCTION CO., INC.
BOOK 116 PAGE 192
83 NOV 1 1982
OFFICIAL RECORDS
EUREKA COUNTY, NEVADA
FILE NO. 90015
FFS \$ 15.00