

ASSIGNMENT OF OVERRIDING ROYALTY

THE ANSCHUTZ CORPORATION, 2400 Anaconda Tower, Denver, Colorado 80202, hereinafter called Assignor, for and in consideration of the sum of Ten Dollars (\$10.00) cash in hand paid and other good and valuable consideration, the receipt of which is hereby acknowledged, does hereby grant, sell, bargain, convey, transfer, assign and deliver unto the following named parties the interest set out opposite their names, of all oil and/or gas produced, saved and sold from the oil and gas leasehold estates, with respect to the oil and gas leases and lands described on Exhibit "A" attached hereto and made a part hereof:

Foutch Oil & Gas, Inc.
P.O. Box 13102
Denver, Colorado 80201
an undivided .50 of 1 $\frac{1}{8}$ of 8/8ths

The overriding royalty interest hereinabove assigned is subject to the following terms, provisions and conditions:

A. Said overriding royalty interest is subject to the terms and provisions of said leases described on Exhibit "A", and any amendments or modifications of said leases.

B. Said overriding royalty interest shall be free and clear of all drilling developing, operating costs and expenses except such costs, if any, incurred in dehydrating, treating, transporting, boosting, compressing or otherwise processing same in order to make same marketable, and same shall be calculated after deducting oil and gas used for operations on the premises, with the option on the part of Assignor to deduct the proportionate part of fuel used in any central plant serving the premises or of using other than the identical oil and gas produced for operations on the premises, and deducting any so used, but Assignee shall bear and pay all taxes of every nature whatever, which may now or hereafter be applicable to or in any manner connected with or a lien upon Assignee's overriding royalty interest or the production attributable thereto, including without limitation all production, severance, gathering, transportation or similar taxes attributable to Assignee's interest, and such other costs and charges as shall be applicable to and borne by lessor's royalties under the terms of the leases. If Assignor shall reinject gas produced under said leases or from land pooled therewith into injection wells situated on land covered by said Exhibit "A" leases or lands pooled therewith in connection with any recycling or pressure maintenance program, the quantity of gas produced under said leases or from land pooled therewith which is thus reinjected into said injection wells shall be deducted before the overriding royalties herein assigned are computed. No overriding royalties shall be payable upon gas and casinghead gas used for recycling or repressuring operations benefiting said lands. In the event the leases above described provide that shut-in gas payments shall be made as royalties rather than rentals, Assignee herein shall not be entitled to any payment with respect to said overriding royalty in connection with such payments. Except as may be otherwise provided in this assignment, the overriding royalty herein assigned shall be treated computed, paid and/or delivered to the Assignee in the same manner and under the same terms and conditions as are provided in each lease for the payment or delivery of royalties to the lessor therein.

C. The overriding royalty may be pooled and unitized in the same manner and under the same and identical terms, conditions and provisions as the lessor's royalties may be pooled and unitized under the terms of each lease above described.

D. The overriding royalty herein assigned is based upon the assumption that the leases described on Exhibit "A" cover and affect the entire fee simple mineral estate in the lands covered thereby. In the event of loss or failure of title as to the whole or any portion of the leased premises, the overriding royalty interest as to such lease and lands affected by such loss or failure of title shall be reduced in the proportion in which title shall have failed, and in such event the overriding royalty interest herein assigned shall be proportionately reduced. If the lease described in Exhibit "A" attached hereto covers less than the entire and undivided fee simple estate therein, then and in such event the overriding royalty interest herein assigned shall be proportionately reduced.

E. No obligations, either expressed or implied, shall arise by reason of the assignment herein by Assignor of overriding royalty interest which shall obligate Assignor to keep, drill, produce, operate and maintain the said leases in force and effect either by the payment of rentals, compensatory royalties or other payments, or by the drilling of any wells upon the lands with respect which the overriding royalty interest in said leases is hereby assigned, it being expressly understood that Assignee is to receive said overriding royalty interest in such production only out of the oil, gas and other hydrocarbon substances and minerals, if, as and when produced, saved and marketed at the sole will of Assignor from said lands under the terms and provisions of each lease, and Assignor herein, his heirs, successors, assigns and/or legal representatives, may release said leases or any part thereof at will and without liability to Assignee, their heirs, successors, assigns and/or legal representatives.

F. It is agreed that the obligation to pay any overriding royalty or payments out of production of oil created herein, which, when added to overriding royalty or payments out of production previously created and to the royalty payable to the United States, aggregate in excess of 17½ percent, shall be suspended when the average production of oil per well per day averaged on the monthly basis of 15 barrels or less.

This Assignment is made without covenants of warranty, either expressed or implied but shall be binding upon and inure to the benefit of the heirs, representatives, successors and assigns of the parties hereto.

This instrument executed this 14th day of March, 1986.

ATTEST:

By: Ramela S. Cooley
Ramela S. Cooley
Assistant Secretary

THE ANSCHUTZ CORPORATION

By: Lillian F. Lentz
Lillian F. Lentz
Assistant Vice President

SEAL
Affixed

ACKNOWLEDGEMENT FOR CORPORATION

STATE OF COLORADO)
) SS.
COUNTY OF DENVER)

Before me, the undersigned authority, on this day personally appeared LILLIAN F. LENTZ, Assistant Vice President of THE ANSCHUTZ CORPORATION, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed and in the capacity therein stated as the act and deed of said corporation.

Given under my hand and seal of office this 14th day of March, 1986.

My Commission Expires:

1/14/89

SEAL
Affixed

Susan D. Hendee
Susan D. Hendee Notary Public
Residing in Denver, Colorado

The Anschutz Corporation

W. Blackburn Prospect

LEASE SCHEDULE

EXHIBIT "A", PAGE _____ STATE OF Nevada COUNTY OF Eureka

LEASE NO	LISSOR	LESSEE	DATE	TERM	DESCRIPTION	GROSS ACRES	NET ACRES	RECORDED BOOK	PAGE
NV-5487-A	USA-N-40633	The Anschutz Corporation	12/1/84	10 Yrs.	<u>T27N-R50E</u> Section 4: ALL Section 5: ALL Section 6: ALL Section 7: ALL Section 8: ALL Section 9: N $\frac{1}{4}$, SW $\frac{1}{2}$ Section 16: W $\frac{1}{2}$ Section 17: ALL Section 18: ALL Section 19: ALL Section 20: ALL Section 29: N $\frac{1}{4}$, SW $\frac{1}{2}$ Section 30: ALL Section 31: ALL	8429.36	8429.36	132	430

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The Anschutz Corporation

S.W. Baily Ranch Prospect

LEASE SCHEDULE

EXHIBIT "A", PAGE _____ STATE OF Nevada COUNTY OF Eureka

LEASE NO.	LESSOR	LESSEE	DATE	TERM	DESCRIPTION	GROSS ACRES	NET ACRES	RECORDED BOOK	PAGE
NV-5486-A	USA-N-40655	The Anschutz Corporation	12/1/84	10 Yrs.	T29N-R51E Section 22: W $\frac{1}{2}$	320.00	320.00	132	433

RECORDED IN PUBLIC RECORDS
EUREKA COUNTY, CALIF.
MAY 10 1985

OFFICIAL RECORDS
EUREKA COUNTY, NEVADA
RECORDED
FILE NO. 102266
FEE \$ 8.00

86 APR 7 P 11:23

RECORDED AT REQUEST OF
The Anschutz Corporation
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