

STATE OF NEVADA §
COUNTY OF EUREKA AND §
ELKO

121027

ASSIGNMENT OF OVERRIDING ROYALTY

KNOW ALL MEN BY THESE PRESENTS:

THAT, WHEREAS, on November 12, 1979, Sun Oil Company (Delaware), acting by and through Sunmark 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 event of

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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 protect 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 22ND day of FEBRUARY, 1984.

"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 22nd day of February, 1984, 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. B. R. Phillips
Notary Public

My commission expires:

March 3, 1985

STATE OF Colorado §
COUNTY OF Arapahoe §

On this 1st day of March, 1984, 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:

My Commission Expires 8-14-87
7451 S. Harrison Way, Littleton, CO 80122

SEAL
Affixed

EXHIBIT "A"

Attached to and by reference made a part of Assignment of
Overriding Royalty Interest to PENDLETON LAND AND EXPLORA-
TION COMPANY from SUN EXPLORATION AND PRODUCTION COMPANY

Sun Lse No.: 724490
Southern
Pacific No.: 05907
Lease Date: December 1, 1982
Lessor: Southern Pacific Land Company, a California corporation
Lessee: Sun Exploration and Production Company - 75% and Reading
and Bates Petroleum Co. - 25%
Recorded: Book 435, Page 626, Document 181872 of the Records of
Elko County, Nevada AND
Book 115, Page 188, Document 89581 of the Records of
Eureka County, Nevada

Description: Township 30 North, Range 52 East
Section 1: *All
Section 3: Lots 1 & 2 & S $\frac{1}{2}$ of NE $\frac{1}{4}$
Section 5: *Lots 1 & 2 & S $\frac{1}{2}$ of NE $\frac{1}{4}$
Section 7: *NE $\frac{1}{4}$
Section 9: *NE $\frac{1}{4}$
Section 11: *All

Sun Lse No.: 724494
Southern
Pacific No.: 05911
Lease Date: December 1, 1982
Lessor: Southern Pacific Land Company, a California corporation
Lessee: Sun Exploration and Production Company - 75% and Reading
and Bates Petroleum Co. - 25%
Recorded: Book 435, Page 619, Document 181871 of the Records of
Elko County, Nevada
Book 115, Page 181, Document 89580 of the Records of
Eureka County, Nevada

Description: Township 33 North, Range 52 East
Section 11: All
Section 17: All
Section 19: All
Section 29: All
Section 31: All

*Reserved Mineral Interests

RECORDED AT THE REQUEST OF
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Pendleton Land & Exploration, Inc
88 SEP -6 AM 1:40

OFFICIAL RECORDS
EUREKA COUNTY, NEVADA
M.N. REBALEATI, RECORDER
FILE NO. 121027
FEE \$ 900
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