

126049

CONVEYANCE

THIS CONVEYANCE, dated November 22, 1988, between Tenneco Oil Company, a Delaware corporation, whose address is P.O. Box 2511, Houston, Texas 77252 ("Grantor") and TOC - Rocky Mountains Inc., a Delaware corporation, whose business address is 6162 South Willow Drive, Suite 300, Englewood, Colorado 80155, and which is a wholly-owned subsidiary of Grantor ("Grantee").

KNOW ALL MEN BY THESE PRESENTS, that, for and in consideration of the sum of Ten Dollars (\$10.00) cash and other valuable consideration to it in hand paid by Grantee, the receipt and sufficiency of which are hereby acknowledged:

1. Grantor has granted, bargained, sold and conveyed, and by these presents does hereby grant, bargain, sell and convey unto Grantee, effective as of twelve o'clock midnight on June 30, 1988 (the "Effective Time"), all of the right, title and interest owned or claimed by Grantor as of the date of execution hereof in and to the following (the "Subject Property"):

(a) All oil, gas and/or mineral leases, permits or licenses, and all fee, leasehold, royalty and overriding royalty interests in or reversionary rights with respect to, and/or any right to produce or receive the proceeds of production of, oil, gas and other liquid and gaseous hydrocarbons, or any

of them, any minerals produced in association therewith ("Hydrocarbons") and which are located in the States and Counties or Parishes or State or Federal waters identified on Exhibit B hereto ("the Subject Interests"), including but not limited to the interests described in Exhibit A hereto;

(b) All unitization, communitization and pooling agreements and orders covering the Subject Interests or any portion thereof and the units and communitized and pooled areas created thereby;

(c) All easements, rights of way, permits, licenses, servitudes or other interests appertaining to the Subject Interests or the Subject Property;

(d) All fee simple and leasehold estates of Grantor in the States, Counties or Parishes identified in Exhibit B hereto, including but not limited to the lands and leases described in Exhibit A hereto;

(e) All tubular goods, equipment and other personal property, fixtures and improvements situated upon the Subject Interests or the Subject Property or used or held for use in connection with the exploration, development, operation or enjoyment of the Subject Interests or the Subject Property or the production, treatment, storage or transportation of Hydrocarbons therefrom, and any leases of such personal property, fixtures or improvements;

(f) All Hydrocarbon sales, purchase, exchange, transportation, processing contracts and agreements, farmout or farm-in agreements, joint operating agreements and all other contracts or agreements and contract rights of whatever kind or character insofar as the same relate to or affect the Subject Interests or the Subject Property or any part thereof;

(g) All of Grantor's books, records, accounts, files, documents, maps, manuals, information and data (including engineering, geological and geophysical data) insofar as the same relate to or affect the Subject Interests or the Subject Property;

(h) All consents, permits, licenses, orders, registrations, franchises, certificates, approvals or other similar rights from any governmental agency insofar as the same relate to or affect the Subject Interests or the Subject Property; and

(i) All partnership interests, undivided interests and other joint venture interests of Grantor relating to any right to produce or receive the proceeds of Hydrocarbons from the Subject Interests or the Subject Property;

EXCEPTING AND RESERVING unto Grantor, its successors and assigns, all right, title and interests of Grantor in and to all minerals other than Hydrocarbons in, under or that may be produced from the Subject Interests;

provide, however, Grantor covenants and agrees that the estate of Grantor and of Grantor's successors and assigns in the minerals other than Hydrocarbons which are excepted and reserved hereby unto Grantor, its successors and assigns shall at all times be and remain subordinate to the estate of Grantee and of Grantee's successors and assigns in the Hydrocarbons conveyed by this Conveyance; and that Grantee, its successors and assigns shall be free to deal with the estates and rights conveyed hereby, specifically including the oil and gas leases included herein, in any manner it or they see fit, including the relinquishment, termination, assignment or reassignment thereof, without notice to or approval of Grantor or its successors and assigns, provided that Grantee and its successors and assigns shall not voluntarily relinquish, terminate, modify or amend any of the estates conveyed hereby if Grantor or its successors or assigns shall have specifically notified Grantee or its successors and assigns that it is or they are engaged in a program to exploit such minerals other than Hydrocarbons covered by such estate or estates which are excepted and reserved hereby.

SUBJECT, HOWEVER, to all valid and subsisting restrictions, exceptions, reservations, conditions, liens, interests, instruments and other encumbrances (the "Encumbrances").

TO HAVE AND TO HOLD THE Subject Property, subject to the Encumbrances, together with all and singular the rights and appurtenances thereto in anywise belonging unto Grantee, its successors, assigns and legal representatives forever. THIS CONVEYANCE IS MADE WITHOUT REPRESENTATION OR

WARRANTY ANY KIND, WHETHER EXPRESS OR IMPLIED, RELATING TO THE SUBJECT PROPERTY OR THE SUBJECT INTERESTS. However, this Conveyance is made with full substitution and subrogation of Grantee in and to all covenants and warranties by others heretofore given or made with respect to the Subject Property or Subject Interests or any part thereof.

2. Grantee, for itself, its successors and assigns, hereby undertakes and obligates itself to be bound by and to fulfill, from and after the Effective Time, all obligations, claims and liabilities relating to the Subject Property and the Subject Interests, including without limitation the obligation to render and pay all taxes based upon or measured by production which accrue on and after the Effective Time, even if such taxes are based upon or measured by production occurring before the Effective Time.

3. Subject to applicable law, Grantor and Grantee shall execute, acknowledge and deliver all such further conveyances, transfer orders, division orders, notices, releases and acquittances and such other instruments, and shall take such further actions, as may be necessary or appropriate more fully to assure to Grantee or its successors or assigns all of the properties, rights, titles, interests, estates, remedies, powers and privileges conveyed, or intended to be conveyed, to Grantee hereby. In particular, and without limiting the foregoing, in the event that any Exhibit to this Conveyance omits to describe or inadequately or incorrectly describes any lands or interests in lands intended by Grantor to be conveyed to Grantee or excepted or reserved to Grantor hereby, Grantor shall execute any and all such further instruments as may be necessary or appropriate to supply or correct such descriptions.

4. With respect to interest in governmental or Indian and gas 1 included in the Subject Property that may require separate instruments or assignments to be filed with governmental or tribal agencies, Grantor has executed and filed or will execute and file appropriate companion assignments, and will use its best efforts to take any other reasonable efforts to obtain official approval of the assignment of such interests. Any and all of such individual governmental or tribal assignments shall constitute, as to such individual leases, one and the same assignment as is made herein.

5. Nothing herein shall operate to modify or amend any gas sales agreement to which Grantor is a party covering properties conveyed to Grantee hereunder. The rights and obligations of parties under said agreements that may exist as of the Effective Time pursuant to the Federal Energy Regulatory Commission's (FERC) alternative maximum lawful price and good faith negotiation procedures promulgated by Order Nos. 451, et seq. (18 C.F.R. §§270.201, et seq.) and take-or-pay or take-and-pay crediting mechanism promulgated by Order Nos. 500, et seq. [18 C.F.R. §§284.8(f) and 284.9(f)], or successor regulations of either, shall not be modified, abridged, waived or extinguished by virtue of this Conveyance; provided, however, Grantee recognizes that Grantor has held other interests than those conveyed to Grantee hereunder that were or are being conveyed or transferred to parties other than Grantee and, therefore, agrees to abide by, and to bind all of its successors and assigns, to the following:

To the extent any Subject Interests conveyed by Grantor to Grantee hereunder are subject to a commitment to sell any production to a purchaser under an "existing contract" as defined in 18 CFR §§270.201(a)(2)(11) that includes gas qualifying under Sections 104 and 106 of the Natural Gas Policy Act of 1978, it is possible that gas covered by such existing contract might be subjected to good faith negotiation procedures initiated by other successors-in-interest to Grantor ("Other Successors") or, Grantee hereunder could subject Other Successors to same upon invocation by Grantee of rights under such procedures. Consequently, with respect to good faith negotiation procedures promulgated by the FERC in Order Nos. 451, et seq. (referenced above), Grantor and Grantee agree to the following:

- (1) Grantee shall have no unilateral right to invoke good faith negotiations with any pipeline if that invocation would allow such pipeline to invoke such negotiations with Other Successors. Any such invocation by Grantee that could so affect Other Successors shall be done only by agreement by such Other Successors. Neither Grantor nor Grantee, nor any affiliate or subsidiary of either of them, shall have any obligation to ensure that Other Successors will so agree.
- (2) If Grantee hereafter initiates good faith negotiation procedures for any gas produced from Subject Interests conveyed to Grantee

hereunder or agrees to participate in good faith negotiations as a result of the initiation of such negotiations by any Other Successors. It is possible that the purchaser of such gas might have the right to require Grantee to renegotiate terms of the sale of additional gas, pursuant to the provisions of 18 C.F.R. §§270.201(a)(5)(1), (b)(2), and (b)(5)(11), as promulgated by Order Nos. 451 and 451-B; and such right of said purchaser shall be unaffected by this Conveyance. Nothing herein shall limit or abridge Grantee's right to determine, in its sole discretion, acceptable terms and conditions for continuing the sale of any gas to purchasers upon conclusion of good faith negotiation procedures. Neither Grantor nor Grantee, nor any affiliate or subsidiary of either of them, shall have any duty, obligation or liability to the other or to Other Successors with regard to the outcome of good faith negotiations conducted by Other Successors.

(3) Grantee shall have no right or power to take any action, by amendment, waiver, or otherwise, that would limit, modify, abridge, or terminate Other Successors' rights to initiate good faith negotiation procedures if such procedures would have no effect upon the Grantee or any such Other Successors.

(b) With regard to Subject Interests conveyed to Grantee hereunder, transportation of natural gas may obligate Grantee to obtain agreement of Other Successors as to any properties owned by

Grantor on June 23, 1987, that such Other Successors will be bound by the rights of the transporting pipeline(s) to invoke the take-or-pay or take-and-pay crediting mechanism promulgated by the FERC in Order Nos. 500, et seq. (referenced above), or successor regulations, absent a waiver by the transporting pipeline(s) of its rights under said regulations. Neither Grantee nor any Other Successor to any of the properties owned by Grantor on the above-referenced date, has been obligated to submit, unconditionally, to crediting of gas volumes. Prior to any transportation of gas from Subject Interests conveyed to Grantee hereunder, Grantee shall attempt to obtain the agreement of each potential transporting pipeline not to assert rights under said FERC regulations to credit volumes of gas transported on behalf of Grantee from said Subject Interests against contractual or other obligations of such transporting pipeline to Other Successors. If necessary waivers are not obtained, Grantee's rights to commence transportation that could trigger crediting of gas volumes impacting Other Successors shall be the same as Grantor's rights existing prior to this Conveyance to Grantee; provided, however, that Grantee shall be allowed to commence transportation, and Other Successors shall provide necessary offers of credits to permit transportation, to the extent that (1) said transportation could result in potential crediting of gas volumes against only those interests that were conveyed by Grantor to any of its subsidiaries on or after the

Effective Time, and (2) Grantee demonstrates to said Other Successors that Grantee's requested waiver of crediting by the transporting pipeline was refused.

- (c) All subsequent conveyances or transfers by Grantee of any of the Subject Interests conveyed to Grantee hereunder, in whole or in part, shall incorporate covenants and limitations identical in substance to the foregoing for the continuing benefit of Grantor and Other Successors, and shall similarly bind Grantee's successors or assigns.

6. This Conveyance shall inure to the benefit of and be binding upon Grantor and Grantee and their respective successors and assigns.

7. This Conveyance may be executed in counterparts, all of which are identical, except that to facilitate recordation, in certain counterparts hereof only those portions of Exhibits A and B are included which contain specific descriptions of the Subject Property located in the recording jurisdiction in which the particular counterpart is to be recorded. All such counterparts together shall constitute one and the same instrument. One counterpart containing all of Exhibits A and B is to be recorded in San Juan County, New Mexico.

IN WITNESS WHEREOF, Grantor has caused this instrument to be executed by its duly authorized officers, and Grantee has joined in the execution of this instrument by its duly authorized officers for the purpose of evidencing the assumptions hereinabove described, all in a number of counterparts which shall be read together and construed as but one and the same instrument, as of the Effective Time.

GRANTOR
TENNECO OIL COMPANY

ATTEST:

Laurel B. Webb
Assistant Secretary

By: Harold M. Knull
Vice-President

GRANTEE
TOC - ROCKY MOUNTAINS INC.

ATTEST:

W. H. Allen
Assistant Secretary

By: John H. Allen
Vice-President

STATE OF TEXAS
COUNTY OF HARRIS

BE IT REMEMBERED, that I, the undersigned, a Notary Public duly qualified, commissioned, sworn and acting in and for the County and State aforesaid, hereby certify that on this 22nd day of November, 1988:

There appeared before me severally each of the following persons, each residing in Houston, Texas, and each the designated officer of the corporation set opposite his name, each such corporation being a corporation of the state indicated and being a party to the foregoing instrument:

HAROLD M. KORELL

Vice President of Tenneco Oil
Company, a Delaware corporation.

JOHN H. GRAY

Vice President of TOC - Rocky Mountains Inc.,
a Delaware corporation.

(Colorado)

The foregoing instrument was acknowledged before me this day by each such person as the designated officer of the corporation set opposite his name.

(Montana)

On this day before me personally appeared each person, known to me to be the designated officer of the corporation set opposite his name, being one of the corporations described in and that executed the within instrument, and acknowledged to me that such corporation executed the same.

(Nebraska)

The foregoing instrument was acknowledged before me this day by each such person as the designated officer of the corporation set opposite his name, on behalf of the corporation.

(Nevada)

On this day personally appeared before me each such person, known to me to be the designated officer of the corporation set opposite his name, who acknowledged that he executed the above instrument.

(New Mexico)

The foregoing instrument was acknowledged before me this day by each such person on behalf of the corporation set opposite his name.

(North Dak

On this day before me personally appeared each person, known to me to be the designated officer of the corporation set opposite his name, being one of the corporations described in and that executed the within instrument, and acknowledged to me that such corporation executed the same.

(South Dakota)

Before me personally appeared each such person, who acknowledged himself to be the designated officer of the corporation set opposite his name, and that he, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of such corporation by himself as such officer.

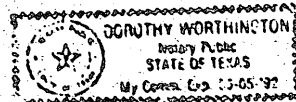
(Utah)

On this day personally appeared before me each such person, who, being by me duly sworn did say, that he is the designated officer of the corporation set opposite his name, and that said instrument was signed in behalf of said corporation by authority of resolution of its board of directors, and he acknowledged to me that said corporation executed the same.

(Wyoming)

The foregoing instrument was acknowledged before me by each such person on this day.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal, in the County of Harris and State of Texas, this 22nd day of November, 1988.



Dorothy Worthington
Notary Public, State of Texas

My commission expires

jk/338

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TENNECO OIL COMPANY
EXHIBIT A
EUREKA COUNTY, NEVADA

PAGE

PROPERTY NUMBER	TRACT NO	LESSOR/ GRANTOR	INSTRUMENT DATE	RECORDING INFORMATION	DESCRIPTION	SEC
0500141683	000	01	BUREAU OF LAND MANAGEMENT	10/01/1980	T 019 N R 050 E LOTS 1,2,3,4, S/2N/2, S/2	PM SEC 0002
					T 019 N R 050 E	PM SEC 0003
					T 019 N R 050 E	PM SEC 0004
					T 019 N R 050 E	PM SEC 0005
					T 019 N R 050 E	PM SEC 0006
					T 019 N R 050 E	PM SEC 0007
					T 019 N R 050 E	PM SEC 0008
					T 019 N R 050 E	PM SEC 0009
					T 019 N R 050 E	PM SEC 0010
					T 019 N R 050 E	PM SEC 0011
					T 019 N R 050 E	PM SEC 0012
					T 019 N R 050 E	PM SEC 0013
					T 019 N R 050 E	PM SEC 0014
					T 019 N R 050 E	PM SEC 0015
					T 019 N R 050 E	PM SEC 0016
					T 019 N R 050 E	PM SEC 0017
					T 019 N R 050 E	PM SEC 0018
					T 019 N R 050 E	PM SEC 0019
					T 019 N R 050 E	PM SEC 0020
					T 019 N R 050 E	PM SEC 0021
					T 019 N R 050 E	PM SEC 0022
					T 019 N R 050 E	PM SEC 0023
					T 019 N R 050 E	PM SEC 0024

0500141701 000 01 BUREAU OF LAND MANAGEMENT 10/01/1987 @ 167. P206

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TEMECO OIL COMPANY
EXHIBIT A
EUREKA COUNTY, NEVADA

PROPERTY NUMBER	TRACT NO	LESSOR/ GRANTOR	INSTRUMENT DATE	RECORDING INFORMATION	DESCRIPTION	PH	SEC
0500141807 000 01	BUREAU OF LAND MANAGEMENT	02/01/1988 BK 172, PG 127	T 017 N R 053 E ALL	PH	SEC 0028		
			T 017 N R 053 E ALL (PRO. DIA. NO. 110)	PH	SEC 0030		
			T 017 N R 053 E ALL (PRO. DIA. NO. 110)	PH	SEC 0031		
			T 017 N R 053 E ALL	PH	SEC 0032		
0500141807 000 01	BUREAU OF LAND MANAGEMENT	02/01/1988 BK 172, PG 127	T 017 N R 053 E ALL	PH	SEC 0014		
			T 017 N R 053 E ALL	PH	SEC 0015		
			T 017 N R 053 E ALL	PH	SEC 0016		
0500141804 000 01	BUREAU OF LAND MANAGEMENT	09/01/1988	T 017 N R 053 E ALL	PH	SEC 0027		
			T 017 N R 053 E ALL	PH	SEC 0028		
			T 017 N R 053 E ALL	PH	SEC 0029		
			T 017 N R 053 E ALL	PH	SEC 0034		

EXHIBIT B

STATE OF ARIZONA

County

COCHISE
COCONINO
MARICOPA
YAVAPAI

STATE OF COLORADO

County

ARAPAHOE
ARCHULETA
CHEYENNE
DOLORES
EL PASO
ELBERT
GARFIELD
GUNNISON
KIOWA
KIT CARSON
LA PLATA
LINCOLN
LOGAN
MESA
MOFFAT
MONTEZUMA
MORGAN
NATRONA
PITKIN
RIO BLANCO
ROUTT
SAN JUAN
SAN MIGUEL
SEDGWICK
WASHINGTON
WELD
YUMA

STATE OF MONTANA

County

BIG HORN
BLAINE
CARBON
CARTER
CUSTER
DANIELS
DAWSON
FALLON
GARFIELD
JUDITH BASIN
LINCOLN
McCONE
MUSSELSHELL
PETROLEUM
PHILLIPS
POWDER RIVER
PRAIRIE
RICHLAND
ROOSEVELT
ROSEBUD
SHERIDAN
SHEET GRASS
TOOLE
TREASURE
VALLEY
WHEATLAND
WIBAUX
YELLOWSTONE

STATE OF NORTH DAKOTA

County

ADAMS
BENSON
BILLINGS
BOTTINEAU
BOWMAN

STATE OF NORTH DAKOTA

County

BURKE
BURLEIGH
DICKER
DIVIDE
DUNN
EDDY
EMMONS
FOSTER
GOLDEN VALLEY
GRANT
GRIGGS
HETTINGER
KIDDER
LA MOURE
LOGAN
MC HENRY
MC INTOSH
MC KENZIE
MCLEAN
MERCER
MORTON
MOUNTRAIL
OLIVER
PIERCE
RAHSEY
RENVILLE
ROLETTE
SHERIDAN
STOUX
SLOPE
STARK
STUTSMAN
TOWNER
WARD
WELLS
WILLIAMS

STATE OF NEBRASKACounty

BANNER
CHEYENNE
GARDEN
KIMBALL
SCOTTS BLUFF
SIOUX

STATE OF NEW MEXICOCounty

MCKINLEY
RIO ARRIBA
SAN JUAN
SANDOLVAL

STATE OF NEVADACounty

EUREKA
NYE

STATE OF SOUTH DAKOTACounty

BUTTE
CAMPBELL
CORSON
DEWEY
HARDING
MC PHERSON
HEAD
PERKINS
POTTER
WALWORTH
ZIEBACH

STATE OF UTAHCounty

CARBON
DUCHESNE
EMERY
GARFIELD
GRAND
SAN JUAN
SANPETE
UINTAH

STATE OF WYOMINGCounty

ALBANY
BIG HORN
CAMPBELL
CARBON
CONVERSE
CROOK
FREMONT
GARFIELD
HOT SPRINGS
JOHNSON
LARAMIE
LINCOLN
NATRONA
NIOBRARA
PARK
SHERIDAN
SUBLETTE
SHEETWATER
UINTA
WASHAKIE
HESTON

RECORDED AT THE REQUEST OF
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Amico Production Co.
89 JAN -3 10:33

OFFICIAL RECORDS
EUREKA COUNTY, NEVADA
M.W. RECALATI, RECORDER
FILE NO. FEE \$ 21.00
126349

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