

WHEN RECORDED RETURN TO:
Krutex Energy Corporation
1104 Country Hills Drive
Suite 307
Ogden, Utah 84403

127141

NOTICE OF
COLLATERAL ASSIGNMENT OF LEASE

NOTICE is hereby given by FORELAND CORPORATION, a Nevada corporation (hereinafter referred to as "Assignor"), and KRUTEX ENERGY CORPORATION, a Utah corporation (hereinafter referred to as "Assignee"), that by that certain Collateral Assignment of Lease effective the 20th day of December, 1988, Assignor did assign and by these presents does assign, transfer, and grant unto the Assignee, for the purpose of creating a lien and encumbrance thereon, an undivided 50% of the entire interest of Assignor in and to the oil and gas lease identified below and relating to the property described therein located in the state of Nevada:

Lessor: Daniel H. Russell and Roberta A. Russell, husband and wife

Lessee: Foreland Corporation

Lease dated: May 3, 1988

Covering the following described property in Eureka County, Nevada; to wit:

(See Attached Exhibit "A")

Together with all revenue, income, products, proceeds, and profits derived from such property or arising from the use, operation, and occupation of said property and from all subleases, assignments, or licenses of said property which may be executed in the future during the terms of this Assignment.

1. This Assignment is made pursuant to that certain Interim Loan Agreement between the Assignor and Assignee dated December 20, 1988, for the purpose of securing the repayment of indebtedness in the principal amount of \$300,000, the payment and performance of the terms and conditions thereunder, and the payment and performance of certain other financial accommodations given or to be given by Assignee to Assignor.

2. This Notice of Collateral Assignment of Lease constitutes a notice of a more detailed Collateral Assignment of Lease between the parties containing the foregoing terms and further terms and conditions agreed to by the parties hereto.

3. Any person desiring further information with respect to the Collateral Assignment, the effects thereof, and the encumbrances created thereby should contact:

Krutex Energy Corporation
Attn: Robert C. Richins, President
1104 Country Hills Drive
Suite 307
Ogden, Utah 84403

IN WITNESS WHEREOF, this Notice of Collateral Assignment of Lease is executed this 28 day of February, 1989.

Attest:

Dale W. Christensen
Dale W. Christensen, Secretary

FORELAND CORPORATION

By N. Thomas Steele
N. Thomas Steele, Vice-President, Administration

Attest:

Bruce C. Decker
Bruce C. Decker, Assistant Secretary

KRUTEX ENERGY CORPORATION

By Robert C. Richins
Robert C. Richins, President

STATE OF UTAH)

COUNTY OF WEBER)

On this 28 day of February, 1989, personally appeared before me, the undersigned notary public, N. Thomas Steele and Dale W. Christensen who, being by me first duly sworn, declared that they are the vice-president and secretary, respectively, of Foreland Corporation and that they signed the foregoing document on behalf of said corporation.

My commission expires: 9-29-89

STATE OF UTAH)

COUNTY OF WEBER)

On this 28 day of February, 1989, personally appeared before me, the undersigned notary public, Robert C. Richins and Bruce C. Decker who, being by me first duly sworn, declared that they are the president and assistant secretary, respectively, of Krutex Energy Corporation and that they signed the foregoing document on behalf of said corporation.

My commission expires: 9-29-89

Alan H. Churston
Notary Public
Residing in Weber County



Alan H. Churston
Notary Public
Residing in Weber County



Exhibit "A"

Township 16 North, Range 53 East, MDM, Eureka County, Nevada:

Section 7: SENE
Section 8: E2, NWNW, S2NW, N2SW, SESE
Section 9: NENE, S2NE, NWNW, S2NW, S2
Section 10: N2, N2S2, SWSE, S2SW
Section 11: S2NE, NW, N2SW
Section 12: N2

Township 16 North, Range 54 East, MDM, Eureka County, Nevada:

Section 6: S2SW
Section 7: Lots 1, 2 (W2NW)

Township 23 North, Range 52 East, MDM, Eureka County, Nevada:

Section 36: SWNE, SENW

Township 24 North, Range 52 East, MDM, Eureka County, Nevada:

Section 12: E2NE
Section 13: NE, SW, NWSE, S2SE
Section 23: E2E2, W2SE
Section 24: All
Section 25: N2, N2S2
Section 26: E2NE, W2NE, NWSE, E2SE

Township 24 North, Range 53 East, MDM, Eureka County, Nevada:

Section 17: SWSW
Section 18: Lots 3, 4, E2SW, W2SE, SESE
Section 19: Lots 1, 2, 3 and 4, E2W2, W2E2
Section 29: NW, W2SE, N2SW, W2NE, SESE
Section 30: Lots 1, 2, E2NW, NE, N2SE
Section 32: N2NE

Township 25 North, Range 53 East, MDM, Eureka County, Nevada:

Section 5: SESE

Containing a total of 6525.45 acres more or less.

RECORDED AT THE REQUEST OF

BOOK 196 PAGE 420

Handwritten signature
May 1 1949

OFFICIAL RECORDS
EUREKA COUNTY, NEVADA
FILE NO. 127141

127141

BOOK 196 PAGE 422