

Form 5001-1
(December 1986)
(formerly 3106-14)

12855-1

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0034
Expires: August 31, 1989

TRANSFER OF OPERATING RIGHTS (SUBLEASE) IN A
LEASE FOR OIL AND GAS OR GEOTHERMAL RESOURCES

Mineral Leasing Act of 1920 (30 U.S.C. 181 et seq.)
Act for Acquired Lands of 1947 (30 U.S.C. 351-359)
Geothermal Steam Act of 1970 (30 U.S.C. 1001-1025)
Department of the Interior Appropriations Act, Fiscal Year 1981 (P.L. 96-514)

Lease Serial No.

N046842

Type or print plainly in ink and sign in ink.

PART A: TRANSFER

1. Transferee (Sublessee) Chamberlain Exploration Development & Research Stratagraphic Corporation
Street P.O. Box 8909
City, State Reno, Nevada
Zip Code 89507

Additional Transferees Michael G. Hanagan
P.O. Box 1737
Roswell, NM 88202

This transfer is for: (Check one) Oil and Gas Lease, or Geothermal Lease

Interest conveyed: (Check one or both, as appropriate) Operating Rights (sublease) Overriding Royalty, payment out of production or other similar interests or payments

2. This transfer (sublease) conveys the following interest:

Land Description Additional space on reverse, if needed. Do not submit documents other than this form; such documents should only be referenced herein.	Percent of Interest			Percent of Overriding Royalty or Similar Interests	
	Owned	Conveyed	Retained	Reserved	Previously reserved or conveyed
	b	c	d	e	f
T-25-N, R-51-E., Mount Diablo Meridian					3% ORR
Sec. 15: All					
Sec. 16: All					
Sec. 17: All					
Sec. 18: Lots 1,2,3,4, E1/4, E1/2					
Sec. 19: Lots 1,2,3,4, E1/4NW1/4, NE1/4SW1/4, E1/2					
Sec. 20: All					
Sec. 21: All					
Sec. 22: All					
Sec. 23: All					
Sec. 24: All					
Sec. 25: All					
Sec. 26: N1/2, SE1/4, N1/4SW1/4, SE1/4SW1/4					
Sec. 27: All					
Sec. 28: All					
Sec. 29: All					
Sec. 30: Lots 1,4, E1/4SW1/4, SE1/4, S1/4NE1/4, NE1/4NE1/4 Containing 9905.64 acres, more or less, located in Eureka County, Nevada					

FOR BLM USE ONLY

THE UNITED STATES OF AMERICA

This Transfer is approved solely for administrative purposes. Approval does not warrant that either party to this transfer holds legal or equitable title to this lease.

Transfer Approved Effective _____

By _____
(Authorized Officer)

08/19/88 N046842 (Date)

2. A Comment: ADDITIONAL SPACE for Land Description in Item No. 2, if needed.

RECORDED AT THE REQUEST OF

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Hanagan Petroleum Corp. N.M.
89 JUN 28 10:46

OFFICIAL RECORDS
EUREKA COUNTY, NEVADA
M.W. DEBALLAH, RECORDER

FILE NO. 1113600
128554

ACKNOWLEDGMENT

STATE OF NEW MEXICO)
COUNTY OF CHAVES) ss.

The foregoing instrument was acknowledged before me this 28th day of June, 1989, by Hugh E. Hanagan, President of Hanagan Petroleum Corporation, a New Mexico corporation, on behalf of said corporation.

My Commission expires:
8/12/89

Paul J. Baker
Notary Public

PART B: CERTIFICATION AND REQUEST FOR APPROVAL

- The transferor certifies as owner of an interest in the above designated lease that he/she hereby transfers to the above transferees) the rights specified above.
- Transferee certifies as follows: (a) Transferee is a citizen of the United States, an association of such citizens, a municipality, or a corporation organized under the laws of the United States or of any State or territory thereof. For the transfer of NPR-A leases, transferee is a citizen, nation, or resident alien of the United States or associations of such citizens, nationals, resident aliens or private, public or municipal corporations. (b) Transferee is not considered a minor under the laws of the State in which the lands covered by this transfer are located. (c) Transferee's chargeable interests, direct and indirect, in either public domain or acquired lands, do not exceed 200,000 acres in oil and gas options of 240,000 in oil and gas leases in the same State, or 300,000 acres in leases and 200,000 acres in options in each leasing District in Alaska. If this is an oil and gas lease issued in accordance with the Mineral Leasing Act of 1920 or 51,200 acres in any one state if this is a geothermal lease; and (d) All parties holding an interest in the transfer are otherwise in compliance with the regulations (43 CFR Group 3100 or 3200) and the authorizing Acts.
- Transferee's signature to this assignment constitutes acceptance of all applicable terms, conditions, stipulations and restrictions pertaining to the lease described herein. Applicable terms and conditions include, but are not limited to, an obligation to conduct all operations on the leasehold in accordance with the terms and conditions of the lease, to condition all wells for proper abandonment, to restore the leased lands upon completion of any operations as described in the lease, and to furnish and maintain such bond as may be required by the lessor pursuant to regulations 43 CFR 3104, 3134, or 3206.
- For oil and gas transfers, the obligation to pay overriding royalties, payment out of production, carried interests, net profit interests, or such similar payments or interests as set forth herein, which, when added to overriding royalties or payments out of production or other similar interests or payments previously created, may be suspended by the Secretary at any time upon a determination that the excess constitutes a burden on lease operations in accordance with 43 CFR 3103.
- For geothermal transfers, an overriding royalty may not be less than one-fourth (1/4) of one percent of the value of output, nor greater than 50 percent of the rate of royalty due to the United States when this transfer is added to all previously created overriding royalties (43 CFR 3241).

I certify that the statements made herein by me are true, complete, and correct to the best of my knowledge and belief and are made in good faith.

Executed this 28th day of June, 1989

HANAGAN PETROLEUM CORPORATION
Transferor BY: Hugh E. Hanagan
Hugh E. Hanagan, (Signature) President

P.O. Box 1737
(Transferor's Address)

ATTEST:
Paul J. Baker Asst. Sec.
(Signature)

Roswell New Mexico 88202
(City) (State) (Zip Code)

CHAMBERLAIN EXPLORATION DEVELOPMENT & RESEARCH
STRATAGRAPHIC CORPORATION

Transferee By: Alan K. Chamberlain
Transferee: MICHAEL G. Hanagan

Executed this 28th day of June, 1989

Title 18A, S.C. Sec. 1001 makes it a crime for any person knowingly and fraudulently to make any Department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within jurisdiction. BOOK 199 PAGES 45