

137858

#312675: BLACKBURN UNIT
EUREKA COUNTY, NEVADA
TEXACO TO PETROLEUM CORP. OF NEVADA

ASSIGNMENT, BILL OF SALE AND CONVEYANCE

TEXACO EXPLORATION AND PRODUCTION INC., formerly known as Texaco Producing Inc., ("Assignor"), whose mailing address is P.O. Box 2100, Denver, Colorado 80201 (Attention: Land Department), is the present owner of certain oil and gas leasehold rights covering lands in Eureka County, Nevada, as described in Exhibit "A", attached hereto and by reference made a part hereof, hereinafter referred to as the "Lands", held under the terms of the Oil and Gas Leases set out in Exhibit "A", hereinafter referred to as the "Leases."

PETROLEUM CORPORATION OF NEVADA, ("Assignee"), whose mailing address is Southwest Professional Center, 441 W. Plumb Lane, Reno, Nevada 89509, desires to purchase an assignment of the oil and gas leasehold rights as to the Lands, along with all of Assignor's interest in and to the Blackburn Unit, as described in Exhibit "A", such interests to be included and covered by the terms "Leases" and "Lands", and all of Assignor's personal property used solely and exclusively in connection with the oil and gas operations thereon.

For and in consideration of the premises and the sum of Ten Dollars cash paid by Assignee and other good and valuable consideration, including the covenants contained herein, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee hereby agree to the following terms and conditions:

1. CONVEYANCE OF LEASES AND INTEREST IN UNIT.

Assignor does hereby transfer, assign and convey, without warranty, express or implied, unto Assignee, its successors and assigns, all of Assignor's right, title and interest in and to the Leases insofar as it covers the Lands together with all its right, title and interest in the Blackburn Unit.

2. CONVEYANCE OF PERSONAL PROPERTY.

In addition to its leasehold interest, Assignor does hereby transfer, convey and assign to Assignee all of Assignor's right, title and interest in and to all of the oil wells, gas wells, water wells, water disposal wells, tanks, pumps, pipelines, water lines, roads, buildings, easements and rights-of-way, machinery, facilities, equipment, fixtures and any personal property located on the Lands or on the Blackburn Unit and used solely and exclusively in connection with the oil and gas operations thereon.

3. NO WARRANTY OR REPRESENTATIONS.

THIS AGREEMENT IS EXECUTED WITHOUT WARRANTY OF TITLE, EITHER EXPRESS OR IMPLIED, WITHOUT ANY EXPRESS OR IMPLIED WARRANTY OR REPRESENTATION AS TO THE MERCHANTABILITY OF ANY OF THE EQUIPMENT OR PERSONAL PROPERTY OR ITS FITNESS FOR ANY PURPOSE AND WITHOUT ANY OTHER EXPRESS OR IMPLIED WARRANTY OR REPRESENTATION WHATSOEVER. IT IS UNDERSTOOD AND AGREED THAT ASSIGNEE HAS INSPECTED THE PROPERTY AND PREMISES FOR ALL PURPOSES INCLUDING, WITHOUT

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LIMITATION, FOR THE PURPOSE OF DETECTING THE PRESENCE OF NATURALLY OCCURRING RADIOACTIVE MATERIAL (NORM) AND HAS SATISFIED ITSELF AS TO THEIR PHYSICAL AND ENVIRONMENTAL CONDITION, BOTH SURFACE AND SUB-SURFACE, AND THAT ASSIGNEE ACCEPTS THE PROPERTY IN ITS "AS IS, WHERE IS" CONDITION. ASSIGNOR DISCLAIMS ANY AND ALL LIABILITY ARISING IN CONNECTION WITH ANY ENVIRONMENTAL MATTERS INCLUDING, WITHOUT LIMITATION, ANY PRESENCE OF NORM ON THE PROPERTY. IN ADDITION, THERE ARE NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, AS TO THE ACCURACY OR COMPLETENESS OF ANY DATA, INFORMATION OR MATERIALS HERETOFORE OR HEREAFTER FURNISHED IN CONNECTION WITH THE PROPERTY, GAS BALANCE OR IMBALANCE OR AS TO THE QUALITY OR QUANTITY OF THE HYDROCARBON RESERVES, IF ANY, ATTRIBUTABLE TO THE INTEREST CONVEYED HEREIN OR THE ABILITY OF THE PROPERTY TO PRODUCE HYDROCARBONS. ANY AND ALL DATA, INFORMATION AND MATERIAL FURNISHED BY ASSIGNOR IS PROVIDED AS A CONVENIENCE ONLY AND ANY RELIANCE ON OR USE OF THE SAME IS AT ASSIGNEE'S SOLE RISK.

4. RESERVATION OF UNPAID PROCEEDS AND RIGHTS-OF-WAY.

Assignor saves and excepts herefrom any and all sums, production, adjustments of production, unpaid proceeds owed Assignor accruing by virtue of production from the Leases and the Lands prior to the effective date of this Assignment, and any and all payments owed Assignor under any other agreements, as set out below, to which this Assignment is made subject including but not limited to production in the tanks above the pipeline connection on the effective date hereof. Although Assignor assigns all assignable rights-of-way that might be found affecting the Lands, Assignor expressly retains the right for use of such rights-of-way where needed for the development of retained rights, or access to nearby or adjoining Assignor properties so long as said rights do not interfere with Assignee's operations of said Lands and Leases.

5. AGREEMENTS TO WHICH ASSIGNMENT IS SUBJECT.

This Assignment is subject to the terms and provisions of the following agreements, and any amendments thereto affecting the lands, whether recorded or unrecorded, if and when applicable:

BLACKBURN UNIT

- a) Exploration Agreement dated September 1, 1978 between Getty Oil Company, Amoco Production Company and North Central Oil Corporation.
- b) Blackburn Unit Agreement dated May 30, 1980 between Getty Oil Company, Amoco Production Company and North Central Oil Corporation.

- c) Blackburn Unit Operating Agreement dated May 30, 1980 between Getty Oil Company, Amoco Production Company and North Central Oil Corporation.
- d) Contraction of Blackburn Unit effective November 12, 1987 for Leases FED N-10613 and FED N-11348.
- e) Water Disposal Operating Agreement dated June 29, 1984 between Getty Oil Company and Amoco Production Company.
- f) Third Revision of the Initial Participating Area of the Blackburn Wells No. 3, 10, 14 and 16, effective December 21, 1985.

LEASE FED N-10613

- a) Assignment of Overriding Royalty Interest dated June 11, 1980 from Merle C. Chambers to Alexander Klikoff (0.5%) and Richard J. Sanders (0.5%), concerning Lease FED N-10613.
- b) Decision by BLM dated April 6, 1982, concerning segregation of Lease FED N-10613 into unitized and non-unitized lands.
- c) Assignment dated June 8, 1983 from Blackbird Company (Merle C. Chambers) to Amoco Production Company, concerning Lease FED N-10613. Blackbird assigned 60% interest, retained 40%, and reserved 1% ORRI.
- d) Assignment dated March 26, 1984 from Amoco Production Company to Getty Oil Company and North Central Oil Corporation, concerning Lease FED N-10613. Amoco Production Company assigned 20% to Getty Oil Company and 20% interest to North Central Oil Corporation, retained 20%.

LEASE FED N-11348

- a) Assignment of Lease FED N-11348 dated October 23, 1975 from Suzanne D. Bucy to Getty Oil Company (1/3), General Crude Oil Company (1/3) and AGM Corp. (1/3).
- b) Assignment of Lease FED N-11348 dated November 21, 1977 from General Crude Oil Company to Getty Oil Company (16 2/3%) and North Central Oil Corporation (16 2/3%), reserved 1% ORRI.
- c) Assignment of Lease FED N-11348 dated February 10, 1978 from Getty Oil Company and North Central Oil Corporation to Amoco Production Company (25%).
- d) Decision of BLM dated February 25, 1981 concerning segregation of Lease FED N-11348 into unitized and non-unitized lands.

6. INDEMNIFICATION.

Assignee agrees to defend, protect and indemnify, and hold harmless Assignor, its employees and agents, from and against each and every claim, demand, action, cause of action, or lawsuit, and any liability, cost, expense, damage, or loss, including court costs and attorney's fees, that may be asserted against Assignor or Assignee by any third party, including Assignee's employees and agents, arising from or on account of any operations conducted

by Assignee, or for the benefit of Assignee.

7. **COMPLIANCE WITH LAWS.**

Assignee shall observe, perform and comply with the terms, provisions, covenants and conditions, express or implied, of the Leases and with all laws, rules, regulations and orders, both State and Federal, applicable to ownership and enjoyment of the rights herein assigned, including, but not limited to any State or Federal bond requirements.

8. **RESPONSIBILITY FOR PLUGGING.**

Assignee agrees to accept full responsibility for the plugging of all unplugged wells conveyed hereby and agrees to comply with all the requirements of the statutes of the State of Nevada and with all the rules and regulations of the State of Nevada Department of Minerals, or successor regulatory body, in effect at the time any well is plugged. Assignee agrees to hold Assignor harmless against any expense, claim or cause of action brought against Assignor or Assignee by any third party, including the State of Nevada, arising from Assignee's failure to plug or the improper plugging of any well conveyed hereby, and any abandonment operations including, where applicable, restoration of the surface of the lands including, but not limited to, clean-up of any oilfield or other waste located thereon of the Lands as nearly as practicable to its pre-lease condition.

9. **TAXES.**

Assignee shall be responsible for the payment of Assignee's pro-rata share of all ad valorem property taxes for the calendar year 1991. Assignor will pay all ad valorem property taxes for the calendar year 1991, then Assignee will be billed for its pro-rata share. For all subsequent years, Assignee agrees to timely render and pay all ad valorem taxes on the property conveyed hereby.

10. **GOVERNMENTAL ASSIGNMENTS.**

Assignor and Assignee shall execute such forms of assignment conveying Assignor's interest in the Lands and Leases as may be required by any governmental authority to conform to governmental regulation and such assignments shall not serve to enlarge or diminish the rights herein conveyed.

- END OF PAGE 4 -

11. SUCCESSORS AND ASSIGNS.

This Assignment shall be binding upon and inure to the benefit of Assignee and Assignor and their respective successors and assigns.

IN WITNESS WHEREOF, this Assignment is executed this 18th day of SEPTEMBER, 1991, but made effective as of the first day of June, 1991, at 7:00 A.M.

ASSIGNOR:

TEXACO EXPLORATION AND PRODUCTION INC.

By R. R. O'Dwyer
Attorney-in-Fact R. R. O'Dwyer

ASSIGNEE:

ATTEST:

PETROLEUM CORPORATION OF NEVADA

By Kenneth Chattin
Kenneth Chattin
Attorney-in-Fact
Tax ID No. 88-0248343

STATE OF COLORADO)
CITY AND
COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 18th day of September, 1991, by RR O'Dwyer, the Attorney-in-Fact of TEXACO EXPLORATION AND PRODUCTION INC., a Delaware corporation, on behalf of said corporation.

Witness my hand and official seal.

Charlie Will
Notary Public

My commission expires:

Charlie Will
2844 S. Vaughn Way
Aurora, Colorado 80014
My Commission expires October 25, 1993

SEAL

STATE OF Colorado)
COUNTY OF Denver)

The foregoing instrument was acknowledged before me this 18th day of September, 1991, by Kenneth Chaffin, the Attorney-in-Fact of PETROLEUM CORPORATION OF NEVADA, a Nevada corporation, on behalf of said corporation.

Witness my hand and official seal.

Charlie Will
Notary Public

My commission expires:

Charlie Will
2844 S. Vaughn Way
Aurora, Colorado 80014
My Commission expires October 25, 1993

SEAL

SEAL
Affixed

EXHIBIT "A"

Attached to and made a part of that certain ASSIGNMENT executed ~~SEPTEMBER 12, 1991~~, by and between TEXACO EXPLORATION AND PRODUCTION INC. and PETROLEUM CORPORATION OF NEVADA.

**OIL AND GAS LEASES
AND
DESCRIPTION OF THE LANDS**

LEASE NO: FED N-11348
TEXACO #312671

LEASE DATE: February 26, 1975, Effective May 1, 1975

LESSOR: Bureau of Land Management

LESSEE: Suzanne D. Bucy

RECORDED: 57/256

DESCRIPTION: Township 27 North, Range 52 East, MDM
Section 7: E/2 NE/4
Section 8: W/2
Containing 400 acres, more or less in
Eureka County, Nevada, to all depths.

LEASE NO: FED N-10613
TEXACO #313423

LEASE DATE: October 9, 1974, Effective November 1, 1974

LESSOR: Bureau of Land Management

LESSEE: Merle C. Chambers

RECORDED: 119/128

DESCRIPTION: Township 27 North, Range 52 East, MDM
Section 7: E/2 SE/4
Containing 80 acres, more or less in
Eureka County, Nevada.

As to only those depths from the surface of the ground to 100 feet plus the objective depth which is 595 feet below the top of the Devonian Nevada Formation as defined at the 7,505 foot level on the Dual Induction Laterlog in the Blackburn Unit No. 4 well located in the SE/4 Section 7, T27N-R52E, Eureka County, Nevada, which is the equivalent to the 7,120 foot level in the Blackburn Unit No. 3 well, located in Section 8, T27N-R52E, Eureka County, Nevada.

NOTE: The depth reserved above were previously reserved by Amoco Production Company in the Assignment to Getty Oil Company and North Central Oil Corporation dated March 26, 1984.

DESCRIPTION OF UNIT

DESCRIPTION: Township 27 North, Range 52 East, MDM
Section 7: E/2 E/2
Section 8: W/2
Containing 480 acres, more or less in
Eureka County, Nevada.

This covers all of Texaco Exploration and Production Inc.'s interest in the Blackburn Unit including Wells #3, 10, 14 and 16, and Water Disposal Well #12.

The above leases contain acreage located outside the Blackburn Unit which is not being assigned.

BOOK 225 PAGE 583
OFFICIAL RECORDS
RECORDED AT THE REQUEST OF
Texaco, Inc.
91 SEP 27 P3 09

EUREKA COUNTY, NEVADA
M.N. REBALEATI, RECORDER
FILE NO. 137858
FEES 12.00