

ASSIGNMENT OF OIL AND GAS LEASE

THIS ASSIGNMENT ("Assignment"), is made and entered into this 30th day of January 1989, by and between from RAMCO-NYL 1987 LIMITED PARTNERSHIP AND RB OPERATING COMPANY, formerly READING & BATES PETROLEUM COMPANY, 2 Warren Place., Ste. 1700, 6120 South Yale, Tulsa, OK 74138, ("Assignor") and FORELAND CORPORATION ("Assignee").

W I T N E S S E T H:

THAT WHEREAS, Assignor is now the owner and holder of that certain Oil and Gas Lease, hereinafter referred to as "Said Lease", covering lands located in Eureka County, Nevada, described in Exhibit "A", attached hereto and made a part hereof; and

WHEREAS, Assignor desires to assign to Assignee Said Lease and the lands demised thereby;

NOW, THEREFORE, for and in consideration of the sum of One Dollar (\$1.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor does hereby grant, sell, assign, transfer, convey, set over, and deliver unto Assignee all of Assignors' right, title and interest in and to the Said Lease, and the lands appurtenant thereto, subject to the following terms, reservations, covenants and conditions:

1. Assignor reserves unto itself, its successors and assigns, an overriding royalty, hereinafter referred to as the "Reserved Overriding Royalty Interest", an amount equal to the amount by which 25% of production, reduced in proportion to the assigned interest, exceeds the sum of all royalties, overriding royalties and other payments out of production of record which burden the assigned interest at the time the assignment is made. This amount to be paid on all oil, gas, casinghead gas, distillate and/or condensate, other hydrocarbon substances, and other minerals produced, saved and marketed from the lands assigned herein under Said Lease, with the right to receive an undivided twenty-five percent (25%) of the working interest as hereinafter provided.

The Reserved Overriding Royalty Interest shall be free and clear of all drilling, developing and operating costs and expenses, including ad valorem taxes, except Assignor shall bear and pay its proportionate share of the applicable production, severance, or windfall profits taxes attributable to said interest. It is expressly provided that no overriding royalty shall be paid or shall accrue upon any oil and gas, casinghead gas, or other hydrocarbon substances or minerals used for operating, development or production purposes upon Said Lease, or in treating said production to make them marketable, or unavoidably lost. No overriding royalty shall be payable upon gas and casing head gas used for recycling or repressuring operation benefiting the Said Lease. Such overriding royalty shall be paid or delivered to Assignor at the address shown above.

2. Assignee shall furnish Assignor with an itemized statement of the cost of drilling, testing, completing and equipping the Southern Pacific Land Company #1-27 Well ("1-27 Well"). Assignee shall furnish Assignor with a monthly itemized statement of the cost of operations and quantities and qualities of oil, gas or other minerals which are produced from the said 1-27 Well. Said report shall be

furnished to the address as shown above.

3. Assignee shall notify Assignor as to payout the first monday of the month following payout. For purposes of this Assignment "payout" shall be defined as the first day of the month following the month in which the Operator has recovered from the "net income" (as hereafter defined) derived by the drilling parties who own an interest in the 1-27 Well from the sale of their share of the production from such well, their share of the cost actually incurred to drill, complete, or to plug and abandon said 1-27 Well. For purposes of this paragraph, "net income" is defined as the gross proceeds received from the sale of production from the respective 1-27 Well less applicable taxes, landowners' royalty, overriding royalties (including overriding royalty reserved in this assignment), and operating costs through the payout date. In the event Operator invokes a Substitute Well provision, then it is understood that both the costs of the replacement well drilled to the Required Depth specified herein and of any abandoned well or wells may be included in computing payout. Assignor shall have the option to be exercised within thirty (30) days from receipt of said notice, either to convert its Reserved Overriding Royalty to an undivided twenty-five percent (25%) of the working interest, or retain its Reserved Overriding Royalty Interest. Failure by Assignor to notify Assignee, in writing, of its election shall result in the automatic relinquishment of the right to convert on said well.

If Assignors Reserved Overriding Royalty Interest is converted to a twenty-five percent (25%) working interest, Assignee shall assign to Assignor such interest together with such interest in the wells and material and equipment therein and thereon. Such assignment shall be free and clear of liens and encumbrances, and Assignor shall release its Reserved Overriding Royalty Interest in Said Lease and lands. The effective date of Assignor's acquisition of a working interest and the release of Assignor's Reserved Overriding Royalty Interest shall be the date that the value of production equal the total cost and expense ("payout").

4. If the Said Lease described herein covers less than a full oil and gas leasehold estate in any land described herein under such Lease, or if Assignor's interest in Said Lease is less than the full oil and gas leasehold estate (excluding royalty, overriding royalty, or other burdens to which such leasehold estate is subject), then the overriding royalty reserved out of the production from the lands in which Assignor's interest is less than the full oil and gas leasehold estate on such lands herein described under Said Lease, shall be payable in proportion to Assignor's interest.

5. This assignment is made pursuant to , and subject to the terms of that certain Farmout Agreement dated January 9, 1987 and revised May 6, 1987, by and between Sun Exploration and Production Company and Reading & Bates Petroleum Co. and Foreland Corporation.

TO HAVE AND TO HOLD the same unto said Assignee, its successors and assigns, according to the terms and conditions of Said Leases and any intervening assignment/s affecting same. This Assignment is made without warranty of title, either express or implied.

BOOK 233 PAGE 537

The reservations herein made, and the provision and covenants contained herein, shall attach to and run with the Said Lease assigned, and the land herein described or referred to, and shall be binding upon and inure to the benefit of Assignor and Assignee and their respective successors and assigns.

EXECUTED by Assignors on the date reflected in the acknowledgement of execution, but effective for all purposes as to the date of this Assignment.

Assignors:
RAMCO Holding Corp., as General Partner of
RAMCO-NYL 1987 Limited Partnership and
RB Operating Company, formerly
Reading & Bates Petroleum Company

BY: Larry G. Rampey
Larry G. Rampey
Vice President

STATE OF OKLAHOMA)
) ss.
COUNTY OF WAGONER)

On this 25th day of March, 1991, personally appeared before me LARRY G. RAMPEY, who being duly sworn, did say that he is the Vice President of RAMCO Holding Corp., as General Partner of RAMCO-NYL 1987 Limited Partnership and RB Operating Company, formerly Reading & Bates Petroleum Company, and said LARRY G. RAMPEY acknowledged said instrument to be the free act and deed of said corporation.

Given under my hand and seal this 25th day of March, 1991.

My Commission Expires:

December 22, 1993

Michael K. Tjorn
Notary Public



EXHIBIT 'A'

Oil and Gas Lease dated December 1, 1982, by and between BRAVO OIL COMPANY, as Lessor, and SUN OPERATING LIMITED PARTNERSHIP, RAMCO-NYL 1987 LIMITED PARTNERSHIP AND RB OPERATING COMPANY, formerly READING & BATES PETROLEUM COMPANY, and SANTA FE ENERGY COMPANY, as Lessees, a Memorandum of Lease recorded in Book 212 at Page 237, Official Records of Eureka County, Nevada, and covering the following described lands:

Insofar and only insofar as said Lease covers:

Township 29 North, Range 52 East, MDM

Section 27: W/2SE/4

BOOK 233 PAGE 536
OFFICIAL RECORDS
RECORDED AT THE REQUEST OF
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EUREKA COUNTY, NEVADA
M.N. REBALEATI, RECORDER
FILE NO. FEE \$800

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BOOK 233 PAGE 539