

140805

ASSIGNMENT

THE STATE OF NEVADA §  
§ KNOW ALL MEN BY THESE PRESENTS:  
COUNTY OF EUREKA §

THAT, H.S. STANLEY, JR., TRUSTEE IN BANKRUPTCY FOR PETRO-SERVE, LTD. AND MAGNOLIA DEVELOPMENT CORPORATION (hereinafter called "Assignor") for value received does hereby SELL and ASSIGN unto PARSEC RESOURCES, INC., a Texas corporation (hereinafter called "Assignee"), whose mailing address is 952 Echo Lane, Suite 200, Houston, Texas 77024 the following, to wit:

(a) All right, title and interest of Assignor in and to all the oil and gas leases (including mineral rights), oil, gas and mineral leases, mineral interests, subleases, operating rights, estates, farmouts, joint ventures and leaseholds, royalties, overriding royalties, production payments, net profits interests and carried interests on which Assignor conducts oil and/or gas exploration, development or production operations, have the right to conduct such operations or from which Assignor derives or may derive revenue from oil and/or gas exploration, development or production operations, all as more particularly described on Exhibit A attached hereto. All of Assignor's right, title and interest in the leases, interests, properties and wells listed on and referred to in Exhibit A attached hereto, and any and all existing rights to acquire any of the foregoing, are hereinafter referred to individually as a "Property" and collectively as the "Properties";

(b) All right, title and interest of Assignor in, to and under or derived from all presently existing and valid unitization, pooling and communitization agreements, declarations and orders, and the properties covered and the units created thereby (including, but not limited to, all units formed under orders, regulations, rules or other official acts of any federal, state or other governmental agency having jurisdiction), which relate to or affect any of the Properties or the production of oil and gas attributable to the Properties and other minerals and products produced in association therewith;

(c) All right, title and interest of Assignor in, to and under or derived from all presently existing and valid oil, casinghead gas and gas sales, purchase, exchange, transportation and processing contracts, operating agreements, joint venture

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agreements, gas balancing agreements, partnership agreements, gas gathering agreements, farmout agreements, drilling agreements, gas settlement agreements and other contracts, agreements and instruments that relate to any of the Properties or other rights, interests, properties and estates described or referred to herein, or any unit or units in which part or parts of such properties or interests may be included, or to the exploration, development or production of oil and gas from or attributable to the Properties or such unit or units and other minerals and products produced in association therewith;

(d) All right, title and interest of Assignor in or to all, improvements, equipment, easements, permits, licenses, servitudes, rights-of-way, surface leases and other surface rights (including, but not limited to, any wells, tanks, boilers, buildings, fixtures, pipelines, compression facilities, gathering systems, gas processing plants and facilities, machinery, power lines, telephone and telegraph lines, roads, and other appurtenances, easements and facilities), now being used or held for use in connection with the exploration, development, operation or maintenance of the Properties or other rights, interests, properties and estates described or referred to herein, or any unit or units in which part or parts of such Properties may be included, or now being used or held for use in connection with the producing, treating, processing, storing or gathering of oil and gas attributable to such Properties or such unit or units and other minerals and products produced in association therewith;

(e) All right, title and interest of Assignor in and to all lease files, land files, well files, gas and oil sales contract files, gas balancing, gas processing files, division order files, abstracts, title opinions, land surveys, seismic records, gravity maps, electric logs, geological and geophysical prospect maps, geological base maps and accounting systems data, and all other books, records, correspondence files, intangibles, other files, maps, and production operating, expense and accounting records and all rights thereto of Assignor related to any of the Properties or other rights, interests, properties and estates described or referred to herein, or used primarily in the maintenance or operation thereof, or to any unit or units in which part or parts of such Properties may be included, or to any producing, treating, processing, storing or gathering of oil and gas attributable to such Properties or such unit or units and other minerals and products produced in association therewith; and

(f) All (i) Hydrocarbons (as defined below) produced from or attributable to the Properties with respect to all periods from May 1, 1991 and thereafter together with all proceeds from or attributable to such Hydrocarbons (including accounts receivable relating thereto), and (ii) Hydrocarbons which, as of

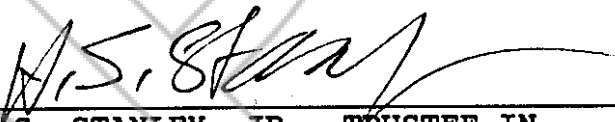
May 1, 1991, are owned by Assignor and are in storage, within processing plants or in pipelines. "Hydrocarbons" shall mean crude oil, natural gas, casinghead gas, condensate, sulphur, natural gas liquids, other liquid or gaseous hydrocarbons (including carbon dioxide), and all other minerals of every kind and character which may be covered by, included in or attributable to the Properties.

The Properties and the rights, assets, properties and estates described or referred to in (b) through (f) above are hereinafter referred to, collectively, as the "Assets".

AND FOR THE SAME CONSIDERATION, Assignor in making this conveyance covenants with Assignee, its successors and assigns, (i) that Assignor is the lawful owner of the above assets; (ii) that Assignor has the lawful right and authority to convey the Assets hereunder; (iii) that the Assets are being conveyed to Assignee free and clear of all liens, claims, mortgages, deeds of trust, security interests, encumbrances and burdens of every kind and nature whatsoever under Section 363(f) of the Bankruptcy Code, 11 U.S.C. §101 et. seq.; (iv) that said Properties are valid and subsisting and in full force and effect; and (v) that Assignor will warrant and forever defend the same against all persons whomsoever lawfully claiming or to claim the same or any part thereof, by, through, or under Assignor, but not otherwise.

TO HAVE AND TO HOLD the Assets hereby assigned with all and singular the rights, privileges and appurtenances thereunto or in any wise belonging unto Assignee, its successors and assigns forever.

DATED this the 30<sup>th</sup> day of April, 1992, but effective as of May 1, 1991.

  
H.S. STANLEY, JR., TRUSTEE IN  
BANKRUPTCY FOR PETRO-SERVE, LTD.  
AND MAGNOLIA DEVELOPMENT  
CORPORATION

THE STATE OF MISSISSIPPI §  
§  
COUNTY OF HARRISON §

Personally appeared before me, the undersigned authority in and for the said County and State, on this 30<sup>th</sup> day of April, 1992, within my jurisdiction, the within named H.S. Stanley, Trustee in Bankruptcy for Petro-Serve, Ltd. and Magnolia Development Corporation, and that in each representative capacity

he executed the above and foregoing instrument, after first having been duly authorized so to do.

Sammy Simmons  
NOTARY PUBLIC in and for  
The State of Mississippi

My Commission Expires

My Commission Expires: June 30, 1995

EXHIBIT "A"

(1) That certain Oil and Gas Lease covering lands located in Eureka County, Nevada, described as follows:

Township 29 North, Range 52 East, Mt. Diablo  
Base and Meridian Section 27, W/2SE/4.  
(North Willow Creek Wellsite.)

Subject to the provisions and conditions of that certain Farmout Agreement dated July 20, 1987, by and between Southern Pacific Land Company and Foreland Corporation and that certain Farmout Agreement dated on or around February 2, 1987, between Foreland Corporation and Sun Operating Limited Partnership and Reading & Bates Petroleum Company.

(2) That certain Oil and Gas Lease covering lands located in Eureka County, Nevada, described as follows:

Township 28 North, Range 52 East, Mt. Diablo  
Base and Meridian Section 34, NE/4. (North  
Blackburn Wellsite.)

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OFFICIAL RECORDS  
RECORDED AT THE REQUEST OF  
*Parsec Resources*  
'92 MAY 12 AM 1:03  
*Inc.*  
EUREKA COUNTY, NEVADA  
M.N. REBALEATI, RECORDER  
FILE NO. 140805 FEES 9-

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