145148

ASSIGNMENT AND BILL OF SALE

This Assignment and Bill of Sale (this "Assignment), dated effective as of August 1, 1992, at 7:00 a.m., local time (the "Effective Time"), is from Blackbird Co., a Colorado General Partnership ("Assignor"), with an address of 7800 Union Avenue, Suite 1100, Denver, Colorado 80237 to Petroleum Corporation of Nevada, a Nevada Corporation ("Assignee") with an address of P.O. Box 1447, Elko, Nevada 89801.

For ten dollars and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Assignor, assignor hereby transfers, grants, bargains, sells, conveys, and assigns to Assignee, and its successors and assigns, the following (all of which are herein called the "Property")"

1. 100% of Assignor's right, title and interest in and to the lands and leases described on Exhibit A (the "Lands" and "Leases") attached hereto and by this reference made a part hereof, insofar and only insofar as the Leases cover and relate to the Lands described in Exhibit A together with identical undivided interests in and to all the property and rights incident thereto, including all rights in, to and under or derived from unit agreements, orders and decisions of state and federal regulatory authorities establishing drilling, spacing, proration and other units and all agreements, product purchase and sale contracts, leases, permits, rights-of-way, easements, licenses, farmouts, farmins, options and orders in any way relating thereto;

2. All of Assignor's right, title and interest in and to all producing wells, non-producing and shut-in oil and gas wells, salt water disposal wells and injection wells located upon the Leases (the "Wells").

3. All of Assignor's right, title and interest in and to all of the personal property, fixture and improvements now or as of the Effective Time on the Lands, appurtenant thereto or used or obtained in connection therewith or with the production, treatment, sale or disposal of hydrocarbons or water produced therefrom or attributable thereto and all other appurtenances thereunto belonging (the "Equipment"); and

4. All of Assignor's right in and to the oil, gas casinghead gas, condensate, distillate, liquid hydrocarbons, gaseous hydrocarbons, products refined and manufactured therefrom, other minerals, and the accounts and proceeds from the sale of all of the foregoing (collectively, the "Production") to the extent such Production is produced under the terms of the Leases and the associated agreements, or is allocated to the Leases and Lands, after the Effective Time;

5. All of Assignor's leasehold interests, working interest, operating rights, overriding royalty interests, mineral interests and other property, interests and rights, if any, in and to the Leases, Lands, Wells, Equipment and Production whether owned or hereafter acquired by Assignor, if Assignor had the contractual right to acquire such interest prior to the effective date of this Assignment in and to the Leases (insofar and only insofar as the Leases cover and relate to the Lands) and the Lands.

To have and to hold the Property unto Assignee and its successors and assigns forever.

ASSIGNEE hereby agrees that all oil in the lease tanks above the pipeline connections as of the Effective Time hereof is excluded from this sale and is reserved by, and remains the property of, Assignor. The quantity and the grade of such oil shall be ascertained as of the Effective Time hereof, and Assignor will bill Assignee for Assignor's net revenue interest in the value thereof on the basis of the posted price then prevailing in the field for oil of similar grade and quality. Assignee shall be responsible for all payments out of production of any nature whatsoever attributable to such oil including but not limited to the following burdens on the leases and interests assigned hereby; royalties payable to lessors, overriding royalties and production payments or other obligations payable out of production. Further, Assignee agrees that all gas produced and the proceeds of gas produced prior to the Effective Time hereof shall likewise remain the property of Assignor. Assignee shall provide a final accounting of all such oil and gas production or revenue within 90 days after the execution hereof.

THIS ASSIGNMENT AND BILL OF SALE IS MADE WITHOUT WARRANTIES, EXPRESSED OR IMPLIED IN FACT OR IN LAW, WHETHER OF TITLE, MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSE, CONDITION OR SAFETY OF THE PROPERTY, COMPLIANCE WITH REGULATORY AND ENVIRONMENTAL REQUIREMENTS OR OTHERWISE.

ASSIGNEE HEREBY AGREES THAT IT HAS INSPECTED THE LEASES AND ASSOCIATED AGREEMENTS, WELLS, PERSONAL PROPERTY AND EQUIPMENT ASSIGNED AND CONVEYED HEREIN AND THAT IT ACCEPTS THE SAME "AS IS" AND "WITH ALL FAULTS". Assignee agrees to assume all responsibility for said wells, the casing and leasehold equipment in and on said wells, and all other personal property used on or in connection therewith on and after the Effective Time hereof, and Assignee agrees to protect, defend, indemnify and hold Assignor and its Directors, Officers, contractors, agents, employees or representatives free and harmless from and against any and all costs, expenses, claims, demands and causes of action of every kind and character arising out of, incident to, or in connection with the leases, land, wells, casing, leasehold equipment, and other personal property hereby conveyed, or Assignee's or other parties operations on said leases and said land, arising and occurring on or after the Effective Time hereof. Assignor agrees to indemnify and hold Assignee harmless from any and all claims or causes of action based upon alleged acts or omissions of Assignor or its employees arising or occurring prior to the Effective Time hereof.

ASSIGNEE shall properly plug and abandon at Assignee's expense all wells herein assigned and shall clean and restore the surface at Assignee's expense and in accordance with the applicable lease provisions and State and Federal laws, rules and regulations pertaining to the plugging and abandoning of such wells and the restoration of such surface.

ASSIGNEE agrees to be solely responsible for any and all sales taxes due on equipment, material, and property hereby assigned and sold, and Assignee shall remit such sales tax to the proper taxing authority.

ALL TAXES, including but not limited to ad valorem, property and severance taxes, shall be prorated between Assignor and Assignee as of the Effective Time hereof, with Assignor responsible for all such taxes accruing prior thereto and Assignee responsible for all such taxes accruing thereafter. Assignor will reimburse Assignee for Assignor's share of ad valorem taxes which are due on oil or gas produced prior to the Effective Time hereof, but not payable until after the Effective Time hereof. Assignee shall bear and pay any real property transfer taxes and any recording fees associated with the transfer of oil and gas properties hereunder.

ASSIGNEE agrees to perform all operations in compliance with all applicable Local, State, Indian and Federal laws, order, rules and regulations, and to observe, perform and abide by all of the lease terms and provisions, express and implied, applicable to Assignor's interest in the assigned premises. Assignee further agrees to secure the bonds, permits and other documents as required by the appropriate regulatory authority which are necessary to effectuate the transfer of interests hereby and/or to cause the release of Assignor' continued liability as lessee or operator. The parties hereto agree to execute such additional documents or instruments as necessary to transfer Assignor's interest in any State, Federal or Indian oil and gas properties assigned hereby to Assignee; provided, however, if any separate assignment(s) of oil and gas lease (s) covering all or a portion of the oil and gas properties are necessary, said forms: (1) shall not constitute conveyances in addition to this Assignment but merely additional evidence of this Assignment, (2) shall not modify any of the terms, covenants and warranties set forth herein nor create any additional covenants and warranties of or by Assignor to Assignee, (3) shall be deemed to contain all of the terms, covenants and warranties hereof, as though they were fully set forth therein.

ASSIGNEE accepts this transfer of oil and gas properties and interests assigned hereby subject to any and all covenants in instruments in the chain of title and to any outstanding agreements, whether recorded or not, which may include but not be limited to agreements for options, leases, permits, rights-of-way, easements, water disposal systems, licenses, operating agreements and production sales agreements; and in this regard, Assignee assumes all duties and obligations associated with said outstanding agreements.

Assignor also hereby grants and transfers to Assignee, and its successors and assigns, to the extent so transferable, the benefit of and the right to enforce the covenants and warranties, if any, which Assignor is entitled to enforce with respect to the Interests against Assignor's predecessors in title to the Interests.

~~Certain properties may be encumbered by "existing~~ contracts" concerning the sale of natural gas. Seller will not transfer to Buyer any right to initiate the "Good Faith Negotiations" with respect to such existing contract. As a condition of sale, Seller will require Buyer's agreement that Seller, its successor and assigns shall not attempt to invoke or initiate such "Good Faith Negotiations" procedures with respect to such existing contract, and that Buyer shall indemnify Seller for all damages and losses caused by any such attempt. As a further condition of sale, Seller will require Buyer to give its express consent to the renegotiation and/or termination of such existing contract at such time as Seller, its successors and assigns may elect, in their sole discretion, to initiate the "Good Faith Negotiations" procedures with respect to one or more contracts with the pipeline.

KC

Assignee acknowledges and agrees to the following regarding possible gas imbalance on the Property: DG

VOID

a. In the event Assignor is underproduced as to any Well(s) located on the Lands, Assignee agrees not to hold Assignor liable for such underproduction. Assignor, however, hereby assigns to Assignee all of its contractual rights to make up such underproduction.

b. In the event Assignor is overproduced as to any Well(s) located on the Lands, Assignee acknowledges and agrees that its share of gas from any such overproduced Well(s) on the Interests may at some point be curtailed by underproduced working interest owner partners. Assignor shall not be liable to ~~Assignee in the event such curtailment occurs.~~

Buyer warrants that it is acquiring the Property for its own account and not with a view to, or for offer or resale in connection with, a distribution thereof within the meaning of the Securities Act of 1933 and the rules and regulations pertaining to it or a distribution thereof in violation of any applicable securities laws. Buyer is not acting as an undisclosed agent for any other party or parties. Buyer is already actively involved in the business of owning and operating producing oil and gas properties, is knowledgeable about the oil and gas exploration and production business, and is not relying on Seller with regard to any expectations Buyer may have about any future income it may receive from the Property. Buyer has and will conduct its own due diligence review of the Property using knowledgeable personnel of its own choosing.

Unless provided otherwise, all recording references in Exhibit A are to the official real property records of ~~Carbon~~ Eureka KC County, ~~Montana~~ Nevada. KC

This Assignment may be executed in any number of counterparts, and each counterpart hereof shall be deemed to be an original instrument, but all such counterparts shall constitute but one assignment.

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

Executed this 17th day of September, 1992, to be effective for all purposes as of the Effective Time.

ASSIGNOR

BLACKBIRD CO., A COLORADO GENERAL PARTNERSHIP

ATTEST:

Carol Lynn Worthen

Carol Lynn Worthen
Assistant Secretary

SEAL Affixed

BY: AXEM RESOURCES INCORPORATED, A DELAWARE CORPORATION, ATTORNEY-IN-FACT

BY: [signature]
Christopher D. Blair
Vice President-Land

ASSIGNEE

ATTEST:

[signature] Hansen

PETROLEUM CORPORATION OF NEVADA, A NEVADA CORPORATION

BY: [signature]
Kenneth Chattin
Executive Vice President

STATE OF COLORADO)
) SS.
COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 17th day of September, 1992, by **Christopher D. Blair**, Vice President-Land of **AXEM RESOURCES INCORPORATED**, a Delaware Corporation, on behalf of the corporation acting in its capacity as Attorney-in-Fact for **BLACKBIRD CO.**, a Colorado General Partnership.

Witness my hand and official seal.

Catherine Stephens
Notary Public: Catherine Stephens
Address: 7800 E. Union Ave., Suite 1100, Denver, CO 80237-2757

My Commission Expires: 3/94

SEAL Affixed

STATE OF NEVADA)
) SS.
COUNTY OF Elko)

The foregoing instrument was acknowledged before me this 15th day of September, 1992, by Kenneth Chattin of **PETROLEUM CORPORATION OF NEVADA**, a Nevada Corporation on behalf of the corporation.

Witness my hand and official seal.

Veronica G. Eldridge
Notary Public
Address: 285 10th St. Elko, NV 89801

My Commission Expires: ______

VERONICA G. ELDRIDGE
NOTARY PUBLIC - STATE of NEVADA
Elko County - Nevada
APPT. EXP. AUG-6-94

Eureka County, Nevada

EXHIBIT "A"

Attached to and made a part of that certain Assignment and Bill of Sale effective August 1, 1992 by and between **Blackbird Co., a Colorado General Partnership,** Assignor, and **Petroleum Corporation of Nevada, a Nevada Corporation,** Assignee.

Lease No.	Lessor	Lessee	Date	Description	Book	Page
NV-0050	United States of America Lease #N-10613	Merle C. Chambers	11-1-74	<u>Township 27 North, Range 52 East</u> Section 18: E½SW¼ Section 21: N½NE¼, SW¼NE¼, S½SE¼	-	-
NV-0228	United States of America Lease #N-52055	Merle C. Chambers	11-1-74	<u>Township 27 North, Range 52 East</u> Section 7: SE¼ Section 9: N½NW¼, SE¼NW¼, W½SW¼ Section 22: W½SW¼	-	-

BOOK 246 PAGE 468
OFFICIAL RECORDS
RECORDED AT THE REQUEST OF
Kenneth Chatlin
'93 APR -8 P1:03
EUREKA COUNTY, NEVADA
M.N. REBALEATI, RECORDER
FILE NO. FEE $ 10 —

145148

BOOK 246 PAGE 473

pnv.ex