

ASSIGNMENT, BILL OF SALE, DEED,  
AND CONVEYANCE

THIS ASSIGNMENT, BILL OF SALE, DEED, AND CONVEYANCE (this "Assignment"), dated effective for all purposes as of the 20st of December, 1990, at 7:00 a.m. local time (the "Effective Date"), is from FORELAND CORPORATION, a Nevada corporation, 1104 Country Hills Drive, Suite 307, Ogden, Utah 84403 (the "Assignor"), to B & B PRODUCTION CO., A General Partnership, P.O. Box 749, Shelby, Montana 59474 (the "Assignee").

Assignment

FOR TEN DOLLARS and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Assignor, Assignor hereby transfers, grants, conveys, sells, assigns, and quitclaims to Assignee seventy percent (70%) of Assignor's right, title and interest in, to and under the following (all of which are herein called the "Interests"):

A. The entire estates created by the leases, licenses, permits, and other agreements described in exhibit A attached hereto and incorporated herein (the "Leases"), together with the property and rights incident thereto, including all rights in, to, and under all agreements, product purchase and sale contracts, leases, permits, rights-of-way, easements, licenses, farmouts, options, and orders in any way relating thereto, whether now owned or hereafter acquired; and

B. The personal property, fixtures, and improvements on, appurtenant to, or used, held for use, or charged to the Land for the production, treatment, sale, or disposal of hydrocarbons or water produced therefrom, and all other appurtenances thereunto belonging (the "Personal Property").

SUBJECT TO:

A. All interests, burdens, contracts, and agreements described in exhibit A and all interests, burdens, contracts, and agreements of record as of the effective date of that certain Farmout Agreement dated April 27, 1990, by and between Assignor and Assignee.

B. All unpaid ad valorem, property, and similar taxes and assessments based upon or measured by the ownership of property accruing to the Interests prior to the Effective Date, provided, however, that Assignor shall reimburse Assignee for Assignor's share of such taxes and assessments prorated as of the Effective Date.

TO HAVE AND TO HOLD the Interests unto Assignee and its assigns forever.

1. The interests are conveyed to Assignee with SPECIAL WARRANTY OF TITLE by, through, and under Assignor with respect to the Leases and the Land, but not with respect to the Personal Property. Except as expressly provided in the preceding sentence, Assignor makes no other covenants or warranties of any kind, express or implied, WITHOUT LIMITATION OF THE GENERALITY OF THE IMMEDIATELY PRECEDING SENTENCE, ASSIGNOR EXPRESSLY DISCLAIMS AND NEGATES AS TO PERSONAL PROPERTY AND FIXTURES (A) ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY, (B) ANY IMPLIED OR EXPRESS WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, AND (C) ANY IMPLIED OR EXPRESS WARRANTY OF CONFORMITY TO MODELS OR SAMPLES OF MATERIALS. Assignor and Assignee agree that, to the extent required by applicable law to be operative, the disclaimers of certain warranties contained in this paragraph are "conspicuous" disclaimers for the purposes of any applicable law, rule, or order.

2. Assignor also expressly grants and transfers to Assignee, its successors and assigns, with full substitution and subrogation of Assignee, and all persons claiming by, through and under Assignee, 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.

3. Assignee hereby assumes and agrees to pay, perform, and discharge its proportionate share of all obligations relating to lease rentals, royalties, taxes, or other such items attributable to the Interests accruing after the Effective Date.

4. This Assignment shall bind and inure to the benefit of Assignor and Assignee and their respective successors and assigns.

5. Assignor agrees to execute, acknowledge, and deliver to Assignee, as appropriate, separate assignments of the Interests on officially approved forms in sufficient counterparts to satisfy applicable statutory and regulatory requirements. The interests conveyed by such separate assignments are the same as, and not in addition to, the Interests conveyed herein.


6. If Assignee or Assignor elects to release, surrender, let terminate, or abandon all or any part of the Interests, the abandoning party will notify the nonabandoning party not less than 90 days in advance of such release, surrender, termination, or abandonment and, if so requested by nonabandoning party, will immediately transfer, grant, convey, sell, assign, and quitclaim such Interests to Assignor.

7. This Assignment is delivered pursuant to, and made subject to, the terms and provisions of that certain Farmout Agreement dated April 27, 1990, by and between Foreland Corporation and J. R. Bacon Drilling Company, Inc. and it is the express intent of the parties that their respective obligations under the Farmout Agreement shall survive the execution and delivery of this Assignment.

EXECUTED by Assignor on the dated reflected in the acknowledgement of execution, but effective for all purposes as of the Effective Date.

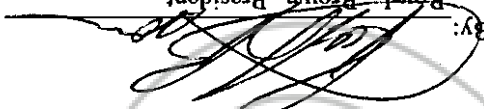
Assignor:

FORELAND CORPORATION,  
a Nevada corporation

By:   
Grant Steele  
President

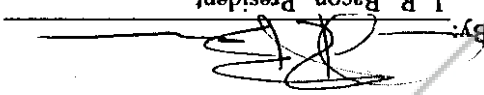
Assignee:

B & B PRODUCTION CO.,  
a General Partnership comprised of:  
RLB Oil Co., a Montana corporation

By:   
Roy L. Brown, President

and

J. R. Bacon Drilling Company, Inc., a Utah corporation

By:   
J. R. Bacon, President

**CORPORATE ACKNOWLEDGEMENT**

STATE OF COLORADO

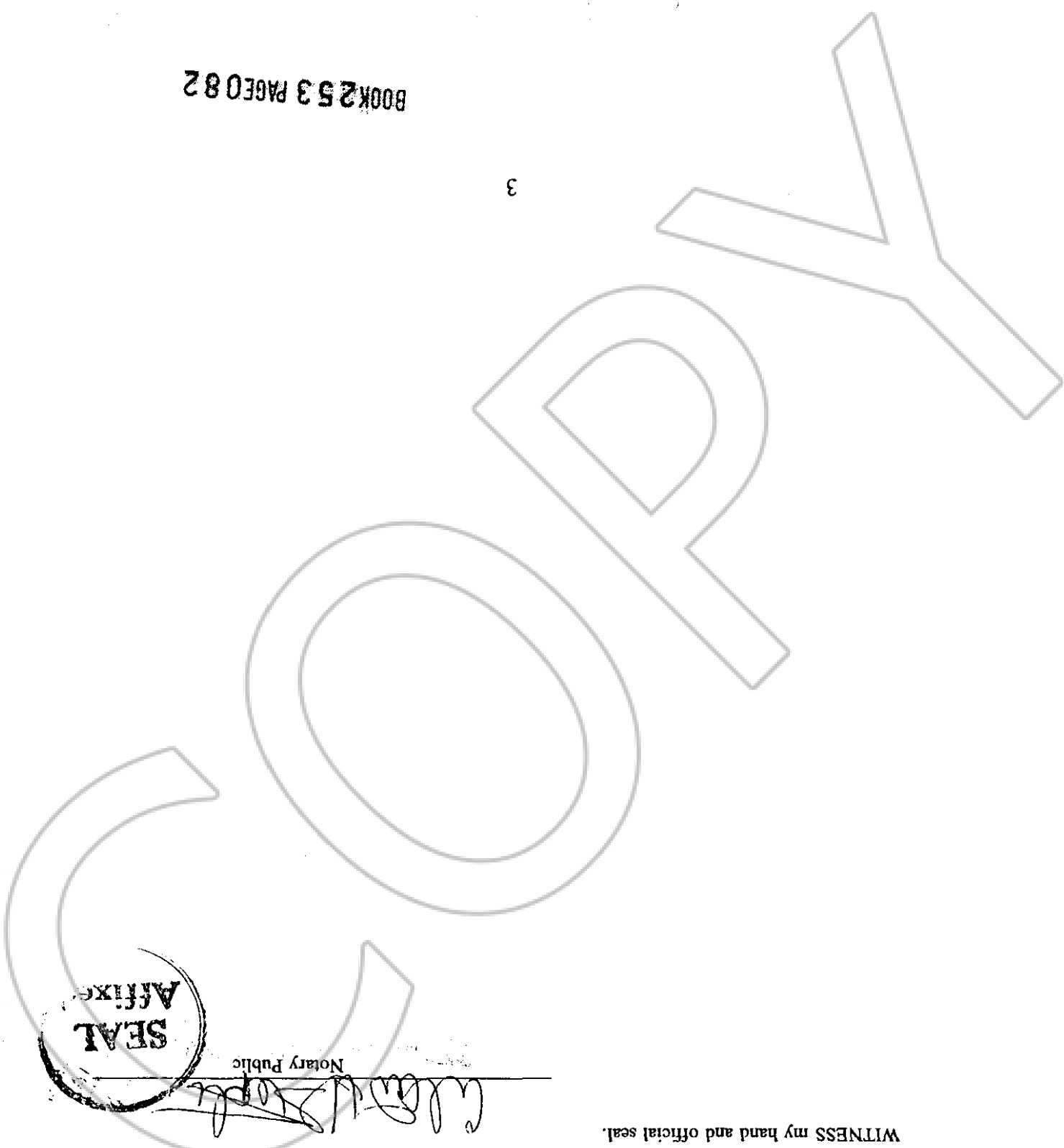
COUNTY OF JEFFERSON

On the 14th day of October 1991 before me, the undersigned Notary Public, personally appeared Grant Steele, personally known to me (or proved to be on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which said person acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public

SEAL  
AFFIXED



**EXHIBIT A**

Oil and Gas Lease dated December 9, 1986, by and between Tomera Ranches, Inc., Stonehouse Division, c/o Thomas J. or Patsy S. Tomera, as Lessors, and Foreland Corporation, as Lessee, recorded in Book 156, page 293 of the Official Records of Eureka County, Nevada, covering the following described lands:

Insofar and only insofar as said Lease covers:

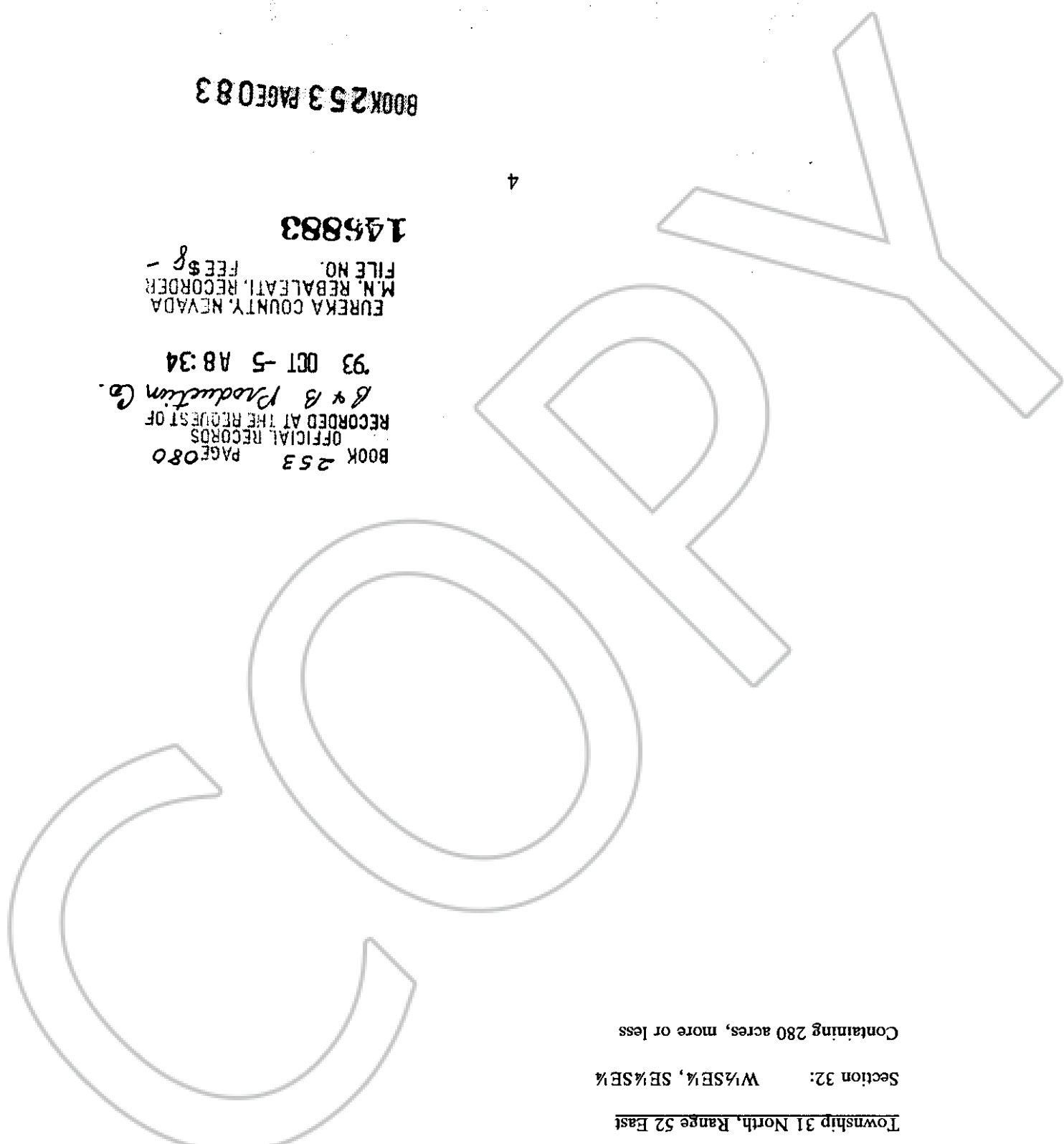
Township 30 North, Range 52 East

Section 5: SE $\frac{1}{4}$

Township 31 North, Range 52 East

Section 32: W $\frac{1}{2}$ SE $\frac{1}{4}$ , SE $\frac{1}{4}$ SE $\frac{1}{4}$

Containing 280 acres, more or less



BOOK 253 PAGE 080  
OFFICIAL RECORDS  
RECORDED AT THE REQUEST OF  
B & B Production Co.  
93 OCT -5 AB:34

EUREKA COUNTY, NEVADA  
M.N. REBAL EATL. RECORDER  
FILE NO. FEE \$8 -

145883

BOOK 253 PAGE 083