

ASSIGNMENT OF OIL AND GAS LEASE

KNOW ALL MEN BY THESE PRESENTS:

That THE GARY-WILLIAMS COMPANY, 370 - 17th Street, Suite 5300, Denver, Colorado 80202 (hereinafter referred to as "Assignor"), for and in consideration of the sum of Ten dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and the mutual covenants herein contained, does hereby grant, bargain, sell, transfer, assign and convey unto YATES PETROLEUM CORPORATION, 105 South Fourth Street, Artesia, New Mexico 88210 (hereinafter referred to as "Assignees"), all of its interest in and to the following Oil and Gas Lease located in Eureka County, Nevada (hereinafter referred to as the Lease), INSO FAR AND ONLY INSO FAR as the Lease pertains to the lands described herein, together with the rights incident thereto and personal property thereon, appurtenant thereto, or used or obtained in connection therewith:

Lease No: 06342
Lessor: State of Nevada, Dept. of Transportation
Highway Agreement No. R470-89-030
Lessee: The Gary-Williams Company
Lease Date: October 31, 1989
Recording Data: Book 206, Page 442
Description: Township 27 North, Range 51 East
Section 13: A portion of the SW/4NE/4 and the E/2NE/4, per plat attached as Exhibit "A" to Lease and recorded in Book 206 at Page 447, and containing 15.014 acres, more or less
Eureka County, Nevada

This Assignment of Oil and Gas Lease is made subject to:

1. All royalties, overriding royalties and other burdens or encumbrances to which the Lease may be subject;
2. Participation Agreement dated July 20, 1989, as amended, by and between The Gary-Williams Company and Yates Petroleum Corporation.
3. Three Bar Federal Unit Agreement and Unit Operating Agreement, effective September 15, 1989.

If the Lease covers less than the entire fee title to oil, gas and casinghead gas in and under the lands therein described, then the interest assigned herein shall be reduced proportionately.

This Assignment is made without warranty of title of any kind, either express or implied. The terms, covenants and conditions hereof shall be binding upon and inure to the benefit of Assignors and Assignees and their respective heirs, successors and assigns; and such terms, covenants and conditions shall be covenants running with the land.

THE GARY-WILLIAMS COMPANY

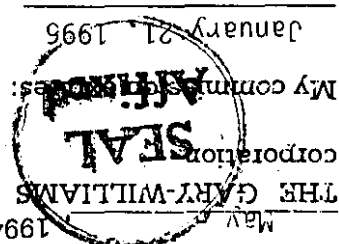
By:

Samuel Gary, Jr.
Attorney-in-fact

STATE OF COLORADO)

COUNTY OF DENVER)
ss:

The foregoing instrument was acknowledged before me this 3rd day of May, 1994 by Samuel Gary, Jr. as Attorney-in-fact for THE GARY-WILLIAMS COMPANY, a Delaware corporation.



Notary Public Joan S. Lucero
c/o 1775 Sherman Street #1925
Denver, CO 80203

COPY

BOOK 269 PAGES 19

152932

EUREKA COUNTY, NEVADA
M.N. REBALANCE RECORDS
FILE NO. *82*

BOOK 269 PAGE 518
OFFICIAL RECORDS
RECORDED AT THE REQUEST OF
Yates Petroleum
94 JUN -8 P2:16

Return to: *Lowrie*
Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210

RECORDED