

ASSIGNMENT OF RIGHT TO APPLY FOR
FEDERAL OIL AND GAS LEASE

This Assignment of Right to Apply for Federal Oil and Gas Lease executed this 1st day of February, 1995, by and between the State of Nevada acting by and through its Department of Transportation, hereinafter called ASSIGNEE, hereinafter called ASSIGNEE,

WITNESSETH:

That, WHEREAS, under and by virtue of the Act of November 9, 1921, (Section 17), ASSIGNEE, by due authorization and approval by the United States Department of the Interior, Bureau of Land Management, is the holder of a right-of-way 200 feet on each side of the centerline for a public road under the application designated as NEVO11316, across the following described Government lands in the County of Eureka, State of Nevada, to wit:

Township 27 North, Range 52 East, M.D.M.
Section 7: Lots 1,2,3,4
Section 7: E 1/2 W 1/2

WHEREAS, under the provisions of that certain enactment known as the Act of May 21, 1930 (30 U.S.C. 310-306) the holder of the right-of-way acquired under any law of the United States is entitled to a preferential right to an oil and gas lease from the United States covering the oil and gas deposits thereunder, which said preferential right is by such enactment made assignable, subject to the approval of the Secretary of the Interior; and

WHEREAS, subject to ASSIGNEE'S said preferential right to an oil and gas lease from the United States covering the said deposits under ASSIGNEE'S said right-of-way for public road, the ASSIGNEE last listed above is the holder of an oil and gas lease from the United States which describes the subdivisions hereinabove set out; and

WHEREAS, subject to the terms and conditions hereinafter set forth, ASSIGNEE is willing to assign its preferential right, as aforesaid, to ASSIGNEE.

NOW, THEREFORE, in consideration of the sum of Ten and more Dollars (\$10.00 and more), in hand paid to ASSIGNEE, the receipt of which is hereby acknowledged, ASSIGNEE does hereby assign, transfer and relinquish unto ASSIGNEE all rights and interests of ASSIGNEE in and to a preferential right to an oil and gas lease from the United States of America covering the oil and gas deposits under ASSIGNEE'S right-of-way for its public road upon the lands herein specifically described, it being the intent and understanding of the ASSIGNEE that this assignment covers only its interest, if any, under the identified Act of May 21, 1930, and does not cover any other right held or claimed by ASSIGNEE with respect to the right-of-way for its public road upon said above described land;

SUBJECT, HOWEVER, to the following terms, conditions and covenants:

1. ASSIGNEE hereby covenants and agrees that any activities and operations which they may conduct, or cause to be conducted, in or about the vicinity of the public road and appurtenances of the ASSIGNEE on the land above described, will be conducted as not to cause subsidence of the surface of the land within or in proximity of said right-of-way or otherwise interfere with, endanger or damage any of the said public road and appurtenances of ASSIGNEE, and so as not to interfere with, endanger or interrupt services furnished by ASSIGNEE.

2. ASSIGNEE agrees to reimburse ASSIGNOR for any expense incurred, as ASSIGNOR may deem necessary, to protect its facilities from hazards arising from or incident to the activities or operation of ASSIGNEE upon or in proximity of said right-of-way, and for any expense incurred by ASSIGNOR.

3. ASSIGNEE agrees to indemnify and save harmless ASSIGNOR from and against any and all claims, losses, damages, liabilities, cost and expenses which ASSIGNOR may sustain or bear, resulting in any manner from the activities or operations of ASSIGNEE upon or in proximity of ASSIGNOR'S said right-of-way or the breach of any of the terms, conditions and covenants contained herein.

4. ASSIGNEE further agrees to repair and make whole, at its own expense, any and all damage caused to the right-of-way owned and controlled by the Department of Transportation by exercise of ASSIGNEE'S exploration, drilling or extraction of oil and gas under its lease.

5. The rights and interests herein assigned, transferred, and relinquished shall only be assigned, transferred and relinquished for such period of time as ASSIGNEE'S presently existing lease N-55479 and N-43430 or any extension or renewal thereof, from the United States to ASSIGNEE covering oil and gas deposits under said land is in effect; it being the intention of the parties hereto that the duration of both the rights and interests assigned herein and the ASSIGNEE'S effective lease shall be co-extensive and that when such lease of ASSIGNEE, including any extension or renewal of same, shall terminate, the herein assigned rights and interests in said right-of-way with respect to such terminated lease shall immediately also terminate; provided, however, that any liabilities of ASSIGNEE to ASSIGNOR then accrued but unsatisfied shall not cease and determine. Upon such termination of any or all of said right and interests, subject to the above provision, they shall thereupon revert unto ASSIGNOR.

It shall be the sole duty and obligation of ASSIGNEE hereunder to obtain the necessary consent or approval of the Secretary of the Interior to this agreement. The terms, provisions and covenants hereof shall extend to and be binding upon the ASSIGNOR, the ASSIGNEE, and their respective successors and assigns.

IN WITNESS WHEREOF the parties hereto have executed this agreement the day and year first above written.

REVIEWED AND RECOMMENDED BY:

John P. ...
Chief Right-of-Way Agent

CENEX, Inc.
(Name of Corporation)

By: *J. R. Keating*
J. R. Keating, Vice President

APPROVED FOR LEGALITY AND FORM:

[Signature]
Deputy Attorney General

STATE OF NEVADA acting by and through its
Department of Transportation:

[Signature]
Director

STATE OF
Montana

County of Yellowstone

On this 11th day of January, 1995, personally appeared before me, the undersigned, a Notary Public in and for the _____, State of _____, J. R. Keating _____, County of Yellowstone _____, State of _____, personally known (or proved) to me to be the person whose name is subscribed to the above instrument and who acknowledged to me that he executed the same freely and voluntarily and for the uses and purposes thereby mentioned.

IN WITNESS WHEREOF I have hereunto set
my hand and affixed my official seal the day
and year in this certificate first above
written.

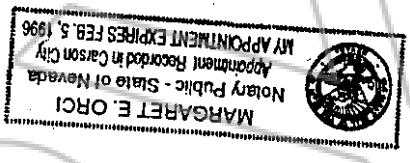
Keith S. Brewer
My commission expires 12-7-95

STATE OF NEVADA
CARSON CITY

On this 1st day of February, 1995, personally appeared before me the undersigned, a Notary Public in and for Carson City, State of Nevada, *Michael ...* personally known (or proved) to me to be the *Director* Director of the Department of Transportation of the State of Nevada who subscribed to the above instrument for the Nevada Department of Transportation under authorization of Nevada Revised Statutes, Chapter 408.205; that he affirms that the seal affixed to said instrument is the seal of said Department; and that said instrument was executed for the Nevada Department of Transportation freely and voluntarily and for the uses and purposes therein mentioned.

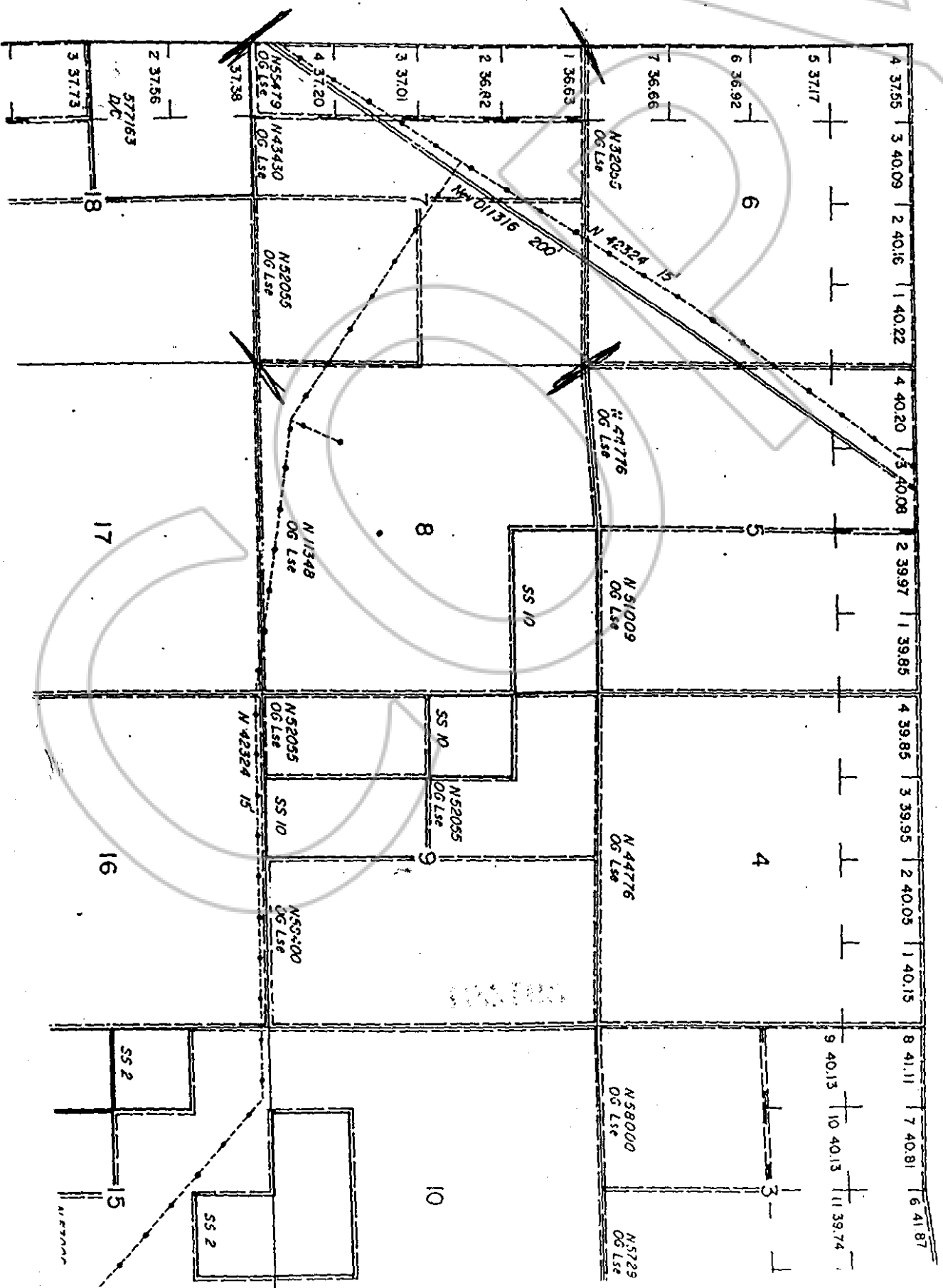
IN WITNESS WHEREOF I have hereunto set
my hand and affixed my official seal the day
and year in this certificate first above
written.

Margaret E. Orci



DOT
030-058
rev. 10/89
LE/95-01

EXHIBIT "B"



COPY

BOOK 281 PAGE 137

BOOK 281 PAGE 133
OFFICIAL RECORDS
RECORDED AT THE REQUEST OF
Shirley Nevada D.O.T.
95 FEB 16 AM 10:06
EUREKA COUNTY NEVADA
M.N. REBALANCE RECORDER
FILE NO. *157162*
FEES *see*