

CONVEYANCE

EQUITABLE RESOURCES ENERGY COMPANY and ERRC NEVADA, INC. (herein collectively called "Grantor"), for Ten Dollars and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), does hereby GRANT, BARGAIN, SELL, CONVEY, ASSIGN, TRANSFER, SET OVER, and DELIVER unto BIG WEST OIL & GAS INC. (herein called "Grantee"), whose address is 333 West Center Street, North Salt Lake, Utah 84054, the following described properties, rights and interests:

- (a) All right, title and interest of Grantor in and to oil, gas and/or mineral leases described on Exhibit A hereto; and
- (b) All right, title and interest of Grantor in and to oil, gas and/or mineral leases described on Exhibit A-1 hereto; and
- (c) All rights, titles and interests of Grantor in and to, or otherwise derived from, all presently existing and valid oil, gas and/or mineral unitization, pooling, and/or community unitization agreements, declarations and/or orders (including, without limitation, all units formed under orders, rules, regulations, or other official acts of any federal, state, or other authority having jurisdiction, and voluntary unitization agreements, designations and/or declarations) relating to the properties described in subparagraphs (a) and (b) above, to the extent and only to the extent such rights, titles and interests are attributable to the properties described in subparagraphs (a) and (b) above; and

- (d) All rights, titles and interests of Grantor in and to all presently existing and valid production sales contracts, operating agreements, and other agreements and contracts which relate to any of the properties described in subparagraphs (a), (b) and (c) above, to the extent and only to the extent such rights, titles and interests are attributable to the properties described in subparagraphs (a), (b) and (c) above; and
- (e) All rights, titles and interests of Grantor in and to all materials, supplies, machinery, equipment, improvements and other personal property and fixtures (including, but not by way of limitation, all wells, wellhead equipment, pumping units, flowlines, tanks, buildings, saltwater disposal facilities, other injection facilities, compression facilities, gathering systems, and other equipment) located on the properties described in subparagraphs (a), (b) and (c) above and used in connection with the exploration, development, operation or maintenance thereof, and in and to water rights, permits, licenses, rights of way, easements, and other rights of surface use used in connection with the exploration, development, operation or maintenance, of the properties described in subparagraphs (a), (b) and (c) above, in each case to the extent and only to the extent such rights, titles and interests are attributable to the properties described in subparagraphs (a), (b) and (c) above; and

- (f) All of rights, titles and interests of Grantor in and to the leasehold estates and mineral rights located in the counties listed on Schedule I attached hereto and made a part hereof (including all reversions, remainders, and claims whatsoever, at law as well as in equity), whether or not specifically or accurately described herein.

The properties, rights and interests specified in the foregoing subparagraphs (a), (b), (c), (d) (e) and (f), exclusive of the properties, rights and interests excluded below, are herein

sometimes collectively called the "Properties", and the properties, rights and interests specified in the foregoing subsection (b), and the rights, properties and interests described in subsection (c) above, to the extent same relate to such properties, rights and interests described in such subsection (b), exclusive of the properties, rights and interests excluded below, are herein sometimes collectively called the "Undeveloped Properties", and the Properties do not include, and there is hereby expressly excepted and excluded therefrom and reserved to Grantor, all rights and choses in action, arising, occurring or existing in favor of Grantor prior to the Effective Date or arising out of the operation of or production from the Properties prior to the Effective Date (including, but not limited to, any and all contract rights, claims, receivable, revenues, recoupment rights, recovery rights, accounting adjustments, mispayments, erroneous payments or other claims of any nature in favor of Grantor and relating and accruing to any time period prior to the Effective Date). There is also excepted and reserved to Grantor the Production Payment provided for below.

**TO HAVE AND TO HOLD the Properties unto Grantee, its successors and assigns,**

forever.

Grantor hereby excepts, and reserves to itself, its successors and assigns, as a

production payment (the "Production Payment"), the Applicable Percentage (below defined) of all oil, gas and other minerals in and under, and that may be produced under and pursuant to, the leases described on Exhibit A-1 between the Effective Date (below defined) and the Termination Date (below defined). As to any lands where Grantor's ownership in a lease is less than the entire undivided interest, the share of production from such lands attributable to the Production Payment will be reduced in the proportion to which Grantor's undivided interest in such lease, insofar as it covers such lands, bears to the entire undivided interest.

The "Applicable Percentage" shall mean (a) for each lease described on Exhibit A-1, or portion thereof, for which the royalties, overriding royalties and similar burdens thereon equal 17.5% or less of the oil, gas and other minerals produced under and pursuant to such lease, a percentage equal to the difference between the percentage of such burdens and 17.5%, (b) for each lease described on Exhibit A-1, or portion thereof, for which the royalties, overriding royalties and similar burdens thereon equal more than 17.5% but less than 20% of the oil, gas and other minerals produced under and pursuant to such lease, the lesser of (i) 2% or (ii) the difference between the percentage of such burdens and 20% and (c) for each lease described on Exhibit A-1, or portion thereof, for which the royalties, overriding royalties and similar burdens thereon equal 20% or more of the oil, gas and other minerals produced under and pursuant to such lease (i) 2% if such lease is denoted by asterisk as being part of Lava

Mountain, McKay Horizontal, Dean Dome Horizontal, West Valley or Wildhorse Pass on Exhibit A-1 and (ii) otherwise, 0%. "Termination Date" shall mean the date on which the aggregate volume of oil and gas produced after the Effective Date from the lands covered by the Undeveloped Properties, and attributable to the Production Payments, totals 3,200,000 barrel of oil equivalents (for the purposes of this determination, a barrel of oil equals one barrel of oil equivalent and an mcf of gas (regardless of btu content) equals one sixth (1/6) of a barrel of oil equivalent).

There are no matters arising by, and attributable through or under Grantor which would cause Grantor's ownership of Properties to be such that, with respect to a well or unit listed on Exhibit B hereto, (A) Grantor is entitled to receive a decimal share of the oil, gas and other

hydrocarbons produced from such unit, or from currently producing completions in such well, which is less than the decimal share set forth on Exhibit B in connection with such well or unit as the "Revenue Interest" or (B) Grantor is obligated to bear a decimal share of the cost of operation of such well (as to such completions) or unit greater than the decimal share set forth on Exhibit B in connection with such well or unit as the "Working Interest" (without at least a proportionate increase in the share of production to which Grantor is entitled to receive). It is understood and agreed that a claim or other matter arising other than by, through or under Grantor, will not result in a breaching of the foregoing representation and warranty. To the extent transferable, Grantor assigns to Grantee, its successors and assigns, the benefit of and the right to enforce all covenants and warranties which Grantor is entitled to enforce with respect to the Properties, including full substitution and subrogation of all prior rights of warranty, and the benefit of and the right to enforce all rights accruing under states of limitation or prescription. The foregoing representation and warranty is personal to Grantee and not assignable.

**EXCEPT AS PROVIDED IN THE PRECEDING PARAGRAPH, AND IN THE P&S AGREEMENT, THIS CONVEYANCE IS MADE WITHOUT WARRANTIES OR REPRESENTATIONS, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, AND GRANTOR EXPRESSLY DISCLAIMS ANY AND ALL REPRESENTATIONS AND WARRANTIES. WITHOUT LIMITATION OF THE FOREGOING, THE PROPERTIES ARE CONVEYED PURSUANT HERETO WITHOUT ANY WARRANTY OR REPRESENTATION WHETHER EXPRESS, IMPLIED, STATUTORY OR OTHERWISE RELATING TO THE CONDITION, QUANTITY, QUALITY, FITNESS FOR A PARTICULAR PURPOSE, CONFORMITY TO THE MODELS OR SAMPLES OF MATERIALS OR MERCHANTABILITY OF ANY EQUIPMENT OR ITS FITNESS FOR ANY PURPOSE.**

This Conveyance is subject to that certain Agreement of Sale and Purchase (The "P&S Agreement") dated July 25, 1997, between Grantor and Grantee.

This Conveyance is being executed in several counterparts all of which are identical except that, to facilitate recordation, where a counterpart hereof is being recorded there may be omitted from Exhibit A and Exhibit A-1 to such counterpart portions of Exhibit A and Exhibit A-1 which describe properties located in jurisdictions other than the jurisdiction in which such counterpart is being recorded. Complete copies hereof including the entire Exhibit A and entire Exhibit A-1 have been retained by Grantor and Grantee. All of such counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF this Conveyance has been executed on August 26, 1997 effective as to runs of oil and deliveries of gas, and for all other purposes, as of 7:00 a.m. local time at the locations of the Subject Properties, respectively, on April 1, 1997 (the "Effective Date").

SCHEDULE I

Colorado Counties

Bent, Cheyenne, Jackson, Moffat, Montezuma and Rio Blanco

Montana Counties

Broadwater, Carbon, Daniels, Dawson, Flathead, Gallatin, Golden Valley, Jefferson, Lake, Lewis & Clark, Lincoln, Missoula, Park, Powder River, Stillwater, Sweet Grass, Toole and Wheatland

Nevada Counties

Eiko, Eureka, Nye, Pershing and White Pine

North Dakota Counties

Dunn, McLean, Mountrail, Stark, Ward and Williams

Utah Counties

Juab, Millard and San Juan

Wyoming Counties

Campbell, Converse, Crook, Fremont, Johnson, Natrona, Niobrara, Park and Weston

20164 00003 OIL&GAS 10917

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EREC NEVADA, INC.

By: *Steven D. Durrett*  
Name: Steven D. Durrett  
Title: Vice President

EQUITABLE RESOURCES ENERGY COMPANY

By: *R. F.*  
Name: Ronald B. Santi  
Title: Attorney-in-Fact

STATE OF MONTANA )  
\_\_\_\_\_) ss  
COUNTY OF YELLOWSTONE ) ss

The foregoing instrument was acknowledged before me this 26 day of August, 1997, by Ronald B. Santi, the Attorney-in-Fact of Equitable Resources Energy Company, a Delaware corporation, on behalf of such corporation.

*D. Gary Kabearv*  
Notary Public in and for the State of Montana  
Printed Name: D. Gary Kabearv  
My Commission Expires: 9-5-2000

STATE OF MONTANA )  
\_\_\_\_\_) ss  
COUNTY OF YELLOWSTONE ) ss

The foregoing instrument was acknowledged before me this 27th day of August, 1997, by Steven D. Durrett, the Vice President of EREC Nevada, Inc., a Nevada corporation, on behalf of such corporation.

*D. Gary Kabearv*  
Notary Public in and for the State of Montana  
Printed Name: D. Gary Kabearv  
My Commission Expires: 9-5-2000

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EXHIBIT "A-1"  
 COMPANY 408 - EXPLORATORY PACKAGE  
 EUREKA COUNTY, NEVADA

LEASE NO.	DATE	LESSOR	TERM	DESCRIPTION	LESSOR'S GROSS/NET	RECORDING	LORI	ORRI
117337L-01	3/01/93	USA #N-56947	10 Yrs.	<u>Township 21 North, Range 49 East</u> Section 30: Lots 1-4, E2, E2W2 Section 31: Lots 1-4, E2, E2W2	1322.64/ 1322.64		12.5000	
117987L-01	2/1/88	USA #N-47626	10 yrs.	<u>Township 27 North, Range 51 East</u> Section 8: All Section 9: All Section 10: All Section 15: All Section 16: All Section 17: All Section 21: All	4480.00/ 4480.00		12.5000	5.00

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COPY

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OFFICIAL RECORDS  
RECORDED AT THE REQUEST OF  
*William J. Ward, Jr.*  
97 SEP 19 PM 3:37  
EUREKA COUNTY NEVADA  
M.H. REDALEATI, RECORDER  
FILE NO. [unclear] FEES 13.00