

ASSIGNMENT OF OVERRIDING ROYALTY INTEREST

STATE OF NEVADA
COUNTIES OF ELKO
AND EUREKA

KNOW ALL MEN BY THESE PRESENTS:

FORELAND CORPORATION, hereinafter referred to as "Assignor", a Nevada corporation, whose principal office is located at 12596 West Bayand, Suite 300, Lakewood, Colorado 80228, is the owner of a working interest in and to the Oil, Gas and Mineral Leases, the "Leases", set out and described on Exhibit "A" hereto, insofar as they cover the described land, the "Lands":

For adequate, mutual and reciprocal consideration, the receipt and sufficiency of which is hereby acknowledged, Assignor hereby assigns and conveys, without warranty of title, express or implied, but free and clear of any liens or burdens, unto **PARKER & PARSELY PRODUCING L.P.**, "Assignee", whose address is P. O. Box 3178, Middland, Texas 79702-3178, an overriding royalty interest in and to the Leases and Land equal to 1.8% of 8/8ths of all oil, gas and other minerals produced from the Lands or otherwise attributable to the Leases, produced, saved or sold, the "Overriding Royalty". The Overriding Royalty shall be paid in the same manner as royalty under the lease to which it is applicable, provided, however, that it shall be free and clear of all costs and expenses, except applicable taxes.

If any of said Leases cover less than the entire fee simple mineral estate in any land described therein, or if Assignor's interest is properly pooled or unitized with other lands or leases, then the overriding royalty interest hereby conveyed to Assignee shall be reduced in the ratio that Assignor's interest bears to the entire fee mineral interest in the properly pooled land. Nothing in this Assignment of Overriding Royalty shall, nor shall it be construed in any manner to, enlarge or diminish the rights of Assignor in and to the Leases or the Land and any reference to pooling or unitization contained in this Assignment is expressly limited and subject to the rights, if any, contained in the Leases.

As a consideration of this Assignment of Overriding Royalty, Assignor hereby agrees to deliver free of cost to Assignee seismic data shot, or acquired by or on behalf of Assignor, its successors or assigns, over or across the Lands.

Assignor shall provide Assignee a license to all seismic data shot across the Lands by or for the benefit of Assignor or to which Assignor has any right or interest, together with reasonable tails, free of any cost to Assignee. Along with such license, Assignor shall provide Assignee copies of raw field tapes, shot point maps clearly marked and indexed to and with the seismic data, as well as the same data in a processed format. In addition, Assignor will provide Assignee with copies of the original interpretive maps upon their completion, whether based upon seismic data, surface or subsurface geology or any combination thereof, applicable to the Lands. The data will be provided to Assignee within forty-five (45) days of its receipt by Assignor. Assignor shall retain sole ownership of any geophysical, or geological data acquired and Assignee agrees, while the Leases to which the data is applicable are in effect, to keep all such data confidential and shall not sell, trade or dispose of, or otherwise make the data available to third parties, without the prior written consent of Assignor; provided, however, that Assignee may, without the consent of Assignor, make the data available in its offices to any party to whom Assignee is attempting to sell the Lands, any prospect on the Lands or any interest therein. In the event the required seismic data is not provided to Assignee within the specified time frame, Assignee shall ipso facto become a full co-owner of said data and will then have full rights to acquire, free of costs to Assignee, sell, or trade the data at its discretion.

If Assignor is restricted from providing Assignee any seismic data, due to restrictions in third party contracts governing same, Assignee will be permitted to view and work said seismic data in Assignor's office. If required by such third party agreement(s), Assignee agrees, if it elects to review the data, to execute a confidentiality agreement substantially the same in form and substance as the one Assignor is subject to prior to reviewing this data. It is understood and agreed by the parties hereto that Assignor does not make any representations or warranties as to the accuracy or reliability of the interpretations of the seismic data which will be provided, or made available to Assignee hereunder, and that interpretations of said data shall be used by Assignee at its sole risk and without any liability whatsoever on the part of Assignor.

Assignor grants to the Assignee a lien in the proportion that the interest in the leased premises covered by any lease bears to the full and undivided 8/8ths of the mineral estate of the leased premises and the same proportionate security interest and/or purchase money security interest in the personal property and fixtures on or used or obtained for use in connection therewith, to secure performance of all of its obligations under this Assignment. Such proportionate lien and security interest granted by Assignor shall include Assignor's leasehold interests, working interests, operating rights, royalty and overriding royalty interests in the leased premises inuring to Assignor under the specific lease, the proportionate share of the oil and gas when extracted therefrom and equipment situated thereon or used or obtained for use in connection therewith (including, without limitation, all wells, tools and tubular goods), and accounts (including, without limitation, accounts arising from gas imbalances or from the sale of oil and/or gas at the wellhead), contract rights, inventory and general intangibles relating hereto or arising therefrom, and all proceeds and products of the foregoing.

Assignor represents and warrants to the Assignee that the lien and security interest granted hereby to the Assignee shall be a first and prior lien and Assignor agrees to maintain the priority of said lien and security interest against all persons acquiring an interest in the leased premises or interests covered by the Leases by, through or under Assignor. Parties acquiring an interest in the Leased Premises or assets covered by the Leases, whether by assignment, merger, mortgage, operation of law, or otherwise, shall be deemed to have taken subject to the lien and security interest

herein granted as to all obligations attributable to such interest hereunder whether or not such obligations arise before or after such interest is acquired,

To the extent that Assignee has a security interest under the Uniform Commercial Code of the state in which the Leased Premises or assets are situated, it shall be entitled to exercise the rights and remedies of a secured party under the Code. The bringing of a suit and the obtaining of judgment by a party for the secured indebtedness shall not be deemed an election of remedies or otherwise affect the lien rights or security interest as security for the payment thereof. In addition, upon default by Assignor in the payment of any sums due Assignee hereunder, the Assignee shall have the right, without prejudice to other rights or remedies, to collect from the purchaser the proceeds from the sale of Assignor's share of oil and gas until the amount owed by Assignor, plus interest has been received, and shall have the right to offset the amount owed against the proceeds from the sale of such defaulting party's share of oil and gas. All purchasers of production may rely on a notification of default from the Assignee stating the amount due as a result of the default, and Assignor waives any recourse available against purchasers for releasing production proceeds as provided in this paragraph.

If Assignor does not perform all of its obligations hereunder, and the failure to perform subjects it to foreclosure or execution proceedings to the extent allowed by governing law, Assignor waives any available right of redemption from and after the date of judgment, any required valuation or appraisal of the mortgaged or secured property prior to sale, any available right to stay execution or to require a marshaling of assets and any required bond in the event a receiver is appointed. In addition, to the extent permitted by applicable law, Assignor hereby grants to the Assignee a power of sale as to any property that is subject to the lien and security rights granted hereunder, such power to be exercised in the manner provided by applicable law or otherwise in a commercially reasonable manner and upon reasonable notice.

Assignor agrees that Assignee shall be entitled to utilize the provisions of oil and gas lien law or other lien law of any state in which the Lands are situated to enforce the obligations of Assignor hereunder. Without limiting the generality of the foregoing, to the extent permitted by applicable law, Assignor may invoke or utilize the mechanics or materialman's lien law of the state in which the leased premises are situated in order to secure the payment to Assignor of any sum due Assignor hereunder.

For the same consideration, Assignor and Assignee hereby acknowledge that the certain Exploration Agreement dated December 1, 1992, entered into by and among Assignor and Assignee, the "1992 Exploration Agreement", has terminated in its entirety, that the herein assigned Overriding Royalty and other obligations of Assignor under the above referenced Seismic Licensing Agreement, fulfill all requirements of Assignor under the 1992 Exploration Agreement and neither party shall have any further right, claim or obligation of any kind whatsoever or for any purpose by, through or under the 1992 Exploration Agreement.

The provisions hereof shall inure to the benefit of and be binding upon the respective heirs, legal representatives, successors and/or assigns of Assignor and Assignee.

IN WITNESS WHEREOF, this Assignment has been duly executed by the parties hereto this 1st day of August, 1997, but is effective as to each lease identified on Exhibit "A" as of the actual date of that lease.

FORELAND CORPORATION
By: [Signature]
Kenneth L. Ransom
Vice President-Exploration

PARKER & PARSLEY PRODUCING L.P.
By: Parker & Parsley, Inc., General Partner

By: [Signature]
W. T. Howard, Senior Vice President

STATE OF COLORADO
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§
§
COUNTY OF Jefferson

This instrument was acknowledged before me this 15th day of September, 1997, by Kenneth L. Ransom, Vice President of Foreland Corporation, a Nevada corporation, on behalf of said corporation.

Don W. Treece
Notary Public, State of Colorado



My Commission Expires 9/8/98

STATE OF TEXAS
§
§
§
COUNTY OF DALLAS

This instrument was acknowledged before me this 15th day of September, 1997, by W. T. Howard, Senior Vice President of Parker & Parsley, Inc., a Delaware corporation, on behalf of said corporation, and as General Partner of said limited partnership.

Pamela L. Hays
Notary Public, State of Texas

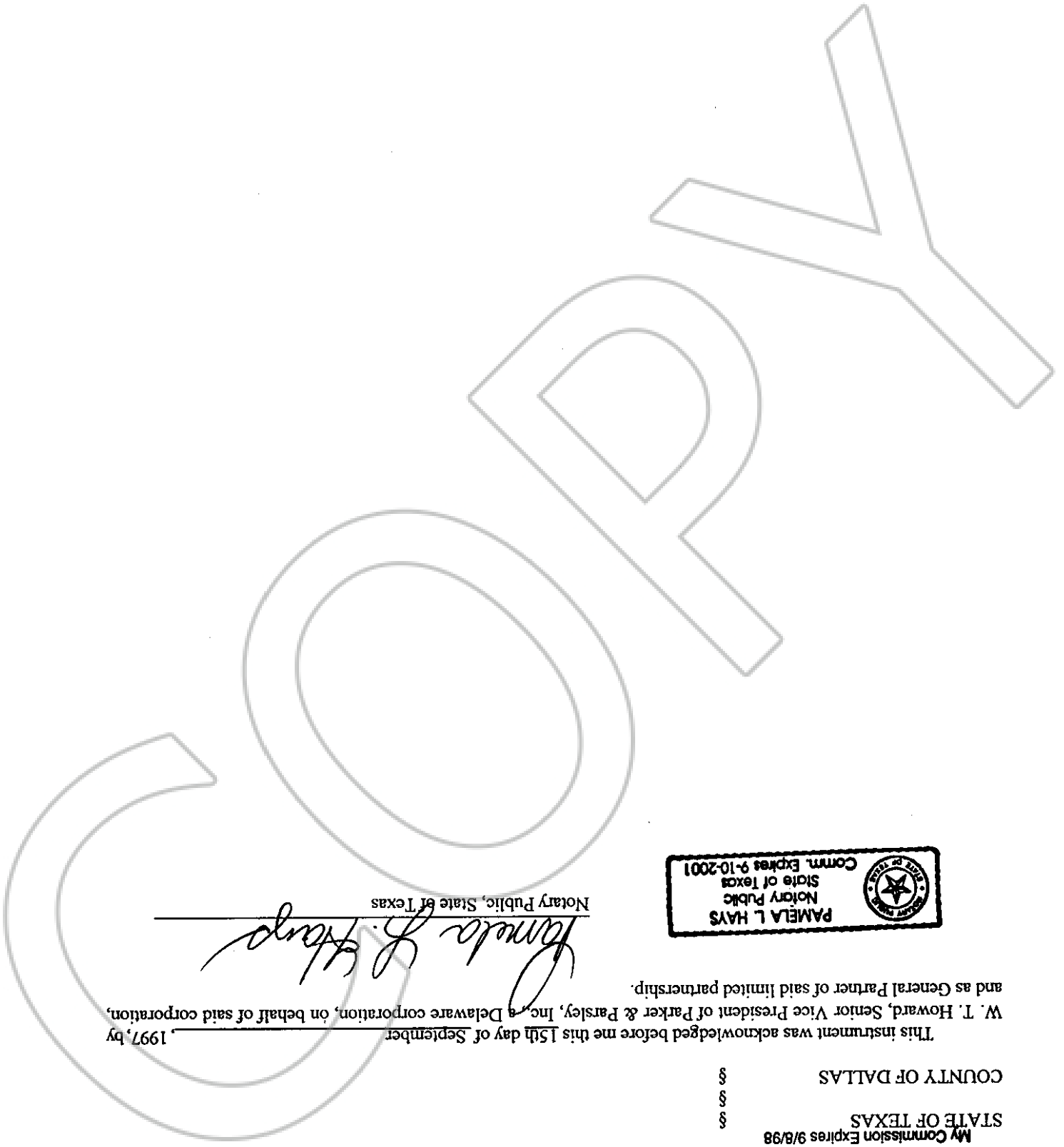
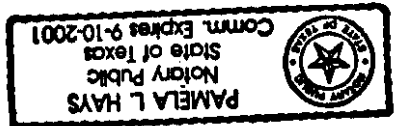


EXHIBIT "A"

Attached to and made a part of that certain Assignment of Overriding Royalty Interest dated August 1, 1997, by and between Foreland Corporation, as Assignor, and Parker & Parsley Producing L.P., as Assignee

LEASE NO. 1:

Lease No:

3877-ML-1

Date:

January 6, 1995

Lessor:

Parker & Parsley Producing L.P.

Lessee:

Foreland Corporation

Recording Data:

Book 885, Page 812

Description:

All of Sections 13, 23, 25 and that portion lying northerly and northwesterly of a line parallel with and 200' northerly and northwesterly of C/L of SPTCO's main tract in Section 35, T-39-N, R-65-E, MDM; all of Sections 17, 19, 29 and 31 (frac), T-39-N, R-66-E, Eiko County, NV

LEASE NO. 2:

Lease No:

3877-SL-1-3

Date:

July 1, 1994

Sublessor:

Parker & Parsley Producing L.P.

Sublessee:

Foreland Corporation

Recording Data:

Book 875, Page 67

Description:

Lots 1 & 2 and S/2 NE/4 of Section 1, T-36-N, R-56-E; SW/4 of Section 23, SW/4 of Section 25, NE/4 of Section 27 and NE/4 of Section 35, T-37-N, R-56-E; SW/4 of Section 5, NE/4 of Section 7, SW/4 of Section 9 and NE/4 of Section 17, T-36-N, R-57-E; Lots 3 & 4 and E/2 SW/4 of Section 31, T-37-N, R-57-E, Eiko County, NV

LEASE NO. 3:

Lease No:

3877-ML-2

Date:

June 1, 1994

Lessor:

Bridge Oil Company, L.P.

Lessee:

Foreland Corporation

Recording Data:

Book 861, Page 759

Description:

Lots 1-4, S/2 N/2 and S/2 of Section 1, Lot 1, SE/4 NE/4, Lot 4, SW/4 NW/4 and W/2 SW/4 of Section 3, Lots 1-4, S/2 N/2 and S/2 of Section 5, all of Section 9, all of Section 11, E/2 NE/4 and SE/4 of Section 15, all of Section 17, Lots 1-4, E/2 of Section 19, all of Section 21, Lot 1, NE/4 NW/4 and N/2 NE/4 of Section 31, T-31-N, R-54-E, MDM, Eiko County, NV

LEASE NO. 4:

Lease No:

3877-ML-3

Date:

July 1, 1994

Lessor:

Parker & Parsley Development L.P.

Lessee:

Foreland Corporation

Recording Data:

Book 875, Page 53

Description:

Lots 1-4, S/2 N/2 and SE/4 of Section 5, N/2 and SE/4 of Section 9, T-36-N, R-57-E, MDM; N/2 and SE/4 of Section 23, N/2 and SE/4 of Section 25, T-37-N, R-56-E, MDM; all of Section 29, Lots 1-2, E/2 NW/4 and E/2 of Section 31, all of Section 33, T-37-N, R-57-E, MDM, Eiko County, NV

LEASE NO. 5:

Lease No:

3877-ML-10

Date:

February 15, 1996

Lessor:

Parker & Parsley Producing L.P.

Lessee:

Foreland Corporation

Recording Data:

Book 996, Page 627

Description:

All of Section 35, T-40-N, R-65-E, MDM; all (frac) of Section 31, T-40-N, R-66-E, MDM; all of Section 1 and all of Section 11, T-39-N, R-65-E, MDM; all of Section 7, T-39-N, R-66-E, MDM, Eiko County, NV

LEASE NO. 6:

Lease No:

3878-ML-5

Date:

December 16, 1996

Lessor:

Parker & Parsley Producing L.P.

Lessee:

Foreland Corporation

Recording Data:

Book 314, Page 626

Description:

Lots 3, 4, S/2 NW/4 and SW/4 of Section 1, all of Section 3 (frac), all of Section 11, Lots 1 and 2, W/2 NE/4 and NW/4 of Section 13, T-28-N, R-51-E; all of Section 23, W/2 of Section 25, all of Section 35, T-29-N, R-51-E; all of Section 19 (frac), T-29-N, R-52-E, Eureka County, NV

LEASE NO. 7:

Lease No:

3877-ML-12

Date:

December 16, 1996

Lessor:
Lessee:
Recording Date:
Description:

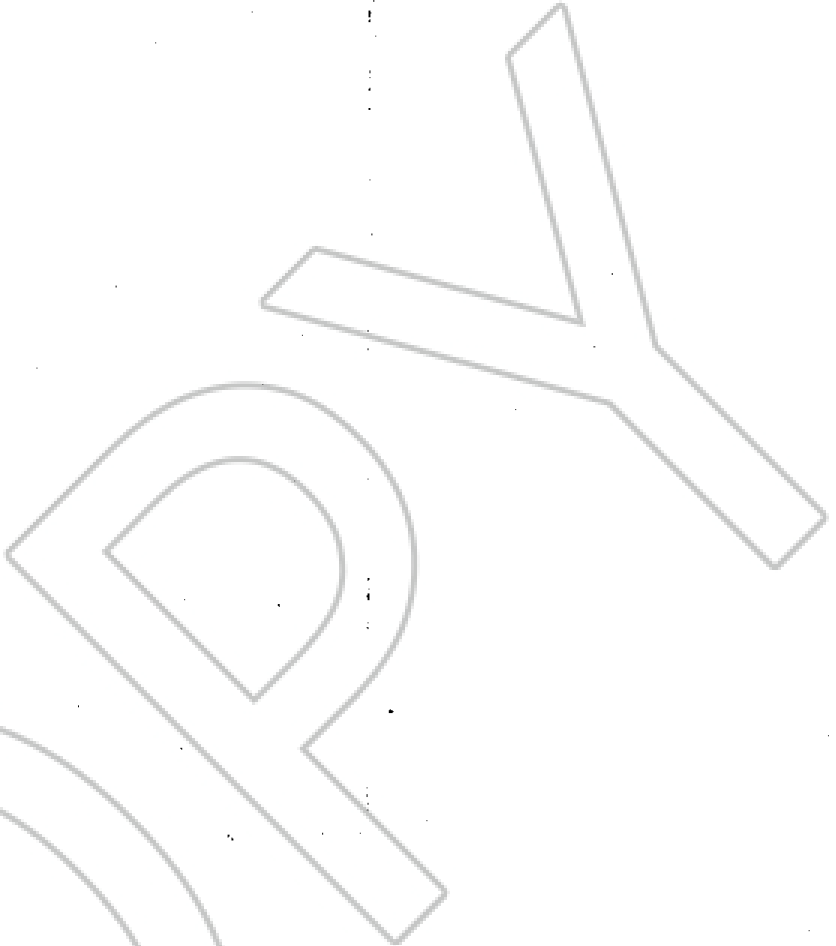
Parker & Parsley Producing L.P.
Foreland Corporation
Book 314, Page 608
All of Section 3, Lots 1, 2, 3, 4 & 5, SW/4 NE/4, S/2 NW/4 of Section 11, T-28-N, R-52-E; Lots 1, 2, S/2 NE/4, SE/4 of Section 3, W/2 of Section 11, Lots 1, 2, 3, and 4, W/2 E/2 of Section 15, W/2 of Section 23, Lots 3, 4, N/2 of Section 27, all of Section 35, T-29-N, R-52-E, Eiko and Eureka Counties, NV

LEASE NO. 8:
Lease No:
Date:
Lessor:
Lessee:
Recording Date:
Description:

3878-ML-4
December 16, 1996
Parker & Parsley Producing L.P.
Foreland Corporation
Book 314, Page 617
All of Section 1 (trac), all of Section 11, all of Section 13, T-29-N, R-51-E; Lots 2, 3 and 4, S/2 NW/4, SW/4 of Section 5, all of Section 7, NW/4 and S/2 of Section 17, T-29-N, R-52-E, all of Section 31 (trac), all of Section 33, except 60.00 acres in the SW/4, T-30-N, R-52-E, Eureka County, NV

LEASE NO. 9:
Lease No:
Date:
Lessor:
Lessee:
Recording Date:
Description:

3878-ML-3
August 1, 1996
Parker & Parsley Producing L.P.
Foreland Corporation
Book 303, Page 242
Lots 1, 2 and 5-7, SW/4 NE/4, W/2 SE/4 of Section 1, T-28-N, R-51-E, MDM; Lots 1-4, S/2 N/2, S/2 of Section 5, Lots 1-4, E/2 W/2, E/2 of Section 7, T-28-N, R-52-E, MDM; E/2 of Section 25, T-29-N, R-51-E, MDM; all of Section 29, Lots 1-4, E/2 W/2, E/2 of Section 31, T-29-N, R-52-E, MDM, Eureka County, NV



BOOK 315 PAGE 288
OFFICIAL RECORDS
RECORDED AT THE REQUEST OF
William G. Johnson
97 NOV - 3 AM 11:53
EUREKA COUNTY, NEVADA
M.H. REBALLETI, RECORDER
FILE NO.
FEES \$11.00
168862