

AGREEMENT AND CONTRIBUTION OF PROPERTIES

This AGREEMENT AND CONTRIBUTION OF PROPERTIES (the "Agreement") is dated as of the Effective Date (defined herein) and is by and among MCNIC Oil & Gas Properties, Inc. (formerly named CoEnergy Rockies, Inc. and successor by merger to CoEnergy Central Exploration, Inc., MGS Development Company, Southwest Gas Supply, Inc., and PetroVentures Exploration, Inc.), a Michigan corporation, whose address is 1360 Post Oak Boulevard, Suite 1500, Houston, Texas 77056 ("MOG Properties"), MCNIC Oil & Gas Company (formerly named Supply Development Group, Inc.), a Michigan corporation, whose address is 1360 Post Oak Boulevard, Suite 1500, Houston, Texas 77056 ("MOG Company"), and Rockies Acquisition Properties, Inc., a Delaware corporation, whose address is 150 W. Jefferson Avenue, Suite 1800, Detroit, Michigan 48226 ("Rockies"). MOG Properties, MOG Company and Rockies shall hereinafter collectively be referred to as "Parties" and individually as a "Party".

WHEREAS, MOG Properties, pursuant to a Written Consent Action of its Board of Directors dated December 1, 1998 (the "MOG Properties Consent"), determined to make a dividend and distribution of the rights, titles and interest to the Assets (as defined herein) to MOG Company, effective as of the Effective Date;

WHEREAS, MOG Company formed Rockies as wholly owned subsidiary, to hold the Assets;

WHEREAS, MOG Company, pursuant to a Written Consent Action of the Board of Directors dated December 1, 1998 (the "MOG Company Consent"), determined to contribute the Assets to Rockies in the form of a capital contribution, effective as of the Effective Date; and

WHEREAS, the Parties desire to evidence the distribution and subsequent capital contribution described above.

NOW, THEREFORE, in furtherance of the foregoing, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

MCNIC Oil & Gas Properties, Inc. hereby distributes, conveys, assigns, transfers and sets over unto MCNIC Oil & Gas Company, as a dividend, the Assets.

MCNIC Oil & Gas Company hereby contributes, conveys, assigns, transfers and sets over unto Rockies Acquisition Properties, Inc., as a capital contribution, the Assets distributed pursuant to paragraph 1.

The following terms shall be defined as follows:

"Assets" means all of the rights, titles and interests of MOG Properties and MOG Company (after the distribution pursuant to paragraph 1) in and to, the Properties, the

Production, the Contracts, the Equipment and the Property Records provided, however, the term "Assets" shall not include those items set forth on Schedule 1 attached hereto and made a part hereof.

"Contracts" means all of the rights, title and interest of MOG Properties and MOG Company (after the distribution pursuant to paragraph 1) in and to the contracts that govern or relate to the ownership or operation of the Leases (including the wells, facilities and equipment associated therewith and the production therefrom) and the Lease Rights, including acreage contribution agreements, assignments, bidding agreements, bottom-hole agreements, contribution agreements, drilling contracts, dry-hole agreements, exploration agreements, development agreements, farm-in and farmout agreements, gas balancing agreements, joint venture agreements, production sales, marketing and/or brokerage contracts, gas processing agreements, operating agreements, participation agreements, service contracts, storage contracts, gathering agreements, transportation agreements, treating contracts, water rights agreements and the unitization, unit operating, communitization and pooling declarations, agreements and orders that create or govern units.

"Equipment" means all equipment, fixtures, facilities, material, inventory and other personal property located on the Properties, or used or held for use in connection with the Properties.

"Leases" means all of the rights, titles and interests and interests of MOG Properties and MOG Company (after the distribution pursuant to paragraph 1) in and to (i) the oil, gas and/or mineral deeds, leases and/or subleases, royalties, overriding royalties, leasehold interests, mineral servitudes, production payments and net profits interests, fee mineral interests, surface estates, fee estates, fee royalty interests and all other rights, privileges and interests in such oil, gas and other minerals (and the production thereof), which are described in Exhibit A hereto or otherwise cover lands located in the Principal Fields, and (ii) the existing wells and wellbores located on lands covered by the Leases (or land pooled or unitized therewith).

"Lease Rights" means all of the rights, titles and interests and interests of MOG Properties and MOG Company (after the distribution pursuant to paragraph 1) in and to the contractual rights to interests in the Leases and in all units in which such Leases are pooled, communitized or unitized, and in any other oil, gas and/or mineral leases or assets arising pursuant to the terms of the agreements and contracts listed on Exhibit A-1 hereto, and any other rights and agreements or contracts affecting or relating to the Leases, or to production from the Leases, whether or not listed on Exhibit A-1, including any tenements, appurtenances, surface leases, easements, permits, licenses, servitudes, franchises or rights of way.

"Principal Fields" means the Antelope Creek Field in Duchesne County, Utah; the Eland Field located in Stark County, North Dakota, the Ferron Field in Carbon and Emery Counties, Utah, the Fuller Reservoir in Fremont County, Wyoming, the Hiline Field located in Stark County, North Dakota, and the Jonah Field.

"Production" means all of the rights, titles and interest of MOG Properties in and to oil, natural gas, condensate, natural gas liquids, and other hydrocarbons or products produced from or attributable to the Leases or the Lease Rights from and after the Effective Date.

"Properties" means, collectively, the Leases and the Lease Rights.

"Property Records" means, collectively, (i) the original lease files, division order files, contract files, title opinions, suspense records, production records, any inventories of equipment and property, well files, maps, surveys, electric logs, seismic records, geological and geophysical data, and all other technical data, all contracts with third parties, together with all other files, documents and records of MOG Properties and MOG Company (after the distribution pursuant to paragraph 1), related to the Assets (to the extent Seller has the right to deliver such documents), other than documents subject to the attorney-client privilege; and (ii) copies of accounting and tax records of MOG Properties and MOG Company (after the distribution pursuant to paragraph 1), pertaining to the Assets. The foregoing specifically shall not include any data or documents which (i) MOG Properties and MOG Company (after the distribution pursuant to paragraph 1), considers to be proprietary or confidential to it and which is not relevant for the ownership or operation of the Assets after the date hereof, (ii) is not related to the Assets, or (iii) which MOG Properties and MOG Company (after the distribution pursuant to paragraph 1), cannot legally provide to a third party without breaching confidentiality agreements (or other agreements with similar effect) with other parties.

**THE CONTRIBUTIONS DESCRIBED HEREIN ARE MADE WITHOUT WARRANTIES OR REPRESENTATIONS OF ANY KIND, ALL REPRESENTATIONS AND WARRANTIES BEING EXPRESSLY DISCLAIMED, EXCEPT THAT MOG PROPERTIES AND MOG COMPANY WARRANT AND AGREE TO DEFEND TITLE TO THE PROPERTIES AGAINST THE LAWFUL CLAIMS AND DEMANDS OF ALL PERSONS CLAIMING THE SAME OR ANY PART THEREOF BY, THROUGH, OR UNDER MOG PROPERTIES OR MOG COMPANY BUT NOT OTHERWISE; SPECIFICALLY IN THIS CONNECTION, BUT WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, ALL EQUIPMENT, OTHER PERSONAL PROPERTY, AND FIXTURES DISTRIBUTED TO MOG COMPANY AND SUBSEQUENTLY CONTRIBUTED TO ROCKIES ARE TRANSFERRED AND CONVEYED ON AN "AS IS" AND "WHERE IS" BASIS, AND MOG PROPERTIES AND MOG COMPANY EXPRESSLY DISCLAIM ANY AND ALL SUCH OTHER REPRESENTATIONS AND WARRANTIES. WITHOUT LIMITATION OF THE FOREGOING, THE ASSETS ARE CONTRIBUTED AND CONVEYED 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 WITHOUT ANY OTHER EXPRESS, IMPLIED, STATUTORY OR OTHER WARRANTY OR REPRESENTATION WHATSOEVER. MOG COMPANY SHALL HAVE INSPECTED,**

OR WAIVED (OR DEEMED TO HAVE WAIVED) ITS RIGHT TO INSPECT, THE ASSETS FOR ALL PURPOSES AND SATISFIED ITSELF AS TO THEIR PHYSICAL AND ENVIRONMENTAL CONDITION, BOTH SURFACE AND SUBSURFACE, INCLUDING BUT NOT LIMITED TO CONDITIONS SPECIFICALLY RELATED TO THE PRESENCE, RELEASE OR DISPOSAL OF HAZARDOUS SUBSTANCES, SOLID WASTES, ASBESTOS OR OTHER MANMADE FIBERS OR NATURALLY OCCURRING RADIOACTIVE MATERIALS ("NORM") IN, ON OR UNDER THE ASSETS. MOG COMPANY AND ROCKIES ARE RELYING SOLELY UPON THEIR OWN INSPECTION OF THE ASSETS, AND MOG COMPANY AND ROCKIES SHALL, EXCEPT AS PROVIDED OTHERWISE HEREIN, ACCEPT ALL OF THE SAME IN THEIR "AS IS, WHERE IS" CONDITION.

The distributions and contributions made pursuant to Paragraphs 1 and 2 are made with full right of substitution and subrogation of Rockies in and to all rights (including rights to indemnification), covenants, agreements, obligations (including indemnity obligations) and warranties of MOG Properties and MOG Company's predecessors in title and with full substitution and subrogation of MOG Properties and MOG Company occurring under any statute of limitation, prescription or other laws and rights of action against MOG Properties or MOG Company's predecessors in title to the fullest extent permitted or allowed by law.

Rockies assumes, and agrees to timely pay and perform, all duties, obligations and liabilities relating to, or otherwise arising in connection with, the ownership and/or operation of the Assets and hereby releases, indemnifies and agrees to hold MOG Properties and MOG Company harmless from and against any and all claims, actions, liabilities, losses, damages, costs or expenses (including court costs and attorneys' fees) of any kind or character arising out of or otherwise relating to the ownership and/or operation of the Assets, whether pertaining or attributable to the period of time, prior to or subsequent to, the Effective Date. In connection with (but not in limitation of) the foregoing, it is specifically understood and agreed that matters arising out of or otherwise relating to the ownership and/or operation of the Assets (which are to be assumed by Rockies) shall include all matters arising out of the condition of the Assets on the Effective Date (including, without limitation, within such matters all obligations to properly plug and abandon, or replug and re-abandon, wells located on the Assets, to restore the surface of the Assets and to comply with, or to bring the Assets into compliance with, applicable environmental laws including all liability and expense for any restoration, clean-up, disposal, or removal that may be incurred as a result of the existence or discovery of hazardous substances or other deleterious substances in, on, or under the Assets, regardless of when the events occurred that give rise to such condition), and the assumptions, and indemnifications by Rockies set forth in this paragraph shall expressly cover and include such matters. **THE ASSUMPTIONS AND INDEMNIFICATIONS SET FORTH IN THIS PARAGRAPH SHALL APPLY WHETHER OR NOT SUCH DUTIES, OBLIGATIONS, OR LIABILITIES, OR SUCH CLAIMS, ACTIONS, CAUSES OF ACTION, LIABILITIES, DAMAGES, LOSSES, COSTS, OR EXPENSES ARISE OUT OF (i) NEGLIGENCE (INCLUDING SOLE NEGLIGENCE, SINGLE NEGLIGENCE, CONCURRENT NEGLIGENCE, ACTIVE OR PASSIVE NEGLIGENCE, BUT EXPRESSLY NOT INCLUDING GROSS**

**NEGLIGENCE OR WILLFUL MISCONDUCT) OF MOG PROPERTIES OR ANY PARTY OR ENTITY AFFILIATED WITH MOG PROPERTIES, OR (ii) STRICT LIABILITY.**

This Agreement may be executed in several counterparts all of which are identical, except that, to facilitate recordation, in certain counterparts hereof, only that portion of Exhibits A and A-1 that contains specific descriptions of Assets located in the recording jurisdiction in which the particular counterpart is to be recorded are included, and other portions of Exhibits A and A-1 are included by reference only. All such counterparts together shall constitute one and the same instrument. Complete copies of this Agreement containing the entire Exhibits A and A-1 have been retained by each Party.

Rockies shall properly execute, acknowledge, and file this instrument for record immediately upon receipt thereof, and will furnish to MOG Properties and MOG Company the recording data promptly after Rockies receives such recorded instrument from the clerk in each county in which this instrument is recorded.

This Agreement shall be effective as of 7 a.m., local time at the location of the Assets, on January 1, 1999 (the "Effective Date").

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

*Remainder of this page intentionally left blank.*

IN WITNESS WHEREOF, this Agreement is executed on the dates shown in the acknowledgment hereto but shall nevertheless be effective on the Effective Date.

**WITNESSES**

**MCNIC OIL & GAS PROPERTIES, INC.**

*Paul F. Boyce*  
Paul F. Boyce

*Tonya L. Jackson*  
Tonya L. Jackson

By: *Kim Sanders*  
Name: Kim Sanders  
Title: Attorney-in-Fact

**MCNIC OIL & GAS COMPANY**

*Paul F. Boyce*  
Paul F. Boyce

*Tonya L. Jackson*  
Tonya L. Jackson

By: *Kim Sanders*  
Name: Kim Sanders  
Title: Attorney-in-Fact

**ROCKIES ACQUISITION PROPERTIES, INC.**

*Anna J. Gunn*

*Janita DeVish*

By: *Kim Sanders*  
Name: *Kim Sanders*  
Title: *A-I-F*

ACKNOWLEDGMENTS

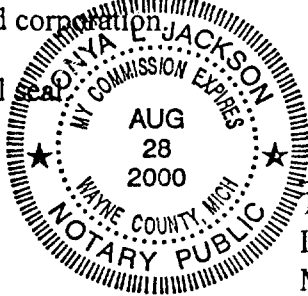
STATE OF MICHIGAN §  
COUNTY OF WAYNE §

The foregoing instrument was acknowledged before me this 15th day of April, 1999, by Kim Sanders, Attorney-in-Fact for MCNIC OIL & GAS PROPERTIES, INC., a Michigan corporation, on behalf of said corporation.

Witness my hand and official seal.

My Commission Expires:

August 28, 2000



Tonya L. Jackson  
Tonya L. Jackson, Notary Public  
In the County of Wayne, State of Michigan

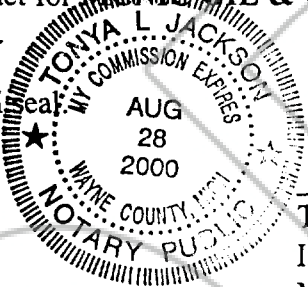
STATE OF MICHIGAN §  
COUNTY OF WAYNE §

The foregoing instrument was acknowledged before me this 15th day of April, 1999, by Kim Sanders, Attorney-in-Fact for MONIC OIL & GAS COMPANY, a Michigan corporation, on behalf of said corporation.

Witness my hand and official seal.

My Commission Expires:

August 28, 2000



Tonya L. Jackson  
Tonya L. Jackson, Notary Public  
In the County of Wayne, State of Michigan

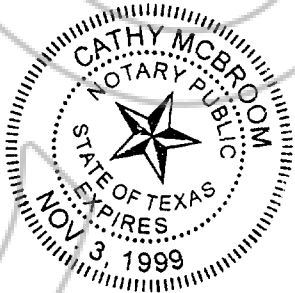
STATE OF Texas §  
COUNTY OF Harris §

The foregoing instrument was acknowledged before me this 21st day of April, 1999, by Kim Sanders, the A-I-E of ROCKIES ACQUISITION PROPERTIES, INC., a Delaware corporation, on behalf of said corporation.

Witness my hand and official seal.

My Commission Expires:

11/3/99



Cathy McBroom  
Cathy McBroom, Notary Public  
In the County of Harris, State of Tx

## SCHEDULE 1

### EXCLUDED ASSETS

1. Drilling obligation, together with the four Required Wells earned from, and defined in, Article 2 of the Exploration Agreement, dated as of 10/1/97, between PRM Partners I, LLC and MOGP ("PRM Agreement")
2. PRM Agreement, together with all obligations thereunder
3. All right, title and interest owned by MOGP in and to the Stadium Lodgepole Unit Area, Stark County, North Dakota as described in the Unit Agreement dated March 1, 1998 ("Stadium Unit Agreement")
4. Stadium Unit Agreement, together with all obligations thereunder
5. Any recovery, proceeds or awards arising from the Presidio Litigation
6. White Eagle Agreements, as set forth on Schedule 6.3(a)(v), and all obligations thereunder, except as otherwise provided in Section 8.4 of this Stock Purchase Agreement.



**EXHIBIT "A"**  
**LEASES**

**COMDISCO**  
**ACQUISITION**

PROSPECT: DIAMOND VALLEY 28-2-510  
LEASE NUMBER: 285114  
LESSOR: USA N-60908  
LESSEE: COENERGY ROCKIES, INC. :  
LEASE DATE: 07/01/1996  
EFFECTIVE DATE: 07/01/1996  
RECORDING DATA: BK 297 PG 310  
State NEVADA  
County EUREKA

DESCRIPTION: Tract 001  
T23N-R54E, MDH  
SEC. 21: ALL  
SEC. 28: ALL  
SEC. 29: ALL

COPY

# EXHIBIT "A-1"

# LEASE RIGHTS

INTENTIONALLY LEFT BLANK

BOOK 327 PAGE 157  
OFFICIAL RECORDS  
RECORDED AT THE REQUEST OF  
*Williams Production Co.*  
99 MAY 10 PM 12:57

EUREKA COUNTY NEVADA  
M.N. REBALEATI, RECORDER  
FILE NO. FEES 17.00

**172217**

BOOK 327 PAGE 167