

174434

WHEN RECORDED, MAIL TO:

Deborah J. Thomas  
Holme Roberts & Owen LLP  
Suite 4100, 1700 Lincoln St.  
Denver, Colorado 80203

**ASSIGNMENT, BILL OF SALE AND CONVEYANCE**

This Assignment, Bill of Sale and Conveyance (this "Assignment"), dated effective as of November 1, 1999 (the "Effective Time"), is from FORELAND CORPORATION, a Nevada corporation and EAGLE SPRINGS PRODUCTION LIMITED-LIABILITY COMPANY (also known as Eagle Springs Production Limited Liability Company), a Nevada limited liability company (collectively "Assignors"), both with an address of 143 Union Boulevard, Suite 210, Lakewood, Colorado, 80228, to DEERFIELD PRODUCTION CORPORATION, a Delaware corporation ("Assignee"), with an address of c/o Associated Energy Managers, 5949 Sherry Lane, Suite 620, Dallas, Texas, 75225.

For \$10.00 and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Assignors, Assignors hereby grant, bargain, sell, assign, transfer and convey to Assignee, and its successors and assigns, the following (all of which are herein called the "Interests":

1. The entire estates or the undivided interests therein as described in Exhibit "A" in and to all of the mineral estates, surface estates, leasehold estates and other estates described in Exhibit "A" and in and to the mineral interests, royalty interests, working interests, operating rights interest, record title interests, overriding royalty interests, production payment interests, net profit interests and other interests described in Exhibit "A" and in and to the leases, licenses, subleases, sublicenses, easements, rights-of-way, farmouts, farmins, minerals agreements, unit agreements, cooperative development agreements, communitization agreements, unit operating agreements, pooling agreements, joint operating agreements and other documents and instruments described in Exhibit "A" and any other estates, property interests and rights covering or relating to all or any part of the land described either in Exhibit "A" or in the leases, licenses, subleases, sublicenses, easements, rights-of-way, agreements and other documents and instruments described in Exhibit "A" (collectively, the "Land"; the term "Land" as used herein includes, without limitation, the land specifically described in Exhibit "A" and all land described in or covered by the leases, licenses, subleases, sublicenses, easements, rights-of-way, agreements and other documents and instruments described in Exhibit "A" whether or not such land is specifically described in Exhibit "A"), together with any and all other right, title and interest of Assignors of whatever kind or character (whether now owned or hereafter acquired by operation of law or otherwise) (which right, title and interest of Assignors shall, for all purposes of this Assignment, be deemed to include, without limitation, any and all right, title and interest now owned or hereafter acquired by Assignors in any amendment, modification, supplement, restatement, extension, renewal or replacement of any of the leases, licenses, subleases,

sublicenses, easements, rights-of-way, agreements and other documents and instruments described in Exhibit "A") in, to and under or that covers, affects or otherwise relates to the Land or the leases, licenses, subleases, sublicenses, easements, rights-of-way, agreements and other documents and instruments described in Exhibit "A" or to any of the estates, property, interests or rights described or referred to above or herein; including, without limitation, the following:

(a) All of Assignors' right, title and interest of whatever kind or character (whether now owned or hereafter acquired by operation of law or otherwise) in, to and under or that covers, affects or otherwise relates to the Land or the leases, licenses, subleases, sublicenses, easements, rights-of-way, agreements and other documents and instruments described in Exhibit "A" or to any of the estates, property, interests or rights described or referred to above or herein, even though Assignors' interest therein may be incorrectly described in, omitted from or not described in Exhibit "A";

(b) All of Assignors' right, title and interest (whether now owned or hereafter acquired by operation of law or otherwise) in, to and under all presently existing and hereafter created oil, gas or mineral unitization, cooperative development, pooling, spacing or communitization agreements, declarations or orders, and in and to the lands and properties covered and the units created thereby (including, without limitation, units formed under orders, rules, regulations or other official acts of any federal, state, tribal, local or other authority having jurisdiction and so called "working interest units" created under operating and similar agreements or otherwise), that cover, affect or otherwise relate to the Land or the leases, licenses, subleases, sublicenses, easements, rights-of-way, agreements and other documents and instruments described in Exhibit "A" or to any of the estates, property, interests or rights described or referred to above or herein;

(c) All of Assignors' right, title and interest (whether now owned or hereafter acquired by operation of law or otherwise) in, to and under all presently existing and hereafter created operating agreements, equipment leases, production sales, purchase, exchange or processing agreements, transportation or gathering agreements, farmout or farmin agreements, disposal agreements, area of mutual interest agreements and other contracts or agreements that cover, affect or otherwise relate to the Land or the leases, licenses, subleases, sublicenses, easements, rights-of-way, agreements and other documents and instruments described in Exhibit "A" or to any of the estates, property, interests or rights described or referred to above or herein or the operations thereon, or the production, treatment, storage, gathering, transportation, handling, processing, manufacturing, sale or marketing of Hydrocarbons (as hereinafter defined) produced therefrom or allocated or attributed thereto, including, without limitation, those contracts and agreements listed in Exhibit "A" as the same may be amended or supplemented from time to time; and

(d) All of Assignors' right, title and interest of whatever kind or character (whether now owned or hereafter acquired by operation of law or otherwise) in, to and under all presently existing or hereafter created easements, servitudes, rights-of-way, surface leases, licenses, permits and other surface rights used, or held for use, in connection with the Land or any of the estates, property, interests or rights described or

referred to above or herein, or the operations thereon, or the production, treatment, storage, gathering, transportation, handling, processing, manufacturing, sale or marketing of Hydrocarbons produced therefrom or allocated or attributed thereto, including, without limitation, the easements and rights-of-way described in Exhibit "A" as same may be amended or supplemented from time to time;

2. All of the oil, gas, drip gasoline, natural gasoline, natural gas liquids, condensate, distillate, casinghead gas and other solid, liquid or gaseous hydrocarbons and other associated or related substances of whatever kind or character and in whatever form or phase (including without limitation, gases produced from coal-bearing formations and strata such as so-called "coal-bed gas" and "coal-bed methane"), and all products, by-products and all other substances derived therefrom or the processing thereof (collectively, "Hydrocarbons") in, on, under or allocated or attributed to any of the estates, property, interests or rights described or referred to above or herein or any other interest of Assignors (whether now owned or hereafter acquired by operation of law or otherwise) in, to and under or that covers, affects or otherwise relates to the Land or to any of the estates, property, interests or rights described or referred to above or herein;

3. All wells (including, without limitation, the wells described in Exhibit "A"), platforms, derricks, casing, tubing, tanks, tank batteries, compressors, condensers, treaters, separators, rods, pumps, pumping units, flow lines, water lines, transportation lines, gathering lines, gas lines, machinery, pipelines, power lines and other goods and equipment, and all of the personal property and fixtures, as defined under applicable state law, now or hereafter located in, on, under, affixed, allocated or attributed to or obtained or used in connection with any of the estates, property, interests or rights described or referred to above or herein or any other interest of Assignors (whether now owned or hereafter acquired by operation of law or otherwise) in, to and under or that covers, affects or otherwise relates to the Land or to any of the estates, property, interests or rights described or referred to above or herein, or that are used, acquired, purchased or otherwise held for the production, treatment, storage, gathering, transportation, handling, processing, manufacturing, sale or marketing of Hydrocarbons, whether located on the Land or other lands;

4. All of the accounts, contract rights and general intangibles now or hereafter arising in connection with the production, treatment, storage, gathering, transportation, handling, processing, manufacturing, sale or marketing of Hydrocarbons produced from or allocated or attributed to any of the estates, property, interests or rights described or referred to above or herein or any other interest of Assignors (whether now owned or hereafter acquired by operation of law or otherwise) in, to or under or that covers, affects or otherwise relates to the Land or to any of the estates, property, interests or rights described or referred to above or herein and all other accounts, contract rights and general intangibles now or hereafter arising in connection with the estates, property, interests or rights described or referred to above or herein;

5. All of the severed and extracted Hydrocarbons produced from or allocated or attributed to any of the estates, property, interests or rights described or referred to above or herein or any other interest of Assignors (whether now owned or hereafter acquired by operation

of law or otherwise) in, to and under or that covers, affects or otherwise relates to the Land or to any of the estates, property, interests or rights described or referred to above or herein;

6. All geological, geophysical, engineering, accounting, legal and other information and all rights therein and thereto in the possession of Assignors or to which Assignors have access or has any rights therein concerning the estates, property, interests or rights described or referred to above or herein, including, without limitation, lease files, abstracts of title, title opinions, geological and geophysical information (unless such geological or geophysical information is restricted as to transfer or use by an existing license or agreement concerning proprietary rights identified in Exhibit "A"), reserve or reservoir studies and well logs, engineering data and reports, production records and all magnetic media and computer data relating to the estates, property, interests or rights described or referred to above or herein;

7. All rights of Assignors to liens and security interests securing payment of proceeds from the sale of production from the estates, property, interests or rights described or referred to above or herein; together with Assignors' interest in any and all renewals and extensions of any of the estates, property, interests or rights described or referred to above or herein, Assignors' interest in all contracts and agreements supplemental to or amendatory of or in substitution for the contracts and agreements described or referred to herein, and any and all additional interests of any kind hereafter acquired by Assignors in and to the estates, property, interests or rights described or referred to above or herein;

8. All renewals, extensions and restatements of, modifications, changes, amendments and supplements to, and substitutions for the estates, property, interests and rights described or referred to in paragraphs 1 through 7 above, and all additions and accessions thereto;

9. All of the rights, privileges, benefits, hereditaments and appurtenances in any way belonging, incidental or appertaining to the estates, property, interests and rights described or referred to in paragraphs 1 through 8 above; and

10. All of the proceeds and products of the estates, property, interests and rights described or referred to in paragraphs 1 through 9 above, including without limitation, condemnation awards and the proceeds of any and all insurance policies (including title insurance policies as well as other types of insurance policies) covering all or any part of said estates, property, interests or rights and, to the extent they may constitute proceeds, instruments, accounts, securities, general intangibles, contract rights and inventory.

To have and to hold the Interests unto Assignee and its successors and assigns forever.

Notwithstanding anything contained herein to the contrary, the oil and gas leases described in paragraph 7 of Part I of Exhibit A and in paragraph 25 of Part II of Exhibit A (the "Excluded Leases"), are excluded from the terms of this Assignment and are not assigned to Assignee pursuant to the terms of this Assignment; and the term "Interests" does not include said leases.



Assignors represent, warrant and agree to and with Assignee, and its successors and assigns as set forth on Exhibit "B."

Assignor also hereby grants and transfers to Assignee, and its successors and assigns, to the extent so transferable, the benefit of and the right to enforce the covenants and warranties, if any, which Assignor is entitled to enforce with respect to the Interests against Assignor's predecessors in title to the Interests.

The references herein to liens, encumbrances, burdens, defects and other matters are for the purpose of defining the nature and extent of Assignor's warranty and shall not be deemed to ratify or create any rights in third parties.

Unless provided otherwise, all recording references in Exhibit A are to the official real property records of the counties in which the Interests are located.

Separate assignments of the Interests may be executed on officially approved forms by Assignor, to Assignee, in sufficient counterparts to satisfy applicable statutory and regulatory requirements. Those assignments shall be deemed to contain all of the exceptions, reservations, warranties, rights, titles, power and privileges set forth herein as fully as though they were set forth in each such assignments. The interests conveyed by such separate assignments are the same, and not in addition to, the Interests conveyed herein.

This Assignment may be executed in any number of counterparts, and each counterpart hereof shall be deemed to be an original instrument, but all such counterparts shall constitute but one assignment. To facilitate recording the counterpart to be recorded in a given county may contain only that portion of Exhibit A that describes property located in that county. Assignors and Assignee have each retained a counterpart of this Assignment with a complete Exhibit A.

Assignors agree to execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such instruments and take such other action as may be necessary or advisable to convey, assign and transfer the Interests to Assignee and to otherwise carry out their obligations under this Assignment. Without limiting the generality of the foregoing, Assignors agree to take all such action as may be necessary or appropriate in the applicable governmental offices and records to fully vest in Assignee all right, title and interest in and to the Interests and assign the Interests on such instruments and forms as may be necessary or appropriate under the laws, rules and regulations of the applicable governmental bodies, authorities and agencies.

This Assignment shall bind Assignors and inure to the benefit of Assignee, and their respective successors and assigns.

Executed as of April 10, 2000, to be effective for all purposes as of the Effective Time.

**ASSIGNORS:**

FORELAND CORPORATION,  
a Nevada corporation

By: Bruce C. Decker *OK*  
Bruce C. Decker, Vice-President

EAGLE SPRINGS PRODUCTION  
LIMITED-LIABILITY COMPANY (also  
known as Eagle Springs Production Limited  
Liability Company), a Nevada limited  
liability company

By: Bruce C. Decker *OK*  
Bruce C. Decker, Manager

**ACKNOWLEDGMENT CERTIFICATES**

STATE OF Nevada )  
 ) ss.  
COUNTY OF Nye )

This instrument was acknowledged before me on April 10, 2000, by BRUCE C. DECKER, Manager of EAGLE SPRINGS PRODUCTION LIMITED-LIABILITY COMPANY (also known as Eagle Springs Production Limited Liability Company), a Nevada limited liability company.

Deanna Klapper  
Notary Public

My commission expires: 8/13/2003

(NOTARIAL SEAL)



STATE OF Nevada )  
 ) ss.  
COUNTY OF Nye )

This instrument was acknowledged before me on April 10, 2000, by BRUCE C. DECKER, as Vice-President of FORELAND CORPORATION, a Nevada corporation.

Deanna Klapper  
Notary Public

My commission expires: 8/13/2003

(NOTARIAL SEAL)



**PREAMBLE TO**

**EXHIBIT "A"**

Attached to and made a part of that certain  
Assignment, Bill of Sale and Conveyance,  
dated effective as of November 1, 1999 (the "Assignment")  
from Foreland Corporation and Eagle Springs Production  
Limited-Liability Company, as Assignors,  
to Deerfield Production Corporation,  
as Assignee

1. Capitalized terms used herein without definition shall have the meaning ascribed thereto in the Assignment.
2. The terms "Working Interest" and "Operating Rights Interest" as used herein with respect to a lease, shall mean the interest in and to the full and entire leasehold estate created under and by virtue of the lease described as to the described lands and formations and arising therefrom, insofar as said interest in said leasehold estate is burdened with the obligation to bear and pay costs of operations, without regard of any valid lessor's royalties, overriding royalties or similar burdens, and without regard to the percent of the mineral estate underlying the lands covered by the lease owned by the lessor(s) of the referenced lease.
3. The term "Net Revenue Interest" as used herein with respect to a lease shall mean the interest in and to applicable production of Hydrocarbons produced, saved and sold from, under or by virtue of the lease described as to the described lands and formations, after giving effect to all valid lessor's royalties, overriding royalties, production payments, carried interests and other burdens or charges against production therefrom.
4. The terms "Working Interest" and "Operating Rights Interest" as used herein with respect to a well, unit, pool or communitized area, shall mean the interest in and to the well or the full and entire unitized, pooled or communitized area created under and by virtue of each of the described unitization, pooling, communitization or similar agreements, and all rights of every kind and character appurtenant thereto, arising therefrom insofar as the said interest in said well or unitized, pooled, communitized or other interest is burdened with the obligation to bear and pay costs of operations, without regard to any valid lessor's royalties, overriding royalties or similar burdens.
5. The term "Net Revenue Interest" as used herein with respect to a well unit, pool or communitized area, shall mean the interest in and to all applicable production of Hydrocarbons produced, saved and sold from, under or by virtue of such well or such unitized, pooled or communitized area.



6. Except for the Excluded Leases, the Assignment covers all right, title and interest of Assignors (whether now owned or hereafter acquired by operation of law or otherwise) in and to the Land specifically described in this Exhibit "A" and the Land described in or covered by the leases, licenses, subleases, sublicenses, easements, rights-of-way, agreements and other documents and instruments described in this Exhibit "A" whether or not such Land is specifically described in this Exhibit "A"; and any references to specific lands, depth limitations, horizons, formations, zones, unit designations, unit tract descriptions and descriptions of undivided leasehold interests, "record title interest," "operating rights interest," "working interest" and "net revenue interest" contained in this Exhibit "A" are for the purposes of defining the nature and extent of Assignors' warranties and shall not be deemed to limit or restrict the interests covered by the Assignment.
7. This Exhibit "A" consists of this Preamble and 34 pages numbered A-1 through A-34.

**EXHIBIT A**

**PART I**

(Nye County, Nevada)

**RAILROAD VALLEY:**

**1. NVN-012321:**

a. Lease: An undivided 100% in the record title and operating rights in and to the leasehold estate created by that certain Offer to Lease and Lease for Oil and Gas No. NVN-012321, dated November 1, 1953, and recorded in Book \_\_\_\_\_ at page \_\_\_\_\_ of the real property records of Nye County, Nevada, from the United States of America, as Lessor, to W. Argyle Nelson, as Lessee, which Lease covers the Lands described below.

b. Lands: T. 9 N., R. 57 E., M.D.M.  
Section 35: W/2NE/4, E/2NW/4, N/2SW/4.

c. Burdens:

The foregoing are subject only to the following:

- i. The landowner's royalty of 1/8th as reserved in the Lease.
- ii. Overriding royalty interests totaling 7.50%.

d. Wells:

The wells that are currently located on the Lands described above are as follows:

Producing wells:

|               |       |
|---------------|-------|
| Eagle Springs | 64-35 |
| Eagle Springs | 1-35  |
| Eagle Springs | 15-35 |
| Eagle Springs | 35-35 |
| Eagle Springs | 54-35 |
| Eagle Springs | 62-35 |
| Eagle Springs | 73-35 |

Proved undeveloped wells:

|               |       |
|---------------|-------|
| Eagle Springs | 13-35 |
| Eagle Springs | 14-35 |
| Eagle Springs | 44-35 |
| Eagle Springs | 52-35 |

e. Interests:

The foregoing entitles Assignee to the following interests in the Lease and the Lands described above and all wells now or hereafter located thereon:

|                            |              |
|----------------------------|--------------|
| Record Title Interest:     | 100.0000000% |
| Operating Rights Interest: | 100.0000000% |
| Net Revenue Interest:      | 80.0000000%  |

2. NVN-42341:

- a. Lease: An undivided 100% record title interest in and to the leasehold estate created by that certain Offer to Lease and Lease for Oil and Gas No. NVN-42341, dated November 1, 1953, and recorded in Book B-1 at page 424 of the real property records of Nye County, Nevada, from the United States of America, as Lessor, to Draycutt Corporation, as Lessee, insofar as said Lease covers the Lands described below; together with the operating rights in said leasehold estate set forth under each Tract of land described below, and the overriding royalty interests of 8/8ths of all oil, gas and related hydrocarbons produced from each Tract described below pursuant to said Lease.

- b. Lands: Tract A: T. 8 N., R. 57 E., M.D.M.  
Section 2: Lots 1, 2, 3 and 4, S/2N/2.

|                              |            |
|------------------------------|------------|
| Operating Rights Interest:   | 21.825000% |
| Overriding Royalty Interest: | 3.441875%  |

Tract B: T. 8 N., R. 57 E., M.D.M.  
Section 1: Lots 1, 2, 3 and 4, S/2N/2, SE/4.

|                              |            |
|------------------------------|------------|
| Operating Rights Interest:   | 44.312500% |
| Overriding Royalty Interest: | 3.000000%  |

Tract C: T. 9 N., R. 57 E., M.D.M.  
Section 22: S/2;  
Section 28: NE/4NE/4, S/2NE/4, SE/4;  
Section 33: NE/4.

|                            |             |
|----------------------------|-------------|
| Operating Rights Interest: | 100.000000% |
|----------------------------|-------------|

Overriding Royalty Interest: 3.000000%

Tract D: T. 9 N., R. 57 E., M.D.M.  
Section 34: NW/4, W/2NE/4, NE/4NE/4.

Operating Rights Interest: 100.000000%  
Overriding Royalty Interest: 3.000000%

Tract E: T. 9 N., R. 57 E., M.D.M.  
Section 34: SE/4NE/4;  
Section 35: E/2NE/4, N/2N/2SE/4;  
Section 36: NW/4, N/2N/2SW/4.

Operating Rights Interest: 100.000000%  
Overriding Royalty Interest: 3.000000%

Tract F: T. 9 N., R. 57 E., M.D.M.  
Section 35: S/2SW/4.

Operating Rights Interest: 100.000000%  
Overriding Royalty Interest (all depths): 3.000000%

Tract G: T. 9 N., R. 57 E., M.D.M.  
Section 35: S/2SE/4, S/2N/2SE/4;  
Section 36: SW/4SW/4, S/2NW/4SW/4.

Operating Rights Interest : 100.000000%  
Overriding Royalty Interest (all depths): 3.000000%

Tract H: T. 9 N., R. 57 E., M.D.M.  
Section 36: SE/4SW/4, S/2NE/4SW/4.

Operating Rights Interest: 100.000000%  
Overriding Royalty Interest (all depths): 3.000000%

Tract I: T. 9 N., R. 57 E., M.D.M.  
Section 36: S/2SE/4, S/2N/2SE/4.

Operating Rights Interest: 100.000000%  
Overriding Royalty Interest (all depths): 3.000000%

Tract J: T. 9 N., R. 57 E., M.D.M.  
Section 36: N/2N/2SE/4.

Operating Rights Interest: 100.000000%  
Overriding Royalty Interest: 3.000000%

c. Burdens:

The foregoing are subject only to the following:

- i. A proportionate part (based on operating rights) of the landowner's royalty interest of 1/8th as reserved in the Lease with respect to all lands and the wells located thereon other than the Kate Springs No. 12-2 well which has a landowner's royalty of 3.9%.
- ii. A proportionate part (based on operating rights ) of overriding royalty interests in Tract A totaling 5.365118%.
- iii. A proportionate part (based on operating rights) of overriding royalty interests in Tract B totaling 7.500000%.
- iv. Overriding royalty interests in Tract D totaling 7.500000%.
- v. Overriding royalty interests in Tracts C, E, F, G and H totaling 5.500000%.
- vi. Overriding royalty interests in Tracts I and J totaling 5.000000%.
- vii. The entire burden of overriding royalty interests in Tracts A, B, C, D, E, F, G, H, I and J totaling 2.00% of 8/8ths.
- viii. Joint Operating Agreement, dated February 17, 1998, among Apache Corporation, as Operator, and Exxon Corporation, Roemer Oil Company, E.J. Hudson, Jr., Draycutt Corporation, Samuel G. Thompson and John F. Sheridan, as Non-Operators covering Tract A.

d. Wells:

The wells that are currently located on the Lands described above are as follows:

Producing wells:

Tract A:

Kate Springs                      12-2

Tract E:

Eagle Springs                      1-34



|               |       |
|---------------|-------|
| Eagle Springs | 55-35 |
| Eagle Springs | 74-35 |
| Eagle Springs | 82-35 |
| Eagle Springs | 83-35 |
| Eagle Springs | 84-35 |
| Eagle Springs | 13-36 |
| Eagle Springs | 23-36 |
| Eagle Springs | 24-36 |
| Eagle Springs | 43-36 |
| Eagle Springs | 45-36 |

Tract F (Above 6,000'):

|             |       |
|-------------|-------|
| Ghost Ranch | 38-35 |
| Ghost Ranch | 47-35 |
| Ghost Ranch | 48-35 |

Tract J:

|               |      |
|---------------|------|
| Eagle Springs | 1-36 |
| Eagle Springs | 2-36 |
| Eagle Springs | 4-36 |
| Eagle Springs | 5-36 |

Proved undeveloped wells:

Tract E:

|               |       |
|---------------|-------|
| Eagle Springs | 72-35 |
| Eagle Springs | 12-36 |
| Eagle Springs | 14-36 |
| Eagle Springs | 22-36 |
| Eagle Springs | 33-36 |
| Eagle Springs | 34-36 |
| Eagle Springs | 42-36 |

Tract J:

|               |       |
|---------------|-------|
| Eagle Springs | 53-36 |
| Eagle Springs | 62-36 |

e. Interests:

The foregoing entitles Assignee to the following interests in the Lease and the Lands described above and all wells now or hereafter located thereon:

Tract A:

|                              |  |
|------------------------------|--|
| Operating Rights Interest:   | 21.825000%   |
| Net Revenue Interest:        | 17.802888% (as to Kate Springs No. 12-2 well only)                           |
|                              | 15.925938% (as to all wells and lands other than Kate Springs No. 12-2 well) |
| Overriding Royalty Interest: | 3.441875%  |

Tract B:

|                              |            |
|------------------------------|------------|
| Operating Rights Interest:   | 44.312500% |
| Net Revenue Interest:        | 33.450000% |
| Overriding Royalty Interest: | 3.000000%  |

Tract C:

|                              |             |
|------------------------------|-------------|
| Operating Rights Interest:   | 100.000000% |
| Net Revenue Interest:        | 80.000000%  |
| Overriding Royalty Interest: | 3.000000%   |

Tract D:

|                              |             |
|------------------------------|-------------|
| Operating Rights Interest:   | 100.000000% |
| Net Revenue Interest:        | 78.000000%  |
| Overriding Royalty Interest: | 3.000000%   |

Tract E:

|                              |             |
|------------------------------|-------------|
| Operating Rights Interest:   | 100.000000% |
| Net Revenue Interest:        | 80.000000%  |
| Overriding Royalty Interest: | 3.000000%   |

Tract F:

|                              |             |
|------------------------------|-------------|
| Operating Rights Interest:   | 100.000000% |
| Net Revenue Interest:        | 80.000000%  |
| Overriding Royalty Interest: | 3.000000%   |

Tract G:

Operating Rights Interest: 100.000000%  
Net Revenue Interest: 80.000000%  
Overriding Royalty Interest: 3.000000%

Tract H:

Operating Rights Interest: 100.000000%  
Net Revenue Interest: 80.000000%  
Overriding Royalty Interest: 3.000000%

Tract I:

Operating Rights Interest: 100.000000%  
Net Revenue Interest: 80.500000%  
Overriding Royalty Interest: 3.000000%

Tract J:

Operating Rights Interest: 100.000000%  
Net Revenue Interest: 80.500000%  
Overriding Royalty Interest: 3.000000%

3. N-61535:

- a. Lease: An undivided 100% interest in the record title and operating rights in and to the leasehold estate created by that certain Offer to Lease and Lease for Oil and Gas No. N-61535, dated April 1, 1997, and recorded in Book \_\_\_\_ at page \_\_\_\_ of the real property records of Nye County, Nevada, from the United States of America, as Lessor, to Foreland Corporation, as Lessee, which Lease covers the Lands described below.

- b. Lands: T. 9 N., R. 57 E., M.D.M.
- Section 16: SW/4,  
W/2SE/4;  
Section 17: NW/4SE/4,  
SW/4SW/4;  
Section 20: N/2;  
Section 21: SW/4,  
NW/4SE/4;  
Section 28: NW/4NE/4,  
W/2;  
Section 29: NE/4,  
NE/4NW/4;

Section 30: NE/4NE/4,  
S/2NE/4.

c. Burdens:

The foregoing are subject only to the following:

- i. The landowner's royalty of 1/8th as reserved in the Lease.
- ii. An overriding royalty interest of 1.00%.

d. Wells:

The wells that are currently located on the Lands described above are as follows:

None.

e. Interests:

The foregoing entitles Assignee to the following interests in the Lease and the Lands described above and all wells now or hereafter located thereon:

|                            |             |
|----------------------------|-------------|
| Record Title Interest:     | 100.000000% |
| Operating Rights Interest: | 100.000000% |
| Net Revenue Interest:      | 86.500000%  |

4. N-61536:

- a. Lease: An undivided 100% interest in the record title and operating rights in and to the leasehold estate created by that certain Offer to Lease and Lease for Oil and Gas No. N-61536, dated April 1, 1997, and recorded in Book \_\_\_\_ at page \_\_\_\_ of the real property records of Nye County, Nevada, from the United States of America, as Lessor, to Foreland Corporation, as Lessee, which Lease covers the Lands described below.

- b. Lands: T. 9 N., R. 57 E., M.D.M.

Section 22: N/2;  
Section 25: SW/4SW/4;  
Section 26: NW/4SW/4,  
S/2S/2;  
Section 27: All;  
Section 34: SE/4;  
Section 35: W/2NW/4;  
Section 36: SE/4NE/4.

c. Burdens:

The foregoing are subject only to the following:

- i. The landowner's royalty of 1/8th as reserved in the Lease.
- ii. Overriding royalty interests totaling 2.00%.

d. Wells:

The wells that are currently located on the Lands described above are as follows:

None.

e. Interests:

The foregoing entitles Assignee to the following interests in the Lease and the Lands described above and all wells now or hereafter located thereon:

|                            |             |
|----------------------------|-------------|
| Record Title Interest:     | 100.000000% |
| Operating Rights Interest: | 100.000000% |
| Net Revenue Interest:      | 85.500000%  |

5. NVN-63084:

- a. Lease: An undivided 100% interest in the record title and operating rights in and to the leasehold estate created by that certain Offer to Lease and Lease for Oil and Gas No. NVN-63084, dated January 1, 1998, and recorded in Book \_\_\_\_ at page \_\_\_\_ of the real property records of Nye County, Nevada, from the United States of America, as Lessor, to Foreland Corporation, as Lessee, which Lease covers the Lands described below.

- b. Lands: T. 9 N., R. 57 E., M.D.M.

Section 14: S/2SW/4;  
Section 15: S/2SE/4;  
Section 23: N/2.

c. Burdens:

The foregoing is subject only to the following:

- i. The landowner's royalty of 1/8th as reserved in the Lease
- ii. Overriding royalty interests totaling 1.00%



d. Wells:

The wells that re currently located on the Lands described above are as follows:

None.

e. Interests:

The foregoing entitles Assignee to the following interests in the Lease and the Lands described above and all wells now or hereafter located thereon:

|                             |             |
|-----------------------------|-------------|
| Record Title Interests:     | 100.000000% |
| Operating Rights Interests: | 100.000000% |
| Net Revenue Interests:      | 86.500000%  |

6. Other Railroad Valley Interests:

For the purposes of the Assignment, the "Land" includes all lands within T. 8 N., R. 57 E., M.D.M. and T. 9 N., R. 57 E., M.D.M. in Nye County, Nevada; and, except for the Excluded Lease described below in paragraph 7 of this Part I of Exhibit A, the Assignment covers all property, interests and rights of whatever kind or character (whether now owned or hereafter acquired by operation of law or otherwise) in, to and under or that covers or affects or otherwise relates to such lands and leases covering such lands.

7. Excluded Lands and Leases:

Notwithstanding anything to the contrary contained in this Exhibit "A" or the Assignment, the following Excluded Lease is excluded from the terms of Assignment and is not conveyed by Assignors to Assignee:

Offer to Lease and Lease for Oil and Gas No. N-61533, dated April 1, 1997, and recorded in Book \_\_\_\_ at page \_\_\_\_ of the real property records of Nye County, Nevada, from the United States of America, as Lessor, to Foreland Corporation, as Lessee, which Lease covers the SE/4SW/4 and W/2SE/4 of Section 7; the SW/4NE/4 and S/2NW/4 of Section 8; and the SE/4NE/4 and SW/4NW/4 of Section 9; all in T. 9 N., R. 57 E., M.D.M.

## PART II

(Eureka and Elko Counties, Nevada)

### PINE VALLEY:

1. F 002-25:

- a. Lease: An undivided 56.25% interest in and to the leasehold estate created by that certain Oil and Gas Lease, dated August 1, 1996, and recorded in Book 303 at page 242 of the real property records of Eureka County, Nevada, from Parker & Parsley Producing L.P., as Lessor, to Foreland Corporation, as Lessee, insofar as said Lease covers the Lands described below.
- b. Lands: T. 29 N., R. 51 E., M.D.M.  
Section 25: E/2;  
T. 29 N., R. 52 E., M.D.M.  
Section 29: All;  
Section 31: Lots 1, 2, 3 and 4, E/2W/2, E/2;  
T. 28 N., R. 52 E., M.D.M.  
Section 5: Lots 1, 2, 3 and 4, S/2N/2, S/2;  
Section 7: Lots 1, 2, 3 and 4, E/2W/2, E/2.
- c. Burdens:  
The foregoing are subject only to the following:  
i. A proportionate part of the landowner's royalty interest of 1/7th as reserved in the Lease.  
ii. A proportionate part of an overriding royalty interest of 1.80%; together with the entire burden of overriding royalty interests totaling 1.50% of 8/8ths.
- d. Wells:  
Wells currently located on the Lands described above:  
None.

e. Interests:

The foregoing entitles Assignee to the following interests in the Lease and the Lands described above and all wells now or hereafter located thereon:

|                       |            |
|-----------------------|------------|
| Working Interest:     | 56.250000% |
| Net Revenue Interest: | 45.701780% |

2. N-42863:

a. Lease: An undivided 100% interest in the record title and an undivided 56.25% interest in the operating rights in and to the leasehold estate created by that certain Offer to Lease and Lease for Oil and Gas No. NVN-42863, dated March 1, 1986, and recorded in Book \_\_\_\_ at page \_\_\_\_ of the real property records of Eureka County, Nevada, from the United States of America, as Lessor, to Leonard Luning, as Lessee, insofar as said Lease covers the Lands described below.

b. Lands: T. 29 N., R. 51 E., M.D.M.

Section 36: E/2.

c. Burdens:

The foregoing are subject only to the following:

- i. A proportionate part of the landowner's royalty interest of 1/8th as reserved in the Lease.
- ii. A proportionate part of overriding royalty interests totaling 4.00%; together with the entire burden of overriding royalty interests totaling 1.50% of 8/8ths.

d. Wells:

The wells that are currently located on the Lands described above are as follows:

None.

e. Interests:

The foregoing entitles Assignee to the following interests in the Lease and the Lands described above and all wells now or hereafter located thereon:

|                            |             |
|----------------------------|-------------|
| Record Title Interest      | 100.000000% |
| Operating Rights Interest: | 56.250000%  |

Net Revenue Interest: 45.468750%

3. 002-023A:

a. Lease: An undivided 100% interest in and to the leasehold estate created by that certain Oil and Gas Lease, dated August 28, 1996, and recorded in Book 301 at page 323 of the real property records of Eureka County, Nevada, from Jerry Merrick, also known as Jerry Allen Merrick, and Anita O. Merrick, husband and wife, as Lessor, to Foreland Corporation, as Lessee, which Lease covers the Lands described below.

b. Lands: T. 28 N., R. 52 E., M.D.M.

Section 9: S/2SW/4, S/2SE/4;  
Section 10: SE/4NW/4, SE/4NE/4, NE/4SW/4,  
SW/4SW/4, NW/4SE/4;  
Section 14: S/2NW/4;  
Section 15: N/2NW/4, SE4NW/4, S/2NE4.

c. Burdens:

The foregoing are subject only to the following:

- i. The landowner's royalty interest of 1/8th as reserved in the Lease.
- ii. Overriding royalty interests totaling 1.50%.

d. Wells:

The wells that are currently located on the Lands described above are as follows:

None.

e. Interests:

The foregoing entitles Assignee to the following interests in the Lease and the Lands described above and all wells now or hereafter located thereon:

Working Interest: 100.000000%  
Net Revenue Interest: 86.000000%

4. **002-023B:**

a. Lease: An undivided 100% interest in and to the leasehold estate created by that certain Oil and Gas Lease, dated August 28, 1996, and recorded in Book 301 at page 325, of the real property records of Eureka County, Nevada, from Elsie Merrick, a widow and devisee under the last will and testament of Raymond Ballard Merrick, as Lessor, to Foreland Corporation, as Lessee, which Lease covers the Lands described below.

b. Lands: T. 28 N., R. 52 E., M.D.M.

Section 9: S/2SW/4, S2/SE/4;

Section 10: SE/4NW/4, SE/4NE/4, NE/4SW/4,  
SW/4SW/4, NW/4SE/14;

Section 14: S/2NW/4;

Section 15: N/2NW/4, SE/4NW/4, S/2NE/4.

c. Burdens:

The foregoing are subject only to the following:

i. The landowner's royalty interest of 1/8th as reserved in the Lease.

ii. Overriding royalty interests totaling 1.50%.

d. Wells:

The wells that are currently located on the Lands described above are as follows:

None.

e. Interests:

The foregoing entitles Assignee to the following interests in the Lease and the Lands described above and all wells now or hereafter located thereon:

|                       |             |
|-----------------------|-------------|
| Working Interest:     | 100.000000% |
| Net Revenue Interest: | 86.000000%  |

5. **002-046:**

a. Lease: An undivided 100% interest in and to the leasehold estate created by that certain Oil and Gas Lease, dated August 1, 1997, and recorded in Book 314 at page 026 of the real property records of Eureka County, Nevada, from Parker & Parsley Producing L.P., as Lessor, to Foreland



Corporation, as Lessee, insofar as said Lease covers the Lands described below.

b. Lands: T. 28 N., R. 51 E., M.D.M.

Section 1: Lots 3 and 4, S/2NW/4, SW/4;  
Section 3: All;  
Section 11: All;  
Section 13: Lots 1 and 2, W/2NE/4, NW/4.

T. 29 N., R. 51 E., M.D. M.

Section 23: All;  
Section 25: W/2;  
Section 35: All.

T. 29 N., R. 52 E., M.D. M.

Section 19: All.

c. Burdens:

The foregoing are subject only to the following:

- i. The landowner's royalty interest of 1/7th as reserved in the Lease.
- ii. Overriding royalty interests totaling 3.30%.

d. Wells:

The wells that are currently located on the Lands described above are as follows:

None.

e. Interests:

The foregoing entitles Assignee to the following interests in the Lease and the Lands described above and all wells now or hereafter located thereon:

|                       |             |
|-----------------------|-------------|
| Working Interest:     | 100.000000% |
| Net Revenue Interest: | 82.414286%  |

6. N-42869:

a. Lease: An undivided 56.25% interest in the record title and an undivided 56.25% interest in the operating rights in and to the leasehold estate created by that certain Offer to Lease and Lease for Oil and Gas No. NVN-42869, dated March 1, 1986, and recorded in Book \_\_\_\_ at page \_\_\_\_ of the real property records of Eureka County, Nevada, from the United States of America, as Lessor, to Paul F. Sawyer, as Lessee, insofar as said Lease covers the Lands described below.

b. Lands: T. 29 N., R. 52 E., M.D.M.

Section 30: E/2W/2, E/2, Lots 1, 2, 3 and 4;  
Section 32: E/2, SW/4, NE/4NW/4.

c. Burdens:

The foregoing are subject only to the following:

- i. A proportionate part (based on operating rights) of the landowner's royalty interest of 1/8th as reserved in the Lease.
- ii. A proportionate part (based on operating rights) of overriding royalty interests totaling 5.00%; together with the entire burden of overriding royalty interests totaling 1.50% of 8/8ths.

d. Wells:

The wells that are currently located on the Lands described above are as follows:

None.

e. Interests:

The foregoing entitles Assignee to the following interests in the Lease and the Lands described above and all wells now or hereafter located thereon:

|                            |            |
|----------------------------|------------|
| Record Title Interest      | 56.250000% |
| Operating Rights Interest: | 56.250000% |
| Net Revenue Interest:      | 44.906250% |

7. N-61504:

a. Lease: An undivided 100% interest in the record title and operating rights in and to the leasehold estate created by that certain Offer to Lease and Lease for Oil and Gas No. NVN-61504, dated March 11, 1997, recorded in Book \_\_\_\_ at page \_\_\_\_ of the real property records of Eureka County, Nevada, from the United States of America, as Lessor, to Foreland Corporation, as Lessee, which Lease covers the Lands described below.

b. Lands: T. 29 N., R. 52 E., M.D.M.

Section 16: E/2;  
Section 28: All;  
Section 34: W/2.

c. Burdens:

The foregoing are subject only to the following:

- i. The landowner's royalty interest of 1/8th as reserved in the Lease.
- ii. Overriding royalty interests totaling 1.50%.

d. Wells:

The wells that are currently located on the Lands described above are as follows:

None.

e. Interests:

The foregoing entitles Assignee to the following interests in the Lease and the Lands described above and all wells now or hereafter located thereon:

|                            |             |
|----------------------------|-------------|
| Record Title Interest:     | 100.000000% |
| Operating Rights Interest: | 100.000000% |
| Net Revenue Interest:      | 86.000000%  |

8. N-61971:

a. Lease: An undivided 56.25% interest in the record title and an undivided 56.25% interest in the operating rights in and to the leasehold estate created by that certain Offer to Lease and Lease for Oil and Gas No. NVN-61971, dated October 1, 1997, and recorded in Book \_\_\_\_ at page \_\_\_\_ of the real property records of Eureka County, Nevada, from the

United States of America, as Lessor, to Foreland Corp., as Lessee, which Lease covers the Lands described below.

b. Lands: T. 28 N., R. 52 E., M.D.M.

Section 18: Lots 5, 6, 7 and 8, E/2, E/2W/2.

c. Burdens:

The foregoing are subject only to the following:

- i. A proportionate part of the landowner's royalty interest of 1/8th as reserved in the Lease.
- ii. The entire burden of overriding royalty interests totaling 1.50%.

d. Wells:

The wells that are currently located on the Lands described above are as follows:

None.

e. Interests:

The foregoing entitles Assignee to the following interests in the Lease and the Lands described above and all wells now or hereafter located thereon:

|                             |            |
|-----------------------------|------------|
| Record Title Interest:      | 56.250000% |
| Operating Rights Interests: | 56.250000% |
| Net Revenue Interests:      | 47.718750% |

9. 002-047:

a. Lease: An undivided 100% record title interest in and to the leasehold estate created by that certain Oil and Gas Lease, dated August 1, 1997, recorded in Book 314 at page 017 of the real property records of Eureka County, Nevada, from Parker & Parsley Producing L.P., as Lessor, to Foreland Corporation, as Lessee, which Lease covers the Lands described below.

b. Lands: T. 29 N., R. 51 E., M.D.M.

Section 1: All;  
Section 11: All;  
Section 13: All.

T. 29 N., R. 52 E., M.D.M.

Section 5: Lots 2, 3, 4, S/2NW/4, SW/4;  
Section 7: All;  
Section 17: NW/4, S/2.

T. 30 N., R. 52 E., M.D.M.

Section 31: All;  
Section 33: All, except 60 ac. in SW/4.

c. Burdens:

The foregoing are subject only to the following:

- i. The landowner's royalty interest of 1/7th as reserved in the Lease.
- ii. Overriding royalty interests totaling 3.30%.

d. Wells:

The wells that are currently located on the Lands described above are as follows:

None

e. Interests:

The foregoing entitles Assignee to the following interests in the Lease and the Lands described above and all wells now or hereafter located thereon:

|                       |             |
|-----------------------|-------------|
| Working Interest:     | 100.000000% |
| Net Revenue Interest: | 82.414286%  |

10. 002-045:

- a. Lease: An undivided 100% record title interest in and to the leasehold estate created by that certain Oil and Gas Lease, dated August 1, 1997, recorded in Book 314 at page 008 of the real property records of Eureka County, Nevada, and in Book 1012 at page 879 of the real property records of Elko County, Nevada, which Lease covers the lands from Parker & Pausley Producing L.P., as Lessor, to Foreland Corporation, as Lessee, which Lease covers the Lands described below.



b. Lands: T. 28 N., R. 52 E., M.D.M.

Section 3: All;

Section 11: Lots 1, 2, 3, 4 and 5, SW/4NE/4, S/2NW/4.

T. 29 N., R. 52 E., M.D.M.

Section 11: W/2;

Section 15: Lots 1, 2, 3 and 4, W/2E/2;

Section 23: W/2;

Section 27: Lots 3 and 4, N/2;

Section 35: All.

c. Burdens:

The foregoing are subject only to the following:

i. The landowner's royalty interest of 1/8th as reserved in the Lease.

ii. Overriding royalty interests totaling 3.30%

d. Wells:

The wells that are currently located on the Lands described above are as follows:

None

e. Interests:

The foregoing entitles Assignee to the following interests in the Lease and the Lands described above and all wells now or hereafter located thereon:

|                       |             |
|-----------------------|-------------|
| Working Interest:     | 100.000000% |
| Net Revenue Interest: | 82.414286%  |

**11. N-42868:**

a. Lease: An undivided 56.25% interest in the record title and an undivided 56.25% interest in the operating rights in and to the leasehold estate created by that certain Offer to Lease and Lease for Oil and Gas No. NVN-42868, dated March 1, 1986, recorded in Book 156 at page 452 of the real property records of Eureka County, Nevada, from the United States of America, as Lessor, to Hobe, Inc., as Lessee, which Lease covers the Lands described below.

- b. Lands: T. 28 N., R. 52 E., M.D.M.  
Section 6: All;  
Section 8: NE/4; N/2SE/4;  
Section 17: W/2SW/4, SE/4SW/4.

c. Burdens:

The foregoing are subject only to the following:

- i. A proportionate part (based on operating rights) of the landowner's royalty interest of 1/8th as reserved in the Lease.
- ii. 100% of overriding royalty interests totaling 1.50% of 8/8ths.

d. Wells:

The wells that are currently located on the Lands described above are as follows:

None

e. Interests:

The foregoing entitles Assignee to the following interests in the Lease and the Lands described above and all wells now or hereafter located thereon:

|                            |            |
|----------------------------|------------|
| Record Title Interest:     | 56.250000% |
| Operating Rights Interest: | 56.250000% |
| Net Revenue Interest:      | 47.718750% |

12. N-61501:

- a. Lease: An undivided 100% interest in the record title and operating rights in and to the leasehold estate created by that certain Offer to Lease and Lease for Oil and Gas No. NVN-61501, dated March 28, 1997, recorded in Book \_\_\_\_ at page \_\_\_\_ of the real property records of Eureka County, Nevada, from the United States of America, as Lessor, to Foreland Corporation, as Lessee, which Lease covers the Lands described below.

- b. Lands: T. 29 N., R. 51 E., M.D.M.  
Section 12: All;  
Section 14: All;  
Section 22: E/2;  
Section 24: Lot 1, W/2, NE/4, N/2SE/4, SW/4SE/4.

c. Burdens:

The foregoing are subject only to the following:

- i. The landowner's royalty interest of 1/8th as reserved in the Lease.
- ii. Overriding royalty interests totaling 1.50%.

d. Wells:

The wells that are currently located on the Lands described above are as follows:

None

e. Interests:

The foregoing entitles Assignee to the following interests in the Lease and the Lands described above and all wells now or hereafter located thereon:

|                            |             |
|----------------------------|-------------|
| Record Title Interest:     | 100.000000% |
| Operating Rights Interest: | 100.000000% |
| Net Revenue Interest:      | 86.000000%  |

13. N-61503:

- a. Lease: An undivided 100% interest in the record title and operating rights in and to the leasehold estate created by that certain Offer to Lease and Lease for Oil and Gas No. NVN-61503, dated March 28, 1997, recorded in Book \_\_\_\_ at page \_\_\_\_ of the real property records of Eureka County, Nevada, and in Book \_\_\_\_ at page \_\_\_\_ of the real property records of Elko County, Nevada, from the United States of America, as Lessor, to Foreland Corporation, as Lessee, which Lease covers the Lands described below.

- b. Lands: T. 29 N., R. 52 E., M.D.M.

Section 2: Lots 1, 2, 3 and 4, S/2N/2, S/2;  
Section 10: Lots 1, 2, 3 and 4, W/2, W/2E/2;  
Section 14: All;  
Section 22: Lots 1, 2, 3 and 4, W/2, W/2E/2.

c. Burdens:

The foregoing are subject only to the following:

- i. The landowner's royalty interest of 1/8th as reserved in the Lease.
- ii. Overriding royalty interests totaling 1.50%.

d. Wells:

The wells that are currently located on the Lands described above are as follows:

None

e. Interests:

The foregoing entitles Assignee to the following interests in the Lease and the Lands described above and all wells now or hereafter located thereon:

|                            |             |
|----------------------------|-------------|
| Record Title Interest:     | 100.000000% |
| Operating Rights Interest: | 100.000000% |
| Net Revenue Interest:      | 86.000000%  |

14. N-61506:

- a. Lease: An undivided 100% interest in the record title and operating rights in and to the leasehold estate created by that certain Offer to Lease and Lease for Oil and Gas No. NVN-61506, dated March 28, 1997, recorded in Book \_\_\_\_ at page \_\_\_\_ of the real property records of Eureka County, Nevada, and in Book \_\_\_\_ at page \_\_\_\_ of the real property records of Elko County, Nevada, from the United States of America, as Lessor, to Foreland Corporation, as Lessee, which Lease covers the Lands described below.

- b. Lands: T. 29 N., R. 52 E., M.D.M.

Section 26: All;  
Section 34: Lots 1, 2, 3, 4, 5, 6, 7 and 8.

c. Burdens:

The foregoing are subject only to the following:

- i. The landowner's royalty interest of 1/8th as reserved in the Lease.

ii. Overriding royalty interests totaling 1.50%.

d. Wells:

The wells that are currently located on the Lands described above are as follows:

None

e. Interests:

The foregoing entitles Assignee to the following interests in the Lease and the Lands described above and all wells now or hereafter located thereon:

|                            |             |
|----------------------------|-------------|
| Record Title Interest:     | 100.000000% |
| Operating Rights Interest: | 100.000000% |
| Net Revenue Interest:      | 86.000000%  |

15. N-61505:

a. Lease: An undivided 56.25% record title interest in the record title and operating rights in and to the leasehold estate created by that certain Offer to Lease and Lease for Oil and Gas, dated April 1, 1997, recorded in Book \_\_\_\_ at page \_\_\_\_ of the real property records of Eureka County, Nevada, from the United States of America, as Lessor, to Foreland Corporation, as Lessee, which Lease covers the lands described below; together with the operating rights in said leasehold estate set forth under each Tract of Land described below.

b. Lands: T. 29 N., R. 52 E., M.D.M.  
Section 32: S/2NW/4.

c. Burdens:

The foregoing are subject only to the following:

- i. The landowner's royalty interest of 1/8th as reserved in the Lease.
- ii. Overriding royalty interests totaling 1.50% of 8/8ths.

d. Wells:

The wells that are currently located on the Lands described above are as follows:

None

e. Interests:

The foregoing entitles Assignee to the following interests in the Lease and the Lands described above and all wells now or hereafter located thereon:

|                            |            |
|----------------------------|------------|
| Record Title Interest:     | 56.250000% |
| Operating Rights Interest: | 56.250000% |
| Net Revenue Interest:      | 47.718750% |

16. 002-033B:

- a. Lease: The undivided record title interests set forth under each Tract of land described below in and to the leasehold estate created by that certain Oil and Gas Lease, dated January 31, 1997, recorded in Book 306 at page 242 of the real property records of Eureka County, Nevada, from Dominek J. Pieretti, as Lessor, to Foreland Corporation, as Lessee, which Lease covers the Lands described below.

- b. Lands: Tract A: T. 29 N., R. 52 E., M.D.M.

Section 32: NW/4NW/4.

Record Title Interest: 56.250000%

Tract B: T. 29 N., R. 52 E., M.D.M.

Section 4: SW/4, E/2NW/4;  
Section 5: SE/4, SW/4NE/4; Lot 2;  
Section 8: E/2;  
Section 9: W/2;  
Section 16: NW/4, W/2SW/4;  
Section 17: NE/4,  
Section 21: NW/4.

Record Title Interest: 100.000000%

c. Burdens:

The foregoing are subject only to the following:

- i. A proportionate part of the landowner's royalty interest of 15% as reserved in the Lease.

- ii. The entire burden of overriding royalty interests in Tracts A and B totaling 1.50% of 8/8ths.

d. Wells:

The wells that are currently located on the Lands described above are as follows:

None

e. Interests:

The foregoing entitles Assignee to the following interests in the Lease and the Lands described above and all wells now or hereafter located thereon:

Tract A:

|                       |            |
|-----------------------|------------|
| Working Interest:     | 56.250000% |
| Net Revenue Interest: | 48.312500% |

Tract B:

|                       |             |
|-----------------------|-------------|
| Working Interest:     | 100.000000% |
| Net Revenue Interest: | 83.500000%  |

17. 002-033A:

- a. Lease: The undivided record title interests set forth under each Tract of land described below in and to the leasehold estate created by that certain Oil and Gas Lease, dated January 31, 1997, recorded in Book 306 at page 236 of the real property records of Eureka County, Nevada, from Tosca P. Sullivan, as Lessor, to Foreland Corporation, as Lessee, which Lease covers the Lands described below.

- b. Lands: Tract A: T. 29 N., R. 52 E., M.D.M.

Section 32: NW/4NW/4.

Record Title Interest: 56.250000%

Tract B: T. 29 N., R. 52 E., M.D.M.

Section 4: SW/4, E/2NW/4;  
Section 5: SE/4, SW/4NE/4, Lot 2;  
Section 8: E/2;



Section 9: W/2;  
Section 16: NW/4, W/2SW/4;  
Section 17: NE/4;  
Section 21: NW/4.

Record Title Interest: 100.000000%

c. Burdens:

The foregoing are subject only to the following:

- i. A proportionate part of the landowner's royalty interest of 15% as reserved in the Lease.
- ii. The entire burden of overriding royalty interests in Tracts A and B totaling 1.50% of 8/8ths.

d. Wells:

The wells that are currently located on the Lands described above are as follows:

None

e. Interests:

The foregoing entitles Assignee to the following interests in the Lease and the Lands described above and all wells now or hereafter located thereon:

Tract A:

|                       |            |
|-----------------------|------------|
| Working Interest:     | 56.250000% |
| Net Revenue Interest: | 48.312550% |

Tract B:

|                        |             |
|------------------------|-------------|
| Record Title Interest: | 100.000000% |
| Net Revenue Interest:  | 83.500000%  |

18. 002-029:

- a. Lease: An undivided 100% interest in and to the leasehold estate created by that certain oil and gas lease, dated November 30, 1997 and recorded in Book 316 at page 475 of the real property records of Eureka County, Nevada, from Slagowski Ranches, Inc., as Lessor, to Foreland Corporation, as Lessee, which Lease covers the Lands described below.

- b. Lands: T. 28 N., R. 52 E., M.D.M.

Section 8: W/2, S/2SE/4;  
 Section 16: W/2, SW/4SE/4;  
 Section 17: E/2, NW/4, NE/4SW/4;  
 Section 20: NE/4NE/4;  
 Section 21: NW/4, SE/4NE/4, W/2NE/4, N/2SE/4;  
 Section 22: N/2SW/4, SE/4;  
 Section 23: Lots 6, 7 and 8, N/2SW/4, SE/4SW/4, W/2SE/4;  
 Section 24: Lots 7 and 8, N/2SW/4.

c. Burdens:

The foregoing is subject only to the following:

- i. The landowner's royalty interest of 1/8th as reserved in the Lease.
- ii. Overriding royalty interests totaling 1.00%.

d. Wells:

The wells that are currently located on the Lands described above are as follows:

None.

e. Interests:

The foregoing entitles Assignee to the following interests in the Lease and the Lands described above and all wells now and hereafter located thereon.

|                       |             |
|-----------------------|-------------|
| Working Interest:     | 100.000000% |
| Net Revenue Interest: | 86.500000%  |

19. NVN-63073:

- a. Lease: An undivided 100% interest in the record title and operating rights in and to the leasehold estate created by that certain Offer to Lease and Lease for Oil and Gas No. NVN-63073, dated January 1, 1999 and recorded in Book \_\_\_\_ at page \_\_\_\_ of the real property records of Eureka County, Nevada, from the United States of America, as Lessor, to Foreland Corporation, as Lessee, which Lease covers the Lands described below.

- b. Lands: T. 29 N., R. 52 E., M.D.M.

Section 4: Lots 1 and 2, S/2NE/4, SE/4.

c. Burdens:

The foregoing is subject only to the following:

- i. The landowner's royalty interest of 1/8th as reserved in the Lease.
- ii. Overriding royalty interests totaling 1.00%.

d. Wells:

The wells that are currently located on the Lands described above are as follows:

None.

e. Interests:

The foregoing entitles Assignee to the following interests in the Lease and the Lands described above and all wells now or hereafter located thereon:

|                            |             |
|----------------------------|-------------|
| Record Title Interest:     | 100.000000% |
| Operating Rights Interest: | 100.000000% |
| Net Revenue Interest:      | 86.500000%  |

20. NVN-63074:

- a. Lease: An undivided 100% interest in the record title and operating rights in and to the leasehold estate created by that certain Offer to Lease and Lease for Oil and Gas No. NVN-63074, dated January 1, 1999 and recorded in Book \_\_\_\_ at page \_\_\_\_ of the real property records of Eureka County, Nevada, from the United States of America, as Lessor, to Foreland Corporation, as Lessee, which Lease covers the Lands described below.

- b. Lands: T. 29 N., R. 52 E. M.D.M.

Section 6: Lots 1, 2, 3, 4, 5, 6 and 7, S/2NE/4, SE/4NW/4, E/2SW/4, SE/4;  
Section 8: W/2;  
Section 18: Lots 1, 2, 3 and 4, E/2, E/2W/2;  
Section 20: N/2NE/4, SW/4NE/4, W/2, NE/4SE/4.

- c. Burdens:

The foregoing is subject only to the following:

- i. The landowner's royalty interest of 1/8th as reserved in the Lease.
- ii. Overriding royalty interests totaling 1.00%.

d. Wells:

The wells that are currently located on the Lands described above are as follows:

None.

e. Interests:

The foregoing entitles Assignee to the following interests in the Lease and the Lands described above and all wells now or hereafter located thereon:

|                            |             |
|----------------------------|-------------|
| Record Title Interest:     | 100.000000% |
| Operating Rights Interest: | 100.000000% |
| Net Revenue Interest:      | 86.500000%  |

21. NVN-63211:

- a. Lease: An undivided 100% interest in the record title and operating rights in and to the leasehold estate created by that certain Offer to Lease and Lease for Oil and Gas No. NVN-63211, dated January 1, 1999 and recorded in Book \_\_\_\_ at page \_\_\_\_ of the real property records of Eureka County, Nevada, from the United States of America, as Lessor, to Foreland Corporation, as Lessee, which Lease covers the Lands described below.

- b. Lands: T. 29 N., R. 52 E., M.D.M.  
Section 20: NW/4SE/4.

c. Burdens:

The foregoing is subject only to the following:

- i. The landowner's royalty interest of 1/8th as reserved in the Lease.
- ii. Overriding royalty interests totaling 1.00%.

d. Wells:

The wells that are currently located on the Lands described above are as follows:

None.

e. Interests:

The foregoing entitles Assignee to the following interests in the Lease and the Lands described above and all wells now or hereafter located thereon:

|                            |             |
|----------------------------|-------------|
| Record Title Interest:     | 100.000000% |
| Operating Rights Interest: | 100.000000% |
| Net Revenue Interest:      | 86.500000%  |

22. 002-051:

- a. Lease: An undivided 100% interest in the leasehold estate created by that certain oil and gas lease, dated July 1, 1991, and recorded in Book 238 at page 320 of the real property records of Eureka County, Nevada, from Prize Energy Resources, L.P., as Lessor, to Santa Fe Energy Operating Partners, L.P., as Lessee, as amended by instrument dated May 9, 1994 and recorded in Book 269 at page 413 of the real property records of Eureka County, Nevada, which Lease covers the Lands described below.

- b. Lands: T. 29 N., R. 52 E., M.D.M.

Section 3: W/2;  
Section 9: E/2;  
Section 15: W/2;  
Section 21: E/2, SW/4;  
Section 33: All.

T. 30 N., R. 52 E., M.D.M.

Section 35: All.

- c. Burdens:

The foregoing is subject only to the following:

- i. Sublessor payments of 16.085714% (includes the landowner's royalty interest of 1/8th as reserved in the Lease, together with an additional 3.585714%).
- ii. Overriding royalty interests totaling 4.59%.

d. Wells:

The wells that are currently located on the Lands described above are as follows:

None.

e. Interests:

The foregoing entitles Assignee to the following interests in the Lease and the Lands described above and all wells now or hereafter located thereon:

|                       |             |
|-----------------------|-------------|
| Working Interest:     | 100.000000% |
| Net Revenue Interest: | 79.324286%  |

23. 002-043:

- a. Lease: An undivided 100% interest in the leasehold estate created by that certain oil and gas lease, dated December 1, 1982, and recorded in Book \_\_\_\_ at page \_\_\_\_ of the real property records of Eureka County, Nevada, from Bravo Oil Company, as Lessor, to Sun Operating Limited Partnership, et al., as Lessee, which Lease covers the Lands described below.

- b. Lands: T. 29 N., R. 52 E., M.D.M.

Section 27: W/2SE/4.

c. Burdens:

The foregoing is subject only to the following:

- i. The landowner's royalty interest of 1/8th as reserved in the Lease.
- ii. Overriding royalty interests totaling 1.00%.

d. Wells:

The wells that are currently located on the Lands described above are as follows:

None.

e. Interests:

The foregoing entitles Assignee to the following interests in the Lease and the Lands described above and all wells now or hereafter located thereon:

|                       |             |
|-----------------------|-------------|
| Working Interest:     | 100.000000% |
| Net Revenue Interest: | 86.500000%  |

**24. Other Pine Valley Interests:**

For the purposes of the Assignment, the "Land" includes all lands within T. 28 N., R. 51 E., M.D.M., T. 29 N., R. 51 E., M.D.M., T. 28 N. R. 52 E., M.D.M. and T. 29 N., R. 52 E., M.D.M., in Eureka and Elko Counties, Nevada and, except for the Excluded Leases described below in paragraph 25 of this Part II of Exhibit A, the Assignment covers all property, interests and rights of whatever kind or character (whether now owned or hereafter acquired by operation of law or otherwise) in, to and under or that covers or affects or otherwise relates to such lands and leases covering such lands.

**25. Excluded Leases:**

Notwithstanding anything to the contrary contained in this Exhibit "A" or the Assignment, the following Leases ("Excluded Leases") are excluded from the terms of the Assignment and are not conveyed by Assignors to Assignee:

- a. U.S.A. Lease No. N-61290, dated March 1, 1986, which was created by segregation from U.S.A. Lease No. 42863, by decision dated November 7, 1996, as corrected December 9, 1996, which Lease covered the W/2 of Section 36, T. 29 N., R. 51 E., M.D.M.
- b. U.S.A. Lease No. N-61291, dated March 1, 1986, which was created by segregation from U.S.A. Lease No. 42868, by decision dated November 7, 1996, as corrected January 27, 1998, which Lease covers Lots 1, 2, 3 and 4, S/2N/2 and S/2 of Section 4; the N/2S/2 of Section 9; the N/2NW/4 and NW/4SW/4 of Section 10; the N/2NE/4, SW/4NW/4 and S/2 of Section 15; the NE/4, N/2SE/4 and SE/4SE/4 of Section 16; the W/2, SE/4, W/2NE/4 and SE/4NE/4 of Section 20; the NE/4NE/4, SW/4 and S/2SE/4 of Section 21; the N/2 and S/2SW/4 of Section 22; all of Section 27; all of Section 28; all of Section 29; all of Section 32; all of Section 33; and the W/2 of Section 34; all in T. 28 N., R. 52 E., M.D.M.
- c. U.S.A. Lease No. N-61292, dated March 1, 1986, which was created by segregation from U.S.A. Lease No. 42869, by decision dated November 7, 1996, which Lease covers Lots 1 and 2, S/2NE/4 and SE/4 of Section 4; Lots 1, 2, 3, 4, 5, 6 and 7, S/2NE/4, SE/4NW/4, E/2SW/4 and SE/4 of Section 6; the W/2 of Section 8; Lots 1, 2, 3 and 4, E/2W/2 and E/2 of Section 18; the NE/4NE/4, W/2NE/4, W/2 and NE/4SE/4 of Section 20; all in T. 29 N., R. 52 E., M.D.M.

- d. Oil and gas lease, dated September 27, 1996 and recorded in Book 301 at page 321 of the real property records of Eureka County, Nevada, from Wallace Hale Bailey, et ux., as Lessor, to Foreland Corporation, as Lessee, which Lease covers the SE/4, NE/4NW/4, NW/4NE/4 and S/2NE/4 of Section 32 in T. 30 N., R. 52 E., M.D.M.; and the W/2NW/4 of Section 4 and the E/2NE/4 of Section 5 in T. 29 N., the R. 52 E., M.D.M.



## **EXHIBIT B**

### **Representations and Warranties**

Assignors warrant and represent to Assignee as follows:

A. **Power and Authority.** Assignors have the full power and authority to grant, bargain, sell, mortgage, assign and convey the Interests as provided herein.

B. **Title.** Unless otherwise indicated in Exhibit "A", the oil and gas leases and licenses described in Exhibit "A" cover all of the oil, gas and other Hydrocarbons in and under the Land. Assignors are the lawful owners of good and marketable title to the Interests; and Assignors have good and marketable title to the undivided interests in the leases, licenses, subleases, sublicenses, easements, rights-of-way, agreements and other documents and instruments as described in Exhibit "A" free and clear of all royalties and other burdens, charges, liens, security interests, encumbrances, agreements, contracts, assignments and other matters, except landowner's royalties and the overriding royalties and the agreements and contracts specifically described in Exhibit "A," and except the Deed of Trust (as defined in paragraph M below). The leases, licenses, subleases, sublicenses, easements, rights-of-way, agreements and other documents and instruments described in Exhibit "A" hereto are valid and subsisting and are in full force and effect. All rents and royalties due and payable under the leases, licenses, subleases, sublicenses, easements, rights-of-way, agreements and other documents and instruments described in Exhibit "A" hereto have been paid. All wells located on the Land have been drilled, operated and produced in conformity with all applicable laws, rules, regulations and orders of all regulatory authorities having jurisdiction, and are subject to no penalties on account of past production. None of such wells are deviated from the vertical more than the maximum permitted by applicable laws, rules, regulations and orders. Such wells are in fact bottomed under and are producing from, and the well bores are wholly within, the lands described in Exhibit "A." Assignors warrant and will forever defend the title to the Interests against the claims of all persons claiming or to claim the same or any part thereof.

C. **Working and Net Revenue Interests.** (1) With respect to each of the oil and gas leases and licenses described in Exhibit "A," Assignors' share of development and operating costs with respect to the portion of the Land covered thereby as described in Exhibit "A," without regard to pooling and unitization, is not greater than the "Working Interest" or "Operating Rights Interest" specified in Exhibit "A"; and, without giving effect to the Override Assignments (as defined in paragraph N below), Assignors' share of the gross production of Hydrocarbons produced, saved and marketed from said Land, without regard to pooling and unitization, is no less than the "Net Revenue Interest" specified in Exhibit "A."

(2) With respect to each of the wells described in Exhibit "A," Assignors' share of development and operating costs with respect thereto and the portion of

the Land attributed thereto, is not greater than the "Working Interest" or "Operating Rights Interest" specified in Exhibit "A"; and, without giving effect to the Override Assignments, Assignors' share of the gross production of Hydrocarbons produced, saved and marketed from said wells and said Land is no less than the "Net Revenue Interest" specified in Exhibit "A."

(3) With respect to each of the overriding royalty interests described in Exhibit "A," without giving effect to the Override Assignments, Assignors' share of the gross production of Hydrocarbons produced, saved and marketed from the portion of the Land subject thereto as described in Exhibit "A," is no less than the "Net Revenue Interest" specified in Exhibit "A."

(4) With respect to each of the mineral interests described in Exhibit "A," without giving effect to the Override Assignments, Assignors' share of the gross production of Hydrocarbons in and under and that may be produced, saved and marketed from the portion of the Land subject thereto as described in Exhibit "A" is no less than the stated percentage specified in Exhibit "A."

(5) With respect to each of the royalty interests described in Exhibit "A," without giving effect to the Override Assignments, Assignors' share of the gross production of Hydrocarbons produced, saved and marketed from the portion of the Land subject thereto as described in Exhibit "A" is no less than the percentage specified in Exhibit "A."

(6) With respect to each of the units and pools described in Exhibit "A", Assignors' share of development and operating costs with respect to the portion of the Land covered thereby as described in Exhibit "A" or in the agreements creating such units and pools recorded as described in Exhibit "A" and the wells on said Land, is no greater than the "Unit Working Interest" specified in Exhibit "A"; and, without giving effect to the Override Assignments, Assignors' share of the gross production of oil, gas and other Hydrocarbons produced, saved and marketed from said Land and said wells is no less than the "Unit Net Revenue Interest" specified in Exhibit "A."

All such shares of development and operating costs and of gross production are not and will not be subject to change (other than changes that arise pursuant to nonconsent provisions of operating agreements described in Exhibit "A" hereto) except, and only to the extent that, such changes are reflected in Exhibit "A."

D. Operations of Oil and Gas Properties. The Interests (and all properties spaced, communitized, unitized or otherwise aggregated therewith) have been maintained, operated and developed in a good and workmanlike manner and in conformity in all material respects with all applicable laws, rules, regulations and orders of all federal, state, tribal and local governmental bodies, authorities and agencies and in conformity in all material respects with the provisions of all leases, subleases or other contracts and agreements comprising a part of the Interests. None of the Interests is subject to having allowable production reduced below the full and regular allowable (including the

maximum permissible tolerance) because of an overproduction (whether or not the same was permissible at the time) prior to the date hereof. None of the Interests is subject to having production reduced below the full amount producible therefrom as result or consequence of applicable laws, rules, regulations and orders or otherwise.

E. Sale of Production. (1) All proceeds from the sale of Assignors' interests in Hydrocarbons from the Interests are currently being paid in full to Assignors by the purchaser or remitter thereof on a timely basis and at prices and terms comparable to market prices in terms generally available at the time such prices and terms were negotiated for oil and gas production from producing areas situated near the Interests, and none of such proceeds are currently being held in suspense by such purchaser or any other party.

(2) Neither Assignors, nor their predecessors in title, have entered into or are subject to any agreement or arrangement (including without limitation, "take or pay" or similar arrangements), nor are the Interests subject to any such agreement or arrangement, to deliver Hydrocarbons produced or to be produced from the Interests at some future time without then or thereafter receiving full payment therefor.

(3) Except as previously disclosed to Assignee in writing, none of the Interests are subject to any contractual or other arrangement whereby payment for production from such Interests is to be deferred for a substantial period after the month in which such production is delivered (that is, in the case of oil, not in excess of 60 days, and in the case of gas, not in excess of 90 days).

(4) None of the Interests are subject to any contractual or other arrangement for the sale of crude oil that cannot be canceled on 180 days' or less notice; and none of the Interests are or will become subject to a gas sales contract that contains terms that are not customary in the industry.

(5) None of the Interests are subject to any regulatory refund obligation and, to the best of Assignors' knowledge, no facts exist that might cause the same to be imposed.

(6) None of the Interests are subject to a gas balancing arrangement under which an imbalance exists with respect to which imbalance Assignors or the Interest is in an overproduced status and is required to (a) permit one or more third parties to take a portion of the production attributable to such Interests without payment (or without full payment) therefor, or (b) make payment in cash, in order to correct such imbalance.

F. Condition of Personal Property. The inventory, equipment, fixtures and other tangible personal property and fixtures forming a part of the Interests are in good repair and condition and are adequate for the normal operation of the Interests in accordance with prudent industry standards, and the Interests include all equipment necessary or advisable for the proper and efficient operation of the wells and leases,

licenses, subleases, sublicenses and rights-of-way included in the Interests. All of such Interests are located on the Land.

G. Consents and Preferential Rights to Purchase. There are no preferential rights to purchase all or any portion of the Interests, and there are no rights of third parties to consent to the transfer of all or any portion of the Interests.

H. Contracts and Agreements. Exhibit "A" sets forth all operating agreements, unit agreements, equipment leases, production sales, purchase, exchange or processing agreements, transportation or gathering agreements, farmout or farmin agreements, disposal agreements, area of mutual interest agreements and other contracts and agreements that cover, affect or otherwise relate to the Land or the leases, licenses, subleases, sublicenses, easements, rights-of-way, agreements and other documents and instruments described in Exhibit "A" that relate to operations thereon, or the production, treatment, storage, gathering, transportation, handling, processing, manufacturing, sale or marketing of Hydrocarbons produced therefrom or allocated or attributed thereto.

I. Taxes. All ad valorem property, production, severance, excise and similar taxes and assessments based on or measured by the ownership of property or the production of Hydrocarbons or the receipt of proceeds therefrom relating to the Interests that have become due and payable have been properly and timely paid.

J. Duly Qualified. Assignors are duly qualified to own, hold and operate all of the leases, easements, rights-of-way, mineral agreements and other agreements included within the Interests, and to conduct their business as contemplated.

K. Environmental. (1) The Interests are, and, except as previously disclosed to Assignee in writing, to the best of Assignors' knowledge, at all times have been, operated in compliance with all applicable Environmental Laws (as hereinafter defined); and to the best of Assignors' knowledge, no condition exists with respect to the Interests or other property owned or operated by Assignors or any affiliate of or party related to Assignors that would or could reasonably be expected to subject Assignors, any affiliate of or party related to Assignors, or Assignee to any damages (including without limitation, actual, consequential, exemplary and punitive damages), material liability (absolute or contingent, determined or determinable), penalties, injunctive relief or cleanup costs under any applicable Environmental Laws, or that require or could reasonably be expected to require cleanup, removal, remedial action or other response by Assignors, any affiliate of or party related to Assignors, or Assignee pursuant to any applicable Environmental Laws.

(2) Assignors have not received and, to the best of Assignors' knowledge, none of their affiliates have received, and none of Assignors' or their affiliates' or related parties' predecessors in title to the Interests have received, any notice from a governmental agency asserting or alleging a violation of any Environmental Laws as they relate to the Interests.



(3) There are no pending or threatened suits, actions, claims or proceedings against Assignors or its affiliates or related parties or, to the best of Assignors' knowledge, Assignors' or their affiliates' predecessors in title, arising from or related to, directly or indirectly, any Environmental Laws as they relate to the Interests.

(4) Neither Assignors, any affiliate of or party related to Assignors, any part of the Interests, nor, to the best of Assignors' knowledge, Assignors' or any affiliate's or related parties' predecessors are subject to any judgment, decree, order or citation related to or arising out of any Environmental Laws, and neither Assignors nor any affiliate or party related to Assignors have been named or listed as a potentially responsible party by any governmental or other entity in a matter arising under or relating, directly or indirectly, to any Environmental Laws.

(5) Assignors have obtained or caused to be obtained all permits, licenses, and approvals required under all Environmental Laws to operate the Interests.

(6) There are not now, nor to the best of Assignors' knowledge have there ever been, Hazardous Materials (as hereinafter defined) discharged, leaked, spilled or released in, on, to, from or at the Interests or other properties owned or operated by Assignors or any of their affiliates or stored, treated, or recycled at or in tanks or other facilities thereon or related thereto which give rise or could reasonably be expected to give rise to material liability under any Environmental Laws.

(7) There are no underground storage tanks, surface impoundments, or wastewater injection wells located on or in the Interests.

As used herein, the term "Environmental Laws" shall mean any one or more of the following: (i) the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendment and Reauthorization Act of 1986, 42 U.S.C. § 9601 et seq. ("CERCLA"); (ii) the Resource Conservation and Recovery Act, as amended by the Hazardous and Solid Waste Amendment of 1984, 42 U.S.C. § 6901 et seq. ("RCRA"); (iii) the Clean Air Act, 42 U.S.C. § 7401 et seq.; (iv) the Federal Water Pollution Control Act, 33 U.S.C. § 1251 et seq.; (v) the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq.; (vi) the Federal Safe Drinking Water Act, 42 U.S.C. §§ 300f to 300j-11; (vii) the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. § 1101 et seq.; (viii) the Hazardous Materials Transportation Act, 49 U.S.C. § 1801 et seq.; and (ix) all other foreign, federal, state, tribal and local laws (whether common or statutory), rules, regulations, consent agreements, compliance schedules, and orders directly and/or indirectly relating to public health and safety, air pollution, water pollution, noise control, wetlands, oceans, waterways, and/or the presence, use, generation, manufacture, transportation, processing, treatment, handling, discharge, release, disposal, or recovery of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or materials and/or underground storage tanks, including, without limitation, all rules, regulations and orders of all state and local governmental bodies, authorities and agencies pertaining or relating to the exploration, development, regulation and conservation of oil and gas resources, as each of the foregoing

laws, rules, regulations, consent agreements, compliance schedules and orders may be enacted, amended, supplemented, or reauthorized from time to time.

As used herein, the term "Hazardous Materials" shall mean any one or more of the following substances, wastes and materials: (i) any substance, waste or material defined as a "hazardous substance," "hazardous material," "hazardous waste," "pollutant," "contaminant," "toxic material," or "toxic substance," in any of the applicable Environmental Laws, or in the standards, criteria, rules and/or regulations promulgated pursuant to any of said Environmental Laws (including without limitation Hydrocarbons); and (ii) any substance, waste or material, the presence of which requires investigation or remediation under any Environmental Laws.

L. Non-Foreign Person Status. Neither of Assignors is a "foreign person" within the meaning of the Internal Revenue Code of 1986, as amended (the "Code"), Sections 1445 and 7701; that is, neither of Assignors is a nonresident alien, foreign corporation, foreign partnership, foreign trusts or foreign estate as those terms are defined in the Code and any regulations promulgated thereunder.

M. Deed of Trust. The Assignment is subject to the liens and security interests granted and created by that certain Deed of Trust, Security Agreement, Assignment of Production and Proceeds, Financing Statement and Fixture Filing, dated as of January 6, 1998, as amended by the First Amendment to Deed of Trust, Security Agreement, Assignment of Production and Proceeds, Financing Statement and Fixture Filing, dated as of February 2, 1998, and as further amended by Second Amendment to Deed of Trust, Security Agreement, Assignment of Production and Proceeds, Financing Statement and Fixture Filing, dated as of August 11, 1998 (collectively, the "Deed of Trust"), from Assignors to First American Title Company of Nevada, a Nevada corporation, as Trustee, and to and for the benefit of Energy Income Fund, L.P., a Delaware limited partnership, as Secured Party, and which was filed and recorded as follows:

| <u>County</u>    | <u>Date Filed</u> | <u>Recording Data</u>             |
|------------------|-------------------|-----------------------------------|
| 1. Elko County   |                   |                                   |
| Original         | 2/6/98            | Book 1031; Page 458<br>No. 422281 |
| First Amendment  | N/A               |                                   |
| Second Amendment | 8/20/98           | Book 1059; Page 537<br>No. 431061 |

|    |                  |         |                                  |
|----|------------------|---------|----------------------------------|
| 2. | Eureka County    |         |                                  |
|    | Original         | 1/13/98 | Book 317; Page 157<br>No. 169580 |
|    | First Amendment  | N/A     |                                  |
|    | Second Amendment | 8/20/98 | Book 320; Page 412<br>No. 170495 |
| 3. | Nye County       |         |                                  |
|    | Original         | 1/16/98 | No. 435893                       |
|    | First Amendment  | 2/11/98 | No. 437922                       |
|    | Second Amendment | 8/19/98 | No. 451197                       |

N. Override Assignment. By Assignment of Overriding Royalty Interests, dated effective as of January 1, 1998, at 7:00 a.m. local time, and recorded in Nye County, Nevada, as Document No. 435891, from Assignors to Energy Income Fund, L.P., as amended by First Amendment to Assignment of Overriding Royalty Interest, executed February 2, 1998, and recorded in Nye County, Nevada as Document No. 437921, Assignors assigned to Energy Income Fund, L.P., certain overriding royalty interests as more specifically described therein (the "3% Override Assignment"). By Assignment of Overriding Royalty Interests, dated effective as of January 1, 1998, at 7:00 a.m. local time, and recorded in Elko County, Nevada in Book 1031 at page 424, in Eureka County, Nevada in Book 317 at page 123, and in Nye County, Nevada, as Document No. 435892, Assignors assigned to Energy Income Fund, L.P. certain overriding royalty interests as more specifically described therein (the "1% Override Assignment"). The 3% Override Assignment and the 1% Override Assignment shall be collectively referred to as the "Override Assignments." The Override Assignments were executed and delivered immediately prior to the execution and delivery of the Deed of Trust, and are absolute, unconditional, indefeasible and perpetual assignments and transfers from Assignors to Energy Income Fund, L.P. Additionally, for the purposes of Assignors' warranties and representations under the Assignment, it is acknowledged that the "Net Revenue Interests" specified in Exhibit "A," do not take the Override Assignments into consideration.

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OFFICIAL RECORDS  
RECORDED AT THE REQUEST OF  
*Holme, Roberts & Owen LLP*  
00 MAY 18 PM 1:16

EUREKA COUNTY NEVADA  
M.H. REBALEATI, RECORDER  
FILE NO. FEES 56.00

**174434**

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