

Recording requested
and when recorded return to:

Donald E. Hibbard
14691 Valley Vista B.
Sherman Oaks, CA 913

(Space above line for Recorder's use)

ASSIGNMENT OF OVERRIDING ROYALTY

THIS ASSIGNMENT OF OVERRIDING ROYALTY ["Assignment"] is entered into and effective as the 1st day of June, 2001, by and between MAKOIL INC., a Nevada corporation [hereinafter called "Assignor"] and DONALD E. HIBBARD, an individual [Hereinafter called "Assignee"].

RECITALS

- A. Assignor is the owner and holder of the lessee's interest in and to the oil and gas leases described on Exhibit "A" attached hereto [collectively referred to as the "Leases"], affecting and covering land in Eureka and White Pine Counties, Nevada.
- B. Assignee has rendered services for and on behalf of Assignor. In consideration thereof, Assignor desires to transfer and assign to Assignee, and Assignee desires to receive, an overriding royalty interest with respect to the Leases.

PROVISIONS

NOW THEREFORE, for valuable consideration, receipt of which is hereby acknowledged, Assignor does hereby grant, convey, transfer, set over and assign to Assignee, his successors and assigns, an overriding royalty interest equal to Three Percent (3%) of 8/8ths of the value (sales price) of all oil, gas and other hydrocarbon substances produced, saved and sold by Assignor from the Leases [the "ORRI"].

This Assignment is made on, and subject to, the following terms and conditions:

- 1. The ORRI shall be payable if, as and when, and only if, as and when oil, gas and other hydrocarbon substances are produced, saved and sold by Assignor from the land covered by the Leases pursuant to the provisions of said Leases and any extensions or renewals thereof. Assignor shall make ORRI payments to Assignee at the same time and subject to the same deductions as the royalties provided for in

the Leases, with the further understanding that no ORRI shall accrue or be payable upon oil or gas used for development or operations on land owned, leased, controlled or operated by Assignor, or which may be unavoidably lost. Moreover, Assignee shall have the right to take and receive the ORRI in kind.

2. Assignee shall have no right, power or privilege to enter upon the Leases or develop the same for oil, gas or other hydrocarbon substances (such right, power and privilege being expressly reserved to Assignor and its successors or assigns). Nothing in this assignment shall in any manner, or at any time, obligate Assignor to acquire, develop, or cause to be developed, the land covered by the Leases for oil, gas or other hydrocarbon substances, or to otherwise perform under the terms, covenants and conditions of said Leases or other agreements affecting the land covered thereon. Assignor shall have full discretion to conduct its operations in whatever manner it shall see fit. Assignor may at any time, at its election, modify, surrender, assign, terminate or otherwise change or dispose of its interest in the Leases or any part thereof. In the event any land covered by the Leases is quitclaimed or surrendered to the Lessor, or otherwise terminated, either in whole or in part, or the leasehold title fails thereunder, the ORRI and all of Assignee's rights, title and interests under this Assignment shall automatically terminate and be of no further force or effect with respect to that portion of the Leases (and land covered thereon) so surrendered, terminated, quitclaimed or lost by failure of title. In the event Assignor assigns its interest in the Leases, as to all or any part of the lands covered hereby, the assignment(s) shall be made subject to the assumption by the assignee of all obligations of Assignor with respect to the ORRI (and Assignor shall hereby be discharged of and from all further obligations and liabilities hereunder with respect to the lands covered by such assignment and the ORRI payable with respect thereto).
3. Assignor shall have the full and exclusive right at any time, and from time to time, without Assignee's consent, to communitize, pool or unitize all or any part(s) of the land covered by the Leases with other land, for the purpose of developing and/or operating any productive field, pool or zone. As long as any land covered by the Leases or any part thereof shall remain subject to any cooperative pool, unit or communitization plan, then as to that part of such land covered by the Leases, the ORRI shall be payable only with respect to (and shall be based and computed upon) the share of the oil, gas and other hydrocarbon substances allocated to such part of the land covered by the Leases under such cooperative, pool, unit or communitization plan (whether produced from such Leases or from other land subject to such plan).
4. In the event the interest acquired by Assignor in and to the Leases covers less than the entire mineral estate of the land subject thereto, the ORRI shall be paid only in the proportion that Assignor's interest in such minerals bears to the entire fee simple mineral interest in such land.

5. All ORRI payments shall be deemed paid to Assignee when checks or drafts therefor are deposited in the United States mail addressed to Assignor's address at the end of this assignment. No change in the ownership of the ORRI and no sale of any interest or assignment of the ORRI, in whole or in part, shall be binding upon Assignor until Assignor has received a certified copy of the recorded document transferring such interest.
6. The ORRI is made and issued without warranty of any kind, express or implied, and shall be subject to all of the terms, conditions and covenants of the Leases, applicable law and the April 11, 2001 letter agreement between Assignor and Assignee.
7. Notwithstanding anything to the contrary above, Assignee shall be solely responsible to pay all local, State and Federal Net Proceeds of Mines Assessment taxes, severance taxes and other taxes and assessments related or attributed to, or payable in connection with, the ORRI payable to Assignee hereunder or the production (or production sales proceeds) from which such ORRI payments are derived.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment effective as of day and year first written above.

ASSIGNEE:

DONALD E. HIBBARD

By:

Donald E. Hibbard

Donald E. Hibbard
14691 Valley Vista Blvd.
Sherman Oaks, CA 91403

ASSIGNOR:

MAKOIL INC.

By:

Gregg S. Kozlowski

Gregg S. Kozlowski, President
Makoil Inc.
321 N. Rampart St., Suite 210
Orange, CA 92868

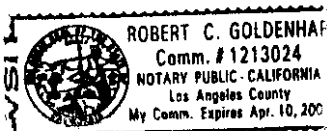
NOTARY ACKNOWLEDGEMENT

State of California

County of Los Angeles ss.
~~Orange~~

On June 1, 2001, before me, ROBERT C. GOLDENHARR, a Notary Public, personally appeared DONALD E. HIBBARD, ~~personally known to me~~ — ~~OR~~ — proved to me on the basis of satisfactory evidence to be the person(s) whose

names(~~s~~) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that by his/~~her/their~~ signature on the instrument the person(~~s~~) or the entity upon behalf of which the person(~~s~~) acted, executed the instrument.



WITNESS my hand and official seal.

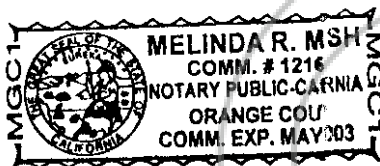
NOTARY ACKNOWLEDGEMENT

State of California

ss.

County of Orange

On June 7, 2003, before me, **MELINDA R. MARSH**, a Notary Public, personally appeared **GREGG S. OZLOWSKI**, personally known to me – OR – proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

MELINDA R. MARSH

F:\legal\Assignor\AssORR

Exhibit "A"
To
Assignment of Overriding Royalty

Description of Leases

Lease N-74613

T16N, R53E, ME

Section 10: SE $\frac{1}{4}$ SE $\frac{1}{4}$

Section 11: S $\frac{1}{2}$ $\frac{1}{4}$, SE $\frac{1}{4}$

Section 12: S $\frac{1}{2}$

Section 13: All

Section 14: All

Consisting of approximately 1880 gross acres in Eureka County, Nevada

Lease N-74614

T16N, R54E, ME

Section 5: Lots 1, S $\frac{1}{2}$ N $\frac{1}{2}$, S $\frac{1}{2}$

Section 6: Lots 1, S $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$

Section 7: Lots 1, 4, E $\frac{1}{2}$, E $\frac{1}{2}$ W $\frac{1}{2}$

Section 8: All

Consisting of approximately 2,440.52 gross acres in White Pine County, Nevada

Lease N-74615

T16N, R54E, ME

Section 17: All

Section 18: Lots 1, E $\frac{1}{2}$, E $\frac{1}{2}$ W $\frac{1}{2}$

Section 19: Lots 1, E $\frac{1}{2}$, E $\frac{1}{2}$ W $\frac{1}{2}$

Section 20: All

Consisting of approximately 2,553.66 gross acres in White Pine County, Nevada.

F:\Legal\Makoi\ExhibitA

BOOK *341* PAGE *427*
OFFICIAL RECORDS
RECORDED AT THE REQUEST OF
Donald E. Hubbard
01 JUN 19 AM 9:12

EUREKA COUNTY NEVADA
M.N. REBALEATI, RECORDER
FILE NO. FEES *11.00*

176555

BOOK *341* | PAGE *431*