

ASSIGNMENT OF OIL AND GAS LEASES

KNOW ALL MEN THESE PRESENTS:

THAT, in consideration of the sum of One Dollar (\$1.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Deerfield Production Corporation, a Delaware corporation, with an office C/O Associated Energy Managers, 1801 Broadway, Suite 1620, Denver, Colorado 80202, hereinafter referred to as "Assignor" or as "Deerfield", hereby does assign, transfer and convey to D.Y. Exploration, Inc. whose address is P.O. Box 5405, Boise, Idaho 83705, its successors and assigns, hereinafter referred to as "Assignee", an undivided eighty percent (80%) of its right, title and interest to the oil and gas leases described on Exhibit 'A', attached and made a part hereof insofar as said leases cover the oil and gas mineral rights in the land described on Exhibit 'A', said lands being situated in Elko County, Nevada, subject to the following terms and conditions:

1. The lease acreage ceded hereby is assigned by the Assignor and accepted by the Assignee subject to the overriding royalties, production payments, net profits obligations, carried working interests and other payments out of or with respect to production which are of record and with which said lease acreage is encumbered; and the Assignee hereby assumes and agrees to pay perform or carry, as case may be, each of said overriding royalties, production payments, net profits obligations, carried working interests and other payments out of or with respect to production, to the extent that it is or remains a burden on the lease acreage herein assigned.
2. This assignment is made subject to all the terms and the express and implied covenants and conditions of said leases to the extent of the rights hereby assigned, which terms, covenants and conditions the Assignee hereby assumes and agrees to perform with respect to the lands covered hereby. Said terms, covenants and conditions, insofar as the said lease acreage is concerned, shall be binding on the Assignee, not only in favor of the lessor or lessors and their heirs, successors and assigns, but also in favor of the Assignor and its successors and assigns.
3. In the event that the Assignee should elect to surrender, abandon or release all or any of its rights in said lease acreage or any part thereof, the Assignee shall notify the Assignor not less than thirty (30) days in advance of such surrender, abandonment or release and, if requested by Assignor, the Assignee shall immediately reassign such rights in said lease acreage, or such part thereof, to the Assignor.
4. This assignment is made without warranty of any kind, either express or implied.
5. The terms, covenants and conditions hereof shall be binding upon, and shall inure to the benefit of the Assignor and Assignee and their respective heirs, successors or assigns; and such terms, covenants and conditions shall be covenants running with the lands herein described and the lease acreage herein assigned and with each transfer or assignment of said land or lease acreage.
6. Deerfield reserves excepts unto itself, its successors and assigns, the option and exclusive right at any time, at times and from time to time, to purchase all distillate, condensate, and other liquid hydrocarbons produced and saved from said lease acreage or allocated to said lease acreage. Payment for any oil, distillate, condensate and other liquid hydrocarbons purchased hereunder shall be made at Deerfield Refining Company's posted price or if Deerfield does not have a posted price for such field, the prevailing price for production of similar kind and quality in Nevada. Any bona fide offer to purchase said oil/condensate which exceeds Deerfield's posted price shall be forwarded to Assignor and Assignor shall have 15 days to meet said offer or waive its preferential right to purchase production. Should Assignor elect to waive its preferential right

to purchase product. Assignee has the obligation to notify Assignor of Assignee's marketing arrangements.

TO HAVE AND TOLD said lease acreage unto the Assignee, his heirs and assigns, subject to the terms, covenants and conditions hereinabove set forth.

EXECUTED this 2 day of February, 2002, effective as of the 22nd day of May 2001.

DEERFIELD PRODUCTION CORPORATION

By: [Signature]
Barbara M. Baumann, President

STATE OF COLORADO)
CITY AND :
COUNTY OF DENVER)

The foregoing instrument was acknowledged before me on this 20 day of FEBRUARY, 2002, by Barbara M. Baumann, President for Deerfield Production Corporation, a Delaware corporation.

WITNESS my hand and official seal.

[Signature]
Notary Public

My ~~Commission Expires~~ 08/2006

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EXHIBIT "A"

LEASE SCHEDULE

County of Eureka, State of Nevada

Attached to the ASSIGNMENT OF OIL AND GAS LEASES between Deerfield Production Corporation, Assignor, and D.Y. EXPLORATION, INC, Assignee.

| LEASE NAME | LESSOR | DESCRIPTION | SECTION |
|------------|--------|-------------|--------------------------------|
| NVN-42863 | USA | T28N-R52E | SEC. 30: E/2 |
| NVN-42868 | USA | T28N-R52E | SEC. 6: ALL; |
| | | | SEC. 8: NE/4, N/2 SE/4 |
| | | | SEC. 17: W/2SW, SESW |
| NVN-42869 | USA | T29N-R52E | SEC. 30: LOTS 1-4, E2W/2, E/2 |
| | | | SEC. 32: E/2, SW/4, NENW |
| NVN-61505 | USA | T29N-R52E | SECS. 32, S/2NW |
| NVN-61971 | USA | T28N-R52E | SEC. 18: LOTS 5-8, E/2, E2W/2; |

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OFFICIAL RECORDS
RECORDED AT THE REQUEST OF
Dy Exploration
02 JUN -4 PM 1:07
CLARK COUNTY, NEVADA
JIM REBALEATI, RECORDER
FILE NO. FEES 17⁰⁰

178139

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