

181380

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO 1004-0034
Expires September 30, 1998

TRANSFER OF OPERATING RIGHTS (SUBLEASE) IN A
LEASE FOR OIL AND GAS OR GEOTHERMAL RESOURCES

Lease Serial No
N-76535

Mineral Leasing Act of 1920 (30 U.S.C. 181 et seq.)
Act for Acquired Lands of 1947 (30 U.S.C. 351-359)
Geothermal Steam Act of 1970 (30 U.S.C. 1001-1025)
Department of the Interior Appropriations Act, Fiscal Year 1981 (42 U.S.C. 6508)

Type or print plainly in ink and sign in ink.

PART A. TRANSFER

1. Transferee (Sublessee)* LACY PROPERTIES, LTD.
Street P.O. Box 2146
City, State, ZIP Code Longview, TX 75606

*If more than one transferee, check here and list the name(s) and address(es) of all additional transferees on the reverse of this form or on a separate attached sheet of paper.

This transfer is for (Check one) Oil and Gas Lease, or Geothermal Lease
Interest conveyed (Check one or both, as appropriate) Operating Rights (sublease) Overriding Royalty, payment out of production or other similar interests or payments

2. This transfer (sublease) conveys the following interest.

Land Description <small>Additional space on reverse, if needed. Do not submit documents or agreements other than this form, such documents or agreements shall only be referenced here.</small>	Percent of Interest			Percent of Overriding Royalty or Similar Interests	
	Owned	Conveyed	Retained	Reserved	Previously reserved or conveyed
	b	c	d	e	f
Township 26 North, Range 50 East, MDM					
Section 15 All	100.00	50.00	50.00	- 0 -	- 0 -
Section 16: All					
Section 21. All					
Section 22: All					
Section 25 All					
Section 26. All					
Section 27 All					
Section 28 All					
Section 33. All					
Section 34. All					
Section 35. All					
Section 36 All					
Containing 7,680.00 acres, more or less Eureka County, Nevada					

FOR BLM USE ONLY—DO NOT WRITE BELOW THIS LINE

THE UNITED STATES OF AMERICA

This transfer is approved solely for administrative purposes. Approval does not warrant that either party to this transfer holds legal or equitable title to this lease.

Transfer approved effective _____

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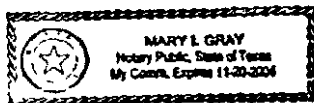
By _____ (Authorized Officer) _____ (Title) _____ (Date)

Part A (Continued). ADDITIONAL SPACE for Names and addresses of additional transferees in Item No. 1, if needed, or for Land Description in Item No. 2 if needed.

STATE OF TEXAS
COUNTY OF GREGG

The foregoing instrument was acknowledged before me on the 4th day of March, 2003 by Neal A. Hawthorn as Vice President of Lacy Property Management, Inc. General Partner of Lacy Properties Ltd

Mary E. Gray
Notary Public in and for the State of Texas



Acknowledgment

STATE OF NEW MEXICO)
COUNTY OF EDDY) ss.

The foregoing instrument was acknowledged before me this 4th day of February, 2003 by Randy G Patterson, Attorney-in Fact for Trail Mountain, Inc., a New Mexico corporation, on behalf of said corporation

My Commission Expires
8/12/05

Paul J. Nicker
Notary Public

PART B. CERTIFICATION AND REQUEST FOR APPROVAL

- 1 The transferee certifies as owner of an interest in the above designated lease that he/she hereby transfers to the above transferee(s) the rights specified above.
2 Transferee certifies as follows: (a) Transferee is a citizen of the United States... (b) Transferee is not considered a minor... (c) Transferee's chargeable interests... (d) All parties holding an interest in the transfer are otherwise in compliance... (e) Transferee is in compliance with reclamation requirements... (f) Transferee is not in violation of sec. 41 of the Mineral Leasing Act.
3 Transferee's signature to this assignment constitutes acceptance of all applicable terms, conditions, stipulations and restrictions pertaining to the lease described herein.

For geothermal transfers an overriding royalty may not be less than one fourth (1/4) of one percent of the value of output, nor greater than 50 percent of the rate of royalty due to the United States when this transfer is added to all previously created overriding royalties (43 CFR 3241)

I certify that the statements made herein by me are true, complete, and correct to the best of my knowledge and belief and are made in good faith.

Executed this 6th day of February, 2003

Executed this 4th day of March, 2003

Name of Transferor TRAIL MOUNTAIN, INC.
Please type or print

LACY PROPERTIES, LTD. *
Here a Hawthorn

Transferor or Attorney-in-fact By Randy G Patterson, (Signatures) Attorney-in-Fact
105 South Fourth Street
(Transferor's Address)

Transferee or Neal A Hawthorn (Signature)
*By Neal A Hawthorn, Vice President of Lacy Property Management, Inc., General Partner

Artesia, NM 88210
(City) (State) (Zip Code)

BURDEN HOURS STATEMENT

Public reporting burden for this form is estimated to average 30 minutes per response including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management, Bureau Clearance Officer (DW 110), Denver Federal Center Building 40, P.O. Box 25047, Denver, CO 80226-0047, and the Office of Management and Budget, Paperwork Reduction Project (1004-0034), Washington, D.C. 20503

Title 18 U.S.C. Sec. 1001 makes it a crime for any person knowingly and willfully to make to any Department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction

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