

BOOK 366 PAGE 117-127
OFFICIAL RECORDS
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Magnum Hunter Resources Inc
2003 OCT -1 PM 2: 54

EUREKA COUNTY NEVADA
M.N. REBALEATI, RECORDER
FILENO. FEES 48⁰⁰

182581

APN# _____

Recording Requested by:

Name Magnum Hunter Resources Inc.

Address 3500 William D. Tate, Suite 200

City/State/Zip Opervine, TX 76051

Merandum of Lease Option Agreements

(Title of Document)

and Bill of Sale of Oil and Gas Leases

This page added to provide additional information required by NRS 111.312 Sections 1-2.
(Additional recording fee apes)

This cover page must be typer printed.

MEMORANDUM
OF
ASSIGNMENT OF LEASE OPTION AGREEMENTS
AND
ASSIGNMENT AND BILL OF SALE OF OIL AND GAS LEASES

STATE OF NEVADA

COUNTY OF EUREKA

THIS MEMORANDUM OF ASSIGNMENT OF LEASE OPTION AGREEMENTS AND ASSIGNMENT AND BILL OF SALE OF OIL AND GAS LEASES (the "Memorandum") is made and entered into as of the 25th day of March 2003, to be effective for all purposes as of 7:00 a.m. local time, on January 1, 2003 (the "Effective Date"), by DEVONENERGY PRODUCTION COMPANY, L.P., a Delaware limited partnership, whose address is 20 North Broadway Suite 1500, Oklahoma City, Oklahoma 73102 ("Devon") and PRIZE ENERGY RESOURCES, L.P., a Delaware limited partnership and a wholly owned subsidiary of Magnum Hunter Resources, Inc., whose address is 600 E. Las Casas, Boulevard, Suite 1100, Irving, Texas 75039 ("Prize").

NOTICE IS TAKEN OF THE FOLLOWING:

- A. Reference is made to certain Lease Option Agreements that are described by reference to their original dates of execution in Exhibits "A" and "A-1" that are attached hereto and made a part hereof for all purposes (as those instruments have been modified or amended, collectively, the "**Lease Option Agreements**"). Capitalized terms not otherwise defined herein are defined in the Lease Option Agreements. Pursuant to the terms of the Lease Option Agreements, Devon, as successor-in-interest to Santa Fe Energy Operating Partners, L.P., Santa Fe Energy Resources, Inc., and Santa Fe Energy Company, was at one time entitled to conduct Exploration Activities on those lands covered by the Lease Option Agreements and to elect to acquire oil and gas leases covering hydrocarbons underlying those lands.
- B. Following execution of the Lease Option Agreements, Devon's predecessors-in-interest exercised their right to conduct Exploration Activities thereunder and from time to time elected to exercise their option to acquire oil and gas leases covering portions of the lands covered by those agreements. The oil and gas leases for which Devon's predecessor-in-interest elected to exercise the option available under the Lease Option Agreements are collectively referred to herein as the "**Existing Devon Leases**."
- C. Pursuant to the terms of a certain Exploration Agreement, dated as of April 8, 1994 (the "**Exploration Agreement**"), Devon's predecessor-in-interest, Santa Fe Energy Operating Partners, L.P. ("**Santa Fe**") agreed that Prize's predecessor-in-interest, Bridge Oil Company, L.P. ("**Bridge**") would be entitled to assume the rights and responsibilities associated with the Exploration Activities granted under the terms of the Lease Option Agreements. Under the terms of the Exploration Agreement, Santa Fe reserved the right to exercise the option to acquire oil and gas leases under the Lease Option Agreements, with the agreement that Santa Fe would sublease those leases to Bridge, subject to a reserved overriding royalty interest, certain limitations regarding the amount of acreage that could be covered by the leases, a limitation of the primary term available to Bridge, as well as certain casing rights to be retained by Santa Fe. The oil and gas leases for which Santa Fe or its successors-in-interest exercised the option to acquire under the Lease Option Agreements, for the benefit of Bridge or its successor-in-interest, are collectively referred to herein as the "**Bridge Leases**."
- D. Devon has now succeeded to the interest of Santa Fe under the Lease Option Agreements and Exploration Agreement, and Prize has now succeeded to the interest of Bridge under those agreements.

- E. Devon and Prize have agreed that Devon will assign to Prize: (i) all of Devon's remaining rights in and under the Lease Option Agreements and the Exploration Agreement, (ii) all of Devon's right, title, and interest in certain of the Base Leases, said leases being identified on the Exhibit "B" that is attached hereto and made a part hereof (collectively, the "**Prize Leases**"); and (iii) all future rights with respect to the exercise of options to acquire any oil and gas leases from the Optionors under the Lease Option Agreements at any time in the future up to the point the Lease Option Agreements terminate. Any such oil and gas leases to be acquired under the Lease Option Agreements in the future, excluding any leases covering those lands included within the definition of Excluded Interests below, are collectively referred to herein as the "**Future Leases.**" To be specifically excluded from the assignment by Devon to Prize of the Lease Option Agreements, the Exploration Agreement, the Prize Leases, and the Future Leases are any rights Devon owns thereunder, in those counties that are described on Exhibit "C" that is attached hereto and made a part hereof, unless otherwise described as a Prize Lease on Exhibit "B" (the "**Excluded Counties**"). The rights owned by Devon under the Lease Option Agreements, Exploration Agreement, and the Existing Devon Leases in the Excluded Counties are sometimes referred to herein as the "**Excluded Interests.**" Devon specifically acknowledges and agrees that any lands included in a Prize Lease shall not be construed as an Excluded Interest for purposes of this Assignment.
- F. To evidence their agreement, Devon and Prize, for themselves and their successors and assigns, entered into that certain Assignment Lease Option Agreements and Assignment and Bill of Sale of Oil and Gas Leases, of even date herewith ("**Assignment**"). To provide third parties with constructive notice of the contents of the Assignment, Devon and Prize have agreed to execute original counterparts of this Memorandum and to record those original counterparts, together with copies of those portions of the exhibits to the Assignment containing descriptions of those instruments and properties located in each jurisdiction in which this Memorandum is to be filed, in the public records of each such jurisdiction.

NOW, THEREFORE for and in consideration of the premises recited above and the payment of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Devon, Devon and Prize do hereby agree as follows:

1. **Assignment.** Of even date herewith, Devon and Prize have entered into the Assignment, a complete copy of which is available for public examination, during regular business hours, in the offices of Prize located at 600 E. Las Colinas, Boulevard, Suite 1100, Irving, Texas 75039. Under the terms of the Assignment, Devon has conveyed to Prize all of Devon's right, title, and interest in the Lease Option Agreements, the Exploration Agreement, and the Prize Leases, specifically excluding from such assignment any right, title, and interest in the Lease Option Agreements, the Exploration Agreement, and the Existing Devon Leases, insofar as they pertain to the Excluded Interests.
2. **Devon Overriding Royalty Interest:** Under the terms of the Assignment, Devon reserves an overriding royalty interest, to be calculated according to the terms of the Assignment (the "**Devon Override**"). The Devon Override will burden and maintain the interests acquired by Prize under the terms of the Assignment.
3. **Other Terms and Provisions of Assignment:** The Assignment is made subject to other terms and provisions, all of which are expressly set forth under the terms thereof.
4. **Constructive Notice:** Devon and Prize have entered into this Memorandum in order to place third parties on notice of the terms of the Assignment.
5. **Counterpart Recording:** In order to simplify recordation and to reduce the filing fees associated therewith, Devon and Prize agree that with respect to each jurisdiction in which recordation is required, an original counterpart of this Memorandum may be recorded, together with exhibits consisting only of those portions of the exhibits attached to the Assignment which directly pertain to that jurisdiction. Once again, a complete copy of the Assignment shall be available for public examination, during regular business hours, in Prize's offices, at

the address shown are. Devon and Prize agree that no further recordation shall be necessary beyond the redacted versions of Memorandum and the exhibits to be attached hereto that are applicable to each recording jurisdiction.

EXECUTED as of dates found in the acknowledgments hereinbelow, but effective as of the Effective Date.

20 North Broadway, Suite 0
Oklahoma City, Oklahoma 73102

**DEVON ENERGY PRODUCTION COMPANY,
L.P.**

By:


D.D. DeCarlo
Vice President

ASSIGNOR

600 E. Las Colinas Boulevard Suite 1100
Irving, Texas 75039

**PRIZE ENERGY RESOURCES, L.P., a wholly
owned subsidiary of Magnum Hunter Resources,
Inc.**

By: Prize Operating Company, its sole general
partner

By:


Richard S. Farrell
Vice President - Land (Onshore)

ASSIGNEE

STATE OF OKLAHOMA §

COUNTY OF OKLAHOM §

BE IT REMEMBERED that the undersigned, a Notary Public duly qualified, commissioned, sworn and acting in and for the County State aforesaid, hereby certifies that, on this 10th day of April 2003 there appeared before me D.D. DeGo, as Vice President of DEVON ENERGY PRODUCTION COMPANY, L.P., a Delaware limited partnership, who is personally known to me, and that:

ARIZONA, ARKANSAS,
COLORADO, ILLINOIS,
KANSAS, NEVADA, NEW
MEXICO, OKLAHOMA,
OREGON, TENNESSEE,
TEXAS, UTAH

This instrument was acknowledged before me on this date by the aforementioned person as such officer of said limited partnership, on behalf of said limited partnership.

CALIFORNIA

Before me, a Notary Public of said State, duly commissioned and sworn, personally appeared the aforementioned person personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the within instrument as the aforesaid officer of and on behalf of the limited partnership therein and acknowledged to me that he executed the same in the capacity therein stated.

IOWA

Before me, the undersigned, a Notary Public in and for said State, personally appeared the aforementioned person, to me personally known, who being by me duly sworn did say that the person is the Vice President of the aforementioned limited partnership, executing the foregoing instrument, that the instrument was signed on behalf of the limited partnership, by authority of the limited partnership; and that the aforementioned person as that officer acknowledged execution of the instrument to be the voluntary act and deed of the limited partnership by it and by the officer voluntarily executed.

LOUISIANA

Before me appeared the above named person to me personally known and known by me to be the person whose genuine signature is affixed to the foregoing instrument as the above designated Vice President of the above named limited partnership, who signed said document before me and in the presence of the two witnesses whose names are thereto subscribed as such, being competent witnesses, and who acknowledged, in my presence and in the presence of said witnesses, that he signed the above and foregoing document as his own free act and deed and as the free act and deed of said limited partnership, acting in the capacity therein stated, and for the uses and purposes therein set forth and apparent.

MISSOURI

Before me appeared the above named person, to me personally known, who, being by me duly sworn, did say that he is the Vice President of the aforementioned limited partnership, and that said instrument was signed in behalf of the aforementioned limited partnership by authority of its Board of Directors, and the above named person acknowledged said instrument to be the free act and deed of said limited partnership.

In witness whereof, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Margaret A. Blaw

Notary Public, State of Oklahoma

My Commission Expires: ~~06-28-05~~ 6-28-05

My Commission #: 01010834

STATE OF TEXAS §

COUNTY OF TARRANT §

BE IT REMEMBERED that the undersigned, a Notary Public duly qualified, commissioned, sworn and acting in and for the County and State aforesaid hereby certifies that, on this 28th day of March 2003 there appeared before me Richard S. Farrell, as Vice President-Land (shore) of PRIZE OPERATING COMPANY, a Delaware corporation, the sole general partner of PRIZE ENERGY RESOURCES, L.P., a Delaware limited partnership, who is personally known to me, and that:

ARIZONA, ARKANSAS,
COLORADO, ILLINOIS,
KANSAS, NEVADA, NEW
MEXICO, OKLAHOMA,
OREGON, TENNESSEE,
TEXAS, UTAH

This instrument was acknowledged before me on this date by the aforementioned person as Vice President - Land (Onshore) of said corporation, on behalf of said corporation, acting as general partner on behalf of Prize Energy Resources, L.P.

CALIFORNIA

Before me, a Notary Public of said State, duly commissioned and sworn, personally appeared the aforementioned person personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the within instrument as the aforesaid Vice President - Land (Onshore) of and on behalf of the corporation therein and acknowledged to me that such corporation executed the same in the capacity therein stated.

IOWA

Before me, the undersigned, a Notary Public in and for said State, personally appeared the aforementioned person, to me personally known, who being by me duly sworn did say that the person is the Vice President - Land (Onshore) of the aforementioned corporation, the sole general partner of the aforementioned limited partnership, executing the foregoing instrument, that the instrument was signed on behalf of the corporation, as sole general partner of the aforementioned limited partnership, by authority of the corporation's Board of Directors; and that the aforementioned person as that officer acknowledged execution of the instrument to be the voluntary act and deed of the corporation and the limited partnership by it and by the officer voluntarily executed.

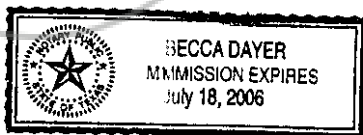
LOUISIANA

Before me appeared the above named person to me personally known and known by me to be the person whose genuine signature is affixed to the foregoing instrument as the above designated Vice President - Land (Onshore) of the above named corporation, who signed said document before me and in the presence of the two witnesses whose names are thereto subscribed as such, being competent witnesses, and who acknowledged, in my presence and in the presence of said witnesses, that he signed the above and foregoing document as his own free act and deed and as the free act and deed of said corporation, acting in the capacity therein stated, and for the uses and purposes therein set forth and apparent.

MISSOURI

Before me appeared the above named person, to me personally known, who, being by me duly sworn, did say that he is the Vice President - Land (Onshore) of the aforementioned corporation, acting as sole general partner of the aforementioned limited partnership, and that said instrument was signed in behalf of the aforementioned corporation by authority of its board of directors, and the above named person acknowledged said instrument to be the free act and deed of said corporation.

In witness whereof, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.



Rebecca Dayer
Notary Public, State of Texas
My Commission Expires: 7-18-2006

EXHIBIT "A"

LEASE OPTION AGREEMENTS

1. Lease Opn Agreement effective October 8, 1987 between Santa Fe Pacific Mining, Inc. and Santa Fe Energy Company affecting lands owned or controlled by Santa Fe Pacific Mining, Inc. in the States of Kansas and Colorado.
2. Lease Opn Agreement effective October 8, 1987 between SFP Minerals Corporation and Santa Fe Energy Company affecting lands owned or controlled by SFP Minerals Corporation in the states of Nevada and Utah.
3. Lease Opn Agreement effective October 8, 1987 between Cerrillos Land Company and Santa Fe Energy Company affecting all lands owned or controlled by Cerrillos Land Company in the State of New Mexico.
4. Lease Opn Agreement effective October 8, 1987 between Santa Fe Pacific Railroad Company and Santa Fe Energy Company affecting all lands owned or controlled by Santa Fe Pacific Railroad Company in the States of New Mexico, Arizona and California.
5. Lease Opn Agreement effective October 8, 1987 between Hospah Coal Company and Santa Fe Energy Company affecting all lands owned or controlled by Hospah Coal Company in the State of New Mexico.
6. Lease Opn Agreement effective October 8, 1987 between Pintada Coal Company and Santa Fe Energy Company affecting all lands owned or controlled by Pintada Coal Company in the State of New Mexico.
7. Lease Opn Agreement effective October 9, 1987 between Santa Fe Land Improvement Company and Santa Fe Energy Company affecting all severed mineral interests owned or controlled by Santa Fe Land Improvement Company the United States.
8. Lease Opn Agreement effective October 9, 1987 between Southern Pacific Industrial Development Company and Santa Fe Energy Company affecting all severed mineral interests owned or controlled by Southern Pacific Industrial Development Company in the States of California, Arkansas, Utah, Nevada, Oregon, & Texas.
9. Lease Opn Agreement effective October 9, 1987 between Southern Pacific Development Company and Santa Fe Energy Company affecting all severed

mineral interests owned or controlled by Southern Pacific Development Company in the States of California, Nevada and Texas.

10. Lease Opn Agreement effective October 9, 1987 between Southern Pacific Land Company and Santa Fe Energy Company affecting all lands owned or controlled by Southern Pacific Land Company in the States of Arizona, Arkansas, California, Nevada, Oregon, Tennessee, Texas and Utah.
11. Lease Opn Agreement effective September 30, 1987 between Los Angeles Junction Railway Company and Santa Fe Energy Company affecting all lands owned or controlled by Los Angeles Junction Railway Company in Los Angeles, California.
12. Lease Opn Agreement effective October 9, 1987 between One Market Street Properties and Santa Fe Energy Company affecting all severed mineral interests owned or controlled by One Market Street Properties, Inc. in the State of California.

Exhibit A-1

LEASE OPTION AGREEMENT

1. Lease Option Agreement effective September 30, 1987 between The Atchison, Topeka and Santa Fe Railway Company and its wholly owned railroad subsidiaries and Santa Fe Energy Company reflecting all lands owned or controlled by The Atchison, Topeka and Santa Fe Railway Company and its wholly owned railroad subsidiaries in those certain states as follow:

Company (Subsidiaries)	States
The Atchison, Topeka and Santa Fe Railway Company	California, Arkansas, New Mexico, Texas, Louisiana, Oklahoma, Colorado, Kansas, Missouri, Iowa and Illinois.
The Dodge City and Carron Valley Railway Company	Kansas, Colorado
The Garden City, Gulf and Northern Railroad Company	Kansas
The Kansas Southwestern Railway Company	Kansas
The Clinton and Oklahoma Western Railroad Company	Oklahoma
Rio Grande, El Paso and Santa Fe Railroad Company	Texas
The Gulf and Inter-State Railway Company of Texas	Texas
Fresno Interurban Railway Company	California

EXHIBIT "B"

PRIZE LEASES

THERE IS) EXHIBIT "B" TO THIS COUNTERPART TO THE
ASSIGNMIT OF LEASE OPTION AGREEMENTS AND
ASSIGNMIT AND BILL OF SALE OF OIL AND GAS LEASES.

COPY

EXHIBIT "C"

EXCLUDED COUNTIES

The following counties the State of New Mexico: Chaves, Eddy and Lea, and the following counties in the State of Texas: Andrews, Cochran, Denton, Dawson, Ector, Gaines, Hockley, Lovin, Martin, Midland, Tarrant, Terry, Ward, Winkler, and Yoakum.

COPY