

BOOK 376 PAGE 43-52
OFFICIAL RECORDS
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Sharbrow Oil
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REQUEST OF

2004 FEB 17 PM 4:36

EUREKA COUNTY, NEVADA
M.N. REBALEATI, RECORDER
FILE NO. FEES 23.00

Sharbrow Oil
JERRY D. REYNOLDS
ELKO CO. RECORDER
Jm Myco

185739

QUITCLAIM DEED AND ASSIGNMENT

STATE OF NEVADA)
COUNTY OF EUREKA & ELKO)

This Quitclaim Deed, between the heirs at law of LILLIE M. YATES, deceased ("Decedent"), and SHARBRO OIL LTD. CO., a New Mexico limited liability company, P. O. Box 840, Artesia, New Mexico 88211-0840, hereinafter referred to as "Assignee."

Lillie M. Yates, a resident of Artesia, Eddy County, New Mexico, died on June 29, 1990.

The Last Will and Testament of Lillie M. Yates was admitted to probate in Case No. PB-80-S, Fifth Judicial District Court, Eddy County, New Mexico; however, the Last Will and Testament of the Decedent has not been admitted to probate in the state where the lands described in Exhibit "A" are located.

The heirship and marital history of the Decedent is set out in Affidavit of Heirship attached hereto as Exhibit "B" and incorporated herein by reference for all purposes.

The undersigned ("Assignor" whether one or more), being all of the heirs at law of the Decedent desire to convey all of their right, title and interest in the interests of the Decedent to SHARBRO OIL LTD. CO., a New Mexico limited liability company, and execute this Quitclaim Deed and Assignment as evidence of their assignment of all of their right, title and interest in the interest described in Exhibit "A" attached hereto to Assignee.

WITNESSETH:

1. Assignor, for valuable consideration paid to Assignor by Assignee, the receipt and sufficiency of which are hereby acknowledged, does hereby grant, bargain, sell, convey and assign, set over and deliver, effective January 1, 2004 at 7:00 A.M., unto Assignee, and Assignee's successors and assigns, the following:

a) The interests in the oil and gas leases, operating rights, overriding royalty interests, production payments, oil, gas and other minerals and surface estate specifically described in Exhibit "A" attached hereto and made a part hereof; subject, however, to the restrictions, exceptions, reservations, conditions, limitations, existing royalties, overriding royalties, production payment interests, burdens on production and other matters, if any, heretofore created and validly shown of record;

b) All of Assignor's right, title and interest in, to and under, or derived from:

i) All of the presently existing and valid unitization agreements and unit operating agreements and the properties and interests credited thereby;

ii) All of the presently existing and valid oil, casinghead gas and gas sales purchase agreements; and

iii) All other contracts, agreements and instruments,

which relate to any of the properties and interests specifically described in Exhibit "A" (or properties unitized therewith), or to the production of oil, gas and other hydrocarbon substances from or attributable to said interests;

c) Without limiting the foregoing, all of Assignor's right, title and interest (whether now owned or hereafter acquired by operation of law or otherwise) in and to the lands specifically described in Exhibit "A," and in, to and under or derived from all interests in oil and gas leases, operating rights and other interests of whatsoever character, insofar as the same cover or relate to said lands, even though Assignor's interest in any specific portion of said lands, and said interests in oil and gas leases, operating rights and other interests which are specifically described in Exhibit "A," be incorrectly described or referred to in or a description of such interests be omitted from Exhibit "A."

d) All personal property, improvements, easements, permits, licenses, servitudes and rights-of-way situated upon or used or useful or held for future use in connection with the exploration, development or operation of the interests described in Exhibit "A" or the production, treating, storing or transportation of oil, gas and other hydrocarbon substances, including, but not by way of limitation, wells, casing, tubing, pumps, flow lines, gas lines, water lines, salt water disposal facilities, tanks, separators, buildings, machinery, equipment, roads and other appurtenances situated on the interests described in Exhibit "A" or lands unitized therewith or which are used in connection with hydrocarbon operations on the interests described in 1 a), b) and c) above, or lands unitized therewith.

2. THE INTERESTS ARE CONVEYED AND ASSIGNED WITHOUT REPRESENTATION, COVENANT OR WARRANTY OF ANY KIND OR NATURE, EXPRESS, IMPLIED OR STATUTORY, AND THAT ALL INTERESTS, PERSONAL PROPERTY AND EQUIPMENT CONVEYED HEREBY ARE SOLD AND ASSIGNED AND ACCEPTED BY ASSIGNEE, IN THEIR "WHERE IS, AS IS" CONDITION WITHOUT ANY WARRANTIES WHATSOEVER, EXPRESS, IMPLIED OR STATUTORY, OF MARKETABILITY, QUALITY, CONDITION, MERCHANTABILITY AND/OR FITNESS FOR A PARTICULAR PURPOSE OR

USE, ALL OF WHICH ARE EXPRESSLY DISCLAIMED. IN ADDITION, ASSIGNOR MAKES NO REPRESENTATION, COVENANT OR WARRANTY, EXPRESS, IMPLIED OR STATUTORY, CONCERNING THE QUALITY OR QUANTITY OF HYDROCARBON RESERVES ATTRIBUTABLE TO THE INTERESTS, OR THE ABILITY OF THE INTERESTS TO PRODUCE HYDROCARBONS OR THE PRICES WHICH ASSIGNEE IS OR WILL BE ENTITLED TO RECEIVE FOR ANY SUCH HYDROCARBONS.

3. Assignor shall execute and deliver all such other instruments, notices, division or transfer orders, releases, acquittances and documents, and will do all such other acts and things as may be necessary to more fully assure Assignee, its successors and assigns, all of the respective rights, titles, interests, estates, remedies, powers and privileges herein and hereby granted, bargained, sold, conveyed, assigned and delivered or intended so to be.


4. Assignee shall observe and comply with all covenants, terms and provisions, express or implied, contained in the agreements, leases, easements and all other contracts pertaining to Assignor's interest in the Assets which appear of record as of the Effective Date.

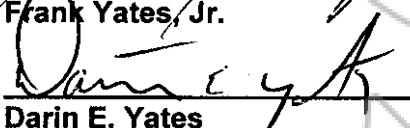
5. Assignor makes no warranties of title, either express or implied, but this conveyance is made with full substitution and subrogation of the Assignee in and to all covenants and warranties heretofore given or made by others in respect to the interests conveyed herein or any part thereof.

6. All of the covenants and agreements of Assignor shall be deemed to be covenants running with the land and shall inure to the benefit of and be binding upon the respective heirs, successors and assigns of Assignor and Assignee.


IN WITNESS WHEREOF, Assignor has caused this conveyance to be duly executed on this 31st day of December, 2003.

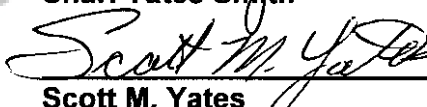
"Assignor"



Frank Yates, Jr.


Darin E. Yates

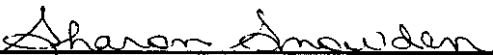


Shari Yates Smith


Scott M. Yates

"Assignee"

SHARBRO OIL LTD. CO.

By: 

Its: Manager

STATE OF NEW MEXICO)
: ss.
COUNTY OF EDDY)

This instrument was acknowledged before me this 31ST day of December, 2003,
by Frank Yates, Jr. individually.



OFFICIAL SEAL
Hannah Palomin
NOTARY PUBLIC-STATE OF NEW MEXICO
My commission expires: 6-14-07

Hannah Palomin
Notary Public

STATE OF NEW MEXICO)
: ss.
COUNTY OF EDDY)

This instrument was acknowledged before me this 31ST day of December, 2003,
by Scott M. Yates, individually.



OFFICIAL SEAL
Hannah Palomin
NOTARY PUBLIC-STATE OF NEW MEXICO
My commission expires: 6-14-07

Hannah Palomin
Notary Public

STATE OF NEW MEXICO)
: ss.
COUNTY OF EDDY)

This instrument was acknowledged before me this 31ST day of December, 2003,
by Shari Yates Smith, individually.



OFFICIAL SEAL
Hannah Palomin
NOTARY PUBLIC-STATE OF NEW MEXICO
My commission expires: 6-14-07

Hannah Palomin
Notary Public

STATE OF NEW MEXICO)
: ss.
COUNTY OF EDDY)

This instrument was acknowledged before me this 31ST day of December, 2003,
by Darin E. Yates, individually.



OFFICIAL SEAL
Hannah Palomin
NOTARY PUBLIC-STATE OF NEW MEXICO
My commission expires: 6-14-07

Hannah Palomin
Notary Public

STATE OF NEW MEXICO)
: ss.
COUNTY OF EDDY)

This instrument was acknowledged before me this 31st day of December, 2003, by Sharon Snowden as Manager of Sharbro Oil Ltd. Co., a New Mexico limited liability company.



OFFICIAL SEAL
Hannah Palomin
NOTARY PUBLIC-STATE OF NEW MEXICO

My commission expires: 6-14-07

Hannah Palomin
Notary Public

EXHIBIT "A"

Attached to and made a part of that certain Quitclaim Deed and Assignment
from Frank Yates, Jr., et al, to Sharbro Oil Ltd., Co,
with an effective date of January 1, 2004

<u>Estate Lease #</u>	<u>Lease Name</u>	<u>Lease Date Expire Date</u>	<u>Twp</u>	<u>Rng</u>	<u>Sec</u>	<u>Description</u>	<u>Acres</u>
EUREKA COUNTY, NEVADA							
400 10296	N-74770, YPC	8/01/2001	26N	51E	4	Lots 1-4, S2N2, S2	
		7/31/2011	26N	51E	5	Lots 1-4, S2N2, S2	
			26N	51E	6	Lots 1, 2, S2NE4, SE4	1606.64
						*****LEASE TOTALS:	1606.64
400 10297	N-74771, YPC	8/01/2001	26N	51E	7	E2, E2W2	480.00
		7/31/2011	26N	51E	8	ALL	640.00
			26N	51E	18	NE4, E2W2	320.00
						*****LEASE TOTALS:	1440.00
400 10298	N-74772, YPC	8/01/2001	26N	51E	15	ALL	640.00
		7/31/2011	26N	51E	21	ALL	640.00
			26N	51E	22	ALL	640.00
						*****LEASE TOTALS:	1920.00
400 10299	N-74773, YPC	8/01/2001	26N	51E	29	ALL	640.00
		7/31/2011	26N	51E	30	E2, E2NW4	400.00
						*****LEASE TOTALS:	1040.00
400 10416	N-75087, YPC	10/01/2001	26N	52E	29	Lots 1-4, W2E2, W2	
		9/30/2011	26N	52E	30	Lots 1-8, E2, E2W2	1354.40
						*****LEASE TOTALS:	1354.40
400 10417	N-75088, YPC	10/01/2001	26N	52E	31	Lots 1-8, E2, E2W2	
		9/30/2011	26N	52E	32	Lots 1-4, W2E2, W2	1355.07
						*****LEASE TOTALS:	1355.07

Exhibit Page 1 of 4

<u>Estate Lease #</u>	<u>Lease Name</u>	<u>Lease Date Expire Date</u>	<u>Twp</u>	<u>Rng</u>	<u>Sec</u>	<u>Description</u>	<u>Acres</u>
400 10079	N-74376, YPC	4/01/2001	27N	50E	1	Lots 1-7, SW4NE4, S2NW4, SW4, W2SE4	
		3/31/2011	27N	50E	2	Lots 1-4, S2N2, S2	
			27N	50E	3	Lots 1-4, S2N2, S2	2023.16
						*****LEASE TOTALS:	2023.16
400 10080	N-74377, YPC	4/01/2001	27N	50E	11	ALL	
		3/31/2011	27N	50E	12	Lots 1, 2, W2NE4, NW4	
			27N	50E	13	SW4	
			27N	50E	14	ALL	1770.76
						*****LEASE TOTALS:	1770.76
400 10081	N-74378, YPC	4/01/2001	27N	50E	22	ALL	
		3/31/2011	27N	50E	23	SW4	
			27N	50E	26	N2NW4, NE4SW4	
			27N	50E	27	ALL	1560.00
						*****LEASE TOTALS:	1560.00
400 10082	N-74379, YPC	4/01/2001	27N	50E	25	Lots 1, 2	84.19
		3/31/2011				*****LEASE TOTALS:	84.19
400 10083	N-74380, YPC	4/01/2001	27N	50E	32	Lots 1-4, N2, N2S2 (ALL)	585.72
		3/31/2011	27N	50E	33	Lots 1-4, N2, N2S2 (ALL)	604.44
			27N	50E	34	Lots 1-4, N2, N2S2 (ALL)	623.32
						*****LEASE TOTALS:	1813.48
400 10084	N-74381, YPC	4/01/2001	27N	50E	36	Lots 6, 7 (S2SE4)	79.32
		3/31/2011				*****LEASE TOTALS:	79.32

Exhibit Page 2 of 4

<u>Estate Lease #</u>	<u>Lease Name</u>	<u>Lease Date Expire Date</u>	<u>Twp</u>	<u>Rng</u>	<u>Sec</u>	<u>Description</u>	<u>Acres</u>
400 10300	N-74774, YPC	8/01/2001	27N	51E	19	Lots 1, 2, NE4, E2NW4	314.21
		7/31/2011				*****LEASE TOTALS:	314.21
400 10418	N-75089, YPC	10/01/2001	27N	52E	28	ALL	640.00
		9/30/2011	27N	52E	32	NE4, S2	480.00
			27N	52E	33	ALL	640.00
						*****LEASE TOTALS:	1760.00
400 10301	N-74776, YPC	8/01/2001	27N	52E	34	ALL	640.00
		7/31/2011				*****LEASE TOTALS:	640.00
400 10411	N-75082, YPC	10/01/2001	28N	51E	23	ALL	
		9/30/2011	28N	51E	24	Lots 5-8, W2E2, W2	1242.49
						*****LEASE TOTALS:	1242.49
400 10412	N-75083, YPC	10/01/2001	28N	51E	25	Lots 5-8, W2E2, W2	
		9/30/2011	28N	51E	26	ALL	
			28N	51E	35	ALL	
			28N	51E	36	Lots 7, 8, W2NE4, NW4	2186.96
						*****LEASE TOTALS:	2186.96
400 10302	N-74777, YPC	8/01/2001	28N	52E	13	W2NE4, W2, SE4	
		7/31/2011	28N	52E	14	Lots 1-10, SW4NE4, N2SW4, NW4SE4	
			28N	52E	23	Lots 1-5, SW4NE4, S2NW4	
			28N	52E	24	Lots 1-6, 9, 10, SW4NE4, S2NW4, NW4SE4	1853.28
						*****LEASE TOTALS:	1853.28
400 10421	N-75092, YPC	10/01/2001	29N	52E	34	W2	320.00
		9/30/2011				*****LEASE TOTALS:	320.00

Exhibit Page 3 of 4

<u>Estate Lease #</u>	<u>Lease Name</u>	<u>Lease Date Expire Date</u>	<u>Twp</u>	<u>Rng</u>	<u>Sec</u>	<u>Description</u>	<u>Acres</u>
ELKO COUNTY, NEVADA							
400 10413	N-75084, YPC	10/01/2001	26N	52E	4	Lots 1-7, SW4NE4, S2NW4, SW4, W2SE4	
		9/30/2011	26N	52E	5	Lots 1-4, S2N2, S2	
			26N	52E	8	ALL	
			26N	52E	9	Lots 1-4, W2E2, W2	2431.03
			*****LEASE TOTALS:				2431.03
400 10414	N-75085, YPC	10/01/2001	26N	52E	15	N2NE4, SW4NE4, W2, SE4	
		9/30/2011	26N	52E	16	Lots 1-4, W2E2, W2	
			26N	52E	21	Lots 1-7, W2NE4, NW4, N2SW4, NW4SE4	
			26N	52E	22	ALL	2457.33
			*****LEASE TOTALS:				2457.33
400 10415	N-75086, YPC	10/01/2001	26N	52E	17	ALL	
		9/30/2011	26N	52E	19	Lots 1-8, E2, E2W2	
			26N	52E	20	ALL	1977.72
			*****LEASE TOTALS:				1977.72
400 10419	N-75090, YPC	10/01/2001	29N	52E	2	Lots 1-4, S2N2, S2	576.64
		9/30/2011	*****LEASE TOTALS:				576.64
400 10420	N-75091, YPC	10/01/2001	29N	52E	14	ALL	640.00
		9/30/2011	*****LEASE TOTALS:				640.00
400 10303	N-74778, YPC	8/01/2001	30N	52E	12	ALL	640.00
		7/31/2011	*****LEASE TOTALS:				640.00
400 10422	N-75093, YPC	10/01/2001	30N	52E	22	ALL	640.00
		9/30/2011	30N	52E	28	N2, NE4SW4, N2SE4	440.00
			*****LEASE TOTALS:				1080.00

Exhibit Page 4 of 4

EXHIBIT "B"
AFFIDAVIT OF HEIRSHIP AND MARITAL HISTORY

The undersigned, being of lawful age, upon being duly deposed and sworn, states as follows:

1. My name is Sharon S. Snowden, and I am a resident of Artesia, Eddy County, New Mexico.
2. I am familiar with the heirship and marital history of Lillie M. Yates ("Decedent"), as I knew the Decedent for over 30 years.
3. Decedent was married to Martin Yates III for over 46 years and was married to Martin Yates III as of the date of his death in 1985.
4. Martin Yates III was survived by Decedent and one child, Frank Yates.
5. Frank Yates died in an automobile accident on July 12, 1986, survived by his wife, Jo Ann Yates, and four children, Frank Yates, Jr., Shari Yates Smith, Scott M. Yates and Darin E. Yates.
6. Decedent died on June 29, 1990 in Artesia, Eddy County, New Mexico, survived only by her grandchildren, Frank Yates, Jr., Shari Yates Smith, Scott M. Yates and Darin E. Yates.
7. As of the date of this affidavit, the four grandchildren of Decedent are the following, and their respective ages as of the date of this affidavit are set opposite their names:

<u>Name</u>	<u>Age</u>
Frank Yates, Jr.	47
Shari Yates Smith	42
Scott M. Yates	40
Darin E. Yates	38

Further affiant saith not.

Sharon S. Snowden

STATE OF NEW MEXICO)
 : ss.
COUNTY OF EDDY)

This instrument was acknowledged before me on December _____, 2003, by Sharon S. Snowden.

Notary Public

185739