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OFFICIAL RECORDS
RECORDED AT THE REQUEST OF
Yates Petroleum
2004 JUL -9 PM 2:59

Oil & Gas Lease

N-78221

EUREKA COUNTY, NEVADA
M.N. REBALEATI, RECORDER
FILE NO. FEES 16⁰⁰

188213

CORP

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0034
Expires: October 31, 2004

**ASSIGNMENT OF RECORD TITLE INTEREST IN A
LEASE FOR OIL AND GAS OR GEOTHERMAL RESOURCES**

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)

Lease Serial No.
N-78221

Lease Effective Date
(Anniversary Date)
April 1, 2004

New Serial No.

Type or print plainly in ink and sign in ink.

PART A: ASSIGNMENT

1. Assignee* **YATES DRILLING COMPANY 12.50%**
Street **105 South Fourth Street**
City, State, ZIP Code **Artesia, NM 88210**

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

This record title assignment is for: (Check one) Oil and Gas Lease, or Geothermal Lease

Interest conveyed: (Check one or both, as appropriate) Record Title, Overriding Royalty, payment out of production or other similar interests or payments

2. This assignment 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 herein.</small>	Percent of Interest			Percent of Overriding Royalty or Similar Interests	
	Owned	Conveyed	Retained	Reserved	Previously reserved or conveyed
	b	c	d	e	f
<u>Township 27 North, Range 52 East, MDM</u> Section 3: Lots 5-12, SE Containing 488.72 acres, more or less Eureka County, Nevada	100.00	87.50	12.50	0	0

FOR BLM USE ONLY - DO NOT WRITE BELOW THIS LINE

THE UNITED STATES OF AMERICA

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

Assignment approved for above described lands;

Assignment approved for attached land description

Assignment approved effective _____

Assignment approved for land description indicated on reverse of this form.

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

ABO PETROLEUM CORPORATION 12.50%
MYCO INDUSTRIES, INC. 12.50%
105 South Fourth Street
Artesia, NM 88210

LACY PROPERTIES, LTD 50.00%
P.O. Box 2126
Longview, TX 75606

Acknowledgement

STATE OF NEW MEXICO §
§
COUNTY OF EDDY §

The foregoing instrument was acknowledged before me this 18th day of June, 2004 by Randy G. Patterson, as Attorney-In-Fact for Yates Petroleum Corporation, a New Mexico corporation, on behalf of said corporation.



OFFICIAL SEAL
Gracie Orquiz
NOTARY PUBLIC-STATE OF NEW MEXICO
My commission expires: 6/10/2008

Gracie Orquiz
Notary Public in and for the State of New Mexico

PART B: CERTIFICATION AND REQUEST FOR APPROVAL

1. The Assignor certifies as owner if an interest in the above designated lease that he/she hereby assigns to the above assignee(s) the rights specified above.
 2. Assignee certifies as follows: (a) Assignee is a citizen of the United States; an association of such citizens; a municipality; or a corporation organized under the laws of the United States or of any State or territory thereof. For the assignment of NPR-A leases, assignee is a citizen, national, or resident alien of the United States or association of such citizens, nationals, resident aliens or private, public or municipal corporations; (b) Assignee is not considered a minor under the laws of the State in which the lands covered by this assignment are located; (c) Assignee's chargeable interests, direct and indirect, in each public domain and acquired lands separately in the same State, do not exceed 246,080 acres in oil and gas leases (of which up to 200,000 acres may be in oil and gas options), or 300,000 acres in leases in each leasing District in Alaska of which up to 200,000 acres may be in options, if this is an oil and gas lease issued in accordance with the Mineral Leasing Act of 1920, or 51,200 acres in any one State if this is a geothermal lease; (d) All parties holding an interest in the assignment are otherwise in compliance with the regulations (43 CFR Group 3100 or 3200) and the authorizing Acts; (e) Assignee is in compliance with reclamation requirements for all Federal oil and gas lease holdings as required by sec. 17(g) of the Mineral Leasing Act; and (f) Assignee is not in violation of sec. 41 of the Mineral Leasing Act.
 3. Assignee's signature to this assignment constitutes acceptance of all applicable terms, conditions, stipulations and restrictions pertaining to the lease described herein.
- For geothermal assignments, on 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 State when this assignment 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 18th day of June 20 04 Executed this _____ day of _____ 20 _____

Name of Assignor as shown on current lease YATES PETROLEUM CORPORATION
Please type or print

Assignor _____
or _____ (Signature)
Attorney-in-fact Randy G. Patterson
Randy G. Patterson, Attorney-in-Fact

Assignee _____
or _____ (Signature)
Attorney-in-fact _____

105 South Fourth Street
(Assignor's Address)
Artesia, NM 88210
(City) (State) (Zip Code)

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 (1004-0034), Bureau Information Collection Clearance Officer, (WO-630), 1849 C Street, N.W., Mail Stop 401 LS, Washington, D.C. 20240.

Title 18 U.S.C. Sec. 1001 makes it a crime for any person knowingly and willfully to make 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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