

BOOK 402 PAGE 100 - 103  
OFFICIAL RECORDS  
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*Lacy Properties*  
2004 DEC 13 PM 2:55

EUREKA COUNTY, NEVADA  
M.H. REBALEATI, RECORDER  
FILE NO. FEES 17<sup>00</sup>

**194630**

DECEMBER 8, 2004

PARTIAL ASSIGNMENT OF OIL AND GAS LEASE

BY AND BETWEEN LACY PROPERTIES, LTD. AND TRAIL  
MOUNTAIN, INC. DATED NOVEMBER 1, 2004

LACY PROPERTIES, LTD.  
222 EAST TYLER STREET  
P.O. BOX 2146  
LONGVIEW, TX. 75606

(903)758-8276

## PARTIAL ASSIGNMENT OF OIL AND GAS LEASE

STATE OF NEVADA                   §  
  §  
COUNTY OF EUREKA               §

THIS PARTIAL ASSIGNMENT OF OIL AND GAS LEASE (this "Assignment"), dated effective October 1, 2004 (the "Effective Date"), is from Lacy Properties, Ltd., whose address is P.O. Box 2146, Longview, Texas 75606 ("Assignor") to Trail Mountain, Inc., whose address is 105 South Fourth Street, Artesia, New Mexico 88210 ("Assignee").

WHEREAS, Assignor owns all of the leasehold interest under that certain Oil and Gas Lease dated August 6, 2004 from Black Stone Minerals Company, L.P. to Lacy Properties, Ltd. (the "Lease"), a Memorandum of which is recorded in Volume 393, page 71 of the Official Records of Eureka County, Nevada, covering lands more particularly described therein and containing 7,666.76 acres, more or less (the "Lands"); and

WHEREAS, Assignor desires to assign to Assignee, and Assignee agrees to assume and accept, a partial leasehold interest under the Lease.

NOW, THEREFORE, for ten dollars and other good and valuable consideration, the receipt, adequacy and sufficiency of which is hereby acknowledged, Assignor does hereby grant, convey, assign, and deliver unto Assignee, and Assignee's, successors and assigns, an undivided 35% of Assignor's right, title and interest in and to the Lease.

TO HAVE AND TO HOLD the lease interest conveyed herein, and the appurtenant rights related thereto, unto Assignee and its successors and assigns forever, though subject to the following terms and conditions:

1. THIS ASSIGNMENT IS MADE AND ACCEPTED WITHOUT WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING WARRANTIES RELATING TO (i) TITLE TO THE LEASE, AND (ii) THE CONDITION OR MERCHANTABILITY OF THE PROPERTIES OR THE FITNESS OF THE PROPERTIES FOR A PARTICULAR PURPOSE OR PURPOSES.

2. From and after the Effective Date, Assignee assumes and agrees to comply with all covenants and obligations relating to or imposed upon the lessee in the Lease in proportion to the interest assigned herein.

3. The interest assigned herein shall bear and be subject to its proportionate share of all burdens affecting or against the Lease which are of record or known to Assignee as of the Effective Date of this Assignment. In addition, this Assignment shall be subject to, and the parties hereto acknowledge that the Lease is burdened by, a 2.5% overriding royalty interest held by Providence Petroleum, L.C.

4. Assignee shall bear and pay (i) all Federal, State or local government sales, documentation, transfer, gross proceeds or similar taxes incident to or caused by the transfer of the Lease to Assignee, and (ii) all filing, recording or registration fees for this Assignment. All ad valorem taxes, real property taxes, personal property taxes and similar obligations shall be apportioned based on ownership of the Lease as of the Effective Date between Assignor and Assignee.

5. Assignor and Assignee shall take all such further actions and execute such further documents that are reasonable and necessary to carry out the purposes of this Assignment and the intent of Assignor and Assignee evidenced herein.

6. This Assignment shall bind and inure to the benefit of Assignor and Assignee and their respective successors and assigns.

7. This Assignment may be executed in one or more originals and/or counterparts, each of which counterpart shall be deemed an original, but all of which originals and/or counterparts together shall constitute one and the same conveyance. A separate assignment of the Lease, or part thereof, may be executed on officially approved forms by Assignor to Assignee in sufficient counterparts to satisfy applicable statutory and regulatory requirements. Such assignment shall be deemed to contain all of the exceptions, reservations, rights, titles, power and privileges set forth herein as fully as though they were set forth in each such assignment.

IN WITNESS WHEREOF, this instrument is executed as of this 1<sup>st</sup> day of November, 2004, but is made effective as of the Effective Date.

**ASSIGNOR:**

LACY PROPERTIES, LTD.

By: Lacy Property Management, Inc.,  
Its General Partner

By: Neal A Hawthorn  
Neal A. Hawthorn, Vice President

**ASSIGNEE:**

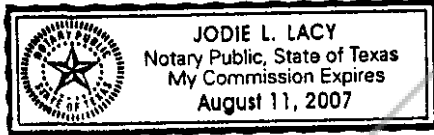
TRAIL MOUNTAIN, INC.

By: Randy G. Patterson  
Name: RANDY G. PATTERSON  
Its: ATTORNEY-IN-FACT

ACKNOWLEDGMENTS

STATE OF TEXAS §  
  §  
COUNTY OF GREGG §

This instrument was acknowledged before me on this 1<sup>st</sup> day of November, 2004 by Neal A. Hawthorn, Vice President of Lacy Property Management, Inc., General Partner for Lacy Properties, Ltd., a Texas Limited Partnership on behalf of said limited partnership.



Jodie L. Lacy  
Notary Public, State of Texas

STATE OF NEW MEXICO §  
  §  
COUNTY OF EDDY §

The foregoing instrument was acknowledged before me this 23<sup>rd</sup> day of November, 2004, by Randy G. Patterson, Attorney-in-Fact of Trail Mountain, Inc., a New Mexico corporation, on behalf of said entity.



Aubrae Mulcock  
Notary Public, State of New Mexico

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