

PLEASE RETURN RECORDED INSTRUMENT TO:

MERITAGE ENERGY COMPANY, LLC
1600 Broadway, Suite 1360
Denver, Colorado 80202

BOOK 442 PAGE 201-207
OFFICIAL RECORDS
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EUREKA COUNTY, NEVADA
M.N. REBALEATI, RECORDER
FILE NO. FEES ~~25.00~~ 45.00

206155

ASSIGNMENT, BILL OF SALE AND CONVEYANCE

Between

DEERFIELD PRODUCTION CORPORATION

as Assignor

and

MERITAGE ENERGY COMPANY, LLC

as Assignee

Dated effective June 1, 2006

State of Nevada

Counties of Elko and Eureka

Assignment, Bill of Sale and Conveyance

DEERFIELD PRODUCTION CORPORATION, a Delaware corporation ("*Assignor*"), with offices at 2561 South 1560 West, Suite 200, Woods Cross, Utah 84087, for the payment of Ten and No/100 dollars (\$10.00) and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged and subject to the terms and conditions hereof, hereby grants, sells, assigns, transfers, conveys and delivers to **MERITAGE ENERGY COMPANY, LLC**, a Delaware limited liability company ("*Assignee*"), 1600 Broadway, Suite 1360, Denver, Colorado 80202, all of Assignor's right, title and interest (including, without limitation, any overriding royalty interest) in and to the following:

- (a) The oil and gas leases described on Exhibit "A" attached hereto (the "*Leases*");
- (b) All oil, gas, water injection, water disposal and other wells (the "*Wells*") located on the lands covered by the Leases or on lands pooled or unitized therewith, including, but not limited to, the wells described on Exhibit "A-2" attached hereto, together with all of Assignor's interest in the rights and appurtenances incident thereto and all oil, gas and mineral production therefrom, including, but not limited to, all of Assignor's interest in fixtures, personal property, facilities and equipment, used or held for use or charged to the Leases or Wells for the production, treatment, measurement, gathering, transportation, storage, sale, or disposal of hydrocarbons or water produced therefrom or attributable thereto (collectively, the "*Personal Property*");
- (c) The oil, natural gas liquids or condensate inventory, including "*line fill*" and inventory below the pipeline connection in tanks as of 7:00 a.m., local time, June 1, 2006 (the "*Effective Time*"); and
- (d) All of Assignor's rights in, to and under, and obligations arising from, all agreements relating to the Leases, Wells or Personal Property, including, but not limited to joint operating agreements, unitization agreements, unit operating agreements, pooling agreements, communitization agreements, farmout agreements, drilling agreements, exploration agreements, oil or gas product purchase and sale contracts, gas processing or transportation agreements, leases, permits, rights-of-way, easements, road use agreements, water use and disposal agreements, licenses, options, orders and decisions of state and federal regulatory authorities establishing units.

Assignor will, at any time and from time to time after the date hereof, upon Assignee's request and for no further consideration, execute, acknowledge and deliver or cause to be executed and delivered, all further documents or instruments necessary to effect the transaction embodied in this Agreement, Assignment and Bill of Sale.

Assignor makes no representation or warranty of title to the interests assigned hereby other than against the claims of third parties claiming the same, or any part thereof, by, through or under Assignor, but not otherwise. With respect to the Personal Property assigned hereby, this Assignment and Bill of Sale is made without representation or warranty of title, express or implied, and all such items of Personal Property are sold AS IS AND WHERE IS, WITH ALL FAULTS, AND IN THEIR PRESENT CONDITION AND STATE OF REPAIR WITHOUT WARRANTY OF MERCHANTABILITY, CONDITION OF FITNESS FOR PARTICULAR PURPOSE, AND ANY AND ALL WARRANTIES, WHETHER EXPRESSED OR IMPLIED, ARE HEREBY EXPRESSLY DENIED. SELLER EXPRESSLY DISCLAIMS ANY WARRANTY AS TO THE CONDITION OF ANY PERSONAL PROPERTY, FIXTURES AND ITEMS OF MOVABLE PROPERTY COMPRISING ANY PART OF THE ASSETS INCLUDING (a) ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY, (b) ANY IMPLIED OR EXPRESS WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, (c) ANY IMPLIED OR EXPRESS WARRANTY OF CONFORMITY TO MODELS OR SAMPLES OF MATERIALS, (d) ANY RIGHTS OF PURCHASER UNDER APPLICABLE STATUTES TO CLAIM DIMINUTION OF CONSIDERATION, AND (e) ANY CLAIM BY PURCHASER FOR DAMAGES BECAUSE OF DEFECTS, WHETHER KNOWN OR UNKNOWN, IT BEING EXPRESSLY UNDERSTOOD BY PURCHASER THAT THE PERSONAL PROPERTY, FIXTURES AND ITEMS ARE BEING CONVEYED TO PURCHASER AS IS, WHERE IS, WITH ALL FAULTS, AND IN THEIR PRESENT CONDITION AND STATE OF REPAIR AND THAT PURCHASER HAS MADE OR CAUSED TO BE MADE SUCH INSPECTIONS AS PURCHASER DEEMS APPROPRIATE.

This conveyance is made with full substitution and subrogation of Assignee, its successors and assigns, to the rights of Assignor under, in and to all warranties made by others with respect to the rights, titles and interests being conveyed hereunder.

To have and to hold the same unto Assignee, its estates, heirs, successors and assigns forever.

This Agreement, Assignment and Bill of Sale is made subject to, and to the extent of any conflict or inconsistencies, shall be controlled by, that certain Purchase and Sale Agreement between Assignor and Assignee dated August 7, 2006 the ("*Purchase Agreement*"). Any undefined, capitalized terms used herein shall have the meanings ascribed to them in such Purchase and Sale Agreement.

EXECUTED to be effective for all purposes as of the Effective Time.

ASSIGNOR:

DEERFIELD PRODUCTION CORPORATION

By: Mark E. McSwain
Mark McSwain, President

ASSIGNEE:

MERITAGE ENERGY COMPANY, LLC

By: Sam D. Winegrad
Sam D. Winegrad
Manager

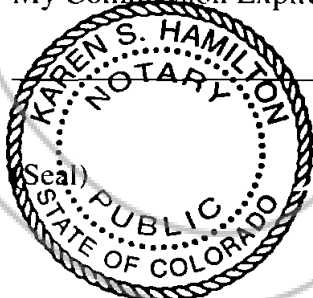
ACKNOWLEDGEMENTS

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

On this 7th day of September, 2006, before me, the undersigned, a Notary Public in and for the county and state aforesaid, personally appeared **Mark McSwain**, to me personally known to be the identical person who signed the name of the maker thereof to the within and foregoing instrument as its **President**, and acknowledged to me that he executed the same as his free and voluntary act and deed, as the free and voluntary act and deed of **Deerfield Production Corporation**, for the uses and purposes therein set forth.

Given under my hand and seal the day and year last above written.

My Commission Expires:



My Commission Expires 04/01/2009

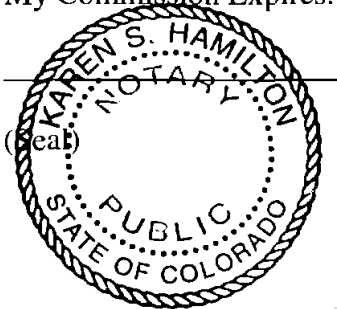
Karen S. Hamilton
Notary Public in and for the
State of Colorado

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

On this 7th day of September, 2006, before me, the undersigned, a Notary Public in and for the county and state aforesaid, personally appeared **Sam D. Winegrad**, to me personally known to be the identical person who signed the name of the maker thereof to the within and foregoing instrument as its **Manager**, and acknowledged to me that he executed the same as his free and voluntary act and deed, as the free and voluntary act and deed of **Meritage Energy Company, LLC**, for the uses and purposes therein set forth.

Given under my hand and seal the day and year last above written.

My Commission Expires:



My Commission Expires 04/01/2009

Karen S. Hamilton
Notary Public in and for the
State of Colorado

Exhibit "A"

Attached to and made a part of that certain Assignment and Bill of Sale dated effective June 1, 2006
by and between Deerfield Production Corporation, Assignor, and Meritage Energy Company, LLC, Assignee

Prospect	Lessor	Lessee	Lease Date	County	Recording Data Book Page	Lease Description
N Willow Creek	Bravo Oil Company	Sun Operating Limited Partnership	12/1/1982	Eureka	212 237	T29N R52E Sec 27: W2SE
N Willow Creek	Black Stone Minerals Company, L.P.	Deerfield Production Corporation	2/20/2002	Elko & Eureka	346 515	T28N R52E Sec 3: Lots 1, 2 (N2NE), S2NE, SE T29N R52E Sec 27: Lots 3, 4, (E2SE), SW Sec 35: W2
N Willow Creek	NVN 061503	Foreland Corporation	4/1/1997	Eureka		T29N R52E Sec 22: Lots 1-4, W2, W2E2
N Willow Creek	NVN 075447	Deerfield Production Corp	1/1/2002	Elko & Eureka		T29N R52E Sec 26: All Sec 34: Lots 1-8

EXHIBIT A-2

Attached to and made a part of that certain Assignment and Bill of Sale effective June 1, 2006
by and between Deerfield Production Corporation, Assignor, and Meritage Energy Company, LLC, Assignee

STATE	COUNTY	FIELD	API NO.	WELL NAME	WELL NO.	OPERATOR	LOCATION	RESERVOIR
NV	EUREKA	WILLOW CREEK NORTH	27011052390000	FORELAND-SOUTHERN PACIFIC	1-27	DEERFIELD PRODUCTION	27-28N-52E-NWSE	CHAINMAN
		WILLOW CREEK NORTH	27011052410000	FORELAND-SOUTHERN PACIFIC	2-27	DEERFIELD PRODUCTION	27-29N-52E-NESE	CHAINMAN
		WILLOW CREEK NORTH	27011052650000	FORELAND-SOUTHERN PACIFIC	6-27	DEERFIELD PRODUCTION	27-29N-52E-NENESW	CHAINMAN