

**DOC # 0208896**

04/16/2007

2:14 PM

**Official Record**

Recording requested By  
A FRANK KLAM

Eureka County - NV  
**Mike Rebaleati - Recorder**

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RPTT: Recorded By: LLH  
Book- 0455 Page- 0369



**ASSIGNMENT, BILL OF SALE AND CONVEYANCE**

**THIS ASSIGNMENT, BILL OF SALE AND CONVEYANCE (this "Assignment")** is made and entered into effective September 1, 2006, at 12:01 a.m., local time (the "Effective Date"), by and between CHADCO INC., a Nevada corporation ("ASSIGNOR"), a/k/a CHADCO, INC., P. O. Box 1447, Elko, NV 89801, and BLACKBURN OIL & GAS, LLC, a Colorado limited liability company ("ASSIGNEE"), 1801 Broadway, Suite 350, Denver, CO 80202.

Pursuant to the terms of the Purchase and Sale Agreement dated as of February 28, 2007 (the "PSA"), between ASSIGNOR and ASSIGNEE, for and in consideration of the sum of ten dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, ASSIGNOR does hereby convey, assign and transfer to ASSIGNEE, all of ASSIGNOR'S right, title and interest in and to the following (the "Property"):

(a) The oil, gas and mineral leases described in Exhibit A and any and all other interests in or measured by the production of oil and gas (including royalty and overriding royalty interests) produced from or attributable to the lands described in Exhibit A (the "Lands"), together with all rights, privileges and obligations appurtenant thereto, including rights in any unit in which said leases or Lands are included (collectively the "Leases");

(b) All oil, gas and condensate wells (whether producing, not producing or abandoned), and all water source, water injection and other injection and disposal wells and systems located on the Leases or the Lands, or used in connection therewith, including, but not limited to, those described in Exhibit A (collectively the "Wells"), together with all equipment, facilities, and fixtures located on or used in developing or operating the Leases, Lands, or Wells, or producing, storing, treating or transporting oil, gas, water, or other products or byproducts, including pipelines, flow lines, gathering systems, tank batteries, improvements, fixtures, inventory, movables, immovables, abandoned property and junk (collectively the "Lease Property and Equipment");

(c) To the extent assignable or transferable, all permits, licenses, easements, rights-of-way, servitudes, surface leases, surface use agreements, and similar rights and interests applicable to or used in operating the Leases, the Lands, the Wells, or the Lease Property and Equipment (collectively the "Permits and Easements");

(d) To the extent assignable or transferable, all contracts and contractual rights, obligations and interests, including, but not limited to, those listed in Exhibit B (collectively the "Related Contracts"), INsofar ONLY as the Related Contracts cover or are attributable to the Leases, the Lands, the Wells, the Lease Property and Equipment or the Permits and Easements; and

(e) To the extent assignable or transferable, all other tangibles, miscellaneous interests and other assets on or used in connection with the Leases, Lands, Wells, Lease Property and Equipment, or Permits and Easements (collectively the "Miscellaneous Personal Property"), including all records, files, and other data that relate to the Leases, Lands, Wells, Lease Property and Equipment, Permits and Easements, or Related Contracts, including lease, land and well files, production records, title opinions, contract, regulatory and environmental files, and geological and geophysical information (collectively the "Property Records").

This Assignment is made with such warranties as are set forth in the PSA. The PSA is incorporated by reference into this Assignment and shall be considered a part hereof. In the event of a conflict between the terms of the PSA and this Assignment, the terms of the PSA shall control. ASSIGNOR quitclaims to ASSIGNEE the benefit of all previous warranties in ASSIGNOR's chain of title.


This Assignment shall extend to and shall be binding upon the successors and assigns of ASSIGNOR and ASSIGNEE.

**THIS ASSIGNMENT** is executed by the parties as of the Effective Date.

CHADCO INC. a/k/a CHADCO, INC.

By:   
Kenneth Chattin,  
President

BLACKBURN OIL & GAS, LLC

By:   
Frank W. Baumgartner, Jr.,  
Vice President

STATE OF NEVADA

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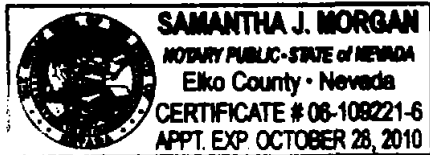
COUNTY OF ELKO

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This instrument was acknowledged before me on March 29, 2007, by Kenneth Chattin, as President of CHADCO INC., a Nevada corporation, a/k/a CHADCO, INC., on behalf of said corporation.

Witness my hand and official seal.



*Samantha J. Morgan*  
Samantha J. Morgan NOTARY PUBLIC

(SEAL)

My commission expires: October 28, 2010

STATE OF NEVADA

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COUNTY OF ELKO

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This instrument was acknowledged before me on March 29, 2007, by Frank W. Baumgartner, Jr., as Vice President of BLACKBURN OIL & GAS, LLC, a Colorado limited liability company, on behalf of said limited liability company.

Witness my hand and official seal.



*Samantha J. Morgan*  
Samantha J. Morgan NOTARY PUBLIC

(SEAL)

My commission expires: October 28, 2010

**EXHIBIT "A"**

**THE PROPERTY**

**EUREKA COUNTY, NEVADA**

**LEASES AND LANDS:**

Lease 1: U.S.A. Lease N-52055 (created by segregation out of U.S.A. Lease N-10613)  
Lessor: United States of America  
Date: November 1, 1974  
Original  
Lessee: Merle C. Chambers


**Township 27 North, Range 52 East, MDM**

Section 7: SE/4;  
Section 9: N/2NW/4, SE/4NW/4, W/2SW/4;  
Section 22: W/2SW/4.

Lease 2: U.S.A. Lease N-11348  
Lessor: United States of America  
Date: May 1, 1975  
Original  
Lessee: Suzanne D. Bucy  
Recorded: Book 57, Page 256

**Township 27 North, Range 52 East, MDM**

Section 7: NE/4;  
Section 8: W/2, SE/4, S/2NE/4.

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**WELLS:**

**Producing Wells; Shut-in Wells:**

Well Name: Blackburn Unit #3  
Location: SW/4SW/4 of Section 8, T27N, R52E

Well Name: Blackburn Unit #10  
Location: SW/4NW/4 of Section 8, T27N, R52E

Well Name: Blackburn Unit #14  
Location: NE/4SE/4 of Section 7, T27N, R52E

Well Name: Blackburn Unit #16  
Location: SE/4NE/4 of Section 7, T27N, R52E

Well Name: Blackburn Unit #18  
Location: NE/4SE/4 of Section 7, T27N, R52E

Well Name: Blackburn Unit #19  
Location: NW/4SW/4 of Section 8, T27N, R52E

Well Name: Blackburn Unit #21  
Location: NE/4SE/4 of Section 7, T27N, R52E

**Disposal Well:**

Well Name: Blackburn Unit #12  
Location: NE/4NE/4 of Section 7, T27N, R52E



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**EXHIBIT "B"**

**CONTRACTS; OPERATING AGREEMENTS**

1. Unit Agreement for the Development and Operation of the Blackburn Unit Area dated as of May 30, 1980.
2. Unit Operating Agreement Blackburn Unit Area dated as of May 30, 1980.
3. Any and all contracts and agreements relating to the sale of production, power supplies, rights-of-way, water disposal wells, well services and other matters relating to the Property and the operation thereof.



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