

Official Record

Recording requested By
C A WATTS ENERGY INVESTMENTS

Eureka County - NV

Mike Rebaleati - Recorder

Fee: \$19.00

Page 1 of 6

RPTT: \$3.90

Recorded By: FES

Book- 0461 Page- 0017



SPECIAL WARRANTY DEED

STATE OF Nevada §

§KNOW ALL MEN BY THESE PRESENTS:

County of Eureka §

WHEREAS, C. Arliss Watts, also known as C. A. Watts and Claud Arliss Watts, held title to certain oil, gas and other mineral assets located throughout the State of Nevada; and

WHEREAS, C. Arliss Watts died November 18, 2004, and his Last Will and Testament dated October 30, 2001 was duly admitted to probate in the County Court of Law Number 3 of Fort Bend County as Cause Number 18,731;

NOW THEREFORE, this SPECIAL WARRANTY DEED is made for the purpose of providing an orderly record of title distribution of all of the oil, gas and other mineral interests located within the State of Nevada owned and held by the Estate of C. Arliss Watts, Deceased (the "Estate") (i) to C. A. Watts Energy Investments, Ltd., a Texas limited partnership (sometimes referred to herein as the "Partnership"), and C. A. Watts Management Company, LLC, a Texas limited liability company (sometimes referred to herein as the "Management Company" and collectively with the Partnership, the "Grantees"), and; (ii) subsequent to the conveyance contemplated in (i) above, (the "Primary Conveyance"), the conveyance of all right, title and interest of the Management Company in the Property (as hereinafter defined) to the Partnership (the "Secondary Conveyance").

PRIMARY CONVEYANCE: PEGGY WATTS PILETERE and VERA MAE WATTS, in their capacity as Independent Co-Executors of the Estate, and not in their individual capacities (the "Grantor"), for and in consideration of the sum of Ten and No/100 Dollars (\$10.00) and other good and valuable consideration, has TRANSFERRED, CONTRIBUTED, GRANTED and CONVEYED, and by these presents does TRANSFER, CONTRIBUTE, GRANT, and CONVEY, effective as of 7:00 AM local time at the location of the Property, April 1, 2006 (the "Effective Time"), unto Grantees, all right, title and interest of the Estate, in and to all mineral interests, royalty interests, overriding royalty interests, non-participating royalty interests, production payments, net-profits interests, working interests, leasehold interests, oil, gas and mineral leases, and oil and gas in, on, under, and that may be produced from any lands located

within the State of Nevada, including, without limitation, the Estate's interest in the wells and other assets described on Exhibit A, attached hereto and incorporated herein by reference (without regard to whether such assets are incorrectly or incompletely described) (collectively, the "Property"), in the proportions set out below:

C. A. Watts Energy Investments, Ltd.	99%
C. A. Watts Management Company, LLC	1%

TO HAVE AND TO HOLD the Property, together with all and singular any other rights and appurtenances thereto in anywise belonging, unto Grantees, their successors and assigns, FOREVER, subject to the Encumbrances (defined below), and Grantor does hereby bind itself, its heirs, legal representatives, successors and assigns to WARRANT and FOREVER DEFEND all and singular the Property unto Grantees, their successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof by, through or under Grantor, but not otherwise, subject, however, to the Encumbrances.

SECONDARY CONVEYANCE: THE MANAGEMENT COMPANY, for and in consideration of the sum of Ten and No/100 Dollars (\$10.00) and other good and valuable consideration, has TRANSFERRED, CONTRIBUTED, GRANTED and CONVEYED, and by these presents does TRANSFER, CONTRIBUTE, GRANT, and CONVEY, effective as of 7:01 AM local time at the location of the Property, April 1, 2006, unto the Partnership, all right, title and interest of the Management Company in the Property.

TO HAVE AND TO HOLD the Property, together with all and singular any other rights and appurtenances thereto in anywise belonging, unto the Partnership, its successors and assigns, FOREVER, subject to the Encumbrances, and the Management Company does hereby bind itself, its legal representatives, successors and assigns to WARRANT and FOREVER DEFEND all and singular the Property unto the Partnership, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof by, through or under the Management Company, but not otherwise, subject, however, to the Encumbrances.

The Primary and Secondary Conveyance are made and accepted subject to (i) restrictive covenants affecting the Property; (ii) any discrepancies, conflicts or shortages in area or boundary lines, or any encroachments, if any overlapping of improvements; (iii) standby fees and taxes for the current and subsequent years, and subsequent assessments for prior years due to a change in land usage or ownership; (iv) existing building and zoning ordinances; (v) rights of parties in possession; (vi) liens, leases, covenants, restrictions, conditions, reservations, exceptions and easements; (vii) oil, gas, mineral and royalty conveyances, and leases of record, if any, in effect, shown of record in the county clerk's office where the Property, or any part thereof is located; and (viii) other conditions and encumbrances affecting title to the extent (but no further) that each such matter described or referred to in this sentence is valid and subsisting as of the date hereof and affects title to the Property (collectively, the "Encumbrances").



MISCELLANEOUS PROVISIONS

Further Assurances. So long as authorized by applicable law to do so, Grantor and the Management Company will do, execute, acknowledge, and deliver all further acts, conveyances, notices, releases or other instruments, as may be reasonably necessary or appropriate to fully assure Grantees, their successors and assigns all of the respective rights, titles, interests, estates, remedies, powers, and privileges by this SPECIAL WARRANTY DEED granted, conveyed, and transferred, or purported so to be.

Taxes. Grantor shall be responsible for the payment of taxes and assessments relating to the Property which accrue prior to the Effective Time. The Partnership shall be responsible for the payment of taxes and assessments relating to the Property which accrue on and after the Effective Time.

Successors and Assigns. All of the terms and provisions of this SPECIAL WARRANTY DEED shall extend to, be binding upon, and inure to the benefit of the parties hereto, their respective heirs, executors, administrators, representatives, successors and assigns.

Allocations. Grantor (i) shall be entitled to all proceeds attributable to the Property prior to the Effective Time, and (ii) shall be responsible for all costs, expenses or other liabilities that are attributable to the Property for the period of time prior to the Effective Time. The Partnership (i) shall be entitled to all proceeds attributable to the Property on and after the Effective Time, and (ii) shall be responsible for all costs, expenses or other liabilities that are attributable to the Property for the period of time on and after the Effective Time. In the event any party hereto at any time receives any funds from any third party that are properly payable to another party, the party receiving the funds shall promptly remit the funds to the party entitled to such funds.


Address of Grantees. The mailing address of both the Management Company and the Partnership is P.O. Box 2667, Sugar Land, Texas 77487.

[Signature Page Follows]

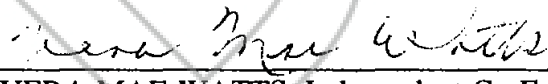


IN WITNESS WHEREOF, this SPECIAL WARRANTY DEED has been duly executed on the date in the acknowledgments appended hereto, but effective for all purposes as of the Effective Time.

GRANTOR:



PEGGY WATTS PILETERE, Independent Co-
Executor of the Estate of C. A. Watts, Deceased



VERA MAE WATTS, Independent Co-Executor of
the Estate of C. A. Watts, Deceased

MANAGEMENT COMPANY

C. A. Watts Management Company, LLC



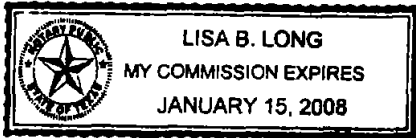
PEGGY WATTS PILETERE, Manager



STATE OF TEXAS §

COUNTY OF FORT BEND §

This instrument was acknowledged before me on the 21st day of June, 2007 by Peggy Watts Piletere, in her capacity as an Independent Co-Executor of the Estate of C. A. Watts, Deceased.

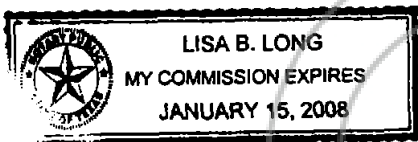


Lisa B. Long
NOTARY PUBLIC IN AND FOR
THE STATE OF TEXAS

STATE OF TEXAS §

COUNTY OF FORT BEND §

This instrument was acknowledged before me on the 21st day of June, 2007 by Vera Mae Watts, in her capacity as an Independent Co-Executor of the Estate of C. A. Watts, Deceased..

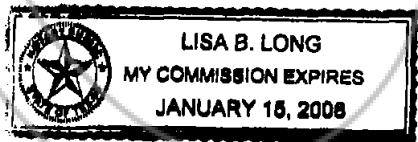


Lisa B. Long
NOTARY PUBLIC IN AND FOR
THE STATE OF TEXAS

STATE OF TEXAS §

COUNTY OF FORT BEND §

This instrument was acknowledged before me on the 21st day of June, 2007 by Peggy Watts Piletere, Manager of C. A. Watts Management Company, LLC, a Texas limited liability company, on behalf of such limited liability company.



Lisa B. Long
NOTARY PUBLIC IN AND FOR
THE STATE OF TEXAS

EXHIBIT "A"

Attached hereto and made a part of that certain Special Warranty Deed Dated May 15, 2006, but effective April 1, 2006, by and between Estate of C Arliss Watts (Grantor) and C A Watts Energy Investments Ltd.(Grantee)

All properties listed below are located in Eureka County, Nevada

Township	Range	Section	Well
27N	52E	8	Blackburn 10-8
27N	52E	8	Blackburn 16-7
27N	52E	7	Blackburn 19-8
27N	52E	7	Blackburn 18-7
27N	52E	7	Blackburn 21
27N	52E	7	Blackburn 14-7



STATE OF NEVADA DECLARATION OF VALUE

DOC # DV-210364

08/02/2007 01:25 PM

Official Record

1. Assessor Parcel Number (s)

- a) 27N 52E Sec 8
- b) 27N 52E Sec 7
- c) _____
- d) _____

FOR RE
Documt
Book:
Date of
Notes:

Recording requested By
C A WATTS ENERGY INVESTMENTS

Eureka County - NV
Mike Rebaleati - Recorder

2. Type of Property:

- | | | | |
|--|--------------|-----------------------------|-----------------|
| a) <input type="checkbox"/> | Vacant Land | b) <input type="checkbox"/> | Single Fam Res. |
| c) <input type="checkbox"/> | Condo/Twnhse | d) <input type="checkbox"/> | 2-4 Plex |
| e) <input type="checkbox"/> | Apt. Bldg. | f) <input type="checkbox"/> | Comm'l/Ind'l |
| g) <input type="checkbox"/> | Agricultural | h) <input type="checkbox"/> | Mobile Home |
| i) <input checked="" type="checkbox"/> | Other | | |

Page 1 of 1 Fee \$19.00
Recorded By: FES RPTT \$3.90
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3. Total Value/Sales Price of Property:

Deed in Lieu of Foreclosure Only (value of property) \$ 550
 Transfer Tax Value: \$
 Real Property Transfer Tax Due: \$ 215 3.90

4. If Exemption Claimed:

- a. Transfer Tax Exemption, per NRS 375.090, Section: _____
- b. Explain Reason for Exemption: _____

5. Partial Interest: Percentage being transferred: .000147 %

The undersigned declares and acknowledges, under penalty of perjury, pursuant to NRS 375.060 and NRS 375.110, that the information provided is correct to the best of their information and belief, and can be supported by documentation if called upon to substantiate the information provided herein. Furthermore, the disallowance of any claimed exemption, or other determination of additional tax due, may result in a penalty of 10% of the tax due plus interest at 1% per month.

Pursuant to NRS 375.030, the Buyer and Seller shall be jointly and severally liable for any additional amount owed.

Signature [Signature] Capacity Executrix
 Signature [Signature] Capacity Manager

SELLER (GRANTOR) INFORMATION

BUYER (GRANTEE) INFORMATION

(REQUIRED)
 Print Name: C.A. Watts Estate
 Address: 822 Alhambra Ct
 City: Sugar Land
 State: TX Zip: 77478

(REQUIRED)
 Print Name: C.A. Watts Energy Investments, Ltd
 Address: P.O. Box 2667
 City: Sugar Land
 State: TX Zip: 77487

COMPANY/PERSON REQUESTING RECORDING

(REQUIRED IF NOT THE SELLER OR BUYER)

Print Name: _____ Escrow # _____
 Address: _____
 City: _____ State: _____ Zip: _____

(AS A PUBLIC RECORD THIS FORM MAY BE RECORDED)