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0211479

ASSIGNMENT AND BILL OF SALE

EUREKA COUNTY

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STATE OF NEVADA

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This Assignment and Bill Of Sale (the "Assignment") dated December 12, 2007, but effective as of August 1, 2007, at 12:01 a.m., local time (the "Effective Date"), is from Bedford Sabine, L.C., a Texas limited liability company, with an address of P.O. Box 543, Longview, Texas 75606 ("ASSIGNOR") to Crain II Oil & Gas, Ltd., a Texas limited partnership, with an address at P.O. Box 2146, Longview, Texas 75606 ("ASSIGNEE") (Assignor and Assignee are sometimes referred to individually as a "Party" and collectively as the "Parties"). This Assignment is made pursuant to that certain Letter Agreement dated December 12, 2007, between Assignor and Assignee.

ARTICLE I - CONVEYANCE

1.1 Description of the Property. Subject to the terms of this Assignment, ASSIGNOR hereby grants, conveys and assigns all of ASSIGNOR's right and title to, and interest in, the following (collectively the "Property"), TO HAVE AND HOLD the Property unto ASSIGNEE, its successors and assigns, forever:

1.1.1 The oil, gas and mineral lease(s) and other interests in oil and gas described in Exhibit A, Schedule 1, and all rights, privileges and obligations appurtenant to those interests and leases (the "Leases");

1.1.2 All oil, gas and condensate wells, water source, water injection and other injection or disposal wells and systems located on the Leases or lands unitized or pooled with the Leases (the "Wells"), including without limitation, ASSIGNOR'S respective working and net revenue interests in such Wells described in Exhibit A, Schedule 2;

1.1.3 All units or pooled areas in which the Leases are included, to the extent that these rights and interests arise from and are associated with the Leases or Wells, including without limitation, all rights derived from any unitization, pooling, operating, communitization or other agreement or from any declaration or order of any governmental authority;

1.1.4 All equipment, facilities, pipelines, gathering systems, well pads, tank batteries,

improvements, fixtures, inventory, spare parts, tools, and other personal property on or associated with the Leases or used in developing or operating the Leases and Wells or producing, treating, storing, compressing, processing or transporting hydrocarbons on or from the Leases (the "Equipment");

1.1.5 All easements, rights-of-way, licenses, permits, servitudes, surface leases, and similar interests applicable to or used in operating the Leases or Wells, the lands unitized or pooled with the Leases, or the personal property described above (the "Easements");

1.1.6 All agreements, contracts and contractual rights and interests relating to the Property described in Sections 1.1.1 through 1.1.5 above, including without limitation those certain contracts, if any, described in Exhibit A, Schedule 1, and any other related unit agreements, farmout agreements, farmin agreements, operating agreements, and hydrocarbon sales, purchase, gathering, transportation, treating, marketing, exchange, processing and fractionating agreements (the "Related Contracts");

1.1.7 All rights with respect to overproduction, underproduction, overdelivery or underdelivery of hydrocarbons produced from or allocated to the Leases or Wells or otherwise attributable to any Equipment or Contract, rising after the effective date or whether attributable to any facility, wellhead, pipeline, plant, gathering system, transportation system or otherwise ("Imbalances"); and

1.1.8 All other tangibles, miscellaneous interests or other assets on or used in connection with the Leases, including without limitation copies of all lease files, land files, well files, well logs, production records, maintenance files, division order files, abstracts, title opinions, and contract files, insofar as they are directly related to the Leases, Wells, Equipment, Easements or Related Contracts.

1.2 Exclusions from the Property. The Property conveyed and assigned under this Assignment does not include and there is hereby SAVED and EXCEPTED and RESERVED unto ASSIGNOR the following (the "Excluded Assets"):

1.2.1 All royalties, overriding royalties, production payments and suspended funds, if any owned by ASSIGNOR;

1.2.2 ASSIGNOR's corporate, financial and tax records, and legal files, except that ASSIGNOR will provide ASSIGNEE with copies of any tax records that are reasonably necessary for ASSIGNEE's ownership, administration or operation of the Property;

1.2.3 Claims of ASSIGNOR for refund of or loss carry forwards with respect to production, windfall profit, severance, ad valorem or any other taxes attributable to any period prior to the Effective Date;

1.2.4 Deposits, cash, checks in process of collection, cash equivalents and other funds attributable to ASSIGNOR's interest in the Property pertaining to any periods before the Effective Date;

1.2.5 Proceeds, benefits, income or revenues (and any security or other deposits made) with respect to the Property attributable to periods before the Effective Date; and

1.2.6 Claims and causes of action arising from acts, omissions or events, or damage or destruction of the Property before the Effective Date, and all rights, titles, claims and interests of ASSIGNOR (i) under any policy or agreement of insurance or indemnity, (ii) under any bond or letter of credit, or (iii) to any insurance or condemnation proceeds or awards.

1.3 Letter Agreement. This Assignment is made and accepted subject to all of the terms of the Letter Agreement, which are hereby deemed incorporated by reference into this Assignment to the fullest extent permitted by law. To extent there is conflict, terms of the Letter Agreement will control.

ARTICLE 2. - OTHER PROVISIONS

2.1 Disclaimer. ASSIGNOR HEREBY TRANSFERS AND ASSIGNEE HEREBY ACCEPTS ALL EQUIPMENT, PIPELINES, GATHERING SYSTEMS, MATERIALS, IMPROVEMENTS, FIXTURES AND OTHER PERSONAL PROPERTY CONSTITUTING ALL OR PART OF THE PROPERTY "AS IS, WHERE IS" AND SUBJECT TO ALL FAULTS, AND WITHOUT ANY WARRANTY OF ANY KIND, EXPRESSED, IMPLIED, OR STATUTORY, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY, ANY IMPLIED OR EXPRESS WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, ANY IMPLIED OR EXPRESS WARRANTY AS TO QUALITY, DESCRIPTION OR VALUE, AND ANY IMPLIED OR EXPRESS WARRANTY OF CONFORMITY TO MODELS OR SAMPLES OF MATERIALS.

2.2 Allocations. All monetary interests attributable to the ownership of the Property prior to the Effective Date shall be the property of ASSIGNOR. All monetary interests attributable to the ownership of the Property on and after the Effective Date shall be the property of ASSIGNEE. ASSIGNOR shall be responsible for payment of all costs, expenses and liabilities attributable to the Property prior to the Effective Date. ASSIGNEE shall be responsible for payment of all costs, expenses and liabilities attributable to the Property on and after the Effective Date.

2.3 Special Warranty. ASSIGNOR represents and warrants that (i) title to the Property is free and clear of all defects and encumbrances arising by, through or under ASSIGNOR, but not otherwise, and (ii) ASSIGNOR has the full power and right to sell and convey the Property.

2.4 Further Assurances. ASSIGNOR and ASSIGNEE will do, execute, acknowledge and deliver all further acts, conveyances and instruments as may be reasonably necessary or appropriate to carry out the intent of this Assignment and to more fully and accurately assign and convey the Property to ASSIGNEE.

2.5 Successors and Assigns. The provisions of this Assignment shall be covenants running with the land, and this Assignment shall extend to, be binding upon, and inure to the benefit of

ASSIGNOR and ASSIGNEE, and their respective successors and assigns.

2.6 Assumption of Obligations. ASSIGNEE hereby accepts all of ASSIGNOR's right, title and interest in and to the Leases and Related Contracts, and assumes and agrees to be bound by the terms thereof to the extent the same arises and accrues after the Effective Date.

2.7 Counterparts. This Assignment may be executed in multiple counterparts, each of which shall for all purposes constitute one and the same instrument.

2.8 Attachments. The Exhibits attached to this Assignment (including any Preamble thereto) and the Schedules to which reference is herein made are incorporated herein by reference and made a part hereof for all purposes.

2.9 Governing Law. This Assignment is governed by and must be construed according to the laws of the state of Texas, excluding any conflicts-of-law rule or principle that might apply the law of another jurisdiction. If any provision of this Assignment is found by a court of competent jurisdiction to be invalid or unenforceable, that provision will be deemed modified to the extent necessary to make it valid and enforceable and if it cannot be so modified, it shall be deemed deleted and the remainder of the Assignment shall continue and remain in full force and effect.

The authorized representatives of ASSIGNOR and ASSIGNEE execute this Assignment on the dates set forth in their respective acknowledgements hereto, but this Assignment shall be effective for all purposes as of the Effective Date.

WITNESSES

By: Don Westbrook
Name: Don Westbrook

By: Darren Groce
Name: Darren Groce

WITNESSES

By: Darren Groce
Name: Darren Groce

By: Richard A. Dial
Name: Richard A. Dial

ASSIGNOR:

BEDFORD SABINE, L.C.

By: Neal A. Hawthorn
Name: Neal A. Hawthorn
Title: Managing Partner and Member

ASSIGNEE:

CRAIN II OIL & GAS, LTD., By Crain
II Oil & Gas GP, LLC, Its General Partner

By: Richard A. Dial
Name: Richard A. Dial
Title: President

ACKNOWLEDGMENTS

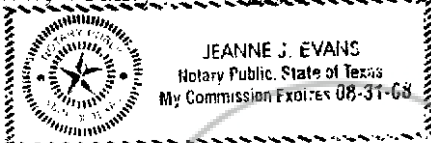
STATE OF TEXAS §

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COUNTY OF GREGG §

On this 12th day of December, 2007, before me, the undersigned authority, personally came and appeared Neal A. Hawthorn, to me personally known and known by me to be the person whose genuine signature is affixed to the foregoing document, as Managing Partner and Member of Bedford Sabine, L.C., a Texas limited liability company, who signed said document before me and in the presence of two witnesses, whose names are thereto ascribed as such, being competent witnesses, and who acknowledged, in my presence and in the presence of said witnesses, that he signed the above and foregoing document as his free act and deed and the free act and deed of said entity and for the uses and purposes therein set forth and apparent.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal in the City of Longview, County of Gregg, on the day and year first above written.



Jeanne J. Evans
Notary Public in and for the State of Texas

STATE OF TEXAS §

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COUNTY OF GREGG §

On this 12th day of December, 2007, before me, the undersigned authority, personally came and appeared Richard A. Dial, to me personally known and known by me to be the person whose genuine signature is affixed to the foregoing document, as President of Crain II Oil & Gas GP, LLC, General Partner of Crain II Oil & Gas, Ltd., a Texas limited partnership, who signed said document before me and in the presence of two witnesses, whose names are thereto ascribed as such, being competent witnesses, and who acknowledged, in my presence and in the presence of said witnesses, that he signed the above and foregoing document as his free act and deed and the free act and deed of said entity and for the uses and purposes therein set forth and apparent.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal in the City of Longview, County of Gregg, on the day and year first above written.



Jeanne J. Evans
Notary Public in and for the State of Texas



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EXHIBIT A – Schedule 1

1. All right, title and interest under that certain Mining Venture Letter Agreement dated September 15, 2006, by and between Trail Mountain, Inc., and Crain Energy, Ltd., et al. (NV-3884)
2. All right, title and interest under that certain Participation Agreement for the Pine Valley Southwest Prospect dated April 22, 2003, by and between Lacy Properties, Ltd. and Bedford Sabine, LC, et al. (NV-3836)
3. All interest in the Middle Ground Prospect located in T28N, R51E, Eureka County, Nevada. (NV-3849)
4. All right, title and interest under that certain Participation Agreement for the Palsade Prospect dated June 1, 2006, by and between Lacy Properties, Ltd., and Allegro Investments, Inc., et al, including the following oil and gas leases:

<u>Lease No.</u>	<u>Lessor</u>	<u>Lessee</u>	<u>BLM Serial No.</u>	<u>EFFECTIVE DATE</u>	<u>Lands</u>
NV-3853-1	United States of America	Lacy Properties, Ltd.	N-77947	Feb. 1, 2004	T31N, R50E, MDM Sec. 14: All; Sec. 24: All; Sec. 26: All; Sec. 36: Lots 1-12, N2.
NV-3853-2	United States of America	Lacy Properties, Ltd.	N-77881	Apr. 1, 2004	T31N, R51E, MDM Sec. 15: N2NW; Sec. 16: All; Sec. 21: SWNE, W2NW, SENW, N2SW, SWSW, NWSE; Sec. 22: All.
NV-3853-3	United States of America	Lacy Operations, Ltd.	N-77882	Apr. 1, 2004	T31N, R51E, MDM Sec. 17: N2NE, SWNE, NW, N2SW, SE; Sec. 18: Lots 1-4, E2; Sec. 20: All.
NV-3853-4	United States of America	Lacy Operations, Ltd.	N-77883	Apr. 1, 2004	T31N, R51E, MDM Sec. 29: W2NE, E2NW, NWSE; Sec. 30: Lots 1-4, E2; Sec. 32: Lots 1-20, S2.
NV-3853-5	United States of America	Lacy Properties, Ltd.	N-77884	Apr. 1, 2004	T31N, R51E, MDM Sec. 28: All; Sec. 34: Lots 1-20, S2.

<u>Lease No.</u>	<u>Lessor</u>	<u>Lessee</u>	<u>BLM Serial No.</u>	<u>EFFECTIVE DATE</u>	<u>Lands</u>
NV-3853-7	United States of America	Lacy Properties, Ltd.	N-82569	Nov. 1, 2006	T31N, R51E, MDM Sec. 10: Lot 1, W2NE, SENE, W2, SE; Sec. 11: SWSW; Sec. 12: Lots 1-4, NE, S2NW, SW, N2SE; Sec. 14: All.
NV-3853-8	United States of America	Lacy Properties, Ltd.	N-82570	Nov. 1, 2006	T31N, R51E, MDM Sec. 24: All; Sec. 26: All.
RECORDED					
NV-3853-6	Black Stone Minerals, L.P.	Lacy Properties, Ltd.	V393/P072 Amended V438/P041	Aug. 6, 2004	T30N, R51E, MDM Sec. 3: All. T31N, R50E, MDM Sec. 13: All; Sec. 23: All; Sec. 25: All; Sec. 35: All. T31N, R51E, MDM Sec. 15: NE, S2NW, S2; Sec. 17: SENE, S2SW; Sec. 19: Lots 1-4, E2 (All); Sec. 21: E2E2, NWNE, NENW, SESW, SWSE; Sec. 23: W2; Sec. 27: All; Sec. 29: E2E2, W2NW, SW, SWSE; Sec. 31: All; Sec. 33: All; Sec. 35: Lots 3-6.

5. All right, title and interest in the Nevada Study Group (NV-3860) as set forth in that certain Partial Assignment of Contract Rights dated effective December 1, 2005, by and between Lacy Properties, Ltd., Crain Energy, Ltd and Bedford Sabine, LC, including the following oil and gas leases located in the Central Railroad Valley Prospect (NV-3858) located in Eureka County, Nevada.

<u>LEASE ID</u>	<u>BLM SERIAL #</u>	<u>LESSEE</u>	<u>EFFECTIVE DATE</u>
NV-203863-0001	NV-78220	YATES PETROLEUM CORPORATION	4/1/2004
NV-203863-0002	NV-78221	YATES PETROLEUM CORPORATION	4/1/2004
NV-203863-0003	NV-78582	YATES PETROLEUM CORPORATION	7/1/2004



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EXHIBIT A - SCHEDULE 2

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