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01:17 PM

Official Record

Recording requested By
DAVID G STOLFA

Eureka County - NV

Mike Rebaleati - Recorder

Fee: \$19.00

Page 1 of 6

RPTT:

Recorded By: FES

Book- 552 Page- 0113



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Recording Requested By:

Name David G. Stolfa

Address 3300 So. Columbine Circle

City / State / Zip Englewood, CO 80113

ASSIGNMENT, BILL OF SALE AND CONVEYANCE

(Print Name Of Document On The Line Above)



I the undersigned hereby affirm that this document submitted for recording contains personal information (social security number, driver's license number or identification card number) of a person as required by specific law, public program or grant that requires the inclusion of the personal information. The Nevada Revised Statue (NRS), public program or grant referenced is:

(Insert The NRS, public program or grant referenced on the line above.)

Signature

Name Typed or Printed

This page is added to provide additional information required by NRS 111.312 Sections 1-2.
This cover page must be typed or printed. Additional recording fee applies.

ASSIGNMENT, BILL OF SALE AND CONVEYANCE

THIS ASSIGNMENT, BILL OF SALE AND CONVEYANCE (this "Assignment"), dated as of July 1, 2013 (the "Effective Date"), is from UNDERGROUND ENERGY, INC., a Delaware corporation ("ASSIGNOR"), with an address at 7 West Figueroa Street, 3rd Floor, Santa Barbara, California 93105, to GRANT CANYON OIL & GAS, LLC, a Colorado limited liability company ("ASSIGNEE"), with an address at 717 Seventeenth Street, Suite 1400, Denver, Colorado 80202.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, ASSIGNOR does hereby sell, convey, assign and transfer to ASSIGNEE the following (the "Property"):

(a) The oil and gas lease described in Exhibit A attached hereto and made a part hereof (the "Lease"), covering all of the lands described in Exhibit A (the "Lands"), together with all rights, privileges and obligations appurtenant thereto, including rights in any unit in which the Lease or the Lands may now or hereafter be included;

(b) 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 Lease or the Lands (collectively the "Permits and Easements"); and

(c) All other tangibles, miscellaneous interests and other assets on or used in connection with the Lease or the Lands (collectively the "Miscellaneous Personal Property"), including copies of records, files and other data that relate to the Lease or the Lands, and copies of lease, land and well files, title opinions, contract, regulatory and environmental files and geological and geophysical information that relate to the Lease or the Lands (collectively the "Property Records").

ASSIGNOR hereby reserves an overriding royalty interest in and to the Lease and the Lands in an amount equal to 15 percent minus all existing royalty and overriding royalty burdens, with the intent of the parties being that ASSIGNOR will deliver to ASSIGNEE by this Assignment a 100% working interest and an 85% net revenue interest in and to the Lease and the Lands.



ASSIGNOR warrants title to the Property against burdens, claims, title defects and other matters arising by, through or under ASSIGNOR, except the above-described overriding royalty interest being reserved by ASSIGNOR hereunder.

Except for the special warranty of title set forth above, ASSIGNOR CONVEYS THE PROPERTY TO ASSIGNEE WITHOUT ANY EXPRESS, STATUTORY OR IMPLIED WARRANTY OR REPRESENTATION OF ANY KIND, INCLUDING WARRANTIES RELATING TO (i) THE CONDITION OR MERCHANTABILITY OF THE PROPERTY, (ii) THE FITNESS OF THE PROPERTY FOR ANY PARTICULAR PURPOSE, OR (iii) CONFORMITY TO MODELS OR SAMPLES OF MATERIALS. ASSIGNEE HAS INSPECTED (OR HAS BEEN GIVEN THE OPPORTUNITY TO INSPECT), THE PROPERTY AND IS SATISFIED AS TO THE PHYSICAL, OPERATING, REGULATORY COMPLIANCE, SAFETY AND ENVIRONMENTAL CONDITION (BOTH SURFACE AND SUBSURFACE) OF THE PROPERTY AND EXPRESSLY AND KNOWINGLY ACCEPTS THE PROPERTY AS IS, WHERE IS, AND WITH ALL FAULTS AND DEFECTS AND IN ITS PRESENT CONDITION AND STATE OF REPAIR. Without limiting the generality of the foregoing, ASSIGNOR makes no representation or warranty as to (i) the amount, value, quality, quantity, volume or deliverability of any oil, gas or other minerals or reserves (if any) in, under or attributable to the Property, (ii) the physical, operating, regulatory compliance, safety or environmental condition of the Property, (iii) the geological or engineering condition of the Property or any value thereof; (iv) the ability of the Property to generate income or profits; or (v) the cost of owning or operating the Property.

This Assignment is made with the understanding on the part of both Assignor and Assignee that Assignee and its successors and assigns shall have the right, at their election, to pool and unitize all or any portion of the Lease with other leases or lands, in the manner and with the same effect as authorized under the terms of the Lease, as now constituted or as hereafter amended, or as may be hereafter authorized by the lessor thereof. In the event of such pooling or unitization, in lieu of the overriding royalty hereby reserved by Assignor as described above, Assignor shall receive, from the production from the unit or units so pooled or unitized, the share of its reserved overriding royalty only in proportion to the allocated share of such production attributable to the Lands included in the pooled or unitized area.

A separate assignment on the appropriate federal form required for filing in the applicable federal records is being delivered contemporaneously herewith. Such separate assignment is intended to cover the same interests that are being conveyed hereby.

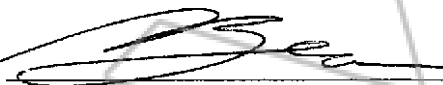
This Assignment shall extend to and shall be binding upon the successors and assigns of ASSIGNOR and ASSIGNEE.



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

ASSIGNOR:

UNDERGROUND ENERGY, INC.

By: 

John Bean,
Chief Financial Officer

STATE OF CALIFORNIA


§
§ ss.
§

COUNTY OF Santa Barbara

On July 16, 2013, before me, Christian Torchia, Notary Public, personally appeared John Bean, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

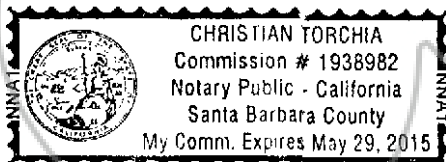
I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.


Christian Torchia, Notary Public
(Name Printed)

[SEAL]

My commission expires: May 29, 2015



0224647

Book: 552 07/29/2013
Page: 116 Page: 4 of 6

ASSIGNEE:

GRANT CANYON OIL & GAS, LLC

By: _____

Michael D. O'Neal,
President

STATE OF COLORADO

§
§
§

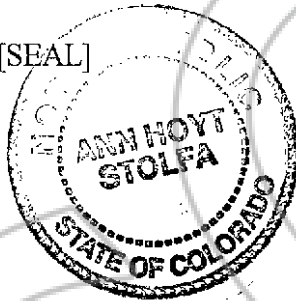
COUNTY OF ENGLEWOOD

The foregoing instrument was acknowledged before me on July 25, 2013 by Michael D. O'Neal, as the President of GRANT CANYON OIL & GAS, LLC, a Colorado limited liability company, on behalf of said limited liability company. Witness my hand and official seal.

Ann Hoyt Stolf

Ann Hoyt Stolf, Notary Public

[SEAL]



My commission expires: May 14, 2016

EXHIBIT "A"
EUREKA COUNTY, NEVADA
THE PROPERTY

Lessor: United States of America NVN-089529
Lessee: Underground Energy, Inc.
Date: May 1, 2011
Land
Description: T. 27 N., R. 51 E., MDM
Section 11: All;
Section 12: All;
Section 13: Lots 1, 2, 3 and 4, W/2;
Section 14: All;

covering 2,391.82 acres, more or less.