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09/24/2013

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Official Record

Recording requested By
R3 EXPLORATION CORP

Eureka County - NV

Mike Rebaleati - Recorder

Fee: \$17.00

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RPTT:

Recorded By: FES

Book- 555 Page- 0104



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Recording Requested By:

Name R3 Exploration Corporation

Address 2248 S. Xenophon Street

City / State / Zip Lakewood, Colo 80228

Robert R. Ray, President
303-989-8071 Tel.

ASSIGNMENT OF OVERRIDING ROYALTY INTEREST

(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 Statute (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 OF OVERRIDING ROYALTY INTEREST

THIS ASSIGNMENT OF OVERRIDING ROYALTY INTEREST (this "Assignment"), dated effective as of July 2, 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 R3 EXPLORATION CORPORATION, a Colorado corporation ("Assignee"), with an address at 2248 South Xenophon Street, Lakewood, Colorado 80228-4358.

RECITALS

A. Assignor originally owned 100 percent of the leasehold estate in and to the oil and gas described in Exhibit "A" attached hereto and made a part hereof (the "Lease"), covering the lands described in said Exhibit "A" (the "Lands").

B. Prior to the date hereof, Assignor has assigned the entire leasehold estate in and to the Lease and the Lands to Grant Canyon Oil & Gas, LLC, reserving a 2.5% overriding royalty interest (the "Reserved ORRI").

C. Assignor desires to assign an undivided 70 percent of the Reserved ORRI to Assignee and to retain the remainder of the Reserved ORRI, so that, after giving effect to this Assignment, Assignee will own a 1.75% overriding royalty interest in and to the Lease and Assignor will own a 0.75% overriding royalty in and to the Lease.

ASSIGNMENT

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor does hereby sell, convey, assign and transfer to Assignee, subject to the terms and provisions hereinafter set forth, an undivided 70 percent of the Reserved ORRI, and reserves to Assignor an undivided 30 percent of the Reserved ORRI, so that, after giving effect to this Assignment, Assignee will own a 1.75% overriding royalty interest in and to the Lease and Assignor will own a 0.75% overriding royalty in and to the Lease.

This Assignment is made with the understanding on the part of both Assignor and Assignee that the owner of the leasehold estate in and to the Lease and such owner's 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 herein assigned, Assignor and Assignee shall receive, from the production from the unit or units so pooled or unitized, their respective shares of the Reserved ORRI only in proportion to the allocated share of such production attributable to the Lands included in the pooled or unitized area.

Assignor warrants title to the interests assigned herein, to the extent of claims arising by, through or under Assignor, but not otherwise, and Assignor warrants that the interests assigned are free and clear of all liens, claims, and/or encumbrances arising by, through or under Assignor, but not otherwise. This Assignment and its terms and provisions shall be binding upon the parties hereto, their respective heirs, successors and assigns forever.

IN WITNESS WHEREOF, this Assignment is executed and delivered as of the date first above written.

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.

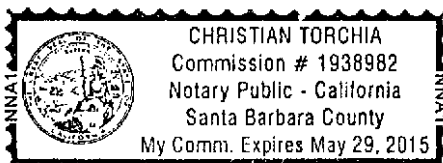
WITNESS my hand and official seal.



Christian Torchia, Notary Public
(Name Printed)

[SEAL]

My commission expires: May 29, 2015



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EXHIBIT "A"
EUREKA COUNTY, NEVADA
THE LEASE AND THE LANDS

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.

