

ASSIGNMENT OF OIL AND GAS LEASE

(As to the SE/4 of the NE/4 of Section 24,
T21S, R26E, N.M.P.M., Eddy County, New Mexico)

COPY

Whereas, on the 3rd day of September, 1954, a certain Oil and Gas Mining Lease was made and entered into by and between Laurent F. Rayroux and Lillie R. Rayroux, his wife, as Lessors, and G. K. Woods, as Lessee, and recorded in Book 65 at Page 143 of the Oil and Gas Records of Eddy County, New Mexico, reserving unto Lessor a 1/8th royalty, and

Whereas, under a date of July 28, 1955, G. K. Woods and Florence Woods, his wife, executed an assignment of a sliding scale overriding royalty (1 percent of 7/8ths in production less than 15 barrels per day) in favor of J. W. Baker, which assignment is recorded in Book 69 at Page 107 of the Oil and Gas Records of Eddy County, New Mexico, and

Whereas, by assignment dated September 22, 1965, recorded in Book 159, Page 581 of the Oil and Gas Records of Eddy County, New Mexico, the entire leasehold estate, subject only to the sliding scale royalty to J. W. Baker, vested in Billy J. Boatenhamer, and

Whereas, by assignment dated November 18, 1965, recorded in Book 161, Page 545 of the Oil and Gas Records of Eddy County, New Mexico, Billy J. Boatenhamer and Nelda Jane Boatenhamer, his wife did sell, transfer, assign and convey unto Barber Oil, Inc., all of their right, title and interest in and to said lease insofar as it covers the

SE/4 of the NE/4 of Section 24, Township 21
South, Range 26 East, N.M.P.M., Eddy County, New
Mexico

their interest being the entire leasehold estate in said premises, subject only to the sliding scale royalty to J. W. Baker, and

Whereas, by assignment dated January 11, 1966, recorded in Book 163, Page 33 of the Oil and Gas Records of Eddy County, New Mexico, J. W. Baker and Margaret S. Baker, his wife, sold, transferred, set over, assigned and conveyed unto Barber Oil, Inc., all their right, title, interest and claim of whatsoever nature or kind, in and to that certain aforementioned sliding scale royalty;

NOW, THEREFORE, for and in consideration of One Dollar and other good and valuable consideration, the receipt of which is hereby acknowledged, the undersigned, the present owner of One Hundred Percent (100%) of the Working Interest and a Net Revenue Interest of Eighty-Seven and One Half Percent (87.5%) does hereby sell, transfer, assign and convey all rights, title and interest to said lease and the rights thereunder in so far as it covers the above described lands from the surface of the ground to a

RECEPTION
945983

ESCO
USA INC
PO BOX 22177
OKLAHOMA CITY OK 73123

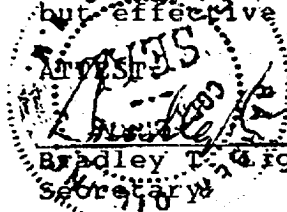
13/140.06

depth of 3,000 feet, together with all personal property used in connection therewith to Tom Schneider DBA Topat Oil Corporation, 505 N. Big Spring, #204 Midland, TX 79701 and their heirs, successors and assigns.

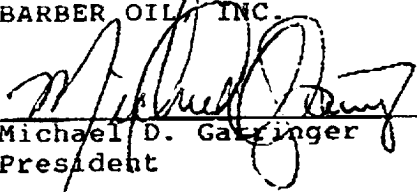
For the same consideration, the undersigned Assignors, for themselves, their heirs, successors and legal representatives do covenant with the Assignee, its successors and assigns that they are the lawful owners of the described leasehold estate assigned herewith and the Assignor has good right and authority to sell and convey the same; the said lease rights and interest are free and clear of liens and encumbrances and the Assignor will warrant and defend the same against the lawful claims and demands of all persons whomsoever.

This Assignment shall be binding upon the parties hereto, their heirs, legal representatives, successors and assigns.

IN WITNESS WHEREOF the undersigned owner and Assignor has executed this instrument this 1st day of MARCH, 1994, but effective May 1, 1994.


Bradley T. Wright
Secretary

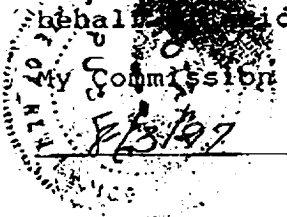
BARBER OIL, INC.


Michael D. Garringer
President

STATE OF NEW MEXICO)

COUNTY OF EDDY)

The foregoing instrument was acknowledged before me this 1st day of March, 1994 by Michael D. Garringer, President of Barber Oil, Inc., a New Mexico corporation, on behalf of said corporation.


My Commission Expires:
5/3/97


Notary Public

STATE OF NEW MEXICO } ss.
County of Eddy

FILED **MAY 31 1994** FOR
12:42 P. RECORD
at 12:42 o'clock P. M., and was duly
recorded in BOOK 189 PAGE 239
of the Records of Eddy County
Karen Davis, County Clerk
By Judy Humphrey, Deputy

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
ARTESIA DISTRICT OFFICE

GARY E. JOHNSON
GOVERNOR

JENNIFER SALISBURY
CABINET SECRETARY

November 8, 1996

Mr. Tom Schneider
Topat Oil Corp.
505 North Big Spring, Ste 204
Midland TX 79701

Re: Barber Oil Co., L.F. Rayroux A #1, H-24-21-26

Dear Tom;

In regard to the above captioned well, I have been in contact with Mr. Michael Garringer of Barber Oil and he has sent me the assignment of this well to Topat Oil Corp. on May 1, 1996.

Topat has never filed a C-104 Change Of Operator with the NMOCD Artesia office for this well.

Yours Truly



Ray Smith
Deputy Oil & Gas Inspector