

Mailed To 5-22-03
District I
1625 N. French Dr., Hobbs, NM 88240

sent back 5-22-03
To Energen

State of New Mexico
Energy Minerals and Natural Resources

Form C-104A
March 19, 2001

District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit 1 copy of the final affected wells
list along with 1 copy of this form per
number of wells on that list to appropriate
District Office

Change of Operator

Previous Operator Information:

OGRID: 162928
Name: Energen Resources Corporation
Address: 3300 N. A. ST BLDG 4 STE 100
Address: _____
City, State, Zip: MIDLAND TEXAS 79705

New Operator Information:

Effective Date: 5/01/2003
New Ogrid: 210091
New Name: D K D, LLC
Address: P O Box 682
Address: _____
City, State, Zip: Tatum New Mexico 88267

I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information on this form and the attached list of wells is true and complete to the best of my knowledge and belief.

New Operator
Signature: *Danny R. Watson*
Printed name: ~~From~~ DANNY R. WATSON
Title: President
Date: 5/22/03 Phone: 505 398-3490

Previous operator complete below:

Previous
Operator: Energen Resources Corporation
Previous
OGRID: 162928
Signature: _____
Printed
Name: _____

<u>NMOCD Approval</u>	
Signature:	_____
Printed	_____
Name:	_____
District:	_____
Date:	_____

BEFORE THE OIL CONSERVATION
DIVISION
Santa Fe, New Mexico
Exhibit No. L
Case No. 13293
Submitted by: DKD, L. L.C.

API Number 30-025-0372700-00

Property Name Snyder A Well No. 1

Pool Name Townsend; Permo Upper Penn Pool Code 59847

Property Code 027805

UL T Section 6 Township 16S Range 36E 2318 FSL & 330 FWL

Lea County NM

WELL BORE ASSIGNMENT, CONVEYANCE AND BILL OF SALE

STATE OF NEW MEXICO §
 §
COUNTY OF LEA §

FOR VALUABLE CONSIDERATION IN HAND PAID, the receipt and sufficiency of which are hereby acknowledged, **ENERGEN RESOURCES CORPORATION**, whose address is 3300 North "A" St., Building 4, Suite 100, Midland, Texas 79705. (hereinafter referred to as "ASSIGNOR"), hereby SELLS, ASSIGNS, GRANTS, TRANSFERS and CONVEYS to **DKD, L.L.C.**, whose address is P.O. Box 682, Tatum, New Mexico 88267 (hereinafter referred to as "ASSIGNEE") all of Assignor's right, title and interest in and to the following described property and interests (hereinafter collectively referred to as the "Assets"):

1. The operating right, working interests, rights of assignment and reassignment, payments out of production, and rights to produce oil, gas, or other minerals under the following oil, gas, and mineral lease (the "Lease");

Lease NM001065-00P

Oil and Gas Lease made and entered into by and between Warren M. Snyder as Lessor and Austral Oil Exploration Company, Inc., as Lessee, dated the 16th day of July, 1956, recorded in Volume 145, Page 147 of the Oil & Gas Records of Lea County, New Mexico, as same may have been amended;

INSOFAR AND ONLY INSOFAR as said lease covers the following described land in the County and State named above, to-wit:

Lot 17 of Section 6, T-16-S, R-36-E N.M.P.M., limited in depth from the surface down to the Base of the Wolfcamp Formation as said rights are applicable to the completion and production from the Snyder "A" No. 1 well bore.

2. All rights and interests in or derived from, orders, and decisions of state and federal regulatory authorities establishing or relating to, gas purchase agreements, farmout and farmin agreements (and any leasehold interest, working interest, royalty interest, or other interest acquired or reserved), assignments of operating rights, working interests and subleases, all other contracts, agreements, leases, licenses, permits, easements, servitudes, notes and orders in any way relating to the Lease, the operations conducted or to be conducted on the Leases, or the production, treatment, sale or disposal of hydrocarbons or water produced, and any other agreements applicable to the Snyder "A" 1 well bore, whether or not described herein; and,

3. The Energen Resources Corporation – Snyder "A" No. 1 well bore located 2318' FSL and 330' FWL Section 6, T-16-S, R-36-E N.M.P.M., and personal property, fixtures, real estate, equipment, and improvements located on or in said well, including without limitation claims and causes in action for any period prior to and including the Effective Date. It is understood and agreed that any equipment and personal property used by Assignor in connection with operating and/or producing the Energen Resources Corporation – Snyder "A" Com No. 1 well (a separate well bore) is reserved to Assignor.

TO HAVE AND TO HOLD all of the Assets to Assignee, subject to and in accordance with all terms and provisions of the Leases, contracts, and agreements, and subject to the limitations, reservations, covenants, and conditions provided for in this Assignment.

This Assignment is subject to the reserved or required approval of any lessor or governmental agency having jurisdiction, rights of first refusal retained or reserved in any prior agreements or assignments, or any other form of required consent. Any required approvals shall be obtained by Assignee promptly after the execution of this Assignment.

THIS ASSIGNMENT AND BILL OF SALE IS GRANTED AND ACCEPTED WITHOUT ANY WARRANTIES, EXPRESS OR IMPLIED, OF TITLE OR MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR OTHERWISE, AND WITHOUT ANY RECOURSE AGAINST ASSIGNOR EVEN AS TO RETURN OF ANY CONSIDERATION.

TO THE EXTENT THAT THE INTERESTS ASSIGNED INCLUDE INTERESTS IN PERSONAL PROPERTY, MOVABLE PROPERTY, AND FIXTURES, THIS ASSIGNMENT IS MADE WITHOUT WARRANTIES, EITHER STATUTORY, EXPRESS OR IMPLIED, AND SPECIFICALLY WITHOUT WARRANTY AS TO MERCHANTABILITY, QUALITY, OR FITNESS FOR A PARTICULAR PURPOSE. ALL OF THE INTERESTS AND PERSONAL PROPERTY AND FIXTURES ARE ASSIGNED AND ACCEPTED ON A "WHERE IS" AND "AS IS" BASIS. ASSIGNEE EXPRESSLY WAIVES ANY STATUTORY WARRANTY OF FITNESS FOR INTENDED PURPOSES OR GUARANTY AGAINST HIDDEN OR LATENT DEFECTS AND ACKNOWLEDGES THIS EXPRESS WAIVER SHALL BE CONSIDERED A MATERIAL AND INTEGRAL PART OF THIS ASSIGNMENT, SALE, AND THE CONSIDERATION AND ACKNOWLEDGES THAT THIS WAIVER HAS BEEN BROUGHT TO THE ATTENTION OF ASSIGNEE, EXPLAINED IN DETAIL, AND ASSIGNEE HAS VOLUNTARILY AND KNOWINGLY CONSENTED TO THIS WAIVER OF WARRANTY OF FITNESS AND/OR WARRANTY AGAINST DEFECTS OF THE INTERESTS AND ASSETS.

ASSIGNOR DOES NOT MAKE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AT COMMON LAW, BY STATUTE OR OTHERWISE, RELATING TO ANY INFORMATION, DATA, OR OTHER MATERIALS (WRITTEN OR ORAL) FURNISHED TO ASSIGNEE BY OR ON BEHALF OF ASSIGNOR, (INCLUDING WITHOUT LIMITATION, THE EXISTENCE OR EXTENT OF OIL, GAS, OR OTHER MINERAL RESERVES, THE RECOVERABILITY OF OR THE COST OF RECOVERING ANY SUCH RESERVES, THE VALUE OF SUCH RESERVES, ANY PRODUCT PRICING ASSUMPTIONS, PRESENT OR PAST PRODUCTION RATES, COMPLIANCE WITH LEASEHOLD TERMS, THE CONDITION OF ANY WELL, THE ABILITY TO SELL OIL OR GAS PRODUCTION), AND IN ACCEPTING THIS ASSIGNMENT ASSIGNEE HAS RELIED SOLELY UPON ITS INDEPENDENT INVESTIGATION OF THE ASSETS AND ITS OWN JUDGMENT WITH RESPECT TO SUCH INVESTIGATION.

Assignee expressly agrees to assume, pay for, and perform the duties, liabilities, and obligations relating to the Assets whether arising before or after the Effective Date of this Assignment (i) to the extent described in any recorded or unrecorded, operating agreements, consents to assignment terms, preferential rights to purchase held by third parties, farm in and farmout agreements, area of mutual interest agreements, oil and gas sales contracts, gas processing agreements, easements and rights of way, other agreements, contracts, and instruments, including all existing lease burdens (including but not limited to, royalties, overriding royalty interests, production payments, net profits interests, carried working interests or similarly created burdens), and (ii) all duties imposed by governmental regulation including environmental and other obligations.

Assignee has examined the Assets and agrees to accept them in their present condition, as is, and assumes all responsibility for the conditions existing on the lands covered by the Leases on or after execution of this Assignment.

Assignor shall be liable for all ad valorem taxes, real property taxes, personal property taxes, and similar obligations (the "Property Taxes") accruing up to but excluding the Effective Date of this Assignment. Accordingly, Property Taxes relating to the ownership of the Assets in (2003) shall be apportioned by Assignor and Assignee based on a fraction, the numerator of which shall be the number of days the property is owned by the Assignor (exclusive of the Effective Date of this Assignment) and the denominator of which shall be 365 days. Assignor shall be liable for all Property Taxes related to the ownership of the property in (2002), and Assignee shall be liable for all Property Taxes relating to the ownership of the property for years subsequent to (2003).

All taxes (other than income taxes) which are imposed on or with respect to the production of oil, natural gas, or other hydrocarbons or minerals or receipt of proceeds from production (including but not limited to severance, production, and excise tax) shall be apportioned between Assignor and Assignee based on their respective shares or production taken by each of them. All such taxes which accrued prior to the Effective Date of this Assignment have been or will be properly paid or withheld by Assignor and all pertinent statements, returns, and documents have been or will be properly filed on behalf of Assignor. Payment or withholding of all such taxes which accrue on or after the Effective Date of the Assignment and the filing of all pertinent statements, returns, and documents shall be the responsibility of Assignee.

Assignee shall be liable for any applicable conveyance, transfer, and recording fees, and any real estate transfer stamps or taxes and related charges imposed on any transfer of Assets by this Agreement. Assignee shall defend and hold Assignor harmless with respect to the payment of all conveyance, transfer, and recording fees and real estate transfer stamps or taxes, if any, and those on the transfer of the Assets, including any assessed interest or penalties.

As soon as possible after Assignee's execution of this Assignment, Assignee shall remove or cause to be removed the names, signs, and marks used by Assignor and all related variations, derivatives, and logos from the Assets, and shall not make any use whatsoever of those names, signs, marks, and logos.

Assignee, its successors and assigns, agree to indemnify, hold harmless, and defend Assignor, its officers, directors, employees, representatives, and successors from and against all damages, losses, claims, demands, and causes of action (including but not limited to any civil fines, penalties, expenses, costs of cleanup, costs of removal, or costs of modification of facilities on the Assets, the plugging and abandonment and re-abandonment liabilities for any and all abandoned or un-abandoned wells, litigation or arbitration costs, and attorneys fees) brought by any and all persons (including but not limited to Assignee's and Assignor's employees, agents, or representatives and any private citizens, persons, organizations, and any agency, branch or representative of federal, state, or local governments) arising directly or indirectly from, otherwise related to, or on account of: (i) any personal injury, death, damage, destruction, loss of property, contamination or threat of contamination of natural resource (including but not limited to soil, air, surface water or ground water), or threat to the environment or human health, or lack, loss, or failure of the permits with regard to its use; (ii) ownership or operation of the Assets prior to, on, and after the Effective Date of this Assignment; or, (iii) all obligations assumed by Assignee by this Assignment. The indemnification by Assignee, its successors and assigns shall extend to and include, but not be limited to, claims, demands, and causes of action based on:

1. The negligence of (i) Assignor, its directors, officers, employees, and agents, (ii) Assignee, its employees, agents, successors, and assigns, or (iii) third parties, in each case irrespective of whether such negligence is active, passive, joint, concurrent, or sole; and,

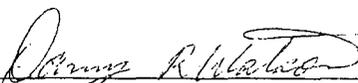
2. The joint, sole, or concurrent strict liability or fault of Assignor, its directors, officers, employees, and agents, or of Assignee, its employees, agents, successors and assigns; and the liability of Assignor and Assignee or either of them for obligations under the following laws or orders: the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. §9601 et seq.), the Resource Conservation and Recovery Act of 1976 (42 U.S.C. §6901 et seq.), the Clean Water Act (33 U.S.C. §466 et seq.), the Safe Drinking Water Act (14 U.S.C. §§ 1401 - 1450), the Hazardous Materials Transportation Act (49 U.S.C. §1801 et seq.), the Toxic Substance Control Act (15 U.S.C. §2601 - 2629), the Clean Air Act (42 U.S.C. §7401 et seq.) as amended, and any other applicable federal, state, or local law.

The terms and provisions hereof shall inure to the benefit of and be binding upon the respective successors and assigns of Assignor and Assignee, and shall be effective for all purposes as of _____ of May 2003 and upon receipt by Assignor of a fully executed and recorded copy of this instrument..

**ASSIGNOR
ENERGEN RESOURCES CORPORATION**

By: _____
Name: Joe E. Cook
Title: Vice-President

**ASSIGNEE
DKD, L.L.C.**

By: 
Name: Danny Watson
Title: *President*

WELL BORE ASSIGNMENT, CONVEYANCE AND BILL OF SALE

STATE OF NEW MEXICO §
 §
 COUNTY OF LEA §

FOR VALUABLE CONSIDERATION IN HAND PAID, the receipt and sufficiency of which are hereby acknowledged, ENERGEN RESOURCES CORPORATION, whose address is 3300 North "A" St., Building 4, Suite 100, Midland, Texas 79705 (hereinafter referred to as "ASSIGNOR"), hereby SELLS, ASSIGNS, GRANTS, TRANSFERS and CONVEYS to DKD, L.L.C., whose address is P.O. Box 682, Tatum, New Mexico 88267 (hereinafter referred to as "ASSIGNEE") all of Assignor's right, title and interest in and to the following described property and interests (hereinafter collectively referred to as the "Assets"):

1. The operating right, working interests, rights of assignment and reassignment, payments out of production, and rights to produce oil, gas, or other minerals under the following oil, gas, and mineral lease (the "Lease");

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INSOFAR AND ONLY INSOFAR as said lease covers the following described land in the County and State named above, to-wit:

Lot 17 of Section 6, T-16-S, R-36-E N.M.P.M., limited in depth from the surface down to the Base of the Wolfcamp Formation as said rights are applicable to the completion and production from the Snyder "A" No. 1 well bore.

2. All rights and interests in or derived from, orders, and decisions of state and federal regulatory authorities establishing or relating to, gas purchase agreements, farmout and farmin agreements (and any leasehold interest, working interest, royalty interest, or other interest acquired or reserved), assignments of operating rights, working interests and subleases, all other contracts, agreements, leases, licenses, permits, easements, servitudes, notes and orders in any way relating to the Lease, the operations conducted or to be conducted on the Leases, or the production, treatment, sale or disposal of hydrocarbons or water produced, and any other agreements applicable to the Snyder "A" 1 well bore, whether or not described herein; and,

3. The Energen Resources Corporation - Snyder "A" No. 1 well bore located 2318' FSL and 330' FWL Section 6; T-16-S, R-36-E N.M.P.M. and personal property, fixtures, real estate, equipment, and improvements located on or in said well, including without limitation claims and causes in action for any period prior to and including the Effective Date. It is understood and agreed that any equipment and personal property used by Assignor in connection with operating and/or producing the Energen Resources Corporation - Snyder "A" Com No. 1 well (a separate well bore) is reserved to Assignor.

TO HAVE AND TO HOLD all of the Assets to Assignee, subject to and in accordance with all terms and provisions of the Leases, contracts, and agreements, and subject to the limitations, reservations, covenants, and conditions provided for in this Assignment.

This Assignment is subject to the reserved or required approval of any lessor or governmental agency having jurisdiction, rights of first refusal retained or reserved in any prior agreements or assignments, or any other form of required consent. Any required approvals shall be obtained by Assignee promptly after the execution of this Assignment.

THIS ASSIGNMENT AND BILL OF SALE IS GRANTED AND ACCEPTED WITHOUT ANY WARRANTIES, EXPRESS OR IMPLIED, OF TITLE OR MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR OTHERWISE, AND WITHOUT ANY RECOURSE AGAINST ASSIGNOR EVEN AS O RETURN OF ANY CONSIDERATION.

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Assignee expressly agrees to assume, pay for, and perform the duties, liabilities, and obligations relating to the Assets whether arising before or after the Effective Date of this Assignment (i) to the extent described in any recorded or unrecorded, operating agreements, consents to assignment terms, preferential rights to purchase held by third parties, farmin and farmout agreements, area of mutual interest agreements, oil and gas sales contracts, gas processing agreements, easements and rights of way, other agreements, contracts, and instruments, including all existing lease burdens (including but not limited to, royalties, overriding royalty interests, production payments, net profits interests, carried working interests or similarly created burdens), and (ii) all duties imposed by governmental regulation including environmental and other obligations.

Assignee has examined the Assets and agrees to accept them in their present condition, as is, and assumes all responsibility for the conditions existing on the lands covered by the Leases on or after execution of this Assignment.

Assignor shall be liable for all ad valorem taxes, real property taxes, personal property taxes, and similar obligations (the "Property Taxes") accruing up to but excluding the Effective Date of this Assignment. Accordingly, Property Taxes relating to the ownership of the Assets in (2003) shall be apportioned by Assignor and Assignee based on a fraction, the numerator of which shall be the number of days the property is owned by the Assignor (exclusive of the Effective Date of this Assignment) and the denominator of which shall be 365 days. Assignor shall be liable for all Property Taxes related to the ownership of the property in (2002), and Assignee shall be liable for all Property Taxes relating to the ownership of the property for years subsequent to (2003).

All taxes (other than income taxes) which are imposed on or with respect to the production of oil, natural gas, or other hydrocarbons or minerals or receipt of proceeds from production (including but not limited to severance, production, and excise tax) shall be apportioned between Assignor and Assignee based on their respective shares or production taken by each of them. All such taxes which accrued prior to the Effective Date of this Assignment have been or will be properly paid or withheld by Assignor and all pertinent statements, returns, and documents have been or will be properly filed on behalf of Assignor. Payment or withholding of all such taxes which accrue on or after the Effective Date of the Assignment and the filing of all pertinent statements, returns, and documents shall be the responsibility of Assignee.

Assignee shall be liable for any applicable conveyance, transfer, and recording fees, and any real estate transfer stamps or taxes and related charges imposed on any transfer of Assets by this Agreement. Assignee shall defend and hold Assignor harmless with respect to the payment of all conveyance, transfer, and recording fees and real estate transfer stamps or taxes, if any, and those on the transfer of the Assets, including any assessed interest or penalties.

As soon as possible after Assignee's execution of this Assignment, Assignee shall remove or cause to be removed the names, signs, and marks used by Assignor and all related variations, derivatives, and logos from the Assets, and shall not make any use whatsoever of those names, signs, marks, and logos.

Assignee, its successors and assigns, agree to indemnify, hold harmless, and defend Assignor, its officers, directors, employees, representatives, and successors from and against all damages, losses, claims, demands, and causes of action (including but not limited to any civil fines, penalties, expenses, costs of cleanup, costs of removal, or costs of modification of facilities on the Assets, the plugging and abandonment and re-abandonment liabilities for any and all abandoned or un-abandoned wells, litigation or arbitration costs, and attorneys fees) brought by any and all persons (including but not limited to Assignee's and Assignor's employees, agents, or representatives and any private citizens, persons, organizations, and any agency, branch or representative of federal, state, or local governments) arising directly or indirectly from, otherwise related to, or on account of: (i) any personal injury, death, damage, destruction, loss of property, contamination or threat of contamination of natural resource (including but not limited to soil, air, surface water or ground water), or threat to the environment or human health, or lack, loss, or failure of the permits with regard to its use; (ii) ownership or operation of the Assets prior to, on, and after the Effective Date of this Assignment; or, (iii) all obligations assumed by Assignee by this Assignment. The indemnification by Assignee, its successors and assigns shall extend to and include, but not be limited to, claims, demands, and causes of action based on:

1. The negligence of (i) Assignor, its directors, officers, employees, and agents, (ii) Assignee, its employees, agents, successors, and assigns, or (iii) third parties, in each case irrespective of whether such negligence is active, passive, joint, concurrent, or sole; and,

2. The joint, sole, or concurrent strict liability or fault of Assignor, its directors, officers, employees, and agents, or of Assignee, its employees, agents, successors and assigns; and the liability of Assignor and Assignee or either of them for obligations under the following laws or orders: the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. §9601 et seq.), the Resource Conservation and Recovery Act of 1976 (42 U.S.C. §6901 et seq.), the Clean Water Act (33 U.S.C. §466 et seq.), the Safe Drinking Water Act (14 U.S.C. §§ 1401 - 1450), the Hazardous Materials Transportation Act (49 U.S.C. §1801 et seq.), the Toxic Substance Control Act (15 U.S.C. §2601 - 2629), the Clean Air Act (42 U.S.C. §7401 et seq.) as amended, and any other applicable federal, state, or local law.

The terms and provisions hereof shall inure to the benefit of and be binding upon the respective successors and assigns of Assignor and Assignee, and shall be effective for all purposes as of 1st of May 2003 and upon receipt by Assignor of a fully executed and recorded copy of this instrument..

ASSIGNOR
ENERGEN RESOURCES CORPORATION

By: Paul Sparks
Name: ~~Joe B. Cook~~ PAUL SPARKS
Title: Vice-President

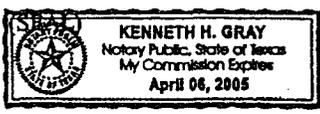
ASSIGNEE
DKD, L.L.C.

By: Danny R. Watson
Name: Danny Watson
Title: President

Texas
THE STATE OF ALABAMA
COUNTY OF Midland

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This instrument was acknowledged before me on the 26th day of June, 2003, by PAUL
COOK as Vice-President of, and on behalf of Energen Resources Corporation.

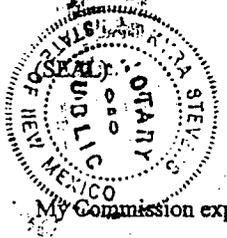


Kenneth H. Gray
Notary Public in and for the State of Alabama Texas

My Commission expires _____

THE STATE OF NEW MEXICO §
COUNTY OF LEA §

This instrument was acknowledged before me on the 22nd day of May, 2003, by Danny
Watson as President of, and on behalf of DKD, L.L.C.



Kenya Steers
Notary Public in and for the State of New Mexico

My Commission expires 11/19/2005

STATE OF NEW MEXICO
COUNTY OF LEA
FILED

JUL 02 2003
at 9:51 o'clock A M
and recorded in Book _____
Page _____
Melinda Hughes, Lea County Clerk
By KATH MAME Deputy

40735

