

ASSIGNMENT, BILL OF SALE AND CONVEYANCE

KNOW ALL MEN BY THESE PRESENTS: That **Mercury Exploration Company, 777 West Rosedale, Fort Worth, Texas 76104** ("Assignor") for \$10.00 and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by Assignor, does hereby, subject to the reservations and exceptions set forth below, grant, bargain, sell, convey, assign, transfer, set over and deliver unto **Pecos ~~Oil~~ Production Company Operating Co., 550 W. Texas, Suite 720, Midland, TX 79701** ("Assignee"), its successors and assigns, all its right, title and interest in and to the following:

- a) The lands and oil and gas lease(s) described on Exhibit "A", attached hereto and made a part hereof (the "Leases");
- b) All agreements, product purchase and sales contracts, leases of surface and/or equipment and facilities, permits, rights-of-way, easements, licenses, farmouts, farmins, servitudes, bottom hole agreements, acreage contribution agreements, operating agreements, pooling, agreements, unit agreements, processing agreements, plant interests, options, permits and orders associated with the Leases (the "Agreements");
- c) All existing oil and gas wells, disposal wells, injection wells and water supply wells located on the Leases or on lands pooled or unitized therewith or which serve the Leases, and all personal property, fixtures, compressors, pipelines, and equipment appurtenant thereto or used or obtained in connection with the Leases and the Agreements (the "Wells");

Assignee reserves and excepts all existing overriding royalty and mineral interests owned by Assignor, if any, in and to the Leases.

(Herein collectively referred to as the "Conveyed Properties").

TO HAVE AND TO Hold the Conveyed Properties, together with all and singular the rights and privileges pertaining thereto, unto Assignee, its successors and assigns, forever without covenant or warranty of title, either expressed or implied.

To the extent the Conveyed Properties constitute personal property or fixtures, Assignor EXPRESSLY DISCLAIMS AND NEGATES (A) ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY, (B) ANY IMPLIED OR EXPRESS WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, AND (C) ANY IMPLIED OR EXPRESS WARRANTY OF CONFORMITY TO MODELS OR SAMPLES OF MATERIALS AND ASSIGNEE ACCEPTS THE PERSONAL PROPERTY AS IS AND WITH ALL FAULTS AND ACKNOWLEDGES THAT NO WARRANTIES OF ANY KIND ARE TO BE IMPLIED WITH RESPECT TO THE CONDITION OF THE PERSONAL PROPERTY. ASSIGNEE HAS INSPECTED THE CONVEYED PROPERTIES AND HAS SATISFIED ITSELF AS TO ITS PHYSICAL AND ENVIRONMENTAL CONDITION, BOTH SURFACE AND SUBSURFACE, AND ASSIGNEE ACCEPTS ALL OF THE SAME IN ITS "AS IS, WHERE IS" CONDITION. IN ADDITION, ASSIGNOR MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, AS TO THE ACCURACY OR COMPLETENESS OF ANY DATA, INFORMATION OR MATERIALS HERETOFORE OR HEREAFTER FURNISHED ASSIGNEE IN CONNECTION WITH THE CONVEYED PROPERTIES, OR AS TO THE QUALITY OR QUANTITY OF HYDROCARBON RESERVES (IF ANY) ATTRIBUTABLE TO THE CONVEYED PROPERTIES OR THE ABILITY OF THE CONVEYED PROPERTIES TO PRODUCE HYDROCARBONS. ANY AND ALL SUCH DATA, INFORMATION AND OTHER MATERIALS FURNISHED BY ASSIGNOR IS PROVIDED ASSIGNEE AS A CONVENIENCE AND ANY RELIANCE ON OR USE OF THE SAME SHALL BE AT ASSIGNEE'S SOLE RISK.

Oil Conservation Division
Case No. 6
Exhibit No. 6

Based upon Assignee's inspection, Assignee hereby agrees to assume the risk that the Conveyed Properties may contain waste materials or hazardous substances, that adverse physical conditions, including but not limited to the presence of waste materials or hazardous substances, sumps and pipelines may have not been revealed by Assignee's investigation, for which Assignee shall be responsible for the remediation and removal thereof. Notwithstanding anything to the contrary herein, Assignee assumes full responsibility for, and agrees to indemnify, hold harmless and defend Assignor from and against all loss, liability, claims, fines, expenses, costs (including attorney's fees and expenses) and causes of action caused by or arising out of any federal, state or local laws, rules, orders and regulations applicable to any waste material or hazardous substances on or included with the Conveyed Properties or the presence, disposal, release or threatened release of all waste material or hazardous substance from the Conveyed Properties into the atmosphere or into or upon land or any water course or body of water, including ground water, regardless of whether occurring or attributable to times prior to on or after the effective date hereof and regardless of whether or not caused by the negligence of Assignor.

Assignee assumes and agrees (i) to perform and be responsible for all covenants and obligations of Assignor pertaining to the Conveyed Properties insofar as the same are attributable to times on or after the effective date hereof, (and also prior to the effective date if covered by the preceding paragraph) and (ii) the obligation to plug and abandon and remediate the Wells and their locations, and the location of any personal property, fixtures and equipment regardless of whether or not the obligation to do so accrued prior to or after the effective date hereof. Assignee hereby agrees to indemnify, defend and hold Assignor harmless from and against any and all claims, demands, actions, orders, judgments, or liability associated with the Conveyed Properties relating to acts, events or failures to act occurring on or after the effective date hereof and the obligations assumed by Assignee herein.

Assignor hereby assigns to Assignee, with full right of subrogation, to the extent so transferable, and the benefit and the right to enforce the covenants and warranties, if any, which Assignor is entitled to enforce with respect to the Conveyed Properties, to the extent such rights are assignable.

All ad valorem taxes, real property taxes and similar obligations ("Property Taxes") apportioned between Assignor and Assignee are based on the effective date hereof. Any sales taxes applicable to this transaction shall be remitted by Assignee to Assignor at closing and Assignor shall pay over such taxes to the appropriate taxing authority.

All proceeds from the sale of production actually sold and delivered by Assignor prior to the effective date hereof and attributable to the Conveyed Properties shall belong to Assignor and all proceeds from the sale of production actually sold and delivered after the effective date hereof attributable to the Conveyed Properties shall belong to Assignee. In addition, Assignee shall pay Assignor for Assignor's interest in oil in storage above pipeline connections at the highest posted field price as of the effective date hereof, less applicable production taxes, treating, and transportation for oil of like grade and gravity for the particular field.

All costs, expenses and obligations relating to the Conveyed Properties, which are incurred prior to the effective date hereof shall be paid and discharged by Assignor. All costs, expenses and obligations relating to the Conveyed Properties, which are incurred after the effective date hereof shall be paid and discharged by Assignee.

Upon request by Assignee hereafter, Assignor agrees to execute, acknowledge and deliver to Assignee any additional instruments, notices, division orders, transfer orders, authorizations, consents, and other documents reasonably requested by Assignee, purchasers of production, agencies of the government or other parties and do any other reasonable acts and things, which may be necessary to effectuate the purposes of this instrument.

IN WITNESS WHEREOF, this Assignment is executed on the 28th day of June, 2002, but is to be effective as of July 1st, 2002.

Assignor: Mercury Exploration Company

By: Anne Self *AS*

Anne Self

Its: President

Assignee:

Pecos ~~River Operating Co.~~ Production Company *★*

By: Steven D. Gray

Steven D. Gray

Its: President

ACKNOWLEDGMENTS

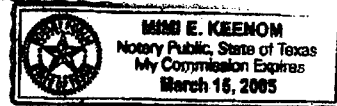
STATE OF TEXAS
COUNTY OF TARRANT

The foregoing instrument was acknowledged before me this 28th day of June, 2002, by Anne Self, as President for Mercury Exploration Company.

My Commission Expires:

3.15.05

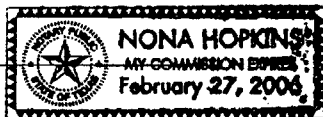
Mimi E. Keenom
Notary Public



STATE OF TEXAS
COUNTY OF Midland

The foregoing instrument was acknowledged before me this 17th day of July, 2002, by Steven D. Gray as President for Pecos Production Company
~~River Operating Co.~~

My Commission Expires:



Nona Hopkins
Notary Public

This instrument was prepared by Scott Herstein of Quicksilver Resources Inc., 777 West Rosedale, Fort Worth, Texas 76104.

Attached to and made a part of that certain Assignment, Bill of Sale and Conveyance, effective as of July 1, 2002, by and between Mercury Exploration Company, and Pecos River Operating Co.

STATE OF NEW MEXICO
COUNTY OF CHAVES

EXHIBIT "A"

<u>Well Name</u>	<u>Lessor</u>	<u>Lessee</u>	<u>Lease Date</u>	<u>Recording Data</u> Volume/Page	<u>Description</u>
M&M Federal #1	United States of America - NM 32324	Melvin Wolf	9/1/1978		Insofar as said lease covers the SW/4 of Section 21-6S-23E
M&M Federal #2	United States of America - NM 32324	Melvin Wolf	9/1/1978		Insofar as said lease covers the SE/4 of Section 20-6S-23E
McKnight #2	William David McKnight	Fred Pool, Jr.	6/15/1980	194/507	Insofar as said lease covers the SE/4 of Section 28-6S-22E
McKnight #3	William David McKnight	Fred Pool, Jr.	6/15/1980	194/507	Insofar as said lease covers the NE/4 of Section 20-6S-22E

STATE OF NEW MEXICO, COUNTY OF CHAVES, ss

FILED FOR RECORD OCTOBER 10, 2002 at 9:51 o'clock A M.Receipt No. 225806 Fee \$15.00 Book 444 Page 497

DAVID A. KUNCO, COUNTY CLERK

By Stanley W. Dorman Deputy

PECOS PRODUCTION CO 400 W ILLINOIS, STE 1070 MIDLAND, TX 79701