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# ASSIGNMENT, BILL OF SALE AND CONVEYANCE

THIS ASSIGNMENT, BILL OF SALE AND CONVEYANCE (this "Assignment"), dated effective as of January 1, 1997 at 7:00 A.M., local time (the "Effective Time"), is from **PENROC OIL CORPORATION**, a Texas corporation ("Penroc"), **FLOOS, INC.**, a New Mexico corporation ("Floos"), M. Y. Merchant doing business as **M. Y. MERCHANT TRADING COMPANY**, ("MTC") and **M. Y. MERCHANT**, an individual, joined by his wife, **JOY BUHALTS**, ("Merchant"), (Penroc, Floos, MTC and Merchant, joined by his wife, Joy Buhalts, being collectively called the "Merchant Sellers"), all having an address of P. O. Box 5970, Hobbs, New Mexico 88241, **RARN, INC.** and **CHEROKEE RESOURCES, INC.**, both Minnesota corporations (collectively, the "RARN Sellers", both having an address of 920 Adeline Court, St. Paul, Minnesota 55118 (the Merchant Sellers and the RARN Sellers being collectively called "Assignor") to **FORCENERGY INC.**, a Delaware corporation ("Forcenergy"), 2730 SW 3rd Avenue, Suite 600, Miami, Florida 33129-2233, **SAGA PETROLEUM CORP.**, a Colorado corporation ("Saga"), 415 West Wall Street, Suite 835, Midland, Texas 79701 and **SAGA PETROLEUM LIMITED LIABILITY COMPANY OF COLORADO**, a Colorado limited liability company ("Saga Ltd."), 415 West Wall Street, Suite 835, Midland, Texas 79701 (Forcenergy, Saga and Saga Ltd. being collectively called "Assignee").

For \$100.00 and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Assignor, Assignor hereby transfers, grants, bargains, sells, conveys, and assigns to Assignee, in the following undivided percentages: Forcenergy - 75%, Saga - 23%, Saga Ltd. - 2%, the following (all of which are herein called the "Interests");

- (a) all of Assignor's right, title and interest in and to the lands described in Exhibit "A" (the "Land") and in and to the property and rights incident thereto, including, without limitation, the oil, gas and mineral leases described in Exhibit "A" and all mineral interests, royalty interests, overriding royalty interests, net revenue interests, easements, rights-of-way, servitudes and reversionary rights related to the Land and all associated producing and non-producing leasehold and mineral interests as to all depths (collectively "Leases"), and all other interests in and to the Leases or the Land, and
- (b) all of Assignor's right, title and interest in and to each of the oil, gas and injection wells described in Exhibit "A" and all other wells on the Land or on lands pooled or unitized therewith (collectively "Wells"), and
- (c) all of Assignor's right, title and interest in and to all joint operating agreements, pooling and unitization agreements, production and product sales agreements, gas processing agreements, construction and operating agreements for gas processing plants and other facilities, transportation agreements, pipeline connection agreements, salt water disposal agreements, commingling agreements, exploration agreements, area of mutual interest agreements, farmout and farmin agreements, permits and licenses and all other similar agreements and instruments to the extent, but only to the extent, that such agreements or instruments relate to the Land, the Leases or the Wells, and
- (d) all of Assignor's right, title and interest in and to all of the personal property, fixtures and improvements now or as of the Effective Time located on or appurtenant to or used in connection with the Leases or the Land, including without limitation all equipment, components, pipelines, wells, platforms, machinery, fixtures, production facilities, measurement facilities, processing plants, tanks, saltwater disposal wells, dehydrators, separators, compressors, storage facilities, buildings, office equipment and other tangible property (including without limitation all surplus equipment located on the Leases as of the Effective Time), and
- (e) all geological, geophysical, engineering, technical and accounting data, records, files and information related to the Land, the Leases or Wells, including without limitation