

ASSIGNMENT OF OVERRIDING ROYALTY

THIS ASSIGNMENT is between CAZA ENERGY LLC, P.O. Box 1767, Artesia, New Mexico, 88211, hereinafter referred to as "Assignor," and Tom M. Ragsdale, P.O. Box 10303, Midland, Texas 79702, hereinafter referred to as "Assignee."

Assignor, in consideration of Ten and Other Dollars, the receipt and sufficiency of which are hereby acknowledged, does hereby grant, assign and convey to Assignee and Assignee's heirs, successors and assigns, an overriding royalty equal to 1.041667% of the proceeds received from the sale of all (8/8) of the oil and gas which may be produced, saved and marketed under the terms of those certain oil and gas leases covering lands in Lea County, New Mexico as described in Exhibit "A" attached hereto and made a part hereof.

The overriding royalty shall be computed and paid at the same time and in the same manner as royalties payable to the lessor under the terms of the lease are computed and paid, and Assignee shall be responsible for Assignee's proportionate part of all taxes and assessments levied upon or against or measured by the production of oil and gas therefrom. The overriding royalty shall (a) be in addition to all existing overriding royalties and obligations payable out of production from said lands, (b) be proportionately reduced if the above oil and gas lease covers less than the entire leasehold estate in the lands, and (c) be subject to any governmentally approved cooperative or unit plan of development or operation or communitization or other agreement forming a well spacing or proration unit under the rules or regulations of the New Mexico Oil Conservation Division, to which the lease is now committed or may hereafter be committed, and in such event the overriding royalty shall be computed and paid on the basis of the oil and gas allocated to the lands pursuant to the terms of the plan or agreement.

This assignment is made by Assignor without any express or implied warranties.

EXECUTED, this 11<sup>th</sup> day of May 2004, but effective as of May 1, 2004.

CAZA ENERGY LLC

*Ronald W. Lanning*  
\_\_\_\_\_  
Ronald W. Lanning, Attorney in Fact

STATE OF NEW MEXICO §  
  §  
COUNTY OF EDDY               §

The foregoing instrument was acknowledged before me this 11<sup>th</sup> day of May 2004, by Ronald W. Lanning, Attorney in Fact for Caza Energy LLC, a New Mexico limited liability company.



OFFICIAL SEAL  
STACI D. SANDERS  
NOTARY PUBLIC - STATE OF NEW MEXICO  
My commission expires: 2-15-05

*Staci D. Sanders*  
\_\_\_\_\_  
Notary Public

**EXHIBIT "A"**

Attached to and made a part of that certain Assignment of Overriding Royalty dated effective May 1, 2004 between CAZA ENERGY LLC, as Assignor, and Tom M. Ragsdale, as Assignee.

Date: November 12, 1935  
Lessor: State of New Mexico B-5310  
Lessee: Roy G. Barton  
Description: NW/4 NE/4, SAVE AND EXCEPT from the top of the Grayburg formation down to 100 feet below the top of the San Andres formation, and also SAVE AND EXCEPT rights below the base of the Abo formation; and the SW/4 NE/4 and NE/4 SW/4 from the surface to the base of the San Andres formation.

Date: June 11, 1945  
Lessor: State of New Mexico E-398  
Lessee: Barney Cockburn  
Description: SE/4 NW/4 from the surface to the base of the Abo formation.

All in Section 32, T17S, R33E, Lea County, New Mexico

56309

STATE OF NEW MEXICO  
COUNTY OF LEA  
FILED

MAY 17 2004  
at 9:28 AM  
and recorded in book 1304  
Page 5104  
Mildred Hughes, Lea County Clerk  
By RJA Deputy

