

50501

ASSIGNMENT, BILL OF SALE, TRANSFER AND CONVEYANCE

STATE OF NEW MEXICO

COUNTY OF LEA

In consideration of Ten Dollars and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned, collectively referred to as "Assignor" as their interests appear of record, do hereby grant, bargain, sell, convey, transfer, assign and deliver unto ASPEN INTEGRATED OIL & GAS, L.L.C., 210 W. 6th Street, Suite 301, Fort Worth, Texas 76102, hereinafter referred to as "Assignee," all (being an undivided 91.264505%) of Assignor's right, title and interest in and to the Lewis Unit #1 well located 675' FSL and 114' FWL of Section 3, Township 10 South, Range 36 East, Lea County, New Mexico, and the oil and gas leases and lands described on Exhibit "A," attached hereto and made a part hereof, hereinafter called the "Subject Leases," together with all (being an undivided 91.264505%) of Assignor's right, title and interest in and to all personal property, improvements, easements, permits, licenses, servitudes and rights-of-way situated upon or useful in connection with the exploration, production, treatment and storage of oil, gas and associated hydrocarbons and minerals, from the Subject Lease. Assignor does also hereby grant, bargain, sell, convey, transfer, assign and deliver unto the Assignee all (being an undivided 91.264505%) of Assignor's interest in and to all wellhead equipment, tanks, boilers, pipe, tubing, casing, rods, tools, valves, fixtures, machinery, power lines, telephone lines, roads and other fixtures and appurtenances situated upon or useful in connection with the operation of the Subject Leases and the well located thereon. The Subject Leases, the well located thereon and the other properties, rights and interests hereinabove described shall be hereinafter collectively referred to as the "Subject Interests."

This Assignment, Bill of Sale, Transfer and Conveyance (this "Assignment") is made and accepted subject to the following:

AA. All terms and provisions of the Subject Leases and all burdens and encumbrances affecting the Subject Interests as of the Effective Date (as hereinafter defined).

BB. All Operating Agreements, Farmout Agreements and other contracts and agreements affecting the Subject Interests as of the Effective Date hereof, whether recorded or not recorded in the applicable county records.

Assignee hereby assumes Assignor's obligations and liabilities affecting the Subject Interests which accrue or occur on or after the Effective Date. As additional consideration for the execution and delivery of this Assignment by Assignor, and without regard to negligence or fault on the part of any party, Assignee agrees to indemnify and hold Assignor, its respective heirs, devisees, personal representatives, successors and assigns, harmless from and against any and all claims, actions, liability, losses, damages or expenses of every kind and nature including, but not limited to, attorneys' fees and costs for damage to the property of any person, firm or corporation, or for injury or death of any person, including, but not limited to, employees of Assignee, which may, in whole or in part, be caused by or arise out of ownership by Assignee, its successors and assigns, of the Subject Interests or the conduct of any and all operations in connection therewith by

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EXHIBIT

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any person, firm or corporation, from and after the "Effective Date." Assignee hereby agrees to and does hereby expressly assume Assignor's obligations with respect to the Subject Interests, to plug and abandon any and all wells heretofore drilled and/or hereafter drilled on the Subject Leases and lands and further agrees from time to time as may be required, to replug any well previously plugged on the land covered by the Subject Leases in accordance with the rules and regulations of the governmental authorities having jurisdiction over such operations. Assignee will assume all liability for the assessment, remediation, removal, transportation and disposal of wastes, asbestos, hazardous substances, and Natural Occurring Radioactive Material ("NORM") from the Subject Interests and Property and associated activities and will conduct these activities in accordance with all applicable laws and regulations, including the environmental laws.

TO HAVE AND TO HOLD the Subject Interests granted, bargained, sold, conveyed, transferred, assigned and delivered as aforesaid unto Assignee, its successors and assigns, subject to the matters set forth above, forever; PROVIDED HOWEVER, THIS ASSIGNMENT IS MADE AND ACCEPTED WITHOUT WARRANTY OR REPRESENTATION OF TITLE, EXPRESS OR IMPLIED, AND WITHOUT OTHER WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING WARRANTIES RELATING TO (i) TITLES TO THE SUBJECT INTERESTS AND (ii) THE CONDITION OR MERCHANTABILITY OF THE SUBJECT INTERESTS OR THE FITNESS OF THE SUBJECT INTERESTS FOR A PARTICULAR PURPOSE OR PURPOSES, AND THE SUBJECT INTERESTS SHALL BE DELIVERED IN AN "AS IS," "WHERE IS" CONDITION; provided further, this Assignment is made with full substitution and subrogation of Assignee in and to all covenants and warranties by others heretofore given or made in respect to the Subject Interests or any part thereof insofar as such covenants and warranties extend beyond the "Effective Date."

The "Effective Date" of this Assignment shall be at 7:00 o'clock a.m., Local Time, July 1, 2003, and Assignee shall be entitled to receive all oil, gas and other minerals produced and saved from the Subject Interests and the proceeds from the sale thereof from and after said date and time. Likewise, Assignee shall be liable for all costs and expenses incurred after the Effective Date hereof.

This Assignment shall inure to the benefit of and shall be binding upon Assignor and Assignee and their respective successors and assigns, subject to the terms, covenants and conditions hereinabove set forth. This Assignment may be executed in one document signed by all of the parties or in separate documents which shall be counterparts hereof, or by an instrument or instruments of ratification of an executed counterpart or counterparts. If executed in separate counterparts, all such counterparts and all ratifications thereof when executed by one or more parties, shall constitute but one and the same instrument. The failure of one or more parties to execute this instrument, a counterpart hereof or a ratification hereof, shall not in any manner affect the validity and binding effect of same as to the parties who execute said instrument.

IT IS THE EXPRESS INTENT OF ASSIGNOR TO CONVEY A TOTAL UNDIVIDED 91.264505% WORKING INTEREST IN AND TO THE WELL AND LEASES LISTED HEREIN. IT IS EXPRESSLY UNDERSTOOD BY ASSIGNEE THAT THIS ASSIGNMENT CONVEYS ONLY THE WORKING INTEREST OWNED BY ASSIGNORS AND IN NO WAY AFFECTS ANY OVERRIDING ROYALTY WHICH MAY BE OWNED BY ASSIGNORS IN THE SUBJECT LEASE.

DATED this 3rd day of September, 2003, but effective for all purposes as of July 1, 2003.

ASSIGNOR

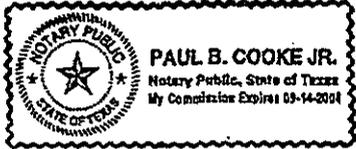
DURANGO PRODUCTION CORP.

By 
Ronald K. Jackson

ACKNOWLEDGEMENT

STATE OF TEXAS |
COUNTY OF WICHITA |

This instrument was acknowledged before me on this 12th day of December, 2003, by Ronald K. Jackson of DURANGO PRODUCTION CORP.



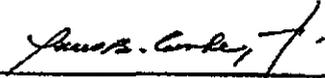

Notary Public

EXHIBIT "A"

Attached to and made a part of that certain Assignment, Bill of Sale, Transfer and Conveyance dated September 3, 2003, but effective as of July 1, 2003.

LEA COUNTY, NEW MEXICO

Lease No.: 1306-38.
Lease Date: July 1, 1993
Lessor: State of New Mexico #VA-957
Lessee: Doug J. Schutz
Recording: Volume 490, Page 809
Description: Insofar and only insofar as it covers:
Section 3-T10S-R36E: SW/4 SW/4

Lease No.: 1306-65
Lease Date: July 1, 1995
Lessor: State of New Mexico #V0-4678
Lessee: Daniel E. Gonzales
Recording: Volume 528, Page 317
Description: Insofar and only insofar as it covers:
Section 4-T10S-R36E: SE/4 SE/4

PB0897

STATE OF NEW MEXICO
COUNTY OF LEA
FILED

JAN 20 2004
at 8:18 o'clock A M
and recorded in Book _____
Page _____
Melinda Hughes, Lea County Clerk
By Chavez Deputy

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