

ASSIGNMENT OF OIL AND GAS LEASES

STATE OF NEW MEXICO §
COUNTY OF LEA § KNOW ALL MEN BY THESE PRESENTS:

THAT, Deborah Gillespie Hastings and C. D. Martin, Independent Co-Executors and Personal Representatives of The Estate of Charles B. Gillespie, Jr., whose mailing address is PO Box 12, Midland, TX 79702-0012 (hereinafter collectively referred to as "ASSIGNOR"), for and in consideration of the sum of Ten Dollars (\$10.00), cash in hand paid, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, has transferred and assigned and by these presents does hereby grant, transfer, assign and convey to David H. Arrington Oil & Gas, Inc., whose mailing address is PO Box 2071, Midland, TX 79702, its successors and assigns (hereinafter referred to as "ASSIGNEE"), without warranty of title, whether expressed, implied or statutory, all of ASSIGNOR'S right, title and interest in and to the oil and gas leases, set forth on Exhibit "A", attached hereto and made a part hereof for all purposes, (hereinafter referred to as "Subject Leases") covering the lands described thereon (hereinafter referred to as "Subject Lands") insofar and only insofar as Subject Leases cover Subject Lands for depths beneath the base of the Strawn Formation, SAVE AND EXCEPT that Assignor excepts to itself from this Assignment and conveyance the overriding royalty interests owned by Assignor and related parties as described in that certain Declaration of Interest & Cross-Conveyance dated August 1, 2001 and recorded in Book 1178 at Pages 748 through 764 of the records in the office of the County Clerk of Lea County, New Mexico.

THIS ASSIGNMENT IS MADE WITHOUT WARRANTIES OF TITLE, WHETHER EXPRESSED, IMPLIED OR STATUTORY AS PROVIDED IN "the Agreement" AS REFERRED TO HEREINBELOW, AND UNDER NO CIRCUMSTANCES SHALL DEBORAH GILLESPIE HASTINGS AND C. D. MARTIN, IN THEIR CAPACITIES AS INDEPENDENT CO-EXECUTORS AND PERSONAL REPRESENTATIVES, NOR PERSONALLY AND INDIVIDUALLY, BEAR ANY LIABILITY HEREUNDER.

This Assignment of Oil and Gas Leases is made and accepted specifically subject to the terms and conditions of (i) each of the Subject Leases, (ii) any assignments of overriding royalties burdening the Subject Leases, and (iii) that certain Participation And Purchase Agreement Relating To The Arrington West Lovington Deep Prospect, Lea County, New Mexico dated September 28<sup>th</sup>, 2002 by and between David H. Arrington Oil & Gas, Inc. and The Estate of Charles B. Gillespie, Jr. ("the Agreement"), (iv) that certain Declaration of Interest & Cross-Conveyance dated August 1<sup>st</sup>, 2001 by and between certain Gillespie individuals and entities, recorded in Book 1178 at Pages 748 through 764, in the office of the County Clerk of Lea County, New Mexico (as noted in the granting clause hereinabove, said overriding royalty interests apportioned therein among the Assignor herein and related Gillespie parties, being excepted from this Assignment and not intended to be conveyed to Assignee hereby) and (v) that certain Assignment and Bill of Sale from Deborah Gillespie Hastings and C. D. Martin, as Independent Co-Executors and Personal Representatives of the Estate of Charles B. Gillespie, Jr., deceased to Energen Resources Corporation dated effective December 1, 2000 and recorded in Book 1068 at Page 641-666 in the office of the County Clerk of Lea County, New Mexico and associated companion assignments which may be filed in the Bureau of Land Management and New Mexico State Land Office insofar as there may be any conflict between the depth limitations of the leases conveyed therein and the depth limitation of leases conveyed herein. Any conflict between this Assignment of Oil and Gas Leases and the Agreement shall be controlled by the terms and conditions of the Agreement. Any third party dealing with the Subject Leases and Subject Lands may make a request for a copy of the Agreement which is maintained in the files of the Assignor and the Assignee, and such request will be considered by the Assignor and the Assignee.

TO HAVE AND TO HOLD, unto the ASSIGNEE, its successors, and assigns, according to the terms, covenants, and conditions of the Subject Leases, the ASSIGNEE to perform all such terms, covenants, and conditions thereof as to the Subject Lands, as well as all of the terms, covenants, and conditions hereof, including the terms and conditions of the Agreement.

IN WITNESS WHEREOF, this instrument is executed effective this 1<sup>st</sup> day of October, 2002.

ASSIGNOR:

The Estate of Charles B. Gillespie, Jr.

By: Deborah Gillespie Hastings  
Deborah Gillespie Hastings, Personal Representative and Independent Co-Executor

By: C.D. Martin  
C.D. Martin, Personal Representative and Independent Co-Executor

ASSIGNEE:

DAVID H. ARRINGTON OIL & GAS, INC.

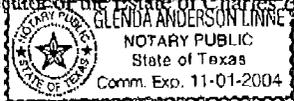
By: David H. Arrington  
David H. Arrington, President

ACKNOWLEDGMENTS

STATE OF TEXAS §

COUNTY OF MIDLAND §

This instrument was acknowledged before me, this 28<sup>th</sup> day of September, 2002 by Deborah Gillespie Hastings, in her capacity as Personal Representative and Independent Co-Executor of the Estate of Charles B. Gillespie, Jr., on behalf of the estate.

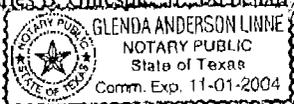


Glenda Anderson Linne  
Notary Public in and for the State of \_\_\_\_\_  
My Commission Expires \_\_\_\_\_

STATE OF TEXAS §

COUNTY OF MIDLAND §

This instrument was acknowledged before me, this 28<sup>th</sup> day of September, 2002 by C.D. Martin, in his capacity as Personal Representative and Independent Co-Executor of the Estate of Charles B. Gillespie, Jr., on behalf of the estate.

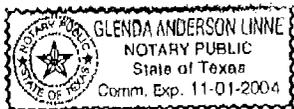


Glenda Anderson Linne  
Notary Public in and for the State of \_\_\_\_\_  
My Commission Expires \_\_\_\_\_

STATE OF TEXAS §

COUNTY OF MIDLAND §

This instrument was acknowledged before me on this the 28<sup>th</sup> day of September, 2002 by David H. Arrington, President of David H. Arrington Oil & Gas Inc., a Texas corporation, on behalf of said corporation.



Glenda Anderson Linne  
Notary Public in and for the State of \_\_\_\_\_  
My Commission Expires: \_\_\_\_\_

EXHIBIT "A"

Attached to and made a part of that Assignment of Oil & Gas Leases by and between Deborah Gillespie Hastings, et al, as Assignor, to David H. Arrington Oil & Gas, Inc., as Assignee, dated effective October 1<sup>st</sup>, 2002

**Oil and Gas Leases and Lands  
In Which Interests Are Held By  
the Estate of Charles B. Gillespie, Jr.**

**West Lovington Area**

**Lea County, New Mexico**

**Baer Lease:**

Township 15 South, Range 35 East, N.M.P.M.

Section 32: All

containing 640 acres, more or less.

Leases:

1. Oil and Gas Lease from Robert J. Baer and Karl E. Baer, as lessors, to Mitchell Energy Corporation, as lessee, dated March 27, 1984, recorded in Book 372, Page 60, Oil and Gas Records of Lea County, New Mexico.

2. Oil and Gas Lease from June D. Speight, as lessor, to Reading & Bates Petroleum Co., as lessee, dated May 10, 1983, recorded in Book 361, Page 666, Oil and Gas Records of Lea County, New Mexico.

**Klein Fee (East) Lease:**

Township 15 South, Range 35 East, N.M.P.M.

Section 33: NE $\frac{1}{4}$ NE $\frac{1}{4}$

containing 40 acres, more or less.

Leases:

<u>Lessor</u>	<u>Date</u>	<u>Book/Page (Lea County Oil &amp; Gas Records)</u>
Faye L. Lipsett Klein	7/29/92	485/51
William R. Yarnelle	11/16/93	496/750
Joan L. Rine	12/6/93	496/746
Norma J. Chanley	3/7/94	498/582
Roy G. Barton, Jr.	9/15/94	505/408
Roy G. Barton, Sr. and Opal Barton Revocable Trust	9/15/94	505/406

**Klein Fee (West) Lease:**

Township 15 South, Range 35 East, N.M.P.M.

Section 33: NW $\frac{1}{4}$ NE $\frac{1}{4}$       **BOOK 1179 PAGE 433**

containing 40 acres, more or less.

Leases:

<u>Lessor</u>	<u>Date</u>	<u>Book/Page</u> <u>(Lea County</u> <u>Oil &amp; Gas Records)</u>
Faye L. Lipssett Klein	7/29/92	485/51
Roy G. Barton, Sr. and Opal Barton Revocable Trust	9/15/94	505/406
Dorothy Fuller Lundeen	7/24/92	479/613
Russell Pang et ux.	7/24/92	479/328
Margot Suzanne McDonald Chambers	7/24/92	479/247
Ben L. Graham	7/24/92	479/619
Milton M. Krasne	3/22/93	487/582
David Graham McDonald	12/6/93	496/748
Anita M. McDonald, individually and as Independent Executrix of the Estate of John William McDonald	8/8/94	504/251
Grace Starmer	12/2/93	497/212
Vance Lee Mason	8/22/94	505/227
Mary Edith Frederickson and Norah Baker	9/16/94	505/451
Heidi C. Barton	9/15/94	505/619
Brett C. Barton	9/15/94	507/27
Roy G. Barton III	9/15/94	507/25

Wiley Fee (West) Lease:

Township 15 South, Range 35 East, N.M.P.M.

Section 33: SW¼NE¼

containing 40 acres, more or less.

Leases:

1. Oil and Gas Lease from United New Mexico Trust Company, Trustee of the Chad and Norma Wiley Trust, as lessor, to W. Wesley Perry, as lessee, dated July 20, 1992, recorded in Book 479, Page 473, Oil and Gas Records of Lea County, New Mexico.

2. Oil and Gas Lease from Billie Garrett Lylie, as lessor, to W. Wesley Perry, as lessee, dated July 24, 1992, recorded in Book 479, Page 475, Oil and Gas Records of Lea County, New Mexico.

3. Oil and Gas Lease from Mary Kathryn Garrett Noble, as lessor, to W. Wesley Perry, as lessee, dated July 24, 1992, recorded in Book 479, Page 479, Oil and Gas Records of Lea County, New Mexico.

Wiley Fee (East) Lease:

Township 15 South, Range 35 East, N.M.P.M.

Section 33: SE $\frac{1}{4}$ NE $\frac{1}{4}$

containing 40 acres, more or less.

Leases:

1. Oil and Gas Lease from Mildred A. Wright, Trustee, as lessor, to W. Wesley Perry, as lessee, dated July 24, 1992, recorded in Book 479, Page 469, Oil and Gas Records of Lea County, New Mexico, as ratified by Mildred A. Wright, Trustee under Trust Agreement No. 1 dated September 9, 1980, by instrument dated August 10, 1994, recorded in Book 591, Page 195, Miscellaneous Records of Lea County, New Mexico.

2. Oil and Gas Lease from Thomas W. Pettit, as lessor, to W. Wesley Perry, as lessee, dated July 24, 1992, recorded in Book 479, Page 467, Oil and Gas Records of Lea County, New Mexico.

Root Fee Lease:

Township 15 South, Range 35 East, N.M.P.M.

Section 33: SE $\frac{1}{4}$ NW $\frac{1}{4}$

containing 40 acres, more or less.

Lease:

Oil and Gas Lease from United New Mexico Trust Company, Trustee for L. Jay Root Royalty Trust under Trust Agreement dated April 28, 1983, as lessor, to W. Wesley Perry, as lessee, dated July 20, 1992, recorded in Book 479, Page 471, Oil and Gas Records of Lea County, New Mexico.

State "T" Lease:

Township 15 South, Range 35 East, N.M.P.M.

Section 33: N $\frac{1}{2}$ NW $\frac{1}{4}$ , SW $\frac{1}{4}$ NW $\frac{1}{4}$

containing 120 acres, more or less.

Lease:

State of New Mexico Oil and Gas Lease V-4065, from the State of New Mexico, as lessor, to W. Wesley Perry, as lessee, dated September 1, 1992.

Snyder "S" State Lease:

Township 15 South, Range 35 East, N.M.P.M.

Section 34: NE $\frac{1}{4}$ NE $\frac{1}{4}$ , NW $\frac{1}{4}$ SE $\frac{1}{4}$ , N $\frac{1}{2}$ NW $\frac{1}{4}$ , SE $\frac{1}{4}$ NW $\frac{1}{4}$ , E $\frac{1}{2}$ SW $\frac{1}{4}$

containing 280 acres, more or less.

Lease:

State of New Mexico Oil and Gas Lease VA-644, from the State of New Mexico, as lessor, to W. Wesley Perry, as lessee, dated July 1, 1992, recorded in Book 479, Page 181, Oil and Gas Records of Lea County, New Mexico.

Julia Culp Fee Lease:

Township 15 South, Range 35 East, N.M.P.M.

Section 34: NW $\frac{1}{4}$ NE $\frac{1}{4}$ , S $\frac{1}{2}$ NE $\frac{1}{4}$ , E $\frac{1}{2}$ SE $\frac{1}{4}$

containing 160 acres, more or less.

Leases:

<u>Lessor</u>	<u>Date</u>	<u>Book/Page (Lea Co. Oil &amp; Gas Records)</u>	<u>Portion of Tract Covered</u>
Julia Culp	3/15/74	287/329	NW $\frac{1}{4}$ NE $\frac{1}{4}$ , S $\frac{1}{2}$ NE $\frac{1}{4}$ , E $\frac{1}{2}$ SE $\frac{1}{4}$
Sandra Lee Ponder Barbee	3/25/74	287/323	NW $\frac{1}{4}$ NE $\frac{1}{4}$ , S $\frac{1}{2}$ NE $\frac{1}{4}$ , E $\frac{1}{2}$ SE $\frac{1}{4}$
Leora Culp Lee	3/15/74	287/327	NW $\frac{1}{4}$ NE $\frac{1}{4}$ , S $\frac{1}{2}$ NE $\frac{1}{4}$ , E $\frac{1}{2}$ SE $\frac{1}{4}$
Zena Ruth Pearce	3/13/74	287/331	NW $\frac{1}{4}$ NE $\frac{1}{4}$ , S $\frac{1}{2}$ NE $\frac{1}{4}$ , E $\frac{1}{2}$ SE $\frac{1}{4}$
William N. Ponder	3/25/74	287/449	NW $\frac{1}{4}$ NE $\frac{1}{4}$ , S $\frac{1}{2}$ NE $\frac{1}{4}$ , E $\frac{1}{2}$ SE $\frac{1}{4}$
June D. Speight	9/19/74	289/791	NW $\frac{1}{4}$ NE $\frac{1}{4}$ , S $\frac{1}{2}$ NE $\frac{1}{4}$ , E $\frac{1}{2}$ SE $\frac{1}{4}$
Mary Ruth McCrory and William Thomas Reed	6/2/71	275/46	S $\frac{1}{2}$ NE $\frac{1}{4}$ , E $\frac{1}{2}$ SE $\frac{1}{4}$
J. Edward Wood	3/13/74	287/325	S $\frac{1}{2}$ NE $\frac{1}{4}$ , E $\frac{1}{2}$ SE $\frac{1}{4}$
Bill Mathis et ux.	6/16/74	288/599	S $\frac{1}{2}$ NE $\frac{1}{4}$ , E $\frac{1}{2}$ SE $\frac{1}{4}$
Nelson H. James et al.	7/24/74	288/801	S $\frac{1}{2}$ NE $\frac{1}{4}$ , E $\frac{1}{2}$ SE $\frac{1}{4}$
B. A. Christmas, Jr., individually and as Trustee, et al.	6/26/74	288/796	S $\frac{1}{2}$ NE $\frac{1}{4}$ , E $\frac{1}{2}$ SE $\frac{1}{4}$
Joyce Ann Brown Sanders	6/26/74	288/601	S $\frac{1}{2}$ NE $\frac{1}{4}$ , E $\frac{1}{2}$ SE $\frac{1}{4}$

Townsend-Shoe Bar State Lease:

Township 15 South, Range 35 East, N.M.P.M.

Section 34: SW $\frac{1}{4}$ SE $\frac{1}{4}$

containing 40 acres, more or less.

Lease:

State of New Mexico Oil and Gas Lease VC-11, from the State of New Mexico, as lessor, to Bridge Oil Company, L.P., as lessee, dated September 1, 1990.

Snyder "S" Fee Lease:

Township 15 South, Range 35 East, N.M.P.M.

Section 34: W $\frac{1}{2}$ SW $\frac{1}{4}$ , SW $\frac{1}{4}$ NW $\frac{1}{4}$

containing 120 acres, more or less.

Township 16 South, Range 36 East, N.M.P.M.

Section 6: Lots 3, 4, 5

containing 132.57 acres, more or less.

Lease:

Oil and Gas Lease from Snyder Ranches, Inc., as lessor, to W. Wesley Perry, as lessee, dated June 8, 1992, recorded in Book 478, Page 298, Oil and Gas Records of Lea County, New Mexico.

Earnestine State Lease:

Township 16 South, Range 35 East, N.M.P.M.

Section 1: Lots 1, 2, 7, 8, 9, 10, 15, 16

containing 342.42 acres, more or less.

Lease:

State of New Mexico Oil and Gas Lease E-9116, from the State of New Mexico, as lessor, to Austral Oil Exploration Company Incorporated, as lessee, dated June 21, 1955, recorded in Book 129, Page 374, Oil and Gas Records of Lea County, New Mexico.

Speight Fee Lease:

Township 16 South, Range 35 East, N.M.P.M.

Section 1: Lots 3, 4, 5, 6

containing 182.06 acres, more or less.

Leases:

<u>Lessor</u>	<u>Date</u>	<u>Book/Page (Lea County Oil &amp; Gas Records)</u>
June D. Speight	4/7/89	438/718
Dorothy Lee Lusk	2/22/91	464/190
Clarence V. Shelfer	2/27/91	464/174
Annie Laura Sturdivant	2/27/91	464/176
Teddie Darrell Shelfer	2/27/91	464/184
Douglas Michael Shelfer	2/27/91	464/180
James Darrell Shelfer	2/27/91	464/188
Brian Harrison Thompson	2/27/91	464/178
Richard H. Power, et ux. Mildred Power	3/7/91	464/182

Jean Benson, et vir, Charles H. Benson	3/7/91	464/186
Marjorie Smart, Trustee of the Marjorie C. Smart Revocable Trust dated 5/5/90	2/19/91	464/192
Pamela Ann Quick	3/11/91	465/116
Penelope Louise Holcomb	4/12/91	467/579
Betty Louise Pieper	4/12/91	467/577
Robert L. Brown	5/2/91	467/581
Laverne W. Colby, et ux., Leona E. Colby	3/21/91	467/157
Lester F. Colby, et ux., Dorothy S. Colby	3/21/91	467/159
Dorothy C. Feltz	3/21/91	467/161
Ben L. Graham	3/28/91	467/163
Elaine Graham Krasne	3/28/91	467/165
Suzanne M. Chambers	3/28/91	467/155
David Graham McDonald	4/12/91	467/167
John William McDonald	4/12/91	467/169
Jane Bowers Stoneman, et vir, Martin L. Stoneman	2/17/88	422/359
Barbara M. Gallagher	6/12/92	478/64
Francis J. Moynihan, Jr.	6/12/92	478/66
Berkeley N. Moynihan	6/12/92	478/68
Roy G. Barton, Sr. and Opal Barton Revocable Trust UTA dated 1/28/82, by Roy G. Barton, Jr., Trustee	9/25/94	508/311

**State "D" Lease:**

Township 16 South, Range 35 East, N.M.P.M.

Section 1: Lots 11, 12, 13, 14, SW¼

containing 320 acres, more or less.

Lease:

State of New Mexico Oil and Gas Lease E-9050, from the State of New Mexico, as lessor, to Cabot Carbon Company, as lessee, dated May 17, 1955.

**Snyder "EC" Leases:**

Township 16 South, Range 36 East, N.M.P.M.

Section 5: Lot 5

Section 6: Lots 1, 7, 8

containing 170.81 acres, more or less.

Lease:

Oil and Gas Lease from W. M. Snyder to Austral Oil Exploration Company Incorporated, dated July 20, 1956, recorded in Book 145, Page 134, Oil and Gas Records of Lea County, New Mexico.

Township 16 South, Range 36 East, N.M.P.M.

Section 6: Lot 2

containing 50.83 acres, more or less.

Lease:

Oil and Gas Lease from Warren M. Snyder, also known as Warren Snyder and W. M. Snyder, joined by his wife, Reba Snyder, as lessors, to Austral Oil Exploration Company Incorporated, as lessee, dated March 21, 1958, recorded in Book 164, Page 324, Oil and Gas Records of Lea County, New Mexico.

Township 16 South, Range 36 East, N.M.P.M.

Section 6: Lot 6

containing 40 acres, more or less.

Lease:

Oil and Gas Lease from Snyder Ranches, Inc., as lessor, to Energen Resources Corporation and Deborah Gillespie Hastings and C. D. Martin, Independent Co-Executors of the Estate of Charles B. Gillespie, Jr., Deceased, as lessees, dated April 1, 1999, recorded in Book 1047, Page 555, Lea County, New Mexico Records.

Snyder "F" Lease:

Township 16 South, Range 36 East, N.M.P.M.

Section 5: Lots 3 and 4

containing 101.53 acres, more or less.

Lease:

Oil and Gas Lease from Warren M. Snyder, also known as Warren Snyder and as W. M. Snyder, joined by his wife, Reba Snyder, as lessors, to Austral Oil Exploration Company Incorporated, as lessee, dated April 29, 1958, recorded in Book 167, Page 23 of the Oil and Gas Records of Lea County, New Mexico.



Snyder "A" Lease:

Township 16 South, Range 36 East, N.M.P.M.

Section 6: Lot 17

containing 36.59 acres, more or less.

Lease:

Oil and Gas Lease from Warren M. Snyder, also known as Warren Snyder and W. M. Snyder, as lessor, to Austral Oil Exploration Company Incorporated, as lessee, dated July 16, 1956, recorded in Book 145, Page 147, Oil and Gas Records of Lea County, New Mexico.

STATE OF NEW MEXICO  
COUNTY OF LEA  
FILED

OCT 22 2002  
at 4:01 o'clock P M  
and recorded in Book \_\_\_\_\_  
Page \_\_\_\_\_  
By Melinda Hughes, Lea County Clerk  
Deputy

28694