

(copy)

ASSIGNMENT OF OPERATING RIGHTS

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C. D.
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KNOW ALL MEN BY THESE PRESENTS: THAT

For and in consideration of Ten Dollars (\$10.00) and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, C & C OPERATING CORPORATION, a New Mexico Corporation, P.O. BOX 1829, Hobbs, New Mexico 88240, "Assignor," hereby assigns to B & W OIL COMPANY whose address is Rt. 252 Haldemen Rd., Artesia, New Mexico 88210, "Assignee," all of Assignor's right to operate certain Federal Oil and Gas Lease, Serial No. LC-067768, as the same affects approximately 80 acres described as the West Half of the Northwest Quarter (W 1/2 NW 1/4), Section Twelve (12), Township Sixteen South (16S), Range Thirty East (30E), N.M.P.M., Eddy County, New Mexico in and under said tract from the surface to a depth of four thousand (4,000) feet beneath the surface, together with all of Assignor's interest in all equipment, material and personal property installed in and on said lands and used in operations in connection with the operating rights hereby assigned.

Assignee hereby assumes all overriding royalties and other burdens presently burdening the interests hereby assigned.

This assignment shall be deemed effective as of October 1, 1986, at 7:00 A.M. (MDT) for all purposes. All production prior to such effective date shall be for Assignor's account and thereafter for the account of Assignee.

Assignee shall pay such sales taxes, if any, as may be due by reason of the transfer hereby of personal property, and shall hold Assignor harmless with respect thereto. Ad valorem taxes for the year 1986, if any, due on the lease, which are not based on production and/or on the personal property conveyed, shall be prorated to the effective date hereof. Unless otherwise agreed, all ad valorem taxes based on production but not yet assessed shall be the subject of an adjustment and payment between Assignor and Assignee when such assessment is made and known.

Assignee herewith accepts and assumes all of the obligations of the Assignor as the same are fully set forth in that certain Assignment from Ernest A. Hanson and Beulah Irene Hanson, husband and wife, of Rowell, New Mexico, to the