

CONVEYANCE OF OIL AND GAS  
PROPERTIES AND BLANKET CONVEYANCE

THIS CONVEYANCE, between ROBBIE JANE LATCH, a widow, individually and as Ancillary Personal Representative of the Estate of Leonard Latch, deceased, and as Trustee for James L. Latch, Billie Ruth Latch Watkins and Lenise Latch Mason under the Will of Leonard Latch, deceased, d/b/a Latch Operations, and James L. Latch and Patricia Ann Latch, his wife, P. O. Box 10108, Lubbock, Texas, 79408 (hereinafter referred to as "Assignor," whether one or more), and Marbob Energy Corporation, a New Mexico corporation, P. O. Drawer 217, Artesia, New Mexico, 88211-0217 (hereinafter referred to as "Assignee"),

W I T N E S S E T H:

1. Conveyance.

1.1. Assignor, for valuable consideration in hand paid by Assignee, the receipt and sufficiency of which are hereby acknowledged, does hereby grant, bargain, sell, convey, assign, transfer, set over and deliver unto Assignee, and Assignee's successors and assigns, the following:

(a) The interests of Assignor in oil and gas leases, the leasehold, the overriding royalty interests, the operating rights, and all other interests which are specifically described in Exhibits "A" and "B" attached hereto and made a part hereof; subject, however, to the restrictions, exceptions, reservations, conditions, limitations, existing royalties, overriding royalties, production payment interests, burdens on production and other matters, if any, now validly subsisting and shown of record in the county wherein the properties are located. As used in Exhibit "A," the term "Latch Working Interest" shall mean the percentage (of 8/8ths) of the entire leasehold operating rights owned by Assignor in each lease. The term "Latch Net Revenue Interest (expressed as a percentage of 8/8ths)" shall mean the percentage (of 8/8ths) of all the proceeds received from the sale of production of oil and gas to which Assignor is entitled upon the date hereof, exclusive of all severance, production and excise taxes required to be withheld by the purchaser of production, and all royalties, overriding royalties, production payments or other burdens of any nature which are payable out of or on account of the "Latch Working Interest;"

(b) All of Assignor's right, title and interest in, to and under, or derived from:

- (i) all of the presently existing and valid unitization, communitization and pooling agreements and the properties and interests created thereby (including, without limitation, all units formed under orders, regulations, rules or other official acts of any governmental body or agency having or purporting to have jurisdiction);
- (ii) all of the presently existing and valid oil, casinghead gas and gas sales purchase agreements; and