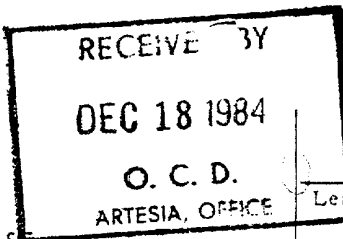


UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

TRANSFER, ASSIGNMENT, OR SUBLEASE  
OF OPERATING RIGHTS IN OIL AND GAS LEASE



FORM APPROVED  
OMB NO. 1004-0034  
Expires: August 31, 1985

Lease Serial No.  
LC-067132  
Lease effective date  
August 1, 1947

PART I

1. Assignee's Name

I & W, Inc., a New Mexico corporation

Address (include zip code)

P. O. Box 176  
Artesia, New Mexico 88210

The undersigned, as owner of 100% percent of operating rights in the above-designated oil and gas lease, hereby transfers, assigns, and/or subleases to the assignee shown above, the operating rights in such lease as specified below.

2. Describe the lands affected by this transfer, assignment, and/or sublease (43 CFR 3101.2-3 or 3101.1-4)

Township 18 South, Range 29 East, N.M.P.M.

Section 22: NE/4 SW/4, below the depth of 3500 feet,

Eddy County, New Mexico, containing 40 acres, more or less.

3. Specify interest or percent of operating rights being conveyed to assignee	100%
4. Specify interest or percent of operating rights being retained by assignor	-0-
5. Specify overriding royalty interest being reserved by assignor	-0-
6. Specify overriding royalty previously reserved or conveyed, if any	7.5%

7. If any payments out of production have previously been created out of this interest, or if any such payments are being reserved under this transfer, assignment, or sublease, attach statement giving full details as to amount, method of payment, and other pertinent terms as provided under 43 CFR 3106.

It is agreed that the obligation to pay any overriding royalties or payments out of production of oil created hereon, which, when added to overriding royalties or payments out of production previously created and to the royalty payable to the United States, aggregate in excess of 17 1/2 percent, shall be suspended when the average production of oil per well per day averaged on the monthly basis is 15 barrels or less.

I CERTIFY That the statements made herein are true, complete, and correct to the best of my knowledge and belief and are made in good faith.

Executed this 5<sup>th</sup> day of November, 19 84.

Robert E. Boling  
Robert E. Boling (Assignor's Signature)

Jean C. Boling  
Jean C. Boling (Assignor's Address)  
305 South Fifth Street  
Artesia, New Mexico 88210

(City) (State) (Zip Code)

Title 18 U.S.C., Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious, fraudulent statements or representations as to any matter within its jurisdiction.

THE UNITED STATES OF AMERICA

Assignment approved effective \_\_\_\_\_

By \_\_\_\_\_  
(Authorized Officer)

PART I

ASSIGNEE'S APPLICATION FOR APPROVAL OF TRANSFER  
OF OPERATING RIGHTS AND/OR OPERATING AGREEMENT (SUBLEASE)

I,                     , CERTIFIES THAT the assignee and all other parties in interest (as defined in 43 CFR 3100.0-5(b)) in this assignment are:

1. Citizens of the United States or qualified alien stockholders in a domestic corporation; association of the United States; or any State or Territory thereof; or municipalities.
2. At the sole of majority in the State where the lands to be assigned are located.

In compliance with the acreage limitation set forth in 43 CFR 3101.1-5 and 3101.2-4.

I,                      AGREEES That, upon approval of this transfer of operating rights and/or operating agreement (sublease) by the authorized officer of the Bureau of Land Management, he will be bound by the terms and conditions of the lease described herein as to the interests covered by this assignment, including, but not limited to, the obligation to conduct all operations on the leasehold in accordance with the terms and conditions of the lease, to condition all wells for proper abandonment, to restore the leased lands upon completion of any drilling operations as prescribed in the lease, and to furnish and maintain said land as may be required by the lessor pursuant to the regulations (43 CFR 3104.2).

It is HEREBY CERTIFIED That the statements made herein are true, complete, and correct to the best of undersigned's knowledge and belief and are made in good faith.

Executed this 4th day of December, 1984

                      
P. O. BOX 176

Vice President (Assignee's Signature)

P. O. BOX 176

(Assignee's Address)

Artesia, New Mexico

(City)

(State)

88210

(Zip Code)

Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious, or fraudulent statements or representations as to any matter within its jurisdiction.

INSTRUCTIONS

**ASSIGNMENT FORMS** - Use only for assignment of operating rights (including working interests) in oil and gas leases. If transfer of operating rights is accompanied by an operating agreement, a complete copy of such agreement must be submitted with the assignment. If more than one transfer of operating rights is made out of a lease, a separate instrument of transfer is required for each assignment. A separate instrument of assignment shall be used for each lease out of which an assignment is made.

**FILING AND NUMBER OF COPIES** - File three (3) completed

and manually signed copies in the appropriate BLM office. A \$25.00 nonrefundable filing fee must accompany this assignment. File assignment within ninety (90) days after date of final execution.

3. **EFFECTIVE DATE OF ASSIGNMENT** - The assignment, if approved, takes effect on the first day of the month following the date of filing of all required papers. If an operator's bond is required, it must be furnished prior to approval of the assignment.

NOTICE

The Privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this assignment and request for approval.

**AUTHORITY:** 30 U.S.C. et. seq.

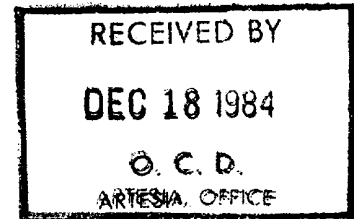
**PRINCIPAL PURPOSE** - The information is to be used to process the assignment and request for approval.

**ROUTINE USES:**

- (1) The adjudication of the assignee's rights to the land or resources.
- (2) Documentation for public information in support of notations made on land status records for the management, disposal, and use of public lands and resources.
- (3) Transfer to appropriate Federal agencies when concurrence is required prior to granting a right in public lands or resources.
- (4)(5) Information from the record and/or the record will be transferred to appropriate Federal, State, local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecutions.

**EFFECT OF NOT PROVIDING INFORMATION** - If all the information is not provided, the assignment may be rejected.

The Paperwork Reduction Act of 1980 (44 U.S.C. 3501 et seq.) requires us to inform you that: This information is being collected pursuant to the law (43 CFR 3106-3(c)). This information will be used to create a record of lease assignment. Response to this request is required to obtain a benefit.



STATE OF NEW MEXICO )  
                              : ss.  
COUNTY OF EDDY )

The foregoing instrument was acknowledged before me this 5 day  
of November, 1984, by Robert E. Boling and Jean C. Boling, his wife.

Patricia Ferguson  
Notary Public

My commission expires:  
11-3-88

RECEIVED BY

DEC 18 1984

O. C. D.

ARTESIA, OFFICE

ASSIGNMENT OF OPERATING RIGHTS AND BILL OF SALE

ROBERT E. BOLING and JEAN C. BOLING, his wife, 305 South Fifth Street, Artesia, New Mexico 88210 (hereinafter referred to as "Assignor"), for and in consideration of the sum of TEN DOLLARS (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does hereby sell, transfer, assign and convey to I & W, INC. a New Mexico corporation, P. O. Box 176, Artesia, New Mexico 88210 (hereinafter referred to as "Assignee"), all of Assignor's right, title and interest in the operating rights in that certain Oil and Gas Lease (hereafter called Lease), hereinafter described subject to the area limitations, depth limitations, overriding royalty interest reserved by Assignor and other qualifications as specified herein. For like consideration, Assignor does also hereby sell, transfer, assign and convey unto Assignee all wells (including production casing) located on the above described lands, together with all materials and equipment therein, thereon and used in connection therewith located on the Lease as of the date of this instrument.

1. Operating Rights Assigned:

Assigned Interest. Subject to the other provisions hereof, Assignor hereby assigns and conveys to Assignee an undivided 100% of Assignor's right, title and interest in the operating rights in the oil and gas lease identified below:

Assignor's Serial No: LC-067132 (based on LC-059176)  
Lessor: United States of America  
Lessee: Edith A. Hover, Executrix of the Estate of  
A. H. Hover  
Lease Date: August 1, 1947  
Covering NE/4 SW/4 of Section 22, T18S R29E, Eddy  
County, New Mexico, below a depth of 3,500'  
Recorded in Volume 68, Page 323 in the Oil and Gas Lease  
Records of Eddy County, New Mexico.

2. Prior Incumbrances:

This assignment is made expressly subject to any and all prior binding contractual commitments, overriding royalties, production payments or other burdens heretofore reserved or granted which affect the Lease and property conveyed herein.

3. Liability of Assignee:

Assignee, by his acceptance hereof, assumes full responsibility for the operation of the Lease and agrees that such operation shall be at his sole risk, cost and expense. Assignee specifically agrees to bear the full liability for any and all damages whatsoever which may be sustained

by third parties as a result of Assignee's operations on the Lease. It is expressly understood Assignee agrees to properly plug and abandon all wells located on the Lease and restore the premises in accordance with State of New Mexico and Federal Regulations (if applicable) and prudent oil field practice. In this regard Assignee shall indemnify and hold Assignor harmless from all liability to Assignee or to third parties for any such failure to properly plug and abandon said wells.

4. Warranty of Title:

This Assignment is made without any warranty of title whatsoever, Assignor does not warrant the quality, quantity, weight, grade, FITNESS FOR PARTICULAR PURPOSES, or MERCHANTABILITY of the materials and equipment assigned herein. The Assignee accepts same "as is."

This Assignment shall be a covenant running with the land and shall be binding on Assignor and Assignee, their respective heirs, successors and assigns.

IN WITNESS WHEREOF, this instrument is executed this 5th day of November, 1984.

ASSIGNOR:

ROBERT E. BOLING

By: Robert E. Boling  
Robert E. Boling

By: Jean C. Boling  
Jean C. Boling

ASSIGNEE:

I. & W., INC.

By: Jack Case  
Title: Vice President

ACKNOWLEDGMENT

STATE OF NEW MEXICO )  
COUNTY OF EDDY ) ss.

The foregoing instrument was acknowledged before me this 5 day of November, 1984, by ROBERT E. BOLING and JEAN C. BOLING, HIS WIFE.

My commission expires:

11-3-88

Patricia Ferguson  
Notary Public

STATE OF NEW MEXICO )  
COUNTY OF EDDY ) ss.

December The foregoing instrument was acknowledged before me this 4th day of November, 1984, by Jack Case, Vice President of I. & W., INC., a New Mexico corporation, on behalf of said corporation.

My commission expires:

8-10-85

Gloria F. Davis  
Notary Public

