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BILL OF SALE AND RELEASE

O. C. C.
ARTESIA, OFFICE

UNION OIL COMPANY OF CALIFORNIA, 300 North Carrizo Street, Midland, Texas 79701, hereinafter referred to as "Assignor," for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the adequacy and receipt of which is hereby acknowledged, and for the covenants and agreements hereinafter set forth, does hereby grant, assign, transfer, sell and deliver to TOM D. LEE, JR. and MARY LOU LEE, his wife, P. O. Box 342, Carlsbad, New Mexico 88220, hereinafter referred to as "Assignees," all right, title and interest of Assignor in the Union Oil Company of California T. Lee #1 well bore, including the casing appurtenant thereto (which has been properly plugged and abandoned by Assignor in accordance with the regulations of the New Mexico Oil Conservation Commission), located 1,980 feet from the West line, and 1,230 feet from the North line of Section 29, Township 22 South, Range 27 East, Eddy County, New Mexico, subject to the following conditions:

1. This instrument shall be effective at 7:00 A.M. on December 14, 1972, and is made without representation or warranty of title, express or implied, and without representation or warranty of any kind as to quantity, quality, size, weight, merchantability, serviceability or fitness for purpose of any casing or other equipment or property sold hereunder.

2. Within one (1) year from the effective date hereof, Assignees shall, in a reasonably prudent and workmanlike manner, restore the surface of the land surrounding said well, including but not limited to the well location and pits of said well, in accordance with the applicable laws, rules and regulations of the New Mexico Oil Conservation Commission and will promptly file all required reports with regard to said well with all appropriate regulatory agencies. If Assignees should at any time re-enter said well for any reason, Assignees hereby agree to obtain any permit or similar authorization or any bond or similar requirement and to properly plug and abandon same in accordance with the applicable laws, rules and regulations of the New Mexico Oil Conservation Commission.

3. Assignees agree to indemnify, save and hold Assignor, its officers, directors, agents, employees and invitees of Assignor, its successors and assigns, harmless of any and all claims, demands, losses, costs, risks and expenses, including but not limited to reasonable attorneys' fees resulting from or arising