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EXHIBIT

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ASSIGNMENT OF OIL AND GAS LEASES

STATE OF NEW MEXICO)
 COUNTY OF LEA)

KNOW ALL MEN BY THESE PRESENTS:

THAT, MARKS AND GARNER PRODUCTION COMPANY, a New Mexico General Partnership, ERNEST L. MARKS, individually and JAMES W. GARNER, individually, all of P.O. Box 70, Lovington, New Mexico 88260 (hereinafter referred to as "Assignor", whether one or more) for Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does hereby bargain, sell, transfer, assign and convey, subject to the terms and provisions herein contained, unto ORION OIL & GAS PROPERTIES, 2420 Lakeview, Amarillo, Texas 79109 (hereinafter referred to as "Assignee"), all of Assignor's right, title and interest in and to the Oil and Gas Leases described on Exhibit "A" (hereinafter the "Leases") attached hereto and incorporated herein, AS TO ALL DEPTHS FROM THE SURFACE OF THE GROUND DOWN TO THE TOP OF THE WOLFCAMP FORMATION AND AS TO ALL DEPTHS BELOW THE BASE OF THE WOLFCAMP FORMATION, insofar as the Leases cover and concern the lands (hereinafter "Lands") described herein in Exhibit "A".

There is excepted from this Assignment and reserved in favor of Assignor, its successors and assigns, an overriding royalty equal to the difference between Lessor's royalty, overriding royalties and other burdens presently affecting said Lease and twenty-five percent (25.00%). Said overriding royalty shall be free and clear of all costs except production or severance taxes and windfall profit taxes.

In the event the assigned premises covers less than a full mineral interest, or if Assignor owns less than the full leasehold estate in the assigned premises, the overriding royalty herein reserved shall be proportionately reduced. This Assignment is made without warranty or recourse of any kind, and made subject to all existing royalties, overriding royalties, and any other lease burdens, including the overriding royalty reserved herein.

It is understood and agreed that Assignor has reserved all of its right, title and interest as to the interval FROM THE TOP OF THE WOLFCAMP FORMATION DOWN TO THE BASE OF THE WOLFCAMP FORMATION as pertaining to the Lands and as found producing in the Marks and Garner Production Company Julia Culp #1 Well located 1650' FNL and 330' FEL in Section 34, T15S-R35E, N.M.P.M., Lea County, New Mexico, but it is understood that Assignor has assigned all of its right, title and interest to Assignee in and to all the Lands, except those above-described and reserved.

Furthermore, Assignor, by its signature execution below, agrees to the following terms and conditions:

- 1) IF at any time Assignor (hereinafter to include its successors or assigns) intends to surrender any portion of the lands, or allow same to be terminated or cancelled for non-payment of a shut-in royalty or any other payment that could be made by it, or abandon the producing well(s) holding the leases, then it shall give Assignee (hereinafter to include its successors or assigns) written notice thereof at least Sixty (60) days before such occurrence and, after receiving such notice, Assignee shall then have Thirty (30) days within which to notify Assignor that it desires an assignment of the lands and wellbore reserved in this assignment, and if Assignee so elects, Assignor shall assign such lands to Assignee free and clear of all liens and encumbrances located on the lands assigned to Assignee by paying to Assignor the salvage value of its share of the salvageable materials and equipment taken over by Assignee in said well or wells, less the cost of removing and/or recovering same.

- 2) Should Assignor desire to sell all or any part of its interests in the lands herein reserved, it shall promptly give written notice to Assignee (hereinafter to include its successors or assigns), with full information concerning its proposed sale, which shall include the name and address of the prospective purchaser (who must be ready, willing and able to purchase), the purchase price, and all other terms of the offer. Assignee shall then have an optional prior right, for a period of Thirty (30) days after receipt of the notice, to purchase on the same terms and conditions the interest which Assignor proposes to sell.

The terms, covenants and conditions hereof shall be binding upon and shall inure to the benefit of Assignor and Assignee and their respective successors and assigns, and the covenants and conditions herein contained shall be covenants running with said Lands.

EXECUTED the day and year of the acknowledgment below.

MARKS AND GARNER PRODUCTION COMPANY,
a New Mexico General Partnership

BY: Ernest L. Marks
Ernest L. Marks, General Partner

BY: James H. Garner
James H. Garner, General Partner

Ernest L. Marks
Ernest L. Marks, individually

James H. Garner
James H. Garner, individually

ACKNOWLEDGMENT

STATE OF NEW MEXICO)
)
COUNTY OF LEA)

The foregoing instrument was acknowledged before me this 30th day of July, 1993 by Ernest L. Marks and James H. Garner, both individually and as General Partners of Marks and Garner Production Company, a New Mexico General Partnership.

Tammy K. Jones
Notary Public

TAMMY K. JONES
Notary's Printed Name



EXHIBIT "A"

Attached to and made a part of that certain Assignment of Oil and Gas Leases by and between MARKS AND GARNER PRODUCTION COMPANY, a New Mexico General Partnership, ERNEST L. MARKS, individually and JAMES H. GARNER, individually, assignors, and ORION OIL & GAS PROPERTIES, assignee, and covering all of assignors right, title and interest, LESS AND EXCEPT THE WOLFCAMP FORMATION, in and to the following oil and gas leases:

- 1) LESSOR: Mary Ruth McCrory and William Thomas Reed, each dealing individually in his separate property and as joint executors of the Estate of J.L. Reed, deceased
 LESSEE: Bill Mathis
 DATE: June 2, 1971
 RECORDED: Book 275, Page 46
 LANDS: S $\frac{1}{2}$ /NE $\frac{1}{4}$ and E $\frac{1}{2}$ /SE $\frac{1}{4}$ of Section 34, T15S-R35E, N.M.P.M., Lea County, New Mexico.
- 2) LESSOR: Sandra Lee Ponder Barbee, a married woman, dealing in her sole and separate property
 LESSEE: G. Dee Williams
 DATE: March 25, 1974
 RECORDED: Book 287, Page 323
 LANDS: NW $\frac{1}{4}$ /NE $\frac{1}{4}$, S $\frac{1}{2}$ /NE $\frac{1}{4}$ and E $\frac{1}{2}$ /SE $\frac{1}{4}$ of Section 34, T15S-R35E, N.M.P.M., Lea County, New Mexico.
- 3) LESSOR: J. Edward Wood, a single man, aka Jerry E. Wood
 LESSEE: G. Dee Williams
 DATE: March 13, 1974
 RECORDED: Book 287, Page 325
 LANDS: S $\frac{1}{2}$ /NE $\frac{1}{4}$ and E $\frac{1}{2}$ /SE $\frac{1}{4}$ of Section 34, T15S-R35E, N.M.P.M., Lea County, New Mexico.
- 4) LESSOR: Leora Culp Lee, a married woman, dealing in her sole and separate property
 LESSEE: G. Dee Williams
 DATE: March 15, 1974
 RECORDED: Book 287, Page 327
 LANDS: NW $\frac{1}{4}$ /NE $\frac{1}{4}$, S $\frac{1}{2}$ /NE $\frac{1}{4}$ and E $\frac{1}{2}$ /SE $\frac{1}{4}$ of Section 34, T15S-R35E, N.M.P.M., Lea County, New Mexico.
- 5) LESSOR: Julia Culp, a widow
 LESSEE: G. Dee Williams
 DATE: March 15, 1974
 RECORDED: Book 287, Page 329
 LANDS: NW $\frac{1}{4}$ /NE $\frac{1}{4}$, S $\frac{1}{2}$ /NE $\frac{1}{4}$ and E $\frac{1}{2}$ /SE $\frac{1}{4}$ of Section 34, T15S-R35E, N.M.P.M., Lea County, New Mexico.
- 6) LESSOR: Zena Ruth Pearce, a married woman, dealing in her sole and separate property
 LESSEE: G. Dee Williams
 DATE: March 13, 1974
 RECORDED: Book 287, Page 331
 LANDS: NW $\frac{1}{4}$ /NE $\frac{1}{4}$, S $\frac{1}{2}$ /NE $\frac{1}{4}$ and E $\frac{1}{2}$ /SE $\frac{1}{4}$ of Section 34, T15S-R35E, N.M.P.M., Lea County, New Mexico.
- 7) LESSOR: William N. Ponder, a married man, dealing in his sole and separate property
 LESSEE: G. Dee Williams
 DATE: March 25, 1974
 RECORDED: Book 287, Page 449
 LANDS: NW $\frac{1}{4}$ /NE $\frac{1}{4}$, S $\frac{1}{2}$ /NE $\frac{1}{4}$ and E $\frac{1}{2}$ /SE $\frac{1}{4}$ of Section 34, T15S-R35E, N.M.P.M., Lea County, New Mexico.

- 8) LESSOR: Bill Mathis and Betty Lou Mathis, his wife
 LESSEE: G. Dee Williams
 DATE: June 16, 1974
 RECORDED: Book 288, Page 599
 LANDS: S $\frac{1}{2}$ /NE $\frac{1}{4}$ and E $\frac{1}{2}$ /SE $\frac{1}{4}$ of Section 34, T15S-R35E, N.M.P.M., Lea County, New Mexico.
- 9) LESSOR: Joyce Ann Brown Sanders, dealing in her sole and separate property and Joyce Christmas Brown, dealing in her sole and separate property
 LESSEE: G. Dee Williams
 DATE: June 26, 1974
 RECORDED: Book 288, Page 601
 LANDS: S $\frac{1}{2}$ /NE $\frac{1}{4}$ and E $\frac{1}{2}$ /SE $\frac{1}{4}$ of Section 34, T15S-R35E, N.M.P.M., Lea County, New Mexico.
- 10) LESSOR: B.A. Christmas, Jr., individually and as Trustee for Mary Theresa, Bradford Ace, Candy and Helen Jane Christmas, under the Last Will and Testament of B.A. Christmas, Sr., deceased and Mary Theresa Christmas Holladay, Bradford Ace Christmas and Candy Christmas, each dealing in his or her sole and separate property
 LESSEE: G. Dee Williams
 DATE: June 26, 1974
 RECORDED: Book 288, Page 796
 LANDS: S $\frac{1}{2}$ /NE $\frac{1}{4}$ and E $\frac{1}{2}$ /SE $\frac{1}{4}$ of Section 34, T15S-R35E, N.M.P.M., Lea County, New Mexico.
- 11) LESSOR: Nelson H. James and wife, Virginia H. James, and Eunice Gray and husband, Wailes Gray
 LESSEE: H.M. & T. Oil Company
 DATE: July 24, 1974
 RECORDED: Book 288, Page 801
 LANDS: S $\frac{1}{2}$ /NE $\frac{1}{4}$ and E $\frac{1}{2}$ /SE $\frac{1}{4}$ of Section 34, T15S-R35E, N.M.P.M., Lea County, New Mexico.
- 12) LESSOR: June D. Speight, a married woman, dealing in her sole and separate property
 LESSEE: H.M. & T. Oil Company
 DATE: September 19, 1974
 RECORDED: Book 289, Page 791
 LANDS: NW $\frac{1}{4}$ /NE $\frac{1}{4}$, S $\frac{1}{2}$ /NE $\frac{1}{4}$ and E $\frac{1}{2}$ /SE $\frac{1}{4}$ of Section 34, T15S-R35E, N.M.P.M., Lea County, New Mexico.

END OF EXHIBIT "A"

STATE OF NEW MEXICO
 COUNTY OF LEA
 FILED

JUL 30 1993

at 11:19 o'clock A M
 and recorded in Book _____
 Page _____
 Pat Chappelle, Lea County Clerk
 By _____ Deputy



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