

60893

2004

ASSIGNMENT AND BILL OF SALE

STATE OF NEW MEXICO)

) ss.

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF LEA)

THAT, WHEREAS, the undersigned **Ernest L. Marks** and wife, **Valkyrie J. Marks** (with an address of P. O. Box 1243, Lovington, NM 88260-1243), **James H. Garner** (also known as **James H. Garner, Jr.**) and wife, **Belinda Gail Garner** (with an address of P. O. Box 841, Lovington, NM 88260-0841), and **Marks and Garner Production, Ltd. Co.** (sometimes also known as **Marks and Garner Production Ltd. Co.**), a New Mexico limited liability company (with an address of P. O. Box 70, Lovington, NM 88260-0070), hereinafter referred to as "**Assignors**" (whether one or more), are the owners of certain undivided interests in those lands which are described on Exhibit "A" attached hereto and made a part hereof (which lands are sometimes hereinafter referred to as the "**Assigned Premises**"); and

WHEREAS, Assignors desire to assign all of their interests in the Assigned Premises to the Assignee hereinafter named.

NOW, THEREFORE, FOR ADEQUATE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, Assignors do hereby GRANT, BARGAIN, SELL, TRANSFER, ASSIGN, CONVEY AND DELIVER unto **J & J Service, Inc.**, a New Mexico corporation, with an address of P. O. Box 324, Lovington, NM 88260-0324, hereinafter referred to as "**Assignee**", all of Assignors' right, title and interest in and to lands described on Exhibit "A" attached hereto and made a part hereof, *including but not limited to* mineral, leasehold, working, operating, royalty and overriding royalty interests, production payments, contract rights, personal property, fixtures and equipment, rights of way, easements, licenses, farmouts, options and orders, specifically including the right to enforce the covenants and warranties which Assignors are entitled to enforce against Assignee's predecessors in title with respect to the herein conveyed interests in the Assigned Premises, together with all rights and privileges whatsoever thereunder or appurtenant thereto, associated therewith or used or obtained in connection therewith.

The conveyance by this instrument by Assignors is intended and understood to be the absolute conveyance and unconditional sale, with full extinguishment of Assignors' equity of redemption, and with full release, of Assignors' right, title and interest of every character in and to the Assigned Premises.

Assignee shall comply with and does hereby assume, with respect to the herein assigned interests in the Assigned Premises, all express and implied covenants, obligations and reservations contained in the record chain of title thereto.

Assignors do hereby irrevocably appoint and constitute **Jerry T. Carlisle** of Lovington, New Mexico, as their Agent and Attorney-in-Fact for the limited purpose only of executing division orders, transfer orders and all other instruments as may be necessary to make fully effective this conveyance of interests, so that he may act in their place and stead for this limited purpose only.

Page 1

BOOK 1325 PAGE 159

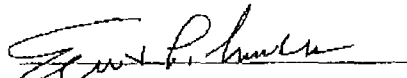
Assignors agree to execute such further assurances as may be requisite for the full and complete enjoyment of the rights herein granted and likewise agree that Assignee herein shall have the right at any time to redeem for said Assignors by payment any mortgage, taxes, or other liens on the Assigned Premises, upon default in payment by Assignors, and be subrogated to the rights of the holder thereof.

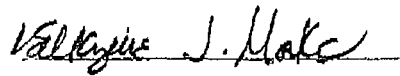
The terms and provisions hereof are binding upon and shall inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors, and assigns, and shall be covenants running with the Assigned Premises.

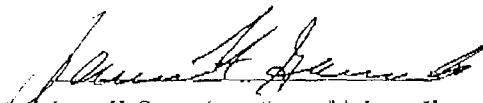
TO HAVE AND TO HOLD said interests and lands unto the Assignee, its heirs, successors and assigns, forever, and Assignors do hereby bind themselves, their heirs, executors, administrators, successors and assigns to warrant and forever defend all and singular the said interests and lands unto Assignee, its heirs, successors and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof.


WITNESS THE EXECUTION HEREOF to be effective for all purposes as of August 1, 2004, at 7:00 a.m. local time.

ASSIGNORS:


Ernest L. Marks

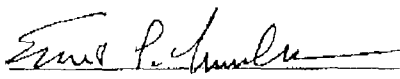

Valkyrie J. Marks



James H. Garner (sometimes a/k/a James H. Garner, Jr.)


Belinda Gail Garner

Marks and Garner Production, Ltd. Co. (sometimes a/k/a Marks and Garner Production Ltd. Co.), a New Mexico limited liability company

Marks and Garner Production, Ltd. Co. (sometimes a/k/a Marks and Garner Production Ltd. Co.), a New Mexico limited liability company


By: Ernest L. Marks, Member


By: James H. Garner (sometimes a/k/a James H. Garner, Jr.), Member

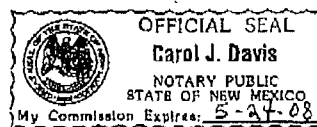
ACKNOWLEDGMENTS

STATE OF NEW MEXICO)
) ss.
COUNTY OF LEA)

This instrument was acknowledged before me on this the 21st day of August, 2004,
by Ernest L. Marks and wife, Valkyrie J. Marks.

Carol J. Davis
Notary Public, State of New Mexico

My Commission Expires: May 24, 2008

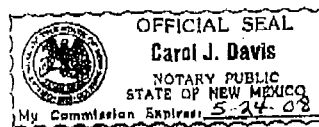


STATE OF NEW MEXICO)
) ss.
COUNTY OF LEA)

This instrument was acknowledged before me on this the 21st day of August, 2004,
by James H. Garner (sometimes a/k/a James H. Garner, Jr.) and wife, Belinda Gail Garner.

Carol J. Davis
Notary Public, State of New Mexico

My Commission Expires: May 24, 2008

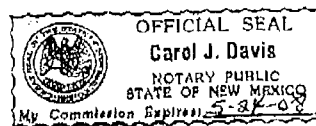


STATE OF NEW MEXICO)
) ss.
COUNTY OF LEA)

This instrument was acknowledged before me on this the 21st day of August, 2004,
by Ernest L. Marks, as Member of Marks and Garner Production, Ltd. Co. (sometimes a/k/a Marks
and Garner Production Ltd. Co.), a New Mexico limited liability company, on behalf of said limited
liability company.

Carol J. Davis
Notary Public, State of New Mexico

My Commission Expires: May 24, 2008



STATE OF NEW MEXICO)
) ss.
COUNTY OF LEA)

This instrument was acknowledged before me on this the 21st day of August, 2004,
by James H. Garner (sometimes a/k/a James H. Garner, Jr.), as Member of Marks and Garner
Production, Ltd. Co. (sometimes a/k/a Marks and Garner Production Ltd. Co.), a New Mexico
limited liability company, on behalf of said limited liability company.

Carol J. Davis
Notary Public, State of New Mexico

My Commission Expires: May 24, 2008

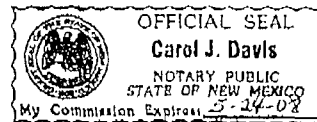


EXHIBIT "A"

Attached to and made a part of that certain Assignment and Bill of Sale executed to be effective for all purposes as of August 1, 2004, at 7:00 a.m. local time, by and between Ernest L. Marks and wife, Valkyrie J. Marks, James H. Garner (sometimes a/k/a James H. Garner, Jr.) and wife, Belinda Gail Garner, and Marks and Garner Production, Ltd. Co. (sometimes a/k/a Marks and Garner Production Ltd. Co.), as Assignors, and J & J Service, Inc., as Assignee.

INSOFAR AND ONLY INSOFAR AS the following Instr. Nos. 2, 4, 5, 6, 7 & 12, cover all depths except the Wolfcamp formation in NW/4 NE/4 of Section 34, Township 15 South, Range 35 East, N.M.P.M., Lea County, New Mexico, containing 40 acres, more or less, all of Assignors' interest, including but not limited to the following interests:

Ernest L. Marks - 1/2 of 0.184054377% of 8/8 overriding royalty
James H. Garner - 1/2 of 0.184054377% of 8/8 overriding royalty
Marks and Garner Production, Ltd. Co. (a/k/a Marks and Garner Production Ltd. Co. in the instrument recorded in Book 1083, Page 211, Lea County Records) - 0.398406982% of 8/8 working interest at 78.186039922% revenue)

INSOFAR AND ONLY INSOFAR AS the following Instr. Nos. 2, 4, 5, 6, 7 & 12, cover only the Wolfcamp formation in NW/4 NE/4 of Section 34, Township 15 South, Range 35 East, N.M.P.M., Lea County, New Mexico, containing 40 acres, more or less, all of Assignors' interest, including but not limited to the following interests:

Ernest L. Marks - 1/2 of 4.516730307% of 8/8 overriding royalty
James H. Garner - 1/2 of 4.516730307% of 8/8 overriding royalty
Marks and Garner Production, Ltd. Co. (a/k/a Marks and Garner Production Ltd. Co. in the instrument recorded in Book 1083, Page 211, Lea County Records) - 5.776901245% of 8/8 working interest at zero% revenue (due to over-conveyance of 0.483269693% as overriding royalty to Ernest L. Marks and James H. Garner); PLUS 0.398406982% of 8/8 working interest at 78.186039922% revenue

INSOFAR AND ONLY INSOFAR AS the following Instr. Nos. 1 through 12, inclusive, cover all depths except the Wolfcamp formation in SE/4 NE/4 of Section 34, Township 15 South, Range 35 East, N.M.P.M., Lea County, New Mexico, containing 40 acres, more or less, all of Assignors' interest, including but not limited to the following interests:

Ernest L. Marks - 1/2 of 0.550048827% of 8/8 overriding royalty
James H. Garner - 1/2 of 0.550048827% of 8/8 overriding royalty
Marks and Garner Production, Ltd. Co. (a/k/a Marks and Garner Production Ltd. Co. in the instrument recorded in Book 1083, Page 211, Lea County Records) - 3.125% of 8/8 working interest at 76.7656248% revenue); being within West Lovington Strawn Unit area, wherein Tract 18A is SW/4 NE/4 with tract participation of 0.14670687% and wherein Tract 18B is SE/4 NE/4 & E/2 SE/4 with tract participation of 1.33867162%, which combined yield a 0.0464180778% unit expense interest

INSOFAR AND ONLY INSOFAR AS the following Instr. Nos. 1 through 12, inclusive, cover all depths except the Wolfcamp formation in SW/4 NE/4 & E/2 SE/4 of Section 34, Township 15 South, Range 35 East, N.M.P.M., Lea County, New Mexico, containing 120 acres, more or less, all of Assignors' interest, including but not limited to the following interests:

Ernest L. Marks - 1/2 of 0.8000488267% of 8/8 overriding royalty
James H. Garner - 1/2 of 0.8000488267% of 8/8 overriding royalty
Marks and Garner Production, Ltd. Co. (a/k/a Marks and Garner Production Ltd. Co. in the instrument recorded in Book 1083, Page 211, Lea County Records) - 3.125% of 8/8 working interest at 76.7656248% revenue); being within West Lovington Strawn Unit area, wherein Tract 18A is SW/4 NE/4 with tract participation of 0.14670687% and wherein Tract 18B is SE/4 NE/4 & E/2 SE/4 with tract participation of 1.33867162%, which combined yield a 0.0464180778% unit expense interest

INSOFAR AND ONLY INSOFAR AS the following Instr. Nos. 1 through 12, inclusive, cover only the Wolfcamp formation in SE/4 NE/4 of Section 34, Township 15 South, Range 35 East, N.M.P.M., Lea County, New Mexico, containing 40 acres, more or less, all of Assignors' interest, including but not limited to the following interests:

Ernest L. Marks - 1/2 of 5.0% of 8/8 overriding royalty

James H. Garner - 1/2 of 5.0% of 8/8 overriding royalty

Marks and Garner Production, Ltd. Co. (a/k/a Marks and Garner Production Ltd. Co. in the instrument recorded in Book 1083, Page 211, Lea County Records) - 90.625% of 8/8 working interest at 70.696658% revenue; PLUS 3.125% working interest at 76.7656248% revenue

INSOFAR AND ONLY INSOFAR AS the following Instr. Nos. 1 through 12, inclusive, cover only the Wolfcamp formation in SW/4 NE/4 and E/2 SE/4 of Section 34, Township 15 South, Range 35 East, N.M.P.M., Lea County, New Mexico, containing 120 acres, more or less, all of Assignors' interest, including but not limited to the following interests:

Ernest L. Marks - 1/2 of 5.0% of 8/8 overriding royalty

James H. Garner - 1/2 of 5.0% of 8/8 overriding royalty

Marks and Garner Production, Ltd. Co. (a/k/a Marks and Garner Production Ltd. Co. in the instrument recorded in Book 1083, Page 211, Lea County Records) - 45.3125% of 8/8 working interest at 65.731142238% revenue; PLUS 3.125% working interest at 76.7656248% revenue

<u>Instr.</u> <u>No.</u>	<u>Instrument</u>	<u>Date</u>	<u>Rec'd*</u> <u>Bk/Pg.</u>	<u>Grantor/ Lessor</u>	<u>Grantee/ Lessee</u>	<u>Leased Lands</u>
1.	Oil & Gas Lease	6/2/71	275/46	Mary Ruth McCrory & William Thomas Reed, each dealing in his sep. prop., as joint executors of the Est. of J. L. Reed, dec.	Bill Mathis	S/2 NE/4 & E/2 SE/4 only
2.	Oil & Gas Lease	3/25/74	287/323	Sandra Lee Ponder Barbee	G. Dee Williamson	NW/4 NE/4, S/2 NE/4, & E/2 SE/4
3.	Oil & Gas Lease	3/13/74	287/325	J. Edward Wood a/k/a Jerry E. Wood	G. Dee Williamson	S/2 NE/4 & E/2 SE/4 only
4.	Oil & Gas Lease	3/15/74	287/327	Leora Culp Lee	G. Dee Williamson	NW/4 NE/4, S/2 NE/4, & E/2 SE/4
5.	Oil & Gas Lease	3/15/74	287/329	Julia Culp	G. Dee Williamson	NW/4 NE/4, S/2 NE/4, & E/2 SE/4
6.	Oil & Gas Lease	3/13/74	287/331	Zenn Ruth Pearce	G. Dee Williamson	NW/4 NE/4, S/2 NE/4, & E/2 SE/4
7.	Oil & Gas Lease	3/25/74	287/449	William N. Ponder	G. Dee Williamson	NW/4 NE/4, S/2 NE/4, & E/2 SE/4
8.	Oil & Gas Lease	6/16/74	288/599	Bill Mathis and wife, Betty Lou Mathis	G. Dee Williamson	S/2 NE/4 & E/2 SE/4 only
9.	Oil & Gas Lease	6/26/74	288/601	Joyce Ann Brown Sanders & Joyce Christmas Brown	G. Dee Williamson	S/2 NE/4 & E/2 SE/4 only
10.	Oil & Gas Lease	6/26/74	288/796	B. A. Christman, Jr., et al	G. Dee Williamson	S/2 NE/4 & E/2 SE/4 only

Page 3

BOOK 1325 PAGE 163

Instr. No.	Instrument	Date	Rec'd Bk./Pg.	Grantor/ Lessor	Grantee/ Lessee	Leased Lands
11.	Oil & Gas Lease	7/24/74	288/801	Nelson H. James, et al	H. M. & T. Oil Company	S/2 NE/4 & E/2 SE/4 only
12.	Oil & Gas Lease	9/19/74	289/791	June D. Speight	H. M. & T. Oil Company	NW/4 NE/4, S/2 NE/4, & E/2 SE/4

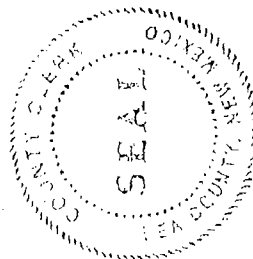
*Unless otherwise stated, recording references are to the Oil & Gas Records, Lea County, New Mexico.

60893

STATE OF NEW MEXICO
COUNTY OF LEA
FILED

AUG 23 2004 P

at 4:04 o'clock P.M.
and recorded in Book _____
Page _____
McGowan Hughes, Lea County Clerk
By _____ Deputy



Note: After recording, return to J & J Service, Inc., P. O. Box 324, Lovington, NM 88260.