

07674

ASSIGNMENT AND BILL OF SALE

THE STATE OF NEW MEXICO X  
COUNTY OF LEA X

KNOW ALL MEN BY THESE PRESENTS:

This ASSIGNMENT, (hereinafter "Assignment") from: LouRay Oil Co., LLC P.O. Box 2081, Lovington, NM 88260 (hereinafter referred to as "Assignor"), to Dema Strickland, 909 W. Ave. N, Lovington, NM 88260 (hereinafter referred to as "Assignee").

FOR AND IN CONSIDERATION of Ten and No/100 Dollars and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor does hereby GRANT, BARGAIN, SELL, TRANSFER, ASSIGN AND CONVEY unto Assignee, without covenant, representation or warranty of any kind whatsoever, express, statutory, or implied, subject to the terms, provisions and reservations herein, all of Assignor's rights, title, and interest into and under: (i) the oil and gas lease and land described in Exhibit "A" attached hereto and made a part hereof, (hereinafter referred to as "Lease"), insofar however, as the Lease covers and includes the lands described in Exhibit "A", and subject to the provisions of said Lease and to any and all existing royalties, excess royalties, and overriding royalty interests specifically affecting the interest with which said Lease may be burdened (said lands as to such depths being hereinafter called the "Assigned Property") and (ii) all lease and well equipment, if any, located upon the surface of and below the surface of the Assigned Property, covered by the Lease.

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TO HAVE AND TO HOLD the Assigned Property, together with all and singular rights, privileges, hereditaments and appurtenances thereto in anywise belonging, unto Assignee, it's representatives, successors, and assigns, subject, however, to the following terms and provisions:

1. Effective Time The Effective Time of this Assignment shall be the 20th day of June, 2005 at 7:00 a.m. local time.
2. Proration of Taxes, Etc. All taxes, including, but not limited to, income taxes, Windfall Profits Taxes, state severance taxes, ad valorem taxes, equipment taxes and any local state and federal taxes or assessments attributable to the Assigned Property, or any part thereof, on and after the Effective Time, shall be Assignee's responsibility, and all deductions, credits and refunds pertaining to the aforementioned taxes, attributable to the Assigned Property, or any hereof, on and after the Effective Time, no matter when received, shall belong to Assignee.
3. Oil Gas & Liquids All oil or other liquid hydrocarbons produced from the interest conveyed and the amount of casing head gas produced from the interests conveyed, on and after the Effective Time hereof, shall be the property of Assignee, excluding production remaining on Assigned Property as of the Effective Time.
4. Risk of loss; Indemnity Assignee shall be responsible for all losses, claims, damages, demands, suits, causes of action, and liabilities (including attorneys' fees associated therewith) arising out of or connected with operation of the Assigned Property, or any part thereof, on and after the Effective Time hereof, no matter when asserted; and Assignee shall defend, indemnify and hold Assignor, his successors and assigns, harmless against the same.
5. Assumption of Obligations; Indemnities Assignee hereby assumes and agrees to timely perform and discharge all duties and obligations as the owner of the Assigned Property on and after the Effective Time hereof, including but not limited to, plugging and abandonment of all existing and any future wells; and, Assignor shall incur no liability for Assignee's failure to perform and discharge such duties and obligations in a timely manner. Assignee agrees to hold Assignor harmless against any and all losses, claims, damages, demands, suits, causes of action, and liabilities (including attorneys' fees associated therewith) relating to all such duties and obligations. Any future assignment of the Assigned Property by Assignee shall contain provisions and covenants similar to the provisions herein, and shall provide that any assignee shall have a duty to plug and abandon existing and future wells as they cease to produce in paying quantities.
6. Plugging and Surface Bonds Assignee shall meet all New Mexico State and Federal requirements for plugging and surface use bonds for wells and operations on the Assigned Property.
7. Lease The Assignment is made by Assignor and accepted by Assignee subject to all the terms, covenants and conditions of the Leases described in exhibit "A" attached hereto; and Assignee, on and after the Effective Time hereof, expressly assumes and agrees to perform all covenants and obligations of Assignor under all Leases and under any previous assignments thereof.
8. Contracts and agreements The Assignment is expressly made subject to the terms, covenants and conditions of agreements affecting the Assigned Property, same shall be binding on Assignee, its successors and assigns, on and after the Effective Time hereof.
9. Observance of Laws This Assignment is made by Assignor and accepted by Assignee subject to all applicable federal and state laws, ordinances, rules and regulations; and Assignee agrees to comply with all federal and state laws, ordinances, rules and regulation affecting the Assigned Property and shall promptly obtain and shall maintain all permits required by governmental authorities in connection with the Assigned Property.
10. Successors and Assigns The term, 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 such terms, covenants and conditions, shall be covenants running with the Assigned Property herein assigned and with each subsequent transfer or assignment of the Assigned Property.
11. Assignment Costs Assignee shall be solely responsible for all filing and recording cost of documents related to the Assigned Property and for all fees connected therewith.
12. Heading The titles and headings that appear in this Assignment have been included solely for ease of reference and shall not be considered in the interpretation or construction of the Assignment.

13. Disclaimer The Lease and Equipment described herein is sold and transferred by Assignor to Assignee "AS IS" and "WHERE IS" WITH ALL FAULTS AND DEFECTS, WITHOUT RECOURSE BY ASSIGNEE, ITS SUCCESSORS AND/OR ASSIGNS, AGAINST ASSIGNOR, AND WITHOUT COVENANT, REPRESENTATION OR WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, AND WITHOUT LIMITATION OF THE GENERALITY OF THE IMMEDIATELY PRECEDING CLAUSE, ASSIGNOR EXPRESSLY DISCLAIMS AND NEGATES (A) ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY, (B) ANY IMPLIED OR EXPRESS WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, (C) ANY IMPLIED OR EXPRESS WARRANTY OF CONFORMITY TO MODELS OR SAMPLES OF MATERIALS AND, (D) ANY IMPLIED OR EXPRESS WARRANTY OR REPRESENTATION TO THE QUALITY OR QUANTITY OF HYDROCARBON RESERVES (IF ANY) ATTRIBUTABLE TO THE ASSIGNED PROPERTIES, OR THE ABILITY OF THE ASSIGNED PROPERTY TO PRODUCE HYDROCARBONS.

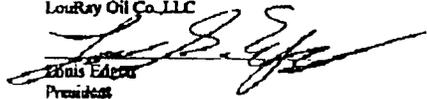
14. Investment Representation Assignee represents and certifies that it is acquiring the Assigned Property for its own account, for use in its trade or business or for investment, and with no present intention of making a distribution thereof.

Assignor has, to the best of his knowledge, furnished accurate information; however, Assignor does not in any way represent or guarantee that such information is accurate or correct, any reliance on information furnished herewith shall be at Assignor's sole risk and expense.

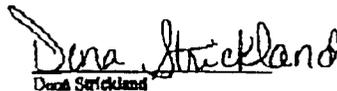
15. Execution This Assignment and Bill of Sale may be executed by Assignor and Assignee in any number of counterparts, each of which shall be deemed an original instrument, but all of which together shall constitute one and the same instrument.

EXECUTED THIS \_\_\_\_\_ day of \_\_\_\_\_, 2005, but effective as of June 20, 2005, hereinabove stated.

ASSIGNOR  
LouRay Oil Co. LLC

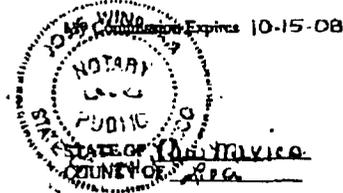
  
Louis Edgett  
President

ASSIGNEE

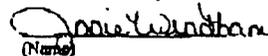
  
Dena Strickland

STATE OF NEW MEXICO  
COUNTY OF LEA

BEFORE ME, The undersigned authority, on this 20<sup>th</sup> day of June, 2005, personally appeared Louis Edgett, known to me to be the person whose name is subscribed to the foregoing instrument, and known to me to be the President of LouRay Oil Co., LLC, and acknowledged to me that this instrument was executed for the purpose and consideration therein expressed, and as the act of said company.



Notary Public

  
(Name)

BEFORE ME, the undersigned authority, on this 20<sup>th</sup> day of June, 2005, personally appeared Dena Strickland, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that this instrument was executed for the purpose and consideration therein expressed, and for said company.

My Commission Expires 10-15-08

Notary Public

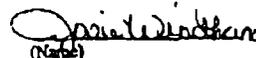
  
(Name)



EXHIBIT "A"

Attached to and made a part of the certain "Assignment" date effective as of June 20, 2003, by and between "Assignor" (LouRay Oil Co. LLC) and "Assignee" (Dena Strickland)

Assignor assigns the leasehold rights, title, and interests, into and under the following Lease, together as the Lease covers and includes the lands and depths described below, and subject to the provisions and reservations of royalties with which said Lease may be burdened.

Lease Name: Government "E"

Description: Section 25, Township 19 South, Range 14 East, N.M.P.M., Lea county, New Mexico.

STATE OF NEW MEXICO  
COUNTY OF LEA  
FILED

07674

JUN 20 2005  
at 4:08 o'clock P.M.  
and recorded in Book \_\_\_\_\_  
Page \_\_\_\_\_  
M. R. [Signature], Lea County Clerk  
By [Signature] Deputy

