

ASSIGNMENT OF CASH COLLATERAL DEPOSIT

(Must be a federally-insured bank or savings institution
within the State of New Mexico)

Date 6/11/96

SECONDARY OIL CORPORATION - NM (hereinafter referred to as "Operator") of P.O. Box 708
MARBLE FALLS, TEXAS 78654-0708 (address) has deposited or will deposit with the

SUNWEST BANK OF ROSWELL, N.A. (name of state or national bank or savings association) of
P.O. BOX 1858 ROSWELL, NM 88202 (address) (herein termed Financial Institution), the sum

of one dollar (\$1.00) per barrel of oil produced from wells from the oil and gas leases set forth in Exhibit "A" (attached) in Certificate of Deposit or Savings Account No. 5700782237. Copies of Division Orders entered into between Operator and the buyers of production from said leases are attached and set forth in Exhibit "B" (attached). Operator hereby assigns and conveys all right, title and interest in the deposited sum to the Financial Institution in trust for the Oil Conservation Division of the Energy, Minerals and Natural Resources Department or successor agency of the State of New Mexico. Operator and the Financial Institution agree that as to the deposited sum or fund:

- a. The Oil Conservation Division acquires by this assignment the entire beneficial interest in the fund, with the right to order the Financial Institution in writing to distribute the fund to persons determined by the Division to be entitled thereto, including the Division itself, in amounts determined by the Division, or to the Operator upon proper plugging of the well covered by this bond.
- b. Operator retains no legal or beneficial interest in the fund and has only the right to interest, if any, thereon, and to return of the fund upon written order of the Division.

RECTOR EXAMINER STOGNER	
OIL CONSERVATION DIVISION	
OCD	8
CASE NO. 12770	

- c. The Financial Institution agrees that the fund may not be assigned, transferred, pledged or distributed except upon written order of the Division or a court of competent jurisdiction made in a proceeding in which the Division is a party. The Financial Institution waives all statutory or common law liens or rights of set-off against the fund.

Operator agrees that the Financial Institution may deduct from interest due Operator any attorney fees incurred by the Financial Institution if claim or demand via writ, summons or other process arising from Operator's business is made upon the Financial Institution.

Rick Dickerson
Signature of Operator
Personally or by Authorized Officer
RICK DICKERSON
VICE-PRESIDENT

Title

[Signature]
Signature of Authorized Office of
Financial Institution
Asst. Vice President

Title

STATE OF NEW MEXICO

COUNTY OF Chaves

)ss.

On this 13th day of June, 1996 before me personally appeared Rick Dickerson and _____, to me known to be the persons described in and who executed the foregoing instrument and acknowledged that they executed the same as their free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

My Commission Expires:
9/8/99

[Signature]
Notary Public

