

TERM ASSIGNMENT OF OIL AND GAS LEASESSTATE OF NEW MEXICO
COUNTY OF LEA§
§
§

KNOW ALL MEN BY THESE PRESENTS:

For a valuable consideration, the receipt and sufficiency of which are hereby acknowledged, HUNT OIL COMPANY, Fountain Place, 1445 Ross at Field, Dallas, Texas 75202-2785 ("Assignor"), hereby sells, assigns, and conveys to DALE DOUGLAS, P.O. Box 10187, Midland, TX 79702 ("Assignee"), without warranty of title either express or implied, subject to the reservations and terms set forth below, all of Assignor's right, title, and interest in and to the Oil and Gas Leases ("Leases") described on attached Exhibit "A", which is made a part hereof for all purposes and is incorporated by reference as if here fully set forth, insofar and only insofar as said Leases cover the lands situated in Lea County, Texas, as more particularly described on attached Exhibit "A", such lands hereafter referred to as the "Contract Area".

This Term Assignment of Oil and Gas Lease ("Assignment") is made subject to the following provisions:

1. This Assignment shall remain in full force and effect for a term of two years from the Effective Date of this Assignment as set forth herein below or until the date the Lease expires or terminates (whichever occurs first), hereinafter called "Primary Term" and as long thereafter as (i) oil or gas is produced from the respective Well Tract(s) as defined herein below within the Contract Area, or from lands pooled therewith, or (ii) as otherwise provided herein as to each individual Well Tract. Ninety (90) days after the expiration of the Primary Term, this Assignment shall terminate as to all depths and lands covered by this Assignment not included within a "Well Tract," as defined hereinafter. A "Well Tract" shall consist of (i) an area out of the Contract Area (or lands pooled therewith as provided below) surrounding each well drilled by Assignee which is capable of producing oil and/or gas not to exceed forty (40) acres for each oil well or one hundred sixty (160) acres for each gas well with the Well Tract for each such well being as nearly as practicable in the shape of a square or rectangle surrounding such well; and (ii) depths from the applicable top depth assigned herein as to the applicable land in the Contract Area down to and including one hundred feet (100') below total depth of the applicable well. Should, however, the governmental authority having jurisdiction prescribe or permit the creation of drilling or production units having a larger area than the area above specified for Well Tracts in order to obtain the maximum production allowable, then said Well Tracts shall conform substantially in size with said drilling or production units prescribed or permitted by governmental regulations. Assignee may pool or utilize any portion of the lands covered by this Assignment to create a pooled unit containing up to the maximum allowed Well Tract acreage in the same manner as the applicable underlying Lease may be pooled without joinder of Assignor. It is understood that should all or any portion of the lands covered by this Assignment be pooled or utilized under the provisions of the applicable underlying Lease, that land so pooled or utilized and the pooled unit created thereby shall be deemed the Well Tract for purposes of this Assignment.

If at the expiration of the Primary Term, oil or gas is not being produced from any part of the Contract Area but Operator is then engaged in drilling or reworking operations thereon or on lands pooled therewith or shall have completed a dry hole thereon or on lands pooled therewith within ninety (90) days prior to the end of the Primary Term, this Assignment shall remain in force so long as operations on said well, or for the drilling or reworking of any additional well on the Contract Area or lands pooled therewith, are prosecuted with no cessation of more than ninety (90) consecutive days, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from the Well Tract.

After the expiration of the Primary Term for the purpose of this Assignment, each Well Tract shall be treated as though it is under a separate lease and shall be maintained in force individually in the same manner as the applicable underlying Lease is maintained. Within sixty (60) days after this Assignment terminates as to any part of the Contract Area, Assignee shall furnish Assignor with information and maps (identifying all Well Tracts, if any, and shall reassign to Assignor by appropriate recordable assignment all of the Contract Area not included within a Well Tract, free and clear of any liens, encumbrances, overriding royalties, production payments or other like lease burdens other than the Lease Burdens (as defined herein below) of record and in existence as of the execution date hereof.

As used herein, the term "oil well" shall be a well which produces hydrocarbons and is not herein defined as a gas well; the term "gas well" shall be a well so classified by law or an authorized governmental entity for conservation purposes, or, in the absence thereof, a well which produces 15,000 cubic feet of gas, or more, to each barrel of liquid hydrocarbon from the same zone based on a twenty-four (24) hour production test under normal producing conditions and using separate facilities or equivalent testing equipment and procedures. After the Primary Term, if a well originally classified as a gas well ceases to be capable of classification as a gas well but as defined herein is an oil well, the Well Tract held by such well shall change to the acreage as provided herein for an oil well. After the Primary Term, if a well originally defined as an oil well shall be reclassified as a gas well, such reclassification shall have no effect on the size of the Well Tract held by such well.

2. Assignor hereby excepts and reserves to itself, its successors and assigns from the interests herein conveyed, an overriding royalty equal to the difference between existing burdens of record and

Page 1

BOOK 1111 PAGE 198

BEFORE THE OIL CONSERVATION
DIVISION

Santa Fe, New Mexico

Case No. 12956

Exhibit No. 8

Submitted by: Great Western Drilling CompanyHearing Date: November 14, 2002

Twenty-two percent (22%) of oil, gas and other hydrocarbons produced, saved, and sold from the Contract Area under the terms of the Lease, if, as, and when produced, saved, and sold but not otherwise, the overriding royalty reserved shall be further subject to proportionate reduction in the event said Lease covers less than the full interest in the oil, gas, and associated hydrocarbons in, on, and under said lands or if the interest assigned hereunder is less than a full interest. Such overriding royalty interest shall be subject to, bear and pay currently its share of ad valorem, severance production, pipeline taxes or other taxes applicable thereto. The overriding royalty herein reserved by Assignor, shall be free and clear of all costs and expenses of drilling and/or operating a well capable of producing oil, gas or associated hydrocarbons, including but not limited to compression, dehydration, development, production, transportation, gathering, marketing and operating expenses and charges. Subject to the maximum Well Tract acreage limitation set forth hereinabove, the overriding royalty herein reserved may be pooled in the same manner and under the same terms and conditions as the applicable underlying Lease may be pooled.

3. Assignee shall, as part of the consideration for this Assignment, fully defend, protect, indemnify, hold harmless, and render whole Assignor, its subsidiaries and affiliates, and the respective directors, officers, agents and employees of Assignor and its subsidiaries and affiliates from and against each and every claim, demand or cause of action, and any liabilities, costs, damages, losses, penalties, costs of cleanup and remediation, fines, liens, judgments, and any other expenses whatever (including, but not limited to, reasonable attorneys' fees and costs of court), made or alleged by Assignee, its successors and assigns, or by any third party or parties (including, but not limited to, governmental agencies) on account of personal injury or death, lease maintenance matters (including, but not limited to, the payment of royalties), environmental damage, property damage, or any claims based on any misrepresentations as to the quantity, quality, or value of the property, caused by, arising out of, or incidental to the use thereof after the date hereof, howsoever occurring, including, without limitation, whether such injuries, damages, claims, losses, and liabilities, with or without fault, were caused by Assignee's sole negligence or contributory negligence or imposed on said parties or others under any theory of strict liability by operation of law, or any other theory of law subsequent to the date hereof.

4. By acceptance of this Assignment, Assignee agrees to perform any and all obligations arising under or with respect to the ownership or operation of the Lease and Contract Area from and after the date hereof, including, but not limited to, the proper plugging and abandonment of the wells located thereon or therein. All operations conducted pursuant to the terms hereof, including the drilling, operation and completion or plugging of any well shall be conducted at Assignee's sole expense, cost, risk and liability. Assignee releases Assignor from any costs and/or liability in connection with Assignee's operations pursuant to this Assignment and Assignee shall protect, defend, indemnify and hold Assignor harmless from any claims, causes of action, or lawsuits which may arise as a result of Assignee's operations, and Assignee shall keep the premises, the well and all permanently installed equipment used in connection with Assignee's operations free of liens and encumbrances.

5. Assignor shall assign to Assignee at its cost any additional rights, titles or interests, including but not limited to, oil and gas lease which Assignor may acquire during the Primary Term of this Assignment insofar as pertain to the Contract Area.

6. This Assignment and any overriding royalty interest reserved hereunder shall apply to any new, renewal or extension lease, acquired by Assignee within one (1) year of the expiration of the Lease on the Contract Area so that the parties hereto shall be entitled to the same interest in said new, renewal or extension lease as they would have if said new, renewal or extension lease were described in this Assignment.

7. The rights, titles and interests herein assigned, reserved, excepted or retained shall enure to the benefit of the respective parties, and their successors and assigns provided that no assignment or removal shall be made by Assignee of any interest hereunder without the prior written consent of Assignor. No change or division in ownership of the rights, titles and interests herein assigned and/or reserved, however accomplished, shall operate to enlarge the obligations or diminish the rights of Assignor or Assignee. The covenants, obligations and agreements contained herein shall be construed as covenants running with the land.

8. This Assignment is made without representation or warranty of any kind express or implied, and any and all representations or warranties of any kind, express, implied, contractual or statutory with respect to the condition, serviceability, merchantability, or fitness for a particular use or purpose of any personal property conveyed hereby are expressly negated.

9. Assignee shall be bound by, and each and every term and provision of this Assignment shall be subject to, the terms and provisions of the Lease, and Assignee shall fulfill its proportionate share of all obligations, conditions and covenants in the Lease. Assignee covenants and agrees to comply with all valid laws, rules and regulations of the state and federal regulatory bodies and all other governmental agencies having jurisdiction over the Contract Area.

10. The interests herein assigned, transferred and conveyed are expressly assigned, transferred and conveyed subject to all validly subsisting unit agreements, unit operating agreements, gas balancing

EXHIBIT "A"

Attached to and made a part of that certain Term Assignment of Oil and Gas Lease from Hunt Oil Company to Dale Douglas, covering the following Leases insofar and only insofar as said Lease covers lands described located in Lea County, New Mexico.

HOC LEASE NO.: P73336-00
LESSOR: USA #NM-17444
LESSEE: A.D. Weatherly
LEASE DATE: February 1, 1973
LANDS ASSIGNED: T15S-R34E
Section 23: NW4
Section 34: S/2 NE4, N/2 SE4

T15S-R34E
Section 1; Lots 1, 2, 7, 8, 9, 10, 15 & 16

All limited from the surface to the Base of the Morrow Formation.

EXHIBIT "B"
ATTACHED TO AND MADE A PART OF TERM ASSIGNMENT OF OIL AND GAS LEASES
DATED EFFECTIVE MARCH 1, 2001
FROM HUNT OIL COMPANY, AS ASSIGNOR, TO DALE DOUGLAS, AS ASSIGNEE

GEN. 288-B(DEV.)
 Rev. Apr./00
 MIDLAND DISTRICT

HUNT OIL COMPANY
 1445 Ross at Field
 Dallas, Texas 75202-2785

OPERATOR: _____ LEASE: _____ WELL _____
 FIELD: _____ Ph # _____ COUNTY: LEA STATE: NEW MEXICO

24 HOUR PHONE NOTIFICATION OF ANY LOGGING, CORING, OR TESTING IS REQUESTED. REGARDING ANY PROPOSAL TO ATTEMPT TO COMPLETE, PLUG AND ABANDON, DEEPEN, SIDETRACK, PLUG BACK OR ATTEMPT ANY UNUSUAL OPERATION NOT CONTEMPLATED UNDER OUR ORIGINAL DRILLING AGREEMENT, THE FOLLOWING MIDLAND OFFICE STAFF SHOULD BE CONTACTED BY PHONE:

	<u>OFFICE</u>	<u>PERSONAL OFFICE</u>	<u>HOME</u>
Tommy Richardson	(915) 684-8093	(915) 684-0630	(915) 684-8806
David Chapman	(915) 684-8093	(915) 684-0603	(915) 684-1502
Tony Gonnell (For Logging)	(214) 978-8455	(214) 978-8455	(972) 508-2181
Dallas Communications	(214) 978-8000		

REGARDING LOGGING INFORMATION, ALL CONTINUOUS LOGS SHOULD BE SENT BY TELECOPIER TO AREA CODE (214) 855-5217

INFORMATION TO BE SENT TO MIDLAND DISTRICT OFFICE, P. O. BOX 1250, MIDLAND, TEXAS 79702, ATTN: David Chapman, AS FOLLOWS:

1. Location Plat, drilling prognosis, and drilling contract.
2. Complete daily drilling report and estimated costs mud logs should be sent by telecopier (915) 684-0655 single sheet and (915) 684-0651 for logs (Automatic Answering) where possible. If you do not have a telecopier, call David Chapman at (915) 684-8093 by 9:00 a.m. each day.
3. One (1) daily mud log telecopied and mailed, immediate notification of any shows, and two copies of the final-mud log.
4. Three (3) field copies and two (2) final copies of electrical and/or formation logs (including RFT), and one (1) film of each final log; two (2) copies of deviation reports and directional surveys.
5. Two (2) copies of all DST, Core Description and Core Analysis.
6. Two (2) copies of all completion test information.
7. Copies of all forms filed with state and/or federal agencies where well is drilled (including permits, completion and P&A).
8. Production, fluid analysis, and BHP reports.
9. One (1) copy of Paleontological and Paleocologic report.
10. One (1) set of formation samples, if requested.

ALL PROPOSALS, JOINT INTEREST BILLING STATEMENTS, PROPOSALS FOR DRILLING ADDITIONAL WELLS ON THE PROPERTY, AND ANY OTHER NOTICES SHALL BE FURNISHED TO:

HUNT OIL COMPANY
 1445 ROSS AT FIELD
 DALLAS, TEXAS 75202-2785
 ATTENTION: JOINT INTEREST ACCOUNTING
 DEPARTMENT TELEPHONE: (214) 978-8220
 TELEX: 6829258
 TELECOPIER: (214) 978-8888 (All Regular Faxes)
 (214) 855-5217 (Continuous Logs)

cc: Well File
 Division Exploration Manager
 Operator STATE OF NEW MEXICO
 COUNTY OF LEA
 FILED



13661

NOV 07 2001
 10:57
 well recorded in Book _____
 Page _____
 Midland-Nagle, Lee Douglas
 County Clerk

BOOK 1111 PAGE 202