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MARJORIE PAGE RECORDER ARAPAHOE COUNTY, CO REC 30.00 LOC .00

TI 7010: State of Colorado "AA"  
TI 7012: State of Colorado "T" NCT-1,2,3  
TI 7009: State of Colorado "U"  
TI 7013: State of Colorado "W"  
Arapahoe County, Colorado  
TEXACO to HEARTLAND OIL AND GAS COMPANY

83:6228 PAGE 362

## ASSIGNMENT

TEXACO EXPLORATION AND PRODUCTION INC., ("Assignor"), whose mailing address is P.O. Box 2100, Denver, Colorado 80201 (Attention: Land Department), is the present owner of certain oil and gas leasehold rights covering lands in Arapahoe County, Colorado, as described in Exhibit "A", attached hereto and by reference made a part hereof, hereinafter referred to as the "Lands", held under the terms of the Oil and Gas Leases set out in Exhibit "A", hereinafter referred to as the "Leases."

HEARTLAND OIL AND GAS COMPANY, ("Assignee"), whose mailing address is 444 17th Street, Suite 1030, Denver, Colorado 80202, desires to purchase an assignment of the oil and gas leasehold rights as to the Lands and all of Assignor's personal property used solely and exclusively in connection with the oil and gas operations thereon.

For and in consideration of the premises and the sum of Ten Dollars cash paid by Assignee and other good and valuable consideration, including the covenants contained herein, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee hereby agree to the following terms and conditions:

### 1. CONVEYANCE OF LEASES.

Assignor does hereby transfer, assign and convey, without warranty, express or implied except as provided below, unto Assignee, its successors and assigns, all of Assignor's right, title and interest in and to the Leases insofar as they cover the Lands.

### 2. CONVEYANCE OF PERSONAL PROPERTY.

In addition to its leasehold interest, Assignor does hereby transfer, convey and assign to Assignee all of Assignor's right, title and interest in and to all of the oil wells, gas wells, water wells, tanks, pumps, pipelines, water lines, roads, buildings, easements and rights-of-way, machinery, facilities, equipment, fixtures and any personal property located on the Lands and used solely and exclusively in connection with the oil and gas operations thereon.

### 3. NO WARRANTY OR REPRESENTATIONS.

THIS AGREEMENT IS EXECUTED WITHOUT WARRANTY OF TITLE, EITHER EXPRESS OR IMPLIED EXCEPT BY, THROUGH OR UNDER ASSIGNOR, BUT NOT OTHERWISE, WITHOUT ANY EXPRESS OR IMPLIED WARRANTY OR REPRESENTATION AS TO THE MERCHANTABILITY OF ANY OF THE EQUIPMENT OR PERSONAL PROPERTY OR ITS FITNESS FOR ANY PURPOSE AND WITHOUT ANY OTHER EXPRESS OR IMPLIED WARRANTY OR REPRESENTATION WHATSOEVER. IT IS UNDERSTOOD AND AGREED THAT ASSIGNEE HAS INSPECTED THE PROPERTY AND PREMISES FOR ALL PURPOSES INCLUDING, WITHOUT LIMITATION, FOR THE PURPOSE OF DETECTING THE PRESENCE

OF NATURALLY OCCURRING RADIOACTIVE MATERIAL (NORM) AND HAS SATISFIED ITSELF AS TO THEIR PHYSICAL AND ENVIRONMENTAL CONDITION, BOTH SURFACE AND SUB-SURFACE, AND THAT ASSIGNEE ACCEPTS THE PROPERTY IN ITS "AS IS, WHERE IS" CONDITION. ASSIGNOR DISCLAIMS ANY AND ALL LIABILITY ARISING IN CONNECTION WITH ANY ENVIRONMENTAL MATTERS INCLUDING, WITHOUT LIMITATION, ANY PRESENCE OF NORM ON THE PROPERTY. IN ADDITION, THERE ARE NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, AS TO THE ACCURACY OR COMPLETENESS OF ANY DATA, INFORMATION OR MATERIALS HERETOFORE OR HEREAFTER FURNISHED IN CONNECTION WITH THE PROPERTY, GAS BALANCE OR IMBALANCE OR AS TO THE QUALITY OR QUANTITY OF THE HYDROCARBON RESERVES, IF ANY, ATTRIBUTABLE TO THE INTEREST CONVEYED HEREIN OR THE ABILITY OF THE PROPERTY TO PRODUCE HYDROCARBONS. ANY AND ALL DATA, INFORMATION AND MATERIAL FURNISHED BY ASSIGNOR IS PROVIDED AS A CONVENIENCE ONLY AND ANY RELIANCE ON OR USE OF THE SAME IS AT ASSIGNEE'S SOLE RISK.

4. RESERVATION OF UNPAID PROCEEDS AND RIGHTS-OF-WAY.

Assignor saves and excepts herefrom any and all sums, production, adjustments of production, unpaid proceeds owed Assignor accruing by virtue of production from the Leases and the Lands prior to the effective date of this Assignment, and any and all payments owed Assignor under any other agreements, as set out below, to which this Assignment is made subject including but not limited to production in the tanks above the pipeline connection on the effective date hereof. Although Assignor assigns all assignable rights-of-way that might be found affecting the Lands, Assignor expressly retains the right for use of such rights-of-way where needed for the development of retained rights, or access to nearby or adjoining Assignor properties.

5. PREFERENTIAL RIGHT TO PURCHASE OIL.

Assignor reserves and is hereby given the right at any time and from time to time to designate a purchaser or to purchase as produced all oil and other liquid hydrocarbons produced and saved from the Lands. Assignor's election to purchase said oil and other liquid hydrocarbons shall be given to Assignee in writing at least thirty days prior to the time purchases shall begin, and notice of discontinuance of purchase shall be given in a like manner. The option given hereby shall apply separately as to oil and other liquid hydrocarbons, and Assignor may purchase the oil and other liquid hydrocarbons, or any one or more of them, without purchasing the remaining products. The price paid shall be the current market price at the wells for such production of like kind and quality.

6. AGREEMENTS TO WHICH ASSIGNMENT IS SUBJECT.

This Assignment is subject to any and all agreements of record affecting the Lands, and this Assignment is subject to the terms and provisions of the following agreement, if and when applicable:

Elbert Plant Partnership contract 034678 dated September 1, 1983.

7. **INDEMNIFICATION.**

Assignee agrees to defend, protect and indemnify, and hold harmless Assignor, its employees and agents, from and against each and every claim, demand, action, cause of action, or lawsuit, and any liability, cost, expense, damage, or loss, including court costs and attorney's fees, that may be asserted against Assignor or Assignee by any third party, including Assignee's employees and agents, arising from or on account of any operations conducted by Assignee, or for the benefit of Assignee.

8. **COMPLIANCE WITH LAWS.**

Assignee shall observe, perform and comply with the terms, provisions, covenants and conditions, express or implied, of the Leases and with all laws, rules, regulations and orders, both State and Federal, applicable to ownership and enjoyment of the rights herein assigned, including, but not limited to any State or Federal bond requirements.

9. **RESPONSIBILITY FOR PLUGGING.**

Assignee agrees to accept full responsibility for the plugging of all unplugged wells conveyed hereby and agrees to comply with all the requirements of the statutes of the State of Colorado and with all the rules and regulations of the Colorado State Board of Land Commissioners, or successor regulatory body, in effect at the time any well is plugged. Assignee agrees to hold Assignor harmless against any expense, claim or cause of action brought against Assignor or Assignee by any third party, including the State of Colorado, arising from Assignee's failure to plug or the improper plugging of any well conveyed hereby, and any abandonment operations including, where applicable, restoration of the surface of the Lands (including, but not limited to, clean-up to the extent legally required of any oilfield or other waste deposited on the Lands by Assignee) as nearly as practicable to its pre-lease condition.

10. **TAXES.**

Assignee shall be responsible for the payment of Assignee's pro-rata share of all ad valorem property taxes for the calendar year 1991 (payable in 1992). Assignor will pay all ad valorem property taxes for the calendar year 1991, then Assignee will be billed for its pro-rata share. For all subsequent years, Assignee agrees to timely render and pay all ad valorem taxes on the property conveyed hereby.

11. **LEASE ADMINISTRATION.**

It shall be the responsibility of Assignee to pay or cause to be paid any payment obligations including but not limited to rentals, royalties, shut-in royalties, advance royalties, flat-rate royalties, sliding scale royalties, overriding royalties, minimum royalties, production payments and/or net profits payments. Such responsibility for any payments shall become effective as of the first day of September, 1991.

At the written request of Assignee, Assignor will continue to make any payment obligations up to sixty days beyond the closing date. Assignee shall reimburse Assignor within 30 days of receipt of invoice for its proportionate share of any such payments.

IN WITNESS WHEREOF, this Assignment is executed this 12th day of AUGUST, 1991, but made effective as of the first day of July, 1991, at 12:00 noon.

ASSIGNOR: TEXACO EXPLORATION AND PRODUCTION INC.

By *K. F. Williams*  
Attorney-in-Fact K. F. Williams

ATTEST:

*Steven J. Revenig*  
Assistant Secretary  
CORPORATE SEAL

ASSIGNEE: HEARTLAND OIL AND GAS COMPANY

By: *David C. Peterson*  
Title: President  
Tax ID No.: 84-1069811

END OF PAGE 4



STATE OF COLORADO  
CITY AND  
COUNTY OF DENVER

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The foregoing instrument was acknowledged before me this 27th day of December, 1991, by K F Williams, the Attorney-in-Fact of TEXACO EXPLORATION AND PRODUCTION INC., a Delaware corporation, on behalf of said corporation.

Witness my hand and official seal.

Judy Luna  
Notary Public

Judy Luna  
18957 E. Mercer Drive  
Aurora, Colorado 80013  
My Commission Expires April 17, 1995



My commission expires:

SEAL

STATE OF COLORADO  
CITY AND  
COUNTY OF DENVER

The foregoing instrument was acknowledged before me this 27th day of December, 1991, by David S. Ferguson, the President of HEARTLAND OIL AND GAS COMPANY, a Colorado corporation, on behalf of said corporation.

Witness my hand and official seal.

David S. Ferguson  
Notary Public

My commission expires:

SEAL

END OF PAGE 5

## EXHIBIT "A"

BOOK 6228 PAGE 367

Attached to and made a part of that certain ASSIGNMENT executed  
August 12, 1991, by and between TEXACO EXPLORATION AND PRODUCTION  
 INC. and HEARTLAND OIL AND GAS COMPANY.

OIL AND GAS LEASES  
 AND  
 DESCRIPTION OF THE LANDS

LEASE NO: TI 7010 (State of Colorado Lease OG 70/8015-S)  
 LEASE DATE: May 20, 1970  
 LESSOR: State of Colorado  
 LESSEE: Texaco Inc.  
 RECORDED: Book 1874, Page 419  
 DESCRIPTION: Township 5 South, Range 64 West  
 Section 29: All  
 Containing 640 acres, more or less, in  
 Arapahoe County, Colorado.

LEASE NO: TI 7012 (State of Colorado Lease OG 70/8033-S)  
 LEASE DATE: May 20, 1970  
 LESSOR: State of Colorado  
 LESSEE: Texaco Inc.  
 RECORDED: Book 1874, Page 425  
 DESCRIPTION: Township 5 South, Range 65 West  
 Section 25: N½ NW¼, NE¼, N½ SW¼, S½ SE¼  
 Containing 400 acres, more or less, in  
 Arapahoe County, Colorado.

LEASE NO: TI 7009 (State of Colorado Lease OG 70/8016-S)  
 LEASE DATE: May 20, 1970  
 LESSOR: State of Colorado  
 LESSEE: Texaco Inc.  
 RECORDED: Book 1874, Page 416  
 DESCRIPTION: Township 5 South, Range 64 West  
 Section 30: All  
 Containing 636.48 acres, more or less, in  
 Arapahoe County, Colorado.

LEASE NO: TI 7013 (State of Colorado Lease OG 70/8032-S)  
 LEASE DATE: May 20, 1970  
 LESSOR: State of Colorado  
 LESSEE: Texaco Inc.  
 RECORDED: Book 1874, Page 428  
 DESCRIPTION: Township 5 South, Range 65 West  
 Section 24: All  
 Containing 640 acres, more or less, in  
 Arapahoe County, Colorado.

END OF EXHIBIT "A"