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 MARJORIE PAGE RECORDER ARAPAHOE COUNTY, CO REC 25.00 LOC .00

ASSIGNMENT

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HEARTLAND OIL AND GAS COMPANY ("Assignor"), whose mailing address is 444 17th Street, Suite 1030, Denver, Colorado 80202, 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."

HABERSHAM ENERGY COMPANY, ("Assignee"), whose mailing address is 6464 South Quebec, Englewood, Colorado 80111, 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 SUBSURFACE, 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 forth 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. 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 agreements, if and when applicable:
 - a. Elbert Plant Partnership Contract 034678 dated September 1, 1983
 - b. Preferential right to purchase oil reserved by Texaco Exploration and Production Inc. in the assignment from Texaco Exploration and Production Inc. to Heartland Oil and Gas Company of even date herewith.
6. 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.
7. 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.
8. 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.

- 9. **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 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.
- 10. **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 60 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 12 day of AUGUST, 1991, but made effective as of the first day of July, 1991, at 12:01 p.m.

ASSIGNOR:

HEARTLAND OIL AND GAS COMPANY


 Deborah M. Christensen
 Assistant Secretary

By: [Signature]
David C. Peterson, President

ASSIGNEE:

HABERSHAM ENERGY COMPANY


 Robert J. Bevers, Secretary

By: [Signature]
Thomas M. Alexander
Vice President Operations
Tax ID No. 73-0961805

STATE OF COLORADO)
)ss.
CITY AND COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 12 day of August, 1991, by David C. Peterson, President of HEARTLAND OIL AND GAS COMPANY, a Colorado corporation. Witness my hand and official seal.


 Dawn M. Mark
 Notary Public

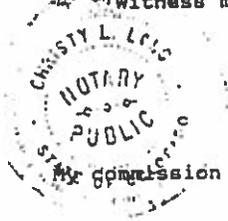
[Signature]
Notary Public

My Commission expires: August 15, 1993

STATE OF Colorado)
COUNTY OF Argonne) ss.

The foregoing instrument was acknowledged before me this 15th day of August, 1991, by Thomas M. Alexander, Vice President Operations of HABERSHAM ENERGY COMPANY, an Oklahoma corporation.

Witness my hand and official seal.



Christy L. Lewis
Notary Public 1700 Broadway, Suite 400
Denver, CO 80202

My commission expires: 4/24/93

EXHIBIT "A"

Attached to and made a part of that certain Assignment dated 12 August 1991, effective July 1, 1991, at 12:01 p.m., by and between HEARTLAND OIL AND GAS COMPANY, Assignor, and HABERSHAM ENERGY COMPANY, Assignee.

Oil and Gas Leases and Description of Lands

Lease No.:	TI 7010 (State of Colorado Lease OG 70/8015-S)
Date:	May 20, 1970
Lessor:	State of Colorado
Lessee:	Texaco Inc.
Recorded:	Book 1874 at page 419
Land Description:	<u>T. 5 S., R. 64 W.</u> Section 29: All containing 640 acres, more or less Arapahoe County, Colorado
Lease No.:	TI 7012 (State of Colorado Lease OG 70/8033-S)
Date:	May 20, 1970
Lessor:	State of Colorado
Lessee:	Texaco Inc.
Recorded:	Book 1874 at page 425
Land Description:	<u>T. 5 S., R. 65 W.</u> Section 25: N/2NW/4, NE/4, N/2SW/4, S/2SE/4 containing 400 acres, more or less Arapahoe County, Colorado
Lease No.:	TI 7009 (State of Colorado Lease OG 70/8016-S)
Date:	May 20, 1970
Lessor:	State of Colorado
Lessee:	Texaco Inc.
Recorded:	Book 1874 at page 416
Land Description:	<u>T. 5 S., R. 64 W.</u> Section 30: All containing 636.48 acres, more or less Arapahoe County, Colorado
Lease No.:	TI 7013 (State of Colorado Lease OG 70/8032-S)
Date:	May 20, 1970
Lessor:	State of Colorado
Lessee:	Texaco Inc.
Recorded:	Book 1874 at page 428
Land Description:	<u>T. 5 S., R. 65 W.</u> Section 24: All containing 640 acres, more or less Arapahoe County, Colorado