

Lincoln County

CONVEYANCE

THIS CONVEYANCE from TEXAS OIL & GAS CORP., a Delaware corporation with principal offices at Fidelity Union Tower, Dallas, Texas 75201 (hereinafter called "GRANTOR"), to TXO PRODUCTION CORP., a Delaware corporation with principal offices at Fidelity Union Tower, Dallas, Texas 75201 (hereinafter called "GRANTEE");

WITNESSETH:

Grantor, for a valuable consideration, by these presents does GRANT, BARGAIN, SELL, CONVEY, ASSIGN, TRANSFER, SET OVER and DELIVER unto Grantee, to the fullest extent as may be permitted by applicable law as well as the hereinafter described leases, contracts and other instruments, all of Grantor's right, title and interest in and to the following:

A. All oil, gas and other mineral leases and/or interests, rights and properties presently owned by GRANTOR, including but not limited to those specifically described in Exhibit "A" attached hereto and made a part hereof for all purposes; subject (to the extent and only to the extent that the same are presently existing and valid) to all restrictions, exceptions, reservations, conditions, limitations, interests, burdens, contracts, agreements, instruments and other matters (including but not limited to oil and gas sales, purchase, transportation, exchange, and processing contracts, operating agreements, pooling, unitization or communitization agreements, declarations and orders, and other contracts, agreements and instruments), which relate to any of such leases, interests, rights, or properties;

B. All presently existing and valid oil, gas or mineral unitization, pooling, operating and communitization agreements, declarations and orders, and the properties covered and the units created thereby (including all units formed under orders, regulations, rules or other official acts of any federal, state or other governmental agency having jurisdiction), which relate to any of the leases or properties described or referenced in Subparagraph "A" above;

C. All presently existing and valid oil and gas sales, purchase, transportation, exchange and processing contracts, casinghead gas contracts, operating agreements, joint venture agreements, tax partnerships, and other contracts, agreements and instruments which relate to any of the leases or properties described or referenced in Subparagraph "A";

D. All personal property, improvements, lease and well equipment, easements, permits, licenses, servitudes and rights-of-way (including, but not by way of limitation, any wells, tanks, boilers, buildings, fixtures, machinery, injection facilities, saltwater disposal facilities, compression facilities and other equipment, gathering systems, power lines, telephone and telegraph lines, roads and other appurtenances and easements) now being used or useful in connection with the exploration, development, operation or maintenance of the leases, lands or properties described or referenced in Subparagraph "A", or any unit or units in which part or parts of such leases, lands or properties may be included, or being used or useful in connection with the production, treating, storing, transportation or marketing of oil, gas and other minerals produced from or allocated to such leased lands or properties or such unit or units (herein called the "Appurtenant Interests");

E. Without limitation of the foregoing, any and all other oil leases, gas leases, oil and gas leases, oil, gas and mineral leases, mineral or mining leases, whether producing or non-producing, and all personal property and fixtures used or useful in connection therewith, as well as any and all other interests in minerals and lands of every nature or description (excluding office leases or other holdings possibly qualifying as interests in land which were not acquired either for oil, gas or mineral purposes or to facilitate operations or activities connected therewith), including all contracts and agreements associated therewith or relevant thereto, held by GRANTOR as of the Effective Date hereof which are not otherwise described or referenced in Subparagraph "A", or which may be incorrectly described in Exhibit "A", or are not covered by any of Subparagraphs A, B, C, or D above.

Such properties, subject as aforesaid, and other interests, rights and properties specified in the foregoing Subparagraphs A, B, C, D, and E are herein called the "Subject Interests".

Return To:
TXO PRODUCTION CORP.
Fidelity Union Tower

Dallas, Texas 75201

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TO HAVE AND TO HOLD all and singular the Subject Interests unto Grantee, its successors and assigns, forever.

This Conveyance is made without any covenant or representation of title or warranty of title of any kind, express or implied, and without any recourse against Grantor in the event of any failure of title to the Subject Interests or any part thereof, but is made with full substitution and subrogation of Grantee in and to all covenants and warranties by others heretofore given or made with respect to the Subject Interests or any part thereof. GRANTOR MAKES NO REPRESENTATIONS OR WARRANTIES, EITHER EXPRESS OR IMPLIED, AS TO THE MERCHANTABILITY, QUALITY, CONDITION OR FITNESS FOR PARTICULAR USES OF ANY OF THE APPURTENANT INTERESTS, ALL OF THE SAME BEING HEREBY EXPRESSLY EXCLUDED AND DENIED.

Grantor agrees to execute and deliver to Grantee all such other additional instruments, notices, division orders, transfer orders and other documents and to do all such other and further acts and things as may be necessary to more fully and effectively grant, convey and assign to Grantee the rights, titles, interests and estates in the Subject Interests conveyed hereby or intended so to be.

This Conveyance does not cover, and Grantor expressly does not herein convey or assign unto Grantee, any right, title or interest in and to the Subject Interests which is presently owned and/or operated by any subsidiary or affiliated corporations of Grantor other than the herein named Grantee.

This Conveyance is being executed in multiple originals all of which are identical, except that to facilitate recordation in counterparts hereof only that portion of Exhibit "A" which contains specific descriptions of Subject Interests located in the recording jurisdiction where that counterpart is to be recorded are included, and other portions of Exhibit "A" are included by reference only. All of such counterparts together constitute but one and the same instrument. Complete copies of this Conveyance containing the entire Exhibit "A" have been retained by Grantor and Grantee.

IN WITNESS WHEREOF, this Conveyance has been executed by Grantor on the date of the acknowledgement hereof, but is delivered and effective as to runs of oil and deliveries of gas and for all other purposes at 7:00 A.M., local time (at the location of the Subject Interests, respectively) on September 1, 1981 (herein called the "Effective Date").

ATTEST:

Philip A. Davenport
Philip A. Davenport
Assistant Secretary

TEXAS OIL & GAS CORP.

By *Donald Chase*
Donald Chase
Senior Vice President SCH

STATE OF TEXAS X
COUNTY OF DALLAS X

On September 1, 1981 personally appeared before me, a notary public, Donald Chase, who acknowledged that he executed the above instrument.

Linda R. Jenkins
Notary Public
Dallas County, Texas

My Commission Expires:
LINDA R. JENKINS, Notary Public
in and for Dallas County, Texas
My Commission Expires March 03, 1982

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COUNTY: LINCOLN
STATE: NEVADA

ATTACHED TO AND MADE A PART OF THAT CERTAIN CONVEYANCE
EFFECTIVE SEPTEMBER 1, 1981 FROM TEXAS OIL & GAS CORP. TO
TXO PRODUCTION CORP.

LEASE NO. 055017-000
DATE OF LEASE 08/01/81

LESSOR
USA N-32794
USA N-32795

LESSEE
C. L. MILBURN, JR.
MILBURN, AL

USA N-32794
USA N-32795

RECORDING DATA

PAGE 1
EXHIBIT-A

7:3500

FILED AND RECORDED AT REQUEST OF
TXO Production Corp.
SEPT 8, 1981
AT 46 MINUTES PAST 10 O'CLOCK
A.M. IN BOOK 46 OF OFFICIAL
RECORDS, PAGE 335 LINCOLN
COUNTY, NEVADA.

Guinn A. Setzer
COUNTY RECORDER

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