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CALLON PETROLEUM OPERATING CO.

Lincoln County - NV

Leslie Boucher - Recorder

Fee: \$43.00

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0136001

ASSIGNMENT OF OIL AND GAS LEASES.

Return document to

Parcel No. 005091-0276-000

Callon Petroleum Operating Company

P. O. Box 1287

Natchez, MS 39121

Attention: Susan Graves

601-446-1470



ASSIGNMENT OF OIL AND GAS LEASES

STATE OF NEVADA }

COUNTIES OF LINCOLN & WHITE PINE }

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, HEYSER GAS FIELD, INC., whose mailing address is 20607 Park Bend Drive, Katy, TX 77450, hereinafter referred to as "**Assignor**", is the owner of the Oil and Gas Leases described and delineated upon Exhibit "A", which is attached hereto and made a part hereof for all purposes, said leases covering lands located in the Counties of Lincoln and White Pine, State of Nevada, and which leases may hereinafter be referred to as the "Leases",

NOW THEREFORE, for and in consideration of the sum of One Hundred and No/100 Dollars (\$100.00) and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged by Assignor, Assignor does hereby sell, transfer, assign, quit claim and convey unto **CALLON PETROLEUM OPERATING COMPANY**, whose address is 200 North Canal Street, P. O. Box 1287, Natchez, MS 39120, hereinafter sometimes referred to as "**Assignee**", all of Assignor's rights, title and interests in and to the Leases.

It is agreed and understood by Assignor and Assignee that the said Assignor shall be free from all liabilities and claims for damages and/or suits for or by reason of any injury, injuries or death to any persons or damage to property of any kind whatsoever, including employees and property of Assignee, its agents or employees, or third persons, transferees, or assigns, from any cause or causes whatsoever, while in or upon said premises or any part thereof during the term of said leases, or any renewal hereof, caused by or resulting from the occupancy or use of said premises by Assignee, or any activity carried on by Assignee, in connection therewith, and Assignee, hereby covenants and agrees to indemnify and save harmless the said Assignor from all losses, damages, liabilities, charges, expenses, fines, penalties, attorney's fees and costs on account of or by reason of any such injuries, liabilities, claims, losses, damage to property, contamination or adverse effects on the environment or any violation of any state or federal environmental and/or liability law, caused by or resulting from: (1) Assignee use or occupancy of the leased premises, (2) Assignee breach of any terms or conditions of the lease form, (3) hazardous material, substance, or waste disposed or released by Assignee, its employees, agents, contractors or assigns. The above terms including "release", "disposal", "hazardous substance", "hazardous material", and "hazardous waste" are defined by 42 U.S.C. 9601 et seq.

Assignor hereby reserves an Overriding Royalty Interest equal to 4.00% x 8/8ths of all the oil, gas and other minerals produced, saved and marketed from the Leases, pursuant to the terms and conditions set forth in the said Leases listed on Exhibit "A" and any and all governmental regulations relating to the production, storage and marketing of oil, gas and other minerals produced from said Leases. In the event any of said Leases cover less than the entire interest (full ownership or full mineral servitude) in the lands therein described, or if Assignor owns less than the entire leasehold estate in any of the said Leases, then with respect to such Leases, the interest herein assigned shall be proportionately reduced to the interest that the interest in the land, mineral servitude or leasehold bears to the full interest in the land, mineral servitude or leasehold.

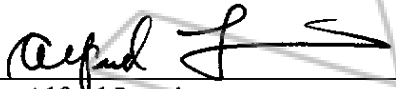
This Assignment is also subject to the terms and conditions contained in the Leases enumerated on Exhibit "A" and is made without warranty of title either express or implied but with full substitution and subrogation in and to all rights or actions of warranty held by Assignor. This Assignment is further subject to the terms and conditions of that certain Letter Agreement dated May 03, 2010 by and between Callon Petroleum Operating Company and Heyser Gas Field, Inc. covering among other things the said Leases.

This Assignment is also made without warranty of title, either express or implied but with full substitution and subrogation in and to all of Assignor's rights and action in warranty.

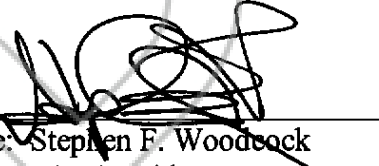
TO HAVE AND TO HOLD said leasehold interests unto said Assignee and assigns forever, subject to the terms and conditions hereof and the terms, covenants and provisions of said Leases.

IN WITNESS WHEREOF, this instrument is executed in the presence of the undersigned competent witnesses, on this 14th. day of May, 2010.

ASSIGNOR

BY: 
Name: Alfred Lasaine
Title: President

ASSIGNEE

BY: 
Name: Stephen F. Woodcock
Title: Vice President

ACKNOWLEDGEMENTS

STATE OF TEXAS

COUNTY OF HARRIS

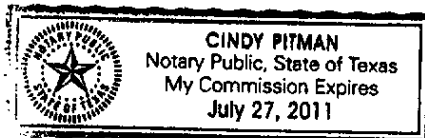
BEFORE ME, the undersigned authority, that on this day, before me, a Notary Public, duly authorized in the state and county aforesaid to take acknowledgments, personally appeared Alfred Lasaine, President of **Heyser Gas Field, Inc.**, to me known to be the person described in and who executed the foregoing instrument and who acknowledged before me that, executed the same with the authority and by resolution of the Board of Directors for the purpose and consideration therein expressed, as the free act and deed of said corporation.

Given under my hand and official seal, this 14th. day of May, 2010.

MY COMMISSION EXPIRES:

July 27, 2011


NOTARY PUBLIC IN AND FOR
HARRIS COUNTY, TEXAS





STATE OF MISSISSIPPI

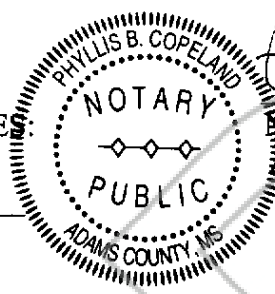
COUNTY OF ADAMS

BEFORE ME, the undersigned authority, that on this day, before me, a Notary Public, duly authorized in the state and county aforesaid to take acknowledgments, personally appeared Stephen F. Woodcock, Vice President of **CALLON PETROLEUM OPERATING COMPANY**, to me known to be the person described in and who executed the foregoing instrument and who acknowledged before me that, executed the same with the authority and by resolution of the Board of Directors for the purpose and consideration therein expressed, as the free act and deed of said corporation.

Given under my hand and official seal, this 14th day of May, 2010.

MY COMMISSION EXPIRES:

6/19/11



Phyllis B. Copeland

NOTARY PUBLIC IN AND FOR
ADAMS COUNTY, MISSISSIPPI

Instrument prepared by: Dee Newman, Callon Petroleum Operating Company, P. O. Box 1287, Natchez, MS 39121, Phone 601-442-1601.



EXHIBIT "A"
SCHEDULE OF BLM LEASES
CALLON - CHAINMAN SHALE PLAY- AREA "A"
LINCOLN & WHITE PINE COUNTIES, NV

BLM Lease #	Effective Date	Acres	Location of Leased Lands	
1)	NVN-84823	06/01/2008	960.00	Sections 32, 33, T13N-R62E, White Pine Co., NV
2)	NVN-84824	06/01/2008	1281.06	Sections 1, 12, T14N-R64E, White Pine Co., NV
3)	NVN-84829	06/01/2008	1280.00	Sections 13, 24, T14N-R64E, White Pine Co., NV
4)	NVN-84830	06/01/2008	1325.28	Sections 14, 23, T14N-R64E, White Pine Co., NV
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5)	NVN-86180	11/01/2008	1590.85	Sections 5, 6, 7, 8, T7N-R64E, Lincoln Co., NV
6)	NVN-86181	11/01/2008	400.00	Sections 9, 16, T7N-R64E, Lincoln Co., NV
7)	NVN-86182	11/01/2008	2118.60	Sections 1, 2, 11, 12, T8N-R64E, Lincoln Co., NV
8)	NVN-86183	11/01/2008	1919.16	Sections 3, 4, 9, 10, T8N-R64E, Lincoln Co., NV
9)	NVN-86184	11/01/2008	1359.26	Sections 5, 6, 8, 17, T8N-R64E, Lincoln Co., NV
10)	NVN-86185	11/01/2008	1600.00	Sections 13, 14, 15, T8N-R64E, Lincoln Co., NV
11)	NVN-86186	11/01/2008	1360.00	Sections 20, 31, 32, T8N-R64E, Lincoln Co., NV
12)	NVN-86187	11/01/2008	1440.00	Sections 22, 23, 24, T8N-R64E, Lincoln Co., NV
13)	NVN-86188	11/01/2008	1360.00	Sections 25, 26, 27, T8N-R64E, Lincoln Co., NV
14)	NVN-86189	11/01/2008	1600.00	Sections 34, 35, 36, T8N-R64E, Lincoln Co., NV
.....				
15)	NVN-86842	05/01/2009	1961.04	Sections 3, 4, 9, 10, T6N-R66E, Lincoln Co., NV
16)	NVN-86843	05/01/2009	1858.68	Sections 5, 8, 17, T6N-R66E, Lincoln Co., NV
17)	NVN-86844	05/01/2009	1921.14	Sections 2, 11, 14, T7N-R66E, Lincoln Co., NV
18)	NVN-86845	05/01/2009	1600.00	Sections 22, 27, 34, T7N-R66E, Lincoln Co., NV
19)	NVN-86846	05/01/2009	<u>1600.00</u>	Sections 23, 26, 35, T7N-R66E, Lincoln Co., NV