

SALE AND ASSIGNMENT

STATE OF TEXAS

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF NUECES

This Sale and Assignment is made and entered into by and between TEXACO EXPLORATION AND PRODUCTION INC., a Delaware corporation, herein represented by C. B. RALPH, its duly authorized Attorney in Fact, whose address is P. O. Box 60252, New Orleans, Louisiana 70160, Federal Tax I.D. No. 51-0265713, hereinafter referred to as "Assignor", and LUNDBERG OPERATING CO., INC., a Texas corporation, herein represented by C. A. Lundberg, its President, whose address is 545 Upper North Broadway, Suite 608, Corpus Christi, Texas 78476, Federal Tax I.D. No. 75-1937163, hereinafter referred to as "Assignee".

WITNESSETH:

For and in consideration of the sum of TEN AND NO/100 DOLLARS (\$10.00), cash in hand paid and other good and valuable considerations and mutual benefits to be derived hereunder, the receipt and full sufficiency of which are hereby acknowledged and full acquittance granted therefor, Assignor does hereby grant, bargain, sell, assign, transfer, convey, abandon, deliver and set over, without any warranty of title whatsoever of any nature or description, even for return of the purchase price paid, unto Assignee, all Assignor's right, title and interest in, on, under and to the following described leases, **LESS AND EXCEPT** all rights below the stratigraphic equivalent depth of 9,152 feet, as would be seen in the Texaco No. 1 Flinn Gas Unit well located 660 feet FNWL and 1,650 feet FSWL of Section 126, George H. Paul Subdivision of the Driscoll Ranch, Santa Petronilla Grant, A-63, Nueces County, Texas, mineral deed, royalty deed, properties, interests and assets located in Nueces County, Texas, to-wit:

- (1) All oil, gas and mineral leases, royalty interests and property interests more fully and particularly described on and set forth in Exhibit "A" attached hereto and incorporated herein by reference, hereinafter referred to individually and collectively as "Leases",
- (2) All personal property of every kind and character located on the Leases or used in the operation thereof and owned directly by the Assignor for such purposes, including, without limitation, wells (whether productive or non-productive, active or inactive), well equipment, casing, tanks, machinery and other appurtenances, and any other personal property situated thereon, herein individually and collectively called "Wells and Equipment",
- (3) All rights, privileges, benefits, permissions and authorizations (including, without limitation, permits, licenses, servitudes, easements, and rights-of-way) conferred upon the Assignor with respect to the use and occupation of the surface of such Leases, and the subsurface depths under the land and premises covered by and benefitting such Leases, herein called individually and collectively "Rights-of-Way and Permits", and more fully described in attached Exhibit "A".

The Leases, the Wells and Equipment, and the Rights-of-Way and Permits referred to in (1) through (3) above are hereinafter referred to individually and collectively in the singular as "Property".

TO HAVE AND TO HOLD the above described Property unto Assignee, its successors and assigns, forever, pursuant to and subject to all of the terms and conditions set forth in this Sale and Assignment.

This Sale and Assignment shall be effective January 1, 1992, 7:00 A.M., local time ("Effective Date").

This Sale and Assignment is made and accepted by Assignee subject to the following additional stipulations, conditions, covenants and agreements:

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