

This Assignment is made and accepted upon the following terms and conditions:

1. **Purchase and Sale**

a. **Effective Date.** This Assignment shall be effective on the first day of _____, 2006, at 7:00 a.m., local time, for all purposes including apportionments of revenue, expenses and production, hereinafter referred to as the "Effective Date", regardless of the date of execution.

b. **Right to Production.** The right to production from the Assigned Assets shall pass from CHEVRON to Assignee as of the Effective Date. CHEVRON shall retain ownership and be entitled to all proceeds from the sale of oil and plant products in tanks and storage facilities above the pipeline connections prior to the Effective Date. Assignee agrees to reimburse CHEVRON for the value of any and all merchantable stock tank oil and/or condensate above pipeline connections produced and saved as of 7:00 a.m. on the Effective Date hereof, at the prevailing market value, adjusted for grade and gravity. At 7:00 a.m. on the Effective Date hereof, Assignee and CHEVRON shall make a joint gas sales meter reading and a joint oil and/or condensate sales meter reading, if CHEVRON is the operator. If Assignee does not participate in taking such readings, Assignee agrees to accept the readings taken by CHEVRON. If CHEVRON is not the operator, the parties will accept the readings taken by the Operator.

c. **Reservations.** CHEVRON hereby reserves unto itself and its successors and assigns concurrent interests in any and all applicable easements, rights-of-way, contracts and other rights relating to any reserved interests, whether deep rights or otherwise, necessary or convenient to the possession, exploration, production, operation and enjoyment of any such reserved interests. CHEVRON also reserves the right to drill and/or produce through the assigned leasehold to reach and/or produce formations and depths excluded from this assignment. CHEVRON additionally reserves unto itself all right, title and interest in and to easements, rights of way or surface leases which are not directly associated with operation of Assigned Assets.

2. **No Warranties**

a. **Title.** THIS ASSIGNMENT IS MADE WITHOUT WARRANTY OF TITLE, EITHER EXPRESSED OR IMPLIED.

b. **Reservoir Performance.** CHEVRON DOES NOT WARRANT THE RESERVOIR PERFORMANCE.

c. **Equipment and Other Tangible Property.** CHEVRON DOES NOT WARRANT THE MERCHANTABILITY, CONDITION OR FITNESS FOR ANY PARTICULAR PURPOSE OR USE OF ANY OF THE ASSIGNED ASSETS, INCLUDING THE LEASEHOLD EQUIPMENT, MATERIAL OR PERSONAL PROPERTY, ANY SUCH WARRANTY BEING EXPRESSLY DENIED. ASSIGNEE, BY