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INST. NO. *04-2238*
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Gail Doodes
RECORDER DAVIESS COUNTY

(For Recorder's Use Only)

AN ASSIGNMENT OF OVERRIDING ROYALTY INTEREST
BY AND BETWEEN TSAR ENERGY II, LLC, AS ASSIGNOR
AND VARIOUS ASSIGNEES DATED APRIL 30, 2004

7

ASSIGNMENT OF OVERRIDING ROYALTY INTEREST

STATE OF INDIANA

§

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF DAVIESS

§

§

Tsar Energy II, LLC, 3600 Armstrong Ave, Dallas, TX 75205, hereinafter called "Assignor", for and in consideration of the sum of TEN DOLLARS (\$10.00) and other good and valuable consideration, the full receipt and sufficiency of which is hereby acknowledged, does hereby **BARGAIN, SELL, ASSIGN, and CONVEY**, without warranty to title, either expressed or implied, except as set forth below, unto the parties named in Exhibit "B" hereto, in the undivided interest set beside each such party's name therein, and to their respective heirs, successors and assigns, hereinafter collectively called "Assignee", an overriding royalty interest in and to all the oil, gas and other minerals produced from the leases covering lands in Daviess County, Indiana, described more fully in Exhibit "A" attached hereto and by reference incorporated herein, sometimes referred to herein as the "Leases," in the amount of Five and Two Thousand Five Hundred Twenty-Eight Ten Thousandths Percent (5.2528%) in each Lease, as of March 1, 2004 (collectively, the "ORIs").

This Assignment is made and accepted subject to the following terms and provisions:

1. The ORIs assigned hereby are based upon and cover One Hundred Percent (100%) of production from each Lease, not reduced by the percentage interest in each Lease owned by Assignor. But, if any of the Leases covers less than the entire mineral fee estate in any of the lands described therein, then the ORIs hereby assigned, as to such land, shall be reduced to the proportion thereof which the mineral fee estate covered by such Lease bears to the entire mineral fee estate.
2. The ORIs hereby assigned are applicable to and covers and includes all oil, gas, casinghead gas and other hydrocarbons; and, they also cover and include coal and gas or other hydrocarbons produced from any coal formation, to the full extent the same is covered by any of the Leases.
3. In the event any of the Leases and lands described in said Exhibit "A", or any portion thereof, is pooled or combined with other lands or leases to comprise a pooled unit, Assignee herein shall receive payment for the ORIs granted hereby upon production from such unit, based upon the number of net mineral acres covered by the Leases to which the ORIs are applicable that are included in such unit, in proportion to the total number of net mineral acres included in said unit. Assignor shall have the affirmative right to pool any ORI consistent with the pooling provisions of the underlying Lease.
4. All ORIs assigned hereby shall extend not only to the Leases and lands as described on Exhibit "A" attached hereto, but also to any and all extensions or renewals of any of the Leases which may be acquired by Assignor, or its successors and assigns, within twelve (12) months of the expiration of any Leases.
5. On all oil and liquid hydrocarbons, including all condensate, distillate and other liquid hydrocarbons recovered or separated from oil or gas by separator or other equipment ("Oil"), the ORIs shall be paid based upon all Oil produced and saved from the Leases, and at a price equal to the price received by Lessee (including all available bonuses or premiums), so long as the Oil is sold in an arms-length transaction to a party unaffiliated with Assignor; but, in the case of an affiliated sale, the royalty price shall, at Assignee's option, be payable based upon the current market value thereof at the time of production and at the point of sale. Assignee's Oil shall be sold by Assignor with its Oil; or, at Assignee's option, Assignee's share of Oil shall be delivered to Assignee, free of cost, into the storage tanks or pipeline to which the wells may be connected. To exercise such option (which may be done by Assignee from time to time), Assignee shall give sixty (60) days written notice to Operator/Assignor.
6. On all gas produced from the Leases, including casinghead gas and residue gas at the tailgate of any plant through which the gas is processed, the ORIs shall be paid based on the volume of gas produced and saved, and a price equal to lessee's proceeds so long as the gas is sold in an arms-length transaction to a party unaffiliated with Assignor; but, in the case of an affiliated sale, the royalty price

shall, at Assignee's option, be payable upon the current market value at the time of production at the place of sale or use.

7. All ORIs on Oil and gas payable to Assignees shall be paid free and clear of all costs of production and development, including, without limitation, drilling, completion, reworking, or other operations, and all costs associated therewith; and, without deduction for any costs of marketing, gathering, transporting, separating, treating, processing, dehydrating, compressing or other costs in making the Oil and gas and other minerals available and marketable at the place of sale or use.

8. In the event Assignee should ever elect to take its share of production in-kind, but fails to make arrangement necessary to take in-kind or separately dispose of its proportionate share of Oil and/or gas produced from the properties, Assignor shall sell (or cause the Assignor's well operator to sell) such Oil and/or gas, of Assignee for the account of the Assignee at the same time and upon terms no less favorable than is received by Assignor for its share of production; any such sale by Operator/Assignor of Assignee's share of Oil and/or gas shall be only for such reasonable periods of time as are consistent with the minimum needs of the industry under the particular circumstances. Any such sale, or any payments hereunder based upon a "proceeds" royalty (a) shall include Assignor's payment of all severance and/or production taxes due on such sale for the account of Assignee out of Assignee's proceeds; (b) shall require Assignee to be paid for Oil and/or gas sold on its behalf directly by the purchaser; and (c) with respect to any sales by Operator/Assignor that are made to an affiliated entity, payments to Assignee shall be based upon the amount realized in the first sale by an affiliate of Operator/Assignor to an unaffiliated third party, less any actual and necessary costs incurred through the point of sale, but excluding any marketing fees paid to any affiliate of Operator/Assignor.

9. IN CONNECTION WITH ALL OPERATIONS ON THE LEASES, ASSIGNOR AGREES TO DEFEND AND HOLD HARMLESS ASSIGNEE, AND THEIR RESPECTIVE HEIRS, SUCCESSORS AND ASSIGNS, FROM ANY AND ALL COSTS, LOSSES, CLAIMS, JUDGMENTS, SETTLEMENTS, AND DAMAGES OF EVERY KIND AND CHARACTER (INCLUDING VIOLATIONS OF ENVIRONMENTAL LAWS AND REGULATIONS, PERSONAL INJURY AND DEATH), LAWSUITS AND/OR CAUSES OF ACTION (INCLUDING REASONABLE ATTORNEYS' FEES AND COURT COSTS), WHICH MAY GROW OUT OF, ARISE FROM, OR IN ANY MANNER BE CONNECTED WITH ANY SUCH OPERATIONS OR THE ACTIVITIES OF ASSIGNOR, OR ASSIGNOR'S AGENTS, INVITEES, GUESTS, CONTRACTORS AND EMPLOYEES, WHETHER ACTING WITHIN THE SCOPE OF THEIR EMPLOYMENT OR NOT, AND WHETHER NEGLIGENT OR NOT, ON THE LEASES, OR ANY ADJACENT PROPERTY.

10. This Assignment is given and received subject to the terms of that certain unrecorded letter agreement dated April 30, 2004, between Assignor and Brett G. Taylor, Trustee, which includes, among other things, certain warranties and remedies with respect to the net revenue interests in production from four fields that will be covered by the ORIs, and certain remedies available to Assignee if title to any of the ORIs hereby assigned should fail. The terms of such letter agreement shall survive the closing and the recording of this Assignment.

11. This Assignment is executed with special warranty of title to the ORIs hereby assigned, and Assignor hereby warrants and agrees to defend title thereto against the claims and demands of all persons claiming or to claim all or any part of the same by, through or under Assignor, and its predecessors in title, through and including ERG Illinois, Inc., but not otherwise.

12. This Assignment is effective as of March 1, 2004, at 7:00 a.m., Central Time.

All the provisions of this Assignment shall be binding upon the respective heirs, successors, and assigns of the Assignor and Assignee herein.

TO HAVE AND TO HOLD the same unto Assignee, and their respective heirs, successors and assigns, forever.

DATED the 30th day of APRIL, 2004, however effective as of the 1st of March, 2004.

ASSIGNOR

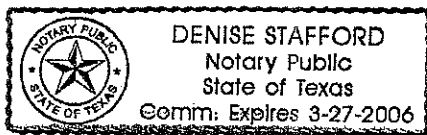
TSAR ENERGY II, LLC

By: [Signature]
Printed Name: RICHARD M. CHEATHAM
Its: PRESIDENT

ACKNOWLEDGMENTS

STATE OF TEXAS §
 Dallas §
COUNTY OF ~~TARRANT~~ §

BEFORE ME, the undersigned authority, on this 30th day of April, 2004, personally appeared Richard Cheatham, President of Tsar Energy II, LLC, a limited liability company, known to me to be the person whose name is subscribed in the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed and in the capacity therein stated.



Denise Stafford
Notary Public, State of Texas
My Commission Expires: 3-27-06

EXHIBIT "B"
TO ASSIGNMENT OF OVERRIDING ROYALTY INTERESTS *RL*

0.0041 (0.41%)	Jeff Taylor P.O. Box 688 Mineola, Texas 75773	0.0082 (0.82%)	William F. Daily 500 Green River Trail Fort Worth, Texas 76103
0.0687 (6.87%)	Brett G. Taylor Royalty Trust P.O. Box 9 Aledo, Texas 76008	0.0082 (0.82%)	Hubbard Colley, Jr. Margaret E. Colley, Tenants in Common 2622 Oakland Dr Vernon, Texas 76384
0.0329 (3.29%)	James Tyrrell Hearn 109 North Rivercrest Dr. Fort Worth, Texas 76107	0.0049 (0.49%)	Lowry Energy Partners 1106 Aspen Court Rockwall, Texas 75087
0.0164 (1.64%)	Billy R. and Joyce C. Taylor, Tenants in Common 210 Willowwood Lane Levelland, Texas 79336	0.0012 (0.12%)	Courtenay A. Taylor Royalty Trust P.O. Box 9 Aledo, Texas 76008
0.0197 (1.97%)	Robert C. Grable 201 Main Street, Suite 2500 Fort Worth, Texas 76102	0.0493 (4.93%)	Eric F. Roberts 869 East Jeter Road Bartonville, Texas 76226
0.0041 (0.41%)	Whit Coffield P.O. Box 7 Aledo, Texas 76008	0.2464 (24.64%)	LA Roach O & G LTD. 100 Throckmorton, Suite 480 Fort Worth, Texas 76102
0.0329 (3.29%)	EHD Ltd. P.O. Box 2038 San Angelo, Texas 76902	0.4195 (41.95%)	Kimbell Art Foundation 301 Commerce Street, Suite 2240 Fort Worth, Texas 76102
0.0777 (7.77%)	Caprock Minerals P.O. 17418 Fort Worth, Texas 76102		
0.0041 (0.41%)	Gay C. Hoff P. O. Box 688 Mineola, Texas 75773		
0.0017 (0.17%)	The Michael C. Barton & Kathryn S. Barton Revocable Trust 1412 Keeneland Hill Aledo, Texas 76008		

EXHIBIT "A" Oil and Gas Leases

File No.	County	State	Type of Instrument	Lessor	Lessee	Instrument Date	Township Range Section			Description	Recording Data	
							Qtr/Qtr	Book	Page			
IN-11895	Daviess	Indiana	Oil & Gas Lease	Paul D. Nugent & B. Marie Nugent, his wife	Otto O. Borden	10/30/1971	5N	6W	17	E/2 W/2 NE/4 SW/4 & all that part of E/2 NE/4 SW/4 & NW/4 SE/4 & E/2 SE/4, lying West of Big Four Railroad	67	63
	Daviess	Indiana					5N	6W	16	W/2 SW/4, except 10 acres in a square in the NE/C		
	Daviess	Indiana					5N	6W	21	NW/4 SW/4 & 10 acres of even width off the South end of the W/2 NW/4, INSOFAR as lease covers rights from the surface to the base of the St. Genevieve formation		
IN-11896	Daviess	Indiana	Oil & Gas Lease	A. E. Campbell & Imogene Campbell, his wife	Otto O. Borden	10/30/1971	5N	6W	21	N/2 NW/4 NW/4, INSOFAR as lease covers rights from surface to the base of the St. Genevieve formation	67	47
IN-11897	Daviess	Indiana	Oil & Gas Lease	Wallace Hastings & Lorraine Hastings, his wife	Otto O. Borden	11/17/1971	5N	6W	21	S/2 NW/4 NW/4 & North 3/4 of SW/4 NW/4, INSOFAR as lease covers rights from surface to the base of the St. Genevieve formation	67	49
IN-11898	Daviess	Indiana	Oil & Gas Lease	Ada H. Sears, a widow	Otto O. Borden	10/30/1971	5N	6W	17	All that part of the E/2 SE/4 lying South & East of the Penn Central Railroad (formerly known as the Big Four Railroad), insofar as lease covers from surface to the base of the St. Genevieve formation.	67	75
IN-11899	Daviess	Indiana	Oil & Gas Lease	Charles Mize & Nancy J. Mize, his wife	Otto O. Borden	11/30/1971	5N	6W	20	A tract of land in the form of a rectangle in the NE/C of the NE/4 NE/4 NE/4, containing 4.70 acres insofar as lease covers rights from surface to the base of the St. Genevieve formation.	67	101
IN-11900	Daviess	Indiana	Oil & Gas Lease	Russel M. Nugent & Flora H. Nugent, his wife	Otto O. Borden	10/30/1971	5N	6W	20	E/2 NW/4 & E/2 NE/4, except a 4.7 acre tract in the form of a rectangle in the NE/C & W/2 NE/4, insofar as lease covers rights from surface to the base of the St. Genevieve formation.	67	65
IN-11901	Daviess	Indiana	Oil & Gas Lease	Erma Bean & Harold Bean, her husband	Otto O. Borden	10/30/1971	5N	6W	16	SE/4 SW/4, insofar as lease covers rights from surface to the base of the St. Genevieve formation.	67	55
IN-11902	Daviess	Indiana	Oil & Gas Lease	Thomas J. Nugent & Hilda Nugent, his wife	Otto O. Borden	10/26/1971	5N	6W	17	All that part of the W/2 SE/4, lying South of State Road 57, except 7 1/4 acres out of the East side of the W/2 SE/4; also 13 acres off the East side of the SE/4 SW/4 lying South of State Road 57, insofar as lease covers rights from surface to the base of the St. Genevieve formation.	67	43
IN-11903	Daviess	Indiana	Oil & Gas Lease	Charles Lee Wadsworth & Doris Wadsworth, his wife	Otto O. Borden	11/26/1971	5N	6W	17	A part of the W/2 SE/4, beginning at a point 30 rods North of the SE/C of said tract & running thence West 26 rods; thence North 36 rods; thence East 25 rods; thence North to the ROW of the Railroad, as now constructed; thence Northeasterly along said ROW to the East line of said tract; thence South to the place of beginning, containing 7.25 acres, more or less, insofar as lease covers rights from surface to the base of the St. Genevieve formation.	67	79
IN-11904	Daviess	Indiana	Oil & Gas Lease	John Paton & Eleanor A. Paton, his wife	Otto O. Borden	10/30/1971	5N	6W	16	NE/4 SW/4, insofar as lease covers rights from surface to the base of the St. Genevieve formation.	67	67
IN-11904	Daviess	Indiana	Oil & Gas Lease	B. J. Dining, a bachelor; Dale & Gloria Linder, husband & wife, & Osborne & Neil B. Dowden, husband & wife	E. L. Whitmer, Inc.	02/15/1973	5N	6W	16	NE/4 SW/4, insofar as lease covers rights from surface to the base of the St. Genevieve formation.	71	701
IN-11905	Daviess	Indiana	Oil & Gas Lease	Bert S. Carr & May Carr, his wife	Otto O. Borden	10/30/1971	6N	6W	21	West 30 acres of the NE/4 NW/4, insofar as lease covers rights from surface to the base of the St. Genevieve formation.	67	57
IN-11906	Daviess	Indiana	Oil & Gas Lease	B. J. Dining, a bachelor; Dorman H. Cox & Omdell Cox, his wife, & Osborne Dowden & Neil Dowden, his wife	E. L. Whitmer, Inc.	02/15/1973	5N	6W	16	Part of the SE/4 NW/4, & described as beginning 660' 6" East of the NW/C of said SE/4 NW/4; thence South 35 rods 9' 2"; thence West 148' 6" to the school lot; thence South to the South line of said quarter quarter; thence East to the SE/C of said quarter quarter; thence North 80 rods to the NE/C of said quarter quarter; thence West to the place of beginning & containing 23.5 acres, more or less, insofar as lease covers rights from surface of the base of the St. Genevieve formation.	71	703
IN-11907	Daviess	Indiana	Oil & Gas Lease	Wayne Bray & Myrtle Bray, his wife	Otto O. Borden	11/01/1971	5N	6W	16	W/2 NE/4 NW/4 SW/4, insofar as lease covers rights from surface to the base of the St. Genevieve formation.	67	39
IN-11908	Daviess	Indiana	Oil & Gas Lease	North Daviess Community Schools, Inc.	B. J. Dining	12/18/1973	5N	6W	16	A tract of land, beginning at the SW/C of the SE/4 NW/4; thence North 1320'; thence East 650'; thence South 577.5'; thence West 148'; thence South to the South line of said SE/4 NW/4 of said sect; thence West on said line 512', more or less, to point of beginning, containing 17.52 acres, more or less, insofar as lease covers rights from surface to the base of the St. Genevieve formation.	72	307

IN-11912	Daviess	Indiana	Oil & Gas Lease	Hattie Malone, widow.	Marathon Oil Company	03/01/1974	5N	6W	16	That part of the SE/4 NW/4, described as follows: Beginning at a point 521' East of the NWC of said 40 acres, thence East 148' 6"; thence South 35 rods 9' 2"; thence West 148' 6" to East line of school tract, thence North to place of beginning.	72	411
IN-11913	Daviess	Indiana	Oil & Gas Lease	Junior Lee Dellinger & Mary E. Dellinger	Marathon Oil Company	03/01/1974	5N	6W	16	That part of the SE/4 NW/4, described as follows: Beginning at a point 427' East of the NWC of said 40 acres & running East 85'; thence South 125'; thence West 85'; thence North 125' to place of beginning, containing .24 acres, more or less.	72	407
IN-11914	Daviess	Indiana	Oil & Gas Lease	F. Joe Bechtel	Marathon Oil Company	03/05/1974	5N	6W	16	E/2 NE/4 NW/4 SW/4	72	433
IN-11921	Daviess	Indiana	Oil & Gas Lease	Florence O. Cunningham, et al	Otto O. Borden	11/02/1971	5N	6W	16	SW/4 SE/4, except 2 acres of even width off the North side thereof &	67	51
	Daviess	Indiana					5N	6W	21	W/2 NW/4 NE/4 & E/2 E/2 NE/4 NW/4, insofar as lease covers rights from surface to the base of the St. Genevieve formation		
IN-11922	Daviess	Indiana	Oil & Gas Lease	Harden & Doris Long	Otto O. Borden	10/30/1971	5N	6W	16	SW/4 NE/4, insofar as lease covers rights from surface to the base of the St. Genevieve formation.	67	59
IN-11925	Daviess	Indiana	Oil & Gas Lease	Mary Almira Littell	Otto O. Borden	12/03/1971	5N	6W	21	N/2 SE/4 NW/4 & N/2 S/2 SE/4 NW/4, insofar as lease covers rights from surface of the St. Genevieve formation	67	103
IN-11926	Daviess	Indiana	Oil & Gas Lease	Ward & Mildred Nichols	Otto O. Borden	12/13/1971	5N	6W	16	NW/4 SE/4 & 2 acres of even width off of the North end of the SW/4 SE/4, insofar as lease covers rights from surface to the base of the St. Genevieve formation	67	121
IN-11927	Daviess	Indiana	Oil & Gas Lease	B. J. Dining, single	Marathon Oil Company	04/10/1974	5N	6W	17	A part of the SW/4, described as follows: Beginning at a point 123 1/2 rods East of the SW/4 of said sec & running thence North 45 rods to the East line of the ROW of the E&I Railroad, commonly known as Big Four Railroad, thence in a Southwesterly direction along the East line of the Railroad ROW to the point where it intersects the South line of said section 17; thence East along said section line to place of beginning containing 8.5 acres, more or less.	72	535
IN-11928	Daviess	Indiana	Oil & Gas Lease	Otto O. Borden (M. E. Nugent).	Marathon Oil Company	04/16/1974	5N	6W	17	A tract, being all that part of the SW/4 SW/4, lying West of the Railroad, commonly called the Big Four Railroad, also all that part of the SE/4 SW/4, lying West of the Railroad, commonly called the Big Four Railroad, containing .54 acres, more or less, insofar as lease covers rights from surface to the base of the St. Genevieve formation.	72	529
IN-11930	Daviess	Indiana	Oil & Gas Lease	Trustees of Penn Central Transportation Company	Marathon Oil Company	04/26/1974	5N	6W	17	A tract, being a strip of land running Southwesterly from the North line of the S/2 of Section 17; over & across said S/2 of Section 17 to the South line of Section 17, containing 9.5 acres, more or less.	72	593
IN-11945	Daviess	Indiana	Oil & Gas Lease	Ruth Meisheimer, a widow	Marathon Oil Company	05/30/1974	5N	6W	21	NW/4 SE/4 & 7.5 acres of even width off the North side of SE/4 SW/4 & 7.5 acres of even width off the North side of the SW/4 SE/4 & S/2 S/2 SE/4 NW/4 & NE/4 SW/4	72	689