

When recorded return to:

William Casey McManemin  
Spinnaker Royalty Company  
3738 Oak Lawn, Suite 300  
Dallas, Texas 75219-4379

*Shelby, Ah*

**DEED AND CONVEYANCE**

THIS CONVEYANCE COVERS 80  
NET MINERAL ACRES.

**Recitals:**

1. On March 6, Triton Oil & Gas Corp., a Delaware corporation (herein called "Grantor"), and SASI Minerals Company, a Delaware corporation (herein called "SASI"), entered into an Agreement for Purchase and Sale (the "P&S Agreement").
2. Pursuant to the P&S Agreement, Grantor agrees to convey to Grantee all of Grantor's oil, gas and other mineral properties located in the states referred to in Exhibit A hereto, less and except certain "Excluded Properties" more particularly described below.
3. Under that certain Assignment and Agreement dated as of March 27, 1996, SASI assigned and transferred to Spinnaker Royalty Company, a Texas general partnership (herein called "Grantee") all of SASI's rights and interests under the P&S Agreement, including the right to receive this Deed and Conveyance.

**ARTICLE I**

**Defined Terms**

- (1) "Effective Date" means 7:00 a.m., local time at the location of each of the Properties, respectively, on January 1, 1996.
- (2) "Excluded Properties" means any properties, rights and interests, whether real, personal or mixed, owned or held by Grantor and located other than in a state referred to in Exhibit A.
- (3) "Oil and Gas" shall mean oil, gas, casinghead gas, drip gasoline, natural gasoline, condensate, distillate and all other liquid hydrocarbons, associated gases, vaporous substances or minerals produced from a well bore.
- (4) "Other Minerals" shall mean sulphur, lignite, coal, uranium, thorium, iron, geothermal steam, water, carbon dioxide, helium and all other minerals, ores or substances of value which are not generally produced from a wellbore in conjunction with the production of Oil and Gas.
- (5) "Paid Expenses" shall have the meaning ascribed thereto in the P&S Agreement.
- (6) "Port Hudson Assignment" means that certain Assignment and Conveyance of Royalty dated as of June 30, 1982, from Georgia-Pacific Corporation to First National Bank of Commerce, New Orleans, Ancillary Trustee of IBM Retirement Plan Trust recorded as reflected in Exhibit A hereto, and any acquisition agreement related thereto.
- (7) "Production" shall have the meaning ascribed thereto in Article II(F).
- (8) "Properties" shall have the meaning ascribed thereto in Article II.
- (9) "Records" means all data, files or records in Grantor's control, transferrable without more than nominal cost to Grantor, or which are in the possession of NationsBank of Texas, N.A. or Grantor, pertaining to the ownership or operation of the Properties, including but not limited to all abstracts of title, accounting records, books, contract files, division orders files, documents evidencing the prices currently being paid for production, engineering data, geological, geophysical and seismic records and reports, lease files, logs, maps, pressure data, production records, supplemental abstracts of title, title curative materials, title opinions, title reports and other data useful to or used in connection with the development, exploration, operation or ownership of the Properties.
- (10) "Unit" means, collectively, a drilling, spacing, proration, production or enhanced recovery unit formed pursuant to a voluntary unitization, communitization or pooling agreement, or a drilling, spacing, proration, production or enhanced recovery unit formed under or pursuant to law, rule or regulation or other action of a regulatory body having jurisdiction.

**ARTICLE II**

**Assignment and Grant**

FOR A GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, Grantor does hereby GRANT, BARGAIN, SELL, CONVEY, ASSIGN, TRANSFER, SET OVER AND DELIVER to Grantee, its successors and assigns, the following described properties, rights and interests, LESS AND EXCEPT the Excluded Properties (herein called the "Properties"):

A. All of the properties, rights and interests described in Exhibit A, attached hereto and made a part hereof;

B. All other right, title and interest of Grantor, of whatever kind or character in and to (i) the lands described or referred to in Exhibit A (or described in any of the instruments described or referred to in Exhibit A), (ii) any properties, rights and interests (whether real/immovable or personal/movable, vested or contingent) described in or covered by the Port Hudson Assignment or any other deed, lease, assignment or other instrument described or referred to in Exhibit A, and (iii) any other oil, gas and/or mineral property, right, interest or license, whether real/immovable, personal/movable, vested, contingent or otherwise, to the extent any such property, right, interest or license is located, or relates to lands located, anywhere in the states referred to in Exhibit A hereto;

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C. All of Grantor's interest in and to all oil, gas and/or mineral unitization, pooling and/or communitization agreements, declarations and/or orders, and in and to the properties, rights and interests covered and the Units created thereby, which cover, affect or otherwise relate to the properties, rights and interests described in clause A or B above;

D. All of Grantor's interest in and rights under all deeds, leases, operating agreements, production sales contracts, processing agreements, transportation agreements, gas balancing agreements, farmout and/or farm-in agreements, salt water disposal agreements, area of mutual interest agreements, and other contracts and/or agreements which cover, affect, or otherwise relate to the properties, rights and interests described in clause A, B or C above or to the operation of such properties, rights and interests or to the treating, handling, storing, processing, transporting or marketing of Oil and Gas or Other Minerals produced from (or allocated to) such properties, rights and interests, as same may be amended or supplemented from time to time;

E. All of Grantor's interest in and to all improvements, fixtures, movable or immovable property and other real and/or personal property (including, without limitation, all wells, pumping units, wellhead equipment, tanks, pipelines, flow lines, gathering lines, compressors, dehydration units, separators, motors, buildings, injection facilities, salt water disposal facilities, and power, telephone and telegraph lines), and all easements, servitudes, rights-of-way, surface leases, licenses, permits and other surface rights, which are now or hereafter used, or held for use, in connection with the properties, rights and interests described in clause A, B or C above, or in connection with the operation of such properties, rights and interests, or in connection with the treating, handling, storing, processing, transporting or marketing of oil, gas, other hydrocarbons, or other minerals produced from (or allocated to) such properties, rights and interests;

F. All Oil, Gas and Other Minerals produced from or allocated to the properties, rights and interests described in clauses A, B and/or C, above, and any products processed or obtained therefrom (herein collectively called the "Production"), together with (i) all proceeds of Production (regardless of whether the severance of the Production to which such proceeds relate occurred on, before or after the Effective Date hereof), other than proceeds of Production that are attributable to periods prior to the Effective Date and that are actually received by Grantor prior to the date hereof, and (ii) all liens and security interests securing payment of the proceeds from the sale of such Production, including, but not limited to, those liens and security interests provided for under statutes enacted in the jurisdictions in which the Properties are located, or statutes made applicable to the Properties under federal law (or some combination of federal and state law);

G. All payments received on or after the date hereof in lieu of production from the properties, rights and interests described in clauses A, B and/or C, above (regardless of whether such payments accrued, and/or the events which gave rise to such payments occurred, on, before or after the Effective Date hereof), including, without limitation, (i) "take or pay" payments and similar payments, (ii) payments received in settlement of or pursuant to a judgment rendered with respect to take or pay or similar obligations or other obligations under a production sales contract, (iii) payments received in buyout or buydown or other settlement of a production sales contract, (iv) payments received under a gas balancing agreement or similar written or oral arrangement, as a result of (or received otherwise in settlement of or pursuant to judgment rendered with respect to) rights held by Grantor as a result of Grantor (and/or its predecessors in title) taking or having taken less gas from lands covered by a property right or interest described in clauses A, B and/or C, above, than their ownership of such property right or interest would entitle them to receive and (v) shut-in rental or royalty payments (the payments described in this Clause G being herein called "Payments in Lieu of Production");

H. To the extent assignable by Grantor, all favorable contract rights and choses in action (i.e., rights to enforce contracts or to bring claims thereunder) related to the properties, rights and interests described in clauses A through G, above (regardless of whether the same arose, and/or the events which gave rise to the same occurred, on, before or after the Effective Date hereof, and further regardless of whether same arise under contract, the law or in equity);

I. All rights, estates, powers and privileges appurtenant to the foregoing rights, interests and properties, including without limitation executive rights (i.e., rights to execute leases), rights to receive bonuses and delay rentals and rights to grant pooling authority; and

J. Originals (where possible) or copies (where originals are not reasonably available) of all Records related to the properties, rights and interests described above in clauses (A) through (I), and to the extent permitted by any vendor of software programs, or any license in respect thereto, copies on disk of data files related to the Properties, less and except, and Grantor shall not be obligated to deliver, any confidential communications with attorneys or other professionals nor any accounting or other files relating solely to Grantor's internal accounting or financial information.

TO HAVE AND TO HOLD the Properties unto Grantee and its successors and assigns, forever.

### **ARTICLE III**

#### **Subrogation and Disclaimer of Warranty**

A. ***Limitations on Warranties and Representations.*** GRANTOR HEREBY EXPRESSLY DISCLAIMS AND NEGATES ANY REPRESENTATION OR WARRANTY, EXPRESS, IMPLIED, COMMON LAW, STATUTORY OR OTHERWISE RELATING TO (a) TITLE TO THE PROPERTIES, (b) THE MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR CONFORMITY TO MODELS OR SAMPLES OF MATERIALS RELATIVE TO ANY PERSONAL PROPERTY INCLUDED IN THE PROPERTIES, (c) THE ENVIRONMENTAL CONDITION OF THE PROPERTIES, (d) ANY INFORMATION, DATA OR OTHER MATERIALS (WRITTEN OR ORAL) FURNISHED TO BUYER BY OR ON BEHALF OF GRANTOR BEFORE OR AFTER THE EXECUTION OF THIS AGREEMENT IN RESPECT OF GEOLOGICAL, GEOPHYSICAL AND SEISMIC MAPS, LOGS, DATA AND RECORDS, and (e) THE EXISTENCE OR EXTENT OF OIL, GAS OR OTHER MINERAL RESERVES, THE RECOVERABILITY OF OR THE COST OF RECOVERING ANY SUCH RESERVES, THE VALUE OF SUCH RESERVES, ANY PRODUCT PRICING ASSUMPTIONS, AND THE ABILITY TO SELL OIL OR GAS PRODUCTION AFTER THE DATE HEREOF; GRANTEE IS ACQUIRING THE PROPERTIES ON AN "AS IS, WHERE IS" BASIS.

B. **Subrogation.** Notwithstanding any provision hereof to the contrary, this Deed and Conveyance executed pursuant hereto shall be made with full substitution and subrogation of Buyer in and to all covenants, representations and warranties, if any, heretofore given or made with respect to the Properties, or any part thereof, including without limitation any such covenants, representations or warranties contained in the Port Hudson Assignment.

#### **ARTICLE IV**

##### **Production, Proceeds, Expenses and Taxes**

A. **Division of Revenues.** After the date hereof, all revenues attributable to the Properties and all Production from the Properties (and the proceeds of such Production) shall be owned by Grantee, other than Production attributable to periods prior to the Effective Date and on account of which Grantor has received payment prior to the date hereof.

B. **Division of Expenses.** All costs and expenses incurred in connection with the Properties prior to the Effective Date shall be borne and timely paid by Grantor. All Paid Expenses incurred in connection with the Properties on or after the Effective Date shall be borne by Grantee.

C. **Tax Prorations.** Real and personal property taxes for the Properties, and any severance or excise taxes related to the Properties and/or any Production therefrom, shall be prorated between Grantor and Grantee as of the Effective Date.

#### **ARTICLE V**

##### **Miscellaneous**

A. **Further Assurances.** After the Closing, Grantor and Grantee shall execute, acknowledge and deliver or cause to be executed, acknowledged and delivered such instruments, notices, assignments, and take such other action as may be necessary or advisable to (i) more fully and effectively transfer the Property to Grantee, and (ii) carry out their obligations under this Deed and Conveyance; provided that in carrying out its obligations under this item A., Seller shall not be obligated to expend any material expense during the period between the date hereof and one year after the date hereof, and shall not be obligated to bear more than nominal expense in so doing thereafter.

B. **Imbalances.** Grantee shall succeed to and assume the position of Grantor (the "Imbalance Position") with respect to all oil, gas or other production imbalances and all make-up rights and obligations associated with such imbalances, regardless of whether all or any part of such Imbalance Position (or the events giving rise thereto) arose before or after the Effective Date, and further regardless of whether any applicable imbalances and/or makeup rights or obligations (i) arose under contract, law, equity or otherwise, and/or (ii) arose at the wellhead, pipeline, gathering system or at any other level. As a result of such succession and assumption to Grantor's Imbalance Position, Buyer shall be entitled to receive any and all benefits that Grantor would have been entitled to receive by virtue of such Imbalance Position, including without limitation rights to receive cash balancing payments and to produce and receive volumes of production in excess of volumes it would, but for the Imbalance Position, be entitled to produce and receive as a result of its ownership of the Properties. Further as a result of such succession and assumption to Grantor's Imbalance Position, Grantee shall be obligated to suffer any detriments that Grantor would have been obligated to suffer by virtue of such Imbalance Position, including without limitation (i) the obligation to deliver to others production that would have otherwise been attributable to ownership of the Properties without receiving full payment therefor, (ii) the obligation to make balancing payments in cash and/or (iii) the obligation, if any, to pay royalties on production volumes taken by an underproduced third party.

C. **Port Hudson Field Matters.** Grantee hereby agrees to be bound by and to perform, as of the Effective Date, each obligation imposed upon the grantee named in the Port Hudson Assignment and Grantee further agrees to provide Georgia-Pacific Corporation with a certified copy of this Deed and Conveyance.

D. **Counterparts.** This Deed and Conveyance is being executed in multiple counterparts, all of which are identical, except that (i) to facilitate recordation, in certain counterparts hereof, only that portion of Exhibit A that contains specific descriptions of the Properties located in the recording jurisdiction in which such counterpart is to be recorded shall be included, and all other portions of Exhibit A shall be included by reference only, (ii) the execution of this instrument by Grantor may not be witnessed on those counterparts hereof containing descriptions of Properties located in states where witnessing is not required and/or encouraged by applicable law, (iii) the execution of this instrument by Grantor may not be attested and/or affixed with a corporate seal on those counterparts hereof containing descriptions of Properties located in states where attestation and corporate seals are not required and/or encouraged by applicable law, (iv) counterparts hereof being filed in the State of California may be on letter-size paper, while all remaining counterparts hereof may be on legal size paper, and (v) only those counterparts hereof being filed in recording offices in Louisiana or otherwise being retained by the parties hereto are being executed by Grantee. All of such counterparts together shall constitute one and the same instrument. Full counterparts hereof, complete with the entire Exhibit A, and having been fully executed, witnessed, attested and sealed, have been retained by Grantor and Grantee.

E. **Successors and Assigns.** The terms, provisions and covenants hereof shall be binding upon and shall be binding upon and shall enure to the benefit of Grantor and Grantee and their respective successors and assigns.

F. **P&S Agreement.** This Deed and Conveyance is executed and made expressly subject to the P&S Agreement.

Executed on this 28th day of March, 1996.

WITNESSES:

Denise D. Thompson  
Janet Sanford

ATTEST:

James D. Holland

WITNESSES:

\_\_\_\_\_  
\_\_\_\_\_

TRITON OIL & GAS CORP.

By: Robert B. Holland III  
Name: Robert B. Holland III  
Title: Vice President & Secretary

[Corporate Seal]

SPINNAKER ROYALTY COMPANY

By: Smith Allen Oil & Gas, Inc., its Managing Partner

By: \_\_\_\_\_  
Name: William Casey McManemin  
Title: Vice President

This document prepared by:

Karen E. Lynch, Esq.  
Thompson & Knight, P.C.  
1700 Pacific Avenue  
Suite 3300  
Dallas, Texas 75201

(214) 969-1316

Address of Grantor:

6688 North Central Expressway  
Suite 1400  
Dallas, Texas 75206

Address of Grantee:

3738 Oak Lawn Avenue  
Suite 300  
Dallas, Texas 75219-4379

STATE OF TEXAS

COUNTY OF DALLAS

BE IT REMEMBERED THAT I, the undersigned authority, a notary public duly qualified, commissioned, sworn and acting in and for the county and state aforesaid, and being authorized in such county and state to take acknowledgments, hereby certify that, on this 28th day of March, 1996 there personally appeared before me Robert B. Holland III, the Vice President and Secretary of Triton Oil & Gas Corp., a Delaware corporation, known to me to be such officer, such corporation being a party to the foregoing instrument:

LOUISIANA AND WYOMING

On this 28th day of March, 1996, before me, the undersigned authority, personally came and appeared Robert B. Holland III, to me personally known and known by me to be the person whose genuine signature is affixed to the foregoing document as the Vice President and Secretary of Triton Oil & Gas Corp., a Delaware corporation, who signed said document before me in the presence of the two witnesses, whose names are thereto subscribed as such, being competent witnesses, and who acknowledged, in my presence and in the presence of said witnesses, that he signed the above and foregoing document as his own free act and deed on behalf of such corporation by authority of its board of directors and as the free act and deed of such corporation and for the uses and purposes therein set forth and apparent.

COLORADO, ILLINOIS, KANSAS, OKLAHOMA, NEBRASKA, NEW MEXICO, NORTH DAKOTA, TEXAS, UTAH and WYOMING

This instrument was acknowledged before me on this 28th day of March, 1996, by Robert B. Holland III as Vice President of Triton Oil & Gas Corp., a Delaware corporation, on behalf of said corporation.

IDAHO, MONTANA and NORTH DAKOTA

On this 28th day of March, 1996, before me, the undersigned notary public, personally appeared Robert B. Holland III, known to me to be the Vice President and Secretary of Triton Oil & Gas Corp., a Delaware corporation, the corporation described in and that executed the within and foregoing instrument and acknowledged to me that the corporation executed the same.

**ARKANSAS and PENNSYLVANIA**

On this 28th day of March, 1996, before me, the undersigned officer, personally appeared Robert B. Holland III, who acknowledged himself to be the Vice President and Secretary of Triton Oil & Gas Corp., a Delaware corporation, and that he, as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Vice President and Secretary.

**MISSISSIPPI**

Personally appeared before me, the undersigned authority in and for said county and state, on this 28th day of March, 1996, within my jurisdiction, the within named Robert B. Holland III, who acknowledged that he is the Vice President and Secretary of Triton Oil & Gas Corp., a Delaware corporation, and that for and on behalf of said corporation, as its act and deed, he executed the above and foregoing instrument, after first having been duly authorized by said corporation to do so.

**ALABAMA**

I, the undersigned notary in and for the said county and state, hereby certify that Robert B. Holland III, whose name as Vice President and Secretary of Triton Oil & Gas Corp., a Delaware corporation, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this 28th day of March, 1996, that, being informed of the contents of the instrument, he, as such officer and with full authority, executed the same voluntarily, for and as the act of each of said corporation.

**MISSOURI**

On this 28th day of March, 1996, before me appeared Robert B. Holland III, to me personally known, who, being by me duly sworn, did say that he is the Vice President and Secretary of Triton Oil & Gas Corp., a Delaware corporation, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed on behalf of said corporation by authority of its board of directors and said officer acknowledged said instrument to be the free act and deed of said corporation.

**NEW YORK**

On this day before me personally came Robert B. Holland III, to me known, who, being by me duly sworn, did depose and say that he is the Vice President and Secretary of Triton Oil & Gas Corp., a Delaware corporation, being the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.

**CALIFORNIA**

On this 28th day of March, 1996, before me, a Notary Public of said state, duly commissioned and sworn, appeared Robert B. Holland III, known to me to be the person who executed the within instrument as Vice President and Secretary of Triton Oil & Gas Corp., a Delaware corporation, and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal in the City of Dallas, County of Dallas, State of Texas, on the day and year first above written.

  
NOTARY PUBLIC, State of Texas

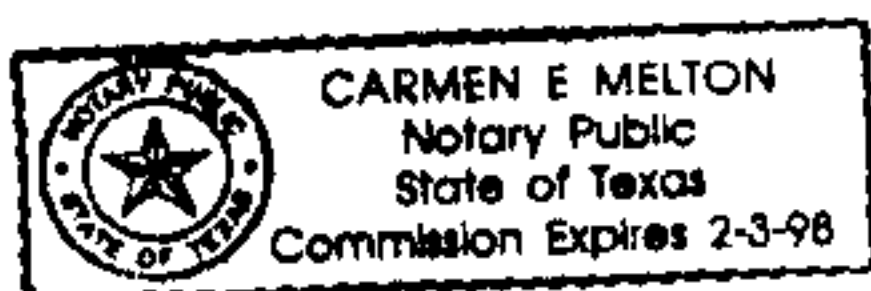


EXHIBIT "A" TO THAT CERTAIN DEED AND CONVEYANCE  
EFFECTIVE JANUARY 1, 1996  
BETWEEN TRITON OIL & GAS CORP. AND SPINNAKER ROYALTY COMPANY

ALL LANDS LISTED BELOW ARE LOCATED IN SHELBY COUNTY, ALABAMA

LEASE NUMBER... 01-301117-100001-000

LESSOR.....

LESSEE.....

LEASE DATE..... 0/00/00

RECORDED..... BOOK , PAGE

DESCRIPTION.. 1 SW/4 NE/4; E/2 SW/4 OF SECTION 36, T18S-R2W, SHELBY  
COUNTY, ALABAMA.

2 SE/4 NE/4; NW/4 SE/4 OF SECTION 20, T19S-R2W, SHELBY  
COUNTY, ALABAMA.

3 NW/4 NW/4 OF SECTION 21, T19S-R2W, SHELBY COUNTY, ALABAMA

4 SW/4 SE/4 OF SECTION 21, T20S-R3W, SHELBY COUNTY, ALABAMA

5 NE/4 NW/4 OF SECTION 8, T21S-R3W, SHELBY COUNTY, ALABAMA

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