

'05 MAY 17 AM 9:20

State of Oregon, County of Klamath
 Recorded 05/17/05 9:20 a m
 Vol M05 Pg 35445
 Linda Smith, County Clerk
 Fee \$ 21.00 # of Pgs 1

Frank Gouriarte #921

MINERAL DEED

Know All Men by These Presents, That Donald Michael Phillips of P.O. Box 30277, Winston-Salem, NC 27130 hereinafter called Grantor (whether one or more) for and in consideration of the sum of ten Dollars (\$10.00) cash in hand paid and other good valuable considerations, receipt of which is hereby acknowledged, do es hereby grant, bargain, sell, convey, transfer, assign and deliver unto Red Wing Oil, LLC (a limited liability company), of P.O. Box 30277, Winston-Salem, NC 27130 hereinafter called Grantee (whether one or more) an undivided 1/2 of 1/10th in and to all of the oil, gas and other minerals in and under and that may be produced from the following described lands situated in Klamath County, State of Oregon to-wit:

The W 1/2 of the SW 1/4 of Section 11 (Being lots 20, 21, 28 and 29 in Section 11) and S 1/2 of the N 1/2 of Section 17 (Being lots 9 to 16 inclusive in Section 17) Township 36 South, Range 11 E.W.M.

containing 240 acres, more or less, together with the right of ingress and egress at all times for the purpose of mining drilling, exploring, operating and developing said lands for oil, gas, and other minerals, and storing, handling, transporting and marketing the same therefrom with the right to remove from said land all of Grantee's property and improvements.

This sale is made subject to any rights now existing to any lessee or assigns under any valid and subsisting oil and gas lease of record heretofore executed; it being understood and agreed that said Grantee shall have, receive, and enjoy the herein granted undivided interest in and to all bonuses, rents, royalties and other benefits which may accrue under the terms of said lease insofar as it covers the above described land from and after the date hereof precisely as if the Grantee herein had been at the date of the making of said lease the owner of a similar undivided interest in and to the lands described and Grantee one of the lessors therein.

Grantor agrees to execute such further assurances as may be requisite for the full complete enjoyment of the rights herein granted and likewise agrees that Grantee herein shall have the right at any time to redeem for said Grantor by payment, any mortgage, taxes, or other liens on the above described land, upon default in payment by Grantor, and be subrogated to the rights of the holder thereof.

TO HAVE AND TO HOLD The above described property and easement with all and singular the rights, privileges, and appurtenances thereunto or in any wise belonging to the said Grantee herein, the Grantee's heirs, administrators, executors, and assigns. This Conveyance is made without warranty of title, express or implied, except by, through or under Grantor; provided, however Grantor hereby assigns and subrogates unto Grantee all prior rights and actions and warranties attributable to Grantor's interest which are hereby conveyed.

WITNESS my hand this 7th day of May 20 05

Donald Michael Phillips (Seal) _____ (Seal)
 Donald Michael Phillips (Seal) _____ (Seal)

NORTH CAROLINA FORM OF ACKNOWLEDGMENT FOR INDIVIDUAL

STATE OF NORTH CAROLINA

COUNTY OF Forsyth) SS

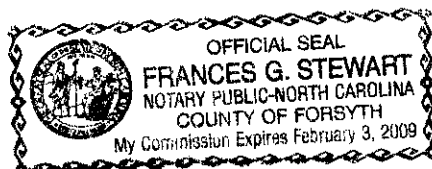
Before me, the undersigned, a Notary Public, in and for said County and State on

this 7th day of May, 2005 personally
 appeared Donald Michael Phillips and

_____ to me known to be the identical person _____ who executed the
 within and foregoing instrument and acknowledged to me that he executed the same as his free and
 voluntary act and deed for the uses and purposes therein set forth.

Given under my hand and seal the day and year last above written.

My commission expires 02-03-09 Frances H. Stewart Notary Public
P.O. Winston-Salem, NC



CONSIDERATION LESS
 THAN \$100, NO DOCUMENT
 STAMPS OR TAX REQUIRED

Rt: Red Wing Oil
 PO Box 30277
 Winston-Salem NC 27130