



LEASE ASSIGNMENT LANGUAGE RIGHTS, TITLE AND INTEREST

Full Assignment by way of Partial Assignment of Interest (Less than 100% of Lessee [Assignor's] interest in the lease)

If the assignment is only transferring a partial interest held by the Lessee, or full interest but only in a specific formation, it is considered a Partial Assignment. However, if the Assignee wishes to take on full responsibility of the State of Michigan (State) lease, with the full understanding and consent of the Assignor (for purposes of lease extension requests, etc.), the Full Assignment box must be marked, and the following language must be inserted under Rights, Title and Interest (RTI).

- *Assignee shall comply with, and hereby assumes sole responsibility for all expressed and implied covenants and obligations in any leases affected hereby as to lands covered by this assignment for all interest holders for all formations.*

Full or Partial Assignment where Current Lessee's Remaining Interest does not Cover the Entire Lease (i.e. Not all parcels, limited to a formation, 100% of less than 100%)

All of the following language must be inserted under RTI for Full Assignments; only the first sentence must be inserted for Partial Assignments.

- *This constitutes all of Assignor's remaining working interest in the lease(s) listed on this assignment.*
- *Assignee shall comply with, and hereby assumes sole responsibility for all expressed and implied covenants and obligations in any leases affected hereby as to lands covered by this assignment for all interest holders for all formations.*

Full or Partial Assignment (Duplicative or Make Reference)

If an Assignor's goal is to have an assignment in every State lease file divesting them of all of their various interests in those leases, the best way to accomplish this would be to prepare and execute detailed private agreements; including listing various formations, working interests, overriding royalty interests (ORI), net revenue interests (NRI), etc. with the Assignee.

Because State approval is required before any assignment is considered valid per the lease terms, and because the State Assignment of Lease(s) form is for working interest only, the Assignor can then submit duplicative assignments to the Department of Natural Resources, Finance and Operations Division, Minerals Management Section, that meet the State requirements, with the following language inserted under RTI.

- *This Assignment of Lease(s) is a duplicative assignment prepared solely to acquire the State of Michigan's approval, as required, for the assignment of rights in State of Michigan Lease(s). Approval granted by the State of Michigan does not extend to the provisions or conditions of any outside agreements executed between Assignor and Assignee.*

OR

- *This Assignment of Lease(s) evidences the intent of the parties hereto and does hereby make reference to that certain Letter Agreement dated XXXXX, between Assignor and Assignee. Approval granted by the State of Michigan does not extend to the provisions or conditions of such outside agreements executed between Assignor and Assignee.*

The following language is not acceptable:

- *This Assignment of Lease(s) is made subject to that certain Letter Agreement dated XXXXXX (Month, Day, Year), between Assignor and Assignee.*

LEASE ASSIGNMENT LANGUAGE

Full Assignment of Lessee Status Only

If no interest is being conveyed via the assignment, the Assignee must have already been conveyed and currently hold an interest from a previous assignment submitted and approved by the State, the following language must be inserted under RTI.

- *Assignor grants to Assignee the status of Lessee for all State of Michigan Leases listed on this assignment. By virtue of this assignment, Assignee assumes responsibility for all expressed and implied covenants of the lease(s) on behalf of all interest holders. Lessee responsibility extends to all formations covered by the lease(s).*
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Acceptable Language

The following language may be listed on an assignment, even if not referencing any sort of outside agreement.

- *Approval granted by the State of Michigan does not extend to the provisions or conditions of such outside agreements executed between Assignor and Assignee.*

Company Names with Limited Partnership

If a company doesn't want to spell out "Limited Partnership" throughout the assignment, an * must be added next to the company name and the following language inserted under RTI.

- **The Assignor/Assignee referred to in this assignment, XXXXX, L.P., is registered with the Michigan Department of Licensing and Regulatory Affairs to transact business in Michigan under the name of XXXXX, Limited Partnership.*

Effective Date

If a company wants to use an effective date different from the signature date, it needs to appear on the second page next to the Assignee's and Assignor's signature area; *Effective XXXXXX* (Month, Day, Year).

Legal Descriptions

The legal description on Full Assignments must match the original lease incorporating any amendments or releases, etc. We do not verify legal descriptions on Partial Assignments.

Overriding Royalty Interests and Net Revenue Interests

As of February 27, 2008, it is no longer acceptable to use language referring to ORI or NRI. If the parties require ORI or NRI to be listed, it must be listed in a separate private agreement and made reference to on a State Assignment of Lease(s) form (refer to Duplicative or Make Reference language above).

Working Interest

We do not verify working interest; entities are expected to know what interest they hold. However, there may be occurrences when we check the working interest. For example, if the Assignor is the Lessee of Record on a Partial Assignment and the RTI is listed as 100% of XXX% (acceptable only if the interest includes a formation).

If the Assignor wishes to reference a specific date, it should be written as ". . . Rights, Title, and Interest as held by Assignor XXXXXX" (Month, Day, Year).
