



SIDLEY AUSTIN LLP
 1000 LOUISIANA STREET
 SUITE 6000
 HOUSTON, TX 77002
 +1 713 495 4500
 +1 713 495 7799 FAX

matthew.walker@sidley.com
 +1 713 495 4636

BEIJING
 BOSTON
 BRUSSELS
 CENTURY CITY
 CHICAGO
 DALLAS
 GENEVA

HONG KONG
 HOUSTON
 LONDON
 LOS ANGELES
 MUNICH
 NEW YORK
 PALO ALTO

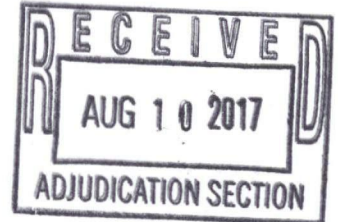
SAN FRANCISCO
 SHANGHAI
 SINGAPORE
 SYDNEY
 TOKYO
 WASHINGTON, D.C.

FOUNDED 1866

August 8, 2017

BY COURIER

BOEM
 Gulf of Mexico OCS Region
 1201 Elmwood Park Boulevard
 New Orleans, LA 70123-2394



Enclosed herein please find the following document which is submitted for filing in the Non-Required Filings/Federal Unit Records:

Category 1: UCC-1 Financing Statement and Fixture Filing from HEDV LAFEMME, LLC, as Debtor in favor of Sandton Credit Solutions Master Fund IV, LP, as Secured Party (the "Financing Statement").

In order that third persons will be put on notice as to the execution and efficacy of the Financing Statement, please file the document, together with a copy of this letter, in the records of the Federal Unit Records of the Lease OCS-G 31498.

Two copies of the above described Financing Statement have been provided. Please retain one copy under the category indicated above and return the other file stamped counterpart to me at the firm address. The filing is accompanied by a receipt evidencing payment of the required service/filing fee via Pay.Gov. Please evidence that the foregoing has been accomplished by signing a copy of this letter in the space below. The Financing Statement has been recorded in the fixture filing records of Plaquemines Parish, LA.

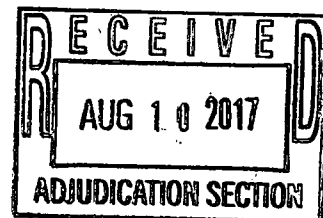
Sincerely,

Matthew B. Walker
 Associate
 Enclosures

BOEM, Gulf of Mexico OCS Region:

By: _____
 Date: _____

**STATE OF LOUISIANA
UNIFORM COMMERCIAL CODE - FINANCING STATEMENT
UCC-1**



Important - Read Instructions before filing out form.

Follow instructions carefully.

1. Debtor's exact full legal name - insert only one debtor name (1a or 1b) - do not abbreviate or combine names.

OR	1a Organization's Name HEDV LAFEMME, LLC				
	1b Individual's Last Name (and Title of Lineage (e.g. Jr. Sr., III, if applicable))	First Name	Middle Name		
1c Mailing Address .1200 Smith Street, Suite 2400		City Houston	State TX	Postal Code 77002	Country USA
1d Tax ID #: SSN or EIN N/A		Add'l info re Organization Debtor:	1e Type of Organization LLC	1f Jurisdiction of Organization Texas	1g Organizational ID # if any 0802321939 <input type="checkbox"/> None

2. Additional debtor's exact full legal name - insert only one debtor name (2a or 2b) - do not abbreviate or combine names.

OR	2a Organization's Name				
	2b Individual's Last Name (and Title of Lineage (e.g. Jr., Sr. III), if applicable)	First Name	Middle Name		
2c Mailing Address		City	State	Postal Code	Country
2d Tax ID #: SSN or EIN		Add'l info re Organization Debtor:	2e Type of Organization	2f Jurisdiction of Organization	2g Organizational ID #, if any <input type="checkbox"/> None

3. Secured Party's Name (or Name of Total Assignee of Assignor S/P) - insert only one secured party name (3a or 3b)

OR	3a Organization's Name SANDTON CREDIT SOLUTIONS MASTER FUND IV, LP				
	3b Individual's Last Name (and Title of Lineage (e.g. Jr., Sr., III), if applicable)	First Name	Middle Name		
3c Mailing Address 16 West 46th Street, 11th Floor		City New York	State NY	Postal Code 10036	Country USA

4. This FINANCING STATEMENT covers the following collateral:

All fixtures now owned or hereafter acquired by the Debtor and which may be attached to or made a part of the real (immovable) property (including Fixture Property and Fixture Operating Equipment) described on Attachment 1 hereto (consisting of 26 pages). Legal description contained in Attachment 1.

5a Check if applicable and attach legal description of real property: Fixture filing As-extracted collateral Standing timber constituting goods
 The debtor(s) do not have an interest of record in the real property (Enter name of an owner of record in 5b)

5b Owner of real property (if other than named debtor)

6a Check only if applicable and check only one box
 Debtor is a Transmitting Utility. Filing is Effective Until Terminated
 Filed in connection with a public finance transaction. Filing is effective for 30 years

6b Check only if applicable and check only one box
 Debtor is a Trust or Trustee acting with respect to property held in trust or Decedent's Estate

7. ALTERNATIVE DESIGNATION (If applicable):
 CONSIGNEE/CONSIGNOR LESSEE/LESSOR
 SELLER/BUYER AG. LIEN BAILEE/BAILOR
 NON-UCC-FILING

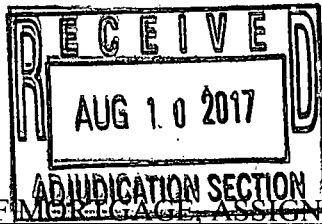
8. Name and Phone Number to contact filer

9. Send Acknowledgment To: (Name and Address)
 Linda M. Wilson
 Sidley Austin LLP
 1000 Louisiana St., Ste. 6000
 Houston, TX 77002
 (Plaquemine Parish, Louisiana)

10. The space below is for Filing Office Use Only

11. CHECK TO REQUEST SEARCH REPORT(S) ON DEBTORS (ADDITIONAL FEE REQUIRED) ALL DEBTORS DEBTOR1 DEBTOR2

ATTACHMENT 1



ACT OF MORTGAGE ASSIGNMENT OF LEASES AND RENTS AND PRODUCTION,
SECURITY AGREEMENT, FIXTURE FILING AND FINANCING STATEMENT

THIS INSTRUMENT IS A MULTIPLE INDEBTEDNESS MORTGAGE.

THIS INSTRUMENT CONTAINS AFTER-ACQUIRED PROPERTY AND FUTURE ADVANCE PROVISIONS. THIS INSTRUMENT COVERS THE INTEREST OF MORTGAGOR IN MINERALS OR THE LIKE (INCLUDING OIL AND GAS) BEFORE EXTRACTION AND THE SECURITY INTEREST CREATED BY THIS INSTRUMENT ATTACHES TO SUCH MINERALS AS EXTRACTED AND TO THE ACCOUNTS RESULTING FROM THE SALE THEREOF AT THE WELLHEAD. THIS INSTRUMENT COVERS THE INTEREST OF MORTGAGOR IN FIXTURES. THIS FINANCING STATEMENT IS TO BE FILED FOR RECORD, AMONG OTHER PLACES, IN THE MORTGAGE AND UCC RECORDS. PRODUCTS OF THE MORTGAGED PROPERTY ARE ALSO COVERED.

THE MAXIMUM AMOUNT SECURED BY THIS MORTGAGE IS \$20,000,000.00.
(SEE SECTION 2.2)

FROM

HEDV LAFEMME, LLC
(Mortgagor, Debtor and Grantor)

TO

SANDTON CREDIT SOLUTIONS MASTER FUND IV, LP
(Mortgagee, Secured Party and Grantee)

June 9, 2017

For purposes of filing this Mortgage as a financing statement, HEDV LAFEMME, LLC is a limited liability company organized under the laws of the State of Texas, its organizational number is 802321939 and its mailing address is HEDV LAFEMME, LLC, 1200 Smith Street, Suite 2400, Houston, Texas 77002 Attention: P. David Amend. The mailing address of Mortgagee is SANDTON CREDIT SOLUTIONS MASTER FUND IV, LP, 16 West 46th Street, 11th Floor, New York, NY 10036, Attention: Robert Orr

This instrument, prepared by Matthew Walker, Sidley Austin LLP, 1000 Louisiana, Suite 6000, Houston, Texas 77002, (713) 495-4636, contains after-acquired property provisions and covers future advances and proceeds to the fullest extent allowed by applicable law.

ATTENTION RECORDING OFFICER: This instrument is a mortgage of both real/immovable and personal/movable property and is, among other things, a Security Agreement and Financing Statement under (i) the Uniform Commercial Code in effect in the State of New York and (ii) the Uniform Commercial Code in effect in the State of Louisiana. This instrument creates a lien on rights in or relating to lands of Mortgagor which are described in Exhibit A hereto or in documents described in such Exhibit A.

RECORDED DOCUMENT SHOULD BE RETURNED TO:

Sidley Austin LLP
1000 Louisiana, Suite 6000
Houston, Texas 77002
Attn: Lori Horvilleur

**ACT OF MORTGAGE, ASSIGNMENT OF PRODUCTION, SECURITY AGREEMENT,
FIXTURE FILING AND FINANCING STATEMENT**

ACT OF MORTGAGE, ASSIGNMENT OF	§	
PRODUCTION, SECURITY AGREEMENT,	§	UNITED STATES OF AMERICA
FIXTURE FILING AND FINANCING	§	
STATEMENT	§	
	§	
BY: HEDV LAFEMME, LLC	§	THE STATE OF LOUISIANA
	§	PARISH OF PLAQUEMINES
	§	
TO: SANDTON CREDIT SOLUTIONS	§	
MASTER FUND IV, LP	§	
	§	

BE IT KNOWN, that on the 9th day of June, 2017 as to Mortgagor (as defined below) and on the 9th day of June, 2017 as to Mortgagee (as defined below) in each case, to be effective as of June 9, 2017, before the respective undersigned Notaries Public, duly commissioned and qualified in and for the State and Counties aforesaid, and in the presence of the undersigned respective competent witnesses, personally came and appeared:

HEDV LAFEMME, LLC, with offices at 1200 Smith Street, Suite 2400, Houston, Texas 77002 ("Mortgagor"), represented herein by its undersigned officer, duly authorized by the resolutions attached hereto as Exhibit C; whose Taxpayer Identification Number is 81-1302377 and whose organizational number is 802321939, state of Texas; and

SANDTON CREDIT SOLUTIONS MASTER FUND IV, LP, with offices at 16 West 46th Street, 11th Floor, New York, NY 10036, in its capacity as the lender under the Loan Agreement (as defined below) ("Mortgagee");

who, being duly sworn, did declare and say that, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by Mortgagor, do hereby agree as follows:

RECITALS:

WHEREAS, this instrument (this "Mortgage") is executed in connection with, and pursuant to the terms of, that certain Loan Agreement dated as of June 9, 2017 among Mortgagor, Houston Energy Deepwater Ventures XIV, LLC and the Mortgagee (as amended, modified, restated or supplemented from time to time, the "Loan Agreement"); and

WHEREAS, the Mortgagee has required, as a condition to making the Loans (as defined in the Loan Agreement) under the Loan Agreement, that Mortgagor execute and deliver this Mortgage to Mortgagee, for the benefit of the Mortgagee; and

WHEREAS, Mortgagor has determined that valuable benefits will be derived by it as a result of the Loan Agreement and the borrowings of Loans to be made by Mortgagor thereunder.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged and confessed, Mortgagor hereby covenants and agrees as follows:

ARTICLE 1

DEFINITIONS

Section 1.1 Certain Defined Terms. For all purposes of this Mortgage, unless the context otherwise requires:

"Code" means the Uniform Commercial Code presently in effect in the State of New York, as the same may be amended from time to time, and any successor statute thereto, except to the extent that the Uniform Commercial Code of some other jurisdiction applies mandatorily or as is specified herein.

"Collateral Account" means the Net Production Proceeds Account as defined in the Loan Agreement.

"Contracts" means all contracts, agreements, operating agreements, farm-out or farm-in agreements, sharing agreements, mineral purchase agreements, contracts for the purchase, exchange, transportation, processing or sale of Hydrocarbons, rights-of-way, easements, surface leases, equipment leases, permits, franchises, licenses, pooling or unitization agreements, and unit or pooling designations and orders now or hereafter affecting any of the Oil and Gas Properties, Operating Equipment, Fixture Operating Equipment, or Hydrocarbons now or hereafter covered hereby, or which are useful or appropriate in drilling for, producing, treating, handling, storing, transporting or marketing Hydrocarbons produced from any of the Oil and Gas Properties, and all such contracts and agreements as they may be amended, restated, modified, substituted or supplemented from time-to-time.

"Effective Date" shall mean June 9, 2017.

"Fixture Property" means all of Mortgagor's interest now owned or hereafter acquired in and to all Fixture Operating Equipment and all proceeds, products, renewals, increases, profits, substitutions, replacements, additions, amendments and accessions thereof, thereto or therefor.

"Fixture Operating Equipment" means any of the items described in the first sentence of the definition of "Operating Equipment" set forth below and which have been incorporated into realty or structures or improvements located on the Oil and Gas Properties in such a manner that they no longer remain personalty but constitute fixtures under the laws of the state in which such equipment is located.

"Hydrocarbons" shall mean oil, gas, casinghead gas, drip gasolines, natural gasoline, condensate, distillate and all other liquid or gaseous hydrocarbons produced or to be produced in conjunction therewith, and all products, by-products and all other substances derived therefrom or the processing thereof, and all other minerals and substances, including, but not limited to, sulphur, lignite, coal, uranium, thorium, iron, geothermal steam, water, carbon dioxide, helium and any and all other minerals, ores, or substances of value and the products and proceeds therefrom, including, without limitation, all gas resulting from the in-situ combustion of coal or lignite.

"Mortgaged Property" shall mean all Fixture Property, Personal Property, and Realty Property.

"Net Revenue Interest" shall mean Mortgagor's share of all Hydrocarbons produced from the Oil and Gas Properties, after deducting the appropriate proportionate part of all lessors' royalties, overriding royalties, production payments and other payments out of or measured by production which burden Mortgagor's share of all such production, subject to non-consent provisions contained in operating agreements.

"Obligations" means

(a) The "Obligations", as that term is defined in the Loan Agreement, whether fixed or contingent, joint or several, direct or indirect, primary or secondary, and regardless of how created or evidenced;

(b) All other indebtedness, obligations, and liabilities of Mortgagor or any of its Subsidiaries arising under the Loan Agreement, this Mortgage, or any of the other Loan Documents;

(c) (Reserved);

(d) All future advances or other value, of whatever class or for whatever purpose, at any time hereafter made or given by Mortgagee to Mortgagor or any of its Subsidiaries under or pursuant to any Loan Document, whether or not the advances or value are given pursuant to a commitment, whether or not the advances or value are presently contemplated by the parties hereto, and whether or not Mortgagor is indebted to Lender at the time of such events; and

(e) All renewals, extensions, modifications, amendments, rearrangements and substitutions of all or any part of the above whether or not Mortgagor executes any agreement or instrument.

"Oil and Gas Property" or "Oil and Gas Properties" means

(a) All of Mortgagor's undivided right, title and interest now owned or hereafter acquired (including all working interests, net revenue interests, farmout or farmin rights, royalty or other non-working or carried interests, operating rights and other mineral rights of every nature) in and to the Oil, Gas and Mineral (or Oil and Gas) Leases described in Exhibit A attached hereto and made a part hereof, as extended or amended (hereinafter referred to as the "Leases") and the lands covered thereby;

(b) All of Mortgagor's undivided right, title and interest in and to all presently existing unitization and pooling agreements and statutorily, judicially or administratively created drilling, spacing and/or production units, whether recorded or unrecorded, which relate to the Leases, and all of Mortgagor's interest in and to the property covered or units created thereby which are attributable to the Leases;

(c) All of Mortgagor's undivided right, title and interest in and to all presently existing and valid oil, casinghead gas and gas sales, operating, farmout, pooling, purchase, exchange and processing contracts and agreements, partnership and joint venture agreements and any other contracts, agreements and instruments which pertain to the Leases or any properties pooled or unitized therewith;

(d) All of Mortgagor's undivided interest in and to all oil and gas and associated hydrocarbons stored upon or produced from the Leases or any properties pooled or unitized therewith which are attributable to the Leases from and after the Effective Date; and

(e) All of Mortgagor's undivided right, title and interest in and to all easements, permits, licenses, servitudes, rights of way, pipelines, power lines, telephone and telegraph lines, communications facilities and all other rights and appurtenances situated on or used in connection with the Leases or any properties pooled or unitized therewith;

provided that the properties described in clauses (a) through (e) are limited insofar and only insofar as such properties cover and/or are attributable to the wellbores of those oil and gas wells described in Exhibit B (individually a "Well" and collectively the "Wells").

“Operating Equipment” shall mean all surface or subsurface machinery, equipment, facilities or other property of whatsoever kind or nature (excluding drilling rigs, trucks, automotive equipment or other property taken to the premises to drill a well or for other similar temporary uses) now or hereafter located on any of the Oil and Gas Properties which are useful for the production, treatment, storage or transportation of oil or gas, including, but not by way of limitation, all oil wells, gas wells, water wells, injection wells, casing, tubing, rods, pumping units and engines, derricks, separators, gun barrels, flow lines, tanks, gas systems (for gathering, treating and compression), water systems (for treating, disposal and injection), power plants, poles, lines, transformers, starters and controllers, machine shops, tools, storage yards and equipment stored therein, buildings and camps, telegraph, telephone and other communication systems, roads, loading racks and shipping facilities.

“Personal Property” means all of Mortgagor's interest now owned or hereafter acquired in and to (a) all Operating Equipment, (b) all Hydrocarbons severed and extracted from or attributable to the Oil and Gas Properties, including oil in tanks and all other "as-extracted" collateral from or attributable to the Oil and Gas Properties, (c) all accounts (including accounts resulting from the sale of Hydrocarbons at the wellhead), contract rights and general intangibles, in connection with the sale or other disposition of any Hydrocarbons produced through the Wells, including all Liens securing the same, (d) all inventory, (e) all contracts, contract rights, and contract documents, including all Liens securing the same, (f) all proceeds and products of the Realty Property and any other contracts or agreements, (g) all information concerning the Oil and Gas Properties, including abstracts of title, title opinions, geological and geophysical information and logs, lease files, well files, and other books and records (including computerized records and data), (h) any and all Liens and security interests (together with the documents evidencing such security interests) granted to Mortgagor by an obligor to secure such obligor's obligations owing under any instrument, chattel paper, or contract that is pledged hereunder or with respect to which a security interest in Mortgagor's rights in such instrument, chattel paper, or contract is granted hereunder, (m) any and all guaranties given by any person for the benefit of Mortgagor which guarantees the obligations of an obligor under any instrument, chattel paper or contract, which are pledged hereunder, (n) without limiting the generality of the foregoing, all other assets and property of Mortgagor, whether now existing or hereafter acquired from time to time, that constitute accounts, chattel paper, contracts, documents, equipment, general intangibles, goods, inventory, instruments, investment property, letters of credit or letter-of-credit rights, as such terms are defined in the Code, and (o) all proceeds, products, renewals, increases, profits, substitutions, replacements, additions, amendments and accessions of, to or for any of the foregoing; provided that clauses (a) through (o) are limited insofar and only insofar as such properties cover and are attributable to the wellbores of the Wells. Personal Property shall also include the Collateral Account.

“Property” means any property of any kind, whether real, personal, or mixed and whether tangible or intangible.

“Realty Property” means all of Mortgagor's interest now owned or hereafter acquired in and to the Oil and Gas Properties, including any access rights, water and water rights, and all unsevered and unextracted Hydrocarbons (even though Mortgagor's interest therein may be incorrectly described in, or a description of a part or all of such interest may be omitted from, Exhibit A) and all improvements and other constructions, including the Operating Equipment, now or hereafter located on any of the immovable property affected by the Oil and Gas Properties to the extent (a) any such improvements and other constructions should constitute or be deemed to constitute immovable property for the purposes of Louisiana law, including any buildings, platforms, structures, towers, rigs or other immovable property or component part thereof, or (b) any such property is otherwise susceptible of mortgage pursuant to Louisiana Civil Code Article 3286 or Louisiana Mineral Code Article 203.

“Section” and “Article” shall mean and refer to a section or article of this Mortgage, unless specifically indicated otherwise.

Section 1.2 **Other Terms.** Unless otherwise defined herein, all terms with their initial letter capitalized shall have the meaning given such term in the Loan Agreement.

ARTICLE 2

GRANTING CLAUSE; MORTGAGED PROPERTY

Section 2.1 **Grant of Lien.** In consideration of the advances or extensions by the Mortgagee to Mortgagor of the funds or credit constituting the Obligations (including the making of the Loans), and in further consideration of the mutual covenants contained herein, and to secure payment of, and performance of the Obligations, and the performance of the covenants and obligations herein contained and in consideration of other valuable consideration in hand paid by the Mortgagee to Mortgagor and in consideration of the debts and trusts hereinafter mentioned, the receipt and sufficiency of all of which is hereby acknowledged, Mortgagor does by these presents hereby specially HYPOTHECATE, PLEDGE, MORTGAGE and grant a security interest unto and in favor of Mortgagee for its benefit, and its successors and assigns, the Realty Property, the Fixture Property, and the Personal Property, including all the real/immovable property, personal/movable property, rights, titles, interests and estates in each case to the extent constituting Realty Property, Fixture Property or Personal Property. This grant is intended, to the extent applicable, as a grant of a mortgage of the portion of the Mortgaged Property constituting a corporeal immovable with its component parts, a security interest in the portion of the Mortgaged Property in which a security interest can be granted under the UCC and a pledge of the leases and rents of and from the Mortgaged Property under Louisiana Civil Code Articles 3168, et. seq..

This Mortgage is intended to secure the Obligations, whether now existing or arising at any time hereafter. As to all Obligations, whether now existing or arising at any time hereafter, this Mortgage has effect between the parties from the time the Mortgage is established and as to third parties from the time the Mortgage is filed for registry, all as provided by Louisiana Civil Code article 3298.

TO HAVE AND TO HOLD the Realty Property, the Fixture Property, and the Personal Property unto Mortgagee and its successors, assigns or substitutes forever, together with all and singular the rights, hereditaments and appurtenances thereto in anywise appertaining or belonging, to secure payment of the Obligations and the performance of the covenants of Mortgagor contained in this Mortgage. Mortgagor does hereby bind itself, its successors and permitted assigns, to warrant and forever defend all and singular the Realty Property, the Fixture Property, and the Personal Property unto Mortgagee, and its successors and assigns, against every person whomsoever lawfully claiming or to claim the same, or any part thereof, subject, however, to the condition that the Mortgagee shall not be liable in any respect for the performance of any covenant or obligation of the Mortgagor in respect of the Mortgaged Property.

Section 2.2 **Maximum Amount Secured.** It is contemplated and acknowledged this Mortgage shall have effect as of the date hereof to secure all Obligations, regardless of whether any amounts are advanced on the date hereof or on a later date or, whether having been advanced, are later repaid in part or in whole and further advances made at a later date. This Mortgage secures all future advances and obligations constituting Obligations. **THE TOTAL AMOUNT OF OBLIGATIONS AND ADVANCES SECURED HEREBY MAY DECREASE OR INCREASE FROM TIME TO TIME, BUT AT NO TIME SHALL THE TOTAL AMOUNT OF OBLIGATIONS AND ADVANCES SECURED HEREBY EXCEED THE SUM OF \$20,000,000.00.**

Section 2.3 **Security Interest.** For the same consideration and to further secure the Obligations, Mortgagor hereby grants to Mortgagee for its benefit a security interest in and to the Mortgaged Property.

ARTICLE 3

PROCEEDS FROM PRODUCTION

Section 3.1 Pledge of Leases, Rents and Production.

(a) In order to further secure the payment and performance of the Obligations, to the maximum extent permitted by Louisiana Civil Code, Articles 3168, et. seq., Mortgagor has pledged, transferred, conveyed and delivered and does hereby assign, transfer, convey and deliver unto Mortgagee, effective as of the Effective Date at 7:00 a.m. New York, New York time, all Hydrocarbons produced from, and which are attributable to, Mortgagor's interest, now owned or hereafter acquired, in and to the Oil and Gas Properties (including all leases comprising such Oil and Gas Properties), or are allocated thereto pursuant to pooling or unitization orders, agreements or designations, and all rents and proceeds therefrom.

(b) Subject to the provisions of subsection (f) below, all parties producing, purchasing, taking, possessing, processing or receiving any production from the Oil and Gas Properties, or having in their possession any such production, or the proceeds therefrom, for which they or others are accountable to Mortgagee by virtue of the provisions of this Section 3.1, are authorized and directed by Mortgagor to treat and regard Mortgagee as the assignee and transferee of Mortgagor and entitled in its place and stead to receive such Hydrocarbons and the proceeds therefrom.

(c) Mortgagor directs and instructs each of such parties to pay to Mortgagee all of the proceeds of such Hydrocarbons until such time as such party has been furnished evidence that all of the Obligations have been paid and that the Lien evidenced hereby has been released; provided, however, that until Mortgagee shall have exercised the rights set forth herein to instruct such parties to deliver such Hydrocarbons and all proceeds therefrom directly to Mortgagee, such parties shall be entitled to deliver such Hydrocarbons and all proceeds therefrom to Mortgagor for Mortgagor's use and enjoyment, and Mortgagor shall be entitled to execute division orders, transfer orders and other instruments as may be required to direct all proceeds to Mortgagor without the necessity of joinder by Mortgagee in such division orders, transfer orders or other instruments. Upon the occurrence and during the continuance of an Event of Default, Mortgagor agrees to perform all such acts, and to execute all such further assignments, transfers and division orders, and other instruments as may be reasonably required or desired by Mortgagee or any party in order to have said revenues and proceeds so paid to Mortgagee. None of such parties shall have any responsibility for the application of any such proceeds received by Mortgagee. Subject to the provisions of subsection (f) below, Mortgagor authorizes Mortgagee to receive and collect all proceeds of such Hydrocarbons.

(d) Subject to the provisions of subsection (f) below, Mortgagor will execute and deliver to Mortgagee any instruments Mortgagee may from time to time reasonably request for the purpose of effectuating this assignment and the payment to Mortgagee of the proceeds assigned.

(e) Neither the foregoing assignment nor the exercise by Mortgagee of any of its rights herein shall be deemed to make Mortgagee a "mortgagee-in-possession" or otherwise responsible or liable in any manner with respect to the Oil and Gas Properties or the use, occupancy, enjoyment or operation of all or any portion thereof, unless and until Mortgagee, in person or by agent, assumes actual possession thereof, nor shall appointment of a receiver for the Oil and Gas Properties by any court at the request of Mortgagee or by agreement with Mortgagor or the entering into possession of the Oil and Gas Properties or any part thereof by such receiver be deemed to make Mortgagee a "mortgagee-in-possession" or otherwise responsible or liable in any manner with respect to the Oil and Gas Properties or the use, occupancy, enjoyment or operation of all or any portion thereof.

(f) Notwithstanding anything to the contrary contained herein, so long as no Event of Default shall have occurred and be continuing, Mortgagor shall have the right to collect all revenues and proceeds attributable to the Hydrocarbons that accrue to the Oil and Gas Properties or the products obtained or processed therefrom, as well as any Liens and security interests securing any sales of said Hydrocarbons and, subject to provisions of the Loan Agreement requiring payment of Net Production Proceeds to the Lender, to retain, use and enjoy same.

(g) Subject to the provisions of Section 3.1(f), Mortgagee may endorse and cash any and all checks and drafts payable to the order of Mortgagor or Mortgagee for the account of Mortgagor, received from or in connection with the proceeds of the Hydrocarbons affected hereby, and the same may be applied as provided herein. Mortgagee may execute any transfer or division orders in the name of Mortgagor or otherwise, with warranties and indemnities binding on Mortgagor; provided that Mortgagee shall not be held liable to Mortgagor for, nor be required to verify the accuracy of, Mortgagor's interests as represented therein.

(h) Subject to the provisions of Section 3.1(f), Mortgagee shall have the right at Mortgagee's election and in the name of Mortgagor, or otherwise, to prosecute and defend any and all actions or legal proceedings deemed advisable by Mortgagee in order to collect such proceeds and to protect the interests of Mortgagee or Mortgagor, with all costs, expenses and attorneys fees incurred in connection therewith being paid by Mortgagor. In addition, should any purchaser taking production from the Oil and Gas Properties fail to pay promptly to Mortgagee amounts due from it to Mortgagor following the occurrence of an Event of Default and such purchaser's receipt of notice from Mortgagee directing such payment to be made to Mortgagee in accordance with this Article, Mortgagee shall have the right to demand a change of connection and to designate another purchaser with whom a new connection may be made without any liability on the part of Mortgagee in making such election, so long as ordinary care is used in the making thereof, and upon failure of Mortgagor to consent to such change of connection, the entire amount of all the Obligations may, at the option of Mortgagee, be immediately declared to be due and payable and subject to foreclosure hereunder.

(i) Without in any way limiting the effectiveness of the foregoing provisions, if Mortgagor receives any proceeds which under this Section 3.1 are payable to Mortgagee, Mortgagor shall hold the same in trust and remit such proceeds, or cause them to be remitted, immediately, to Mortgagee.

Section 3.2 Application of Proceeds. All payments received by Mortgagee pursuant to this Article III attributable to the interest of Mortgagor in and to the Hydrocarbons shall be applied in accordance with the Loan Agreement.

Section 3.3 Mortgagor's Payment Duties. Subject to Section 8.13 of the Loan Agreement, nothing contained herein will limit Mortgagor's absolute duty to make payment of the Obligations regardless of whether the proceeds assigned by this Article III are sufficient to pay the same, and the receipt by Mortgagee of proceeds from Hydrocarbons under this Mortgage will be in addition to all other security now or hereafter existing to secure payment of the Obligations.

Section 3.4 Liability of Mortgagee. Mortgagee is hereby absolved from all liability for failure to enforce collection of any of such proceeds, and from all other responsibility in connection therewith except the responsibility to account to Mortgagor for proceeds actually received by Mortgagee.

Section 3.5 Actions to Effect Assignment. Subject to the provisions of Section 3.1(f), Mortgagor covenants to cause all operators, pipeline companies, production purchasers and other remitters of said proceeds to pay promptly to Mortgagee the proceeds from such Hydrocarbons in accordance with the terms of this Mortgage, and to execute, acknowledge and deliver to said remitters such division orders, transfer orders, certificates and other documents as may be

necessary, requested or proper to effect the intent of this assignment; and Mortgagee shall not be required at any time, as a condition to its right to obtain the proceeds of such Hydrocarbons, to warrant its title thereto or to make any guaranty whatsoever. In addition, Mortgagor covenants to provide to Mortgagee the name and address of every such remitter of proceeds from such Hydrocarbons, together with a copy of the applicable division orders, transfer orders, sales contracts and governing instruments. All expenses incurred by the Mortgagee in the collection of said proceeds shall be repaid promptly by Mortgagor; and prior to such repayment, such expenses shall be a part of the Obligations secured hereby. If under any existing Contracts for the sale of Hydrocarbons produced from the Oil and Gas Properties, other than division orders or transfer orders, any proceeds of Hydrocarbons are required to be paid by the remitter directly to Mortgagor so that under such existing Contracts payment cannot be made of such proceeds to Mortgagee in the absence of foreclosure, Mortgagor's interest in all proceeds of Hydrocarbons under such existing Contracts shall, when received by Mortgagor, constitute trust funds in Mortgagor's hands for the benefit of the Mortgagee, and shall be immediately paid over to Mortgagee.

Section 3.6 Power of Attorney. Without limitation upon any of the foregoing, Mortgagor hereby designates and appoints Mortgagee as true and lawful agent and attorney-in-fact (with full power of substitution, either generally or for such periods or purposes as Mortgagee may from time to time prescribe), with full power and authority, for and on behalf of and in the name of Mortgagor, to execute, acknowledge and deliver all such division orders, transfer orders, certificates and other documents of every nature, with such provisions as may from time to time, in the opinion of Mortgagee, be necessary or proper to effect the intent and purpose of the assignment contained in this Article III; and Mortgagor shall be bound thereby as fully and effectively as if Mortgagor had personally executed, acknowledged and delivered any of the foregoing orders, certificates or documents; provided that, anything in this Section 3.6 to the contrary notwithstanding, Mortgagee agrees that it will not exercise any rights under the power of attorney provided for in this Section unless an Event of Default has occurred and is continuing. The powers and authorities herein conferred on Mortgagee may be exercised by Mortgagee through any Person who, at the time of exercise, is the president, a senior vice president, a vice president, director, managing director or equivalent officer of Mortgagee. The power of attorney conferred by this Section 3.6 is granted for valuable consideration and coupled with an interest and is irrevocable so long as the Termination Date has not occurred. Any Person dealing with Mortgagee, or any substitute, shall be fully protected in treating the powers and authorities conferred by this Section 3.6 as continuing in full force and effect until advised by Mortgagee that the Termination Date has occurred.

ARTICLE 4

COVENANTS, REPRESENTATIONS, WARRANTIES AND AGREEMENTS OF MORTGAGOR

Mortgagor hereby covenants, represents, warrants and agrees that:

Section 4.1 **[Reserved].**

Section 4.2 **Warranties.** (a) Mortgagor, to the extent of the interests specified in Exhibit A, (i) has good and valid title to each property right or interest constituting the Mortgaged Property, and (ii) has a good and legal right to make the first priority grant and conveyance made in this Mortgage; and (b) the Mortgaged Property is free from all Liens (other than Permitted Liens). Mortgagor will warrant and forever defend the Mortgaged Property unto Mortgagee and Mortgagee's successors, legal representatives and assigns, against every Person whomsoever lawfully claiming the same or any part thereof by, through or under Mortgagor but not otherwise, and Mortgagor will maintain and preserve the Lien hereby created until the Termination Date, except where such failure to comply would not result in a Material Adverse Effect.

Section 4.3 **Further Assurances.** Mortgagor will execute and deliver such other and further instruments and will do such other and further acts as in the reasonable discretion of Mortgagee may be necessary or desirable to carry out more effectively the purposes of this Mortgage, including, without limiting the generality of the foregoing, (a) prompt correction of any material defect which may hereafter be discovered in the title to the Mortgaged Property or in the execution and acknowledgment of this Mortgage or any other document used in connection herewith or at any time delivered to Mortgagee in connection with any Obligations, and (b) prompt execution and delivery of all division or transfer orders that in the reasonable discretion of Mortgagee are needed to transfer effectively the assigned proceeds of production from the Mortgaged Property to Mortgagee.

Section 4.4 **Taxes.** To the extent and in the manner required by the Loan Agreement, Mortgagor will promptly pay, or cause to be paid, all Taxes legally imposed upon this Mortgage or upon the Mortgaged Property or upon the interest of Mortgagee therein, or upon the income, profits, proceeds and other revenues thereof.

Section 4.5 **Operation of the Mortgaged Property.** So long as the Obligations or any part thereof remains unpaid:

(a) Mortgagor shall maintain, develop and operate the Oil and Gas Properties in a good and workmanlike manner and will observe and comply in all material respects with all of the terms and provisions, express or implied, of all leases and term mineral interests in the Oil and Gas Properties so long as such all leases and term mineral interests in the Oil and Gas Properties are capable of producing Hydrocarbons in paying quantities, except where such failure to comply would not result in a Material Adverse Effect;

(b) Mortgagor shall comply in all material respects with all material contracts and agreements applicable to or relating to the Mortgaged Property or the production and sale of Hydrocarbons therefrom, except to the extent a failure to so comply would not result in a Material Adverse Effect;

(c) Mortgagor shall, at all times, use commercially reasonable efforts to maintain, preserve and keep all Operating Equipment used with respect to the Mortgaged Property in proper repair, working order and condition, and make all necessary or appropriate repairs, renewals, replacements, additions and improvements thereto so that the efficiency of such Operating Equipment shall at all times be properly preserved and maintained, except where such failure to comply would not result in a Material Adverse Effect; provided that no item of Operating Equipment need be so repaired, renewed, replaced, added to or improved, if Mortgagor shall in good faith determine that such action is not necessary or desirable for the continued efficient and profitable operation of the Oil and Gas Properties;

(d) Mortgagor shall cause the Mortgaged Property to be kept free and clear of all Liens (other than Permitted Liens); and

(e) Mortgagor shall not sell, convey, trade or exchange any portion of the Mortgaged Property or any of Mortgagor's rights, titles or interests therein or thereto, except as specifically permitted in the Loan Agreement.

Notwithstanding the foregoing, to the extent that Mortgagor is not the operator of the Oil and Gas Properties, Mortgagor shall use commercially reasonable efforts to cause the operator to comply with this Section 4.5

Section 4.6 **Recording.** Mortgagor will promptly and at Mortgagor's sole cost and expense, record, register, deposit and file this Mortgage and every other instrument in addition or supplemental hereto in such offices and places and at such times and as often as may be necessary to preserve, protect and renew the Lien and security interest hereof as a first Lien and security interest on real or personal property, as the case may be, and the rights and remedies of

Mortgagee, and otherwise will do and perform all matters or things necessary or expedient to be done or observed by reason of any Law or regulation of any state or of the United States or of any other competent authority, for the purpose of effectively operating, maintaining and preserving the Lien and security interest hereof on the Mortgaged Property.

Section 4.7 **Records, Statements and Reports**. Mortgagor will keep proper books of record and account in which complete correct entries will be made of Mortgagor's transactions in accordance with sound accounting principles consistently applied and will, to the extent required by the Loan Agreement, furnish or cause to be furnished to Mortgagee all reports and other information concerning the business, affairs and financial condition of Mortgagor, in each case, as required under the Loan Agreement.

ARTICLE 5

ADDITIONS TO MORTGAGED PROPERTY

Section 5.1 **Additions to Mortgaged Property**. It is understood and agreed that Mortgagor may periodically subject additional properties to the Lien of this Mortgage. In the event that additional properties are to be subjected to the Lien hereof, the parties hereto agree to execute a supplemental mortgage, satisfactory in form and substance to Mortgagee, together with any security agreement, financing statement or other security instrument required by Mortgagee, all in form and substance satisfactory to Mortgagee and in a sufficient number of executed (and, where necessary or appropriate, acknowledged) counterparts for recording purposes. Upon execution of such supplemental mortgage, all additional properties thereby subjected to the Lien of this Mortgage shall become part of the Mortgaged Property for all purposes.

ARTICLE 6

ENFORCEMENT OF THE SECURITY

Section 6.1 **Rights to Realty Property Upon Event of Default.**

(a) *Operation of Property by Mortgagee.* Upon the occurrence and during the continuance of an Event of Default, and in addition to all other rights of Mortgagee, Mortgagee shall have the following rights and powers (but no obligation):

(1) To enter upon and take possession of any of the Realty Property and exclude Mortgagor therefrom;

(2) To hold, use, administer, manage and operate the Realty Property to the extent that Mortgagor could do so, and without any liability to Mortgagor in connection with such operations; and

(3) To the extent that Mortgagor could do so, to collect, receive and receipt for all Hydrocarbons produced and sold from the Realty Property, to make repairs, to purchase machinery and equipment, to conduct workover operations, to drill additional wells, and to exercise every power, right and privilege of Mortgagor with respect to the Realty Property.

Mortgagee may designate any Person to act on its behalf in exercising the foregoing rights and powers. When and if the expenses of such operation and development (including costs of unsuccessful workover operations or additional wells) have been paid, and the Termination Date has occurred, the Realty Property shall be returned to Mortgagor (providing there has been no foreclosure sale).

(b) *Judicial Proceedings.* Upon the occurrence and during the continuance of an Event of Default, the Mortgagee, in lieu of or in addition to exercising the power of sale

hereafter given, may proceed by a suit or suits, in equity or at law (i) for the specific performance of any covenant or agreement herein contained or in aid of the execution of any power herein granted, (ii) for the appointment of a receiver whether there is then pending any foreclosure hereunder or the sale of the Realty Property, or (iii) for the enforcement of any other appropriate legal or equitable remedy; and further, in lieu of the non-judicial power of sale granted herein for Mortgaged Property located in the State of Louisiana (or within the offshore area over which the United States of America asserts jurisdiction and to which the laws of the State of Louisiana are applicable with respect to this Mortgage and/or the liens and security interests created hereby), the Mortgagee may proceed by suit for a judicial sale of the Realty Property.

(c) *Foreclosure by Private Power of Sale of Mortgaged Property.* Upon the occurrence and during the continuance of an Event of Default, the Mortgagee shall have the right and power to sell, as the Mortgagee may elect, all or a portion of the Mortgaged Property at one or more sales as an entirety or in parcels, in accordance with and as permitted by any applicable state law. Mortgagor hereby designates as Mortgagor's address for the purpose of notice the address set out in Section 7.14; provided that Mortgagor may by written notice to Mortgagee designate a different address for notice purposes. Any purchaser or purchasers will be provided with a special warranty conveyance binding Mortgagor and Mortgagor's successors and assigns. Sale of a part of the Realty Property will not exhaust the power of sale, and sales may be made from time to time until all of the Realty Property is sold or the Termination Date has occurred. Mortgagee will have the authority to appoint an attorney-in-fact to act as trustee in conducting the foreclosure sale and executing a deed to the purchaser or purchasers.

(d) *Certain Aspects of Sale.* Mortgagee will have the right to become the purchaser at any foreclosure sale and to credit the then outstanding balance of the Obligations against the amount payable by Mortgagee as purchaser at such sale. Statements of fact or other recitals contained in any conveyance to any purchaser or purchasers at any sale made hereunder will conclusively establish the occurrence of an Event of Default, any acceleration of the maturity of the Obligations, the advertisement and conduct of such sale in the manner provided herein, the appointment of any successor-Mortgagee hereunder and the truth and accuracy of all other matters stated therein. Mortgagor does hereby ratify and confirm all legal acts that the Mortgagee may do in carrying out the Mortgagee's duties and obligations under this Mortgage, and Mortgagor hereby irrevocably appoints Mortgagee to be the attorney-in-fact of Mortgagor and in the name and on behalf of Mortgagor to execute and deliver any deeds, transfers, conveyances, assignments, assurances and notices which Mortgagor ought to execute and deliver and do and perform any and all such acts and things which Mortgagor ought to do and perform under the covenants herein contained and generally to use the name of Mortgagor in the exercise of all or any of the powers hereby conferred on Mortgagee. Upon any sale, whether under the power of sale hereby given or by virtue of judicial proceedings, it shall not be necessary for Mortgagee or any public officer acting under execution or by order of court, to have physically present or constructively in his possession any of the Mortgaged Property, and Mortgagor hereby agrees to deliver to the purchaser or purchasers at such sale on the date of sale the Mortgaged Property purchased by such purchasers at such sale and if it should be impossible or impracticable to make actual delivery of such Mortgaged Property, then the title and right of possession to such Mortgaged Property shall pass to the purchaser or purchasers at such sale as completely as if the same had been actually present and delivered.

(e) *Receipt to Purchaser.* Upon any sale made under the power of sale herein granted, the receipt of the Mortgagee will be sufficient discharge to the purchaser or purchasers at any sale for its purchase money, and such purchaser or purchasers will not, after paying such purchase money and receiving such receipt of the Mortgagee, be obligated to see to the application of such purchase money or be responsible for any loss, misapplication or non-application thereof.

(f) *Effect of Sale.* Any sale or sales of the Realty Property will operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of Mortgagor in

and to the Realty Property sold, and will be a perpetual bar, both at law and in equity, against Mortgagor, Mortgagor's successors or assigns, and against any and all Persons claiming or who shall thereafter claim all or any of the Realty Property sold by, through or under Mortgagor, or Mortgagor's successors or assigns. Nevertheless, if requested by the Mortgagee so to do, Mortgagor shall join in the execution and delivery of all proper conveyances, assignments and transfers of the Property so sold. The purchaser or purchasers at the foreclosure sale will receive as incident to his, her, its or their own ownership, immediate possession of the Realty Property purchased and Mortgagor agrees that if Mortgagor retains possession of the Realty Property or any part thereof subsequent to such sale, Mortgagor will be considered a tenant at sufferance of the purchaser or purchasers and will be subject to eviction and removal by any lawful means, with or without judicial intervention, and all damages by reason thereof are hereby expressly waived by Mortgagor.

(g) *Application of Proceeds.* The proceeds of any sale of the Realty Property or any part thereof, whether under the power of sale herein granted and conferred or by virtue of judicial proceedings, shall be applied in the order set forth in the Loan Agreement.

(h) *Mortgagor's Waiver of Appraisalment and Marshalling.* Mortgagor agrees, to the full extent that Mortgagor may lawfully so agree, that Mortgagor will not at any time insist upon or plead or in any manner whatever claim the benefit of any appraisalment, valuation, stay, extension or redemption law, now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure of this Mortgage, the absolute sale of the Mortgaged Property, including the Realty Property, or the possession thereof by any purchaser at any sale made pursuant to this Mortgage or pursuant to the decree of any court of competent jurisdiction; and Mortgagor, for Mortgagor and all who may claim through or under Mortgagor, hereby waives the benefit of all such laws and, to the extent that Mortgagor may lawfully do so under any applicable law, any and all rights to have the Mortgaged Property, including the Realty Property, marshaled upon any foreclosure of the Lien hereof or sold in inverse order of alienation. Mortgagor agrees that the Mortgagee may sell the Mortgaged Property, including the Realty Property, in part, in parcels or as an entirety as directed by Mortgagee.

(i) *Other Waivers.*

(1) Mortgagee may resort to any security given by this Mortgage or to any other security now existing or hereafter given to secure the payment of any of the Obligations secured hereby, in whole or in part, and in such portions and in such order as may seem best to Mortgagee in its sole and uncontrolled discretion; and any such action shall not in any manner be considered as a waiver of any of the rights, benefits or Liens created by this Mortgage.

(2) Mortgagor for itself, its successors and assigns does by these presents agree and stipulate that, upon the occurrence and during the continuance of an Event of Default, it shall be lawful for and Mortgagor does hereby authorize Mortgagee without making a demand or putting in default, putting in default being expressly waived, to cause all and singular the Mortgaged Property to be seized and sold by executory or other legal process without appraisalment (appraisalment being hereby expressly waived) either in its entirety or in lots, or parcels as Mortgagee may determine to the highest bidder for cash or on such terms as Mortgagee may direct, Mortgagor for itself, its successors and assigns hereby confessing judgment for the full amount of the Loans in principal and interest and all other Obligations secured and to be secured hereby, whether now existing or arising hereafter.

(3) Mortgagor hereby expressly waives: (a) the benefit of appraisalment as provided in Louisiana Code of Civil Procedure Articles 2332, 2336, 2723 and 2724, and all other laws conferring the same; (b) the demand accorded by Louisiana Code of Civil Procedure Article 2721; (c) the notice of seizure required by Louisiana Code of Civil

Procedure Articles 2293 and 2721; (d) the three days delay provided by Louisiana Code of Civil Procedure Articles 2331; and (e) the benefit of the other provisions of Louisiana Code of Civil Procedure Articles 2331, 2722 and 2723, not specifically mentioned above.

(j) *Applicable Law.* If any law referred to herein and now in force, of which Mortgagor or its successor or successors might take advantage despite the provisions hereof, shall hereafter be repealed or cease, to be in force, such law shall not thereafter be deemed to constitute any part of the contract herein contained or to preclude the operation or application of the provisions hereof. The rights and remedies of the Mortgagee provided by this Section 6.1 are limited to extent provided by applicable law.

Section 6.2 **Rights to Personal Property Upon Event of Default.** Upon the occurrence and during the continuance of an Event of Default, Mortgagee may proceed against the Personal Property in accordance with the rights and remedies granted herein with respect to the Realty Property, or will have all rights and remedies granted by the Code (La. Rev. Stat. 10:9-101 et seq) as amended, modified or succeeded, and under all other applicable laws of Louisiana and this Mortgage. Mortgagee shall have the right to take possession of the Personal Property, and for this purpose Mortgagee may enter upon any premises on which any or all of the Personal Property is situated and, to the extent that Mortgagor could do so, take possession of and operate the Personal Property or remove it therefrom. Mortgagee may require Mortgagor to assemble the Personal Property and make it available to Mortgagee at a place to be designated by Mortgagee which is reasonably convenient to both parties. Unless the Personal Property is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Mortgagee will send Mortgagor reasonable notice of the time and place of any public sale or of the time after which any private sale or other disposition of the Personal Property is to be made. This requirement of sending reasonable notice will be met if such notice is mailed, postage prepaid, to Mortgagor at the address designated in Section 7.14 hereof (or such other address as has been designated as provided herein) at least ten days before the time of the sale or disposition. In addition to the expenses of retaking, holding, preparing for sale, selling and the like, Mortgagee will be entitled to recover attorney's fees and legal expenses as provided for in this Mortgage and in the writings evidencing the Obligations before applying the balance of the proceeds from the sale or other disposition toward satisfaction of the Obligations. Mortgagor will remain liable for any deficiency remaining after the sale or other disposition. Mortgagor hereby consents and agrees that any disposition of all or a part of the Mortgaged Property may be made without warranty of any kind whether expressed or implied. The rights and remedies of the Mortgagee provided by this Section 6.2 are limited to extent provided by applicable law.

Section 6.3 **Rights to Fixture Property Upon Event of Default.** Upon the occurrence and during the continuance of an Event of Default, Mortgagee may elect to treat the Fixture Property as either Realty Property or as Personal Property (but not both) and proceed to exercise such rights as apply to the type of Mortgaged Property selected.

Section 6.4 **Other Rights.** In addition to the rights as described in Sections 6.1, 6.2 and 6.3, upon the occurrence and during the continuance of any Event of Default, Mortgagee may take such other action, without notice or demand, as it deems advisable to protect and enforce its rights against Mortgagor and in and to the Mortgaged Property, including the following actions, each of which may be pursued concurrently or otherwise, at such time and in such order as Mortgagee may determine, in its sole discretion, without impairing or otherwise affecting the other rights and remedies of Mortgagee: (i) institute proceedings for the complete foreclosure of this Mortgage in which case the Mortgaged Property or any part thereof may be sold for cash or upon credit in one or more portions; or (ii) to the extent permitted and pursuant to the procedures provided by applicable law, institute proceedings for the partial foreclosure of this Mortgage for the portion of the Obligations then due and payable, subject to the continuing Lien of this Mortgage for the balance of the Obligations not then due; or (iii) institute an action, suit or proceeding in equity for the specific performance of any covenant, condition or agreement

contained in this Mortgage; or (iv) apply for the appointment of a trustee, receiver, liquidator or conservator of the Mortgaged Property, without regard for the adequacy of the security for the Obligations and without regard for the solvency of Mortgagor or of any Person liable for the payment of the Obligations; or (v) pursue such other remedies as Mortgagee may have under applicable law. The rights and remedies of the Mortgagee provided by this Section 6.4 are limited to the extent provided by applicable law.

Section 6.5 **Keeper**. In the event the Mortgaged Property, or any part thereof, is seized as an incident to an action for the recognition or enforcement of this Mortgage by executory process, ordinary process, sequestration, writ of fieri facias or otherwise, the Mortgagor and the Mortgagee agree that the court issuing any such order shall, if petitioned for by Mortgagee, direct the applicable sheriff to appoint as a keeper of the Mortgaged Property, the Mortgagee or any agent designated by Mortgagee or any person named by Mortgagee at the time such seizure is effected. This designation is pursuant to Louisiana Revised Statutes 9:5136 through 5140.2, inclusive, as the same may be amended, and the Mortgagee shall be entitled to all the rights and benefits afforded thereunder. It is hereby agreed that the keeper shall be entitled to receive as compensation, in excess of its reasonable costs and expenses incurred in the administration or preservation of the Mortgaged Property, an amount equal to five (5%) percent of the gross revenues of the Mortgaged Property, which shall be included as Debt secured by this Mortgage. The designation of keeper made herein shall not be deemed to require the Mortgagee to provoke the appointment of such a keeper.

Section 6.6 **Account Debtors**. Mortgagee may, in its discretion, after the occurrence and during the continuance of an Event of Default, (a) notify any account debtor on any accounts constituting Mortgaged Property to make payments directly to Mortgagee, (b) instruct any party described in Section 3.1(b) to deliver all Hydrocarbons assigned to Mortgagee as described in Section 3.1(a) and all proceeds therefrom directly to Mortgagee, and (c) contact such account debtors and other parties directly to verify information furnished by Mortgagor with respect to such account debtors and such accounts. Mortgagee shall not have any obligation to preserve any rights against prior parties.

Section 6.7 **Set-Off**. Upon the occurrence and during the continuance of any Event of Default, Lender shall have the right to set-off any funds of Mortgagor in the possession of Lender against any amounts then due by Mortgagor pursuant to this Mortgage.

ARTICLE 7 **MISCELLANEOUS**

Section 7.1 **Advances by Mortgagee**. Each and every covenant herein contained shall be performed and kept by Mortgagor solely at Mortgagor's expense. If Mortgagor shall fail to perform or keep any of the covenants of whatsoever kind or nature contained in this Mortgage, Mortgagee, Lender or any receiver appointed hereunder, may, but shall not be obligated to, make additional Delayed Draw Loans as provided in the Loan Agreement to perform the same on Mortgagor's behalf, and Mortgagor hereby agrees to repay such Loans in accordance with the terms of the Loan Agreement. No such advance shall be deemed to relieve Mortgagor from any Event of Default hereunder.

Section 7.2 **Defense of Claims**. Mortgagor will notify Mortgagee, in writing, promptly of the commencement of any legal proceedings of which Mortgagor has notice affecting or which could adversely affect the Lien hereof or the status of or title to the Mortgaged Property, or any material part thereof, and will take such action, employing attorneys agreeable to Mortgagee, as may be necessary to preserve Mortgagor's or Mortgagee's rights affected thereby; and should Mortgagor fail or refuse to take any such action, Mortgagee may take such action on behalf and in the name of Mortgagor and at Mortgagor's sole cost and expense. Moreover, Mortgagee may take such independent action in connection therewith as it may, in its

sole discretion, deem proper without any liability or duty to Mortgagor except to use ordinary care, Mortgagor hereby agreeing that all sums advanced or all expenses incurred in such actions plus interest at a rate per annum equal to the rate of interest applicable to principal outstanding on the Notes, will, on demand, be reimbursed to Mortgagee or any receiver appointed hereunder.

Section 7.3 **Defeasance**. If the Termination Date has occurred, then, and in that case only, this Mortgage shall be null and void and the interests of Mortgagor in the Mortgaged Property shall become wholly clear of the Lien created hereby, and such Lien shall be released in due course at the cost of Mortgagor. Mortgagee will, at Mortgagor's sole expense, execute and deliver to Mortgagor all releases and other instruments reasonably requested of the Lien created hereunder. Otherwise, this Mortgage shall remain and continue in full force and effect.

Section 7.4 **Renewals, Amendments and Other Security**. Renewals and extensions of the Obligations may be given at any time and amendments may be made to this Mortgage, the Loan Documents and any other agreements relating to any part of the Obligations, and Mortgagee may take or may hold other security for the Obligations. Any amendment of this Mortgage shall be by written instrument and need be executed only by the party against whom enforcement of such amendment is asserted. Mortgagee may resort first to such other security or any part thereof or first to the security herein given or any part thereof, or from time to time to either or both, even to the partial or complete abandonment of either security, and such action shall not be a waiver of any rights conferred by this Mortgage, which shall continue as a first Lien and security interest upon the Mortgaged Property not expressly released until all Obligations secured hereby are fully paid.

Section 7.5 **Instrument and Assignment, etc.** This Mortgage shall be deemed to be and may be, enforced from time to time as an assignment, chattel mortgage, contract, financing statement, real estate mortgage, pledge or security agreement, and from time to time as any one or more thereof; and to the extent that any particular jurisdiction wherein a portion of the Mortgaged Property is situated does not recognize or permit Mortgagor to grant, bargain, sell, warrant, mortgage, assign, transfer or convey Mortgagor's rights, titles and interests to Mortgagee in the manner herein adopted, then, with respect to the Mortgaged Property located in such jurisdiction, Mortgagor does hereby grant, bargain, sell, warrant, mortgage, assign, transfer and convey unto Mortgagee, the Mortgaged Property to secure the Obligations and the Obligations of Mortgagor contained herein.

Section 7.6 **[Reserved]**.

Section 7.7 **Unenforceable or Inapplicable Provisions**. If any provision of this Mortgage or in any of the other Loan Documents is invalid or unenforceable in any jurisdiction, the other provisions hereof or of any of the other Loan Documents shall remain in full force and effect in such jurisdiction, and the remaining provisions hereof shall be literally construed in favor of Mortgagee in order to effectuate the provisions hereof, and the invalidity of any provision hereof in any jurisdiction shall not affect the validity or enforceability of any such provision in any other jurisdiction. Any reference herein contained to statutes or Laws of a state in which no part of the Mortgaged Property is situated shall be deemed inapplicable to, and not used in, the interpretation hereof.

Section 7.8 **Rights Cumulative**. Each and every right, power and remedy herein given to Mortgagee shall be cumulative and not exclusive; and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time and so often and in such order as may be deemed expedient by Mortgagee and the exercise, or the beginning of the exercise, of any such right, power or remedy shall not be deemed a waiver of the right to exercise, at the same time and thereafter, any other right, power or remedy. No delay or omission by Mortgagee in the exercise of any right, power or remedy shall impair any such right, power or remedy or operate as a waiver thereof or of any other right, power or remedy then or thereafter existing.

Section 7.9 **Waiver by Mortgagee**. Any and all covenants in this Mortgage may, from time to time, by instrument in writing signed by Mortgagee, be waived to such extent and in such manner as Mortgagee may desire, but no such waiver shall ever affect or impair Mortgagee's rights and remedies or Liens hereunder, except to the extent specifically stated in such written instrument.

Section 7.10 **Successors and Assigns**. This Mortgage is binding upon Mortgagor, and Mortgagor's heirs, devisees, successors, personal and legal representatives and assigns, and shall inure to the benefit of Mortgagee, and their successors, legal representatives and assigns, and the provisions hereof shall likewise be covenants running with the Oil and Gas Properties.

Section 7.11 **Article and Section Headings**. The article and section headings in this instrument are inserted for convenience and shall not be considered a part of this Mortgage or used in its interpretation.

Section 7.12 **Counterparts**. This Mortgage may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original, and all of which are identical except that, to facilitate recordation in any particular county, counterpart portions of Exhibit A which describe properties situated in counties other than the county in which such counterpart is to be recorded may be omitted.

Section 7.13 **Special Filing as Financing Statements**. This Mortgage will be deemed to be and may be enforced from time to time as an assignment, chattel mortgage, contract, mortgage, financing statement, real estate mortgage, or security agreement, and from time to time as any one or more thereof if appropriate under applicable state law. AS A FINANCING STATEMENT AND AS A FIXTURE FILING WITH RESPECT TO FIXTURE PROPERTY, AND SUBJECT TO SUBSECTION (4) OF SECTION 9-301 OF THE CODE (La. Rev. Stat 10:9-301(4)), AS AMENDED, MODIFIED OR SUCCEEDED, THIS MORTGAGE IS INTENDED TO COVER ALL PERSONAL PROPERTY INCLUDING MORTGAGOR'S INTEREST IN ALL HYDROCARBONS AS AND AFTER THEY ARE EXTRACTED AND ALL ACCOUNTS ARISING FROM THE SALE THEREOF AT THE WELLHEAD. **THIS MORTGAGE SHALL BE EFFECTIVE AS A FINANCING STATEMENT FILED AS A FIXTURE FILING WITH RESPECT TO FIXTURE PROPERTY INCLUDED WITHIN THE MORTGAGED PROPERTY.** This Mortgage shall be filed in the real estate records or other appropriate records of the parish or parishes in the state in which any part of the Mortgaged Property is located as well as the Code records of the Secretary of State or other appropriate office of the state in which any Mortgaged Property is located. At Mortgagee's request Mortgagor shall deliver financing statements covering the Personal Property, including all Hydrocarbons sold at the wellhead, and Fixture Property, which financing statements may be filed in the Code records of the Secretary of State or other appropriate office of the parish or state in which any of the Mortgaged Property or Mortgagor is located or in any other location permitted or required to perfect Mortgagee's security interest under the Code. In addition, Mortgagor hereby irrevocably authorizes Mortgagee and any affiliate, employee or agent thereof, at any time and from time to time to file in any Code jurisdiction any financing statement or document and amendments thereto, without the signature of Mortgagor where permitted by law, in order to perfect or maintain the perfection of any security interest granted under this Mortgage. A photographic or other reproduction of this Mortgage shall be sufficient as a financing statement.

Section 7.14 **Notices**. Whenever this Mortgage requires or permits any consent, approval, notice, request or demand from one party to another, such consent, approval, notice or demand shall, unless otherwise required under applicable Laws, be given in accordance with the provisions of the Loan Agreement, addressed to the party to be notified at the address stated below (or such other address as may have been designated in accordance with the provisions of the Loan Agreement):

Mortgagor: HEDV LAFEMME, LLC
1200 Smith Street, Suite 2400
Houston, Texas 77002
Attention: P. David Amend

Mortgagee: SANDTON CREDIT SOLUTIONS MASTER FUND IV, LP
16 West 46th Street, 11th Floor
New York, NY 10036
Attention: Robert Orr

Section 7.15 **Governing Law.** INsofar AS PERMITTED BY OTHERWISE APPLICABLE LAW, THIS MORTGAGE AND THE OBLIGATIONS SHALL BE CONSTRUED UNDER AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK (EXCLUDING CHOICE OF LAW AND CONFLICT OF LAW RULES); PROVIDED, HOWEVER, THAT THE LAWS OF THE STATE IN WHICH THE MORTGAGED PROPERTY IS LOCATED OR IS DEEMED TO BE LOCATED IN OR OFFSHORE ADJACENT TO (AND STATE LAW MADE APPLICABLE AS A MATTER OF FEDERAL LAW), SHALL APPLY TO THE EXTENT OF PROCEDURAL AND SUBSTANTIVE MATTERS RELATING ONLY TO THE CREATION, PERFECTION, FORECLOSURE OF LIENS AND ENFORCEMENT OF RIGHTS AND REMEDIES AGAINST THE MORTGAGED PROPERTY.

Section 7.16 **[Reserved].**

Section 7.17 **Annexed Properties.** Executed original counterparts of this instrument are to be filed for record in the records of the jurisdictions wherein the Mortgaged Property is situated (or with respect to any Mortgaged Property that is located within (or covers or relates to properties located within) the outer Continental shelf properties which appertain to the United States of America (and are subject to its jurisdiction and control) or other offshore area over which the United States of America asserts jurisdiction and to which the laws of the State of Louisiana are applicable with respect to this Mortgage and/or the liens or security interests created hereby, in the records of the jurisdictions adjacent to such Mortgaged Property), and shall have annexed thereto as Exhibit "A", only the portions or divisions containing specific descriptions of the Mortgaged Property relating to the Oil and Gas Properties located in such jurisdictions. Whenever a recorded counterpart of this instrument contains specific descriptions which are less than all of the descriptions contained in any full counterpart lodged with Mortgagee, the omitted descriptions are hereby included by reference in such recorded counterpart as if each recorded counterpart conformed to any full counterpart lodged with Mortgagee.

Section 7.18 **No Paraphed Notes.** Mortgagor acknowledges that no promissory note or other instrument has been presented to the undersigned notary public(s) to be paraphed for identification herewith.

Section 7.19 **[Reserved]**

Section 7.20 **Due Authorization.** Mortgagor hereby represents, warrants and covenants to Mortgagee that the obligations of Mortgagor under this Mortgage are the valid, binding and legally enforceable obligations of Mortgagor, that the execution, sealing and delivery of this Mortgage by Mortgagor has been duly and validly authorized in all respects by Mortgagor, and that the persons who are executing and delivering this Mortgage on behalf of Mortgagor have full power, authority and legal right to so do, and to observe and perform all of the terms and conditions of this Mortgage on Mortgagor's part to be observed or performed.

Section 7.21 **Authentic Evidence**. Any and all declarations of facts made by authentic act before a notary public in the presence of two witnesses by a Person declaring that such facts lie within his or its knowledge, shall constitute authentic evidence of such facts for the purpose of executory process. Mortgagor specifically agrees that such an affidavit by a representative of Mortgagee as to the existence, amount, terms and maturity of the Obligations and of a default thereunder shall constitute authentic evidence of such facts for the purpose of executory process

Section 7.22 **Bankruptcy Limitation**. Notwithstanding anything contained herein to the contrary, it is the intention of the Mortgagor and the Mortgagee that the amount of the Obligations secured by the Mortgagor's interests in any of its Property shall be in, but not in excess of, the maximum amount permitted by fraudulent conveyance, fraudulent transfer and other similar law, rule or regulation of any Governmental Authority applicable to the Mortgagor. Accordingly, notwithstanding anything to the contrary contained in this Mortgage in any other agreement or instrument executed in connection with the payment of any of the Obligations, the amount of the Obligations secured by the Mortgagor's interests in any of its Property pursuant to this Mortgage shall be limited to an aggregate amount equal to the largest amount that would not render the Mortgagor's obligations hereunder or the Liens and security interest granted to the Mortgagee hereunder subject to avoidance under Section 548 of the United States Bankruptcy Code or any comparable provision of any other applicable law.

Section 7.23 **Certain Louisiana References**. Each reference to a "lien" will include a reference to a "privilege", "mortgage", "collateral assignment pledge", and/or "security interest", as appropriate. Each reference to an "easement" or "easements" will include a reference to a "servitude" and "servitudes". Each reference to a county will include a reference to a Louisiana parish. The terms "and", "real property", and "real estate" will mean "immovable property" as that term is used in the Louisiana Civil Code. The term "personal property" will mean "movable property" as that term is used in the Louisiana Civil Code. The term "intangible" will mean "incorporeal" as that term is used in the Louisiana Civil Code. Reference to "receiver" shall be deemed to be a keeper appointed by the Mortgagee as provided herein. The term "fee estate" or "fee simple title" will mean "full ownership interest" as that term is used in the Louisiana Civil Code. The term "condemnation" will include "expropriation" as that term is used in Louisiana law. The term "conveyance in lieu of foreclosure" or "action in lieu thereof" will mean "giving in payment" as that term is used in the Louisiana Civil Code and "donation en payment". The term "joint and several" will include "solidary" as that term is used in the Louisiana Civil Code.

Section 7.24 **Limitation on Collateral**. To the extent any of the Mortgaged Property in which a Lien, pledge, security interest or other encumbrance is purported to be granted hereby consists of leases from the United States of America (the "Federal Leases") or any Indian tribal leases ("Tribal Leases"), the grant of such purported Lien, pledge, security interest or other encumbrance in such Federal Leases or Tribal Leases pursuant to the terms hereof shall be effective to the extent permissible under the Mineral Leasing Act of 1920 Section 30 U.S.C. §181, et seq., all rules and regulations promulgated thereunder, 43 C.F.R. § 3000, et seq., the Outer Continental Shelf Lands Act, 43 U.S.C. § 1331, et seq., all rules and regulations promulgated thereunder, 30 C.F.R. Part 250, et seq., or other applicable law.

Section 7.25 **Conflicts**. In the event of any conflict between the provisions of this Mortgage and the provisions of the Loan Agreement, including Section 8.13 of the Loan Agreement, the provisions of the Loan Agreement shall govern and control.

THIS WRITTEN AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

(SIGNATURE PAGES TO IMMEDIATELY FOLLOW)

THUS DONE AND PASSED, in multiple originals before me, the undersigned Notary Public in and for the State of Texas, and in the presence of the undersigned competent witnesses, who hereunto signed their names with the undersigned appearer, and me, Notary Public, after due reading of the whole, on June 9, 2017 and made effective as of June 9, 2017.

MORTGAGOR:

HEDV LAFEMME, LLC
a Texas limited liability company

WITNESSES:

Isaac Whitehead
Name: Isaac Whitehead

By: *Heath Suire*
Name: Heath Suire
Title: Vice President

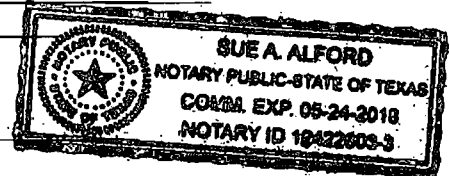
Martha Moore
Name: Martha Moore

Sue A. Alford
NOTARY PUBLIC

Full name as appears in notarial commission: _____

Notarial Identification Number: _____

My Commission Expires on: _____



THUS DONE AND PASSED, in multiple originals before me, the undersigned Notary Public in and for the State of [NC], and in the presence of the undersigned competent witnesses, who hereunto signed their names with the undersigned appearer, and me, Notary Public, after due reading of the whole, on [June 9], 2017 and made effective as of [June 9], 2017.

MORTGAGEE:

**SANDTON CREDIT SOLUTIONS
MASTER FUND, IV, LP**

WITNESSES:

Katie Brown
Name: Katie Brown

By: [Signature]
Name: Robert Orr
Title: Managing Director

Caitlin Storey
Name: Caitlin Storey

Wendy Wood
NOTARY PUBLIC

Full name as appears in notarial commission: Wendy J. Wood
Notarial Identification Number: 201627300212

My Commission Expires on: 9/28/21

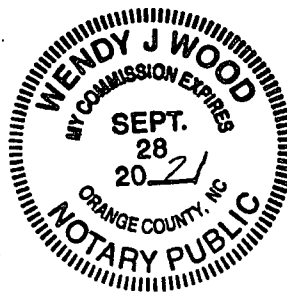


Exhibit A

The designation "Working Interest" or "WI" or "GWI" when used in this Exhibit means an interest owned in an oil, gas, and mineral lease that determines the cost-bearing percentage of the owner of such interest. The designation "Net Revenue Interest" or "NRI" or "NRIO" or "NRIG" means that portion of the production attributable to the owner of a working interest after deduction for all royalty burdens, overriding royalty burdens or other burdens on production, except severance, production, and other similar taxes. The designation "Overriding Royalty Interest" "ORRI" means an interest in production which is free of any obligation for the expense of exploration, development, and production, bearing only its pro rata share of severance, production, and other similar taxes and, in instances where the document creating the overriding royalty interest so provides, costs associated with compression, dehydration, other treating or processing, or transportation of production of oil, gas, or other minerals relating to the marketing of such production. The designation "Royalty Interest" or "RI" means an interest in production which results from an ownership in the mineral fee estate or royalty estate in the relevant land and which is free of any obligation for the expense of exploration, development, and production, bearing only its pro rata share of severance, production, and other similar taxes and, in instances where the document creating the royalty interest so provides, costs associated with compression, dehydration, other treating or processing or transportation of production of oil, gas, or other minerals relating to the marketing of such production. Each amount set forth as "Working Interest" or "WI" or "GWI" or "Net Revenue Interest" or "NRI" or "NRIO" or "NRIG" is the Mortgagor's interest after giving full effect to, among other things, all Liens permitted by the Loan Agreement and after giving full effect to the agreements or instruments set forth in this Exhibit A and any other instruments or agreements affecting Mortgagor's ownership of the Hydrocarbons.

Any reference in this Exhibit A to wells or units is for warranty of interest, administrative convenience, and identification and shall not limit or restrict the right, title, interest, or Properties covered by this Mortgage. All right, title, and interest of Mortgagor in the Properties described herein and in Exhibit A are and shall be subject to this Mortgage, regardless of the presence of any units or wells not described herein.

The reference to book or volume and page herein and in Exhibit A refer to the recording location of each respective Realty Property described herein and in Exhibit A in the parish where the land covered by the Realty Property is located.

Exhibit A (Continued)

Leases

Assignment dated effective January 30, 2016, having been recorded at File Number 2016-0003438, whereby HEDV La Femme, LLC is conveyed 5.00% working interest in that certain Oil and Gas Lease dated effective February 1, 2008 from the United States of America, as Lessor, and Stone Energy Corporation, as Lessee, bearing Serial Number OCS-G 31498 and covering all of Mississippi Canyon Block 427 and the La Femme Prospect

Exhibit B

Wells

La Femme MC 427 #2 Well

La Femme MC 427 #1 ST0 Well

Return acknowledgment to:



Capitol Services, Inc.
P.O. Box 1831 Austin, TX 78767
800/345-4647

Exhibit B