

UPDATE

1/93

4 1997

GORDON, ARATA, McCOLLAM & DUPLANTIS

ATTORNEYS AT LAW

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GUY E. HALL
CYNTHIA A. NICHOLSON
CATHY E. CHESSIN
WILLIAM T. D. ZURILLA
MARGARET D. SWOFFS
WILLIAM F. BAILEY
ALAN C. WOLF
JAMES E. SLATTEN III
SAMUEL E. MASIJR
PAUL E. BULLINGTON
STEVEN W. COMLEY
JAMES L. WEHLS
DEBORAH CLUNNINGHAM FOSHEE
RICHARD E. MATHENY

A PROFESSIONAL CORPORATION

WILLARD H. HENSON
JASON A. T. JUMONVILLE
JUDITH W. GORLANDO
ANTHONY C. MARINO
MARION WELBORN WEINSTOCK
FRANCES M. BULLION
REBECCA WUMMSER COMEAUX
MARTIN E. LANDRIEU
MARGARET P. SULLIVAN
KATHY MANCHESTER BORBAS
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SCOTT A. O'CONNOR
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BATON ROUGE 70898
P. O. BOX 80431
1710 ONE AMERICAN PLACE
(504) 381-9643
TELEFAX (504) 326-9763

October 5, 1992

Ref: 2050-16237

RECEIVED

OCT 8 1992

HAND DELIVERY

Ms. LaNelle Boehm
Minerals Management Service
Adjudication Unit, MS5421
1201 Elmwood Park Boulevard
New Orleans, Louisiana 70123-2390

Minerals Management Service
Leasing & Environment

Re: OCS-G 1997, West Cameron Block 171,
Offshore Louisiana, Gulf of Mexico

Dear Ms. Boehm:

Enclosed please find three (3) copies of a
Conveyance of Limited Overriding Royalty Interest dated
October 1, 1992 by Conn Energy, Inc. in favor of Centran
Energy Corporation. We request that you place the
referenced conveyance into the lease file for OCS-G 1997
for filing purposes only. Accompanying this letter is a
firm check in the amount of \$25.00 to cover your fee for
this service.

Please request receipt of this filing in the
space provided hereinbelow. Also, we request that you
return two stamped copies of the instrument to our office
for the completeness of our files.

Yours sincerely,

GORDON, ARATA, McCOLLAM &
DUPLANTIS

By: J. M. White
J. M. White

JMW:dd/8218H
Enclosure

GORDON, ARATA, McCOLLAM & DUPLANTIS

Ms. LaNelle Boehm
Minerals Management Service
October 5, 1992
Page -2-

Received on this 6th day of October, 1992

By:

La Nelle Boehm

Name: La Nelle Boehm

Title: Supervisory Mineral Leasing Specialist

RECEIVED

OCT 6 1992

Minerals Management Service
Leasing & Environment

OCS-G 1997

RECEIVED

OCT 6 1992

file # 208694

Minerals Management Service
Leasing & Environment

**CONVEYANCE OF LIMITED
OVERRIDING ROYALTY INTEREST**

THIS Conveyance of Limited Overriding Royalty Interest (this "Conveyance"), dated as of October 1, 1992 at 7:00 a.m. Central Time (the "Effective Time"), is from CONN ENERGY, INC. ("Conn"), a Louisiana corporation whose address is One Poydras Plaza, 639 Loyola Avenue, Suite 1062, New Orleans, LA 70113 ("Grantor") to CENTRAN ENERGY CORPORATION, a Minnesota corporation, whose address is One Main at Riverplace, One Main Street, S.E., Suite 600, Minneapolis, Minnesota 55414 ("Grantee").

WHEREAS, Grantor is the owner of interests in and to the Lease (as herein defined); and

WHEREAS, Grantor plans prudently to perpetuate, produce and develop the Lease, and Grantor has agreed to sell to Grantee and Grantee has agreed to purchase from Grantor, the following described overriding royalty interest carved out of the Lease, all on the terms set forth herein;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS:

Article I

DEFINITIONS

As used herein and in the exhibits hereto, the following terms shall have the respective meanings ascribed to them below:

"First Transporter" shall have the meaning given such term in Section 2.05.

"Gas" means any natural gas or other gaseous hydrocarbons remaining after separation of the associated oil and other liquids through a conventional field separation process.

"Lease" means the oil, gas, and mineral lease described in Exhibit A attached hereto as to all lands and depths described in such lease, together with any renewal

or extension of such lease (as to all or any part or portion thereof), and any replacement lease taken upon or in anticipation of expiration or termination of such lease (if executed and delivered during the term of or within six calendar months after expiration of the predecessor lease), as to all lands and depths described in the predecessor lease.

"Meter 20" is defined in Section 2.04.

"Subject" means all Gas produced and saved from the Lease to the extent the same is pooled, unitized or communitized with other leases, lands or waterbottoms. A portion of such pooled, unitized or communitized produced and saved which is allocated to the lands and waterbottoms described in the lease, excluding:

(a) any Gas which is unavoidably lost in the production thereof or which is used by Grantor or the operator for drilling, mining, and production operations (including, without limitation, gas injection, secondary recovery, pressure maintenance, repressuring, or cycling operations) conducted prudently and in good faith for the purpose of producing Gas from the Subject Interests or from any unit to which the Subject Interests are committed, but only for as long as such Gas is so used; and

(b) any Gas which fails to meet the quality standards set forth in Exhibit B attached hereto, and any Gas which is not at a pressure sufficient to effect the delivery of such Gas into the Transporter's line against the operating pressure in said line; provided, however, the Grantee from time to time may elect to waive any such requirements for such periods as Grantee may choose.

"Subject Interests" or "Subject Interest" means the interests set forth in Exhibit A in and to the Lease, and any and all additional right, title, interest or claim of every kind and character of Grantor in the Lease and the production therefrom, together with any pooled, communitized or unitized acreage by virtue of the Lease being a part thereof, including all production from the pool, communitized area or unit and all interests in any

wells, whether now existing or drilled hereafter, on any such Lease or within any such pool communitized area or unit, including, without limitation, those described in Exhibit A, even though Grantor's interest be incorrectly or incompletely described in Exhibit A, all as the same shall be enlarged by the discharge of any burdens or by the removal of any charges or encumbrances to which any of the same may be subject at the Effective Time, and any and all renewals and extensions of any of the same.

"Target Total Production" means two billion cubic feet of gas (2 BCF).

Article II

CONVEYANCE

Section 2.01 Conveyance. For and in consideration of One Hundred Dollars (\$100.00) and other good and valuable consideration to Grantor cash in hand paid by Grantee, the receipt and the sufficiency of which is hereby acknowledged, Grantor hereby GRANTS, BARGAINS, SELLS, CONVEYS, ASSIGNS, SETS OVER, AND DELIVERS unto Grantee, its successors and assigns, as an overriding royalty interest in and to the Lease (the "Overriding Royalty"), in kind to Grantee free of cost at the Meter Point, of sixty percent of eight-eighths (60% of 8/8ths) of all of Grantor's right, title and interests in the Lease, now owned or hereafter acquired, of all Subject Gas produced and saved from and after the Effective Time and until the Termination Time, as defined in Section 2.03 hereinbelow (said portions of such Subject Gas being referred to collectively as the "Overriding Royalty Gas").

TO HAVE AND TO HOLD the Overriding Royalty, together with all and singular the rights and appurtenances thereto in anywise belonging, unto Grantee, its successors and assigns, subject to the following terms, provisions and conditions.

Section 2.02 Non-Operating, Non-Expense-Bearing Interest. The Overriding Royalty conveyed hereby is a non-operating, non-expense-bearing interest in real property and a real right carved out of the Lease, free of all cost, risk and expense of production, operations and delivery to the Meter Point. In no event shall Grantee ever be liable or responsible in any way for payment of

any costs, expenses or liabilities attributable to the Subject Interests (or any part thereof) or incurred in connection with the production, saving or delivery of the Overriding Royalty Gas to the Meter Point. Grantee does agree to bear its pro rata share of the severance taxes.

Section 2.03 Termination Time. The Overriding Royalty shall terminate on the earlier to occur of the following (the earlier to occur of the following being the "Termination Time"), to-wit: (a) 7:00 a.m. Central Time on the day following the day on which the total of all Overriding Royalty Gas actually delivered to Grantee hereunder shall equal the Target Total Production or (b) 7:00 a.m. Central Time on the day following the date on which the Lease shall finally terminate. In the event any portion of the Lease should terminate before the Termination Time, the Overriding Royalty no longer shall apply to that portion, but the Overriding Royalty shall remain in full force and effect undiminished as to the remaining portion of such Lease, and the Total Target Production shall not be reduced or diminished by reason of the termination of such Lease as to such portion thereof.

Section 2.04 Take In Kind. The Grantee shall take in kind the Overriding Royalty Gas at the inlets of the meters of the First Transporter (as hereinafter defined) located at or near the wellheads, or such other mutually agreeable point of delivery as the parties may determine (the "Meter Point"), currently as produced and saved in its natural state after removal of liquids by conventional mechanical field separation facilities (low temperature absorption, lean oil absorption, or similar "separation" facilities shall not be considered conventional mechanical field separation facilities, and gas shall not be flowed through such facilities or any cryogenic facilities or processing plant before the Meter Point). As between Grantor and Grantee, Grantor shall be in exclusive control and possession of the Overriding Royalty Gas deliverable hereunder and responsible for any loss, damage or injury caused thereby until the same shall have been delivered to Grantee at the Meter Point, after which delivery Grantee shall be deemed to be in exclusive control and possession thereof and responsible for any loss, injury or damage caused thereby. To the extent it has the right to do so, Grantor hereby grants to Grantee,

its successors and assigns, easements and rights-of-way over and across the Lease and lands pooled, communitized and/or unitized therewith, together with rights of ingress and egress, for the construction, maintenance, operation, repair, and removal of pipelines, metering stations, and any and all other facilities and appurtenances necessary or useful related to the receipt, transportation, measurement, treatment and marketing of the Overriding Royalty Gas.

Section 2.05 Measurement. Measurement of the volume of Overriding Royalty Gas delivered hereunder shall be made without cost to Grantor at the Meter Point at the meter installed and maintained by the first pipeline transporter or pipeline purchaser with which Grantee contracts for the transportation and/or sale of Overriding Royalty Gas ("First Transporter") or by Grantee, and measurement shall be as determined under the applicable transportation agreement with the First Transporter.

Section 2.06 Pooling. Grantor, acting as a reasonable, prudent operator and with due regard for the interest of Grantee, shall have the right and power, with the consent and joinder of Grantee (which consent shall not be unreasonably withheld), to pool or unitize the Overriding Royalty insofar as it applies to a particular Lease, or portion thereof, to the same extent as Grantor shall pool the royalty interest applicable to such Lease, or portion thereof (provided, however, that in no event shall such action adversely affect the Overriding Royalty), and thereafter Grantee shall be entitled to receive the Overriding Royalty Gas attributable to such Subject Interest, to the extent it applies to such Lease, or portion thereof, on a unitized basis.

Section 2.07 Limitation Relating to Mortgage and Assignment by Grantor. During the term of the Overriding Royalty, (i) Grantor shall not mortgage, pledge or hypothecate the Subject Interests or create any lien or security interest thereon or on any Subject Gas unless such mortgage, pledge, hypothecation, lien or security interest is made and accepted expressly subject and subordinate to this Conveyance and the Overriding Royalty, and (ii) Grantor shall not assign, sell, transfer or convey Grantor's remaining interests in the Subject Interests or any part thereof unless such sale, transfer or assignment is made and accepted expressly subject and

subordinate to this Conveyance and the Overriding Royalty; and any purported mortgage, pledge, hypothecation, lien, security interest, sale, transfer or conveyance in contravention of the foregoing terms shall be null and void.

Section 2.08 Warranty. Grantor does hereby bind Grantor and Grantor's heirs, legal representatives and successors, to warrant and defend all and singular the Overriding Royalty unto Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

Section 2.09 Subrogation. This Conveyance is made with full substitution and subrogation of Grantee, its successors and assigns, in and to all covenants and warranties by others heretofore given or made in respect of the Subject Interests to the extent applicable to the Overriding Royalty, or any part thereof.

Section 2.10 Definitive Purchase and Sale Agreement. This conveyance is made subject to all terms and conditions contained in that certain Definitive Purchase and Sale Agreement executed this day by and between Grantor, Grantee and Energy Properties, Inc.

Section 2.11. Governing Law. THIS CONVEYANCE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF LOUISIANA.

Section 2.12 Terms Run With The Land; Successors and Assigns. The terms and conditions contained in this Conveyance shall be deemed to be real covenants, running with the land and the respective interests of the parties, and (subject to the foregoing restrictions in Section 2.07) shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. All references herein to either Grantor or Grantee shall include their respective successors and assigns.

Section 2.13 Assignment by Grantee. Grantee shall not assign, sell, transfer or convey the rights acquired herein unless the prior written consent of Grantor has been obtained for said transfer. The consent of Grantor shall not be unreasonably withheld. The consent of Grantor shall not be required for any transfers

to subsidiaries, parents or affiliated entities of Grantee, nor shall said consent be required for any assignment, transfer or conveyance in favor of Bellico II Partnership or the creation of any security interest in favor of Bellico II Partnership.

Section 2.14 Texaco Exploration & Producing, Inc. The parties hereto recognize that Grantor acquired an undivided 4.73% interest in the Lease from Texaco Exploration & Producing, Inc. ("Texaco") and that Texaco reserved on behalf of itself and its designee, the optional preferential right to enter into a contract to purchase the gas produced from the interest in the Lease conveyed by Texaco to Conn Energy, Inc. Grantor agrees to make a good faith effort to obtain a waiver of these rights by Texaco.

EXECUTED in multiple originals this 1st day of October, 1992, but effective as of the Effective Time.

GRANTOR:

CONN ENERGY, INC.

By: [Signature]
Name: Clarence W Conn
Title: President

WITNESSES:

[Signature]
Name: _____
[Signature]
Name: _____

The foregoing Conveyance is hereby accepted this 1st day of October, 1992.

GRANTEE:

CENTRAN ENERGY CORPORATION

By: [Signature]
Name: David B. Christopher
Title: Vice President - General Counsel


WITNESSES:

[Signature]
Name: _____
[Signature]
Name: _____

STATE OF LOUISIANA

PARISH OF ORLEANS

On this 1st day of October, 1992, before me, the undersigned Notary Public in and for the State of Louisiana, personally appeared Clarence W. Conn, Sr., to me personally known, who, being by me duly sworn, did say that he is the President of CONN ENERGY, INC. and acknowledged that the instrument was signed on behalf of the corporation by authority of its Board of Directors and acknowledged the instrument to be the free act and deed of the corporation.


Printed Name: _____
Notary Public in and for the
State of Louisiana

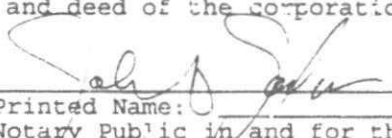
My Commission is for life

JOHN A. GAUDIN
Notary Public, Parish of Orleans, State of La.
My Commission is for life.

STATE OF LOUISIANA

PARISH OF ORLEANS

On this 1st day of October, 1992, before me, the undersigned Notary Public in and for the State of Louisiana, personally appeared James A. Christensen, to me personally known, and being by me duly sworn, did say that he is the Area-Gen Counsel of CENTRAN ENERGY CORPORATION, a Minnesota corporation, and that the instrument was signed on behalf of the corporation by authority of its Board of Directors acknowledged the instrument to be the free act and deed of the corporation.


Printed Name: _____
Notary Public in and for the
State of Louisiana

My Commission is for life

8192H

JOHN A. GORDON
Notary Public, Parish of Orleans, State of La.
My Commission is for life.

EXHIBIT "A" TO
CONVEYANCE OF LIMITED OVLRRIDING ROYALTY L. TEREST

OCS-G 1997

Oil and Gas Lease of Submerged Lands Under the Outer Continental Shelf Lands Act, Lease No. OCS-G 1997 granted by the United States of America in favor of TransOcean Oil, Inc., et al, covering all of Block 171, West Cameron Area, Official Leasing Map, Louisiana Map No. 1.

Grantor's net revenue interest in OCS-G 1997 is not less than 32.77875%.

7992H

1977

GORDON, ARATA, McCOLLAM & DUPLANTIS

ATTORNEYS AT LAW

PLACE ST CHARLES

201 ST CHARLES AVENUE

40TH FLOOR

NEW ORLEANS, LOUISIANA 70170-4000

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ARLENE LOMBARD

October 5, 1992

Ref: 2050-16237

A PROFESSIONAL LAW CORPORATION

HAND DELIVERY

Ms. LaNelle Boehm
Minerals Management Service
Adjudication Unit, MS5421
1201 Elmwood Park Boulevard
New Orleans, Louisiana 70123-2390

Re: OCS-G 1997, West Cameron Block 171,
Offshore Louisiana, Gulf of Mexico

Dear Ms. Boehm:

Enclosed please find three (3) copies of a Mortgage dated October 1, 1992 by Centran Energy Corporation in favor of Bellico II Partnership and three (3) copies a UCC-1 Financing Statement by and between Centran Energy Corporation, Debtor, and Bellico II Partnership, as secured party. We request that you place these instruments in the mortgage file for OCS-G 1997 for filing purposes only. Accompanying this letter is a firm check in the amount of \$50.00 to cover your fee for this service.

Please acknowledge receipt of these filings in the space provided hereinbelow. Also, we request that you return two stamped copies of these instruments to our office for the completeness of our files.

Yours sincerely,

GORDON, ARATA, McCOLLAM &
DUPLANTIS

By: 

J. M. White

JMW:gd/9219H
Enclosure

RECEIVED

OCT 6 1992

Minerals Management Service
Leasing & Environment

Ms. LaNelle Boehm
Minerals Management Service
October 5, 1992
Page -2-

Received this 6th day of October, 1992

By:

La Nelle Boehm

Name: La Nelle Boehm

Title: Supervisory Mineral Leasing Specialist

RECEIVED

OCT 6 1992

Minerals Management Service
Leasing & Environment

OCT 6 1992

RECEIVED

OCT 6 1992

Minerals Management Service
Leasing & Environment

MORTGAGE

BY

CENTRAN ENERGY CORPORATION

*
*
*
*
*

UNITED STATES OF AMERICA

STATE OF LOUISIANA

PARISH OF ORLEANS

BE IT KNOWN, that on this 1st day of October, 1992, before me, the undersigned Notary Public duly commissioned and qualified, personally come and appeared:

Centran Energy Corporation, a Minnesota corporation represented herein by David B. Christofferson, Vice President and General Counsel, duly authorized to act pursuant to certified resolutions of the Board of Directors of Centran Energy Corporation, a copy of which is attached hereto as Exhibit "A", whose mailing address is One Main at Riverplace, One Main Street S.E., Suite 600, Minneapolis, Minnesota 55414, (hereinafter referred to as "Mortgagor"),

who declared that Mortgagor does by these presents declare and acknowledge an indebtedness to Bellico II Partnership, a Minnesota general partnership, whose mailing address is 601 Lakeshore Parkway, Suite 250, Minnetonka, MN 55343-3873 (hereinafter referred to as "Mortgagee") in the sum of ONE MILLION SIX HUNDRED THOUSAND (\$1,600,000.00) DOLLARS in representation of which Mortgagor has made and subscribed a certain promissory note (the "Note") of even date herewith in the principal sum of \$1,600,000.00, together with interest on such principal sum, or so much thereof as may be advanced and outstanding at the fixed rate of twenty-five (25%) percent per annum, payable to Mortgagee in monthly payments which are due and payable commencing on December 15, 1992 and the same day of each successive month thereafter in an amount equal to the greater of (i) Ten Thousand and No/100 (\$10,000.00) Dollars or (ii) an amount equal to the first \$1.40 per MCF of net proceeds if any. Maker receives from the sale during the preceding month of any of the 2,000,000 MCF's of natural gas to be produced from the Bay Junop Unit 3,

No. 3, located in Section 15, Township 21 South, Range 14 East, Terrebonne Parish, Louisiana (the "Overriding Royalty Gas") less any amount paid to Bellico under this Note in the preceeding month that was in excess of the net proceeds actually received by Maker for the Overriding Royalty Gas, which Note (a copy of which is attached hereto as Exhibit "C") has been paraphrased "Ne Varietur" by me, Notary, for identification herewith, and was delivered to Mortgagor who acknowledges receipt thereof.

Section 1. Hypothecation. In order to secure the (i) punctual payment of the Note with interest and attorneys' fees, together with all renewals, extensions and modifications thereof, (ii) the payment of taxes, insurance premium and other advances, expenses and costs as hereinafter specified and (iii) the performance of Mortgagor's other obligations, covenants and agreements under this Mortgage and that certain Louisiana Security Agreement by Mortgagor in favor of Mortgagee of even date herewith (the "Security Agreement"), ((i), (ii) and (iii) being sometimes hereinafter referred to as the "Indebtedness"), Mortgagor does by these presents specially mortgage, affect, hypothecate, pledge, assign and grant a continuing security interest in, to inure to the use and benefit of Mortgagee, all of Mortgagor's real and personal property described below as well as all of Mortgagor's property relating thereto and all appurtenances belonging or in any wise appertaining thereto, whether now owned or hereafter acquired, and all of Mortgagor's rights, titles and interests in and to and relating to such property, including proceeds of insurance, property, and all products and proceeds derived therefrom, to-wit:

A. All of Mortgagor's right, title and interest in the leases and operating agreements and other documents and instruments (the "Override") described in Exhibit "D". which Exhibit is incorporated herein by reference thereto, as executed in favor of, or as assigned or otherwise transferred in whole or in part, to Mortgagor and the other estates created thereby and all the gas and gaseous hydrocarbons (hereinafter referred to collectively as "gas") therein and thereon, and all the gas produced therefrom (whether now or hereafter extracted) and all interests of Mortgagor in such gas (whether or not listed on Exhibit "D") as well as cements, permissions,

privileges, production and all other rights, privileges, titles and interests appurtenant thereto or relating thereto;

B. The contracts and agreements described in Exhibit "E" and all other contracts, operating agreements, farm-out or farm-in agreements, sharing agreements, mineral purchase agreements, contracts for the sale, exchange, transportation or processing of gas, rights-of-way, easements, surface leases, permits, franchises, licenses, pooling or unitization agreements, unit designations and pooling orders whether now or hereafter in effect affecting the Override, or gas now or hereafter covered hereby, or which are useful or appropriate in drilling for, producing, treating, handling, storing, transporting or marketing oil, gas or other minerals produced from any lands affected by the Override.

C. Together with whatever right Mortgagor may have to receive proceeds attributable to the insurance loss of any of the foregoing properties, all as provided in Louisiana Revised Statutes 9:5386.

All of Mortgagor's property described above, and all of Mortgagor's rights, titles and interests in and to and relating to such property, are hereinafter referred to individually and collectively as the "Property".

SUBJECT, however, to (i) the restrictions, exceptions, reservations, conditions, limitations, interests and other matters, if any, set forth or specified in the specific descriptions of such properties and interests in the leases, operating agreements, assignments of limited overriding royalty interests and other documents and instruments described in Exhibit "D," and (ii) the condition that Mortgagee shall not be liable in any respect for the performance of any covenant or obligation of Mortgagor in respect of the Property.

TO HAVE AND TO HOLD the Property hereby granted, assigned, pledged, bargained, sold, conveyed, mortgaged and otherwise transferred unto and in favor of Mortgagee, its successors and assigns, and Mortgagor is herein and hereby bound and obligated not to sell or alienate the Property to the prejudice of this act.

MORTGAGOR AND MORTGAGEE intend and agree that this Mortgage shall secure unpaid balances of any advances, including but not limited to advances for taxes, assessments, maintenance charges, insurance premiums, costs incurred for the protection of the Property or the lien of this Mortgage and expenses incurred by Mortgagee by reason of default by Mortgagor under this Mortgage, whether any such advances are obligatory or not and whether or not evidenced by the Note and whether heretofore made or made in the future, to the extent that the total unpaid obligations so secured, inclusive of interest thereon and inclusive of advances for taxes, assessments, maintenance charges, insurance premiums, costs incurred for the protection of the Property or the lien of this Mortgage and expenses incurred by Mortgagee by reason of default by Mortgagor under this Mortgage, shall equal one hundred and fifty percent of the face amount of the Note. The maximum amount for which this Mortgage, as amended, may be deemed to secure the indebtedness and other obligations of Mortgagor as herein stipulated or otherwise provided for herein is hereby fixed (in the aggregate) at \$2,400,000.00.

Section 2. Limited Resource. Notwithstanding anything contained herein to the contrary, Mortgagee declares that it does specially covenant and agree, for itself, its successors and assigns that it shall enforce payment of any obligation contained in this Mortgage, in the Note, in the Security Agreement or any of the other Indebtedness secured hereby solely from the Property and the Collateral, as defined in the Security Agreement, and the Collateral, as defined in that certain Louisiana Security Agreement of even date herewith by Centran Corporation in favor of Mortgagee (the "Centran Corp. Security Agreement") and that no deficiency, after applying the net proceeds of any foreclosure or other judicial sale of the Property or the Collateral, as defined in the Security Agreement, or the Collateral, as defined in the Centran Corp. Security Agreement, or any part or parcel thereof, shall ever be asserted against the Mortgagor, or any of its successors and assigns, or in any manner realized against the Mortgagor, its successors or assigns.

THIS MORTGAGE includes the following covenants, conditions and agreements:

FIRST: The Note and this Mortgage are the legal, valid and binding obligations of Mortgagor. Mortgagor will keep and perform, or cause to be kept and performed, all the covenants and agreements in this Mortgage, in manner and form as herein set out.

SECOND: Mortgagor does hereby warrant that to the best of its knowledge the documents and instruments pursuant to which, or establishing that, Mortgagor acquired interests in the Property (such documents and instruments are hereinafter referred to collectively as the "Conveyances") are valid and subsisting and are in full force and effect and no defaults have occurred under any of the Conveyances which have not been cured or waived, and that Mortgagor has good and marketable rights, titles and interests in and to all the Property free and clear of all liens and encumbrances except the liens and encumbrances granted hereby or pursuant hereto and except such other liens and encumbrances set forth on Exhibit "B" hereto, set forth in the Conveyances and those liens and encumbrances which are referred to in those certain title opinions, if any, with respect to the Property delivered to Mortgagee in connection with the execution of this Mortgage, provided, as to any interest covering an operating agreement and/or lease granted by the Louisiana State Mineral Board, the approval of said Board shall be required for the transfer of such interest in favor of Mortgagor and predecessor in title of Mortgagor and as to the overriding royalty interest in the lease granted by The Louisiana Land and Exploration Company ("LL&E"), dated March 17, 1947, the approval of LL&E shall be required for the transfer of such interest in favor of Mortgagor and a predecessor in title of Mortgagor. Mortgagor does hereby covenant that it will promptly perform or cause to be performed every act or thing required by each of the Conveyances, and will promptly perform or cause to be performed any and all other acts (including the delivery to Mortgagee of such agreements, instruments and documents as the Mortgagee deems necessary), so that it will have good and marketable rights, titles and interests in and to all of the Property free and clear of all liens and encumbrances, except the liens and encumbrances granted hereby or pursuant hereto and except such other liens and encumbrances described or referenced in this paragraph SECOND or which are acknowledged in writing to be acceptable to Mortgagee, and so that the liens and

security interests created or granted hereby or pursuant hereto are and shall continue to be valid and perfected first liens and security interests. Mortgagor will not amend or modify, or permit the amendment or modification of, the Conveyances, if such amendment or modification would reduce any amounts payable to, or adversely affect in any other way whatsoever any benefit accruing to, or other interest of, Mortgagor, and will promptly notify, or cause to be notified, Mortgagee of any event, occurrence or transaction which might or could result in the termination of any Conveyance.

THIRD: Mortgagor agrees to pay, or cause to be paid, when due all taxes which may be assessed or levied by any public authority against or upon the Property.

FOURTH: Mortgagor agrees to pay or cause to be paid all costs of recording, filing, continuing, satisfying or terminating any documents or instruments executed in connection with or securing the Indebtedness secured hereby including this Mortgage and such financing statements as Mortgagee shall deem necessary such as but not limited to any recordation charges which may at any time be imposed. Mortgagor hereby makes, constitutes and appoints Mortgagee the lawful agent and attorney-in-fact of Mortgagor with full power of substitution, upon the occurrence of default under this Mortgage or the Note, to do all things and take any and all action, in the name and on behalf of Mortgagor, which Mortgagee may deem necessary or advisable to carry out the intent of this Mortgage, including, without limitation, the grant of the liens and security interests created hereby and the perfection, continuation and protection of the liens and security interests created hereby and the exercise by Mortgagee of the rights created under this Mortgage, such as signing the name of Mortgagor to financing statements and all amendments and modifications thereof and supplements thereto; provided, however, that notwithstanding that the exercise of the foregoing power of attorney is conditioned upon the occurrence of a default under this Mortgage or the Note, no person, corporation or other entity engaging in any transaction of any type whatsoever in which Mortgagee is acting as the agent and attorney-in-fact for Mortgagor pursuant to the foregoing power of attorney shall be required to inquire if such a default has occurred and as

between such other person, corporation or other entity and Mortgagor and Mortgagee, it shall be conclusively presumed that such a default has occurred and that Mortgagee is authorized to exercise such power of attorney. Except for rights and claims of Mortgagor against Mortgagee for direct damages to Mortgagor resulting from the exercise by Mortgagee of the foregoing power of attorney in the absence of the occurrence of a default under this Mortgage or the Note, Mortgagor agrees that neither Mortgagee nor any of its agents, designees or attorneys-in-fact will be liable for any acts of commission or omission, or for any error of judgment or mistake of fact or law with respect to the exercise of the power of attorney granted under this paragraph. The power of attorney granted under this paragraph is coupled with an interest and shall be irrevocable until all Indebtedness secured hereby is paid in full and all other persons secured hereby are fully performed. Any costs or fees paid by Mortgagee in connection therewith shall be added to the balance of the debts secured hereby, shall be payable on demand and shall bear interest at the rate set forth in the Note until paid.

FIFTH: Mortgagor agrees promptly to pay or cause to be paid all sums, including costs, expenses and reasonable attorneys' fees, which Mortgagee may incur or expend in connection with or relating to any proceeding to sustain the liens and security interests of this Mortgage, or their priority, or in defending against the liens, security interests or claims of any person, corporation or other entity asserting priority over this Mortgage, and all such sums to be paid to Mortgagee shall be added to the balance of the Indebtedness secured hereby, shall be payable on demand and shall bear interest at the rate set forth in the Note until paid.

SIXTH: Mortgagor does further agree to execute and deliver, or cause to be executed and delivered, any and all documents and instruments that may be reasonably requested by Mortgagee for the purpose of implementing this Mortgage and the Note.

SEVENTH: Mortgagor agrees that it will upon the request of Mortgagee furnish, or cause to be furnished, to Mortgagee copies of invoices issued by Mortgagor in connection with the subject matter of this Mortgage, and will make available to Mortgagee, at any time and from

time to time, on its request, any and all of Mortgagor's books, records, written memoranda, correspondence, and any other instruments or writings in any way evidencing or relating to the subject matter hereof, and Mortgagor will also upon request, and at its own expense, furnish, or cause to be furnished, such witnesses as may be required to make legal proof thereof. Any and all records relating to the Property in the possession of, or subject to the control of, Mortgagor will be kept at Mortgagor's chief executive office located at Main Street, S.E., Suite 600, Minneapolis, MN 55414, and Mortgagor will not remove, nor permit the removal of, such records from such location without the prior written consent of Mortgagor.

EIGHTH: Mortgagor agrees to indemnify Mortgagee against all claims, actions, liabilities, losses, judgments, costs, charges and attorneys' fees made against or incurred by Mortgagee either before or after the payment in full of the Indebtedness secured hereby as a consequence of an assertion that Mortgagee received funds with respect to any Property, including the gas which are subject to this Mortgage, owned by third persons. Any payment made by the Mortgagee at any time in respect of any claim, action, liability, loss, judgment, cost, charge or fee to which the foregoing indemnity relates shall be added to the balance of the Indebtedness secured hereby, shall be payable on demand and shall bear interest at the rate set forth in the Note until paid.

NINTH: It is expressly covenanted and agreed by Mortgagor that in the event that Mortgagor fails to pay any installment of the Note when due and payable or fails to pay when due any other sums or advances secured hereby and such default continues for more than five (5) days from the date such payment was due and exigible, or if Mortgagor fails to perform, or cause to be performed, any of the other obligations of the Note or this Mortgage, Mortgagee shall have the right to and may, at its option, exercise any or all remedies as are provided herein or otherwise provided by agreement or by law, that have not been waived by Mortgagee herein, in the Note or otherwise, including but not limited to the right and power to commence foreclosure proceedings forthwith on this Mortgage by executory or ordinary process and prosecute the same to judgment, execution and sale of all or any part of the Property for the collection of any such

Indebtedness (including costs and expenses of recovering such Indebtedness including costs of suit, reasonable attorneys' fees, stenographic fees, costs of documentary evidence and expenses of updating abstracts of title to the Property and of preparing and examining opinions of title relating thereto), the right and power to take possession and control of all or any part of the Property and the right and power, in order to recover the outstanding Indebtedness secured by this Mortgage and the Note and interest thereon and other obligations secured hereby (including the costs and expenses of recovering the same including costs of suit, reasonable attorneys' fees, stenographic fees and costs of documentary evidence), at any time to sue on the Note or otherwise at law or in equity or to enforce payment of the Note and the other sums and advances secured hereby by means of any remedies contained herein or otherwise; such remedies may be asserted concurrently, cumulatively, successively or independently from time to time. Mortgagor forever waives and releases all errors in connection with the exercise of such remedies, waives stay of execution, the right of injunction and extension of time of payment, agrees to condemnation of any property levied upon by virtue of any execution, and waives all exemptions from levy and sale of any property that now is or hereafter may be exempted by law. The proceeds or avails of any sale made under or by virtue of this Mortgage, together with any other sums which then may be held by Mortgagee under this Mortgage whether under the provisions of this Paragraph NINTH or otherwise, shall be applied in such manner as Mortgagee, in its sole discretion, shall determine. Upon any sale made under or by virtue of this Paragraph NINTH, Mortgagee may bid for and acquire the Property or any part thereof and in lieu of paying cash therefor may make settlement for the purchase price by crediting upon the Indebtedness the net sales price after deducting therefrom the expenses of the sale and the costs of the action and any other sums which Mortgagee is authorized to deduct under this Mortgage.

TENTH: In the event the 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, Mortgagor and 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 Property, Mortgagee or any agent designated or any person named by Mortgagee at the time such seizure is effected. This designation is pursuant to Louisiana Revised Statutes 9:5131 through 5135, inclusive, as the same may be amended, and 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 Property, an amount equal to five percent of the gross revenues of the Property, payable on a monthly basis. The designation of keeper made herein shall not be deemed to require Mortgagee to provoke the appointment of such a keeper.

ELEVENTH: For purposes of Louisiana's laws under Louisiana executory process procedures, Mortgagor hereby confesses judgment in favor of Mortgagee for the full amount of the Indebtedness.

TWELFTH: In case the Note is placed in the hands of attorneys at law for the filing of foreclosure proceedings, to protect the rights of Mortgagee or to enforce any of the agreements contained in this Mortgage, borrower will pay all costs of collection, including but not limited to reasonable attorneys' fees, incurred in connection with the protection of or realization of the Property or in connection with any of Mortgagee's collection efforts, whether or not suit on the Note or any foreclosure proceedings are filed. Mortgagor further agrees that the Indebtedness shall be increased by the amount of said costs and fees.

THIRTEENTH: Mortgagee may have or in the future may hold other security and/or guarantees to secure all or any part of the Indebtedness and other obligations secured by this Mortgage, but it is specifically understood and agreed that neither the execution and delivery of this Mortgage nor the holding of any other security and/or guaranty shall at any time or in any wise operate to prevent or hinder Mortgagee from resorting first to such other security and/or guaranty or first to the Property, or first from time to time to both; and Mortgagee may from time to time as it sees fit, in its sole and uncontrolled discretion, resort to all or any part of the Property

without resorting to all or any other security and/or guaranty securing such Indebtedness and other obligations, or to all or any part of any other security and/or guaranty securing such Indebtedness and other obligations without resorting to all or any part of the Property, and such action on Mortgagee's part shall not in any wise be considered as a waiver of any of the benefits or rights of Mortgagee relating to the Property or such other security and/or guaranties.

FOURTEENTH. Mortgagor waives in favor of the Mortgagee any and all exemptions of seizure to which Mortgagor is or may be entitled under the constitution and statutes of the state of Louisiana insofar as the Property is concerned. Mortgagor further waives: (a) the benefit of appraisal as provided in Louisiana Code of Civil Procedure Articles 2332, 2336, 2723 and 2724, and all other laws conferring the same; (b) the demand and three days delay accorded by Louisiana Code of Civil Procedure Articles 2639 and 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 2722; and (e) the benefit of the other provisions of Louisiana Code of Civil Procedure Articles 2331, 2722 and 2723, not specifically mentioned above.

FIFTEENTH: If Mortgagee is required by law to give Mortgagor notice of the public or private sale of the Property, Mortgagor agrees that the requirements of reasonable notice shall be met if Mortgagee mails such notice to Mortgagor at Mortgagor's address listed herein or the last address for notice pursuant to this Mortgage appearing in Mortgagee's records and that was provided by Mortgagor at least ten days before the time of any public sale or, if disposition is by private sale, at least ten days before the time after which private sale may occur. If public sale is held, there will be sufficient compliance with all requirements of notice to the public by a single publication in a newspaper in general circulation in the parish or parishes where the Property is then located. This notice should include the time and place of sale, and a brief description of the property to be sold. All expenses relating to the sale or other disposition of the Property, including, without limitation, Mortgagee's reasonable attorneys' fees and

expenses of retaking, holding, insuring, preparing for sale and selling the Property, shall constitute authorized advances by Mortgagee hereunder and Mortgagor shall be obligated to repay the same upon demand, together with interest thereon at the rate set forth in the Note, and such obligation shall be secured hereby.

SIXTEENTH: No waiver by Mortgagee of any default shall operate as a waiver of any other default or of the same default on a future occasion. No failure or delay on the part of Mortgagee in the exercise of any right or remedy shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy preclude other or further exercise thereof, or the exercise of any other right or remedy.

SEVENTEENTH: 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 knowledge, shall constitute authentic evidence of such facts for the purpose of executory process.

EIGHTEENTH: Whenever this Mortgage requires or permits any consent, approval, notice, request or demand from one party to another, the consent, approval, notice, request or demand must be in writing and mailed (certified mail, return receipt requested, prepaid postage), telecopied, hand delivered or delivered by overnight courier as follows:

If to Mortgagor:

Centran Energy Corporation
1 Main Street, S.E.
Suite 600
Minneapolis, MN 55414
Attention: Financial Vice President
Telecopy: (612) 331-4641

If to Mortgagee:

Bellco II Partnership
c/o Perrybell Investments, Inc.
601 Lakeshore Parkway
Suite 350
Minnetonka, MN 55343-3873
Attention: John D. Wunsch and
Matthew J. Kearney
Telecopy: (612) 540-4066

All notices and communications, when mailed certified mail, shall be effective three (3) days after deposit in the mail, postage prepaid; when telecopied or hand delivered, upon confirmation of receipt thereof; when delivered by overnight courier prepaid, by the end of the next business day.

NINETEENTH: Neither this Mortgage nor any term hereof may be changed, waived, discharged or terminated orally, or by any action or inaction, but only by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought. The modification hereof or of the Note, or any other instrument or document securing the Indebtedness secured hereby, or the release of any part or the Property from the liens and security interests created or granted hereby or pursuant hereto shall not impair the priority of the liens and security interests created or granted hereby or pursuant hereto.

TWENTIETH: In the event that any covenant, condition or agreement of this Mortgage is lawfully held or declared to be invalid, illegal or unenforceable, it shall be deemed deleted to the extent necessary under the applicable law and the validity of the other covenants, conditions and agreements shall not be affected thereby.

TWENTY-FIRST: The covenants, conditions and agreements contained in this Mortgage shall bind, and the benefits thereof shall inure to, the respective successors and assigns of Mortgagor and Mortgagee.

TWENTY-SECOND: Whenever required by the context of this Mortgage the singular shall include the plural,

and vice-versa and the masculine and feminine genders shall include the neuter gender, and vice-versa.

TWENTY-THIRD: This Mortgage is, and the Note will be, contracts made under and shall be construed in accordance with and governed by the laws of the United states of America and the State of Louisiana.

TWENTY-FOURTH: The production of mortgage, conveyance, tax research or other certificates is waived by consent, and Mortgagor and Mortgagee agree to hold me, Notary, harmless for failure to procure and attach same.

THUS DONE AND PASSED in multiple originals on the day and in the month and year hereinabove first written, in the presence of the undersigned witnesses who hereunto sign their names with Mortgagor and me, Notary, after due reading of the whole.

WITNESSES:

MORTGAGOR:

~~CENTREAN ENERGY CORPORATION~~

Don J. Mueller
Name: Don J. Mueller
(Please Print)
Name: John J. Moran
(Please Print)
Don J. Mueller

By: [Signature]
Name: David B. Christofferson
Title: Vice President and General Counsel

Marion D. Weber Weinrock
Marion D. Weber Weinrock, Notary Public
My Commission Expires: at death

7373B

EXHIBIT "A" TO
MORTGAGE BY CENTRAN ENERGY CORPORATION

CERTIFIED RESOLUTIONS OF
THE BOARD OF DIRECTORS OF
CENTRAN ENERGY CORPORATION

**CENTRAN ENERGY CORPORATION
CERTIFICATE OF RESOLUTION**

The undersigned hereby certifies that she is the Assistant Secretary of Centran Energy Corporation, a corporation organized and existing under the laws of the State of Minnesota; that the following is a true and correct copy of resolutions duly adopted at a meeting of the Board of Directors of said corporation held on the 29th day of September, 1992, at which meeting a quorum was at all times present and acting; and that said resolutions are in full force and effect.

FURTHER RESOLVED, that David B. Christopherson is hereby authorized and directed to execute and deliver the following documents and instruments, in connection with the Bay Junop Project, on behalf of this corporation:

1. A non-recourse Promissory Note of this corporation in the principal amount of \$1,600,000.00 in favor of Bellico II Partnership containing such interest rate, repayment terms and in a form and substance solely acceptable to David B. Christopherson; and
2. Various mortgages, deed of trusts and/or other security agreements, (as appropriate), in favor of Bellico II Partnership, as security for the repayment of the foregoing non-recourse Promissory Note, on various interests in oil and gas properties of this corporation located in the States of Louisiana and Mississippi, as solely designated by David B. Christopherson, all in a form(s) and substance solely acceptable to David B. Christopherson; and
3. Appropriate Financing Statements and/or other instruments evidencing the foregoing security interests, in a form and substance solely acceptable to David B. Christopherson.

FURTHER RESOLVED, that David B. Christopherson is hereby authorized and directed to perform such additional acts and execute and deliver such different and/or additional documents and instruments, on behalf of this corporation, as David B. Christopherson solely determines to be necessary, appropriate or expedient to implement this corporation's participation in the Bay Junop Project.

Dated this 29th day of September, 1992.


Sandra S. Schutjer
Assistant Secretary

3. Appropriate Financing Statements and/or other instruments evidencing the foregoing security interests, in a form and substance solely acceptable to David B. Christopherson.

FURTHER RESOLVED, that David B. Christopherson is hereby authorized and directed to perform such additional acts and execute and deliver such different and/or additional documents and instruments, on behalf of this corporation, as David B. Christopherson solely determines to be necessary, appropriate or expedient to implement this corporation's participation in the Bay Junop Project.

There bein
Directors of C
and seconded,

further business, this meeting of the Board of
r-n Energy Corporation was, upon motion duly made
JURNED.

Date: Septe

29, 1992.


Sandra S. Schutjer
Assistant Secretary

1935S/092992

**MINUTES OF MEETING
OF
BOARD OF DIRECTORS
OF
CENTRAN ENERGY CORPORATION**

A special meeting of the Board of Directors of Centran Energy Corporation was held on September 29, 1992 by telephonic communication at which Edward "Bud" Pappas and Allan L. Burdick, consisting of all of the members of the Board of Directors of this corporation, were present and waived notice of the meeting.

After the meeting was called to order, discussion turned to the election of an Assistant Secretary of this corporation and upon motion duly made and seconded, the following resolution was adopted:

RESOLVED, that Sandra S. Schutjer be and is hereby elected to the position of Assistant Secretary of this corporation to serve in that capacity until her successor is duly elected and qualified or the position of Assistant Secretary of this corporation is eliminated.

Discussion then turned to this corporation's participation in and the financing of the so-called "Bay Junop Project" and upon motion duly made and seconded, the following resolutions were adopted:

RESOLVED, that the Board of Directors of this corporation has determined that it is in the best interests of this corporation, its shareholder and its creditors for this corporation to proceed with the drilling and development and the participation by this corporation in the Bay Junop Project.

FURTHER RESOLVED, that David B. Christopherson is hereby authorized and directed to execute and deliver the following documents and instruments, in connection with the Bay Junop Project, on behalf of this corporation:

1. A non-recourse Promissory Note of this corporation in the principal amount of \$1,600,000.00 in favor of Bellico II Partnership containing such interest rate, repayment terms and in a form and substance solely acceptable to David B. Christopherson; and
2. Various mortgages, deed of trusts and/or other security agreements, (as appropriate), in favor of Bellico II Partnership, as security for the repayment of the foregoing non-recourse Promissory Note, on various interests in oil and gas properties of this corporation located in the States of Louisiana and Mississippi, as solely designated by David B. Christopherson, all in a form(s) and substance solely acceptable to David B. Christopherson; and

EXHIBIT "B" TO
MORTGAGE BY CENTRAN ENERGY CORPORATION

LIENS OR ENCUMBRANCES

(a) There is pending in the United States District Court for the Middle District of Louisiana a proceeding entitled Texaco, Inc., et al v. Louisiana Land & Exploration Co., consolidated with State of Louisiana, Department of Natural Resources, et al v. Texaco, Inc., et al, No. 88-998 on the docket on said court. In said proceeding, the State of Louisiana claims, among other things, that certain state leases including State Lease No. 725 have terminated and should be judicially cancelled. As a result of this proceeding, the State Mineral Board for the State of Louisiana has refused to approve the assignment of leasehold interest in State Lease No. 725 by Texaco, Inc. and Union Oil Company of California in favor of Energy Properties, Inc.

EXHIBIT "C" TO
MORTGAGE BY CENTRAN ENERGY CORPORATION
COPY OF PROMISSORY NOTE

1

IN ASSIGNMENT NOTE

\$1,600,000.00

October 1, 1992

FOR VALUE RECEIVED, the undersigned, Centran Energy Corporation ("Maker"), promises to pay to Bellico II Partnership ("Bellico") at its principal offices located at 601 Lakeshore Parkway, Suite 350, Minnetonka, MN 55343-3873, the principal sum of ONE MILLION SIX HUNDRED THOUSAND AND NO/100 (\$1,600,000.00) DOLLARS, together with interest on such principal sum, or so much thereof as may be advanced and outstanding at the fixed rate of twenty-five (25%) percent per annum. Maker agrees to make monthly payments which shall be due and payable commencing on December 15, 1992 and the same day of each successive month thereafter in an amount equal to the greater of (i) Ten Thousand and No/100 (\$10,000.00) Dollars or (ii) an amount equal to the first \$1.40 per MCF of net proceeds if any, Maker receives from the sale during the preceeding month of any of the 2,000,000 MCF's of natural gas to be produced from the Bay Chop Unit 3, No. 3, located in Section 15, Township 1 South, Range 14 East, Terrebonne Parish, Louisiana (the "Overriding Royalty Gas") less any amount paid to Bellico under this Note in the preceeding month that was in excess of the net proceeds actually received by Maker for the Overriding Royalty Gas. Payments when made shall be applied first to interest accrued and second to payment of principal.

If this Note is in default, Bellico, may, upon ten (10) days notice and demand to Maker, declare due and payable the entire unpaid balance of the Note.

In case this Note should be placed in the hands of an attorney after its maturity, to institute legal proceedings to recover the amount thereof, or any part thereof, in principal or interest, or to protect the interests of the holder or holders thereof, or in case the same should be placed in the hands of an attorney for collection, compromise or other action, the Maker hereof hereby binds itself to pay the reasonable fees of one or more attorneys who may be employed for that purpose, which fees shall be the reasonable fees and expenses of the attorneys, and in any event not to exceed twenty-five (25%) percent of the amount due or sued for, or denied or sought to be protected, preserved or enforced.

The Maker of this Note and any endorsers, guarantors and sureties hereon hereby severally waive presentment for payment, demand, notice of nonpayment,

protest and all pleas of division and discussion, and agree that the time of payment hereof may be extended from time to time, one or more times without notice of such extension or extensions and without previous consent, hereby binding themselves, in ~~addition~~, unconditionally and as original promisors, for the payment hereof in principal, interest, costs and attorneys' fees. No delay on the part of the holder hereof in exercising any rights hereunder shall operate as a waiver of such rights.

Notwithstanding any provision to the contrary contained herein, payment of this Note shall be enforced solely from the property mortgaged or in which a security interest has been granted pursuant to that certain Mortgage by Maker of even date herewith, that certain Louisiana Security Agreement by and between Maker and Bellico of even date herewith and that certain Louisiana Security Agreement by and between Centran Corporation and Bellico of even date herewith (the "Mortgaged Property") and no deficiency, after applying the net proceeds of any foreclosure or other judicial sale of such Mortgaged Property, on any part or parcel thereof, shall ever be asserted against the Maker of this Note, or any of its successors and assigns, or in any manner realized against the Maker, its successors or assigns.

This Note shall be deemed to be made under and shall be construed according to the internal laws of the State of Louisiana.

CENTRAN ENERGY CORPORATION

By: 

Name: David B. Christensen

Title: Vice President and General Counsel

Paraphed "Ne Varietur"
for identification with
a Mortgage by Centran
Energy Corporation passed
before me this 1st day of
October, 1992.

Marvin D. Welton
Notary Public

EXHIBIT "D" TO
MORTGAGE BY CENTRAN ENERGY CORPORATION

1. Oil and Gas Lease No. 725, dated March 25, 1946, granted by the State of Louisiana in favor of Union Oil Company of California.

2. Oil, Gas and Mineral Lease dated March 17, 1947, granted by The Louisiana Land and Exploration Company in favor of Union Oil Company of California, recorded at COB 155, folio 458, Entry No. 67551 of Terrebonne Parish, Louisiana.

3. Operating Agreement dated November 14, 1990 entered into by and between the State Mineral Board of the State of Louisiana and Energy Properties, Inc. recorded at COB 1260, folio 231, Entry No. 874262 of the records of Terrebonne Parish, Louisiana.

4. Operating Agreement dated as of July 8, 1992 by and between the State Mineral Board of the State of Louisiana and Union Oil Company of California recorded at COB 1329, Entry No. 901876 of the records of Terrebonne Parish, Louisiana.

5. Oil and Gas Lease of Submerged Lands Under the Outer Continental Shelf Lands Act, Lease No. OCS-G 1997 granted by the United States of America in favor of TransOcean Oil, Inc., et al, covering all of Block 171, West Cameron Area Official Leasing Map, Louisiana Map No. 1.

6. Oil, Gas and Mineral Lease dated October 21, 1969, granted by J. W. Fulgham, et ux in favor of Texaco Inc., recorded in Book 445, Page 96 of the records of Oktibbeha County, Mississippi.

7. Oil, Gas and Mineral Lease dated November 4, 1969, granted by Verna Neely Tucker, et al in favor of Texaco Inc., recorded in Book 451, Page 86 of the records of Oktibbeha County, Mississippi.

EXHIBIT "D" (CONT'D)

8. Oil, Gas and Mineral Lease dated November 13, 1969, granted by Homer Tate, et ux in favor of Texaco Inc., recorded in Book 445, Page 215 of the records of Oktibbeha County, Mississippi.

9. Oil, Gas and Mineral Lease dated November 11, 1969, granted by Maggie Bell Mayfield Long in favor of Texaco Inc., recorded in Book 445, Page 217 of the records of Oktibbeha County, Mississippi.

10. Oil, Gas and Mineral Lease dated January 5, 1970, granted by Clyde Q. Sheely, et al in favor of Texaco Inc., recorded in Book 447, Page 211 of the records of Oktibbeha County, Mississippi.

11. Oil, Gas and Mineral Lease dated November 14, 1969, granted by L. E. Neely in favor of Texaco Inc. recorded in Book 445, Page 337 of the records of Oktibbeha County, Mississippi.

12. Oil, Gas and Mineral Lease dated November 24, 1969, granted by C. P. Duke, et ux in favor of Texaco Inc., recorded in Book 445, Page 339 of the records of Oktibbeha County, Mississippi.

13. Oil, Gas and Mineral Lease dated November 18, 1969, granted by Jessie Neely Nason in favor of Texaco Inc., recorded in Book 447, Page 127 of the records of Oktibbeha County, Mississippi.

14. Oil, Gas and Mineral Lease dated November 19, 1969, granted by Louise Neely Sibley in favor of Texaco Inc., recorded in Book 447, Page 125 of the records of Oktibbeha County, Mississippi.

EXHIBIT "E" TO
MORTGAGE BY CENTRAN ENERGY CORPORATION

LIST OF CONTRACTS

1. That certain Definitive Purchase and Sale Agreement, effective October 1, 1992, by and between Energy Properties, Inc. and Conn Energy, Inc., as Sellers, and Centran Energy Corporation, as Buyer, relating to the purchase of 2,000,000 MCF's of natural gas, to be produced from the Bay Jump Unit 3, Number 3, located in Section 15, Township 21 South, Range 14 East, Terrebonne Parish, Louisiana.

2. That certain Balancing Agreement, effective October 1, 1992, by and between Energy Properties, Inc. and Conn Energy, Inc., as Sellers, and Centran Energy Corporation, as Buyer.

7373B

State of Louisiana §
§
Parish of Cameron §

Office of Cameron Parish
Clerk of Court
38th Judicial Dist. Court

I hereby certify that the attached document is a
true and correct copy of the will
filed for record Oct 2, 1992 bearing
File No 118076 recorded in:
Conveyance Book 756, page _____,
Mortgage Book 187, page _____,
Bk. _____, page _____,
In testimony whereof, witness my official seal
on Oct 2, 1992

By: Margie A. King
Deputy Clerk of Court

11 1997

GORDON, ARATA, McCOLLAM & DUPLANTIS

ATTORNEYS AT LAW
PLACE ST CHARLES

201 ST CHARLES AVENUE

40TH FLOOR

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C. PECK HAYNE JR.
DOUGLAS H. McCOLLAM
ARLENE LOMBARD

October 5, 1992

Ref: 2050-16237

*A PROFESSIONAL LAW CORPORATION

HAND DELIVERY

Ms. LaNelle Boehm
Minerals Management Service
Adjudication Unit, MS5421
1201 Elmwood Park Boulevard
New Orleans, Louisiana 70123-2390

RECEIVED

OCT 6 1992

Minerals Management Service
Leasing & Environment

Re: OCS-G 1997, West Cameron Block 171,
Offshore Louisiana, Gulf of Mexico

Dear Ms. Boehm:

Enclosed please find three (3) copies of a Mortgage dated October 1, 1992 by Centran Energy Corporation in favor of Bellico II Partnership and three (3) copies a UCC-1 Financing Statement by and between Centran Energy Corporation, as debtor, and Bellico II Partnership, as secured party. We request that you place these instruments in the mortgage file for OCS-G 1997 for filing purposes only. Accompanying this letter is a firm check in the amount of \$50.00 to cover your fee for this service.

Please acknowledge receipt of these filings in the space provided hereinbelow. Also, we request that you return two stamped copies of these instruments to our office for the completeness of our files.

Yours sincerely,

GORDON, ARATA, McCOLLAM &
DUPLANTIS

By: J. M. White
J. M. White

JMW:dd/8219H
Enclosure

GORDON, ARATA, MCCOLLAM & DUPLANTIS

Ms. LaNelle Boehm
Minerals Management Service
October 5, 1992
Page -2-

Received this 6th day of October, 1992

By:

La Nelle Boehm
Name: La Nelle Boehm

Title: Supervisory Mineral Leasing Specialist

RECEIVED

OCT 6 1992

Minerals Management Service
Leasing & Environment

(Use UCC-1F for Farm Products)

This FINANCING STATEMENT is presented for filing pursuant to Chapter 9 of the Louisiana Commercial Laws

1A. DEBTOR (LAST NAME, FIRST MIDDLE—IF AN INDIVIDUAL) Centran Corporation	1B. SSN OR EMPLOYER ID NO. 41-1440094
1C. MAILING ADDRESS 1 Main Street, S.E., Suite 600, Minneapolis, MN 55414	
2A. ADDITIONAL DEBTOR (IF ANY) (LAST NAME, FIRST MIDDLE—IF AN INDIVIDUAL)	2B. SSN OR EMPLOYER ID NO.
2C. MAILING ADDRESS	
3A. ADDITIONAL DEBTOR OR DEBTOR'S TRADE NAMES OR STYLES (IF ANY)	3B. SSN OR EMPLOYER ID NO.
3C. MAILING ADDRESS	
SECURED PARTY INFORMATION	
4A. SECURED PARTY Bellico II Partnership	4B. SSN OR EMPLOYER ID NO. 41-1730262
4C. MAILING ADDRESS 601 Lakeshore Parkway, Suite 350, Minnetonka, MN 55343-3873	
5A. ASSIGNEE OF SECURED PARTY (IF ANY)	5B. SSN OR EMPLOYER ID NO.
5C. MAILING ADDRESS	

PROPERTY INFORMATION

6A. This FINANCING STATEMENT covers the following types of items of property:

See Exhibit "A" attached hereto

RECEIVED

OCT 6 1992

**Minerals Management Service
Leasing & Environment**

6B. ☒ Products of collateral are also covered

7A. Check if applicable and attach legal description of real property:

- ☐ Fixture fixture under R.S. 10:9-113
☒ Minerals or the like (including oil and gas) or accounts subject to R.S. 95 (10-9-103) will be financed at the wellhead or mouthhead of the well or mine
☒ The debtor(s) do not have an interest of record in the real property (Enter name and social security employer id # of an owner of record in "B & C")

7B. OWNER OF REAL PROPERTY (if other than named debtor) (Enter name and social security employer id # of an owner of record)

Centran Energy Corporation

7C. SSN OR EMPLOYER ID NO.

41-1730239

8A. This statement is filed without the debtor's signature to perfect a security interest in collateral (check ☐ if so):

- ☐ already subject to a security interest in another jurisdiction when it was brought into this state; a debtor's location changed to this state
☐ which is proceeds of the original collateral described above in which a security interest was perfected
☐ as to which the filing has lapsed
☐ acquired after a change of debtor's name, identity or corporate structure AND social security employer id #

8B. ☐ Debtor is a transmitting utility. Filing is effective until terminated pursuant to R.S. 95 (10-9-4033)

9. SIGNATURE(S) OF DEBTOR(S)

Centran Corporation

By:

David B. Christofferson, Vice President

10. SIGNATURE(S) OF SECURED PARTY (SSN if applicable)

11. THIS SPACE FOR USE OF FILING OFFICER (DATE, TIME, ENTRY # AND FILING OFFICER)

12. Return copy to:

NAME: **Marion Welborn Weinstock**
ADDRESS: **Gordon, Arata, McCollam & Duplantis**
CITY/STATE/ZIP CODE: **201 St. Charles Avenue, Suite 4000
New Orleans, LA 70170**

13. Number of additional sheets provided **4**

EXHIBIT "A" TO
UCC-1 FINANCING STATEMENT

All right, title and interest of Debtor in the following property, whether now owned or existing or hereafter acquired or arising and regardless of where located: the Contract; the Accounts; the General Intangibles; the Collateral Account, all cash deposited therein from time to time, and other monies and property of any kind of Debtor that may be in the possession or under the control of Energy Properties, Inc. or Conn Energy, Inc.; all engineering, production, accounting, title and legal data and all books and records (including, without limitation, customer lists, credit files, computer programs, tapes, disks, punch cards, data processing software, transaction files, master files, printouts and other computer materials and records) of Debtor pertaining to any of the collateral described above; and all Proceeds and products of all or any of the collateral described above.

As used in this Financing Statement, the following additional terms shall have the meanings indicated below:

"Accounts" means all "accounts" (as defined in the UCC) now existing or hereafter arising from the Contract (including without limitation those accounts arising from the Contract resulting from the sale of Gas at the wellhead).

"Collateral Account" has the meaning set forth in Section 6.1 of the Louisiana Security Agreement between Debtor and Secured Party dated October 1, 1992.

"Contract" means that certain Firm Gas Sales Agreement by and between Centran Corporation (Seller) and Industrial Energy Applications, Inc. (Buyer), effective as of September 1, 1992.

"Gas" means all gas and gaseous hydrocarbons sold pursuant to the Contract that is produced, obtained or secured from or allocable to the Mineral Properties.

"General Intangibles" means all "general intangibles" (as defined in the UCC) now owned or hereafter acquired or now existing or hereafter arising that arise out of or relate to the Contract.

"Mineral Properties" means the interests described in Exhibit "B" attached hereto.

"Proceeds" means all cash and non-cash proceeds of, and all other profits, rentals or receipts, in whatever form, arising from the collection, sale, lease, exchange, assignment, licensing or other disposition of, or realization upon, any of the collateral described herein, including without limitation all claims of Debtor against third parties for loss of, damage to or destruction of, or for proceeds payable under, or unearned premiums with respect to, policies of insurance in respect of, any any of the collateral described herein, and any condemnation or requisition payments with respect to any any of the collateral described herein, and including proceeds of all such proceeds, in each case whether now existing or hereafter arising.

"UCC" means the Uniform Commercial Code, Commercial Laws - Secured Transactions (Louisiana Revised Statutes 10:9-101 through :9-605) in the State of Louisiana, as amended from time to time; provided that if by reason of mandatory provisions of law, the perfection or the effect of perfection or non-perfection of the security interest in any collateral described herein is governed by the Uniform Commercial Code as in effect in a jurisdiction other than Louisiana, "UCC" means the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such perfection or effect of perfection or non-perfection.

EXHIBIT B TO
UCC-1 FINANCING STATEMENT

1. State Lease No. 725, dated March 25, 1946, granted by the State of Louisiana in favor of Union Oil Company of California.
2. Oil, Gas and Mineral Lease dated March 17, 1947, granted by The Louisiana Land and Exploration Company in favor of Union Oil Company of California, recorded at COB 155, folio 458, Entry No. 67551 of Terrebonne Parish, Louisiana.
3. Operating Agreement dated November 14, 1990 entered into by and between the State Mineral Board of the State of Louisiana and Energy Properties, Inc. recorded at COB 1260, folio 231, Entry No. 874262 of the records of Terrebonne Parish, Louisiana.
4. Operating Agreement dated as of July 8, 1992 by and between the State Mineral Board of the State of Louisiana and Union Oil Company of California recorded at COB 1329, Entry No. 901876 of the records of Terrebonne Parish, Louisiana.
5. Oil and Gas Lease of Submerged Lands Under the Outer Continental Shelf Lands Act, Lease No. OCS-G 1997 granted by the United States of America in favor of TransOcean Oil, Inc., et al, covering all of Block 171, West Cameron Area, Official Leasing Map, Louisiana Map No. 1.
6. Oil, Gas and Mineral Lease dated October 21, 1969, granted by J. W. Fulgham, et ux in favor of Texaco Inc., recorded in Book 445, Page 96 of the records of Oktibbeha County, Mississippi.
7. Oil, Gas and Mineral Lease dated November 4, 1969, granted by Verna Neely Tucker, et al in favor of Texaco Inc., recorded in Book 451, Page 86 of the records of Oktibbeha County, Mississippi.

EXHIBIT B (CONT'D)

8. Oil, Gas and Mineral Lease dated November 13, 1969, granted by Homer Tate, et ux in favor of Texaco Inc., recorded in Book 445, Page 215 of the records of Oktibbeha County, Mississippi.

9. Oil, Gas and Mineral Lease dated November 11, 1969, granted by Maggie Bell Mayfield Long in favor of Texaco Inc., recorded in Book 445, Page 217 of the records of Oktibbeha County, Mississippi.

10. Oil, Gas and Mineral Lease dated January 5, 1970, granted by Clyde Q. Sherov et al in favor of Texaco Inc., recorded in Book 447, Page 217 of the records of Oktibbeha County, Mississippi.

11. Oil, Gas and Mineral Lease dated November 14, 1969, granted by L. E. Neely in favor of Texaco Inc., recorded in Book 445, Page 337 of the records of Oktibbeha County, Mississippi.

12. Oil, Gas and Mineral Lease dated November 24, 1969, granted by C. B. Duke, et ux in favor of Texaco Inc., recorded in Book 445, Page 339 of the records of Oktibbeha County, Mississippi.

13. Oil, Gas and Mineral Lease dated November 18, 1969, granted by Jessie Neely Nason in favor of Texaco Inc., recorded in Book 447, Page 127 of the records of Oktibbeha County, Mississippi.

14. Oil, Gas and Mineral Lease dated November 19, 1969, granted by Louise Neely Sibley in favor of Texaco Inc., recorded in Book 447, Page 125 of the records of Oktibbeha County, Mississippi.

9436J

END

UPDATE