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November 21, 1983

ELIZABETH HIGDON HAAR
JOHN P EVERETT
JOHN W WOOLFOLK, JR
OF COUNSEL

Minerals Management Service
3301 North Causeway Boulevard
Metairie, Louisiana 70002

Gentlemen:

There are enclosed the following:

1. Seven copies of Conveyance and Agreement from Kewanee Industries, Inc. to Tech Foundation, Inc. to be filed in files bearing Serial Nos. OCS-G 1101, OCS-G 2181, OCS-G 2184, OCS-G 2940, OCS-G 2941, OCS-G 2444 and OCS-G 2445.
2. Seven copies of Collateral Mortgage, Pledge and Assignment affecting the production payment conveyed by the Conveyance and Agreement, executed by Tech Foundation, Inc., as Mortgagor, for filing in the same files indicated in paragraph numbered 1 above.
3. Two copies of Deed of Trust executed by Tech Foundation, Inc. to be filed in files bearing Serial Nos. OCS-G 2444 and OCS-G 2445.

In addition, there is enclosed our check in the amount of \$400 to cover the filing fees for the above mentioned documents.

Yours very truly,

C. E. Hall

CEH/map

Enclosures

Acknowledged and Filed as Requested.
Minerals Management Service.

By

Date November 22, 1983

CONVEYANCE AND AGREEMENT

Nov 7 1 43 PM '93

THIS CONVEYANCE AND AGREEMENT, made as of the date set out below by KEWANEE INDUSTRIES, INC., a Delaware corporation (hereinafter called "Grantor"), to and with TECH FOUNDATION, INC., a Louisiana nonprofit corporation (hereinafter called "Grantee");

W I T N E S S E T H

WHEREAS, Grantor is the owner of interests relating to oil and gas leases granted by the United States of America covering submerged areas offshore the States of Louisiana and Mississippi, which leases and Grantor's interest therein are described in Annex A, and Grantor expects to acquire additional interests relating to oil and gas leases granted by the United States of America covering submerged areas offshore the State of Louisiana, which leases and Grantor's interest therein are expected to be as described in Annex B;

WHEREAS, Grantor desires to sell and convey to Grantee a production payment affecting Grantor's interests relating to such leases; and

WHEREAS, Grantee is willing to purchase and pay for such production payment as hereinafter set out;

NOW, THEREFORE, IT IS AGREED between Grantor and Grantee as follows:

ARTICLE FIRST
DEFINITIONS AND REFERENCES

SECTION 1.1 Definitions. For purposes of this instrument, unless the context otherwise requires, the following definitions and references shall be applicable:

"Affiliate" means with respect to another person any person directly or indirectly controlling, controlled by or under common control with such other person.

"Amortization Schedule" means, prior to consummation of the Second Conveyance, the scheduled reduction of the Primary Sum as reflected in Annex C and, after the consummation of the Second Conveyance, the scheduled reduction of the Primary Sum as reflected in the Second Conveyance or an annex thereto, as adjusted according to Sections 2.10 and 2.11.

"Annual Discount Rate" means 12% per annum or, if different, the then current discount rate used by Bankers Trust at the time in question in its major energy credits for determining the present worth of expected oil production.

"Application Date" means the first Business Day after the ninth calendar day of each February, May, August and November beginning with the first Application Date described in the Amortization Schedule.

"Application Period" means each three-month calendar period preceding an Application Date and beginning on a January 1, April 1, July 1, or October 1, as the case may be, for the particular Application Date, provided that the Application Period preceding the first Application Date shall be the period beginning, in the case of the Subject Interests described in Annex A, at 7:00 a.m., Louisiana time, on October 1, 1983, and, in the case of the Subject Interests described in Annex B, at the effective time of the Second Conveyance.

"Bankers Trust" means Bankers Trust Company, a New York banking corporation.

"Base Rate" means a rate per annum equal at all times (i) prior to the third anniversary of the date hereof, to the Prime Rate in effect from time to time, (ii) from such third anniversary and prior to the fifth anniversary of the date hereof, to 1/8 of 1% in excess of the Prime Rate in effect from time to time, (iii) from such fifth anniversary and prior to the ninth anniversary of the date hereof, to 1/4 of 1% in excess of the Prime Rate in effect from time to time and (iv) on and after such ninth anniversary, to 1/2 of 1% in excess of the Prime Rate in effect from time to time.

"Business Day" means a day which is not a Saturday or Sunday or a legal holiday under the laws of the City or State of New York; provided that, for purposes of the definition herein of Application Date at any time when a "Eurodollar Loan" is outstanding under the Credit Agreement, a Business Day must also be a day for trading by and between banks in U.S. dollar deposits in the interbank eurodollar market.

"Commercially Recoverable Hydrocarbons" means a deposit or deposits of Hydrocarbons, underlying areas covered by the Leases from which Subject Hydrocarbons can reasonably be expected to be recovered (after deducting the amounts of severance or other taxes imposed directly on

production and the amounts of federal Crude Oil Windfall Profit Tax and similar taxes reasonably expected to accrue) having a value in excess of Grantor's share of the costs of drilling, completing, equipping, producing, operating and maintaining the well or wells required to recover and produce such Subject Hydrocarbons.

"Coverage Ratio" means: (a) prior to April 1, 1984, 180%, and (b) on and after April 1, 1984, 200%; provided, however, that if Grantor has repurchased the Production Payment in part pursuant to Section 2.9(b) or if a redetermination pursuant to Section 2.10 is being made because of the third sentence of Section 2.9(b), then "Coverage Ratio" shall mean: (i) prior to April 1, 1984, 180%, (ii) on and after April 1, 1984, and prior to January 1, 1987, 200%, and (iii) on and after January 1, 1987, 300%.

"Credit Agreement" means that certain Credit Agreement, dated as of November 18, 1983, among Grantee, the banks listed in Annex A thereto, and Bankers Trust, as agent.

"Dedicated Percentage" means the percentage of Subject Hydrocarbons used in determining the amount of PP Hydrocarbons accruing or attributable to the Production Payment at the particular time in question as provided in Section 2.10. Prior to any adjustment being made pursuant to Section 2.10 the Dedicated Percentage shall be sixty-eight percent (68.0%).

"Designated Event" has the meaning assigned to it in Section 5.1.

"Determination Date" means, with respect to each request by Grantor under Section 2.10 for an evaluation of the Subject Interests, the date specified in such request as the date as of which such evaluation is to be made. Each such date must be the first day of an Application Period and must occur within a period commencing six months before, and ending six months after, such request.

"Discharge" means the date upon which the Production Payment terminates as provided in Section 2.13.

"Engineers" means the petroleum engineers of the Energy, Utilities and Mineral Resources Group of Bankers Trust.

"Force Majeure" means act of God, lightning, fire, storm, hurricane, flood, earthquake or explosion; act of

the public enemy, war, blockade, insurrection or riot; strike, lockout or other labor difficulty or industrial disturbance; failure or delay of transportation services, breakdown or inability to obtain equipment, machinery or other needed material; government restraint or compliance with statutes, regulations, rules, orders or requests of federal, state or local governmental authorities, or any other cause, whether of the kind enumerated or not, in each of the above cases (other than strike, lockout or other labor difficulty or industrial disturbance) not reasonably within the control or which through the exercise of reasonable diligence Grantor is unable to avoid; provided that Force Majeure shall not be applicable to obligations to make money payments.

"Grantor" means Kewanee Industries, Inc. and, unless the context in which used otherwise requires, its successors in interest to the Subject Interests exclusive of the Production Payment.

"Gross Proceeds" means the proceeds derived from Subject Hydrocarbons without deduction of any Production Expenses.

"Hydrocarbons" means (a) crude oil and (b) condensate recovered by conventional mechanical separators, but such term does not include natural gas, other natural gas liquids, or other gaseous hydrocarbons.

"Independent Engineers" means a petroleum engineering firm which is mutually acceptable to Grantor and Grantee and, until either Grantor or Grantee shall notify the other to the contrary, such firm shall be DeGolyer & MacNaughton.

"Joint Operating Agreement" means the Joint Operating Agreement, dated November 18, 1983, between Gulf Oil Corporation, as Operator, and Grantor, as Non-Operator, with respect to the Subject Interests.

"Leases" means, prior to consummation of the Second Conveyance, the oil and gas leases described in Annex A and, after the consummation of the Second Conveyance, the oil and gas leases described in Annex A and the oil and gas leases described in Annex B.

"Market Value" means, with respect to any PP Hydrocarbons, the value at which the operator of the appropriate Subject Interests is required to calculate related royalties payable to the United States of America.

"Net Interest" means Grantor's share (expressed as a percentage) of Subject Hydrocarbons produced from each Subject Interest. Grantor's present Net Interest, and the Net Interest which Grantor expects to obtain prior to the Second Conveyance, are shown in Annex A and Annex B respectively as "Net Interest" in the description of each Subject Interest.

"Notes" means those certain promissory notes defined as "Notes" in the Credit Agreement, under which Grantee has borrowed or will borrow the funds with which it will make the payments described in Sections 2.3 and 2.4.

"Paying Quantities" means production of Hydrocarbons in quantities sufficient to yield a return in excess of operating costs.

"PP Hydrocarbons" means that portion of the Subject Hydrocarbons which accrue or are attributable to the Production Payment at the time in question (after taking into account the exclusions provided in Section 2.8), being either (i) the higher of the Dedicated Percentage of the Subject Hydrocarbons or that portion of the Subject Hydrocarbons produced in any Application Period (not in excess of 100%) which, when sold and applied pursuant to Section 2.7, will generate PP Proceeds sufficient to allow for payment of all then undischarged amounts described in subsections (b), (c), (d), and (e) of Section 2.5 as well as reduction of the Primary Sum by the amount of the Scheduled Amortization for that Application Period, or (ii) such other portion as may be provided for in subsection (c) of Section 5.1.

"PP Proceeds" means the proceeds derived from the sale of PP Hydrocarbons.

"Present Worth of Future Gross Proceeds" means, with respect to Subject Hydrocarbons, the present worth (discounted at the Annual Discount Rate) of the Gross Proceeds which the Engineers estimate will accrue from production of Proven Reserves of Subject Hydrocarbons commencing with any designated date during the remaining expected period of economic production from the Subject Interests.

"Primary Sum" means, at the time in question, the total amount which Grantee has then paid to Grantor as purchase moneys in accordance with the provisions of Sections 2.3 and 2.4, plus any amounts which at or prior to such time have been added to the Primary Sum pursuant to

Sections 2.7, 2.12, and 3.4, less the aggregate amount of PP Proceeds which at or prior to such time have been applied to the reduction of the Primary Sum pursuant to Clause Third of Section 2.7.

"Prime Rate" means the rate which Bankers Trust announces from time to time at its principal office as its prime rate for domestic commercial loans.

"Production Expenses" means all costs, expenses and taxes of every character whatsoever incurred for or in connection with (i) developing, equipping, maintaining or operating the Subject Interests or (ii) lifting, producing, gathering, treating, handling, storing, processing, marketing or transporting Subject Hydrocarbons.

"Production Payment" means the interests in the Subject Interests, Subject Hydrocarbons and PP Proceeds which are conveyed to Grantee under Section 2.1 plus, after consummation of the Second Conveyance, those Subject Interests, Subject Hydrocarbons and PP Proceeds which Grantor will have conveyed to Grantee under the Second Conveyance, and (where the context permits) the unliquidated balance from time to time of the aggregate amount which Grantee is entitled to receive under the provisions of Section 2.5 and Section 2.7.

"Production Sales Contracts" means all contracts and agreements for the sale or exchange of Subject Hydrocarbons, or any portion thereof, whether presently existing or hereafter entered into as contemplated by Section 3.1.

"Proven Reserves" means the proven reserves of Hydrocarbons which are designated as such by the Independent Engineers.

"Purchase Agreement" means that certain Purchase Agreement of even date herewith, between Grantor and Grantee, which, among other things, sets out more fully the terms and conditions for the delivery of this Conveyance and the Second Conveyance.

"Scheduled Amortization" means, with respect to each Application Period, the amount of the scheduled reduction of the Primary Sum for such Application Period shown on the Amortization Schedule.

"Second Conveyance" means the conveyance to be made by Grantor as described in Section 2.2.

"Subject Hydrocarbons" means all Hydrocarbons in, under and that may be produced from the areas covered by the Leases which, after deducting all royalties and any overriding royalties, production payments (other than the Production Payment) or other charges now burdening the Subject Interests, accrue or are attributable to the Subject Interests, excluding Hydrocarbons used for purposes of production and operations upon the Lease areas and Hydrocarbons which are unavoidably lost.

"Subject Interests" means (a) prior to consummation of the Second Conveyance, the interests described in Annex A of Grantor in, to and under the Leases, and, after consummation of the Second Conveyance, the interests described in Annex A and Annex B of Grantor in, to, and under the Leases, and (b) all other rights which Grantor now has or hereafter acquires in, to or under, or derived from any amendments, modifications, renewals or extensions of, any of the Leases; including in all such cases all rights under the Joint Operating Agreement and all operating agreements, Production Sales Contracts and other agreements affecting the Leases.

"Subleases" means the "Subject Assignments" referred to in the Joint Operating Agreement, as the Joint Operating Agreement is from time to time supplemented or amended with the consent of Grantee.

"Taxes" means all taxes under the Crude Oil Windfall Profit Tax Act and all production, severance, occupation, gathering, sales, excise and other taxes and assessments of any kind (other than the "excluded taxes" as described below), including penalties and interest, if any, imposed or assessed with respect to or measured by or charged against PP Hydrocarbons or the proceeds or value thereof, and all other taxes required by law to be deducted from the PP Proceeds and all ad valorem or other taxes on or measured by income, profits, or gains (including without limitation interest and penalties, if any, but excluding the "excluded taxes" as described below) which are imposed on Grantee solely by virtue of Grantee's ownership of the Production Payment or any part thereof and/or the receipt of PP Hydrocarbons or PP Proceeds. As used herein, however, "Taxes" shall not include any of the following "excluded taxes": income taxes imposed on (a) the amount received by Grantee pursuant to subsection (e) of Section 2.5 and (b) any gain attributable to the sale or other disposition, in whole or in part, of the Production Payment to the extent such gain, in the case of a sale or other disposition in whole, is attributable to consideration

received in excess of the amount then required under Section 2.5 to discharge the Production Payment in full, or, in the case of a sale or other disposition in part, then to the extent such gain is attributable to consideration received in excess of the consideration which would have been allocable, on a pro rata basis, to the part so sold or otherwise disposed of had the sale or other disposition been of the entire Production Payment and the total consideration received equal to the amount then required under Section 2.5 to discharge the Production Payment in full.

SECTION 1.2 References. All references in this Conveyance to Annexes and sections refer to the Annexes and sections of this Conveyance unless expressly provided otherwise. The words "this Conveyance", "this instrument", "herein", "hereof", and words of similar import refer to this Conveyance as a whole and not to any particular subdivision hereof unless expressly so limited. Titles appearing at the beginning of any subdivisions hereof are for convenience only, do not constitute any part of such subdivisions, and shall be disregarded in construing the language contained in such subdivisions. Pronouns in the masculine, feminine and neuter genders shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires. Unless the context otherwise requires or unless otherwise provided the terms defined in this Conveyance which refer to a particular agreement, instrument or document also refer to and include all renewals, extensions and modifications of such agreement, instrument or document, provided that nothing contained in this section shall be construed to authorize any person to execute or enter into any such renewal, extension or modification. Notwithstanding the foregoing, references to (a) the Credit Agreement and the Notes shall not include any renewals, extensions or modifications of such instruments unless the same have been made with the express written consent of Grantor and (b) the Joint Operating Agreement and the Subleases shall not include any renewals, extensions or modifications of such instrument unless the same have been made with the express written consent of Grantee.

ARTICLE SECOND
SALE AND TRANSFER OF PRODUCTION PAYMENT

SECTION 2.1 Conveyance. Grantor, for a valuable consideration paid and to be paid by Grantee as herein provided, does hereby bargain, sell, transfer, assign, grant, convey, set over and deliver, as the Production Payment, unto Grantee, its successors and assigns, until Discharge, all PP Hydrocarbons which accrue or are attributable to the Subject Interests described in Annex A from and after 7:00 a.m. (Louisiana time) on October 1, 1963, until Discharge, and all PP Proceeds related thereto, to have and to hold the same together with all and singular the rights, titles and interests appurtenant thereto in anywise belonging (including without limitation all rights which Grantor now has or hereafter acquires in, to or under the Joint Operating Agreement and all operating agreements, Production Sales Contracts and other agreements affecting the PP Hydrocarbons or PP Proceeds, together with the representations, warranties, and indemnities set out in the Subleases, it being understood and agreed that Grantee may not exercise such rights except as provided in subsection (a) of Section 5.1).

SECTION 2.2 Agreement to Convey. As more fully provided in the Purchase Agreement, Grantor agrees that Grantor will convey to Grantee, subject to Grantor's having first acquired the rights and interests described in Annex B, for the valuable consideration hereinafter provided: as an addition to the Production Payment and until Discharge, all PP Hydrocarbons which will after such conveyance accrue or be attributable to the Subject Interests described in Annex B and all PP Proceeds related thereto.

SECTION 2.3 Purchase Price-Annex A. As the purchase price for that part of the Production Payment described in Section 2.1, Grantee agrees to pay to Grantor upon completion of the applicable conditions set forth in the Purchase Agreement the sum of One Hundred Sixty Million Dollars (\$160,000,000).

SECTION 2.4 Purchase Price-Annex B. As the purchase price for that part of the Production Payment described in Section 2.2, Grantee shall, as more fully described in the Purchase Agreement, pay to Grantor an amount to be agreed upon hereafter which shall not exceed One Hundred Fifteen Million Dollars (\$15,000,000).

SECTION 2.5 Amount and Term. Unless Discharge has otherwise occurred pursuant to Section 2.13, the Production Payment shall continue and remain in full force and effect

until the receipt and realization by Grantee from PP Proceeds, free and clear of all Production Expenses and other costs whatsoever, of the aggregate sum of the amounts specified in the following subsections (a), (b), (c), (d) and (e) of this Section 2.5:

(a) The full amount of the Primary Sum; plus

(b) An amount equal to all amounts except principal that would have accrued and become owing under the terms of the Notes or under the terms of Sections 1.10, 1.11, 2.01 and 2.02 of the Credit Agreement (without any duplication), if such amounts were computed on the basis of the elections, or deemed elections, made by Grantor under Section 2.6 hereof and further assuming for purposes of calculation that (i) the Credit Agreement has not been terminated or modified or amended in any respect (unless with the consent of Grantor) and (ii) no default has occurred under the Notes, the Credit Agreement or any instrument securing the Notes (whether or not the Credit Agreement is still in effect or any such default has actually occurred); plus

(c) An amount equal to all Taxes to the extent paid by Grantee should Grantor fail to pay the same as provided in Section 4.3, together with an additional amount equal to interest on the amount so paid computed at the Base Rate from the date of payment of such Taxes by Grantee until reimbursed or added to the Primary Sum; plus

(d) An amount equal to the aggregate of all out-of-pocket expenses (without any duplication and excluding principal and interest) paid or incurred by Grantee (together with an amount equal to interest on the amount so paid computed at the Base Rate from the date of payment thereof until reimbursed or added to the Primary Sum) which are related to (i) the acquisition, ownership, mortgaging, transfer or termination of the Production Payment or the borrowing of money to pay the purchase price therefor (including but not limited to recording fees, fees and expenses of the Independent Engineers, fees and expenses of independent accountants and of counsel for Grantee or for its lenders and all charges and expenses of any trustee or lender under any mortgage or deed of trust securing such borrowing or any taxes on any lender by reason of any mortgage or deed of trust securing such borrowing), or (ii) any litigation, contest, release or discharge of any adverse claim or demand made or proceeding instituted by any person affecting in any manner whatsoever the Production Payment or PP Hydrocarbons or PP Proceeds; plus

(e) an amount equal to Six Thousand Five Hundred Dollars (\$6,500) for each calendar quarter that the Production Payment is outstanding;

IT BEING THE INTENTION OF THE GRANTOR AND THE GRANTEE IN ENTERING INTO THIS CONVEYANCE that the Grantee shall be entitled to receive and realize out of the PP Hydrocarbons and PP Proceeds the full aggregate sum of the amounts described in subsections (a), (b) and (e) of this Section 2.5 free and clear of all Production Expenses and Taxes (which shall be borne by the Grantor) and over and above all assessments, fees, expenses and costs of the character and amount described, specified or referred to in subsections (c) and (d) of this Section 2.5.

SECTION 2.6 Elections. The Credit Agreement provides for Grantee to give certain "Notices of Borrowing" and "Notices of Conversion" and to elect certain "Interest Periods" concurrently with the giving of such notices. Grantee may also make certain other elections under the terms of the Credit Agreement which affect the amounts payable thereunder and under the Notes. So long as no Designated Event has occurred and is continuing, Grantor may likewise from time to time, by giving notice to Grantee (which shall not be effective until a copy thereof is received by Bankers Trust) make its own corresponding elections which shall be used in the computation of the amount referred to in subsection (b) of Section 2.5. Grantor's elections must be made in conformity with the terms and conditions (including notice requirements) under which Grantee is entitled to make elections under the Credit Agreement (assuming that the Credit Agreement has not been terminated or modified or amended in any respect, unless with the consent of Grantor, and that no default has occurred thereunder, under the Notes, or under any instrument securing the Notes). The failure by Grantor to make any such election shall have the same consequences as a corresponding failure by Grantee to make an election under the Credit Agreement, and Grantor shall be deemed to have elected such consequences. By its acceptance of this Conveyance Grantee covenants to Grantor that (a) Grantee will make its own elections under the Credit Agreement in conformity with the elections made by Grantor under this Section 2.6, so that Grantor's obligations hereunder and Grantee's obligations under the Credit Agreement and the Notes are determined by the same factors, and (b) upon request of Grantor, Grantee will immediately exercise Grantee's option contained in Section 2.04 of the Credit Agreement in the amount requested by Grantor.

SECTION 2.7 Application of PP Proceeds. All PP Proceeds related to PP Hydrocarbons produced in or prior to a given Application Period which are available for application to the Production Payment, not theretofore applied, and actually received by Grantor (pursuant to Section 3.2) up to the close

of business on the last day of the calendar month preceding the related Application Date shall be paid by Grantor to Grantee on such Application Date. All PP Proceeds related to PP Hydrocarbons produced in or prior to a given Application Period which are available for application to the Production Payment, not theretofore applied, and actually received by Grantee up to the close of business on the related Application Date shall be applied to the Production Payment on such Application Date. Such PP Proceeds shall be applied and shall be deemed to have been applied on each Application Date in the following order:

First, to the amounts referred to in subsection (b) of Section 2.5 determined as of such Application Date;

Second, to the amounts, if any, referred to in subsections (c), (d) and (e) of Section 2.5 to the extent such amounts are then ascertained and have not been discharged through prior applications; and

Third, to the reduction of the unliquidated balance of the Primary Sum;

provided, however, that if PP Proceeds applied on any Application Date shall be insufficient to cover the full amount specified in the foregoing Clauses First and Second, the then unliquidated balance of the Primary Sum shall be increased forthwith by the amount of such deficiency and the amounts described in the foregoing Clauses First and Second shall be reduced accordingly. In addition to the foregoing, Grantor shall from time to time prepay any PP Proceeds which do not in the aggregate exceed any then unpaid amounts referred to in subsection (b) of Section 2.5 relating to interest which is then due and payable under the Notes or the Credit Agreement with respect to "Fixed Rate Loans" thereunder, and at the time of such payment Grantee shall apply such then unpaid amounts to the Production Payment. All PP Proceeds payable to Grantee hereunder shall be paid by transferring the same in immediately available funds to Grantee's account with Bankers Trust at the office of Bankers Trust located at One Bankers Trust Plaza, New York, New York, (or such other account as Grantee, with the written consent of Bankers Trust, shall from time to time designate in writing delivered to Grantor) and no such amounts shall be applied or deemed applied to the Production Payment until such funds are received by Bankers Trust (or another properly designated bank) for the account of Grantee.

SECTION 2.8 Exclusions from PP Hydrocarbons. For the purposes of the Production Payment, the following shall be applicable:

(a) The Production Payment shall not be dischargeable out of any products resulting from any manufacturing, processing, or refining operation except to the extent of that portion of such products whose value represents the fair market value in the field of the PP Hydrocarbons used in the making of such products, but shall be dischargeable out of Subject Hydrocarbons recovered by conventional mechanical separators;

(b) There shall not be included in PP Hydrocarbons any Hydrocarbons unavoidably lost in the production thereof or used by Grantor in conformity with good field practices for drilling and production operations (including gas injection, fuel, secondary recovery, pressure maintenance, repressuring or cycling operations) conducted for the purpose of producing Subject Hydrocarbons, but only so long as such Hydrocarbons are so used.

SECTION 2.9 Repurchase. (a) Grantor shall have the right and option, exercisable upon three Business Days' advance written notice to Grantee, to repurchase the Production Payment in full by paying to Grantee (in the manner contemplated by the last sentence of Section 2.7) an amount equal to the unliquidated balance of the Production Payment as of the date of repurchase, as determined under Section 2.5, plus any other amounts which Grantee is entitled to receive hereunder. Upon receipt by Grantee of all such amounts the Production Payment shall revert and be automatically reconveyed to Grantor and all rights and remedies of Grantee hereunder shall thereupon cease to be exercisable and terminate, and Grantor shall be released from any obligation to make the Second Conveyance (if not previously made) and Grantee shall be released from any obligation to pay the purchase price described in Section 2.4. At Grantor's request and expense Grantee shall execute and deliver to Grantor an appropriate instrument evidencing such reversion and reconveyance.

(b) Grantor shall have the right and option from time to time to repurchase the Production Payment in part by paying to Grantee (in the manner contemplated by the last sentence of Section 2.7) an appropriate portion of the unliquidated balance of the Production Payment as of the date of repurchase. Prior to exercising such right Grantor shall specify to Grantee the particular Subject Interests burdened by that part of the Production Payment which Grantor wishes to repurchase. Upon receipt of such notice Grantee shall cause the Engineers to revise their then most recent calculations under Section 2.10, excluding from consideration the Subject Interests specified by Grantor, in order to determine what reduction in the Primary Sum is necessary to allow the Depleted Percentage to remain

substantially unchanged (or to be changed to a percentage specified by Grantor) and what corresponding changes must be made to the Amortization Schedule if the Primary Sum is so reduced. Such Determinations shall be made in compliance with, and shall be deemed to be a redetermination pursuant to, Section 2.10, except that (i) in making such redetermination, (A) the Grantor may elect for the last report prepared by the Independent Engineers pursuant to Section 2.10 to be used (provided such report is made as of a date not more than twelve months prior to the date of Grantor's request under Section 2.9) and (B) the Engineers may elect to use their current price assumptions, and (ii) the Dedicated Percentage and changes to the Amortization Schedule will not become effective under Section 2.10 unless Grantor exercises its option to repurchase such portion of the Production Payment. Grantee shall notify Grantor of such revised calculations and of the amount of such reduction in the Primary Sum, and by paying such amount and a proportionate share of the then accrued amounts specified in subsections (b), (c), and (d) of Section 2.5 before the next occurring Application Date, Grantor may at its option repurchase that portion of the Production Payment which burdens the Subject Interests specified by Grantor. Upon receipt by Grantee of all such amounts such portion of the Production Payment shall revert and be automatically reconveyed to Grantor and all rights and remedies of Grantee hereunder with respect to such Subject Interests or such portion of the Production Payment shall thereupon cease to be exercisable and terminate. At Grantor's request and expense Grantee shall execute and deliver to Grantor an appropriate instrument evidencing such reversion and reconveyance.

SECTION 2.10 Revisions of Amortization Schedule and Dedicated Percentage. At any time prior to January 1, 1990, and as long as the unliquidated balance of the Primary Sum is greater than or equal to \$50,000,000 Grantee shall, from time to time upon the request of Grantor but no more frequently than once every six months, cause the Engineers to calculate as of the Determination Date specified by Grantor in such request (such calculation to be based upon the evaluation of the Proven Reserves of Hydrocarbons attributable to the Subject Interests as specified in the latest report provided by the Independent Engineers) the estimated future Gross Proceeds expected to accrue to the Subject Interests from the sale of such Proven Reserves of Hydrocarbons produced (i) over the remaining expected economic lives of the Subject Interests from and after such Determination Date and (ii) during each twelve-month period beginning on such Determination Date or on any of the following annual anniversaries of such Determination Date, and further to calculate each of the following two percentages:

(a) The smallest percentage which, when multiplied by the Gross Proceeds so expected to accrue from production during each such twelve-month period (excluding, if requested by Grantor as provided below, the grace period beginning on such Determination Date), will yield amounts which if applied to the Production Payment will be sufficient to fully liquidate and discharge the Production Payment by December 31, 1993, and

(b) The percentage which, when multiplied by the Gross Proceeds so expected to accrue from production after such Determination Date (excluding, if requested by Grantor as provided below, the grace period beginning on such Determination Date), will yield amounts which have an aggregate present worth when discounted at the Annual Discount Rate equal to the product of the Coverage Ratio and the unliquidated balance of the Production Payment as of such Determination Date.

The Engineers shall also calculate (i) a new Dedicated Percentage, which shall be equal to ninety-three percent of the higher of the two percentages calculated in accordance with paragraphs (a) and (b) above, rounded off at the nearest 1/10 of 1%, and (ii) a new Amortization Schedule for which each Application Period's Scheduled Amortization shall be equal to twenty-five percent (25%) of the appropriate twelve-month period's projected Gross Proceeds multiplied by a percentage equal to the higher of the two percentages calculated in accordance with paragraphs (a) and (b) above, rounded off at the nearest 1/10 of 1% if the calculated percentage contains more than one digit following the decimal point. If any such twelve-month Period contains Application Periods with Application Dates which have already occurred, the amount of the Scheduled Amortization for each remaining Application Period shall be appropriately adjusted so that each remaining Application Period's Scheduled Amortization is equal and each payment of PP Proceeds already made is taken into account. If Grantor has requested that the percentages described in paragraphs (a) and (b) above be determined with a grace period of up to twelve months beginning on such Determination Date being excluded from consideration, such new Amortization Schedule shall not provide for any application to the Primary Sum of PP Proceeds attributable to such grace period and such new Dedicated Percentage which shall be in effect for such grace period shall be equal to ninety-three percent of the smallest percentage which, when multiplied by the Gross Proceeds expected to accrue to the Subject Interests from the sale of Proven Reserves of Hydrocarbons produced from (or otherwise attributable to) the Subject Interests during such grace period, will yield amounts which if applied to the

Production Payment will be sufficient to pay the amounts expected to accrue during such grace period under subsections (b), (c), (d) and (e) of Section 2.5.

Grantor shall make available to the Engineers not later than ten days after each request by Grantor under this Section 2.10 a report of the Independent Engineers made as of the related Determination Date, satisfactory in form and substance to Bankers Trust and containing all information which the Engineers reasonably deem necessary in order to make the above calculations; provided, however, that in the event a redetermination is requested by Grantor pursuant to this Section 2.10 prior to April 1, 1984, the Grantor may elect to furnish a report of the Independent Engineers which (a) is based on the last engineering study and analysis made by the Independent Engineers with respect to the Subject Interests described in Annex A (and not a new or supplemental study), (b) is based on a new or supplemental engineering study and analysis made by the Engineers with respect to the Subject Interests described in Annex B and (c) is based on the current price assumptions furnished by the Engineers. In making the calculations described in this Section 2.10, the Engineers shall exercise in good faith their professional judgment in accordance with current prudent standards in the profession and, with respect to matters for which there are no such current prudent standards, the then current standards used by Bankers Trust in evaluating its major energy credits.

Following completion of such calculations and within twenty-five days after Grantor has provided the report of the Independent Engineers required under this Section 2.10, the Engineers shall notify Grantor and Grantee of the Dedicated Percentage and Amortization Schedule as so calculated, and Grantor shall then have the option to elect whether or not to substitute such Dedicated Percentage and Amortization Schedule for the Dedicated Percentage and Amortization Schedule then in effect. Grantor must make such election by sending written notice to Grantee, with a copy to Bankers Trust, within thirty days after receiving such notice from the Engineers, and if Grantor fails to send such notice the Dedicated Percentage and Amortization Schedule shall not change. If, however, Grantor elects to substitute the Dedicated Percentage and Amortization Schedule which the Engineers have so calculated, such substituted Dedicated Percentage and Amortization Schedule shall be effective for the first Application Date occurring after Grantor's notice of election is sent and received. At Grantor's request Grantee will cause the Engineers to review and discuss with Grantor's representatives the bases, economic assumptions and other factors taken into consideration in making the above calculations and any evaluations upon which the above calculations are based.

Notwithstanding the foregoing, any Dedicated Percentage and Amortization Schedule as so calculated shall not become effective unless Grantee consents thereto in writing.

SECTION 2.11 Additions to Scheduled Amortization.

In the event that the PP Proceeds for any Application Period are not sufficient to reduce the Primary Sum by the Scheduled Amortization for such Application Period, such deficit (including amounts referred to in Clauses First and Second of Section 2.7) will be added to the Scheduled Amortization for the next Application Period and the Amortization Schedule shall be considered to be so adjusted.

SECTION 2.12 Withholding and Restitution of PP

Hydrocarbons. If any of the proceeds of PP Hydrocarbons shall be withheld for any reason whatsoever, then Grantee shall not be deemed to have received or realized any such PP Hydrocarbons. If at any time whatsoever either before or after the receipt of the full aggregate sum of the Production Payment specified in Section 2.5 Grantee shall be legally compelled for any reason whatsoever to make any payment or restitution on account of any PP Proceeds theretofore received by Grantee, then at the time any such payment or restitution is made the unliquidated balance of the Primary Sum shall be increased by an amount equal to such payment or restitution (plus all amounts which Grantee shall be compelled to pay in the nature of interest, damages and penalties); provided, however, that if Grantee is required to make any such payment or restitution after Discharge Grantor shall forthwith make such payment or restitution in full and shall hold Grantee harmless on account thereof.

SECTION 2.13 Discharge.

When the full aggregate sum of the amounts specified in subsections (a), (b), (c), (d) and (e) of Section 2.5 (including all increases in the Primary Sum provided for in Sections 2.7, 2.12 and 3.4), together with all restitutions and payments required by Section 5.1, has been received by Grantee as aforesaid, or when all of the Leases have been terminated or Grantor has surrendered or abandoned to the United States of America all of the Leases or all of the Subject Interests after the good faith determination by Grantor that all Commercially Recoverable Hydrocarbons have been produced therefrom, the Production Payment shall be fully discharged and shall terminate, and in that event Grantee shall execute and deliver to Grantor at Grantor's request and expense an appropriate acquittance and release. Until such acquittance and release has been duly filed in the same public records as this Conveyance is filed, all third parties who do not have actual knowledge to the contrary can assume for all purposes that the Production Payment is in existence and Discharge has not occurred.

ARTICLE THIRD
DISPOSITION OF SUBJECT HYDROCARBONS

SECTION 3.1 Marketing of PP Hydrocarbons. Subject to the rights of Grantee in Section 3.3 and to the rights of Grantor in Section 3.4, Grantor shall market the PP Hydrocarbons on behalf and for the account of Grantee on the same basis as Grantor markets its share of the Subject Hydrocarbons, with full right, power and authority to enter into contracts and agreements for the sale of all Subject Hydrocarbons without any joinder by Grantee therein; provided, however, that in the event Grantor shall sell or otherwise dispose of any PP Hydrocarbons to itself or any of its Affiliates, the sales price received therefor shall not be less than the Market Value thereof and the sale or disposition shall be on other normal and customary terms.

SECTION 3.2 Payment of PP Proceeds. To facilitate accounting for the PP Proceeds and subject to the further provisions of this Section 3.2, and until receipt of written notice from Grantee to the contrary after the occurrence and during the continuance of a Designated Event, the proceeds of the sale of all Subject Hydrocarbons shall be paid by the purchasers thereof or the persons obligated to make payment therefor to Grantor; provided, however, that all PP Proceeds shall be held for the account of Grantee and shall be paid over to Grantee by Grantor on each Application Date in such manner and in such form (after allowance of time for normal accounting procedures) as will enable Grantee to apply such PP Proceeds to the Production Payment as provided in Section 2.7.

SECTION 3.3 Taking in Kind. After the occurrence and during the continuance of a Designated Event, Grantee shall be entitled at its election to take in kind all or any part of the PP Hydrocarbons, subject, however, to the rights of the purchasers under any then existing Production Sales Contracts; provided, however, that each such notice shall specify which PP Hydrocarbons covered by such notice are to be taken, and shall specify the date of commencement of the taking by Grantee (which shall be the first day of a calendar month), and each taking shall be for the period specified in such notice. In such event Grantee shall market such PP Hydrocarbons at a sales price which shall not be less than the Market Value thereof or, in the case of sales pursuant to Production Sales Contracts, at the contract prices receivable thereunder, and the Production Payment shall be credited with the proceeds of any such sale in the same manner and to the same extent hereunder as if there had been no taking by Grantee.

SECTION 3.4 Governmental Regulations. All obligations of Grantor hereunder with respect to any Subject Hydrocarbons then subject to the jurisdiction of the Federal Energy Regulatory Commission or any successor or substitute federal agency exercising similar jurisdiction (the "FERC") or subject to the control of any other federal or state agency or statute shall be subject to compliance by Grantor with all applicable rules and regulations of the FERC, any such other agencies and any such applicable statutes and the rules and regulations promulgated thereunder. Rates required to be paid under any rules and regulations of the FERC, or under any applicable statutes, rules or regulations, for any PP Hydrocarbons then lawfully subject thereto shall be deemed to control if varying from prices or terms established in Production Sales Contracts; provided, however, that if, prior to or after receipt by Grantee out of Gross Proceeds of PP Hydrocarbons of the full aggregate sum of the amounts specified in Section 2.5, a refund is required to be made by Grantee with respect to any amounts theretofore received by Grantee which are attributable to PP Hydrocarbons, the Primary Sum shall, at the date of such refund by Grantee, be increased in an amount equal to such refund, plus all amounts which Grantee shall be compelled to pay in the nature of interest, penalties or damages (unless paid by Grantor); provided, however, that if Grantee is required to make any such payment or restitution after Discharge Grantor shall forthwith make such payment or restitution in full and shall hold Grantee harmless on account thereof. Grantor shall make all required filings with the FERC and any other state or federal agency with respect to Production Sales Contracts affecting any such PP Hydrocarbons.

ARTICLE FOURTH
COVENANTS OF GRANTOR

SECTION 4.1 Development and Operation of Subject Interests. Until Discharge --

(a) Grantor, without cost to Grantee and irrespective of who may be the operators of the Subject Interests, will cause, to the extent it possesses the legal right to cause the operators of the Leases to do so, the following to be done and performed (but only if in compliance with the reasonable prudent operator standard of the oil and gas industry in the Gulf of Mexico and in compliance with all applicable laws, orders, rules and regulations):

(1) The Subject Interests shall be protected (i) from drainage by the drilling of substitute wells from time to time to replace any wells damaged or destroyed

or which cease to produce for any reason whatsoever other than exhaustion of the producing horizons penetrated by the wells so to be replaced, and (ii) through the drilling of additional wells to conform to changed spacing regulations or to satisfy offset requirements, whenever and as often as necessary; provided, however, that Grantor shall have no obligation to Grantee to drill additional wells so long as at all times prior to Discharge there are sufficient wells on the Subject Interests to recover and produce through such existing wells (i) sufficient PP Hydrocarbons to achieve Discharge by December 31, 1993 and (ii) during the remaining economic lives of the Subject Interests, Subject Hydrocarbons with a Present Worth of Future Gross Proceeds equal to at least the product of the unliquidated balance of the Production Payment and the Coverage Ratio (as in effect on the Determination Date used in connection with the current Amortization Schedule adopted pursuant to Section 2.10 or, if none, as in effect on the date hereof), but further provided that Grantor shall never be required to drill an additional well if such additional well can not reasonably be expected to pay out and thereafter produce Hydrocarbons in Paying Quantities;

(2) All equipment, machinery and facilities (including surface and subsurface equipment) shall be provided and installed as may from time to time be needed (i) to equip all wells producing Subject Hydrocarbons; (ii) to handle, treat and process all Subject Hydrocarbons as produced so as to put them in marketable and transportable condition; (iii) to connect all such producing wells to pipelines of sufficient capacity to receive and transport the quantities of Subject Hydrocarbons which the Subject Interests are expected to produce under subheading (3) above; or (iv) to produce, operate and maintain the Subject Interests, including but not limited to promptly replacing any drilling or production platform or other needed item of equipment or facilities which may be destroyed or damaged beyond repair (provided that Grantor shall never be required to replace any drilling or production platform if any wells to be drilled or operated therefrom cannot reasonably be expected to pay for the cost of such replacement, less the proceeds of any applicable insurance, and all associated costs and thereafter produce Hydrocarbons in Paying Quantities); and all equipment and machinery located upon or used in connection with the Subject

Interests shall be kept and maintained in good and efficient operating condition and all repairs, renewals, replacements, additions and improvements thereof needful to such end shall be promptly made; and

(3) The Subject Interests shall be maintained and continuously operated for the production of Hydrocarbons, and all things shall be done and performed as may be required to maintain and protect the productive capacity of the Subject Interests and each well thereon to the end that each well capable of producing Subject Hydrocarbons in Paying Quantities will produce and continue to produce Subject Hydrocarbons at its maximum efficient rate of production or to the extent of its legal allowable, and whenever and as often as prudent to maintain such productive capacity, wells shall be repaired, reworked, cleaned out, reconditioned or recompleted.

(b) If Grantor is rendered unable by Force Majeure, or a claim of Force Majeure by the operator of any of the Subject Interests (which claim Grantor shall contest, if a reasonable non-operator would do so), to perform the obligations set out in this Section 4.1, Grantor shall give prompt written notice to Grantee and thereupon such obligations of Grantor so far as they are affected by such Force Majeure (to the extent such obligations are not payment obligations) shall be suspended during, but no longer than, the continuance of such Force Majeure, during which time Grantor, to the extent that its interests under the Leases and any related operating agreements allow it to legally do so, shall proceed with dispatch and with reasonable diligence to commence or resume production of Hydrocarbons.

SECTION 4.2 Maintenance of Leases. Until Discharge and irrespective of who may be the operators of the Subject Interests, Grantor will, to the extent it possesses the legal right to cause the operators of the Leases to do so, (a) cause all necessary things to be done to maintain in full force and effect, free of any right of cancellation, forfeiture or termination, the Leases and all permits, licenses, easements, servitudes and other rights necessary or useful in connection with the development, equipping, operation or maintenance of the Subject Interests or the producing, gathering, handling, treating, processing, storing, transporting or marketing of Subject Hydrocarbons, and (b) cause all rentals, royalties and other payments due thereunder or with respect thereto to be fully, timely and properly paid and all provisions thereof to

be duly observed and all obligations which may become performable thereunder or with respect thereto to be duly and properly performed.

SECTION 4.3 Encumbrances, Taxes and Other Costs.

Until Discharge and irrespective of who may be the operators of the Subject Interests, Grantor will cause the following to be done and performed without cost to Grantee:

(a) All costs, expenses and liabilities of every kind and nature incurred in connection with the Subject Interests or arising out of the development, equipping, operation, or maintenance thereof or the producing, gathering, handling, treating, processing, storing, transporting or marketing of Subject Hydrocarbons shall be paid punctually when due, or as to any thereof which are being contested in good faith, promptly after the final determination of such contest;

(b) All Taxes shall be rendered, reported and paid punctually before the same become delinquent, or as to any thereof which are being contested in good faith, promptly after the final determination of such contest, together with any interest and penalties payable in connection therewith.

(c) Grantor's interest in the Subject Interests and the Subject Hydrocarbons shall be kept free and clear of all liens, charges or encumbrances of every character, other than --

- (1) taxes constituting a lien but not delinquent;
- (2) operators' liens, and mechanics' and materialmen's liens arising by operation of law, to the extent all such liens secure current amounts payable for Production Expenses which are not past due or which are being contested in good faith;
- (3) Production Sales Contracts and operating agreements entered into in the ordinary course of business;
- (4) the Production Payment;
- (5) easements or servitudes which do not interfere with operations on the Leases; and
- (6) those consented to in writing by Grantee.

SECTION 4.4 Adverse Claims, Access and Insurance.

Until Discharge --

(a) Grantor will cause written notice to be given to Grantee of every adverse claim or demand made by any person affecting the Subject Interests or the Subject Hydrocarbons in any manner whatsoever, or of any proceedings instituted with respect thereto; and will cause all necessary and proper steps to be diligently taken to protect and defend the Subject Interests and the Subject Hydrocarbons against any such adverse claim or demand, including but not limited to the employment of counsel for the prosecution or defense of litigation and the contest, release or discharge of any such claim or demand, all without expense to Grantee;

(b) Grantor will afford and permit, to the extent Grantor itself has such rights, any one or more representatives designated by Grantee at all reasonable times to have access to the Subject Interests and to inspect or observe all or any facilities or operations thereon and any and all books and records of Grantor with respect thereto or to the Subject Hydrocarbons, subject to Grantee and its representatives recognizing and respecting the confidentiality of such information;

(c) Grantor shall, to the extent of its legal power to do so, cause each operator of the Subject Interests to carry insurance with respect to the Subject Interests and all operations in connection therewith in such amounts and against such hazards as a reasonable prudent operator would carry, and unless Grantee shall otherwise agree in writing, cause all proceeds of such insurance to be used to replace, restore, repair or otherwise remedy and rectify any loss, damage or liability so insured against; and

(d) Grantor will take all necessary and proper steps to diligently enforce its rights and remedies under the Subleases and the Joint Operating Agreement, all without expense to Grantee.

SECTION 4.5 Negative Covenants of Grantor. Except as expressly permitted by the provisions of this instrument or except as required by any statute, regulation, rule, order or request (if the failure to comply with such request could have a material adverse effect upon Grantor or any of its Affiliates) of any federal, state or local governmental authority, until Discharge Grantor will not, without the consent in writing of Grantee:

(a) To the extent such may be prejudicial to the interest of Grantee, amend or modify any of the Leases or any of the operating agreements or other instruments described in Annex A and Annex B or waive any rights or remedies thereunder (except the Joint Operating Agreement and the Subleases, which instruments can be waived, amended or modified only in accordance with the terms of the Joint Operating Agreement); or

(b) Make any sale, conveyance, assignment, lease, sublease or mortgage of any Subject Interests or Subject Hydrocarbons, or release, surrender, cancel or abandon, in whole or in part any of the Leases;

except that: (i) Grantor may release or abandon any Lease or Subject Interest that has produced Hydrocarbons if no well capable of producing Hydrocarbons in Paying Quantities after pay out is then located or could be drilled on such Lease; and (ii) Grantor may transfer any Subject Interest or Subject Hydrocarbons to any Affiliate of Grantor so long as Grantor remains fully liable for the performance of all obligations hereunder with respect to the interest so transferred and the Joint Operating Agreement remains in full force and effect with respect to such interest.

SECTION 4.6 Reports to Grantee. Grantor, at its own expense, will furnish to Grantee on or before each Application Date, in such number of counterparts as Grantee may request, a report showing for the corresponding Application Period the quantities of Subject Hydrocarbons and PP Hydrocarbons produced, the Gross Proceeds derived therefrom, respectively, and the PP Proceeds receivable by Grantee, together with such other information concerning the Production Payment and the transactions contemplated herein as Grantee may reasonably request. Promptly after the occurrence thereof, Grantor shall notify Grantee of the existence of any Designated Event or event which with notice or lapse of time or both would constitute a Designated Event. Grantor shall also, upon written request of Grantee, furnish to Grantee a report of the Independent Engineers (made as of a reasonably current date) whenever each of the following conditions is met: (a) PP Proceeds received by Grantor have been insufficient to meet the Scheduled Amortizations for any two successive Application Periods within the last twelve months, (b) no report of the Independent Engineers has been given to the Engineers pursuant to Section 2.g, 2.10 or 4.6 which was prepared as of a date within six months prior to the date of such request by Grantee, and (c) Grantee reasonably believes that the most recent report of the Independent Engineers which it has received fails to adequately reflect at the time of such request by Grantee the Proven Reserves then attributable to the Subject Interests.

ARTICLE FIFTH
RIGHTS AND REMEDIES OF GRANTEE

SECTION 5.1 Rights and Remedies. Each of the following events (taking into account any period of time, requirement for notice, or other condition) shall constitute a "Designated Event" hereunder:

- (i) The failure by Grantor to make any payment to Grantee required herein within fifteen days after the date that such payment is due; or
- (ii) The failure of Grantor to perform or observe any of the covenants and agreements provided in Sections 4.1 and 4.2 to be performed or observed by Grantor, which failure shall not be cured within a reasonable time (provided Grantor proceeds with reasonable dispatch to cure such failure) under the circumstances then existing after delivery to Grantor by Grantee of written notice of such failure; or
- (iii) The failure of Grantor to perform or observe any of the other covenants and agreements provided in this Conveyance to be performed or observed by Grantor, which failure shall not be cured within thirty days after delivery to Grantor by Grantee of written notice of such failure; or
- (iv) A court having jurisdiction in the premises shall enter a decree or order for relief in respect of Grantor in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appoint a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of Grantor or of the whole or substantially all of its property, or order the winding-up or liquidation of its affairs and such decree or order shall remain unstayed and in effect for a period of ninety consecutive days; or
- (v) Grantor shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, shall consent to the entry of an order for relief in an involuntary case

under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of Grantor or of any substantial part of its property, or shall make any general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due; or

- (vi) Any representation or warranty (i) made by Grantor herein or otherwise made in writing in connection herewith or (ii) made by any person in writing in connection with the Joint Operating Agreement or the Subleases, shall prove to have been incorrect when made in any material respect,

So long as any Designated Event shall have occurred and be continuing, Grantee, either on its own behalf or through any agent or representative, in addition to all other rights and remedies available to it at law and in equity, may exercise any one or more of the following rights (and the exercising of one right shall not preclude the exercising of any other right):

(a) Grantee may, on behalf and at the expense of Grantor, effect performance or observance of any such unperformed covenant or agreement or remedy such breach;

(b) Upon written notice to Grantor, and upon compliance with the provisions of the applicable operating agreement or agreements, Grantee shall be entitled to succeed to all of the rights of Grantor with respect to the possession, operation and development of the Subject Interests (including the right to enforce Grantor's rights under the Subleases, the Joint Operating Agreement and all operating agreements, Production Sales Contracts and other agreements affecting the Leases), and to use such of Grantor's personal property and equipment located thereon or used in connection therewith, free of any rental cost or other charges whatsoever and free of any necessity for a bond or other security in favor of Grantor, as Grantee may deem to be useful or appropriate for the production, treatment, storing, transporting or processing of Subject Hydrocarbons and all other properties and rights of a similar character then held by Grantor and situated upon or used or useful or held for future use in connection with the exploration, development, maintenance or operation of the Subject Interests, and Grantee shall have the right, on behalf of and for the account of Grantor, to sell the Subject Hydrocarbons;

(c) All Subject Hydrocarbons may be deemed to be and treated as PP Hydrocarbons and all Gross Proceeds of Subject Hydrocarbons may be deemed to be and treated as PP Proceeds and applied to the Production Payment as provided in Section 2.7;

(d) Should any such breach be a failure by Grantor to pay when due any Production Expenses, Grantee may apply so much of the proceeds of Subject Hydrocarbons as may be required to the payment of (or to reimburse Grantee for amounts paid by Grantee for) Production Expenses as Grantor may have failed to pay when due (together with an additional amount equal to interest on any amount so paid computed at the Base Rate from the date of expenditure until reimbursed), and in that event all of the remainder of such proceeds shall be deemed to be and treated as Gross Proceeds of PP Hydrocarbons and shall be applied to the Production Payment as provided in Section 2.7;

(e) Grantee shall be entitled to apply to a court of competent jurisdiction for the specific performance or observance of any covenant or agreement or in aid of the execution of any power herein granted and for the appointment of a receiver for the Subject Interests and the Subject Hydrocarbons, but no such appointment shall prejudice or affect the rights of Grantee to receive payment for all PP Proceeds as provided herein; and

(f) Should any such breach be of a nature that could reasonably affect in a material adverse manner the amount of Proven Reserves attributable to the Subject Interests or the PP Hydrocarbons that may be produced therefrom, Grantee shall be entitled to cause Grantor to obtain a report prepared by the Independent Engineers and meeting the requirements of Section 2.10.

SECTION 5.2 Termination of Rights. All rights to which Grantee may become entitled under Sections 3.2, 3.3 or 5.1 shall cease to be exercisable either (i) at Discharge or (ii) at such earlier date when all Designated Events are no longer continuing, without prejudice, however, to the exercise of any rights herein conferred upon Grantee upon any subsequent failure of Grantor to perform or observe any of the covenants and agreements herein provided to be performed or observed by Grantor or upon the subsequent occurrence of any such event.

ARTICLE SIXTH
WARRANTIES AND SUBROGATION

SECTION 6.1 Warranties. Grantor hereby represents and warrants that, as of the date hereof: (a) the Leases, operating agreements and other instruments listed in Annex A are valid and subsisting and are in force and effect; (b) the Subject Interests described in Annex A are free of all liens, encumbrances and adverse claims and are subject to no royalties, overriding royalties, payments out of production, Production Sales Contracts or other burdens or charges except as shown in Annex A; (c) by virtue of its ownership of such Subject Interests Grantor is entitled to receive the share of Hydrocarbons produced from or allocated to each Subject Interest that is shown in Annex A as the Net Interest with respect to such Subject Interest; (d) all accrued rentals, royalties and other charges against such Subject Interests (other than current amounts owing which are not past due) have been fully paid; (e) Grantor has good right and authority to sell and convey the Production Payment; and (f) this Conveyance will vest in Grantee good title to the Production Payment and will entitle Grantee to receive payment for PP Proceeds as provided herein. Grantor hereby binds itself to warrant and forever defend all and singular the Production Payment and all rights, titles, interests, estates, remedies, powers and privileges appurtenant or incident thereto unto Grantee against every person whomsoever lawfully claiming or to claim the same or any part thereof.

SECTION 6.2 Substitution and Subrogation. This Conveyance is made with full substitution and subrogation of Grantee in and to all covenants and warranties by others heretofore given or made in respect of the Subject Interests (to the extent affected by the Production Payment) or any part thereof.

ARTICLE SEVENTH
MISCELLANEOUS PROVISIONS

SECTION 7.1 Liability for Discharge. Grantee shall look exclusively to PP Hydrocarbons and PP Proceeds related thereto for the discharge of the Production Payment, and Grantor shall not be liable for such discharge but only for the performance of the covenants, agreements and obligations herein undertaken by Grantor.

SECTION 7.2 Further Assurances. Grantor agrees to execute and deliver, and, to the extent it is within Grantor's power to do so, to cause any third parties to execute and

deliver, to Grantee all such other and additional instruments and to do all such further acts and things as may be necessary more fully to vest in and assure to Grantee all of the rights, titles, interests, remedies, powers and privileges herein granted or intended so to be.

SECTION 7.3 Assignability. Nothing herein contained shall in any way limit or restrict the right of Grantee to sell, convey, assign or mortgage the Production Payment (including its rights, titles, interests, estates, remedies, powers and privileges appurtenant or incident to the Production Payment under this Conveyance) in whole or in part. Grantee presently intends to borrow money under the Credit Agreement (a copy of which has been furnished to Grantor) and Grantor acknowledges that, as provided in the Credit Agreement, Grantee must receive the prior written approval or consent of the banks which are parties thereto (or two-thirds in interest thereof) before Grantee is authorized to amend this Conveyance. give certain consents or waivers hereunder or take certain other action in connection herewith.

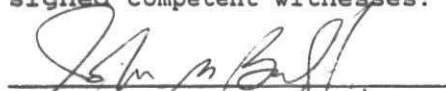
SECTION 7.4 Notices. Any notice, request, demand, report or other instrument which may be required or permitted to be given to or furnished to or served upon either party hereto, or any person succeeding to any interest of a party hereto, shall be deemed sufficiently given or furnished or served if in writing and delivered to such party or person, or to an officer of such party or person, or deposited in the United States mail in a sealed envelope, registered or certified, with postage prepaid, or sent by telex or telegram, charges prepaid, addressed to such party at its address stated in this instrument, or to such other address within the continental limits of the United States as the party or person thereby addressed shall have designated by written notice to the party or person giving such notice or furnishing such report or making such request or demand. Until notice of a different address is given as herein provided, communications to Grantor shall be addressed to it at, and shall be sent by mail, telex or telegram or delivered to Gulf Building, 439 Seventh Avenue, Pittsburgh, Pennsylvania 15219, Attention: Treasurer (Debt Administration), and communications to Grantee shall be addressed to it at, and shall be sent by mail, telex or telegram or delivered to Post Office Box 3183, T.S., Tech Drive at Cooktown Road, Ruston, Louisiana 71272 (with a copy of each such notice to Grantee sent to Bankers Trust at 280 Park Avenue, New York, New York 10017, attention: Energy Group).

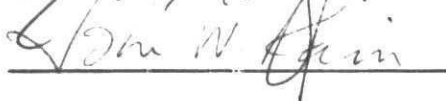
SECTION 7.5 Successors and Assigns. All covenants and agreements of Grantor herein contained shall be deemed to be covenants running with Grantor's interest in the Leases and

the lands affected thereby. All of the provisions hereof shall inure to the benefit of Grantee and its successors and assigns and shall be binding upon Grantor and its successors and assigns and all other owners of the Subject Interests or any part thereof or any interest therein. Any sale, conveyance, assignment, sublease or other transfer of the Subject Interests or Subject Hydrocarbons, or any interest therein or any part thereof, by Grantor shall provide that the assignee assumes all of the obligations of Grantor with respect to the interest transferred, and Grantor shall also remain liable for the discharge of such obligations, provided that nothing contained in this Section shall be construed as waiving the provisions of subsection (b) of Section 4.5, and the provisions of this Section 7.5 shall remain applicable notwithstanding any consent by Grantee to any such transfer.

IN WITNESS WHEREOF, the parties have caused this Conveyance to be duly executed in several counterparts on the dates shown in their respective acknowledgments annexed hereto, each of which is an original and all of which are identical and together constitute but one and the same instrument, which shall be considered to be delivered and dated as of November 18, 1983.

Executed by Kewanee Industries, Inc. and Tech Foundation, Inc. in the presence of the undersigned competent witnesses:





KEWANEE INDUSTRIES, INC.,
(GRANTOR)

By: 

Stephen E. Fodo,
Assistant Treasurer

TECH FOUNDATION, INC.
(GRANTEE)

By: 

John E. Maxwell,
Vice President

STATE OF TEXAS
COUNTY OF DALLAS

This day personally appeared before me, the undersigned authority in and for the jurisdiction aforesaid, Stephen E. Fodo, personally known to me to be an Assistant Treasurer of KEWANEE INDUSTRIES, INC., a Delaware corporation, who acknowledged that as such officer of said corporation he signed, sealed and delivered the foregoing instrument as the act and deed of said corporation on the day and date thereof, having first been duly authorized so to do by resolution of the Board of Directors of said corporation.

Given under my hand and official seal, this the 18th day of November, 1983.



Glenda G. Duncan
Glenda G. Duncan, Notary Public

GLEND A. G. DUNCAN, Notary Public
State of Texas
My Commission Expires 9-20-85

STATE OF TEXAS
COUNTY OF DALLAS

This day personally appeared before me, the undersigned authority in and for the jurisdiction aforesaid, John E. Maxwell, personally known to me to be a Vice President of TECH FOUNDATION, INC., a Louisiana nonprofit corporation, who acknowledged that as such officer of said corporation he signed, sealed and delivered the foregoing instrument as the act and deed of said corporation on the day and date thereof, having first been duly authorized so to do by resolution of the Board of Directors of said corporation.

Given under my hand and official seal, this the 18th day of November, 1983.



Glenda G. Duncan
Glenda G. Duncan, Notary Public

GLEND A. G. DUNCAN, Notary Public
State of Texas
My Commission Expires 9-20-85

ANNEX A

to

Conveyance and Agreement

Dated November 18, 1983

by Kewanee Industries, Inc.

to and with Tech Foundation, Inc.

LEASE NO. 1:

That certain Assignment of Operating Rights dated November 18, 1983, from Gulf Oil Corporation to Grantor, which Assignment is recorded concurrently with this instrument in the Conveyance Records of Plaquemines Parish, Louisiana, Jefferson Parish, Louisiana, and Lafourche Parish, Louisiana, covering rights in and under that certain Lease dated effective June 1, 1982, Serial No. OCS-G 1101, from the United States of America, as Lessor, to Gulf Oil Corporation, as Lessee, covering all of Block 117, West Delta Area, South Addition (the "Assigned Area"), as shown on Official Leasing Map, Louisiana Map No. 8A, recorded under Entry No. 72, Conveyance Book 577, Folio 853, records of Plaquemines Parish, Louisiana, under Entry No. 83-42927, records of Jefferson Parish, Louisiana, and under Entry No. 592505, records of Larourche Parish, Louisiana. Under such Assignment Gulf Oil Corporation assigned unto Grantor all of Gulf Oil Corporation's operating rights in and under such Lease (being 100%), as to all depths underlying the Assigned Area, including all of Gulf Oil Corporation's rights and interest under such Lease to drill for, mine, extract, remove and dispose of (a) crude oil and (b) condensate recovered by conventional mechanical separators but excluding all rights and interest under such Lease in, to, or pertaining to natural gas, other natural gas liquids, and other gaseous hydrocarbons. Grantor's rights and interest under such Assignment are subject to the Joint Operating Agreement referred to therein and the overriding royalty retained thereunder by Gulf Oil Corporation and are further subject to:

(a) Assignment, dated effective as of June 1, 1962, by Gulf Oil Corporation to Marine Petroleum Corporation of an overriding royalty interest equal to 1% of 8/8 of the value at the well of all oil, gas and other minerals produced, saved and sold from Lease No. OCS-G 1101.

(b) Assignment, dated effective as of June 1, 1962, by Gulf Oil Corporation to San Jacinto Petroleum Corporation of an overriding royalty interest equal to 1/4 of 1% of 3/8 of the value at the well of all oil, gas and other minerals produced, saved and sold from Lease OCS-G 1101.

NET INTEREST: 79.20833%

LEASE NO. 2:

That certain Assignment of Operating Rights dated November 18, 1983, from Gulf Oil Corporation to Grantor, which Assignment is recorded concurrently with this instrument in the Conveyance Records of Plaquemines Parish, Louisiana, Jefferson Parish, Louisiana, and Lafourche Parish, Louisiana, and in the records of Hancock County, Mississippi, Harrison County, Mississippi (First and Second Judicial Districts), and Jackson County, Mississippi, covering rights in and under that certain Lease dated effective February 1, 1974, Serial No. OCS-G 2444, from the United States of America, as Lessor, to Gulf Oil Corporation and Tenneco Oil Company, as Lessees, covering all of Block N 667 E 69, Mobile South No. 1 Area, Official Leasing Map, Mobile South No. 1-NH-16-7, recorded under Entry No. 144, Conveyance Book 418, Folio 744, records of Plaquemines Parish, Louisiana, in Book 50, Pages 752-760, records of Hancock County, Mississippi, in Book 752, Pages 118-26, records of Harrison County, Mississippi (First Judicial District), in Book 58, pages 314-322, records of Harrison County, Mississippi (Second Judicial District), and in Book 509 OG&M, Pages 443-450, records of Jackson County, Mississippi, and by amendment dated effective September 1, 1977, the description was changed to all of Block 899, Viosca Knoll Area (the "Assigned Area"), as shown on OCS Official Protraction Diagram NH 16-7, recorded under Entry No. 70, Conveyance Book 577, Folio 849, records of Plaquemines Parish, Louisiana, in Book 969, Pages 78-81, records of Hancock County, Mississippi, in Book 50, Pages 807-810, records of Harrison County, Mississippi (First Judicial District), in Book 138, Pages 621-625, records of Harrison County, Mississippi (Second Judicial District), and in Book 757 OG&M, Pages 517-521, records of Jackson County, Mississippi. Under such Assignment Gulf Oil Corporation assigned unto Grantor all of Gulf Oil Corporation's operating rights in and under such Lease (being 50%), as to all depths underlying the Assigned Area, including all of Gulf Oil Corporation's rights and interest under such Lease to drill for, mine, extract, remove and dispose of (a) crude oil and (b) condensate recovered by conventional mechanical separators but excluding all rights and interest under such Lease in, to, or pertaining to natural gas, other

natural gas liquids, and other gaseous hydrocarbons. Grantor's rights and interest under such Assignment are subject to the Joint Operating Agreement referred to therein and the overriding royalty retained thereunder by Gulf Oil Corporation and are further subject to:

(a) Joint Operating Agreement, dated effective as of February 1, 1974, between Gulf Oil Corporation, as Operator, and Tenneco Exploration II, Ltd.

(b) Tie-in Service Agreement, dated August 30, 1976, between Gulf Oil Corporation, Texaco Inc., Tenneco Exploration II, Ltd., and Shell Oil Company, relating to the installation, operation, maintenance, repair and ultimate removal by the first three named parties of their oil pipeline facilities on Shell Oil Company's Lease No. OCS-G 1294. Obligations of the first three named parties also include annual rental of \$2500 and reimbursement to Shell Oil Company of any increased operating costs resulting from such tie-in facilities.

NET INTEREST: 40.10416%

LEASE NO.

That certain Assignment of Operating Rights dated November 18, 1983, from Gulf Oil Corporation to Grantor, which Assignment is recorded concurrently with this instrument in the Conveyance Records of Plaquemines Parish, Louisiana, Jefferson Parish, Louisiana, and Lafourche Parish, Louisiana, and in the records of Hancock County, Mississippi, Harrison County, Mississippi (First and Second Judicial Districts), and Jackson County, Mississippi, covering rights in and under that certain Lease dated effective February 1, 1974, Serial No. OCS-G 2445, from the United States of America, as Lessor, to Gulf Oil Corporation, Texaco Inc., and Tenneco Oil Company, as Lessees, covering all of Block N 667 E 70, Mobile South No. 1 Area, Official Leasing Map, Mobile South No. 1-NH-16-7, recorded under Entry No. 145, Conveyance Book 418, Folio 750, records of Plaquemines Parish, Louisiana, in Book 50, Pages 761-770, records of Hancock County, Mississippi, in Book 752, Pages 127-136, records of Harrison County, Mississippi (First Judicial District), in Book 58, Pages 323-332, records of Harrison County, Mississippi (Second Judicial District), and in Book 509 OG&M, Pages 451-459, records of Jackson County, Mississippi, and by amendment dated effective September 1, 1977, the description was changed to all of Block 900, Viosca Knoll Area (the "Assigned Area"), as shown on OCS Official Protraction Diagram NH 16-7, recorded under Entry No. 71, Conveyance Book 577, Folio 851, records of Plaquemines Parish,

Louisiana, in Book 50, Pages 802-806, records of Hancock County, Mississippi, in Book 969, Pages 73-77, records of Harrison County, Mississippi (First Judicial District), in Book 138, Pages 626-631, records of Harrison County, Mississippi (Second Judicial District), and in Book 757 OGM, Pages 511-516, records of Jackson County, Mississippi. Under such Assignment Gulf Oil Corporation assigned unto Grantor all of Gulf Oil Corporation's operating rights in and under such Lease (being 50%), as to all depths underlying the Assigned Area, including all of Gulf Oil Corporation's rights and interest under such Lease to drill for, mine, extract, remove and dispose of (a) crude oil and (b) condensate recovered by conventional mechanical separators but excluding all rights and interest under such Lease in, to, or pertaining to natural gas, other natural gas liquids, and other gaseous hydrocarbons. Grantor's rights and interest under such Assignment* are subject to the Joint Operating Agreement referred to therein and the overriding royalty retained thereunder by Gulf Oil Corporation and are further subject to:

(a) Joint Operating Agreement, dated effective as of February 1, 1974, between Gulf Oil Corporation, as Operator, Texaco Inc., and Tenneco Exploration II, Ltd.

(b) Letter Agreement, dated August 11, 1976, between Gulf Oil Corporation and Shell Oil Company, under the terms of which Shell Oil Company consented to the route of an 8-5/8 inch oil pipeline originating on Lease No. OCS-G 2445 and crossing a portion of Shell Oil Company's Lease No. OCS-G 1294 and Gulf Oil Corporation agreed to properly maintain the pipeline and indemnify Shell Oil Company for any damages occasioned by or resulting from the use and operation of the pipeline.

(c) Tie-in Service Agreement, dated August 30, 1976, between Gulf Oil Corporation, Texaco Inc., Tenneco Exploration II, Ltd., and Shell Oil Company, relating to the installation, operation, maintenance, repair and ultimate removal by the first three named parties of their oil pipeline facilities on Shell Oil Company's Lease No. OCS-G 1294. Obligations of the first three named parties also include annual rental of \$2500 and reimbursement to Shell Oil Company of any increased operating costs resulting from such tie-in facilities.

NET INTEREST: 40.10416%

ANNEX B

to

Conveyance and Agreement

Dated November 18, 1983

by Kewanee Industries, Inc.

to and with Tech Foundation, Inc.

LEASE NO. 1:

All right, title, and interest which may hereafter be acquired by Grantor under any assignment of operating rights hereafter given by Gulf Oil Corporation to Grantor, to the extent Grantor thereby acquires rights to drill for, mine, extract, remove and dispose of (a) crude oil and (b) condensate recovered by conventional mechanical separators, excluding natural gas, other natural gas liquids, and other gaseous hydrocarbons, which rights are owned by Gulf Oil Corporation pursuant to that certain Lease dated effective November 1, 1972, Serial No. OCS-G 2181, from the United States of America, as Lessor, to Gulf Oil Corporation, Mobil Oil Corporation, and Chevron Oil Company, as Lessees, covering Blocks 56 and 57, that portion of which is more than three geographical miles seaward from the lines described in Paragraph 1 of the Supplemental Decree of the United States Supreme Court, entered December 13, 1965 in U. S. v. Louisiana - No. 9 Original (382 U. S. 288), South Pass Area, as shown on official leasing map, Louisiana Map No. 9, recorded under Entry No. 74, Conveyance Book 577, Folio 860, records of Plaquemines Parish, Louisiana. Any rights which Grantor obtains under such an assignment will be subject to any joint operating agreement entered into in connection therewith or to any overriding royalty retained thereunder by Gulf Oil Corporation and will be further subject to:

(a) Joint Operating Agreement dated effective as of May 31, 1973, between Chevron U.S.A. Inc., as Operator, Gulf Oil Corporation, and Mobil Oil Exploration and Producing Southeast Inc., as amended effective December 3, 1974, December 4, 1974, July 9, 1976, and December 21, 1977.

(b) Letter Agreement, dated February 13, 1981, between Gulf Oil Corporation and Columbia Gulf Transmission Co., in which Gulf Oil Corporation, to the extent of its interest and its ability to do so, granted Columbia Gulf Transmission Co. permission to construct a 12-3/4 inch gas pipeline over

and across Lease OCS-G 2181. The use of such grant by Columbia Gulf Transmission Co. is not to interfere with operations on Lease OCS-G 2181, and Columbia Gulf Transmission Co. is to indemnify Gulf Oil Corp. or any damage occasioned by or resulting from such .

NET INTEREST: 26.7361%

LEASE NO. 2:

All right, title, and interest which may hereafter be acquired by Grantor under any assignment of operating rights hereafter given by Gulf Oil Corporation as Grantor, to the extent Grantor thereby acquires rights to drill for, mine, extract, remove and dispose of (a) crude oil and (b) condensate recovered by conventional mechanical separators, excluding natural gas, other natural gas liquids, and other gaseous hydrocarbons, which rights are owned by Gulf Oil Corporation pursuant to that certain Lease dated effective November 1, 1972, Serial No. OCS-G 2184, from the United States of America, as Lessor, to Gulf Oil Corporation, Mobil Oil Corporation and Chevron Oil Company, as Lessees, covering Block 77, that portion of which is more than three geographical miles seaward from the line described in Paragraph 1 of the Supplemental Decree of the United States Supreme Court entered December 13, 1965, in J. S. v. Louisiana No. 9 Original (382 U.S. 288), South Pass Area, South & East Addition, as shown on official leasing map, Louisiana Map No. 9A, recorded under Entry No. 73, Conveyance Book 577, Folio 855, records of Plaquemines Parish, Louisiana. Any rights which Grantor obtains under such an assignment will be subject to any joint operating agreement entered into in connection therewith or to any overriding royalty retained thereunder by Gulf Oil Corporation and will be further subject to:

(a) Joint Operating Agreement dated effective as of May 31, 1973, between Chevron U.S.A. Inc., as Operator, Gulf Oil Corporation, and Mobil Oil Exploration and Producing Southeast Inc., as amended effective December 3, 1974, December 4, 1974, July 9, 1976, and December 21, 1977.

(b) Tie-In Service Agreement, dated August 30, 1976, between Chevron U.S.A. Inc. (as Operator on behalf of Gulf Oil Corporation and Mobil Exploration and Producing Southeast, Inc.) and Continental Oil Company relating to the installation, operation, maintenance, repair and ultimate removal by the first party of an oil pipeline, from Lease No. OCS-G 2184 to Continental Oil Company's Lease No. OCS-G 1607, and facilities for said pipeline on Continental Oil Company's Lease No. OCS-G 1607. Obligations of the first

party also include an annual maintenance fee of \$3000, renegotiable every two years.

(c) Letter Agreement, dated February 4, 1980, between Gulf Oil Corporation and Tennessee Gas Pipeline, in which Gulf Oil Corporation, to the extent of its interest and its ability to do so, granted Tennessee Gas Pipeline permission to construct a 26 inch gas pipeline over and across Lease OCS-G 2184. The use of such grant by Tennessee Gas Pipeline is not to interfere with operations on Lease OCS-G 2184.

(d) Letter Agreement, dated February 13, 1981, between Gulf Oil Corporation and Natural Gas Pipeline Company of America, in which Gulf Oil Corporation, to the extent of its interest and its ability to do so, granted Natural Gas Pipeline Company permission to construct a 12 inch gas pipeline over and across Lease OCS-G 2184. The use of such grant by Natural Gas Pipeline Company is not to interfere with operation on Lease OCS-G 2184, and Natural Gas Pipeline is to indemnify Gulf Oil Corporation for any damage occasioned by or resulting from such use.

(e) Letter Agreement, dated February 13, 1981, between Gulf Oil Corporation and Columbia Gulf Transmission Co., in which Gulf Oil Corporation, to the extent of its interest and its ability to do so, granted Columbia Gulf Transmission Co. permission to construct a 12-3/4 inch gas pipeline over and across Lease OCS-G 2184. The use of such grant by Columbia Gulf Transmission Co. is not to interfere with operations on Lease OCS-G 2184, and Columbia Gulf Transmission Co. is to indemnify Gulf Oil Corporation for any damage occasioned by or resulting from such use.

NET INTEREST: 26.73610%

LEASE NO. 3:

All right, title, and interest which may hereafter be acquired by Grantor under any assignment of operating rights hereafter given by Gulf Oil Corporation to Grantor, to the extent Grantor thereby acquires rights to drill for, mine, extract, remove and dispose of (a) crude oil and (b) condensate recovered by conventional mechanical separators, excluding natural gas, other natural gas liquids, and other gaseous hydrocarbons, which rights are owned by Gulf Oil Corporation pursuant to that certain Lease dated effective December 1, 1974, Serial No. OCS-G 2940, from the United States of America, as Lessor, to Chevron Oil Company, Mobil Oil Corporation, and Gulf Oil Corporation, as Lessees, covering Block 57, South Pass Area, OCS Official Leasing Map, Louisiana Map No. 9 and Block 77,

South Pass Area - South and East Addition, OCS Official Leasing Map, Louisiana Map No. 9A. That portion of Block 57 between the line one foot seaward of the Third Supplemental Decree line (404 U.S. 388 (December 20, 1971)), and the line three geographical miles seaward of the First Supplemental Decree Line (382 U.S. 288 (December 13, 1965)), and that portion of Block 77 less than three geographical miles seaward of the First Supplemental Decree Line (382 U.S. 288 (December 13, 1965)), recorded under Entry No. 69, Conveyance Book 577, Folio 843, records of Plaquemines Parish, Louisiana. Any rights which Grantor obtains under such an assignment will be subject to any joint operating agreement entered into in connection therewith or to any overriding royalty retained thereunder by Gulf Oil Corporation and will be further subject to:

(a) Joint Operating Agreement dated effective as of May 31, 1973, between Chevron U.S.A. Inc., as Operator, Gulf Oil Corporation, and Mobil Oil Exploration and Producing Southeast Inc., as amended effective December 3, 1974, December 4, 1974, July 9, 1976, and December 21, 1977.

(b) Letter Agreement dated February 13, 1981, between Gulf Oil Corporation and Columbia Gulf Transmission Co., in which Gulf Oil Corporation, to the extent of its interest and its ability to do so, granted Columbia Gulf Transmission Co. permission to construct a 12-3/4 inch gas pipeline over and across Lease OCS-G 2181. The use of such grant by Columbia Gulf Transmission Co. is not to interfere with operations on Lease OCS-G 2181, and Columbia Gulf Transmission Co. is to indemnify Gulf Oil Corporation for any damage occasioned by or resulting from such use.

NET INTEREST: 26.73610%

LEASE NO. 4:

All right, title, and interest which may hereafter be acquired by Grantor under any assignment of operating rights hereafter given by Gulf Oil Corporation to Grantor, to the extent Grantor thereby acquires rights to drill for, mine, extract, remove and dispose of (a) crude oil and (b) condensate recovered by conventional mechanical separators, excluding natural gas, other natural gas liquids, and other gaseous hydrocarbons, which rights are owned by Gulf Oil Corporation pursuant to that certain Lease dated effective December 1, 1974, Serial No. OCS-G 2941, from the United States of America, as Lessor, to Chevron Oil Company, Mobil Oil Corporation, and Gulf Oil Corporation, as Lessees, covering all of Block 58, South Pass Area, OCS Official Leasing Map, Louisiana Map No. 9, and Block 78, South Pass Area, South & East Addition, OCS Official

Leasing Map, Louisiana Map No. 9A. Those portions of Blocks 58 and 78 between the line one foot seaward of the Third Supplemental Decree line (404 U.S. 388 (December 20, 1971)) and the line three geographical miles seaward of the First Supplemental Decree line (382 U.S. 288 (December 13, 1965)), recorded under Entry No. 68, Conveyance Book 577, Folio 837, records of Plaquemines Parish, Louisiana, less and except that portion thereof described as follows: beginning at a point on the West line of Block 58, South Pass Area, Gulf of Mexico, said point having Lambert Plane Coordinates of X = 2,605,477.93 and Y = 72,172.28; thence East to a point having Lambert Plane Coordinates of X = 2,608,951.10 and Y = 72,172.28; thence South to a point in Block 78 having Lambert Plane Coordinates of X = 2,608,951.10 and Y = 63,293.87; thence Westerly along the arc of a curve to the right with a radius of 18,240.60 feet to a point having Lambert Plane Coordinates of X = 2,608,124.06 and Y = 63,288.73; thence N 89° 03' 28" W 2,646.49 feet to a point on the West line of Block 78 having Lambert Plane Coordinates of X = 2,605,477.93 and Y = 63,332.25; thence North along the West lines of Blocks 78 and 58 to the point of beginning and containing 707.00 acres (all bearings and coordinates refer to the Louisiana Lambert Plane Coordinate System, South Zone). Any rights which Grantor obtains under such an assignment will be subject to any joint operating agreement entered into in connection therewith or to any overriding royalty retained thereunder by Gulf Oil Corporation and will be further subject to:

(a) Joint Operating Agreement dated effective as of May 31, 1973, between Chevron U.S.A. Inc. as Operator, Gulf Oil Corporation, and Mobil Oil Exploration and Producing Southeast Inc., as amended effective December 3, 1974, December 4, 1974, July 9, 1976, and December 31, 1977.

NET INTEREST: 26.73610%

ANNEX C

to

Conveyance and Agreement
 Dated November 18, 1983
 by Kewanee Industries, Inc.
 to and with Tech Foundation, Inc.

AMORTIZATION SCHEDULE
 (\$ in Thousands)

<u>Application Period</u>	<u>Application Date *</u>	<u>\$160 Million Loan (Primary Sum)</u>
Q 4 1983	2/84	\$ 10,400
Q 1 1984	5/84	12,150
Q 2 1984	8/84	12,150
Q 3 1984	11/84	12,150
Q 4 1984	2/85	12,150
Q 1 1985	5/85	11,700
Q 2 1985	8/85	11,700
Q 3 1985	11/85	11,700
Q 4 1985	2/86	11,700
Q 1 1986	5/86	9,700
Q 2 1986	8/86	9,700
Q 3 1986	11/86	9,700
Q 4 1986	2/87	9,700
Q 1 1987	5/87	7,700
Q 2 1987	8/87	7,700
		<u>\$160,000</u>

*The Application Date for each Application Period is the first Business Day after the ninth calendar day of the indicated month.

NOV 21 1983

COLLATERAL MORTGAGE *
PLEDGE AND ASSIGNMENT * UNITED STATES OF AMERICA
BY TECH FOUNDATION, INC. * STATE OF TEXAS
* COUNTY OF DALLAS
*

1. BE IT KNOWN, that on this 18th day of November 1983,

2. BEFORE ME, the undersigned Notary Public duly commissioned and qualified in and for the State and County aforesaid, therein residing, and in the presence of the witnesses hereinafter named and undersigned, personally came and appeared:

TECH FOUNDATION, INC., a nonprofit corporation existing and duly created under the laws of Louisiana, hereinafter sometimes called the "Mortgagor", herein represented and acting by and through John E. Maxwell, its Vice President, duly authorized by resolution of the Board of Directors and of the members of Mortgagor, a certified copy of which is attached hereto as Annex A and made part hereof,

who declared unto me, said Notary Public, in the presence of said witnesses that Mortgagor desires to secure funds from any person, firm or corporation willing to loan the same, and for such purpose, said Mortgagor does by these presents declare and acknowledge a debt in the sum of Four Hundred Million and No/100 (U.S.) (\$400,000,000.00) Dollars, and, to evidence such indebtedness, has executed under date of these presents one certain promissory note (the "Collateral Note") for the said sum Four Hundred Million and No/100 (U.S.) (\$400,000,000.00) Dollars, made payable to the order of Bearer, due on demand at the offices of Bankers Trust Company at One Bankers Trust Plaza, New York, New York, which Collateral Note stipulates to bear interest at the rate of twenty percent (20%) per annum from its date until paid, payable on demand, which Collateral Note, after having been paraphed "Ne Varietur" by me, Notary Public, for identification herewith, was delivered to Mortgagor, who acknowledges the receipt thereof.

3. Said Mortgagor further declares that said Collateral Note will be negotiated for the purpose of raising funds as heretofore stated, and said Mortgagor does, by these presents, acknowledge to be indebted unto any future holder or holders of the Collateral Note in the full amount thereof, together with interest, attorney's fees, insurance premiums, taxes and costs, if any should accrue.

4. And now, in order to secure Mortgagor's obligations, which shall include the full due and punctual payment of the above described Collateral Note, in principal and interest, as well as all costs, taxes, assessments, charges, insurance premiums and attorney's fees incurred or paid hereunder, and the faithful observance and performance of all of the obligations, agreements, covenants and stipulations herein contained (all of the foregoing, the "Mortgagor's Obligations"), the said Mortgagor declares that Mortgagor does by these presents, specially mortgage, pledge, hypothecate and grant a lien and security interest unto and in favor of the Mortgagee hereinafter named and any future holder or holders of said Collateral Note, whether the same be held as an original obligation or in pledge, and said Mortgagor being bound to warrant and defend the right to so mortgage, pledge and hypothecate and grant a lien and security interest upon such property, all and singular the following described property, to-wit:

DESCRIPTION OF PROPERTY

5. All of the interest of Mortgagor in and to the following described property:

(a) the Production Payment including all of the Mortgagor's interest in the PP Hydrocarbons which accrue from and after 7:00 a.m. (Louisiana time) October 1, 1983, as those terms are defined and described in that certain Conveyance and Agreement, dated as of November 18, 1983, from Kewanee Industries, Inc. ("Kewanee") to the Mortgagor (said Conveyance and Agreement being herein called the "Conveyance", said Production Payment, as so defined and described, being herein called the "Production Payment" and said PP Hydrocarbons, as so defined and described, being herein called the "PP Hydrocarbons") recorded in Conveyance Book _____, folio _____, under Entry No. _____, records of Plaquemines Parish, Louisiana, under Entry No. _____, records of Jefferson Parish, Louisiana, and under Entry No. _____, records of Lafourche Parish,

Louisiana, and on file in the records of the United States Department of Interior, Minerals Management Service, 3301 North Causeway Blvd., Metairie, Louisiana 70002, said Production Payment being carved out of and affecting Kewanee's interests in and to the following described Oil and Gas Leases of Submerged Lands from the United States of America, as Lessor, numbered (1), (6) and (7) below, and upon the consummation of the "Second Conveyance", defined in the above identified Conveyance, being carved out of and affecting Kewanee's interests in and to the following described leases numbered (2), (3), (4) and (5) below:

- (1) Lease dated effective June 1, 1962, Serial No. OCS-G 1101, to Gulf Oil Corporation, as Lessee, covering all of Block 117, West Delta Area, South Addition, as shown on official leasing map, Louisiana Map No. 8A, recorded in Conveyance Book 577, folio 853, under Entry No. 72, records of Plaquemines Parish, Louisiana, under Entry No. 83-42927, records of Jefferson Parish, Louisiana and under Entry No. 592505, records of Lafourche Parish, Louisiana;
- (2) Lease dated effective November 1, 1972, Serial No. OCS-G 2181, to Gulf Oil Corporation, Mobil Oil Corporation and Chevron Oil Company, as Lessees, covering Blocks 56 and 57, that portion which is more than three geographical miles seaward from the lines described in paragraph 1 of the Supplemental Decree of the U.S. Supreme Court entered December 13, 1965, in the U.S. v. Louisiana No. 9 Original (382 U.S. 288), South Pass Area as shown on official leasing map, Louisiana Map No. 9, recorded in Conveyance Book 577, folio 860, under Entry No. 74, records of Plaquemines Parish, Louisiana;
- (3) Lease dated effective November 1, 1972, Serial No. OCS-G 2184, to Gulf Oil Corporation, Mobil Oil Corporation and Chevron Oil Company, as Lessees, covering Block 77, that portion which is more than three geographical miles seaward from the line described in paragraph 1 of the Supplemental Decree of the U.S. Supreme Court entered December 13, 1965,

in the U.S. v. Louisiana No. 9 Original (382 U.S. 288), South Pass Area, South ' East Addition, as shown on official leasing map, Louisiana Map No. 9A, recorded in conveyance Book 577, folio 855, under Entry No. 73, records of Plaquemines Parish, Louisiana;

- (4) Lease dated effective December 1, 1974, Serial No. OCS-G 2940, to Chevron Oil Company, Mobil Oil Corporation and Gulf Oil Corporation, as Lessees, covering Block 57, South Pass Area, OCS Official Leasing Map, Louisiana Map No. 9 and Block 77, South Pass Area-South & East Addition, OCS Official Leasing Map, Louisiana Map No. 9A. That portion of Block 57 between the line one foot seaward of the Third Supplemental Decree Line (404 U.S. 388 (December 20, 1971)), and the line three geographical miles seaward of the First Supplemental Decree Line (382 U.S. 288 (December 13, 1965)), and that portion of Block 77 less than three geographical miles seaward of the First Supplemental Decree Line (382 U.S. 288 (December 13, 1965)), recorded in Conveyance Book 577, folio 843, under Entry No. 69, records of Plaquemines Parish, Louisiana;
- (5) Lease dated effective December 1, 1974, Serial No. OCS-G 2941, to Chevron Oil Company, Mobil Oil Corporation and Gulf Oil Corporation, as Lessees, covering Block 58, South Pass Area, OCS Official Leasing Map, Louisiana, Map No. 9, and Block 78, South Pass Area, South & East Addition, OCS Official Leasing Map, Louisiana Map No. 9A. Those portions of Blocks 58 and 78 between the line one foot seaward of Third Supplemental Decree Line (404 U.S. 388 (December 20, 1971)), and the line three geographical miles seaward of the First Supplemental Decree Line (382 U.S. 288 (December 13, 1965)), recorded in Conveyance Book 577, folio 837, under Entry No. 68, records of Plaquemines Parish, Louisiana, less and except that portion thereof described as follows: beginning at a point on the west line of Block 58, South Pass Area, Gulf of Mexico, said point having Lambert

Plane Coordinates of X=2,605,477.93 and Y=72,172.28; thence East to a point having Lambert Plane Coordinates of X=2,608,951.10 and Y=72,172.28; thence South to a point in Block 78 having Lambert Plane Coordinates of X=2,608,951.10 and Y=63,293.87; thence westerly along the arc of a curve to the right with a radius of 18,240.60 feet to a point having Lambert Plane Coordinates of X=2,608,124.06 and Y=63,288.73; thence N 89° 03' 28" W 2,646.49 feet to a point on the west line of Block 78 having Lambert Plane Coordinates of X=2,605,477.93 and Y=63,332.25; thence North along the west lines of Blocks 78 and 58 to the point of beginning and containing 707.00 acres (all bearings and coordinates refer to the Louisiana Lambert Plane Coordinate System, South Zone).

- (6) Lease dated effective February 1, 1974, Serial No. OCS-G 2444, to Gulf Oil Corporation and Tenneco Oil Company, as Lessees, covering All of Block N 667 E 69 Mobile South No. 1 Area, Official Leasing Map, Mobile South No. 1-NH-16-7, recorded in Conveyance Book 418, folio 744, under Entry No. 144, records of Plaquemines Parish, Louisiana, and by amendment dated effective September 1, 1977 the description of the leased premises was changed to All of Block 899, Viosca Knoll Area, as shown on OCS Official Protraction Diagram NH 16-7, recorded in Conveyance Book 577, folio 849, under Entry No. 70, records of Plaquemines Parish, Louisiana;
- (7) Lease dated effective February 1, 1974, Serial No. OCS-G 2445, to Gulf Oil Corporation, Texaco Inc. and Tenneco Oil Company, as Lessees, covering All of Block N 667 E 70 Mobile South No. 1 Area, Official Leasing Map, Mobile South No. 1-NH-16-7, recorded in Conveyance Book 418, folio 750, under Entry No. 145, records of Plaquemines Parish, Louisiana, and by amendment dated effective September 1, 1977 the description of the leased premises was changed to All of Block 900, Viosca Knoll Area, as shown on OCS Official Protraction Diagram NH 16-7, recor-

ded in Conveyance Book 577, folio 851, under Entry No. 71, records of Plaquemines Parish, Louisiana;

(b) all rights, titles, interest, estates, remedies, powers and privileges vested in the Mortgagor as the owner of the Production Payment or which the Mortgagor now has or may become entitled to under or by virtue of the terms and provisions of the Conveyance;

the Production Payment, the PP Hydrocarbons and the proceeds thereof and all such rights, titles, interest, estates, remedies, powers and privileges vested in the Mortgagor being herein collectively called the "Mortgaged Property".

Kewanee's interest in the Oil and Gas Leases identified above were or may hereafter be acquired by subleases from Gulf Oil Corporation, as follows:

- (i) as to Lease numbered (1) above (Serial No. OCS-G 1101) by instrument dated effective _____, 1983, on file in the records of the United States Department of Interior, Minerals Management Service, 3301 North Causeway Blvd., Metairie, Louisiana 70002, and recorded in Conveyance Book _____, folio _____, under Entry No. _____, records of Plaquemines Parish, Louisiana, under Entry No. _____, records of Jefferson Parish, Louisiana and under Entry No. _____, records of Lafourche Parish, Louisiana;
- (ii) as to Lease numbered (2) above (Serial No. OCS-G 2181) by instrument dated effective _____, on file in the records of the United States Department of Interior, Minerals Management Service, 3301 North Causeway Blvd., Metairie, Louisiana 70002, and recorded in Conveyance Book _____, folio _____, under Entry No. _____, records of Plaquemines Parish, Louisiana;
- (iii) as to Lease numbered (3) above (Serial No. OCS-G 2184) by instrument dated effective _____

- _____, on file in the records of the United States Department of Interior, Minerals Management Service, 3301 North Causeway Blvd., Metairie, Louisiana 70002, and recorded in Conveyance Book _____, folio _____, under Entry No. _____, records of Plaquemines Parish, Louisiana;
- (iv) as to Lease numbered (4) above (Serial No. OCS-G 2940) by instrument dated effective _____, on file in the records of the United States Department of Interior, Minerals Management Service, 3301 North Causeway Blvd., Metairie, Louisiana 70002, and recorded in Conveyance Book _____, folio _____, under Entry No. _____, records of Plaquemines Parish, Louisiana;
- (v) as to Lease numbered (5) above (Serial No. OCS-G 2941) by instrument dated effective _____, on file in the records of the United States Department of Interior, Minerals Management Service, 3301 North Causeway Blvd., Metairie, Louisiana 70002, and recorded in Conveyance Book _____, folio _____, under Entry No. _____, records of Plaquemines Parish, Louisiana;
- (vi) as to Lease numbered (6) above (Serial No. OCS-G 2444) by instrument dated effective _____, 1983, on file in the records of the United States Department of Interior, Minerals Management Service, 3301 North Causeway Blvd., Metairie, Louisiana 70002, and recorded in Conveyance Book _____, folio _____, under Entry No. _____, records of Plaquemines Parish, Louisiana;
- (vii) as to Lease numbered (7) above (Serial No. OCS-G 2445) by instrument dated effective _____, 1983, on file in _____,

the records of the United States Department of Interior, Minerals Management Service, 3301 North Causeway Blvd., Metairie, Louisiana 70002, and recorded in Conveyance Book _____, folio _____, under Entry No. _____, records of Plaquemines Parish, Louisiana.

6. Mortgagor specifically covenants and warrants that Mortgagor is the sole owner of full legal and equitable title to the property above described, free and clear of all liens, security interests, privileges and encumbrances except those existing unto and in favor of Mortgagee, subject only to the rights of Kewanee to repurchase the Production Payment pursuant to Section 2.9 of the Conveyance, the right of rescission retained by Kewanee pursuant to the Purchase Agreement referred to in the Conveyance and the matters mentioned herein; that said property stands registered in the name of Mortgagor; that there are no taxes due and exigible on said property; that Mortgagor has not heretofore alienated the whole or any part of said property; that all conditions and obligations heretofore required with respect to said property have been performed and observed; that Mortgagor has the unlimited and unrestricted right and authority to mortgage, hypothecate, affect, assign and pledge said property, and to grant a lien and security interest thereon, to or for the benefit of Mortgagee without the consent of any person or authority; and Mortgagor hereby warrants and agrees to defend, and binds Mortgagor's successors and assigns to warrant and defend said property unto Mortgagee against the claims of all persons whomsoever claiming or to claim the same or any part thereof. This Collateral Mortgage, Pledge and Assignment is made with full substitution and subrogation of Mortgagee and any future holder or holders of the Collateral Note in and to all covenants, agreements, remedies and warranties by others heretofore given or made with respect to the Mortgaged Property.

7. It is the intention of the Mortgagor to include herein all interest whatsoever owned by Mortgagor in and to, or relating to the Production Payment whether or not the said interests are correctly described therein. Mortgagor covenants that it will, from time to time, upon request, duly execute, acknowledge, deliver, record and file all such further and additional acts, deeds, instruments and assurances and will take all such further action as may be

necessary or appropriate for assuring and confirming to the Mortgagee and in favor of any and all future holder or holders of the Collateral Note the property included or intended to be included by the above descriptions and the lien, security, mortgage, hypothecation and pledge hereby created and intended to be created, as well as the pledge and assignment hereinafter contained.

8. Mortgagor declares that this mortgage is executed and granted for the equal benefit and security of any and all future holder or holders of the Collateral Note at whatever period or for whatever cause the Collateral Note may be issued or reissued, for any reason whatsoever, and it is understood and agreed that possession of the Collateral Note at any time by the said Mortgagor herein, shall not in any manner extinguish the Collateral Note or this mortgage securing payment thereof, but that the said Mortgagor shall have the right to issue and reissue the Collateral Note from time to time as its interest or convenience may require, without in any manner extinguishing or affecting the obligation of said note or the security of this mortgage.

9 The above described property is to remain specially mortgaged pledged and hypothecated until the full and final payment of the Collateral Note as well as any and all renewals or extensions thereof or of any part thereof, however evidenced, and until the full performance of and compliance with all the clauses and stipulations of this act, together with all costs, charges and attorney's fees as herein stipulated, and the said Mortgagor hereby binds and obligates itself and its successors and assigns, not to sell, alienate, deteriorate, or encumber the same to the prejudice of this act.

10. Mortgagor, for itself, its successors and assigns, does by these presents agree and stipulate that it shall be lawful for and it does hereby authorize the Mortgagee in the event of default in the payment of the Collateral Note in principal, interest, attorney's fees, costs and other charges or in the event of any other default by Mortgagor, without making a demand or putting in default, a demand and putting in default being expressly waived, to cause all and singular the property hereinabove described to be seized and sold by executory process, without appraisal (appraisal being hereby expressly waived) either in its entirety or in lots or parcels, as the Mortgagee may

determine, to the highest bidder for cash, or on such terms as plaintiff in such proceeding may direct, Mortgagor for itself, its successors and assigns hereby confessing judgment for the full amount of said note in principal and interest, together with all costs, attorney's fees and all other charges.

11. Mortgagor hereby expressly waives: (a) the benefit of appraisal as provided for in Articles 2332, 2336, 2723 and 2724 of the Louisiana Code of Civil Procedure and all other laws conferring the same; (b) the demand and three (3) days' delay accorded by Articles 2639 and 2721 of the Louisiana Code of Civil Procedure; (c) the notice of seizure required by Articles 2293 and 2721 of the Louisiana Code of Civil Procedure; (d) the benefit of any other provisions of Articles 2331, 2722 and 2723 of the Louisiana Code of Civil Procedure; and Mortgagor agrees to the immediate seizure of the property subject hereto in the event of suit hereon and further Mortgagee and any future holder or holders of said Collateral Note shall be entitled to all of the rights and remedies provided in Sections 9:2301-4304 of the Louisiana Revised Statutes and by Articles 197-204 of the Louisiana Mineral Code.

12. In the event of the failure of Mortgagor to comply with any of the agreements, warranties and covenants herein contained or as otherwise provided in the Collateral Note, then and in that event, or upon the occurrence of any of those events, the entire unpaid balance on the Collateral Note, in principal, interest, attorney's fees and costs, charges and expenses shall immediately, at the option of the holder of said note, become due and exigible, without any demand, notice or putting in default under the terms hereof as well as under the terms and stipulations of the said note with which this act is identified. Any indulgence or extension or any delay or omission by any holder of the Collateral Note secured by this mortgage to exercise any right, option or privilege arising through any default of Mortgagor under this mortgage shall not impair any such rights, options or privileges nor be construed to constitute a waiver of such default or acquiescence therein, nor shall any act evidencing forbearance of any holder of said note affect, waive or impair its right, option or privilege in respect to any subsequent default.

13. Mortgagee or any future holder or holders of the Collateral Note may, at any time and from time to time

release to the Mortgagor, or his order, all or any portion of the funds received from the Mortgaged Property as hereinafter provided for, without in any way impairing, releasing or discharging the privilege and security of this mortgage and the pledge and assignment hereinafter provided for, or affecting the validity thereof.

14. (a) Mortgagor further declares and agrees that in order to further secure the payment of the aforesaid note in principal and interest, together with all charges, attorney's fees and other sums secured hereby, it does by these presents transfer, assign, convey, pledge, and deliver unto the Mortgagee for the benefit of Mortgagee or any future holder or holders of the Collateral Note (Mortgagee being hereby designated as agent for any such holder or holders) (i) all the Mortgagor's interest in the PP Hydrocarbons, together with all proceeds derived from the sale of such Hydrocarbons, including all monies due and to become due under any sales contracts relating thereto, (ii) all of the Mortgagor's rights to receive pursuant to clause (c) of Section 5.1 of the Conveyance, the proceeds derived from the sale of Subject Hydrocarbons (as defined in the Conveyance) other than PP Hydrocarbons (subject to the limitations and conditions set forth therein), (iii) all the Mortgagor's interest in any payments applied to the discharge of the Production Payment pursuant to the provisions of Section 2.7 of the Conveyance, (iv) any and all amounts of Taxes and out of pocket expenses, plus interest at the Base Rate, as those terms are used and defined in the Conveyance, reimbursable to Mortgagor by the Grantor of said Conveyance pursuant to subsection (c) and (d) of Section 2.5 of the Conveyance and (v) any and all amounts payable to Mortgagor by the Grantor of said Conveyance if the option to repurchase all or any part of the Production Payment is exercised pursuant to Section 2.9 of the Conveyance. Mortgagee, through its officer or agent, shall be and is hereby fully authorized and empowered, while this mortgage is in force and whether or not Mortgagor's Obligations be in default, to collect all of the proceeds of the interests so assigned, to sign transfer orders and division orders in order to secure the proceeds therefrom and/or to sell such oil, gas or other minerals and to apply the whole or any part of the proceeds thereof, less the cost of collecting and handling same, to the discharge of any claims which have been incurred, having prior or concurrent lien to this mortgage and to the payment of first, all costs and charges herein provided for, secondly, any interest then due and, thirdly, the principal of the Collateral Note secured hereby.

(b) Mortgagor hereby agrees and binds itself to promptly execute, with all dispatch, and deliver to Mortgagee any and all transfer orders or other instruments as may be necessary or required by any person, firm or corporation running and/or purchasing oil or other liquid hydrocarbons subject to the Production Payment, before making delivery or payment thereof to the Mortgagee, which said transfer orders shall be made effective with the first run from said property.

(c) In no event shall the Mortgagee be required or called upon to execute or sign any transfer order, division order or other instrument containing or embodying any covenants or warranties, expressed or implied, or any indemnity agreements binding upon or on the part of the Mortgagee or any holder of the Collateral Note. Subject to the Conveyance and existing contracts, Mortgagor will not permit any person to purchase or take oil, gas or other minerals attributable to the Mortgaged Property who refuses or fails to operate under transfer order, division order or agreements or other instruments which are upon terms and conditions, provisions and warranties, acceptable to Mortgagee but it is understood that standard division orders in the form used by major oil companies but containing no warranties on the part of Mortgagee shall be acceptable.

15. The Mortgagee shall be under no liability or responsibility for, nor shall the lien and security hereof be in any way affected by reason of, Mortgagee's failure or inability to collect any proceeds from oil, gas or other minerals attributable to the above described property; nor shall the receipt of any monies, including but not limited to monies received by virtue of any oil, gas and/or mineral assignment for the Collateral Note, in any manner change or alter in any respect the obligations of the Mortgagor with respect to the said note or the maturity of either principal or interest thereon, but said note shall be and continue as a valid and subsisting obligation, subject to any credits made thereon, in accordance with the terms thereof, and shall be due and payable strictly according to its terms and conditions; nor shall the release of any other security or property for the payment of Mortgagor's Obligations hereby, in any way alter, vary or diminish the force, effect or lien of this instrument or any renewal or extension thereof or of the Collateral Note, and the lien hereof shall continue as to all of the remaining property above described, not expressly released, until all of Mortgagor's Obligations hereby secured are fully paid and discharged.

16. No pipeline company, or other person or corporation purchasing, handling or receiving the oil, gas or other minerals attributable to the Mortgaged Property hereinabove described, or the proceeds thereof, shall ever be required to see to the proper application by Mortgagee of such proceeds, and payment of such proceeds to the Mortgagee by such pipeline company or other person or corporation receiving, handling or purchasing said oil, gas or other minerals shall operate as a full and final discharge of all liability of such pipeline company or other person or corporation in the premises.

17. In case of breach of any condition or default in the performance of any obligation contained in this mortgage or demand on the Collateral Note, the Mortgagee shall have the right to the same extent as granted to Mortgagor in the Conveyance and subject to the same limitations and conditions therein set forth, to take over the operation of the leases subject to the Production Payment or to otherwise enforce any and all rights, titles, interests, estates, remedies, powers and privileges vested in the Mortgagor as the owner of the Production Payment or which the Mortgagor is entitled to under or by virtue of the terms and provisions of the Conveyance. The Mortgagee may retain the share of production attributable to the property mortgaged and apply same to the discharge of Mortgagor's Obligations. The rights afforded the Mortgagee hereunder may be enforced by writ of sequestration and shall be in addition to all other rights available to Mortgagee as herein set forth or by operation of law. Mortgagee, its agents, representatives, receivers, assigns or nominees may be appointed keeper of all properties so sequestered. Anything herein contained to the contrary notwithstanding, Mortgagee shall not be required to collect the share of the production attributed to the property mortgaged, nor any other proceeds, or be liable for failure to do so, nor shall Mortgagee be liable for any act or acts done in the performance of powers granted hereby. The holder or holders of the Collateral Note are hereby authorized and empowered to name the keeper, if any, to be appointed pursuant to Louisiana Revised Statutes, Title 9, Sections 5131 et seq. at the time of the seizure of the Mortgaged Property or any part thereof as an incident to an action for the recognition or the enforcement of this mortgage, and the provisions of the cited statutes shall govern with respect to the appointment, powers, duties and compensation of such keeper. The holder or holders of the Collateral Note may name as such keeper any person, firm or corporation, including, without limitation, itself.

18. Mortgagee, or any future holder or holders of the Collateral Note, may transfer, negotiate, pledge or otherwise dispose of the Collateral Note or any interest therein, and should any person pay said note and become subrogated to the rights and claims of the Mortgagee, then in either of said events, the Mortgagee shall have the right to transfer or pledge to the transferee, pledgee or subrogee of the Collateral Note, as the case may be, as security for the payment of the Collateral Note, all or part of the rights herein mortgaged, pledged and assigned to the Mortgagee, but no such transfer or pledge shall have the effect of enlarging the obligations or prejudicing any of the rights of the Mortgagor under this act or the Collateral Note.

19. This instrument is in all respects to be construed as a special mortgage, hypothecation, pledge and confession of judgment under the law of the State of Louisiana by said Mortgagor in favor of said Mortgagee and any future holder or holders of the Collateral Note to secure the payment of the principal and interest of the the Collateral Note, and also to secure the performance of all of the other of Mortgagor's Obligations herein contained, such other Mortgagor's Obligations not to exceed fifty percent (50%) of the principal amount of the above described note, and this instrument shall be governed by and construed and interpreted in accordance with the law of the State of Louisiana.

20. If any provision hereof is invalid or unenforceable, the other provisions hereof shall remain in full force and effect, and the remaining provisions hereof shall be liberally construed in favor of the holder or holders of the the Collateral Note to effectuate the provisions hereof.

21. The parties hereto waive the production of any mortgage, conveyance and tax certificates and agree to hold the undersigned notary harmless in the premises.

22. And now unto these presents came and appeared Wesley W. Adams appearing herein as Mortgagee with all the rights, benefits and privileges herein granted to Mortgagee, and, on behalf of himself and any future holder or holders of said note, hereby accepts this Act of Mortgage.

23. THUS DONE AND PASSED, in multiple originals, in my office in Dallas, Texas, on the day, month, and year first above written in the presence of John M. Buley, Jr. and John W. Rain: competent witnesses, who hereunto sign their names with the said appearers and me, Notary Public, after reading of the whole.

WITNESSES TO ALL SIGNATURES:

TECH FOUNDATION, INC.

John M. Buley, Jr.

By: *John M. Buley, Jr.*
Its: Vice President
Mortgagor

John W. Rain

WESLEY W. ADAMS

W. Wesley Adams
Mortgagee



Glenda G. Duncan
NOTARY PUBLIC

GLENDA G. DUNCAN, Notary Public
State of Texas
My Commission Expires 9-20-85

CERTIFICATE OF RESOLUTIONS OF THE
BOARD OF DIRECTORS AND THE MEMBERS OF TECH FOUNDATION, INC.

I, the undersigned Robert G. James, Assistant Secretary-Treasurer of Tech Foundation, Inc., a non-profit corporation created and existing under the laws of Louisiana, hereby certify that the following is a true and correct copy of the resolutions adopted by the Directors of said corporation as of the 18th day of November, 1983, and that the action taken has not been rescinded or modified in any manner:

RESOLVED, that John E. Maxwell, a Vice President of this corporation, be and he is hereby authorized, empowered and directed, in the name and on behalf of this corporation to execute a note or notes, and/or other documents whereby this corporation may borrow up to Four Hundred Million Dollars (\$400,000,000) from any persons, firms or corporations or any other lender approved by such officer, the terms and conditions of such note or notes, and/or other documents to be within the sole discretion of the said officer.

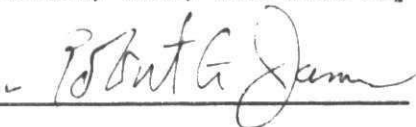
RESOLVED FURTHER, that acting in such capacity, said officer is hereby authorized, empowered and directed to execute, in the name and on behalf of this corporation, a Collateral Mortgage Note in the principal sum of Four Hundred Million and no (\$400,000,00.00) Dollars made payable to the order of Bearer, due on demand, bearing interest at the rate of twenty (20%) percent per annum from its date until paid, payable on demand, and containing such other terms and conditions as the said officer may deem necessary, advisable or proper; and the said officer is further authorized, empowered and directed to execute, in the name and on behalf of this corporation, an authentic act of Collateral Mortgage, Pledge and Assignment to secure said Collateral Mortgage Note, which act of Collateral Mortgage may contain a confession of judgment, waiver of appraisal, and the act de non alienando, as well as such additional terms, conditions, stipulations and provisions as the said officer may deem proper to incorporate; and the said mortgage shall inure to the benefit of any present or future holder or holders of said Collateral Mortgage Note, and shall mortgage and hypothecate as security for said Collateral Mortgage Note the property hereinafter described, to-wit:

All of the interest of this corporation in and to the Production Payment and Production Payment Hydrocarbons, and the proceeds thereof, as described in the Conveyance and Agreement, dated as of November 18, 1983, between this corporation and Kewanee Industries, Inc., together with an assignment of production runs attributable thereto and such other properties related thereto as said officer in his discretion may deem appropriate.

RESOLVED FURTHER, that said officer be, and he is hereby authorized, empowered and directed to pledge, pawn, hypothecate and deliver unto the said persons, firms or corporations under such terms and conditions as he may deem necessary and advisable, the above described Collateral Mortgage Note, to serve as security for the present and future indebtedness of this corporation to the said persons, firms or corporations.

I further certify that all of the resolutions set out above are in full force and effect, that said resolutions have been entered in the Minute Book of the corporation; and that the said resolutions are fully authorized by and not inconsistent with the Certificate of Incorporation, By-Laws or any existing resolutions of the corporation and the laws of the State of Louisiana.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of Tech Foundation, Inc., this 18th day of November, 1983.



Robert G. James, Assistant
Secretary-Treasurer

I CERTIFY THAT A COPY OF THESE RESOLUTIONS, CERTIFIED BY THE SECRETARY OF TECH FOUNDATION, INC. IS ATTACHED TO AN ACT OF COLLATERAL MORTGAGE, PLEDGE AND ASSIGNMENT, EXECUTED BY SAID CORPORATION BEFORE ME, NOTARY, THIS 18TH DAY OF NOVEMBER, 1983.


NOTARY PUBLIC

GLEND A G. DUNCAN, Notary Public
State of Texas
My Commission Expires 9-20-85

