

4558

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December 20, 1982

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PROFESSIONAL CORPORATION

Minerals Management Service
Imperial Office Building
3201 N. Causeway Boulevard
Metairie, Louisiana 70002

Re: Leases OCS-G 2715, 3186, 3306,
3588, 3601, 4110, 4216, 4220,
4558 and 4559

Gentlemen:

Enclosed are ten (10) executed copies of an Overriding Royalty Conveyance (the "Conveyance"), dated as of December 1, 1982, whereby Mesa Petroleum Co. ("Mesa") assigns to Mesa Offshore Royalty Partnership an overriding royalty interest relating to and affecting Mesa's interests in and to the following federal OCS leases, to-wit:

- (1) Lease OCS-G 2715 (Block A-567, High Island Area, South Addition);
- (2) Lease OCS-G 3186 (Block 61, West Delta Area);
- (3) Lease OCS-G 3306 (Block 624, Matagorda Island Area);
- (4) Lease OCS-G 3588 (E/2 of Block 12, South Pelto Area);
- (5) Lease OCS-G 3601 (Block 62, West Delta Area);
- (6) Lease OCS-G 4110 (Block 155, South Marsh Island Area, South Addition);

- (7) Lease OCS-G 4216 (Block 381, Vermilion Area, South Addition);
- (8) Lease OCS-G 4220 (Block 156, South Marsh Island Area, South Addition);
- (9) Lease OCS-G 4558 (Block A-7, Brazos Area); and
- (10) Lease OCS-G 4559 (Block A-39, Brazos Area).

In order that third parties will be on notice as to the execution and efficacy of the Conveyance, please file a copy of this letter and an executed copy of the Conveyance in the file maintained in your office with respect to each of the above listed ten (10) leases, and by your signature in the space provided below, please acknowledge that such filing has been accomplished pursuant to this request. Enclosed is our check in the amount of \$250.00 in payment of filing costs.

Yours very truly,

LISKOW & LEWIS

By *Della M. Payne*

WMM:mb

FILED AS REQUESTED

Quincy A. Bachman

Minerals Management Service
Gulf of Mexico OCS Region
December 22, 1982

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Yours very truly,

LISKOW & LEWIS

By *William M. Joyce*

WMM:mb

FILED AS REQUESTED

Minerals Management Service
Gulf of Mexico OCS Region
December _____, 1982

OVERRIDING ROYALTY CONVEYANCE

MESA PETROLEUM Co., a Delaware corporation ("Assignor"), for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration to it paid by MESA OFFSHORE ROYALTY PARTNERSHIP, a Texas general partnership ("Assignee"), the receipt and sufficiency of which are hereby acknowledged, has bargained, sold, granted, conveyed, transferred, assigned, set over and delivered, and by these presents does hereby bargain, sell, grant, convey, transfer, assign, set over and deliver unto Assignee, as an overriding royalty interest (the "Overriding Royalty Interest"), a variable undivided percentage interest in and to the Minerals in and under, and if, as, and when produced, from the lands covered by each Lease and any and all renewals and extensions thereof, as shall be required to cause Assignee to be entitled to receive a sum equal to such Lease's Proportionate Share of ninety percent (90%) of the Net Proceeds attributable to the Subject Interests, as adjusted each month for the Tax Gross-Up, as each of the above capitalized words are defined in Article I and all as more fully provided herein.

TO HAVE AND TO HOLD the Overriding Royalty Interest together with all and singular the rights and appurtenances thereto in anywise belonging unto Assignee, its successors and assigns, subject, however, to the terms and provisions of this Conveyance; and Assignor does by these presents bind and obligate itself, its successors and assigns, to WARRANT and FOREVER defend all and singular the Overriding Royalty Interest unto the said Assignee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof by, through or under Assignor, but not otherwise.

ARTICLE I

As used herein, the following words, terms and phrases shall have the following meanings:

"Abandonment Costs" means the total costs attributable to the Subject Interests to be incurred by the Subject Lessee in (a) plugging and abandoning wells, (b) dismantling, removing and salvaging platforms, gathering systems, pipelines and production facilities, and (c) abandoning the Leases, net of estimated salvage value of equipment on the Leases.

"Affiliate" means, as to the party specified, any Person controlling, controlled by or under common control with such party, with the concept of control in such context meaning the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of another, whether through the ownership of voting securities, by contract or otherwise.

"Business Day" means any day which is not a Saturday, Sunday, or other day on which national banking institutions in the city in which the Trustee pursuant to the Royalty Trust Indenture dated as of December 1, 1982, between Mesa Petroleum Co., as Trustor and Texas Commerce Bank National Association, as Trustee, has its principal trust offices are closed as authorized or required by law.

"Code" means the Internal Revenue Code of 1954, as amended.

"Conveyance" means this Overriding Royalty Conveyance.

"Costs" for any month means, on an accrual accounting method, the sum of the following costs (to the extent they are not deducted for purposes of calculating Gross Proceeds), insofar as they are attributable to the Subject Interests, in accordance with generally accepted accounting principles, and whether capital or non-capital in nature:

(a) Excess Costs for the preceding month (including the Excess Costs carried forward from any preceding month subsequent to the Effective Date);

(b) the costs (including, without limitation, the costs of locating, drilling, coring, testing, completing, equipping, producing, operating and marketing production from wells and fabricating, transporting, positioning and installing platforms, pipelines and other production facilities) accrued

by Subject Lessee (but excluding all Excise and Property Taxes and Abandonment Costs) under (i) any joint operating agreement applicable to the Subject Interest, provided that the provisions of Article II, paragraphs 12, 13 and 14 and Article IV, paragraph 2.A of Schedule B attached hereto, and made a part hereof, shall control over any contrary terms in such operating agreement, or (ii) Schedule B with respect to any Subject Interest as to which there is no joint operating agreement applicable to such Subject Interest;

(c) any amounts paid by Subject Lessee, whether as refund, interest, or penalty, to a Purchaser or any governmental agency, or other Person as a refund of any "take-or-pay" or "ratable take" payment, or because the amount initially received by Subject Lessee as sales price was more, or allegedly more, than permitted by the terms of any applicable contract, statute, regulation, order, decree or other obligation; provided such amounts (in the case of a refund) or the amounts with respect to which the interest or penalty was paid, were previously included in Gross Proceeds;

(d) the reasonable and necessary costs accrued by Subject Lessee in acquiring, or attempting to acquire, any renewals or extensions of the Leases, or any interest therein, in maintaining the Leases in effect and in evaluating the Subject Minerals, including without limitation, the following: (1) lease bonuses paid to lessors or others; (2) filing and recording costs; (3) shut-in gas royalties; (4) delay rentals; (5) minimum royalties; and (6) geological, geophysical, seismic and other pre-drilling evaluation costs;

(e) the costs accrued by Subject Lessee as payments in connection with the drilling or deferring of drilling of any well, as payments made as an adjustment of, or payment for, any well and leasehold equipment upon unitization, as dry hole or bottom hole payments, or as payments to third parties for the use of facilities for such things as compression, dehydration, treating and gathering charges;

(f) the Tax Allowance;

(g) any Separation costs;

(h) any IDC Recapture Amount;

(i) interest on the amount of Excess Costs at the beginning of any month at the rate of one-half of one percentage point over the Prime Interest Rate in effect at the beginning of such month;

(j) the costs accrued by the Subject Lessee in making any filings or applications with any governmental agency;

(k) the costs of the audits furnished pursuant to Section 2.06 hereof; and

(l) the costs of insurance furnished pursuant to Section 6.03 hereof to the extent not recovered pursuant to paragraph (b) of this definition;

provided, however, there shall be credited against Costs any amount accrued by Subject Lessee and paid by a predecessor in interest or received as payments in connection with the drilling or deferring of drilling of any well on any of the Subject Interests, as dry hole or bottom hole payments, as proceeds from sales of surplus equipment, as payments from third parties for the use of facilities relating to the Subject Interests for such things as compression, dehydration, treating and gathering charges, or as proceeds of insurance or other payments with respect to damage to or loss of, or as payments on disposition of property (other than Subject Minerals) used in connection with the Subject Interests.

"Effective Date" means 7.00 o'clock A.M., local time in effect at the location of each Subject Interest, on December 1, 1982.

"Excess Costs" for each month subsequent to the Effective Date means an amount equal to the excess, if any, of Costs for such month over Gross Proceeds for such month.

"Excise Taxes" means all windfall profit, severance, gross production and other taxes imposed on the production of Subject Minerals other than income taxes and Property Taxes.

"Farmout" means an agreement entered into between Subject Lessee and a Person who is a Non-Affiliate of Subject Lessee ("farmee"), pursuant to which agreement Subject Lessee agrees to transfer to the farmee all or any undivided or segregated part of the Subject Interests and the only consideration for which is the agreement by the farmee to explore or develop the Subject Interests which are, or are to be, transferred to the farmee.

"Gross Proceeds" for any month means the amounts received during such month by Subject Lessee as revenues from the sale of Subject Minerals (determined before calculating the Overriding Royalty Interest hereunder) subject to the following:

(a) If any Subject Minerals are Processed before disposition, the amount of the Gross Proceeds for such Subject Minerals shall be the Wellhead Value thereof.

(b) There shall be excluded from Gross Proceeds any amount received from production of Subject Minerals at levels greater than Subject Lessee's ownership percentage in a Lease ("overproduction"), unless and to the extent (i) such overproduction offsets prior cumulative deficits in amounts received by virtue of production of Subject Minerals at levels less than Subject Lessee's ownership percentage in a Lease ("underproduction") or (ii) such overproduction is offset by subsequent underproduction. There shall be included in Gross Proceeds any receipts from joint interest owners as settlement for any underproduction amount.

(c) There shall be excluded from Gross Proceeds any cash consideration or other thing of value received by Subject Lessee for any Sale by Subject Lessee of any of the Subject Interests, or any part thereof.

(d) Other than the Overriding Royalty Interest, there shall be excluded from Gross Proceeds any royalty, overriding royalty, production payments or other burdens on production which are borne by the Subject Interests and which were created before the Effective Date.

(e) Subject to the further provisions of paragraph (h), amounts received by Subject Lessee as payments from a Purchaser with respect to Subject Minerals pursuant to contractual provisions providing for "take-or-pay" or "ratable take" payments (including pre-initial delivery payments but excluding penalty amounts) shall be considered to be received from the sale of Subject Minerals; provided that amounts received from the sale of Subject Minerals at the time of later delivery pursuant to any such provisions shall be reduced by amounts previously considered to be received as Gross Proceeds pursuant to the first clause of this paragraph (e). As used in this paragraph (e), the term "penalty amounts" means amounts in excess of (i) the then current contract price multiplied by (ii) the difference between the amount of Subject Minerals required to be taken under the contract and the actual amount taken.

(f) There shall be excluded from Gross Proceeds all amounts received by Subject Lessee as proceeds from the sale of production payments, advance payments, or similar receipts (whether attributable to Subject Interests or otherwise), provided that if any such amounts are extinguished or repaid through the future delivery of Subject Minerals, there shall be included in Gross Proceeds at the time of such delivery an amount for the Subject Mineral so delivered, calculated in accordance with the contract (without regard to the repayment or extinguishment of such production or advance payments) then in existence between Subject Lessee and the Purchaser of such Subject Minerals or, in the event there is no such contract, calculated at the fair market value of said Subject Minerals at the point and date of delivery thereof.

(g) There shall be included in Gross Proceeds, at the time of complete abandonment of all the Subject Interests, the excess, if any, of the total of Monthly Abandonment Accruals over the total of actual Abandonment Costs incurred.

(h) If a controversy or possible controversy exists (whether by reason of any statute, order, decree, rule, regulation, contract or otherwise) as to the correct or lawful sales price of any Subject Minerals, or if any amounts received by Subject Lessee as "take-or-pay" or "ratable take" payments are subject to refund to any Purchaser, then

(i) amounts withheld by the Purchaser or deposited by it with an escrow agent shall not be considered to be received by Subject Lessee until actually collected by Subject Lessee, but the amounts received by Subject Lessee shall include any interest, penalty, or other amount paid to Subject Lessee in respect thereof;

(ii) amounts received by Subject Lessee and promptly deposited by it with a Non-Affiliate escrow agent, to be placed in interest bearing accounts under usual and customary terms, shall not be considered to have been received by Subject Lessee, but all amounts thereafter paid to Subject Lessee by such escrow agent (including interest thereon) shall be considered to be amounts received from the sale of Subject Minerals; and

(iii) amounts received by Subject Lessee and not deposited with an escrow agent shall be considered to be received for purposes of this Section.

"IDC Recapture Amount" means an amount equal to any gain recognized in 1982 by Assignor under Section 1254 of the Code (or any successor section) upon the creation and transfer of the Overriding Royalty Interest, to be taken into account at such time as there has been a final judicial decision or a settlement recommended by Assignor's counsel, plus an amount equal to any interest or penalty assessed against Assignor as a result of such decision or settlement.

"Leases" means the oil, gas and mineral leases described in Schedule A attached hereto, and made a part hereof.

"Lease Net Proceeds" as to each Lease for each month subsequent to the Effective Date means the excess, if any, of the portion of Gross Proceeds attributable to such Lease over the sum of (i) the portion of the Monthly Abandonment Accrual attributable to such Lease and (ii) the portion of the Costs attributable to such Lease.

"Minerals" means oil, gas and all other minerals, whether similar or dissimilar.

"Monthly Abandonment Accrual" means, for a month, an amount calculated by multiplying the difference between the then current estimate of Abandonment Costs (as estimated by Subject Lessee on the Effective Date and revised by Subject Lessee at least annually thereafter) and the sum of all previous Monthly Abandonment Accruals by a fraction, the numerator of which is the Gross Proceeds for such month and the denominator of which is the total estimated future Gross Proceeds for all future months based on the latest available independent reserve engineering report prepared using Securities and Exchange Commission Regulation S-X 17 C.F.R. 210.4-10(k)(6)(i) (or any successor regulation).

"Net Proceeds" for any month subsequent to the Effective Date means the excess (if any) of Gross Proceeds over the sum of (i) the Monthly Abandonment Accrual and (ii) Costs.

"Non-Affiliate" means, as to the party specified, any Person who is not an Affiliate of such party.

"Person" means any individual, corporation, partnership, trust, estate or other entity or organization.

"Prime Interest Rate" means the interest rate per annum charged by the Continental Illinois Bank and Trust Company of Chicago on ninety day loans to its most substantial and responsible commercial borrowers.

"Process" means to treat, dehydrate, manufacture, refine, fractionate, market, compress or transport Subject Minerals in a manner which does not constitute Separation.

"Property Taxes" means all ad valorem, occupation, gathering pipeline regulating and other taxes and assessments of any kind whatsoever, other than income taxes and Excise Taxes, imposed on the Subject Interests.

"Proportionate Share" means, with respect to each Lease for each month, the fraction obtained by dividing Lease Net Proceeds for such Lease for such month by the sum of Lease Net Proceeds for such month of only those Leases having Lease Net Proceeds for such month.

"Purchase:" means a purchaser of the Subject Minerals or any portion thereof

"Royalty Owner" means the Assignee while it owns an interest in the Overriding Royalty Interest, and any other Person or Persons who subsequently acquire legal title to all or a portion of such Overriding Royalty Interest.

"Sale" means a sale, sublease or lease, or other disposition of a Subject Interest, or a portion thereof, by Subject Lessee for a cash consideration or other thing of value, but does not include a Farmout.

"Sales Contracts" means all contracts and agreements for the offer or sale of, or commitment to offer or sell, or right of first refusal to purchase, Subject Minerals.

"Separation" means liquid separation operations in the vicinity of the well using a conventional mechanical liquid-gas separator but excluding operations involving heat exchange, adiabatic cooling, absorption, adsorption or refrigeration principles.

"Subject Interests" means each kind and character of right, title, claim or interest which Assignor has on the Effective Date in the Leases, or portions thereof, and any and all renewals and extensions of any of the same, and the unitization, pooling and operating agreements relating to the Leases or any portions thereof, and the units created thereby, including without limitation, those described herein and in Schedule A, and all the right, title, claim or interest which Assignor has at the Effective Date in and to any Minerals located in and under the lands covered by the Leases and the production therefrom, all as the same shall be enlarged by virtue of the provisions hereof or by the discharge of any payments out of production or by the removal of any charges or encumbrances to which any of the same were subject on the Effective Date, but excluding therefrom all interests, rights and obligations (including any interest in Minerals) relating to non-consent operations which are different than, or in excess of, the interests, rights and obligations that would have accrued to Subject Lessee relating to such operations had all working interest owners consented to such operations.

"Subject Lessee" means the Assignor while it owns all or part of the Subject Interests and any other Person or Persons who acquire all or any part of such Subject Interests or any operating rights therein other than a royalty, overriding royalty or production payment interest.

"Subject Minerals" means all Minerals in and under, and which may be produced, saved and sold from, and which shall accrue and be attributable to, the Subject Interests from and after the Effective Date.

"Tax Allowance" means, for any month, an amount equal to all Excise Taxes and Property Taxes which would be imposed with respect to such month on all Subject Interests or on Subject Lessee if Subject Lessee owned each Subject Interest free and clear of the Overriding Royalty Interest, determined, in the case of windfall profit taxes, without regard to any reduction attributable either to the net income limitation provided in Section 4958 of the Code (or any successor section) or to the identity of the Subject Lessee.

"Tax Credit" means, for any month, an amount equal to the Excise Taxes and Property Taxes paid, deposited, or otherwise withheld for payment by Subject Lessee or any other Person during such month for the account of the Royalty Owner with respect to the Overriding Royalty Interest or Gross Proceeds attributable thereto.

"Tax Gross-Up" means for any month, an amount equal to the excess of the Tax Allowance for such month over the Excise Taxes and Property Taxes attributable to the portion of the Subject Interests owned by Subject Lessee for such month, determined without regard to any reduction attributable either to the net income limitation provided in Section 4988 of the Code (or any successor section) or the identity of the Subject Lessee.

"Wellhead Value" means the amount for which Subject Minerals are sold less the costs incurred by Subject Lessee for Processing pursuant to any applicable agreement or contract; or if there exists no such agreement or contract or if such agreement or contract is entered into by Subject Lessee and an Affiliate of Subject Lessee after the Effective Date, an amount equal to costs incurred under contracts then available in the market between Persons who are Non-Affiliates relating to similar Processing.

ARTICLE II

Records and Reports

2.01. *Books and Records.* The Subject Lessee shall at all times maintain true and correct books and records sufficient to determine the amounts payable to Royalty Owner as overriding royalty hereunder.

2.02. *Inspections.* The books and records referred to in Section 2.01 shall be open for inspection by Royalty Owner at the office of the Subject Lessee during normal business hours.

2.03. *Quarterly Statements.* Within (30) days next following the close of each calendar quarter, Subject Lessee shall deliver to Royalty Owner a statement showing, in reasonable detail, the computation of Net Proceeds attributable to such quarter and the Proportional Share attributable to each Lease.

2.04. *Royalty Owner's Exceptions to Quarterly Statements.* If Royalty Owner shall take exception to any items included in the quarterly statements rendered by Subject Lessee, Royalty Owner shall notify Subject Lessee in writing within 180 days after the receipt of the report and annual audit furnished pursuant to Section 2.06 hereof, setting forth in such notice the specific charges complained of and to which exception is taken or the specific credits which should have been made and allowed; and with respect to such complaints and exceptions as are justified, adjustment shall be made. If Royalty Owner shall fail to give Subject Lessee notice of such complaints and exceptions prior to the expiration of such 180 day period, then the statements for such calendar year as originally rendered by Subject Lessee shall be deemed to be correct as rendered.

2.05. *Geological Data.* Upon request Subject Lessee shall, subject to the limitations of confidentiality undertakings with co-owners or other third parties, furnish to Royalty Owner copies of all electric and other logs of all wells hereafter drilled on the Subject Interests, and Royalty Owner shall also have access to all core cuttings, and other geological, well and production data secured from operations on the Subject Interests. Royalty Owner shall also have the right to receive upon request monthly reports showing the status of development, producing and other operations conducted by Subject Lessee on the Subject Interests. All information furnished to Royalty Owner pursuant to this section is confidential and for the sole benefit of Royalty Owner and shall not be shown by Royalty Owner to any other Person.

2.06. *Annual Audits and Reports.* Within 90 days after the end of the calendar year, Subject Lessee shall deliver to Royalty Owner a statement which has been audited by a nationally recognized firm of independent public accountants selected by the Subject Lessee, which shall show on an annual basis the information provided for in Section 2.03.

2.07. *Monthly Estimates.* As soon as practicable after the end of each calendar month, and in any event on or before the last Business Day of the next calendar month, Subject Lessee shall deliver to Royalty Owner a statement of Subject Lessee's best estimate of the amount payable to Royalty Owner for such next calendar month.

ARTICLE III

Payment

3.01. *Payment.* On the last Business Day of each month Subject Lessee shall pay to Royalty Owner as overriding royalty hereunder an amount in respect of each Lease equal to such Lease's Proportionate Share for the next preceding month of ninety percent (90%) of the aggregate Net Proceeds from the Subject Interests for such preceding month plus an amount equal to the Tax Gross-Up, less the Tax Credit, for such preceding month. The Tax Allowance, the taxes actually owed by Subject Lessee, and any tax amount paid or deposited for the account of Royalty Owner for a month shall be the amounts determined in good faith by Subject Lessee for such month, plus any adjustments in such month for any prior month, whether such adjustments were initiated by Subject Lessee or the Internal Revenue Service.

3.02. *Interest on Past Due Payments.* Any amount not paid by Subject Lessee to Royalty Owner when due, shall bear, and Subject Lessee will pay, interest at the rate of one-half of one percentage point over the Prime Interest Rate, determined at the end of each month, from such due date until such amount is paid, but not in excess of the maximum amount allowed by law.

3.03. *Overpayment.* If at any time Subject Lessee pays Royalty Owner more than the amount due, Royalty Owner shall not be obligated to return any such overpayment, but the amount or amounts otherwise payable for any subsequent period or periods shall be reduced by such overpayment, plus an amount equal to interest computed at the weighted average Prime Interest Rate in effect during the period of such overpayment plus one-half of one percentage point.

ARTICLE IV

Marketing of Subject Minerals

4.01. *Sales Contracts.* Subject Lessee shall use all reasonable efforts to market or cause to be marketed all commercial quantities of Subject Minerals. For such purposes, sales of Subject Minerals may continue to be made by Subject Lessee pursuant to existing Sales Contracts. Subject Lessee may amend such existing Sales Contracts and may enter into one or more Sales Contracts in the future at the best prices and on the best terms Subject Lessee shall deem reasonably obtainable in the circumstances.

4.02. *Performance of Sales Contracts.* Subject Lessee shall duly perform all material obligations binding on it under all Sales Contracts in accordance with the terms thereof and shall take all appropriate measures to enforce the performance under each of the Sales Contracts of the obligations of the Purchaser thereunder.

4.03. *Reliance by Third Party.* As to any party to a Sales Contract, the acts of Subject Lessee shall be binding on Royalty Owner.

ARTICLE V

Non-Liability of Royalty Owner

In no event shall Royalty Owner be liable or responsible in any way for any Costs or other costs or liabilities incurred by Subject Lessee or other lessees attributable to the Subject Interests or to the Minerals produced from the Leases.

ARTICLE VI

Operation of Subject Interests

6.01. *Prudent Operator Standard.* Subject Lessee agrees that it will conduct and carry on the development, maintenance and operation of the Subject Interests with reasonable and prudent business judgment and in accordance with sound oil and gas field practices. Nothing contained in this Section 6.01 shall be deemed to prevent or restrict Subject Lessee from electing not to participate in any operation that is to be conducted under the terms of any operating agreement, unit operating agreement, contract for development or similar instrument affecting or pertaining to the Subject Interests (or any portion thereof) and allowing consenting parties to conduct nonconsent operations thereon, if such election is made by Subject Lessee in good faith unless any of the consenting parties under such operating agreement, unit operating agreement, contract for development or similar instrument is an Affiliate of Subject Lessee.

6.02. *Abandonment of Properties.* Nothing herein contained shall obligate Subject Lessee to operate or continue to operate any well or to operate or maintain a well or attempt to maintain in force any of the Leases when, in Subject Lessee's opinion, such well or lease ceases to produce or is not capable of producing oil, gas or other minerals in commercial quantities. The expiration of a Lease in accordance with the terms and conditions applicable thereto shall not be considered to be a voluntary surrender or abandonment thereof.

6.03. *Insurance.* Subject Lessee shall maintain or cause to be maintained, such insurance or self-insurance for the benefit of Subject Lessee and Royalty Owner, as their interests may appear, against physical loss of or damage to any and all permanent production equipment now or hereafter located on the Subject Interests (or any portion thereof) in amounts at least equal to the actual cash value of Subject Lessee's interest (undiminished by the Overriding Royalty Interest) in the relevant equipment and covering loss or damage due to fire, windstorms, hurricanes and such other perils, including blowout and cratering, usually covered by insurance carried by companies engaging in similar business and owning similar properties in the same general area or areas in which the Subject Interests are located, and in addition to maintain, or cause to be maintained, such other insurance or self-insurance in such amounts and covering such risks as is usually carried by companies engaged in similar business and owning similar properties in the same general area or areas in which the Subject Interests are located and as may be required by applicable law. All insurance required by this Section 6.03 shall be maintained with insurance companies or associations, or pursuant to authorized self-insurance programs in the area of operations, and may contain such deductibles, endorsements and warranties as Subject Lessee, as a prudent operator, deems appropriate.

6.04. *Farmouts.* Subject Lessee may in its discretion, from time to time, elect to execute a Farmout, in which event Subject Lessee shall have the right and option, but not the obligation to assign any portion of the Subject Interests which Subject Lessee has made subject to such Farmout, free and clear of the Overriding Royalty Interest applicable thereto; provided, however, that with respect to any overriding royalty interest, production payment, leasehold or working interest, or any other interest in any Subject Interest which is reserved by or acquired by Subject Lessee under such Farmout (the "Retained Interests"). Royalty Owner shall be entitled to, and Royalty Owner's right with respect to such Retained Interests shall be limited to, an Overriding Royalty Interest in each of the Retained Interests. However, if any Retained Interest is an interest which is convertible to another type of Retained Interest or any other interest, it is agreed that:

(i) As between Subject Lessee and Royalty Owner, Subject Lessee shall have the exclusive and full right and authority to exercise (or, in Subject Lessee's discretion, not to exercise) any such conversion option; and

(ii) If and when Subject Lessee should, in its discretion, elect to convert a Retained Interest to another type of Retained Interest or any other interest, then in such event Royalty Owner

shall automatically become entitled to an Overriding Royalty Interest (as herein computed) in any Retained Interest or any other interest acquired by Subject Lessee pursuant to such conversion election, and Royalty Owner shall have no further right with respect to, or interest in the Retained Interest which was so converted by Subject Lessee.

ARTICLE VII

Pooling and Unitization

7.01. *Pooled Subject Interests.* Certain of the Subject Interests may have been heretofore pooled or unitized for the production of Minerals. Such Subject Interests are and shall be subject to the terms and provisions of such pooling or unitization agreement, and the Overriding Royalty Interest in each such Subject Interest shall apply to and affect only the production from such units which accrues to such Subject Interest under and by virtue of the applicable pooling and unitization agreements.

7.02. *Right to Pool.* Subject Lessee shall have the right and power, exercisable only during the period provided in Section 7.03, to pool or unitize any of the Subject Interests and to alter, change, amend or terminate any pooling or unitization agreements heretofore or hereafter entered into, as to all or any part of the lands covered by the Leases, as to any one or more of the formations or horizons thereunder, and as to any one or more Minerals, upon such terms and provisions as Subject Lessee shall in its sole discretion determine. If and whenever through the exercise of such right and power, or pursuant to any law hereafter enacted or any rule, regulation or order of any governmental body or official hereafter promulgated, any of the Subject Interests are pooled or unitized in any manner, the Overriding Royalty Interest, insofar as it affects such Subject Interest, shall also be pooled and unitized, and in any such event such Overriding Royalty Interest in such Subject Interest shall apply to and affect only the production that accrues to such Subject Interest under and by virtue of the pooling and unitization.

7.03. *Applicable Period.* Subject Lessee's power and right to pool and unitize the Subject Interests and the Overriding Royalty Interest shall be exercisable and enjoyed only during the period of the life of the last survivor of the descendants of Joseph P. Kennedy, father of the late President of the United States of America, living on the date of execution hereof, plus 21 years after the death of such last survivor, or the term of this Conveyance, whichever period shall first expire.

ARTICLE VIII

Government Regulation

All obligations of Subject Lessee hereunder shall be subject to all applicable provisions of the Natural Gas Act, the Natural Gas Policy Act of 1978 and each other state or federal statute purporting to regulate the sale of Minerals or establishing maximum prices at which the same may be sold and all applicable laws, orders, rules or regulations thereunder of the Federal Energy Regulatory Commission and each other state or federal legislative or governmental body, agency, board or commission having jurisdiction. Rates permitted under the Natural Gas Act, the Natural Gas Policy Act of 1978 and each such other state or federal statute and the rules and regulations thereunder to be paid for the Subject Minerals shall be controlling if lower than prices established in Sales Contracts or if lower than the rates used in determining Wellhead Value. Subject Lessee shall be entitled to use its reasonable discretion in making filings, for itself and on behalf of Royalty Owner, with the Federal Energy Regulatory Commission or any other state or federal government body, agency, board or commission having jurisdiction affecting the price or prices at which Subject Minerals may be sold, but shall not in any event be liable to Royalty Owner as a result of a failure to make or to timely make any such filing.

ARTICLE IX

Assignments

9.01. *Assignment by Subject Lessee.* Subject Lessee shall have the right to assign, sell, transfer, convey, mortgage or pledge the Subject Interests or any part thereof, subject to the Overriding Royalty Interest and the terms and provisions of this Conveyance.

9.02. *Separate Computation.* If Subject Lessee assigns, sells, transfers or otherwise conveys any leasehold interest in part, but not all, of the Leases or conveys its leasehold interests in part, but not all of the lands covered by a Lease, then effective as of the date of such conveyance, in computing the Overriding Royalty Interest payable with respect to production from each Lease or tract covered by a Lease, Net Proceeds, Gross Proceeds and Costs attributable to the conveyed interest will be computed separately from the unassigned interest. Moreover, Subject Lessee may at any time elect to compute Net Proceeds on a Lease, property well or other basis different than that provided for herein.

9.03. *Assignment by Royalty Owner.* Royalty Owner has the right to assign, sell, transfer, convey, mortgage or pledge the whole, or an undivided interest in the whole, Overriding Royalty Interest at any time. No such action will affect the method of computing Net Proceeds (however) and if more than one Person becomes entitled to participate in the Overriding Royalty Interest, Subject Lessee may withhold the information provided for in Section 2.05 from Royalty Owner until Subject Lessee is furnished a recordable instrument executed by or binding upon all Persons owning an interest in such Overriding Royalty Interest designating one Person who is to receive such information.

9.04. *Change in Ownership.* No change of ownership or right to receive payment of the Overriding Royalty Interest, or of any part thereof, however accomplished, shall be binding upon Subject Lessee until notice thereof shall have been furnished by the Person claiming the benefit thereof, and then only with respect to payments thereafter made. Notice of sale or assignment shall consist of a certified copy of the recorded instrument accomplishing the same; notice of change of ownership or right to receive payment accomplished in any other manner (for example, by reason of incapacity, death or dissolution) shall consist of certified copies of recorded documents and complete proceedings legally binding and conclusive of the rights of all parties. Until such notice shall have been furnished Subject Lessee as above provided, the payment or tender of all sums payable on the Overriding Royalty Interest may be made in the manner provided herein precisely as if no such change in interest ownership or right to receive payment has occurred. The kind of notice herein provided shall be exclusive, and no other kind, whether actual or constructive, shall be binding on Subject Lessee.

9.05. *Rights of Mortgagee or Trustee.* If Royalty Owner shall at any time execute a mortgage or deed of trust covering all or part of the Overriding Royalty Interest, the mortgagee(s) or trustee(s) therein named or the holder of any obligation secured thereby shall be entitled, to the extent such mortgage or deed of trust so provides, to exercise all the rights, remedies, powers and privileges conferred upon Royalty Owner by the terms of this Conveyance and to give or withhold all consents required to be obtained hereunder by Royalty Owner, but the provisions of this Section 9.05 shall in no way be deemed or construed to impose upon Subject Lessee any obligation or liability undertaken by Royalty Owner under such mortgage or deed of trust or under the obligation secured thereby.

ARTICLE X

Miscellaneous

10.01. *Proportional Reduction.* In the event of failure or deficiency in title to any of the Subject Interests the portion of the production from such Subject Interest out of which the Overriding Royalty Interest attributable to such Subject Interest shall be payable shall be reduced in the same proportion that such Subject Interest is reduced.

10.02. *Term.* This Conveyance shall remain in force so long as at least one of the Subject Interests is in effect.

10.03. *Further Assurances.* Should any additional instruments of assignment and conveyance be required, describe more specifically any interests subject hereto. Subject Lessee agrees to execute and deliver the same. Also, if any other or additional instruments are required in connection with the transfer of state or federal lease interests in order to comply with applicable laws or regulations Subject Lessee will execute and deliver the same.

10.04. *Notices.* All notices, statements, payments and communications between the parties hereto shall be deemed to have been sufficiently given and delivered if enclosed in a postpaid wrapper, deposited in the United States Mails directed by registered or certified mail, or if personally delivered, to the party to whom the same is directed or to be furnished or made at the respective address, as follows:

If to Assignor: Mesa Petroleum Co.
One Mesa Square
Amarillo, Texas 79189

If to Assignee: Mesa Offshore Management Co.
One Mesa Square
Amarillo, Texas 79189

Either party or the successors or assignees of the interest or rights or obligations of either party hereunder may change its address or designate a new or different address or addresses for the purposes hereof by a similar notice given or directed to all parties interested hereunder at the time.

10.05. *Successors and Assigns.* Subject to the restrictions on assignments set forth in Article IX, this Conveyance, and each and every provision hereof, shall be binding upon and shall inure to the benefit of Assignor and Assignee, their respective successors, successors-in-title, heirs and assigns.

10.06. *No Waiver.* The failure of Royalty Owner or Subject Lessee to insist upon strict performance of a covenant hereunder or of any obligation hereunder, irrespective of the length of time for which such failure continues, shall not be a waiver of such party's right to demand strict compliance in the future. No consent or waiver, express or implied to or of any breach or default in the performance of any obligation hereunder shall constitute a consent or waiver to or of any other breach or default in the performance of the same or any other obligation hereunder.

10.07. *Captions, Number and Gender.* Titles or captions of Articles or Sections contained in this Conveyance are inserted only as a matter of convenience and for reference and in no way define, limit, extend or describe the scope of this Conveyance or the intent of any provision hereof. The plural and singular numbers shall, where appropriate, include the singular and plural, respectively, and words of any gender shall, where appropriate, include each other gender.

10.08. *Applicable Law.* This Conveyance and the rights and obligations of the parties hereunder shall be governed by and interpreted, construed and enforced in accordance with the laws of the jurisdictions in which the Subject Interests are located.

IN WITNESS WHEREOF, each of the parties hereto has caused this agreement to be executed in its name and behalf by its proper signatory officer thereunto duly authorized, in multiple originals, as of the first day of December, 1982.

WITNESSES:

Lang M. Hemingway
Al H. May

ATTEST:

Robert H. Thorne
Notary Secretary

MESA PETROLEUM CO.

By

[Signature]
Vice President

WITNESSES:

Lang M. Hemingway
Al H. May

MESA OFFSHORE ROYALTY PARTNERSHIP

By

MESA OFFSHORE MANAGEMENT CO.,
its Managing General Partner

By

[Signature]
Vice President

STATE OF TEXAS }
COUNTY OF HARRIS }

On this 15 day of December, 1982, before me appeared *J. K. Brown* *EVP*, to me personally known, who, being by me duly sworn, did say that he is the *EVP* of MESA PETROLEUM Co. and that the instrument was signed in behalf of the Corporation by authority of its Board of Directors and that he acknowledged the instrument to be the free act and deed of the Corporation.

This instrument was acknowledged before me on the 15 day of December, 1982, by *J. K. Brown*, the *EVP* of Mesa Petroleum Co., a corporation, on behalf of said corporation.

[Signature]
Notary Public, State of Texas

(SEAL)

My commission expires: *2/28/85*

STATE OF TEXAS }
COUNTY OF HARRIS }

On this 15 day of December, 1982, before me appeared *J. K. Brown*, to me personally known, who, being by me duly sworn, did say that he is the *V.P.* of MESA OFFSHORE MANAGEMENT Co and that the instrument was signed in behalf of the Corporation by authority of its Board of Directors and that he acknowledged the instrument to be the free act and deed of the Corporation, in its capacity as Managing General Partner of Mesa Offshore Royalty Partnership.

This instrument was acknowledged before me on the 15 day of December, 1982, by *J. K. Brown*, the *V.P.* of Mesa Offshore Management Co., a corporation, on behalf of said corporation in its capacity as Managing General Partner of the Mesa Offshore Royalty Partnership.

[Signature]
Notary Public, State of Texas

(SEAL)

My commission expires: *2/28/85*

SCHEDULE A

ATTACHED TO AND FORMING A PART OF OVERRIDING ROYALTY CONVEYANCE FROM MESA PETROLEUM CO., AS ASSIGNOR, TO MESA OFFSHORE ROYALTY PARTNERSHIP, AS ASSIGNEE, DATED AS OF DECEMBER 1, 1982.

PREAMBLE

This Schedule A describes the Leases referred to in the Overriding Royalty Conveyance as being described in Schedule A thereto. Terms used herein shall have the same meaning as in the Conveyance unless otherwise indicated.

The recitations in the specific descriptions of the Leases described in this Schedule A that certain of the Leases are subject to specifically described agreements or other instruments or other interests shall not operate to subject any such Lease to any such agreement or other instrument or any such other interest except to the extent that such agreement or other instrument or other interest is valid and presently subsisting with respect to such Lease; nor shall the reference to any such agreement or other instrument or other interest be deemed to constitute a recognition by the parties that any such agreement or other instrument or other interest is valid except to the extent such agreement or other instrument or other interest is presently in force and effect.

1. SOUTH MARSH ISLAND BLOCK 155 OL-375 OCS-G-4110

Legal Description:

Oil and Gas Lease dated September 1, 1979, by and between the United States of America, Lessor, and Mesa Petroleum Co. and Oxy Petroleum, Inc., Lessee, covering all of Block 155, South Marsh Island Area, South Addition, as shown on OCS Official Leasing Map, Louisiana Map No. 3C, containing approximately 5,000 acres.

Subject To:

Operating Agreement dated September 1, 1979 (revised August 1, 1981), by and between Mesa Petroleum Co. and Oxy Petroleum, Inc.

Letter Agreement dated October 11, 1979, as amended on October 30, 1979, by and between Mesa Petroleum Co. and Oxy Petroleum, Inc.

Confidentiality Agreements dated August 7, 1981 and August 20, 1982, executed by United Gas Pipe Line Company.

Gas Purchase Contract dated June 11, 1982 as supplemented by Letter Agreement dated July 23, 1982 between Mesa Petroleum Co., Seller, and United Gas Pipe Line Company, Buyer.

Development Production Payment dated June 6, 1980 between Mesa Petroleum Co. and 110 North Wacker Drive Foundation, Inc.

Development Production Payment dated November 19, 1981 between Mesa Petroleum Co. and 110 North Wacker Drive Foundation, Inc.

2. SOUTH MARSH ISLAND BLOCK 156 OL-527 OCS-G-4220

Legal Description:

Oil and Gas Lease dated December 1, 1979, by and between the United States of America, Lessor, and Mesa Petroleum Co. and Oxy Petroleum, Inc., Lessee, covering all of Block 156, South Marsh

Island Area, South Addition, as shown on OCS Leasing Map, Louisiana Map No. 3C, containing approximately 7,000 acres.

Subject To:

Operating Agreement dated December 1, 1979 (revised August 1, 1981), by and between Mesa Petroleum Co. and Oxy Petroleum, Inc.

Confidentiality Agreements dated August 7, 1981, and August 20, 1982, executed by United Gas Pipe Line Company.

Gas Purchase Contract dated June 11, 1982 as supplemented by Letter Agreement dated July 23, 1982 between Mesa Petroleum Co., Seller, and United Gas Pipe Line Company, Buyer.

Development Production Payment dated June 6, 1980 between Mesa Petroleum Co. and 110 North Wacker Drive Foundation, Inc.

3. SOUTH PELTO BLOCK 12 (E/2)

OL-354 OCS-G-3588

Legal Description:

Oil and Gas Lease dated August 1, 1977, by and between the United States of America, Lessor, and Mesa Petroleum Co., American Natural Gas Production Company, Oxy Petroleum, Inc., Reserve Oil, Inc., Aminoil USA, Inc. and General Crude Oil Company, Lessee, covering the E/2 Block 12, South Peltio Area, as shown on OCS Official Leasing Map, Louisiana Map No. 6, containing approximately 2,500 acres.

Subject To:

Operating Agreement dated August 1, 1977 by and between Mesa Petroleum Co., American Natural Gas Production Company, Oxy Petroleum, Inc., Reserve Oil, Inc., Aminoil USA, Inc. and General Crude Oil Company, as amended by Letter Agreement dated January 6, 1982 executed by Mesa Petroleum Co., Mobil Oil Exploration & Producing Southeast Inc., ANR Production Company, Aminoil USA, Inc., Oxy Petroleum, Inc. and Getty Oil Company.

Gas Purchase Contract dated August 14, 1981, between Trunkline Gas Company, Buyer, and Mesa Petroleum Co., Seller, recorded in the Conveyance Records of Terrebonne Parish, Louisiana on January 15, 1982 in Conveyance Book 868, Page 126 under Entry No. 671425.

Crude Oil Sales Contract dated September 10, 1982, between Mesa Petroleum Co., Seller, and Texaco USA, a Division of Texaco Inc., Buyer, - Texaco Contract #4737(P).

Development Production Payment dated June 6, 1980 between Mesa Petroleum Co. and 110 North Wacker Drive Foundation, Inc.

4. WEST DELTA BLOCK 61

OL-325 OCS-G-3186

Legal Description:

Oil and Gas Lease dated July 1, 1975 by and between the United States of America, Lessor, and Mesa Petroleum Co., Lessee, covering all of Block 61, West Delta Area, as shown on OCS Official Leasing Map, Louisiana Map No. 5, containing approximately 5,000 acres.

Subject To:

Gas Purchase and Sales Agreement dated April 4, 1978 by and between Mesa Petroleum Co., Seller, and Tennessee Gas Pipeline Company, a Division of Tenneco Inc., Buyer.

Confidentiality Agreement dated October 13, 1962 executed by Tennessee Gas Pipeline Company.
Advance Payment Agreement dated November 25, 1975, as amended on February 3, 1978,
between Tennessee Gas Pipeline Company, a Division of Tenneco Inc. and Mesa Petroleum Co.

5. VERMILION BLOCK 381
OL-528 OCS-G-4216

Legal Description:

Oil and Gas Lease dated December 1, 1979, by and between the United States of America, Lessor,
and Mesa Petroleum Co. and Santa Fe Energy Company, Lessee, covering all of Block 381,
Vermilion Area, South Addition, as shown on OCS Leasing Map, Louisiana Map No. 3B, con-
taining approximately 5,000 acres.

Subject To:

Operating Agreement dated December 1, 1979, by and between Mesa Petroleum Co. and Santa Fe
Energy Company, as amended by Letter Agreement dated March 20, 1981.

Confidentiality Agreement dated August 18, 1982, executed by United Gas Pipe Line Company.
Gas Purchase Contract dated June 11, 1982, as supplemented by Letter Agreement dated July 23,
1982, between United Gas Pipe Line Company, Buyer, and Mesa Petroleum Co., Seller.

6. WEST DELTA BLOCK 62
OL-356 OCS-C-3601

Legal Description:

Oil and Gas Lease dated August 1, 1977, by and between the United States of America, Lessor,
and Mesa Petroleum Co., Lessee, covering all of Block 62, West Delta Area, as shown on OCS
Official Leasing Map, Louisiana Map No. 8, containing approximately 5,000 acres.

Subject To:

Gas Contract dated April 4, 1978 by and between Mesa Petroleum Co., Seller, and Tennessee Gas
Pipeline Company, a Division of Tenneco Inc., Buyer.

Confidentiality Agreement dated October 13, 1982, executed by Tennessee Gas Pipeline Company.

7. BRAZOS BLOCK A-7
OT-311 OCS-G-4558

Legal Description:

Oil and Gas Lease dated January 1, 1981, by and between the United States of America, Lessor,
and Mesa Petroleum Co. and Texaco Inc., Lessee, covering all of Block A-7, Brazos Area, as shown
on OCS Leasing Map, Texas Map No. 5, containing approximately 5,760 acres.

Subject To:

Operating Agreement dated December 1, 1980 by and between Mesa Petroleum Co., Texaco Inc.
and Sequoia Petroleum Inc., as amended by Conditional Letter of Acceptance (not dated) and by
Letter Agreement dated March 31, 1981.

Area of Mutual Interest Agreement dated January 9, 1981 by and between Mesa Petroleum Co.,
Texaco Inc. and Sequoia Petroleum Inc., as amended by Letter Agreement dated May 20, 1981.

Confidentiality Agreement dated January 4, 1982, executed by Transcontinental Gas Pipe Line
Corporation.

Confidentiality Agreement dated January 4, 1982, executed by United Gas Pipe Line Company.

Confidentiality Agreement dated October 8, 1982, executed by Michigan Wisconsin Pipe Line Company.

8. BRAZOS BLOCK A-39
OT-312 OCS-G-4559

Legal Description:

Oil and Gas Lease dated January 1, 1981, by and between the United States of America, Lessor, and Mesa Petroleum Co. and Texaco Inc., Lessee, covering all of Block A-39, Brazos Area, as shown on OCS Leasing Map, Texas Map No. 5, containing approximately 5,760 acres.

Subject To:

Operating Agreement dated December 1, 1980, by and between Mesa Petroleum Co., Texaco Inc. and Sequoia Petroleum Inc., as amended by Conditional Letter of Acceptance (not dated) and by Letter Agreement dated March 31, 1981.

Area of Mutual Interest Agreement dated January 15, 1981 by and between Mesa Petroleum Co., Texaco Inc., and Sequoia Petroleum Inc.

Confidentiality Agreement dated December 14, 1981, executed by Tennessee Gas Pipeline Corp.

Confidentiality Agreement dated January 4, 1982, executed by Transcontinental Gas Pipe Line Corporation.

Confidentiality Agreement dated January 4, 1982, executed by United Gas Pipe Line Company.

Confidentiality Agreement dated October 8, 1982, executed by Michigan Wisconsin Pipe Line Company.

9. HIGH ISLAND BLOCK A-567
OT-592 OCS-G-2715

Legal Description:

Oil and Gas Lease dated July 1, 1974, by and between the United States of America, Lessor, and Quirтана Offshore, Inc., Mesa Petroleum Co. and Occidental Petroleum Corporation, Lessee, covering all of Block A-567, High Island Area, South Addition, OCS Official Leasing Map, Texas Map No. 7B, containing approximately 5,760 acres.

Subject To:

Operating Agreement dated February 15, 1980, by and between Mesa Petroleum Co., Challenger Minerals Inc., Rowan Petroleum, Inc. and Pioneer Production Corporation, as amended by Amendment to Operating Agreement dated April 1, 1981.

Gas Purchase Contract dated September 20, 1982 between Mesa Petroleum Co. and Michigan Wisconsin Pipe Line Company.

Advance Payment Agreement dated October 3, 1974, between Mesa Petroleum Co. and Michigan Wisconsin Pipe Line Company.

Purchase Option Agreement dated May 30, 1974, by and between Mesa Petroleum Co. and American Natural Gas Production Company.

Advance Payment Agreement dated October 18, 1974, by and between Michigan Wisconsin Pipe Line Company, Buyer, and American Natural Gas Production Company, Seller.

Farmout Agreement dated March 14, 1979, by and between Cxy Petroleum, Inc., Williams Exploration Company, Santa Fe Energy Company, and Terra Resources, Inc. as Farmers, and Mesa Petroleum Co., as Farmee.

Exploration Agreement dated February 15, 1980, by and between Mesa Petroleum Co., Challenger Minerals, Inc. and Pioneer Production Corporation.

Confidentiality Agreement dated June 12, 1981, executed by Michigan Wisconsin Pipe Line Company.

Confidentiality Agreement dated August 3, 1981, executed by Transcontinental Gas Pipe Line Corporation.

Confidentiality Agreement dated April 1, 1982, executed by Columbia Gas Transmission Corporation.

Development Production Payment dated November 19, 1981, between Mesa Petroleum Co. and 110 North Wacker Drive Foundation, Inc.

Advance Payment Agreement for Gas Exploration, Development, and Production in Offshore Texas and Louisiana dated December 15, 1975 between Columbia Gas Transmission Corporation and Oxy Petroleum, Inc.

Advance Payment Agreement dated February 1, 1975, between Quintana Oceanic, Inc. and Transcontinental Gas Pipe Line Corporation

Funding Agreement dated September 13, 1974 between Quintana Offshore, Inc., Quintana Oil and Gas Corp., Quintana Gulf, Inc., Quintana Oceanic, Inc. and Transcontinental Gas Pipe Line Corporation.

10. MATAGORDA ISLAND BLOCK 624

OT-519 OCS-C-3306

Legal Description:

Oil and Gas Lease dated April 1, 1976 by and between the United States of America, Lessor, and Mesa Petroleum Co. and Oxy Petroleum, Inc., Lessee, covering that portion seaward of the three marine league arc of Block 624, Matagorda Island Area, as shown on OCS Official Leasing Map, Texas Map No. 4, containing approximately 5617.16 acres.

Subject To:

Operating Agreement dated April 1, 1976 by and between Mesa Petroleum Co., Oxy Petroleum, Inc. and American Independent Oil Company.

Confidentiality Agreement dated November 9, 1981, executed by Seagull Pipeline Corp.

Confidentiality Agreement dated August 18, 1982, executed by Houston Pipe Line Company.

Confidentiality Agreement dated November 1, 1982, executed by Northern Natural Gas Company.

Gas Purchase Contract dated April 14, 1982, between Mesa Petroleum Co., Seller, and Northern Natural Gas Company, a Division of InterNorth, Inc., Buyer.

SCHEDULE B

Attached to and made a part of Overriding Royalty Conveyance from Mesa Petroleum Co., as Assignor, to Mesa Offshore Royalty Partnership as Assignee.

I. Definitions

1. Defined terms used in the Conveyance to which this Schedule B is attached have the same meaning when used herein.
2. "Property" shall mean the Subject Interests and any fixtures and personal property of Operator used in Operations.
3. "Operations" shall mean all operations necessary or proper for the development, operation, protection and maintenance of the Property.
4. "Operator" shall mean the Subject Lessee.
5. "First Level Supervisors" shall mean those employees whose primary function is the direct supervision of other employees and/or contract labor directly employed on the Subject Interests in a field operating capacity.
6. "Technical Employees" shall mean those employees having special and specific engineering, geological or other professional skills, and whose primary function is the handling of specific operating conditions and problems for the benefit of the Subject Interests.
7. "Personal Expenses" shall mean travel and other reasonable reimbursable expenses of Subject Lessee's employees.
8. "Material" shall mean personal property, equipment or supplies acquired or held for use on the Subject Interests.
9. "Controllable Material" shall mean Material which at the time is so classified in the Material Classification Manual as most recently recommended by the Council of Petroleum Accountants Societies of North America.
10. "Shore Base Facilities" shall mean onshore support facilities that during drilling, development, maintenance and producing operations provide such services to the Property as receiving and transshipment point for supplies, materials and equipment; debarkation point for drilling and production personnel and services; communication, scheduling and dispatching center; other related functions benefiting the Property.
11. "Offshore Facilities" shall mean platforms and support systems such as oil and gas handling facilities; living quarters, offices, shops, cranes, electrical supply equipment and systems, fuel and water storage and piping, heliport, marine docking, installations, communication facilities, navigational aids, and other similar facilities necessary in the conduct of offshore operations.

II. Direct Costs

1. RENTALS AND ROYALTIES.

Lease rentals and royalties burdening the Property which were in existence at the Effective Date to the extent not excluded from Gross Proceeds.

2. LABOR.

- A. (1) Salaries and wages of Operator's field employees directly employed on the Property in the conduct of Operations.
- (2) Salaries and wages of Operator's employees directly employed on Shore Based Facilities or other Offshore Facilities serving the Property if such costs are not charged under Paragraph 7 of this Section II.

(3) Salaries of First Level Supervisors in the field

(4) Salaries and wages of Technical Employees directly employed on the Property if such charges are excluded from the Overhead rates.

- B. Operator's cost of holiday, vacation, sickness and disability benefits and other customary allowances paid to employees whose salaries and wages are chargeable to the Joint Account under Paragraph 2A of this Section II. Such costs under this Paragraph 2B may be charged on a "when and as paid basis" or by "percentage assessment" on the amount of salaries and wages chargeable under Paragraph 2A of this Section II. If percentage assessment is used, the rate shall be based on the Operator's cost experience.
- C. Expenditures or contributions made pursuant to assessments imposed by governmental authority which are applicable to Operator's costs chargeable under Paragraph 2A and 2B of this Section II.
- D. Personal Expenses of those employees whose salaries and wages are chargeable under Paragraph 2A of this Section II.

3. EMPLOYEE BENEFITS.

Operator's current costs of established plans for employees' group life insurance, hospitalization, pension, retirement, stock purchase, thrift, bonus, and other benefit plans of a like nature, applicable to Operator's labor cost chargeable under Paragraphs 2A and 2B of this Section II shall be Operator's actual cost not to exceed the greater of 26% or the percent most recently recommended by the Council of Petroleum Accountants Societies of North America.

4. MATERIAL.

Material purchased or furnished by Operator for use on the Property as provided under Section IV. Only such Material shall be purchased for or transferred to the Property as may be required for immediate use and is reasonably practical and consistent with efficient and economical operations. The accumulation of surplus stocks shall be avoided.

5. TRANSPORTATION.

Transportation of employees and Material necessary for Operations but subject to the following limitations.

- A. If Material is moved to the Property from the Operator's warehouse or other properties, no charge shall be made for a distance greater than the distance from the nearest reliable supply store, recognized barge terminal, or railway receiving point where like material is normally available.
- B. If surplus Material is moved to Operator's warehouse or other storage point, no charge shall be made for a distance greater than the distance to the nearest reliable supply store, recognized barge terminal, or railway receiving point. No charge shall be made for moving Material to other properties belonging to Operator.
- C. In the application of Subparagraphs A and B above, there shall be no equalization of actual gross trucking cost of \$200 or less excluding accessorial charges.

6. SERVICES.

The cost of contract services, equipment and utilities provided by outside sources, except services excluded by Paragraph 9 of Section II and Paragraph 1.B of Section III. The cost of professional consultant services and contract services of technical personnel directly or indirectly engaged in connection with the Property.

7. **EQUIPMENT AND FACILITIES FURNISHED BY OPERATOR.**

- A. Operator shall charge for use of Operator owned equipment and facilities at rates commensurate with costs of ownership and operation. Such rates shall include costs of maintenance, repairs, other operating expense, insurance, taxes, depreciation, and interest on investment not to exceed eight percent (8%) per annum. Such rates shall not exceed average commercial rates currently prevailing in the immediate area of the Property.
- B. In lieu of charges in Paragraph 7A above Operator may elect to use average commercial rates prevailing in the immediate area of the Property less 20%. For automotive equipment, Operator may elect to use rates published by the Petroleum Motor Transport Association.
- C. All direct and related costs of Shore Base Facilities shall be direct charges.

8. **DAMAGES AND LOSSES TO PROPERTY.**

All costs or expenses necessary for the repair or replacement of Property made necessary because of damages or losses incurred by fire, flood, storm, theft, accident, or other cause, except those resulting from Operator's gross negligence or willful misconduct.

9. **LEGAL EXPENSE.**

Expense of handling, investigating and settling litigation or claims, discharging of liens, payment of judgments and amounts paid for settlement of claims incurred in or resulting from operations on, or necessary to protect or recover the Property, and all expenses incurred in connection with proceedings before regulating agencies, except that no charge for services of Operator's legal staff shall be made. All other legal expense is considered to be covered by the overhead provisions of Section III.

10. **INSURANCE.**

Net premiums paid for insurance carried on the Property or in respect of Operations. If Operations are conducted at offshore locations as to which Operator may act as self-insurer for Workmen's Compensation and Employers' Liability, Operator may include the risk under its self-insurance program in providing coverage under State and Federal laws and charge an amount equal to Operator's cost not to exceed market rates.

11. **COMMUNICATIONS.**

Costs of acquiring, leasing, installing, operating, repairing and maintaining communication systems including radio and microwave facilities between the Property and the Operator's nearest Shore Base Facility. In the event communication facilities/systems serving the Property are Operator-owned, charges shall be made as provided in Paragraph 7 of this Section II.

12. **ECOLOGICAL AND ENVIRONMENTAL.**

Costs incurred on the Property as a result of statutory regulations for archaeological and geophysical surveys relative to identification and protection of cultural resources and/or other environmental or ecological surveys as may be required by the Bureau of Land Management or other regulatory authority. ALO cost to provide or have available pollution containment and removal equipment plus costs of actual control and cleanup and any fines, penalties, assessments or other resulting responsibilities of oil spills as required by applicable laws and regulations.

13. **DRILLING CHARGES.**

The cost of any drilling rig and related services based upon the prices then in effect under any contract between Operator and third parties as of the Effective Date whether or not such prices exceed the prevailing market rates.

14. OTHER EXPENDITURES

Any other expenditure not covered or dealt with in the foregoing provisions of this Section II, or in Section III, and which is incurred by the Operator in the necessary and proper conduct of the Operations, whether or not incurred or conducted on the Property, including, but not limited to, expenditures incurred in producing, treating, marketing and transporting Subject Minerals.

III. Overhead

I. OVERHEAD - DRILLING AND PRODUCING OPERATIONS.

- A. As compensation for administrative, supervision, office services and warehousing costs described in Appendix 1 hereto Operator shall charge for drilling and producing operations as follows:
- Drilling Rate \$16,555/well/month
 - Producing Rate \$1,695/well/month
 - Major Construction Rate/project
 - (1) 5% of amounts between \$25,000 and \$100,000, plus,
 - (2) 3% of amounts between \$100,000 and \$1,000,000, plus,
 - (3) 2% of amounts in excess of \$1,000,000
- B. Such charge shall be in lieu of costs and expenses of all offices and salaries or wages plus applicable burdens and expenses of all personnel, except those directly chargeable under Paragraph 2A, Section II. The cost and expense of services from outside sources in connection with matters of taxation, traffic, or accounting shall be considered as included in the Overhead rates provided for in this Section III.
- C. The salaries, wages and Personal Expenses of Technical Employees and/or the cost of professional consultant services and contract services of technical personnel directly employed on the Property shall not be covered by the Overhead rates.
- D. Application of Drilling Well Rate Overhead
- (1) Charges for drilling wells shall begin on the date the contractual rig charges begin and terminate on the date the drilling or completion equipment moves off location or the rig is released, whichever is later, except that no charge shall be made during suspension of drilling operations for fifteen (15) or more consecutive days.
 - (2) Charges for wells undergoing any type of workover or recompletion for a period of five (5) consecutive days or more shall be made at the drilling well rate. Such charges shall be applied for the period from date workover operations, with rig, commence through date of rig release, except that no charge shall be made during suspension of operations for fifteen (15) or more consecutive days.
- E. Application of Producing Well Rates
- (1) An active well either produced or injected into for any portion of the month shall be considered as a one-well charge for the entire month.
 - (2) Each active completion in a multi-completed well in which production is not commingled down hole shall be considered as a one-well charge providing each completion is considered a separate well by the governing regulatory authority.
 - (3) An inactive gas well shut in because of overproduction or failure of purchaser to take the production shall be considered as a one-well charge providing the gas well is directly connected to a permanent sales outlet.

- (4) A one-well charge may be made for the month in which plugging and abandonment operations are completed on any well.
- (5) All other inactive wells (including but not limited to inactive wells covered by unit allowable, lease allowable, transferred allowable, etc.) shall not qualify for an overhead charge.

F. The well rates shall be adjusted as of the first day of April of each year following the effective date of the conveyance. The adjustment shall be computed by multiplying the rate currently in use by the percentage increase or decrease in the average weekly earnings of Crude Petroleum and Gas Production Workers for the last calendar year compared to the calendar year preceding as shown by the index of average weekly earnings of Crude Petroleum and Gas Fields Production Workers as published by the United States Department of Labor, Bureau of Labor Statistics. The adjusted rates shall be the rates currently in use, plus or minus the computed adjustment.

2. OVERHEAD – MAJOR CONSTRUCTION.

To compensate Operator for overhead costs incurred in the construction and installation of fixed assets, and expansion of fixed assets, and any other project clearly discernible as a fixed asset required for the development and operation of the Property, or in the dismantling for abandonment of platforms and related production facilities, Operator shall either negotiate a rate prior to the beginning of construction, or shall charge for overhead based on the following rates for any Major Construction project in excess of \$25,000.

A. If the Operator absorbs the engineering, design and drafting costs related to the project:

- (1) 5% of total costs if such costs are more than \$25,000 but less than \$100,000; plus
- (2) 3% of total costs in excess of \$100,000 but less than \$1,000,000; plus
- (3) 2% of total costs in excess of \$1,000,000.

B. If the Operator charges contract engineering, design and drafting costs related to the project directly to the Joint Account, 1½% of the gross cost of any one project. For the purpose of this paragraph, the component parts of a single project shall not be treated separately and the cost of drilling and workover wells shall be excluded.

In the event of any conflict between the provisions of this paragraph and those provisions under Section II, Paragraph 2 or Paragraph 6, the provisions of this paragraph shall govern.

3. OVERHEAD – CATASTROPHE.

To compensate Operator for overhead costs incurred in the event of expenditures resulting from a single occurrence due to oil spill, blowout, explosion, fire, storm, hurricane, or other catastrophies, which are necessary to restore the Property to the equivalent condition that existed prior to the event causing the expenditures, Operator shall charge for overhead based on the following rates:

- (1) 5% of total costs through \$100,000; plus
- (2) 3% of total costs in excess of \$100,000, but less than \$1,000,000; plus
- (3) 2% of total costs in excess of \$1,000,000.

Expenditures subject to the overheads above will not be reduced by insurance recoveries, and no other overhead provisions of this Section III shall apply.

IV. Pricing of Material Purchases, Transfers and Dispositions

Operator is owner of all Material but shall make proper and timely charges and credits for all material movements affecting the Property. Operator shall make timely disposition of idle and/or surplus Material, such disposal being made either through sale to Operator or sale to outsiders.

1. PURCHASES.

Material purchased shall be charged at the price paid by Operator after deduction of all discounts received. In case of Material found to be defective or returned to vendor for any other reason, credit shall be allowed when adjustment has been received by the Operator.

2. TRANSFERS AND DISPOSITIONS.

Material furnished to the Property and Material transferred from the Property or disposed of by the Operator shall be priced on the following bases exclusive of cash discounts:

A. New Material (Condition A)

(1) Tubular goods, except line pipe, shall be priced at the higher of (i) the price paid by Operator or (ii) the current new price in effect on date of movement on a maximum carload or barge load weight basis, regardless of quantity transferred, equalized to the lowest published price f.o.b. railway receiving point or recognized large terminal nearest the Property where such Material is normally available.

(2) Line Pipe

(a) Movement of less than 30,000 pounds shall be priced at the higher of (i) the price paid by Operator or (ii) the current new price, in effect at date of movement, as listed by a reliable supply store nearest the Property where such Material is normally available.

(b) Movement of 30,000 pounds or more shall be priced under provisions of tubular goods pricing in Paragraph 2A (1) of this Section IV.

(3) Other Material shall be priced at the higher of (i) the price paid by Operator or (ii) the current new price, in effect at date of movement, as listed by a reliable supply store or f.o.b. railway receiving point nearest the Property where such Material is normally available.

B. Good Used Material (Condition B)

Material in sound and serviceable condition and suitable for reuse without reconditioning:

(1) Material moved to the Property

(a) At seventy-five percent (75%) of current new price, as determined by Paragraph 2A of this Section IV.

(2) Material moved from the Property

(a) At seventy-five percent (75%) of current new price, as determined by Paragraph 2A of this Section IV, if Material was originally charged as new Material, or

(b) At sixty-five percent (65%) of current new price, as determined by Paragraph 2A of this Section IV, if Material was originally charged as good used Material at seventy-five percent (75%) of current new price.

The cost of reconditioning, if any, shall be absorbed by the transferring property.

C. Other Used Material (Condition C and D)

(1) Condition C

Material which is not in sound and serviceable condition and not suitable for its original function until after reconditioning shall be priced at fifty percent (50%) of current new price as determined by Paragraph 2A of this Section IV. The cost of reconditioning shall be charged to the receiving property, provided Condition C value plus cost of reconditioning does not exceed Condition B value.

(2) Condition D

All other Material, including junk, shall be priced at a value commensurate with its use or at prevailing prices. Material no longer suitable for its original purpose but usable for some other purpose, shall be priced on a basis comparable with that of items normally used for such other purposes.

D. Pricing Conditions

(1) Loading and unloading costs may be charged at the rate of fifteen cents (15¢) per hundred weight on all tubular goods movements, in lieu of loading and unloading costs sustained when actual hauling cost of such tubular goods are equalized under provisions of Paragraph 5 of Section II.

(2) Material involving erection costs shall be charged at applicable percentage of the current knocked-down price of new Material.

3. PREMIUM PRICES.

Whenever Material is not readily obtainable at published or listed prices because of national emergencies, strikes or other unusual causes over which the Operator has no control, the Operator may charge for the required Material at the Operator's actual cost incurred in providing such Material, in making it suitable for use, and in moving it to the Property.

4. WARRANTY OF MATERIAL FURNISHED BY OPERATOR.

Operator does not warrant the Material furnished. In case of defective Material, credit shall not be allowed until adjustment has been received by Operator from the manufacturers or their agents

V. Inventories

The Operator shall maintain detailed records of Controllable Material.

1. PERIODIC INVENTORIES.

At reasonable intervals, Inventories shall be taken by Operator of the Controllable Material.

2. RECONCILIATION AND ADJUSTMENT OF INVENTORIES.

Reconciliation of a physical inventory with charges against Gross Proceeds shall be made, and a list of overages and shortages shall be furnished to the Royalty Owner within six months following the taking of the inventory. Inventory adjustments shall be made by Operator for overages and shortages, but Operator shall be held accountable only for shortages due to lack of reasonable diligence. Special Inventories may be taken whenever there is any sale or change of interest in the Property.

3. EXPENSE OF CONDUCTING PERIODIC INVENTORIES.

The expense of conducting periodic Inventories shall not be charged.

APPENDIX 1
TO
SCHEDULE B

The Combined Fixed Rates, as heretofore provided under Section III of Schedule B, shall be in lieu of all charges for the indirect costs and expenses incurred by Operator in providing the producing and development functions and services hereinafter identified as Compensation for Administrative, Supervision, Office Services and Warehousing costs.

The following reflects a representative abridged listing of the functions and/or services which shall be considered as included in the Operator's District Expense and Warehousing and should serve as a guide for similar functions intended to be covered by the Combined Fixed Rates even though some of the functions may be contract services performed by third parties.

Salaries, Benefits and Related Costs of Field, Area and/or District

Managers and/or Superintendents

Foremen – Superintendent

Drilling*

Production*

Construction*

Production Engineers*

Production Geologists*

Other Technical Employees*

Office Stenographers

Office Clerks

Time Keeping

Preparation of Boat, Automotive and Other Vehicle Reports

Local Purchasing (Field Orders)

Preparation and Coding of Invoices

Preparation of Material Requisitions

Preparation of Field Transfers

Preparation of Field Receiving Reports

Posting of Production Reports

Preparation of Over and Short Reports

Reading and Integration of Charts

Preparation of Field Gas Production and Consumption Report

Preparation of Field Office Reports to State and Federal Regulatory Bodies

Miscellaneous Routine Field Office Clerical Duties

Field Office Inventory Men

Conducting Physical Inventories

Preparation of Field Inventory Records

Warehousemen and/or Clerks

* Except when permitted as a direct charge under paragraph 1.A, Section III

Office Equipment*, Supplies, Stationery and Forms

Maps, Photostats and Blueprints, when required for general District use.

Rentals*

Rentals paid for buildings, office and storage space used by District employees.

Rentals paid in connection with sites for District production offices, camps, warehouses and other facilities used specifically for District purposes.

Ad Valorem Taxes*

Taxes paid on buildings and equipment charged to Operator's Field Area, and/or District investment accounts.

Insurance*

Net cost of all types of insurance, including workmen's compensation and public liability insurance; when such insurance is applicable to the District.

The following reflects a representative abridged listing of the functions and/or services which shall be considered as included in the Operator's Administrative Overhead, and should serve as a guide for similar functions intended to be covered by the Combined Fixed Rates even though some of the functions may be contract services performed by third parties.

General Management

General Operating Administration

Drilling Managers and/or Superintendents and Office Staffs

Production Managers and/or Superintendents and Office Staffs

Civil Engineers*

Reservoir Analysis and Engineering

Petroleum Engineers*

Negotiation of Production and Residue Gas Sales

Negotiation of Major Gas Sales

Preparation and Negotiation of Joint Operation Agreements

Preparation of General Production Records

Traveling and Transportation Expense of Home, Division, Area, Region, or similar Administrative Office Employees

General Accounting and Services

Checking of Invoices

Preparation of Paychecks

Responsibility of Account Distribution or Coding

Payment of Vendor's Invoices

Maintaining Property Investment Records

Maintaining Joint Interest Cost Records

Preparation of Joint Interest Billing

Preparation of Royalty Checks

Machine Accounting and Data Processing Functions

Photostat and Other Reproduction Service

* Except when permitted as a direct charge under paragraph 1.A, Section III.

Ad Valorem Tax Service and/or Counsel
Systems and Procedures
Internal Auditing

Communications Expense – Telephone, telegraph and teletype services rendered to the District; also operating expenses of radio communication systems which serve the District and which are not chargeable to any particular lease or facility operation. The costs applicable to communication service and/or equipment directly employed on and serving the joint property shall be a direct charge to the joint property.

Area and/or District Office Utility Services*

Local Field, Area and/or District Recreational Facilities

Safety Meetings and/or Dinners

Area and/or District Office Safety Equipment

First Aid Supplies

Physical and Medical Examinations – Cost of pre-employment and medical examinations of personnel to be employed in the District, including costs of annual or periodic examinations and immunizations.

Transportation, including freight and express costs when such costs are incurred directly in the operation and/or maintenance of District offices, buildings, and facilities.

Traveling Expense of District employees when such expense is for the sole benefit of the District. Traveling and personal expenses of District employees attending oil shows, API meetings, and for company training schools, etc., which are for the primary benefit of the Operator shall be borne solely by the Operator.

Moving Expenses – Costs of moving and transfer of District employees including relocation expenses such as real estate fees, closing costs, compensation for loss on sale of home, carpeting and draperies, etc., when transferred within or into the District. Costs incurred for the primary benefit of the Operator, such as transfer of trainees, shall be borne solely by the Operator.

Memberships, Dues and Subscriptions for Field, Area and/or District Personnel

Depreciation on Operator's wholly-owned Field, Area, and/or District production offices, equipment, buildings, camps, roads, fences, canals, docks, marine terminals, and slips, etc., used for District purposes.*

Repair and Maintenance on Operator's wholly-owned Field, Area, and/or District production offices, equipment, buildings, camps, roads, fences, canals, docks, marine terminals, and slips, etc. including the cost of small tools and supplies used specifically for District purposes.

Warehouse – wholly-owned*

Depreciation

Operating and Maintenance Expense

Cost of Storing and Handling Material

Title Record and Division Order Administration

Landmen and Titlemen

Maintenance of Division of Interest Records

Obtaining Royalty Signatures

* Except when permitted as a direct charge under paragraph 1 A., Section III.

Exploration Administration

Geologists*
General Research
Geophysicists

General Purchasing Administration

Industrial and Public Relation Administration

Employee Relation Counselor
Safety Engineer
Industrial Nurse and/or Doctor
Dinners, Parties, etc.
Safety Awards
Incentive Awards
Thanksgiving Turkeys or Christmas Baskets
Contributions to Charity and/or Civic Organizations
Special Investigators
Administration of Benefit Plans

General Oil and Gas Well Proration and Pricing

Administration Preparation of Reports to and
Representation before Governmental Agencies

General Legal Counsel

Preparation of Contracts
Claims and Litigation
Title and Other Opinions

Transportation and Traffic Administration

Insurance Administration

* Except when permitted as a direct change under paragraph 1.A., Section III.

LISKOW & LEWIS

83820.035

CURTIS R. LISKOW (1931-1974)
AUSTIN W. LEWIS (1910-1974)

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October 1, 1984

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JAMES O. MICHAEL
RICHARD E. ANDERSON
GEORGE W. PUGH, JR.
WM. BLAKE BENNETT
MARRIY LOWE
*PROFESSIONAL CORPORATION

Mr. John L. Rankin
Minerals Management Service
U.S. Department of the Interior
Gulf of Mexico OCS Region
Imperial Office Building
3301 N. Causeway Blvd.
P.O. Box 7944
Metairie, LA 70010-7944

Re: Lease No. OCS-G 4558, 2409, 3118, 3306,
3743, 2358, 2366, 2372, 2388, 2389, 2398,
2403, 2410, 2412, 2421, 2426, 2739, 2743,
2786, 2719, 2715 and 4559

Dear Mr. Rankin:

Enclosed you will find counterparts of a Mortgage,
Deed of Trust, Assignment of Production and Security
Agreement executed September 19, 1984, to be effective
September 20, 1984, by Mesa Petroleum Co. and MTS
Limited Partnership to Lloyd L. Bolton, Trustee, and
Texas Commerce Bank National Association, Collateral
Agent.

In order that third parties will be placed on
notice as to the execution and efficacy for the enclosed
instrument, please file a counterpart of the enclosed
instrument, together with a copy of this letter, in each
lease file of each of the captioned leases. Please
acknowledge that the foregoing has been accomplished as
requested by signing a counterpart of this letter and
returning it to the undersigned.

Yours very truly,

Thomas F. Getten
Thomas F. Getten

ACCOMPLISHED AS REQUESTED
MINERALS MANAGEMENT SERVICE
GULF OF MEXICO OCS REGION

BY: *Richard A. Bottom* DATE: 10/1/84

MORTGAGE, DEED OF TRUST, ASSIGNMENT
OF PRODUCTION AND SECURITY AGREEMENT

Executed September 19, 1984
to be effective September 20, 1984

between

MESA PETROLEUM CO. and
MTS LIMITED PARTNERSHIP
(Mortgagor and Debtor)

TO

LLOYD L. BOLTON, TRUSTEE

and

TEXAS COMMERCE BANK NATIONAL ASSOCIATION
as Collateral Agent
(Mortgagee and Secured Party)

The mailing address of both the above-named Trustee and Mortgagee is 712 Main Street, Houston, Texas 77002, and the mailing address of Mortgagor is One Mesa Square, P.O. Box 2009, Amarillo, Texas 79189.

This instrument was prepared by Thomas L. Healey, Andrews & Kurth, Texas Commerce Tower, Houston, Texas 77002, and contains after-acquired property provisions and covers future advances

ATTENTION OF RECORDING OFFICERS: This instrument is a Mortgage of both real and personal property and is, among other things, a Security Agreement and Financing Statement under the Uniform Commercial Code. This instrument creates a lien on rights in or relating to lands of the Mortgagor which are described in Exhibit A hereto and, where applicable, is to be tract indexed with respect to all lands described in said Exhibit A.

Recorded counterparts should be returned to:

Thomas L. Healey
4200 Texas Commerce Tower
Houston, Texas 77002

**MORTGAGE, DEED OF TRUST,
ASSIGNMENT OF PRODUCTION AND
SECURITY AGREEMENT**

THAT this Mortgage, Deed of Trust, Assignment of Production and Security Agreement, executed September 19, 1984 to be effective on September 20, 1984 is from MESA PETROLEUM CO., a Delaware corporation ("Mesa") and MTS LIMITED PARTNERSHIP, a limited partnership formed pursuant to the Uniform Limited Partnership Act of the State of Texas (herein called the "Partnership") acting by and through Mesa, its General Partner (Mesa and the Partnership being hereinafter collectively referred to as "Mortgagor"), to Lloyd L. Bolton, Houston, Texas, as Trustee (herein called the "Trustee") and Texas Commerce Bank National Association, a national banking association (herein sometimes called "TCB"), as collateral agent (herein, in such capacity, together with any successor(s) in such capacity, called "Collateral Agent") for the pro rata benefit of the Banks hereinafter referred to.

I. Mesa has entered into a Mesa Credit Agreement dated as of September 20, 1984, with certain banks named therein (herein collectively called the "Banks" and individually called a "Bank"), TCB and Mellon Bank, N.A. ("Mellon"), as agents (herein, in such capacities, together with any successor(s) in such capacities, collectively called the "Agents" and individually called an "Agent"), TCB as Collateral Agent and Mellon as administrative agent (herein, in such capacity, together with any successor(s) in such capacity, called "Administrative Agent") (said Mesa Credit Agreement, as the same may from time to time have been or shall be amended or modified and in effect, being herein called the "Credit Agreement").

II. Pursuant to the Credit Agreement, the Banks have agreed to lend Mesa amounts not to exceed in the aggregate \$1,000,000.00, and Mesa to evidence its indebtedness to each Bank under the Credit Agreement, has executed and delivered to each Bank one (1) Note (as hereinafter defined), dated September 20, 1984, and payable to the order of such Bank, bearing interest at the rates provided for therein, and containing provisions for payment of attorneys' fees and acceleration of maturity in the event of default, as therein set forth.

III. The Partnership is entering into this instrument with the Collateral Agent pursuant to the authority granted in that certain Agreement and Certificate of Limited Partnership by and between Mesa, as General Partner, and Texaco Inc. ("Texaco") and Sequoia Petroleum Inc. ("Sequoia"), as Limited Partners, dated October 1, 1980 (herein called the "Partnership Agreement"), for the purpose, among other things, of securing and providing for the repayment of all amounts at any time and from time to time owing by Mesa to the Banks under or in connection with the Loans (as hereinafter defined).

IV. Mesa is entering into this instrument with the Collateral Agent for the purpose, among other things, of securing and providing for the repayment of all

amounts at any time and from time to time owing by the Mesa to the Banks under or in connection with the Loans.

V. A condition precedent to the consummation of the initial Loans under the Credit Agreement is the execution and delivery by the Mortgagor of this instrument.

VI. For all purposes of this instrument, unless the context otherwise requires:

A. "oil and gas leases" shall include oil, gas and mineral leases and shall also include subleases and assignments of operating rights.

B. "Hydrocarbons" shall mean oil, gas, casinghead gas and other liquid or gaseous hydrocarbons.

C. "Production Sale Contracts" shall mean contracts now in effect, or hereafter entered into by the Mortgagor, or the Mortgagor's predecessors in interest, for the sale, purchase, exchange or processing of Hydrocarbons produced from the lands described in Exhibit A attached hereto and made a part hereof.

D. "Lands described in Exhibit A" shall include any lands which are either described in Exhibit A or the description of which is incorporated in Exhibit A, attached hereto and made a part hereof for all purposes, by reference to another instrument or document, and shall also include any lands now or hereafter unitized or pooled with lands which are either described in Exhibit A or the description of which is incorporated in Exhibit A by reference.

E. "Operating Equipment" shall mean all surface or subsurface machinery, equipment, facilities, supplies or other property of whatsoever kind or nature (excluding drilling rigs, drill pipe, mud pumps, trucks, automotive equipment or other property taken to the premises to drill a well or for other similar temporary uses) now or hereafter located on or under any of the lands described in Exhibit A or on a unit including all or part of the lands described in Exhibit A which are used or useful for the production, treatment, storage or transportation of or exploration for Hydrocarbons, including, but not by way of limitation, all oil wells, gas wells, platforms, water wells, injection wells, casing, tubing, rods, pumping units and engines, christmas trees, derricks, separators, gun barrels, flow lines, tanks, gas systems (for gathering, treating, compression, disposal or injection), chemicals, solutions, water systems (for treating, disposal and injection), pipe, pipelines, boilers, compressors, connectors, power plants, poles, lines, transformers, starters and controllers, machine shops, tools, storage yards and equipment stored therein, buildings and camps, telegraph, telephone and other communication systems, roads, loading docks, loading racks and shipping facilities, together with all improvements, betterments and additions thereto and replacements thereof.

F. "Mortgaged Property" shall mean the properties, rights and interests hereinafter described and defined as the Mortgaged Property.

G. "Indebtedness" shall have the meaning stated in Section 1.2 hereof.

H. "Loans" and "Loan" shall have the respective meanings assigned to them in the Credit Agreement.

I. "Notes" and "Note" shall mean, respectively, (i) those twelve (12) promissory notes, each dated September 20, 1984, executed by Mesa and payable to the order of the Banks, respectively, bearing interest and, subject as provided in the Credit Agreement, being due and payable on December 31, 1988, as more particularly described therein, and (ii) any single such Note.

J. "Highest Lawful Rate" shall have the meaning assigned to that term in the Credit Agreement.

NOW, THEREFORE, the Mortgagor, for and in consideration of the premises and of the debts and trusts hereinafter mentioned has granted, bargained, sold, warranted, mortgaged, assigned, transferred and conveyed, and by these presents does grant, bargain, sell, warrant, mortgage, assign, transfer and convey unto the Trustee, for the use and benefit of the Collateral Agent, and to the Collateral Agent with power of sale (i) all of Mesa's right, title and interest, whether now owned or hereafter acquired, in all of the hereinafter described properties, rights and interests (the presently owned undivided interest of Mesa in and to said properties, rights and interests being set forth in Exhibit A opposite the term "Mesa Working Interest") and (ii) an undivided sixty-five percent (65%) of the Partnership's right, title and interest, whether now owned or hereafter acquired, in all of the hereinafter described properties, rights and interests (the presently owned undivided interest of the Partnership in and to said properties, rights and interests being set forth in Exhibit A opposite the term "MTS Working Interest"); and insofar as such properties, rights and interests consist of equipment, general intangibles, accounts, contract rights, inventory, fixtures, proceeds of collateral or any other personal property of a kind or character defined in or subject to the applicable provisions of the Uniform Commercial Code (as in effect in the appropriate jurisdiction with respect to each of said properties, rights and interests), the Mortgagor hereby grants to the Collateral Agent a security interest in (i) all of Mesa's right, title and interest therein, whether now owned or hereafter acquired, and (ii) an undivided sixty-five percent (65%) of the Partnership's right, title and interest therein, whether now owned or hereafter acquired; namely:

(a) the Lands described in Exhibit A, and the oil and gas leases, the fee, mineral, overriding royalty, royalty and other interests which are specifically described in Exhibit A,

(b) the presently existing unitization, operating and pooling agreements and the properties covered and the units created thereby (including all units formed under orders, regulations, rules or other official acts of any federal, state or other governmental agency having jurisdiction) which are specifically described in Exhibit A or which relate to any of the properties and interests specifically described in Exhibit A.

(c) the Hydrocarbons which are in, under, upon, produced or to be produced from the lands described in Exhibit A.

(d) the Production Sale Contracts,

(e) the Operating Equipment,

(f) rights of the Mortgagor with respect to all subleases, farmout agreements, assignments of interest, assignments of operating rights, contracts, operating agreements, rights-of-way, franchises, privileges, permits, licenses, easements, tenements, hereditaments, appurtenances and benefits now existing or in the future obtained and incident to or in the future obtained and incident and appurtenant to any of the foregoing,

(g) all rights of the Mortgagor in and to all lease records, well records and production records which relate to any of the foregoing.

(h) all other rights, titles and interests of the Mortgagor in, to and under or derived from the lands, leases and properties described in Exhibit A, even though the Mortgagor's interest therein may be incorrectly or insufficiently described or referred to in Exhibit A, and

(i) all proceeds of any of the foregoing,

together with any and all corrections or amendments to, or renewals, extensions or ratifications of, any of the same, or of any instrument relating thereto, all the aforesaid properties, rights and interests which are hereby subjected to the lien of this instrument, together with any additions thereto which may be subjected to the lien of this instrument by means of supplements hereto, being hereinafter called the "Mortgage Property".

Subject, however, to (i) the restrictions, exceptions, reservations, conditions, limitations, interests and other matters, if any, set forth or referred to in the specific descriptions of such properties and interests in Exhibit A (including all presently existing royalties, payments out of production and other burdens which are referred to in Exhibit A and which are taken into consideration in computing the decimal or fractional interest as set forth in Exhibit A) or permitted by Section 2.5(e) hereof, (ii) the assignment of production contained in Article III hereof, but only insofar and so long as said assignment of production is not inoperative under the

provisions of Section 3.5 hereof and (iii) the condition that neither the Trustee nor the Collateral Agent shall be liable in any respect for the performance of any covenant or obligation of the Mortgagor in respect of the Mortgaged Property.

It is understood and agreed that the undivided _____ percent (65%) interest of the Partnership in and to the aforesaid properties and interests is the undivided interest attributable only to Mesa's Ownership Interests (as that term is defined in the Partnership Agreement) in said properties, rights and interests, and the remaining undivided thirty-five percent (35%) interest of the Partnership in and to the aforesaid properties, rights and interests (said remaining _____ percent (35%) interest being herein called the "Limited Partners' Property") is not part of the Mortgaged Property and is not and shall not be subject to the lien of this instrument under any circumstances whatsoever.

TO HAVE AND TO HOLD the Mortgaged Property unto the Trustee and the Collateral Agent forever to secure the payment of the Indebtedness and to secure the performance of the obligations of the Mortgagor herein contained.

BUT IN TRUST, NEVERTHELESS, for the benefit and security of the holders of the Indebtedness and upon the trusts and subject to the terms and provisions set forth herein.

The Mortgagor, in consideration of the premises and to induce the Banks to make the Loans above described, hereby covenants and agrees with both the Trustee and the Collateral Agent for the ratable and proportionate benefit of the Banks, as follows:

ARTICLE I Indebtedness Secured

1.1 Indebtedness Secured Hereby.

This instrument is made to provide for and secure repayment of the following indebtedness and liabilities of Mesa (and any extensions, renewals, modifications or rearrangements of such indebtedness and liabilities, whether or not the Mortgagor executes any extension agreement or renewal instrument) in the order of priority indicated:

First, the repayment of all amounts advanced or expended by the Trustee, the Collateral Agent, in its capacity as Collateral Agent, or the Administrative Agent, in its capacity as Administrative Agent, under or in connection with this instrument, the payment of all costs and expenses (excluding expenses representing administrative overhead) at any time and from time to time incurred by the Trustee, the Collateral Agent or the Administrative Agent in connection with the administration and/or enforcement of this instrument

(including, without limitation, the reasonable fees and out-of-pocket expenses of counsel employed by the Trustee, the Collateral Agent or the Administrative Agent in connection therewith), and the payment of all indemnities at any time and from time to time payable hereunder to the Trustee, the Collateral Agent, in its capacity as Collateral Agent, or the Administrative Agent, in its capacity as Administrative Agent, and

Second, the payment of all indemnities which relate to the Loans at any time and from time to time payable to the Agents or the Banks (or any of them) under or in connection with the Credit Agreement or any related document, ratably according to the amount owing to each Agent and Bank, without preference or priority among the Agents and the Banks, and

Third, the payment of all principal and interest owing on the Notes and all other indebtedness and liabilities, whether absolute, fixed or contingent, at any time and from time to time owing by Mesa to the Banks (or any of them) in connection with all Loans or any related document with respect thereto, or to the holders of any instrument issued in respect thereof.

1.2 Indebtedness Defined. All the above items of indebtedness are hereinafter collectively referred to as the "Indebtedness".

1.3 Non-Liability of Partnership and Limited Partners. Nothing herein contained shall be construed as an assumption of the Notes by the Partnership, Texaco or Sequoia, or as otherwise causing the Partnership, Texaco or Sequoia to incur any liability for or arising out of the Loans. The Banks acknowledge and agree, by the acceptance hereof by the Trustee and the Collateral Agent on behalf of said Banks, that anything contained herein to the contrary notwithstanding, the Trustee, the Collateral Agent and each Bank shall look solely to Mesa and the Mortgaged Property for payment of the Indebtedness and no recourse shall be had for the payment of the Indebtedness or for any claim based thereon or otherwise in respect thereof or based on or in respect of this Mortgage against the Partnership, Texaco and/or Sequoia or their respective successors and assigns for any deficiency or any other sum owing in respect of the Indebtedness or arising under or with respect to this Mortgage; provided, however, that the foregoing provisions of this Section 1.3 shall not prevent recourse to the Mortgaged Property nor limit the right of any person to name the Partnership or any transferee of any interest in the Mortgaged Property as a party defendant in any action or suit for a judicial foreclosure of or in the exercise of any other remedy under this Mortgage, so long as no judgment in the nature of a deficiency judgment or seeking personal liability shall be asked for or (if obtained) enforced against such Partnership or against such transferee.

ARTICLE II
Particular Covenants and Warranties
of the Mortgagor

2.1 Payment of the Indebtedness. Mesa will duly and punctually pay the Indebtedness, including each and every obligation owing on account of the Loans.

2.2 Warranties. The Mortgagor warrants that (a) the oil and gas leases described in Exhibit A hereto are valid, subsisting leases, superior and paramount to all other oil and gas leases respecting the properties to which they pertain, (b) Mortgagor, to the extent of their respective interests specified in Exhibit A, have valid and indefeasible title to each property, right or interest constituting the Mortgaged Property and have a good and legal right to grant and convey the same to the Trustee, it being understood that each Mortgagor's interest in each oil and gas lease shall exceed such Mortgagor's net interest in production from such lease to the extent of such Mortgagor's proportionate share of the burden of all royalties, overriding royalties and other such payments out of production, (c) the Mortgaged Property is free from all encumbrances or liens whatsoever, except as may be specifically set forth in Exhibit A or as permitted by the provisions of Section 2.4(e) hereof; and (d) the Mortgagor is not obligated, except as described in Exhibit A, by virtue of any prepayment under any contract providing for the sale by the Mortgagor of Hydrocarbons which contains a "take or pay" clause or under any similar arrangement, including without limitation "gas balancing agreements", to deliver Hydrocarbons at some future time without then or thereafter receiving full payment therefor. The Mortgagor will warrant and forever defend the Mortgaged Property unto the Trustee, against every person whomsoever lawfully claiming the same or any part thereof, and the Mortgagor will maintain and preserve the lien hereby created so long as any of the Indebtedness remains unpaid. The Mortgagor also warrants that (w) the Partnership is a limited partnership duly organized and validly existing under the laws of the State of Texas and is duly qualified as a foreign limited partnership in each jurisdiction in which any part of the Mortgaged Property is located, (x) the execution and delivery of this Mortgage are within the actual and apparent power and authority of Mesa, as General Partner of the Partnership and have been duly authorized by Mesa by all necessary corporate action (no shareholder action of Mesa being required for Mesa to execute and deliver this Mortgage on behalf of the Partnership), (y) each of Mesa and the Partnership is now in a solvent condition and no bankruptcy or insolvency proceedings are pending or contemplated by either Mesa or the Partnership and (z) this Mortgage is the legal, valid and binding obligation of the Mortgagor enforceable against the Mortgagor in accordance with its terms, except as enforceability thereof may be limited by bankruptcy, insolvency, reorganization or moratorium or other similar laws relating to creditors' rights and by general principles which may limit the right to obtain equitable remedies.

2.3 Further Assurances. The Mortgagor will execute and deliver such other and further instruments and will do such other and further acts as in the opinion of the Trustee or the Collateral Agent may be necessary or desirable to carry out

more effectually the purposes of this instrument, including, without limiting the generality of the foregoing, (a) prompt correction of any defect which may hereafter be discovered in the title to the Mortgaged Property or in the execution and acknowledgment of this instrument, any Note, or other document used in connection herewith, and (b) prompt execution and delivery of all division or transfer orders which in the opinion of the Collateral Agent are needed to transfer effectually to the Collateral Agent the assigned proceeds of production from the Mortgaged Property to the Collateral Agent.

2.4 Taxes. Subject to the Mortgagor's right to contest the same, the Mortgagor will promptly pay all taxes, assessments and governmental charges imposed upon this instrument or upon the Mortgaged Property or upon the interest of the Trustee or the Collateral Agent therein, or upon the income and profits thereof.

2.5 Operation of Mortgaged Property. So long as the Indebtedness or any part hereof, remains unpaid, and whether or not the Mortgagor is the operator of the Mortgaged Property, the Mortgagor shall, at the Mortgagor's own expense:

(a) Do all things necessary to keep unimpaired the Mortgagor's rights in the Mortgaged Property and not, except in the ordinary course of business, abandon any well or forfeit, surrender or release any oil and gas lease or any rights in the Mortgaged Property without the express prior written consent of the Trustee and the Collateral Agent;

(b) Cause, or in the event the Mortgagor is not the operator of the Mortgaged Property, use its best efforts to cause, the lands described in Exhibit A to be maintained, developed, protected against drainage, and continuously operated for the production of Hydrocarbons in a good and workmanlike manner as would a prudent operator, and in accordance with generally accepted practices, applicable operating agreements, and all applicable federal, state and local laws, rules and regulations, excepting those being contested in good faith;

(c) Cause to be paid, promptly as and when due and payable, all rentals and royalties payable in respect of the Mortgaged Property, and all expenses incurred in or arising from the operation or development of the Mortgaged Property;

(d) Cause the Operating Equipment to be kept in good and effective operating condition, and all repairs, renewals, replacements, additions and improvements thereof or thereto, needful to the production of Hydrocarbons from the lands described in Exhibit A, to be promptly made;

(e) Cause the Mortgaged Property to be kept free and clear of liens, charges and encumbrances of every character, other than (1) the lien

hereof, (2) taxes constituting a lien but not due and payable, (3) defects or irregularities in title, and liens, charges or encumbrances, which are not such as to interfere materially with the development, operation or value of the Mortgaged Property and not such as to affect materially title thereto, (4) those set forth or referred to in Exhibit A, (5) those being contested by the Mortgagor in good faith in such manner as not to jeopardize the Trustee's and the Collateral Agent's rights in and to the Mortgaged Property and (6) those consented to in writing by the Trustee; and

(f) Carry in standard insurance companies and in amounts satisfactory to the Trustee the following insurance: (i) workmen's compensation insurance and public liability and property damage insurance in respect of all activities in which the Mortgagor might incur personal liability for the death or injury of an employee or third person, or damage to or destruction of another's property; and (ii) to the extent such insurance is carried by others engaged in similar undertakings in the same general areas in which the Mortgaged Property is located, insurance in respect of the Operating Equipment, against loss or damage by fire, lightning, hail, tornado, explosion and other similar risks.

2.6 Recording, etc. The Mortgagor will promptly and at Mesa's expense, record, register, deposit and file this and every other instrument in addition or supplemental hereto in such offices and places and at such times and as often as may be necessary to preserve, protect and renew the lien hereof as a lien on real or personal property as the case may be and the rights and remedies of the Trustee and of the Collateral Agent, and otherwise will do and perform all matters or things necessary or expedient to be done or observed by reason of any law or regulation of any State or of the United States of America or of any other competent authority, for the purpose of effectively creating, maintaining and preserving the lien hereof on the Mortgaged Property.

2.7 Sale or Mortgage of Mortgaged Property. Except as and to the extent permitted by Section 2.4(e) hereof, or except as to those situations wherein Mesa, under the Credit Agreement, would be permitted, the Mortgagor will not sell, convey, mortgage, pledge, or otherwise dispose of or encumber the Mortgaged Property nor any portion thereof, nor any of the Mortgagor's right, title or interest therein without first securing the express written consent of the Trustee and the Collateral Agent; and the Mortgagor will not enter into any arrangement with any gas pipeline company or other consumer of Hydrocarbons regarding the Mortgaged Property whereby said gas pipeline company or consumer may set off any claim against the Mortgagor by withholding payment for any Hydrocarbons actually delivered.

2.8 Records, Statements and Reports. The Mortgagor will keep proper books of record and account in which complete and correct entries will be made of the Mortgagor's transactions in accordance with generally accepted accounting principles

and will furnish or cause to be furnished to the Collateral Agent (a) as soon as possible upon request, not more than once a year, reports prepared by an independent person or firm acceptable to the Collateral Agent concerning, (1) the quantity of Hydrocarbons recoverable from the Mortgaged Property, (2) the projected income and expense attributable to the Mortgaged Property, and (3) the expediency of any change in methods of treatment or operation of all or any wells productive of Hydrocarbons, any new drilling or development, any method of secondary recovery by repressuring or otherwise, or any other action with respect to the Mortgaged Property, the decision as to which may increase or reduce the quantity of Hydrocarbons ultimately recoverable, or the rate of production thereof, and (b) as soon as possible on request, monthly, a report showing the gross proceeds from the sale of Hydrocarbons produced from the lands described in Exhibit A (including any thereof taken by the Mortgagor for the Mortgagor's own use), the quantity of such Hydrocarbons sold, the severance, gross production, occupation, or gathering taxes deducted from or paid out of such proceeds, the number of wells operated, drilled or abandoned, and such other information as the Collateral Agent may reasonably request (such reports referred to in clauses (a) and (b) above shall set forth such information on a lease or unit basis).

2.9 No Governmental Approvals. The Mortgagor warrants that no approval or consent of any regulatory or administrative commission or authority, or of any other governmental body, is necessary to authorize the execution and delivery of this instrument, or that such approvals as are required have been obtained; and that no such approval or consent is necessary to authorize the observance or performance by the Mortgagor of the covenants herein contained, or that such approvals as are required have been obtained or will be obtained promptly.

2.10 Right of Entry. The Mortgagor will permit the Trustee, the Administrative Agent or the Collateral Agent, or the agents of any of them, to enter, at their sole risk, upon the Mortgaged Property, and all parts thereof, for the purpose of investigating and inspecting the condition and operation thereof.

2.11 Qualification to do Business; Maintenance of Existence. The Mortgagor will continue to be duly qualified to transact business in every state in which any part of the Mortgaged Property is located and in each state where the conduct of its business requires it to be qualified, and will not, without the express prior written consent of the Trustee and the Collateral Agent, consolidate with or merge with any other entity.

ARTICLE III Assignment of Production

3.1 Assignment. As further security for the payment of the Indebtedness, the Mortgagor hereby transfers, assigns, warrants and conveys to the Collateral Agent, and grants the Collateral Agent a security interest in, effective as of the date hereof, at 7:00 o'clock A.M., local time, all Hydrocarbons which are

thereafter produced and which accrue to the Mortgaged Property, and all proceeds therefrom. All parties producing, purchasing or receiving any such Hydrocarbons, or having such, or proceeds therefrom, in their possession for which they or others are accountable to the Collateral Agent by virtue of the provisions of this Article, are authorized and directed to treat and regard the Collateral Agent as the assignee and transferee of the Mortgagor and entitled in the Mortgagor's place and stead to receive such Hydrocarbons and all proceeds therefrom: and said parties and each of them shall be fully protected in so treating and regarding the Collateral Agent, and shall be under no obligation to see to the application by the Collateral Agent of any such proceeds or payments received by it: provided, however, that, until the Collateral Agent or the Mortgagor shall have instructed such parties to deliver such Hydrocarbons and all proceeds therefrom directly to the Collateral Agent (which such instructions may be given only after the occurrence of an event of default, as herein defined, but the giving of such instructions shall as to all such parties be conclusive as to the occurrence of an event of default), such parties shall be entitled to deliver such Hydrocarbons and all proceeds therefrom to the Mortgagor.

3.2 Application of Proceeds. All payments received by the Collateral Agent pursuant to Section 3.1 hereof shall be placed in a cash collateral account at the Collateral Agent and on the first day of each month applied, as follows:

First: To the payment and satisfaction of all costs and expenses incurred in connection with the collection of such proceeds and the payment and reimbursement of all items of the Indebtedness.

Second: To the payment and satisfaction of the accrued interest on the Indebtedness.

Third: To the amounts of principal then due and owing on the Loans, to the extent (but only to the extent) that the same shall be Indebtedness.

Fourth: The balance, if any, shall either be applied on the then unmatured principal amounts of the Loans, to the extent (but only to the extent) that the same shall be Indebtedness, such application to be as the Collateral Agent may select, or, at the option of the Collateral Agent, released to Mesa.

3.3 No Liability of the Collateral Agent in Collecting. The Collateral Agent is hereby absolved from all liability for failure to enforce collection of any proceeds so assigned and from all other responsibility in connection therewith, except the responsibility to account to the Mortgagor for funds actually received.

3.4 Assignment Not a Restriction on the Collateral Agent's Rights. Nothing herein contained shall detract from or limit the absolute obligation of Mesa to make payment of the Indebtedness regardless of whether the proceeds assigned by this Article are sufficient to pay the same, and the rights under this Article shall be in

addition to all other security now or hereafter existing to secure the payment of the Indebtedness.

3.5 Status of Assignment. Notwithstanding the other provisions of this Article, the Trustee or any receiver appointed in judicial proceedings for the enforcement of this instrument shall have the right to receive all of the Hydrocarbons herein assigned and the proceeds therefrom after any Note has been declared due and payable in accordance with the provisions of Section 4.1 hereof and to apply all of said proceeds as provided in Section 3.2 hereof. Upon any sale of the Mortgaged Property or any part hereof pursuant to Article V hereof, the Hydrocarbons thereafter produced from the property so sold, and the proceeds therefrom, shall be included in such sale and shall pass to the purchaser free and clear of the assignment contained in this Article.

3.6 Indemnity. Mesa agrees to indemnify the Trustee and the Collateral Agent against all claims, actions, liabilities, judgments, costs, attorneys' fees or other charges of whatsoever kind or nature (all hereinafter in this Section 3.6 called "claims") made against or incurred by them or any of them as a consequence of the assertion, either before or after the payment in full of the Indebtedness, that they or any of them received Hydrocarbons herein assigned or the proceeds therefrom claimed by third persons, and the Trustee and the Collateral Agent shall have the right to defend against any such claims, employing attorneys therefor, and unless furnished with reasonable indemnity, they or any of them shall have the right to pay or compromise and adjust all such claims. Mesa will indemnify and pay to the Trustee or the Collateral Agent any and all such amounts as may be paid in respect thereof or as may be successfully adjudged against the Collateral Agent and the Trustee or any of them. The obligations of Mesa as hereinabove set forth in this Section 3.6 shall survive the release of this instrument.

ARTICLE IV Events of Default

4.1 Events of Default. In case any one or more of the following "events of default" shall occur and shall not have been remedied:

(a) default by Mesa, and the continuance thereof for five (5) days, in the payment of principal of or interest on any Note, or in the payment of any other Indebtedness secured hereby, when due;

(b) the occurrence of an "Event of Default" under the terms and provisions of the Credit Agreement;

(c) the Partnership, Mesa or any of its subsidiaries shall fail to pay at maturity, or within any applicable period of grace, any of its indebtedness for borrowed money in excess of \$5,000,000, or the Partnership, Mesa

or any of Mesa's subsidiaries shall fail to observe or perform any term, covenant or agreement contained in any agreement or instrument by which it is bound evidencing or securing or relating to any of such indebtedness, for such period of time as would cause, or would permit (assuming the giving of appropriate notice if required) the holder or holders thereof or of any obligations issued thereunder to cause acceleration of the maturity thereof or of any such obligation;

(d) either the Partnership or Mesa shall (1) become insolvent, (2) generally fail to pay, or admit in writing its inability to pay, debts as they become due, (3) make a general assignment for the benefit of creditors, (4) apply for, consent to, or acquiesce in the appointment of, a trustee, receiver or other custodian for the Mortgagor or any property thereof, or (5) commence any bankruptcy, reorganization, debt arrangement or other case or proceeding under any bankruptcy or insolvency law (or consent to or acquiesce in any such case or proceeding commenced against it);

(e) a trustee, receiver or other custodian shall be appointed for either the Partnership or Mesa or for a substantial part of the property of either and shall not be discharged within forty-five (45) days, or any bankruptcy, reorganization, debt arrangement or other case or proceeding under any bankruptcy or insolvency law shall be commenced against either of the Partnership or Mesa and (if not consented to or acquiesced in by the Partnership or Mesa) shall remain for forty-five (45) days undismissed;

(f) any warranty or representation made herein shall prove to be untrue in any material respect on the date when made;

(g) failure by the Mortgagor, within thirty (30) days after notice thereof from the Administrative Agent or Collateral Agent, to cure a default in the due performance or observance of any covenant or agreement contained in this instrument;

(h) any substantial part of the property or assets of either the Partnership or Mesa or any part of the Mortgaged Property shall be attached or shall be placed in the hands of a receiver or receivers, or trustee or trustees, or other officer or officers, or representative or representatives of a court or of creditors and said attachment or said receivership shall continue for any period of forty-five (45) consecutive days;

(i) the title of Mortgagor to the Mortgaged Property or any substantial part thereof shall become the subject matter of litigation which would or might, in the Administrative Agent's or Collateral Agent's opinion, upon final determination result in substantial impairment or loss of the security provided by this instrument and upon notice by the

Administrative Agent or the Collateral Agent to the Mortgagor such litigation is not dismissed within thirty (30) days of such notice;

then and in any such event the Collateral Agent, at its option, may declare the entire unpaid principal of and the interest accrued on the Notes and all other Indebtedness secured hereby to be forthwith due and payable, without any notice or demand of any kind, both of which are hereby expressly waived.

ARTICLE V Enforcement of the Security

5.1 Notice to Mortgagor, Distribution of Partnership's Property. Upon the occurrence of an event of default and if such default shall be continuing, the Collateral Agent shall furnish the Mortgagor with notice of such default and of any anticipated sale or foreclosure of the Mortgaged Property. Within twenty-one (21) days after receipt by the Mortgagor of said notice, the Partnership shall distribute to Mesa the Mortgaged Property attributable to Mesa's Ownership Interest (as that term is defined in the Partnership Agreement) therein, and the conveyance or assignment effecting such distribution shall be made subject to the lien and security interests created by this instrument. Also within said twenty-one (21) day period, the Partnership shall distribute undivided interests in the Limited Partners' Property to Texaco and Sequoia in proportion to the respective Ownership Interest (as that term is defined in the Partnership Agreement) of each in said Limited Partners' Property, and the conveyance or assignment effecting such distribution shall be made free and clear of the lien and security interests created by this instrument.

5.2 Power of Sale of Real Property Constituting a Part of the Mortgaged Property. Upon the occurrence of an event of default and if such event shall be continuing, and after the Collateral Agent furnishes the Mortgagor with the notice provided for in Section 5.1 hereof, the Trustee shall have the right and power to sell, to the extent permitted by law, at one or more sales, as an entirety or in parcels, as he may elect, the real property constituting a part of the Mortgaged Property, at such place or places and otherwise in such manner and upon such notice as may be required by law, or, in the absence of any such requirement, as the Trustee may deem appropriate, and to make conveyance to the purchaser or purchasers; and the Mortgagor shall warrant title to such real property to such purchaser or purchasers. The Trustee may postpone the sale of all or any portion of such real property by public announcement at the time and place of such sale, and from time to time thereafter may further postpone such sale by public announcement made at time of sale fixed by the preceding postponement. The right of sale hereunder shall not be exhausted by one or any sale, and the Trustee may make other and successive sales until all of the trust estate be legally sold.

5.3 Rights of the Trustee With Respect to Personal Property Constituting a Part of the Mortgaged Property. Upon the occurrence of an event of default and if

such event shall be continuing, and after the Collateral Agent furnishes the Mortgagee with the notice provided for in Section 5.1 hereof, the Trustee will have all rights and remedies granted by law, and particularly by the Uniform Commercial Code, including, but not limited to, the right to take possession of all personal property constituting a part of the Mortgaged Property, and for this purpose the Trustee may enter upon any premises on which any or all of such personal property is situated and take possession of and operate such personal property (or any portion thereof) or remove it therefrom. The Trustee may require the Mortgagee to assemble such personal property and make it available to the Trustee at a place to be designated by the Trustee which is reasonably convenient to all parties. Unless such personal property is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Trustee will give the Mortgagee reasonable notice of the time and place of any public sale or of the time after which any private sale or other disposition of such personal property is to be made. This requirement of giving reasonable notice will be met if the notice is mailed by first class mail, postage prepaid, to the Mortgagee at the address shown below the signatures at the end of this instrument at least five (5) days before the time of the sale or disposition.

5.4 Rights of the Trustee With Respect to Fixtures Constituting a Part of the Mortgaged Property. Upon the occurrence of an event of default and if such event shall be continuing, and after the Collateral Agent furnishes the Mortgagee with the notice provided for in Section 5.1 hereof, the Trustee may elect to treat the fixtures constituting a part of the Mortgaged Property as either real property collateral or personal property collateral and proceed to exercise such rights as apply to such type of collateral.

5.5 Judicial Proceedings. Upon occurrence of an event of default and if such event shall be continuing, and after the Collateral Agent furnishes the Mortgagee with the notice provided for in Section 5.1 hereof, the Trustee, in lieu of or in addition to exercising any power of sale hereinabove given, may proceed by a suit or suits in equity or at law, whether for a foreclosure hereunder, or for the sale of the Mortgaged Property, or for the specific performance of any covenant or agreement herein contained or in aid of the execution of any power herein granted, or for the appointment of a receiver pending any foreclosure hereunder or the sale of the Mortgaged Property, or for the enforcement of any other appropriate legal or equitable remedy.

5.6 Possession of the Mortgaged Property. It shall not be necessary for the Trustee to have physically present or constructively in their possession at any sale held by the Trustee or by any court, receiver or public officer any or all of the Mortgaged Property, and the Mortgagee shall deliver to the purchaser at such sale on the date of sale the Mortgaged Property purchased by such purchasers at such sale, and if it should be impossible or impracticable for any of such purchasers to take actual delivery of the Mortgaged Property, then the title and right of possession to the Mortgaged Property shall pass to the purchaser at such sale as completely as if the same had been actually present and delivered.

5.7 Certain Aspects of Sale. The Collateral Agent and the Administrative Agent shall have the right to become the purchaser at any sale held by the Trustee or by any court, receiver or public officer, and the Collateral Agent and the Administrative Agent shall have the right to credit upon the amount of the bid made therefor, the amount payable out of the net proceeds of such sale to it. Recitals contained in any conveyance made to any purchaser at any sale made hereunder shall conclusively establish the truth and accuracy of the matters therein stated, including, without limiting the generality of the foregoing, nonpayment of the unpaid principal sum of, and the interest accrued on, the Notes after the same have become due and payable, advertisement and conduct of such sale in the manner provided herein or appointment of any successor Trustee hereunder.

5.8. Receipt to Purchaser. Upon any sale, whether made under the power of sale herein granted and conferred or by virtue of judicial proceedings, the receipt of the Trustee, or of the officer making sale under judicial proceedings, shall be sufficient discharge to the purchaser or purchasers at any sale for his or their purchase money, and such purchaser or purchasers, his or their assigns or personal representatives, shall not, after paying such purchase money and receiving such receipt of the Trustee or of such officer therefor, be obliged to see to the application of such purchase money, or be in anywise answerable for any loss, misapplication or non-application thereof.

5.9. Effect of Sale. Any sale or sales of the Mortgaged Property, whether under the power of sale herein granted and conferred or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever either at law or in equity, of the Mortgagor of, in and to the Mortgaged Property sold, and shall be a perpetual bar, both at law and in equity, against the Mortgagor, and the Mortgagor's successors or assigns, and against any and all persons claiming or who shall thereafter claim all or any of the property sold from, through or under the Mortgagor, or the Mortgagor's successors or assigns. Nevertheless, the Mortgagor, if requested by the Trustee so to do, shall join in the execution and delivery of all proper conveyances, assignments and transfers of the properties so sold.

5.10. Application of Proceeds. The proceeds of any sale of the Mortgaged Property, or any part thereof, whether under the power of sale herein granted and conferred or by virtue of judicial proceedings, shall be applied as follows:

First: To the payment of all expenses incurred by the Trustee in the performance of their duties including, without limiting the generality of the foregoing, all expenses of any entry, or taking of possession, of any sale, of advertisement thereof, and of conveyances, and as well, court costs, compensation of agents and employees and legal fees;

Second: To the payment of the Indebtedness, with interest, to the date of such payment, as specified in Section 1.1 hereof;

Third: Any surplus thereafter remaining shall be paid to the Mesa or Mesa's successors or assigns, as their interests shall appear.

5.11 Mortgagor's Waiver of Appraisalment, Marshalling, etc. Rights. The Mortgagor agrees, to the full extent that the Mortgagor may lawfully so agree, that the Mortgagor will not at any time insist upon or plead or in any manner whatever claim the benefit of any appraisalment, valuation, stay, extension or redemption law now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure of this instrument or the absolute sale of the Mortgaged Property or the possession thereof by any purchaser at any sale made pursuant to any provision hereof, or pursuant to the decree of any court of competent jurisdiction; but the Mortgagor, for the Mortgagor and all who may claim through or under the Mortgagor, so far as the Mortgagor or those claiming through or under the Mortgagor now or hereafter lawfully may, hereby waives the benefit of all such laws; provided, however, that appraisalment of any Mortgaged Property located in the State of Oklahoma is hereby expressly waived or not, at the option of the Trustee, such option to be executed prior to or at the time the judgment is rendered in any foreclosure hereof. The Mortgagor, for the Mortgagor and all who may claim through or under the Mortgagor, waives, to the extent that the Mortgagor may lawfully do so, any and all right to have the Mortgaged Property marshalled upon any foreclosure of the lien hereof, or sold in inverse order of alienation, and agrees that the Trustee or any court having jurisdiction to foreclose such lien may sell the Mortgaged Property as an entirety. If any law in this paragraph referred to and now in force, of which the Mortgagor or the Mortgagor's successor or successors might take advantage despite the provisions hereof, shall hereafter be repealed or cease to be in force, such law shall not thereafter be deemed to constitute any part of the contract herein contained or to preclude the operation or application of the provisions of this paragraph. Pursuant to Section 39-5-19, New Mexico Statutes, Annotated, 1978 Comp., as amended, the Mortgagor agrees that as to the Mortgaged Property situated in the State of New Mexico, the redemption period shall be shortened to one month.

5.12 Costs and Expenses. All costs and expenses (including attorneys' fees) incurred by the Trustee, the Administrative Agent or the Collateral Agent in protecting and enforcing their rights hereunder, shall constitute a demand obligation owing by Mesa to the party incurring such costs and expenses and shall draw interest at an annual rate equal to the highest rate of interest from time to time accruing on the Notes plus one percent (1%) until paid, all of which shall constitute a portion of the Indebtedness, provided, however, that in no event shall such interest rate ever exceed the Highest Lawful Rate.

5.13 Sale of Property in Texas. Upon the occurrence of an event of default and if such event shall be continuing, and after the Collateral Agent furnishes the Mortgagor with the notice provided for in Section 5.1 hereof, the Trustee is hereby authorized and empowered to sell any part of the Mortgaged Property located in the State of Texas at public sale to the highest bidder for cash at the door of the county courthouse of the county in Texas in which the Texas portion of the Mortgaged

Property or any part thereof is situated, as herein described, between the hours of 10:00 A.M. and 4:00 P.M. on the first Tuesday of any month, after advertising the time, place, and terms of said sale, and the portion of the Mortgaged Property to be sold, by posting (or having some person or persons acting for the Trustee post) for at least twenty-one (21) days preceding the date of the sale, written or printed notice of the proposed sale at the courthouse door of said county in which the sale is to be made; and if such portion of the Mortgaged Property lies in more than one county, one such notice of sale shall be posted at the courthouse door of each county in which such part of the Mortgaged Property is situated and such part of the Mortgaged Property may be sold at the courthouse door of any one of such counties, and the notice so posted shall designate in which county such property shall be sold. In addition to such posting of notice, the Collateral Agent or other holder of the Indebtedness hereby secured shall, at least twenty-one (21) days preceding the date of sale, file a copy of such notice(s) in the office of the county clerk in each of such counties and serve or cause to be served written notice of the proposed sale by certified mail on Mortgagor and on each other debtor, if any, obligated to pay the Indebtedness hereby secured according to the records of the Collateral Agent. Service of such notice shall be completed upon deposit of the notice, enclosed in a postpaid wrapper properly addressed to Mortgagor and such other debtors at their most recent address or addresses as shown by the records of the Collateral Agent in a post office or official depository under the care and custody of the United States Postal Service. The affidavit of any person having knowledge of the facts to the effect that such a service was completed shall be prima facie evidence of the fact of service. The Mortgagor agrees that no notice of any sale, other than as set out in this paragraph, need be given by the Trustee, the Administrative Agent, the Collateral Agent or any other person. The Mortgagor hereby designates as its address for the purpose of such notice, the address set out on the signature page hereof; and agrees that such address shall be changed only by depositing notice of such change enclosed in a postpaid wrapper in a post office or official depository under the care and custody of the United States Postal Service, certified mail, postage prepaid, return receipt requested, addressed to the Collateral Agent or other holder of the Indebtedness secured hereby at the address for the Collateral Agent set out herein (or to such other address as the Collateral Agent or other holder of the Indebtedness secured hereby may have designated by notice given as above provided to Mortgagor and such other debtors). Any such notice of change of address of Mortgagor or other debtors or of the Collateral Agent or of other holder of the Indebtedness secured hereby shall be effective three (3) business days after such deposit if such post office official depository is located in the State of Texas, otherwise to be effective upon receipt. The Mortgagor authorizes and empowers the Trustee to sell the Texas portion of the Mortgaged Property in lots or parcels or in its entirety as the Trustee shall deem expedient; and to execute and deliver to the purchaser or purchasers thereof good and sufficient deeds of conveyance thereto by fee simple title, with evidence of general warranty by the Mortgagor, and the title of such purchaser or purchasers when so made by the Trustee, the Mortgagor binds itself to warrant and forever defend. Where portions of the Mortgaged Property lie in different counties, sales in such counties may be conducted in any order that the Trustee may deem expedient; and one or more such sales may be conducted in the same month, or in successive or different months as the Trustee may deem expedient.

5.14 Operation of Property by the Trustee. Upon the occurrence of an event of default and in addition to all other rights herein conferred on the Trustee, the Trustee (or any person, firm or corporation designated by the Trustee) shall have the right and power, but shall not be obligated, to enter upon and take possession of any of the Mortgaged Property, and to exclude the Mortgagor, and the Mortgagor's agents or servants, wholly therefrom, and to hold, use, administer, manage and operate the same to the extent that the Mortgagor shall be at the time entitled and in his place and stead. The Trustee, or any person, firm or corporation designated by the Trustee, may operate the same without any liability to the Mortgagor in connection with such operations, except to use ordinary care in the operation of such properties, and the Trustee or any person, firm or corporation designated by the Trustee, shall have the right to collect, receive and receipt for all Hydrocarbons produced and sold from said properties, to make repairs, purchase machinery and equipment, conduit and power, but shall not be obligated, to enter work-over operations, drill additional wells and to exercise every power, right and privilege of the Mortgagor with respect to the Mortgaged Property. When and if the expenses of such operation and development (including costs of unsuccessful work-over operations or additional wells) have been paid and the Indebtedness paid, said properties shall, if there has been no sale or foreclosure, be returned to the Mortgagor.

ARTICLE VI. Security Agreement

Without limiting any of the provisions of this instrument, to secure the Indebtedness the Mortgagor (referred to in this Article as "Debtor"), expressly GRANTS unto the Collateral Agent, as Secured Party (referred to in this Article as "Secured Party", whether one or more), a security interest in all the properties covered by this instrument (including both those now and those hereafter existing) to the full extent that such properties may be subject to the Uniform Commercial Code of the state or states where such properties are located. The security interest granted hereby also covers and includes all fixtures, contract rights, general intangibles, and accounts with respect to said Mortgaged Properties and all products and proceeds of said properties (said properties, fixtures, contract rights, general intangibles, accounts, products and proceeds being hereinafter collectively referred to as the "Collateral" for the purposes of this Article). Debtor covenants and agrees with Secured Party that:

(a) In addition to and cumulative of any other remedies granted in this instrument to Secured Party or to the Trustee, Secured Party may, in event of default, proceed under said Uniform Commercial Code as to all or any part of the Collateral and shall have and may exercise with respect to the Collateral all the rights, remedies and powers of a secured party after default under said Uniform Commercial Code, including, without limitation, the right and power to sell, at public or private sale or sales, or otherwise dispose of, lease or utilize the Collateral and any part or parts thereof in any manner authorized or permitted under said Uniform

Commercial Code after default by a debtor, and to apply the proceeds thereof toward payment of any costs and expenses and attorneys' fees and legal expenses thereby incurred by Secured Party, and toward payment of the Indebtedness in such order or manner as Secured Party may elect.

(b) Upon a default, and after the Collateral Agent furnishes the Mortgagor with the notice provided for in Section 5.1 hereof, Secured Party shall have the right (without limitation) to take possession of the Collateral and to enter upon any premises where same may be situated for such purpose without being deemed guilty of trespass and without liability for damages thereby occasioned, and to take any action deemed necessary or appropriate or desirable by Secured Party, at its option and in its discretion, to repair, refurbish or otherwise prepare the Collateral for sale, lease or other use or disposition as herein authorized.

(c) To the extent permitted by law, Debtor expressly waives any notice of sale or other disposition of the Collateral and any other right or remedies of a debtor or formalities prescribed by law relative to sale or disposition of the Collateral or exercise of any other right or remedy of Secured Party existing after default hereunder; and to the extent any such notice is required and cannot be waived, Debtor agrees that if such notice is mailed, postage prepaid, to Debtor at the address shown with Debtor's signature hereinbelow at least ten (10) days before the time of the sale or disposition, such notice shall be deemed reasonable and shall fully satisfy any requirement for giving of said notice.

(d) Upon a default, and after the Collateral Agent furnishes the Mortgagor with the notice provided for in Section 5.1 hereof, Secured Party is expressly granted the right, at its option, to transfer at any time to itself or to its nominee the Collateral, or any part thereof, and to receive the monies, income, proceeds or benefits attributable or accruing thereto and to hold the same as security for the Indebtedness, whether or not then due, in such order or manner as Secured Party may elect. All rights to marshalling of assets of Debtor, including any such right with respect to the Collateral, are hereby waived.

(e) All recitals in any instrument of assignment or any other instrument executed by Secured Party incident to sale, transfer, assignment, lease or other disposition or utilization of the Collateral or any part thereof hereunder shall be full proof of the matter stated therein, no other proof shall be required to establish full legal propriety of the sale or other action or of any fact, condition or thing incident thereto, and all prerequisites of such sale or other action and of any fact, condition or thing incident thereto shall be presumed conclusively to have been performed or to have occurred.

(f) Upon a default, and after the Collateral Agent furnishes the Mortgagor with the notice provided for in Section 5.1 hereof Secured Party may require Debtor to assemble the Collateral and make it available to Secured Party at a place to be designated by Secured Party that is reasonably convenient to both parties. All expenses of retaxing, holding, preparing for sale, lease or other use or disposition, selling, leasing or otherwise using or disposing of the Collateral and the like which are incurred or paid by Secured Party as authorized or permitted hereunder, including also all attorneys' fees, legal expenses and costs, shall be added to the Indebtedness.

(g) Should Secured Party elect to exercise its rights under said Uniform Commercial Code as to part of the personal property and fixtures described herein, this election shall not preclude Secured Party or the Trustees from exercising the rights and remedies granted by the preceding paragraphs of this instrument as to the remaining personal property and fixtures.

(h) Secured Party may, at its election, at any time after delivery of this instrument, sign one or more photocopies hereof in order that such photocopies may be used as a financing statement under said Uniform Commercial Code. Such signature by Secured Party may be placed between the last sentence of this instrument and the Debtor's acknowledgment or may follow the Debtor's acknowledgment. Secured Party's signature need not be acknowledged and is not necessary to the effectiveness hereof as a deed of trust, mortgage, assignment, pledge or security agreement.

(i) So long as any amount remains unpaid on the Indebtedness, Debtor will not execute nor file in any public office any financing statement or statements affecting the Collateral other than financing statements in favor of Secured Party hereunder, unless the prior written specific consent and approval of Secured Party shall have first been obtained.

(j) Secured Party is authorized to file, in any jurisdiction where Secured Party deems it necessary, a financing statement or statements, and at the request of Secured Party, Debtor will join Secured Party in executing one or more financing statements pursuant to said Uniform Commercial Code in form satisfactory to Secured Party, and will pay the cost of filing or recording this or any other instrument, as a financing statement, in all public offices at any time and from time to time whenever filing or recording of any financing statement or of this instrument is deemed by Secured Party to be necessary or desirable. This instrument, together with photocopies hereof, as a financing statement, is to be filed for recording in the real estate records of each county in which any of the

Mortgaged Property is located and, when so filed, will be effective as a financing statement covering fixtures located on oil and gas properties (and accounts arising therefrom) which are to be financed at the wellhead of the wells located on the real estate described on Exhibit A.

(k) The office where the records of Debtor with respect to the Collateral and the Mortgaged Property are kept is located at the address shown opposite the signature of Debtor hereto, and Debtor agrees that the place at which such records are kept will not be changed without thirty (30) days' prior written notice to the Secured Party.

Debtor further warrants and represents to Secured Party that, except for the security interest granted hereby in the Collateral and other claims previously disclosed in writing to Secured Party, Debtor is the owner and holder of the Collateral, free of any material adverse claim, security interest or encumbrance, and Debtor agrees to defend the Collateral against all claims and demands of any person at any time claiming the same or any interest therein. Debtor further warrants and represents that it has not heretofore signed any financing statement covering the Collateral and no financing statement signed by Debtor covering the Collateral is now on file in any public office except those statements true and correct copies of which have been delivered to Secured Party.

ARTICLE 8th, Miscellaneous

7.1 Pooling and Unitization. The Mortgagor shall have the right, and is hereby authorized, to pool or unitize all or any part of any tract of land described in Exhibit A, insofar as related to the Mortgaged Property, with adjacent lands, leaseholds and other interests, when, in the reasonable judgment of the Mortgagor, it is necessary or advisable to do so in order to form a drilling unit to facilitate the orderly development of that part of the Mortgaged Property affected thereby, or to comply with the requirements of any law or governmental order or regulation relating to the spacing of wells or proration of the production therefrom; provided, however, that any unit so formed for the production of oil shall not substantially exceed 160 acres, and any unit so formed for the production of gas shall not substantially exceed 640 acres, unless a larger area is required to conform to an applicable law or governmental order or regulation relating to the spacing of wells or to obtain the maximum allowable production under any applicable law or governmental order or regulation relating to the proration of production therefrom; and further provided that the Hydrocarbons produced from any unit so formed shall be allocated among the separately owned tracts or interests comprising the unit in proportion to the respective surface areas thereof or in such proportion as is prescribed by applicable law. Any unit so formed may relate to one or more zones or horizons, and a unit formed for a particular zone or horizon need not conform in area to any other unit relating to a different zone or horizon, and a unit formed for the production of oil

need not conform in area with any unit formed for the production of gas. Upon the written request of the Collateral Agent, as to all such units theretofore formed, and thereafter immediately after formation of any such unit, the Mortgagor shall furnish to the Trustee a true copy of the pooling agreements, declarations of pooling or other instruments creating such units, in such number of counterparts as the Trustee may reasonably request. The interest in any such unit attributable to the Mortgaged Property (or any part thereof) included therein shall become a part of the Mortgaged Property and shall be subject to the lien hereof in the same manner and with the same effect as though such unit and the interest of the Mortgagor therein were specifically described in Exhibit A. The Mortgagor may enter into pooling or unitization agreements not hereinabove authorized only with the prior written consent of the Trustee.

7.2 Successor Trustee. The Trustee may resign in writing addressed to the Collateral Agent or be removed at any time with or without cause by an instrument in writing duly executed by the Collateral Agent. In case of the death, resignation or removal of a Trustee, one or more successor Trustee all the estate and title of the prior Trustee in all of the Mortgaged properties and such successor Trustee may be appointed by the Collateral Agent from time to time by instrument of substitution complying with any applicable requirements of law, and in the absence of any such requirement without other formality than appointment and designation in writing. Such appointment and designation shall be full evidence of the right and authority to make the same and of all facts therein recited, and upon the making of any such appointment and designation this conveyance shall vest in the named successor Trustee all the estate and title of the prior Trustee in all of the Mortgaged Property and such successor Trustee shall thereupon succeed to all the rights, powers, privileges, immunities and duties hereby conferred upon the prior Trustee. All references herein to the Trustee shall be deemed to refer to the Trustees from time to time acting hereunder.

7.3 Legal Proceedings By and Against Trustee. The Trustee shall not be required to take any action for the enforcement of this instrument or the exercise of any rights or remedies hereunder or to appear in or defend any action, suit or other proceeding in connection therewith, where, in the opinion of the Trustees, such action will be likely to involve him in expense or liability, unless the Trustee be tendered security and indemnity satisfactory to him against cost, expense or liability in connection therewith.

7.4 Responsibilities of Trustee. It shall be no part of the duty of the Trustee to see to any recording, filing or registration of this instrument or of any instrument supplemental hereto, or to see to the payment of or be under any duty in respect of any tax or assessment or other governmental charge which may be levied or assessed on the Mortgaged Property or against the Mortgagor or to see to the performance or observance by the Mortgagor of any of the covenants or agreements herein contained. The Trustee shall not be responsible for the execution, acknowledgment or validity of this instrument or of any instrument supplemental hereto or of the

Notes, or for the sufficiency of the security purported to be created hereby, and the Trustee makes no representation in respect thereof or in respect of the rights of the holder of any of the Notes. The Trustee shall have the right to consult with counsel upon any matter arising hereunder and shall be fully protected in relying on legal matters on the advice of such counsel. The Trustee shall not incur any personal liability hereunder except for their own willful misconduct; and the Trustee shall have the right to require any instrument, document or signature authorizing or supporting any action taken or proposed to be taken by them hereunder which is believed by them in good faith to be genuine.

7.5 Advances by the Collateral Agent or Trustee. Each and every covenant herein contained shall be performed and kept by the Mortgagor solely at Mesa's expense. If the Mortgagor shall fail to perform or keep any of the covenants of whatsoever kind or nature contained in this instrument, the Collateral Agent, the Trustee or any receiver appointed hereunder, may, but shall not be obligated to, make advances to perform the same in the Mortgagor's behalf, and Mesa hereby agrees to repay such sums upon demand plus interest at an annual rate equal to the highest rate of interest from time to time accruing on the Notes plus one percent (1%) until paid or, in the event any promissory note evidences such indebtedness, upon the terms and conditions thereof. No such advance shall be deemed to relieve the Mortgagor from any default hereunder, provided, however, that in no event shall such interest rate ever exceed the Highest Lawful Rate.

7.6 Defense of Claims. The Mortgagor will notify the Trustee, in writing, promptly of the commencement of any legal proceedings affecting the lien hereof or the Mortgaged Property, or any part thereof, and will take such action, employing attorneys agreeable to the Trustee, as may be necessary to preserve the Mortgagor's, the Trustee's and the Collateral Agent's rights affected thereby; and should the Mortgagor fail or refuse to take any such action, the Trustee or the Collateral Agent may, upon giving prior written notice thereof to the Mortgagor, take such action on behalf and in the name of the Mortgagor and at Mesa's expense. Moreover, the Collateral Agent, or the Trustee on behalf of the Collateral Agent, may take such independent action in connection therewith as they may in their discretion deem proper, Mesa hereby agreeing that all sums advanced or all expenses incurred in such actions plus interest at an annual rate equal to the highest rate of interest from time to time accruing on the Notes plus one percent (1%) will, on demand, be reimbursed to the Collateral Agent, the Trustee or any receiver appointed hereunder; provided, however, that in no event shall such interest rate ever exceed the Highest Lawful Rate.

7.7 Property to Revert. If the Indebtedness shall be fully paid and the covenants herein contained shall be well and truly performed, then all of the Mortgaged Property shall revert to the Mortgagor and the entire estate, right, title and interest of the Trustee and the Collateral Agent shall thereupon cease; and the Trustee in such case shall, upon the request of the Mortgagor and at Mesa's cost and expense, deliver to the Mortgagor, proper instruments acknowledging satisfaction of this instrument.

7.8 Renewals, Amendments and Other Security. Renewals and extensions of the indebtedness may be given at any time and amendments may be made to agreements relating to any part of such indebtedness or the Mortgaged Property and the Collateral Agent may take or may now hold other security for the indebtedness without notice to or consent of the Mortgagor. The Trustee or the Collateral Agent may resort first to such other security or any part thereof or first to the security herein given or any part thereof, or from time to time to either or both, even to the partial or complete abandonment of either security, and such action shall not be a waiver of any rights conferred by this instrument, which shall continue as a first lien upon the Mortgaged Property not expressly released until the indebtedness secured hereby is fully paid.

7.9 Instrument an Assignment, Etc. This instrument shall be deemed to be and may be enforced from time to time as an assignment, chattel mortgage contract, deed of trust, financing statement, real estate mortgage, or security agreement, and from time to time as any one or more thereof.

7.10 Subrogation. To the extent that any of the indebtedness represents funds utilized to satisfy any outstanding indebtedness or obligations secured by liens, rights or claims against the Mortgaged Property or any part thereof, the Collateral Agent shall be subrogated to any and all liens, rights, superior titles and equities owned or claimed by the holder of any such outstanding indebtedness or obligation so satisfied, however remote, regardless of whether said liens, rights, superior titles and equities are by the holder(s) thereof assigned to the Collateral Agent or released.

7.11 No Usury Intended. Any provision contained herein or in any other instrument evidencing or relating to any secured indebtedness to the contrary notwithstanding, neither the Collateral Agent nor any Bank, Administrative Agent, Collateral Agent or Agent nor the holder of any other secured indebtedness shall be entitled to receive or collect, nor shall Mesa be obligated to pay, interest on any of the secured indebtedness in excess of the maximum nonusurious rate of interest permitted by applicable law from time to time in effect, and if any provision of any such instrument shall ever be construed or held to permit the collection or to require the payment of any amount of interest in excess of the maximum amount from time to time permitted by applicable law, the provisions of this section shall control and shall override any contrary or inconsistent provision of such instrument.

7.12 Unenforceable or Inapplicable Provisions. If any provision hereof or of the Notes is invalid or unenforceable in any jurisdiction, the other provisions hereof or of the Notes shall remain in full force and effect in such jurisdiction, and the remaining provisions hereof shall be liberally construed in favor of the Trustee, the Collateral Agent and the Administrative Agent in order to effectuate the provisions hereof, and the invalidity of any provision hereof in any jurisdiction shall not affect the validity or enforceability of any such provision in any other jurisdiction. Any reference herein contained to a statute or law of a state in which no part of the Mortgaged Property is situated shall be deemed inapplicable to, and not used in, the interpretation hereof.

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

7.14 Waiver by Trustee. Any and all covenants in this instrument may from time to time by instrument in writing signed by the Trustee be waived to such extent and in such manner as the Trustee may desire, but no such waiver shall ever affect or impair either the Trustee's, the Collateral Agent's or the Administrative Agent's rights or liens hereunder, except to the extent specifically stated in such written instrument.

7.15 Successors and Assigns. This instrument is binding upon the Mortgagor, the Mortgagor's successors and assigns, and shall inure to the benefit of the Trustee, his successors and assigns, and the Collateral Agent and the Administrative Agent and their respective successors and assigns, and the provisions hereof shall likewise be covenants running with the land.

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

7.17 Counterparts. This instrument may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original, and all of which are identical except that, to facilitate recordation, in any particular counterpart portions of Exhibit A which describe properties situated in Counties other than the County in which such counterpart is to be recorded may have been omitted.

7.18 Notices. Any notice, request, demand or other instrument which may be required or permitted to be given or served upon Mortgagor shall be sufficiently given when mailed by First Class Mail, addressed to Mortgagor at the address shown below the signatures at the end of this Mortgage or to such different address as Mortgagor shall have designated by written notice received by the Collateral Agent or the Trustee.

IN WITNESS WHEREOF, the Mortgagor has executed or caused to be executed this Mortgage, Deed of Trust, Assignment of Production and Security

Agreement in multiple originals on the 19th day of September, 1984 to be effective on the 20th day of September, 1984.

The address of the Mortgagor is:

One Mesa Square
Amarillo, Texas 79189

MORTGAGOR

MESA PETROLEUM CO.

By: David H. Batchelder
David H. Batchelder
Vice President - Finance and Treasurer

[corporate seal]

ATTEST:

James J. Davis
James J. Davis
Assistant Secretary

MTS LIMITED PARTNERSHIP

By Mesa Petroleum Co.,
Its General Partner

By: David H. Batchelder
David H. Batchelder
Vice President - Finance and Treasurer

[corporate seal]

ATTEST:

James J. Davis
James J. Davis
Assistant Secretary

The address of the Trustee is:

712 Main Street
Houston, Texas 77002

SECURED PARTIES



Lloyd L. Bolton, Trustee

**TEXAS COMMERCE BANK
NATIONAL ASSOCIATION
As the Collateral Agent**

By: 

Steve Emshoff, Vice President

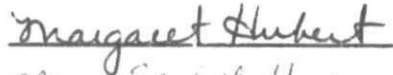
[corporate seal]


ATTEST:



Secretary

Witnesses:





THE STATE OF TEXAS)
) ss.:
COUNTY OF HARRIS)

BE IT REMEMBERED that I, Robyn R. Johnson, a Notary Public duly qualified, commissioned sworn and acting in and for the Company and State aforesaid, hereby certify that, on this 19th day of September, 1984, there appeared before me severally each of the following persons, each being the designated officer of the corporation set opposite his name, and such corporation being a party to the foregoing instrument:

David H. Batchelder, the Vice President - Finance and Treasurer, and James J. Davis the Assistant Secretary of Mesa Petroleum Co., a Delaware corporation, whose address is One Mesa Square, Amarillo, Texas.

KANSAS Before me on this day personally appeared the aforementioned persons, to me personally well known, who stated that they held the offices in the corporation set forth opposite their names above and were duly authorized in their respective capacities to execute the foregoing instrument for and in the name and on behalf of said corporation, and further stated and acknowledged that they had so signed, executed and delivered said foregoing instrument for the consideration, uses and purposes therein mentioned and set forth.

COLORADO The foregoing instrument was acknowledged before me on this day by the above individuals on behalf of the corporation.

OKLAHOMA Before me on this day personally appeared the aforementioned persons, to me known to be the identical persons who subscribed the names of the respective makers thereof to the foregoing instrument in the capacities set forth opposite the name of the aforesaid persons as the free and voluntary act and deed of the corporation set opposite his name for the uses and purposes therein set forth.

MONTANA
and
NORTH DAKOTA Before me personally appeared each such person, each of whom is known to me to be the officer of the corporation that executed the within instrument and acknowledged to me that such corporation executed the same.

NEW MEXICO
and
NEBRASKA

The foregoing instrument was acknowledge before me on this day by the designated officer of the corporation set opposite his name, on behalf of said corporation, acting in said capacity.

TEXAS

Before me on this day personally appeared each such person, each of whom is known to me to be the person whose name is subscribed to the foregoing instrument, and known to me to be the designated officer of the corporation set opposite his name, and each acknowledged to me that he executed said instrument for the purposes and consideration therein expressed, and as the act and deed of the corporation set opposite his name.

UTAH

Personally appeared before me each such person who, being by me duly sworn did say, that they are the designated officers of the corporation set opposite his name, and that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and said persons acknowledged to me that said corporation executed the same.

WYOMING

The foregoing instrument was acknowledged before me by the above individuals on this day.

Robyn R Johnson
Notary Public

My commission expires: 2-24-88

ROBYN R. JOHNSON
Notary Public, State of Texas
My Commission Expires: 2-24-88

LOUISIANA

On this date before me personally appeared each such person, to be personally known, each of whom being by me duly sworn, did say that he is the designated officer of the corporation set opposite his name and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that the instrument was signed and sealed on behalf of the corporation and was signed on behalf of the corporation by authority of its Board of Directors, and each acknowledged the instrument to be the free act and deed of the corporation set opposite his name in its capacity as General Partner of MTS Limited Partnership, on behalf of said partnership.

**MONTANA
and
NORTH DAKOTA**

Before me personally appeared each such person, each of whom is known to me to be the officer of the corporation that executed the within instrument and acknowledged to me that such corporation executed the same in its capacity as General Partner of MTS Limited Partnership, on behalf of said partnership.

**NEW MEXICO
and
NEBRASKA**

The foregoing instrument was acknowledged before me on this day by the designated officer of the corporation set opposite his name, on behalf of said corporation acting in its capacity as General Partner of MTS Limited Partnership, on behalf of said partnership.

TEXAS

Before me on this day personally appeared each such person, each of whom is known to me to be the person whose name is subscribed to the foregoing instrument, and known to me to be the designated officer of the corporation set opposite his name and each acknowledged to me that he executed said instrument for the purposes and consideration therein expressed, and as the act and deed of the corporation set opposite his name in its capacity as General Partner of MTS Limited Partnership, on behalf of said partnership.

UTAH

Personally appeared before me each such person who, being by me duly sworn did say, that they are the designated officers of the corporation set opposite his name, and that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and said persons acknowledged to me that said corporation executed the same in its capacity as General Partner of MTS Limited Partnership, on behalf of said partnership.

WYOMING

The foregoing instrument was acknowledged before me by
the above individuals on this day.

Robyn R Johnson
Notary Public

My commission expires: 2-24-88

ROBYN R. JOHNSON
Notary Public, State of Texas
My Commission Expires: 2-24-88

LOUISIANA

On this date before me personally appeared each such person, to be personally known, each of whom being by me duly sworn, did say that he is the designated officer of the association set opposite his name (or, in the case of the Trustee, that he is validly appointed Trustee), and that the seal affixed to the foregoing instrument is the corporate seal of said association and that the instrument was signed and sealed on behalf of the association and was signed on behalf of the association by authority of its Board of Directors, and each acknowledged the instrument to be the free act and deed of the corporation set opposite his name (or of himself as Trustee, as the case may be).

MONTANA
and
NORTH DAKOTA

Before me personally appeared each such person, each of whom is known to me to be the officer of the association that executed the within instrument (or a Trustee, as the case may be), and acknowledged to me that such association (or Trustee, as the case may be) executed the same.

NEW MEXICO
and
NEBRASKA

The foregoing instrument was acknowledge before me on this day by the designated officer of the association set opposite his name, on behalf of said association, acting in said capacity.

TEXAS

Before me on this day personally appeared each such person, each of whom is known to me to be the person whose name is subscribed to the foregoing instrument, and known to me to be the designated officer of the association set opposite his name (or a Trustee, as the case may be), and each acknowledged to me that he executed said instrument for the purposes and consideration therein expressed, and as the act and deed of the association set opposite his name (or of himself as Trustee, as the case may be).

UTAH

Personally appeared before me each such person who, being by me duly sworn did say, that they are the designated officers of the association set opposite his name, and that said instrument was signed on behalf of said association by authority of its Board of Directors, and said persons acknowledged to me that said association executed the same.

WYOMING

The foregoing instrument was acknowledged before me by the above individuals on this day.

Robyn P. Johnson
Notary Public

My commission expires: 2-24-88

ROBYN R. JOHNSON
Notary Public, State of Texas
My Commission Expires: 2-24-88

Exhibit A

to

Mortgage, Deed of Trust, Assignment
of Production and Security Agreement

from

Mesa Petroleum Co. and
MTS Limited Partnership

to

Lloyd L. Bolton, Trustee

and

Texas Commerce Bank
National Association,
as Collateral Agent

4359. OIL, GAS, AND MINERAL LEASE DATED JANUARY 01, 1961 EXECUTED BY USA OCS-G 4358, AS LESSOR, IN FAVOR OF MESA PETROLEUM CO ET AL, AS LESSEE, AND RECORDED IN THE CONVEYANCE RECORDS OF OFFSHORE COUNTY, TEXAS OFFSHORE FEDERAL, IN BOOK **UNK** ON PAGE NUMBER **UNK** (MESA LEASE NO. 01-02-OT-0311-0001-000-0), COVERING THE FOLLOWING DESCRIBED LANDS LOCATED IN OFFSHORE COUNTY:
ALL OF BLOCK A-7, BRAZOS AREA AS SHOWN ON OCS LEASING MAP, TEXAS MAP NO. 5

MESA WORKING INTEREST: 50.00000 %
MIS WORKING INTEREST: 0.00000 %

THE ABOVE DESCRIBED LEASE IS SUBJECT TO AN OVERRIDING ROYALTY INTEREST CONVEYED BY AN OVERRIDING ROYALTY CONVEYANCE FROM MESA PETROLEUM CO., AS ASSIGNOR, TO MESA OFFSHORE ROYALTY PARTNERSHIP, AS ASSIGNEE, DATED AS OF DECEMBER 1, 1962.

4360. OIL, GAS, AND MINERAL LEASE DATED AUGUST 01, 1973 EXECUTED BY USA OCS-G 2409, AS LESSOR, IN FAVOR OF CITIES SERVICE OIL CO. AS LESSEE, AND RECORDED IN THE CONVEYANCE RECORDS OF OFFSHORE COUNTY, TEXAS OFFSHORE FEDERAL, IN BOOK **UNK** ON PAGE NUMBER **UNK** (MESA LEASE NO. 01-02-OT-0498-0001-000-0), COVERING THE FOLLOWING DESCRIBED LANDS LOCATED IN OFFSHORE COUNTY:
SW 1/4 OF BLOCK A-312, HIGH ISLAND AREA, EAST ADDITION AMONG OTHER LANDS NOT ASSIGNED TO MESA,

MESA WORKING INTEREST: 30.67000 %
MIS WORKING INTEREST: 0.00000 %

4361. OIL, GAS, AND MINERAL LEASE DATED APRIL 01, 1975 EXECUTED BY USA OCS-G 3113, AS LESSOR, IN FAVOR OF MESA ET AL, AS LESSEE, AND RECORDED IN THE CONVEYANCE RECORDS OF OFFSHORE COUNTY, TEXAS OFFSHORE FEDERAL, IN BOOK **UNK** ON PAGE NUMBER **UNK** (MESA LEASE NO. 01-02-OT-0505-0001-000-0), COVERING THE FOLLOWING DESCRIBED LANDS LOCATED IN OFFSHORE COUNTY:
ALL OF BLOCK A-499, HIGH ISLAND AREA, SOUTH ADDITION, AS SHOWN ON OCS OFFICIAL LEASING MAP, TEXAS MAP NO. 7R.

MESA WORKING INTEREST: 16.40000 %
MIS WORKING INTEREST: 0.00000 %

THIS PROPERTY IS SUBJECT TO THE ADVANCE PAYMENT AGREEMENT DATED DECEMBER 16, 1975, AS AMENDED FEBRUARY 19, 1976 AND MAY 10, 1977, BETWEEN MESA PETROLEUM CO., AS SELLER, AND MICHIGAN WISCONSIN PIPE LINE COMPANY, AS BUYER, AND TO THE PLEDGE AND ASSIGNMENT DATED DECEMBER 16, 1975, BETWEEN MESA PETROLEUM CO., AS PLEDGOR, AND MICHIGAN WISCONSIN PIPE LINE COMPANY, AS PLEDGEE.

4362. OIL, GAS, AND MINERAL LEASE DATED APRIL 01, 1976 EXECUTED BY USA OCS-G 3206, AS LESSOR, IN FAVOR OF MESA ET AL, AS LESSEE, AND RECORDED IN THE CONVEYANCE RECORDS OF OFFSHORE COUNTY, TEXAS OFFSHORE FEDERAL, IN BOOK **UNK** ON PAGE NUMBER **UNK** (MESA LEASE NO. 01-02-OT-0519-0001-000-0), COVERING THE FOLLOWING DESCRIBED LANDS LOCATED IN OFFSHORE COUNTY:
THAT PORTION SEAWARD OF THE THREE MARINE LEAGUE ARC OF BLOCK 624, MATAGORDA ISLAND AREA, AS SHOWN ON OCS OFFICIAL LEASING MAP, TEXAS MAP NO. 4

MESA WORKING INTEREST: 32.50000 %
MIS WORKING INTEREST: 0.00000 %

THE ABOVE DESCRIBED LEASE IS SUBJECT TO AN OVERRIDING ROYALTY INTEREST CONVEYED BY AN OVERRIDING ROYALTY CONVEYANCE FROM MESA PETROLEUM CO., AS ASSIGNOR, TO MESA OFFSHORE ROYALTY PARTNERSHIP, AS ASSIGNEE, DATED AS OF DECEMBER 1, 1982.

4363. OIL, GAS, AND MINERAL LEASE DATED SEPTEMBER 01, 1975 EXECUTED BY USA OCS-G 3243, AS LESSOR, IN FAVOR OF TRANSCO, AS LESSEE, AND RECORDED IN THE CONVEYANCE RECORDS OF OFFSHORE COUNTY, TEXAS OFFSHORE FEDERAL, IN BOOK **UNK** ON PAGE NUMBER **UNK** (MESA LEASE NO. 01-02-01-0526-0001-000-01), COVERING THE FOLLOWING DESCRIBED LANDS LOCATED IN OFFSHORE COUNTY:
ALL OF BLOCK A-492, HIGH ISLAND AREA, SOUTH ADDITION, AS SHOWN ON OCS OFFICIAL LEASING MAP, TEXAS MAP NO. 79

MESA WORKING INTEREST: 10.00000 %
NETS WORKING INTEREST: 0.00000 %

4364. OIL, GAS, AND MINERAL LEASE DATED AUGUST 01, 1973 EXECUTED BY USA OCS-G 2351, AS LESSOR, IN FAVOR OF MESA PETROLEUM CO., AS LESSEE, AND RECORDED IN THE CONVEYANCE RECORDS OF OFFSHORE COUNTY, TEXAS OFFSHORE FEDERAL, IN BOOK **UNK** ON PAGE NUMBER **UNK** (MESA LEASE NO. 01-02-01-0529-0001-000-01), COVERING THE FOLLOWING DESCRIBED LANDS LOCATED IN OFFSHORE COUNTY:

ALL OF BLOCK A-442, HIGH ISLAND AREA, SOUTH ADDITION, OFFICIAL LEASING MAP, TEXAS MAP NO. 78

MESA WORKING INTEREST: 0.00000 %
NETS WORKING INTEREST: 0.00000 %

THIS PROPERTY IS SUBJECT TO THE ADVANCE PAYMENT AGREEMENT DATED OCTOBER 3, 1974, AS AMENDED JULY 19, 1976, JULY 23, 1976 AND MAY 10, 1977 BETWEEN MESA PETROLEUM CO. AS SELLER, AND MICHIGAN WISCONSIN PIPE LINE COMPANY, AS BUYER.

4365. OIL, GAS, AND MINERAL LEASE DATED AUGUST 01, 1973 EXECUTED BY USA OCS-G 2756, AS LESSOR, IN FAVOR OF MESA PETROLEUM CO., AS LESSEE, AND RECORDED IN THE CONVEYANCE RECORDS OF OFFSHORE COUNTY, TEXAS OFFSHORE FEDERAL, IN BOOK **UNK** ON PAGE NUMBER **UNK** (MESA LEASE NO. 01-02-01-0530-0001-000-01), COVERING THE FOLLOWING DESCRIBED LANDS LOCATED IN OFFSHORE COUNTY:

ALL OF BLOCK A-474, HIGH ISLAND AREA, SOUTH ADDITION, OFFICIAL LEASING MAP, TEXAS MAP #78

MESA WORKING INTEREST: 15.00000 %
NETS WORKING INTEREST: 0.00000 %

THIS PROPERTY IS SUBJECT TO THE ADVANCE PAYMENT AGREEMENT DATED OCTOBER 3, 1974, AS AMENDED JULY 19, 1976, JULY 23, 1976 AND MAY 10, 1977 BETWEEN MESA PETROLEUM CO. AS SELLER, AND MICHIGAN WISCONSIN PIPE LINE COMPANY, AS BUYER.

4366. OIL, GAS, AND MINERAL LEASE DATED AUGUST 01, 1973 EXECUTED BY USA OCS-G 2372, AS LESSOR, IN FAVOR OF PENN OIL ET AL, AS LESSEE, AND RECORDED IN THE CONVEYANCE RECORDS OF OFFSHORE COUNTY, TEXAS OFFSHORE FEDERAL, IN BOOK **UNK** ON PAGE NUMBER **UNK** (MESA LEASE NO. 01-02-01-0531-0001-000-01), COVERING THE FOLLOWING DESCRIBED LANDS LOCATED IN OFFSHORE COUNTY:

ALL OF BLOCK A-489, HIGH ISLAND AREA, SOUTH ADDITION, OFFICIAL LEASING MAP, TEXAS MAP NO. 78

MESA WORKING INTEREST: 15.00000 %
NETS WORKING INTEREST: 0.00000 %

THIS PROPERTY IS SUBJECT TO THE ADVANCE PAYMENT AGREEMENT DATED OCTOBER 3, 1974, AS AMENDED JULY 19, 1976, JULY 23, 1976 AND MAY 10, 1977 BETWEEN MESA PETROLEUM CO. AS SELLER, AND MICHIGAN WISCONSIN PIPE LINE COMPANY, AS BUYER.

4367. OIL, GAS, AND MINERAL LEASE DATED AUGUST 01, 1973 EXECUTED BY USA OCS-5 2388, AS LESSOR, IN FAVOR OF MESA ET AL, AS LESSEE, AND RECORDED IN THE CONVEYANCE RECORDS OF OFFSHORE COUNTY, TEXAS OFFSHORE FEDERAL, IN BOOK **UNK** ON PAGE NUMBER **UNK** (MESA LEASE NO. 01-02-01-0532-0001-000-0), COVERING THE FOLLOWING DESCRIBED LANDS LOCATED IN OFFSHORE COUNTY:
ALL OF BLOCK A-533, HIGH ISLAND AREA, SOUTH ADDITION, OFFICIAL LEASING MAP, TEXAS MAP NO. 79

MESA WORKING INTEREST: 5.66000 %
MIS WORKING INTEREST: 0.00000 %

THIS PROPERTY IS SUBJECT TO THE ADVANCE PAYMENT AGREEMENT DATED OCTOBER 3, 1974, AS AMENDED JULY 19, 1976, JULY 23, 1976 AND MAY 10, 1977 BETWEEN MESA PETROLEUM CO. AS SELLER, AND MICHIGAN WISCONSIN PIPE LINE COMPANY, AS BUYER.

4368. OIL, GAS, AND MINERAL LEASE DATED AUGUST 01, 1973 EXECUTED BY USA OCS-6 2389, AS LESSOR, IN FAVOR OF MESA ET AL, AS LESSEE, AND RECORDED IN THE CONVEYANCE RECORDS OF OFFSHORE COUNTY, TEXAS OFFSHORE FEDERAL, IN BOOK **UNK** ON PAGE NUMBER **UNK** (MESA LEASE NO. 01-02-01-0533-0001-000-0), COVERING THE FOLLOWING DESCRIBED LANDS LOCATED IN OFFSHORE COUNTY:
ALL OF BLOCK A-564, HIGH ISLAND AREA, SOUTH ADDITION, OFFICIAL LEASING MAP, TEXAS MAP NO. 79

MESA WORKING INTEREST: 5.66000 %
MIS WORKING INTEREST: 0.00000 %

THIS PROPERTY IS SUBJECT TO THE ADVANCE PAYMENT AGREEMENT DATED OCTOBER 3, 1974, AS AMENDED JULY 19, 1976, JULY 23, 1976 AND MAY 10, 1977 BETWEEN MESA PETROLEUM CO. AS SELLER, AND MICHIGAN WISCONSIN PIPE LINE COMPANY, AS BUYER.

4369. OIL, GAS, AND MINERAL LEASE DATED AUGUST 01, 1973 EXECUTED BY USA OCS-6 2399, AS LESSOR, IN FAVOR OF MESA ET AL, AS LESSEE, AND RECORDED IN THE CONVEYANCE RECORDS OF OFFSHORE COUNTY, TEXAS OFFSHORE FEDERAL, IN BOOK **UNK** ON PAGE NUMBER **UNK** (MESA LEASE NO. 01-02-01-0535-0001-000-0), COVERING THE FOLLOWING DESCRIBED LANDS LOCATED IN OFFSHORE COUNTY:
ALL OF BLOCK A-273, HIGH ISLAND AREA, EAST ADDITION, SOUTH EXTENSION, OFFICIAL LEASING MAP, TEXAS MAP NO. 7C

MESA WORKING INTEREST: 16.87500 %
MIS WORKING INTEREST: 0.00000 %

THIS PROPERTY IS SUBJECT TO THE ADVANCE PAYMENT AGREEMENT DATED OCTOBER 3, 1974, AS AMENDED JULY 19, 1976, JULY 23, 1976 AND MAY 10, 1977 BETWEEN MESA PETROLEUM CO. AS SELLER, AND MICHIGAN WISCONSIN PIPE LINE COMPANY, AS BUYER.

4370. OIL, GAS, AND MINERAL LEASE DATED AUGUST 01, 1973 EXECUTED BY USA OCS-4 2403, AS LESSOR, IN FAVOR OF MESA PETROLEUM CO. AS LESSEE, AND RECORDED IN THE CONVEYANCE RECORDS OF OFFSHORE COUNTY, TEXAS OFFSHORE FEDERAL, IN BOOK **UNK** ON PAGE NUMBER **UNK** (MESA LEASE NO. 02-02-01-0537-0001-000-0), COVERING THE FOLLOWING DESCRIBED LANDS LOCATED IN OFFSHORE COUNTY:
ALL OF BLOCK A-279, HIGH ISLAND AREA, EAST ADDITION, SOUTH EXTENSION, OFFICIAL LEASING MAP, TEXAS MAP NO. 7C

MESA WORKING INTEREST: 15.00000 %
MIS WORKING INTEREST: 0.00000 %

THIS PROPERTY IS SUBJECT TO THE ADVANCE PAYMENT AGREEMENT DATED OCTOBER 3, 1974, AS AMENDED JULY 19, 1976, JULY 23, 1976 AND MAY 10, 1977 BETWEEN MESA PETROLEUM CO. AS SELLER, AND MICHIGAN WISCONSIN PIPE LINE COMPANY, AS BUYER.

4371. OIL, GAS, AND MINERAL LEASE DATED AUGUST 01, 1973 EXECUTED BY USA OCS-G 2410, AS LESSOR, IN FAVOR OF MESA ET AL, AS LESSEE, AND RECORDED IN THE CONVEYANCE RECORDS OF OFFSHORE COUNTY, TEXAS OFFSHORE FEDERAL, IN BOOK **JUNK** ON PAGE NUMBER **JUNK** (MESA LEASE NO. 01-02-0T-0538-0001-000-0), COVERING THE FOLLOWING DESCRIBED LANDS LOCATED IN OFFSHORE COUNTY: ALL OF BLOCK A-313, HIGH ISLAND AREA, EAST ADDITION, SOUTH EXTENSION, OFFICIAL LEASING MAP, TEXAS MAP NO. 7C

MESA WORKING INTEREST: 30.67000 %
MTS WORKING INTEREST: 0.00000 %

THIS PROPERTY IS SUBJECT TO THE ADVANCE PAYMENT AGREEMENT DATED OCTOBER 3, 1974, AS AMENDED JULY 19, 1976, JULY 23, 1976 AND MAY 10, 1977 BETWEEN MESA PETROLEUM CO. AS SELLER, AND MICHIGAN WISCONSIN PIPE LINE COMPANY, AS BUYER.

4372. OIL, GAS, AND MINERAL LEASE DATED AUGUST 01, 1973 EXECUTED BY USA OCS-G 2412, AS LESSOR, IN FAVOR OF MESA ET AL, AS LESSEE, AND RECORDED IN THE CONVEYANCE RECORDS OF OFFSHORE COUNTY, TEXAS OFFSHORE FEDERAL, IN BOOK **JUNK** ON PAGE NUMBER **JUNK** (MESA LEASE NO. 01-02-0T-0539-0001-000-0), COVERING THE FOLLOWING DESCRIBED LANDS LOCATED IN OFFSHORE COUNTY: ALL OF BLOCK A-317, HIGH ISLAND AREA, EAST ADDITION, SOUTH EXTENSION, OFFICIAL LEASING MAP, TEXAS MAP NO. 7C

MESA WORKING INTEREST: 12.27000 %
MTS WORKING INTEREST: 0.00000 %

THIS PROPERTY IS SUBJECT TO THE ADVANCE PAYMENT AGREEMENT DATED OCTOBER 3, 1974, AS AMENDED JULY 19, 1976, JULY 23, 1976 AND MAY 10, 1977 BETWEEN MESA PETROLEUM CO. AS SELLER, AND MICHIGAN WISCONSIN PIPE LINE COMPANY, AS BUYER.

4373. OIL, GAS, AND MINERAL LEASE DATED AUGUST 01, 1973 EXECUTED BY USA OCS-G 2421, AS LESSOR, IN FAVOR OF MESA ET AL, AS LESSEE, AND RECORDED IN THE CONVEYANCE RECORDS OF OFFSHORE COUNTY, TEXAS OFFSHORE FEDERAL, IN BOOK **JUNK** ON PAGE NUMBER **JUNK** (MESA LEASE NO. 01-02-0T-0540-0001-000-0), COVERING THE FOLLOWING DESCRIBED LANDS LOCATED IN OFFSHORE COUNTY: ALL OF BLOCK A-330, HIGH ISLAND AREA, EAST ADDITION, SOUTH EXTENSION, OFFICIAL LEASING MAP, TEXAS MAP NO. 7C

MESA WORKING INTEREST: 1.40000 %
MTS WORKING INTEREST: 0.00000 %

4374. OIL, GAS, AND MINERAL LEASE DATED AUGUST 01, 1973 EXECUTED BY USA OCS-G 2426, AS LESSOR, IN FAVOR OF MESA ET AL, AS LESSEE, AND RECORDED IN THE CONVEYANCE RECORDS OF OFFSHORE COUNTY, TEXAS OFFSHORE FEDERAL, IN BOOK **JUNK** ON PAGE NUMBER **JUNK** (MESA LEASE NO. 01-02-0T-0541-0001-000-0), COVERING THE FOLLOWING DESCRIBED LANDS LOCATED IN OFFSHORE COUNTY: ALL OF BLOCK A-340, HIGH ISLAND AREA, EAST ADDITION, SOUTH EXTENSION, OFFICIAL LEASING MAP, TEXAS MAP NO. 7C

MESA WORKING INTEREST: 25.00000 %
MTS WORKING INTEREST: 0.00000 %

THIS PROPERTY IS SUBJECT TO THE ADVANCE PAYMENT AGREEMENT DATED OCTOBER 3, 1974, AS AMENDED JULY 19, 1976, JULY 23, 1976 AND MAY 10, 1977 BETWEEN MESA PETROLEUM CO. AS SELLER, AND MICHIGAN WISCONSIN PIPE LINE COMPANY, AS BUYER.

4375. OIL, GAS, AND MINERAL LEASE DATED JULY 01, 1974 EXECUTED BY U.S. OCS-G 2739, AS LESSOR, IN FAVOR OF MESA ET AL, AS LESSEE, AND RECORDED IN THE CONVEYANCE RECORDS OF OFFSHORE COUNTY, TEXAS OFFSHORE FEDERAL, IN BOOK **UNK** ON PAGE NUMBER **UNK** (MESA LEASE NO. 01-02-OT-0595-0001-000-0), COVERING THE FOLLOWING DESCRIBED LANDS LOCATED IN OFFSHORE COUNTY:
ALL OF BLOCK A-339, HIGH ISLAND AREA, EAST ADDITION, SOUTH EXTENSION, OCS OFFICIAL LEASING MAP, TEXAS MAP NO. 7C

MESA WORKING INTEREST: 25.00000 %
MTS WORKING INTEREST: 0.00000 %

THIS PROPERTY IS SUBJECT TO THE ADVANCE PAYMENT AGREEMENT DATED OCTOBER 3, 1974, AS AMENDED JULY 19, 1976, JULY 23, 1976 AND MAY 10, 1977 BETWEEN MESA PETROLEUM CO. AS SELLER, AND MICHIGAN WISCONSIN PIPE LINE COMPANY, AS BUYER.

4376. OIL, GAS, AND MINERAL LEASE DATED JULY 01, 1974 EXECUTED BY U.S. OCS-G 2743, AS LESSOR, IN FAVOR OF MESA ET AL, AS LESSEE, AND RECORDED IN THE CONVEYANCE RECORDS OF OFFSHORE COUNTY, TEXAS OFFSHORE FEDERAL, IN BOOK **UNK** ON PAGE NUMBER **UNK** (MESA LEASE NO. 01-02-OT-0596-0001-000-0), COVERING THE FOLLOWING DESCRIBED LANDS LOCATED IN OFFSHORE COUNTY:
ALL OF BLOCK A-349, HIGH ISLAND AREA, EAST ADDITION, SOUTH EXTENSION, OCS OFFICIAL LEASING MAP, TEXAS MAP NO. 7C

MESA WORKING INTEREST: 20.00000 %
MTS WORKING INTEREST: 0.00000 %

4377. OIL, GAS, AND MINERAL LEASE DATED SEPTEMBER 01, 1974 EXECUTED BY USA OCS-G 2796, AS LESSOR, IN FAVOR OF MESA PETROLEUM CO., AS LESSEE, AND RECORDED IN THE CONVEYANCE RECORDS OF OFFSHORE COUNTY, TEXAS OFFSHORE FEDERAL, IN BOOK **UNK** ON PAGE NUMBER **UNK** (MESA LEASE NO. 01-02-OT-0610-0001-000-0), COVERING THE FOLLOWING DESCRIBED LANDS LOCATED IN OFFSHORE COUNTY:
ALL OF BLOCK A-315, HIGH ISLAND AREA, EAST ADDITION, SOUTH EXTENSION, OCS OFFICIAL LEASING MAP, TEXAS MAP NO. 7C

MESA WORKING INTEREST: 100.00000 %
MTS WORKING INTEREST: 0.00000 %

THIS PROPERTY IS SUBJECT TO THE ADVANCE PAYMENT AGREEMENT DATED OCTOBER 3, 1974, AS AMENDED JULY 19, 1976, JULY 23, 1976 AND MAY 10, 1977 BETWEEN MESA PETROLEUM CO. AS SELLER, AND MICHIGAN WISCONSIN PIPE LINE COMPANY, AS BUYER.

STATE: OT COUNTY: OFFSHORE TEXAS

OIL, GAS, AND MINERAL LEASE DATED JULY 01, 1974 EXECUTED BY U S OCS-G 2719, AS LESSOR, IN FAVOR OF MESA ET AL, AS LESSEE, AND RECORDED IN THE CONVEYANCE RECORDS OF OFFSHORE COUNTY, TEXAS OFFSHORE FEDERAL, IN BOOK **UNK** ON PAGE NUMBER **UNK** (MESA LEASE NO. 01-02-OT-0593-0001-000-0), COVERING THE FOLLOWING DESCRIBED LANDS LOCATED IN OFFSHORE COUNTY:

ALL OF BLOCK A-582, HIGH ISLAND AREA, SOUTH ADDITION, OCS
OFFICIAL LEASING MAP, TEXAS MAP NO. 7B

MESA WORKING INTEREST: 6.65900Z
MTS WORKING INTEREST: 0.00000Z

THIS PROPERTY IS SUBJECT TO THE ADVANCE PAYMENT AGREEMENT DATED OCTOBER 3, 1974, AS AMENDED JULY 19, 1976, JULY 23, 1976 AND MAY 10, 1977 BETWEEN MESA PETROLEUM CO., AS SELLER, AND MICHIGAN WISCONSIN PIPE LINE COMPANY, AS BUYER.

STATE: OT COUNTY: OFFSHORE TEXAS

OIL, GAS, AND MINERAL LEASE DATED JULY 01, 1974 EXECUTED BY USA OCS-G 2715, AS LESSOR, IN FAVOR OF MESA ET AL, AS LESSEE, AND RECORDED IN THE CONVEYANCE RECORDS OF OFFSHORE COUNTY, TEXAS OFFSHORE FEDERAL, IN BOOK **UNK** ON PAGE NUMBER **UNK** (MESA LEASE NO. 01-02-OT-0592-0001-000-0), COVERING THE FOLLOWING DESCRIBED LANDS LOCATED IN OFFSHORE COUNTY:

ALL OF BLK A-567, HIGH ISLAND AREA, SOUTH ADDITION, OCS OFFICIAL LEASING MAP, TEXAS MAP #7B

MESA WORKING INTEREST: 50.00000Z
MIS WORKING INTEREST: 0.00000Z

THE ABOVE DESCRIBED LEASE IS SUBJECT TO AN OVERRIDING ROYALTY INTEREST CONVEYED BY AN OVERRIDING ROYALTY CONVEYANCE FROM MESA PETROLEUM CO., AS ASSIGNOR, TO MESA OFFSHORE ROYALTY PARTNERSHIP, AS ASSIGNEE, DATED AS OF DECEMBER 1, 1982.

THIS PROPERTY IS SUBJECT TO THE PURCHASE AGREEMENT - DEVELOPMENT PRODUCTION PAYMENT DATED NOVEMBER 19, 1981, AS AMENDED SEPTEMBER 2, 1983, BETWEEN MESA PETROLEUM CO., AS SELLER AND 110 NORTH WACKER DRIVE FOUNDATION, INC., AS BUYER AND THE CONVEYANCE OF DEVELOPMENT PRODUCTION PAYMENT DATED NOVEMBER 19, 1981, AS AMENDED SEPTEMBER 2, 1983, BETWEEN MESA PETROLEUM CO., AS W.I. OWNER AND 110 NORTH WACKER DRIVE FOUNDATION, INC., AS P.P. OWNER.

THIS PROPERTY IS SUBJECT TO THE ADVANCE PAYMENT AGREEMENT DATED OCTOBER 3, 1974, AS AMENDED JULY 19, 1976, JULY 23, 1976 and MAY 10, 1977 BETWEEN MESA PETROLEUM CO., AS SELLER, AND MICHIGAN WISCONSIN PIPE LINE COMPANY, AS BUYER.

STATE: OT COUNTY: OFFSHORE TEXAS

OIL, GAS AND MINERAL LEASE DATED JANUARY 01, 1981 EXECUTED BY USA OCS-G 4559, AS LESSOR, IN FAVOR OF MESA PETROLEUM CO ET AL, AS LESSEE, AND RECORDED IN THE CONVEYANCE RECORDS OF OFFSHORE COUNTY, TEXAS OFFSHORE FEDERAL, IN BOOK **UNK** ON PAGE NUMBER **UNK**. (MESA LEASE NO. 01-02-OT-0312-0001-000-0), COVERING THE FOLLOWING DESCRIBED LANDS LOCATED IN OFFSHORE COUNTY:

ALL OF BLOCK A-39, BRAZOS AREA AS SHOWN ON OCS LEASING MAP, TEXAS MAP NO. 5

MESA WORKING INTEREST: 50.00000%
MTS WORKING INTEREST: 0.00000%

THE ABOVE DESCRIBED LEASE IS SUBJECT TO AN OVERRIDING ROYALTY INTEREST CONVEYED BY AN OVERRIDING ROYALTY CONVEYANCE FROM MESA PETROLEUM CO., AS ASSIGNOR, TO MESA OFFSHORE ROYALTY PARTNERSHIP, AS ASSIGNEE, DATED AS OF DECEMBER 1, 1982.

RHETT G. CAMPBELL
EDWARD T. COTHAM JR.
W. MARK COTHAM
THOMAS M. FULKERSON
MARK C. HARWELL
JOHN R. KNIGHT
KENNETH M. MORRIS
CYNTHIA J. SMITH
HARRIET PULLEN SMITH
PHILIP F. SNOW JR.

MORRIS & CAMPBELL
A PROFESSIONAL CORPORATION
ATTORNEYS AT LAW
1617 MARATHON BUILDING
600 JEFFERSON
HOUSTON, TEXAS 77002

(713) 659-8697
TELEX 794808 TCJH
TELECUPIER 713-659-3020

February 8, 1985

United States Department of Interior
Minerals Management Service
Attention: Adjudication Unit
Mail Stop Code LE-3-1
Post Office Box 7944
Metairie, LA 70010

Re: Lien to be filed on Lease Number
OCS-G 4558

Dear Sir:

Enclosed herein please find a STATEMENT SECURING LIEN AGAINST OIL AND MINERAL PROPERTY with respect to the above-captioned lease as well as our check made payable to your order in the sum of \$25.00 to cover the cost of filing said statement. Please place your file stamp and the appropriate recording information on the enclosed copy of such statement, which is also enclosed, and return to the attention of the undersigned at the above-captioned address. For your convenience in returning such copy, a self-addressed, stamped envelope is enclosed.

Thank you for your attention to this matter. If there are any questions, please do not hesitate to contact either myself or my secretary, Bobbie Galloway, at (713) 659-8697.

Very truly yours,



W. Mark Cotham

WMC/bg
Enclosures

cc: Mr. Joseph E. Friend
Mr. Paul Knab

THE STATE OF TEXAS §
 §
COUNTY OF MATAGORDA §

STATEMENT SECURING LIEN AGAINST OIL AND MINERAL PROPERTY

Pipe Distributors, Inc., acting by and through its undersigned duly-authorized agent, claims a lien for materials furnished, for use in drilling an oil or gas well under a subcontract with Delta Fabrications, a Division of Delta Services Ind., and makes this statement claiming such lien pursuant to the laws of the State of Texas and by and for such statement sets forth and shows as follows:

1. The total amount claimed is \$1,235.00. The items of the claim, the amount claimed for each item, and the dates of furnishing are set forth on Exhibit "A" annexed hereto, which said exhibit is made a part hereof for all purposes. Said amount is just, reasonable, due, and unpaid, and all just and lawful payments, offsets, and credits have been allowed.

2. The names of the owners of the oil and gas leasehold interest against which the lien is claimed, together with all other property as described in § 56.003 of the Texas Property Code, are Mesa Petroleum Co., Texaco Inc., and Sequoia Offshore Associates, Ltd., an affiliate of Sequoia Ventures, Inc., and any person or entity claiming an ownership interest in the hereinafter-described leasehold by, through, or under Mesa Petroleum Co., Texaco Inc., and Sequoia Offshore Associates, Ltd., an affiliate of Sequoia Ventures, Inc., including, but not limited to, Delta Fabrications, a Division of Delta Services Ind., or any other person or entity claiming an ownership interest by, through, or under Mesa Petroleum Co., Texaco Inc., and Sequoia Offshore Associates, Ltd., an affiliate of Sequoia Ventures, Inc.

3. The name of the claimant is Pipe Distributors, Inc., a Texas corporation, and its mailing address is Post Office Box 23237, Houston, Texas 77228.

4. A description of the leasehold interest against which the lien is claimed is as follows:

All of Block A-7, Brazos area, as shown on OCS Official Leasing Map, Texas Map No. 5, Serial No. OCS-G 4558, as described in that certain Oil and Gas Lease dated January 1, 1981, by and between the United States of America (Lessor) and Mesa Petroleum Co., Texaco Inc., and Sequoia Offshore Associates, Ltd., an affiliate of Sequoia Ventures, Inc. (Lessees).

5. The claimant has given to the owners notice in writing as required by § 56.021 of the Texas Property Code. A true and correct copy of such notice is attached hereto as Exhibit "B" and made a part hereof.

PIPE DISTRIBUTORS, INC.

By: J. P. Mulvaney
Title: Vice President

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

BEFORE ME, the undersigned authority, on this day personally appeared J. P. Burchfield, who being by me here and now duly sworn, upon oath says:

"My name is J. P. Burchfield and I am the Vice President of Pipe Distributors, Inc., a Texas corporation, and am duly qualified and authorized to make this affidavit and am fully cognizant of the facts herein set out; that I have read the above and foregoing statement, including the exhibit referred to and incorporated therein by reference, and every part thereof is within my personal knowledge and is true and correct."

J. P. Burchfield

SUBSCRIBED AND SWORN TO BEFORE ME by the said J. P. Burchfield on Jan. 30, 1985, to certify which witness my hand and seal of office.

Ava M. Phillips
Notary Public in and for
the State of TEXAS

My Commission Expires: 5-2-88

p.o. box 5426
beaumont, texas 77706
713-866-4131



p.o. box 7091
houma, louisiana 70361
504/868-5747

p.o. box 717
harvey, louisiana 70059
504/367-8977

pipe distributors, inc.

p.o. box 1477
morgan city, louisiana 70381
504/631-0371

p.o. box 9960
new iberia, louisiana 70360
518/367-8521

5400 mesa drive p.o. box 23237
houston, texas 77228 713/635-4200

INVOICE DATE: 08/13/84	YOUR ORDER NO.: 2-78985	REQ. NO.:	OUR SALES ORDER NO.: 38749	INVOICE NO. 80522
---------------------------	----------------------------	-----------	-------------------------------	-------------------

S O L D I O	DELTA FABRICATION DIV OF DELTA SERVICES IND. P O BOX 101 HOUMA LOUISIANA 70361	S H I P P E D T O L	SAME THOMPSON RD HCUMA LA.
----------------------------	---	--	----------------------------------

SHIPPED VIA: OUR TRUCK	PPD.	COL.	F O B HOUMA	DATE SHIPPED: 08/10/84	SLSM.: 24 148140 S 148140
---------------------------	------	------	----------------------	---------------------------	------------------------------

QUANTITY ORDERED	DESCRIPTION	JTS.	QUANTITY SHIPPED	UNIT PRICE PER PC OR FT.	DISC. FACTOR	TOTAL	CAS DISC
				DOLLARS	CENTS		
20'	PRESSURE TUBING 1" SCH 40 A106B PE SR	1	21.80	C 91.00		19.84	
20'	SEAMLESS PIPE, A106 2" XXHVY A106B PE SR	1	20.55	C 502.00		103.16	
160'	WELDED PIPE 6" SCH 80 API 5LB PEB DR	4	160.00	C 695.00		112.00	
MERCHANDISE TOTAL						1235.00	
JOB #24832 NET 30 DAYS							

THIS AMOUNT MAY BE DEDUCTED IF PAID BY

PLEASE PAY
THIS AMOUNT

1235.00

ALL INVOICES DUE AND PAYABLE AT HOUSTON, HARRIS COUNTY, TEXAS. INTEREST AT 1% PER MONTH, 12% ANNUAL RATE CHARGED ON ALL PAST DUE ACCOUNTS.

EXHIBIT "A"

RHETT G. CAMPBELL
EDWARD T. COTHAM, JR.
W. MARK COTHAM
THOMAS M. FULKERSON
ALEX C. HARWELL
J. KEITH KNIGHT
KEITH M. MORRIS
CYNTHIA J. SMITH
HARRIET PULLEN SMITH
PHILIP J. SNOW, JR.

MORRIS & CAMPBELL
A PROFESSIONAL CORPORATION
ATTORNEYS AT LAW
1617 MARATHON BUILDING
800 JEFFERSON
HOUSTON, TEXAS 77002

(713) 659-8697
TELEX 794808 TCIH
TELECOPIER (713) 659-3020

January 28, 1985

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Sequoia Offshore Associates Ltd.
c/o Sequoia Ventures, Inc.
3400 Westheimer Court
Houston, Texas 77056

Re: Notice of lien to be filed on
OCS-G 4558 lease

Dear Sir:

This letter constitutes notice in accordance with § 56.021 of the Texas Property Code of Pipe Distributor, Inc.'s claim of and intention to file an oil and gas lien against certain property owned by Mesa Petroleum Co., Texaco Inc., and Sequoia Offshore Associates Ltd., an affiliate of Sequoia Ventures, Inc. A copy of the lien affidavit to be filed is enclosed herewith and incorporated herein by reference.

1. Amount of the Lien. The total amount of the lien claimed by Pipe Distributors, Inc. is \$1,235.00.
2. Person or Entity Indebted. Delta Fabrication, a Division of Delta Services Inc., is directly indebted to Pipe Distributors, Inc.
3. Description of Leasehold Interest Involved. The leasehold interest that is the subject of Pipe Distributor's Inc. is as follows:

All of Block A-7, Brazos area, as shown on OCS Official Leasing Map, Texas Map No. 5.

Very truly yours,

W. Mark Cotham

W. Mark Cotham

WMC/bg
Enclosure

EXHIBIT "E-1"

RHETT G. CAMPBELL
EDWARD T. COTHAM JR.
W. MARK COTHAM
THOMAS M. FULKERSON
MARK C. HARWELL
JOHN R. KNIGHT
KENNETH M. MORRIS
CYNTHIA J. SMITH
HARRIET PULLEN SMITH
PHILIP F. SNOW JR.

MORRIS & CAMPBELL
A PROFESSIONAL CORPORATION
ATTORNEYS AT LAW
1617 MARATHON BUILDING
600 JEFFERSON
HOUSTON, TEXAS 77002

(713) 659-8697
TELEX 794608 TCIM
TELECOPIER (713) 659-3020

February 28, 1985

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Donald A. Buckner
Registered Agent for Texaco Inc.
1111 Rusk Avenue
Houston, Texas 77002

Re: Notice of lien to be filed on
OCS-G 4558 lease

Dear Sir:

This letter constitutes notice in accordance with § 56.021 of the Texas Property Code of Pipe Distributor, Inc.'s claim of and intention to file an oil and gas lien against certain property owned by Mesa Petroleum Co., Texaco Inc., and Sequoia Offshore Associates Ltd., an affiliate of Sequoia Ventures, Inc. A copy of the lien affidavit to be filed is enclosed herewith and incorporated herein by reference.

1. Amount of the Lien. The total amount of the lien claimed by Pipe Distributors, Inc. is \$1,235.00.
2. Person or Entity Indebted. Delta Fabrication, a Division of Delta Services Inc., is directly indebted to Pipe Distributors, Inc.
3. Description of Leasehold Interest Involved. The leasehold interest that is the subject of Pipe Distributors, Inc. is as follows:

All of Block A-7, Brazos area, as shown on OCS Official Leasing Map, Texas Map No. 5.

Very truly yours,



W. Mark Cotham

WMC/bg
Enclosure

EXHIBIT "B-2"

RHETT G CAMPBELL
EDWARD T COTHAM JR
W MARK COTHAM
THOMAS M FULKERSON
MARK C HARWELL
JOHN R KNIGHT
KENNETH M MORRIS
CYNTHIA J SMITH
HARRIET PULLEN SMITH
PHILIP F SNOW JR

MORRIS & CAMPBELL
A PROFESSIONAL CORPORATION
ATTORNEYS AT LAW
1617 MARATHON BUILDING
800 JEFFERSON
HOUSTON, TEXAS 77002

(713) 659-6667
TELEX 794608 TCIM
TELECOPIER (713) 659-3020

January 28, 1985

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

CT Corporation Systems
Registered Agent for Mesa Petroleum Co.
811 Dallas Avenue
Houston, Texas 77002

Re: Notice of lien to be filed on
OCS-G 4558 lease

Dear Sir:

This letter constitutes notice in accordance with § 56.021 of the Texas Property Code of Pipe Distributor, Inc.'s claim of and intention to file an oil and gas lien against certain property owned by Mesa Petroleum Co., Texaco Inc., and Sequoia Offshore Associates Ltd., an affiliate of Sequoia Ventures, Inc. A copy of the lien affidavit to be filed is enclosed herewith and incorporated herein by reference.

1. Amount of the Lien. The total amount of the lien claimed by Pipe Distributors, Inc. is \$1,235.00.
2. Person or Entity Indebted. Delta Fabrication, a Division of Delta Services Inc., is directly indebted to Pipe Distributors, Inc.
3. Description of Leasehold Interest Involved. The leasehold interest that is the subject of Pipe Distributor, Inc. is as follows:

All of Block A-7, Brazos area, as shown on OCS Official Leasing Map, Texas Map No. 5.

Very truly yours,


W. Mark Cotham

WMC/bg
Enclosure

EXHIBIT "B-3"

LIEN AFFIDAVIT

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

KNOW ALL MEN BY THESE PRESENTS:

That OCEANONICS, INC., Claimant, a Texas corporation, with an address at P.O. Box 4554, Houston, Texas 77210, has a claim against OFFSHORE PRODUCTION CONTRACTORS, INC., a Louisiana corporation, whose address is P.O. Box 53907, 3008 Pin Hook, Lafayette, Louisiana 70505, for the principal sum of Eighty Eight Thousand Six Hundred Sixty Two and No/100 Dollars (\$88,662.00), plus interest thereon at the rate of ten percent (10%) per annum from thirty (30) days following the date the work was performed until paid and attorney's fee as allowed by law, due on account for labor, services, and materials, performed and furnished on the As-Built 3" Mesa Flowline, located on United States Lease No. OCS-G-4558 according to the itemized statements attached hereto and made a part hereof, marked Exhibits "A-1" through "A-6".

Further pertinent information with respect to the aforementioned Lease is as follows:

U.S.L. OCS-G-4558, Brazos Area, Block A-7 -

Lease Owners and Percentage of Ownership:

Mesa Petroleum Co. - 50%

Texaco, Inc. - 40%

Sequoia Offshore Associates, Ltd. - 10%

As a result of OCEANONICS, INC. supplying said labor services and materials pursuant to said contract, OFFSHORE PRODUCTION CONTRACTORS, INC. is justly, truly and legally indebted to OCEANONICS, INC. in the full and true amount of EIGHTY EIGHT THOUSAND SIX HUNDRED SIXTY TWO and NO/100 DOLLARS (\$88,662.00) after all just credits and offsets have been allowed.

This affidavit is made for the purpose of preserving the lien granted by law, pursuant to Tex. Rev. Civ. Stat. § 56.001 et seq., to OCEANONICS, INC. as a supplier of labor, services and equipment for the survey and mapping of the above described oil pipeline. Said lien is granted over all oil or gas produced from the wells serviced by the aforesaid pipeline; on all proceeds

from those wells; on the leases whereon the wells are located; on all drilling rigs, standard rigs, machinery, appurtenances, applicances, equipment, buildings, tanks and other structures serviced by said pipeline on aforesaid leases. Oceanonics, Inc. is entitled by law to be satisfied out of said lien in the amount of \$88,662.00 together with interest, the cost of preparing and recording the lien, and attorneys fees as allowed by law. Any and all other rights Oceanonics, Inc. may have to assert its claim for the aforesaid amount against Offshore Production Contractors, Inc., or any other party, are hereby reserved.

SIGNED at Houston, Texas on the 30th day of May, 1985.

OCEANONICS, INC.

BY J. Douglas Sutter
J. Douglas Sutter, Agent
and Counsel of Record for
Oceanonics, Inc.

SWORN TO AND SUBSCRIBED before me by J. Douglas Sutter
this 30th day of May, 1985.

Kayla S. Pickett
Notary Public in and for
The State of Texas

My Commission Expires 5/13/89

Printed Name of Notary Public:

KAYLA S. PICKETT



OCEANONICS, INC.

P.O. Box 60692 Houston, Texas 77205
713/931/8606

INVOICE No 3844

DATE 10/17/84

YOUR
ORDER NO.

PLEASE REMIT TO:
Oceanonics, Inc.
Dept. 1020
P.O. Box 4554
Houston, TX 77210

SOLD TO:

- OFFSHORE PRODUCTION CONTRACTORS
- P. O. Box 53907
- Lafayette, LA 70505
- Attn: Mr. Chuck Hebert

Page 1 of 2

P. O. No. 03328
Job No. 1-106

JOB NO.	TECH REPRESENTATIVE	TERMS	F.O.B.
34147.03			
To invoice for As-Built survey in Brazos Block A-7 per Oceanonics, Inc. Proposal No. H84147 dated September 7, 1984.			AMOUNT
1) Working survey party with optics and radios		\$876.00	
2) On board computer and range/range/range microwave transponder survey system with spare computer on survey vessel and spare remote		1,000.00	
3) Mini Fish		300.00	
	Working total	\$2,176.00	
	Standby total	\$1,451.00	
<u>October 8, 1984</u>			
1. Working			\$2,176.00
<u>October 9, 1984</u>			
1. Working			\$2,176.00
<u>October 10, 1984</u>			
1. Working			\$2,176.00
<u>October 11, 1984</u>			
1. Standby			\$1,451.00
Thank You!			

PLEASE REMIT TO:
OCEANONICS, INC.
P.O. BOX 60692
HOUSTON, TEXAS 77205

EXHIBIT "A-1"



OCEANONICS, INC.

P.O. Box 60692 Houston, Texas 77205
713/931/8606

INVOICE No 3844

DATE 10/17/84

YOUR
ORDER NO.

PLEASE REMIT TO:
Oceanonics, Inc.
Dept. 1020
P.O. Box 4554
Houston, TX 77210

SOLD TO:

- OFFSHORE PRODUCTION CONTRACTORS
P. O. Box 53907
- Lafayette, LA 70505
- Attn: Mr. Chuck Hebert

Page 2 of 2

P. O. No. 03388
Job No. 1-106

JOB NO.	TECH REPRESENTATIVE	TERMS	F.O.B.
84147.03			
			AMOUNT
<u>October 12, 1984</u>			
1. Working			\$2,176.00
<u>October 13, 1984</u>			
1. Standby			\$1,451.00
<u>October 14, 1984</u>			
1. Standby			\$1,451.00
TOTAL AMOUNT DUE			<u>\$13 057.00</u>
<i>Thank You!</i>			

~~CONTROL NUMBER TO
OCEANONICS, INC.
P.O. BOX 60692
HOUSTON, TEXAS 77205~~

ORIGINAL



OCEANONICS, INC.

P.O. Box 60692 Houston, Texas 77205
713/931/8606

PLEASE REMIT TO:
Oceanonics, Inc.
Dept. 1020
P.O. Box 4554
Houston, TX 77210

INVOICE
No 3849

DATE 10/25/84

YOUR
ORDER NO.

SOLE TO

Offshore Production Contractors
P.O. Box 53907
Lafayette, LA 70505

P.O. No. 03383
Job No. 1-106

Attn: Mr. Chuck Hebert

JOB NO.	TECH REPRESENTATIVE	TERMS	F.O.B.
84147.03			
To invoice for as-built survey in Brazos Block A-7 per Oceanonics, Inc. proposal No. 894147 dated September 7, 1984.			AMOUNT
1.) Working survey party with optics and radios		\$ 876.00	
2.) On board computer and Range/Range/Range Microwave Transponder survey system with spare computer on survey vessel and spare remote		1,000.00	
3.) Mini Fish		<u>300.00</u>	
	Working Total	\$2,176.00	
	Standby Total	\$1,451.00	
<u>October 15, 1984</u>			
1.) Standby			\$1,451.00
<u>October 16, 1984</u>			
1.) Standby			\$1,451.00
<u>October 17, 1984</u>			
1.) Standby			\$1,451.00
TOTAL AMOUNT DUE			<u>\$4,253.00</u>
Thank You!			

PRINTED IN U.S.A.
OCEANONICS, INC.
P.O. BOX 60692
HOUSTON, TEXAS 77205

EXHIBIT "A-2"



OCEANONICS, INC.

P.O. Box 60692 Houston, Texas 77205
713/931/8606

INVOICE No 3854

DATE 10/26/84

YOUR
ORDER NO.

PLEASE
Ocean
Dep
P.O. Box 4534
Houston, TX 77210

SOLD TO

- Offshore Production Contractors
P. O. Box 53907
- Lafayette, LA 70505
- Attn: Mr. Chuck Hebert

P. O. No. 03388
Job No. 1-106

Page 1 of 2

JOB NO.	TECH REPRESENTATIVE	TERMS	F.O.B.
84147.03			
To invoice for As-Built Survey in Brazos Block A-7 per Oceanonics, Inc. Proposal No. 84147 dated September 7, 1984.			AMOUNT
1) Working survey party with optics and radios		\$ 376.00	
2) On board computer and range/range/range microwave transponder survey system with spare computer on survey vessel and spare remote		1,000.00	
3) Mini-fish		<u>300.00</u>	
	Working total	\$2,176.00	
	Standby total	\$1,451.00	
<u>October 18, 1984</u>			
1. Standby			\$1,451.00
<u>October 19, 1984</u>			
1. Standby			\$ 307.00
<u>October 20, 1984</u>			
1. Standby			\$ 807.00
<u>October 21, 1984</u>			
1. Standby			\$ 307.00
<i>Thank You!</i>			

ORDERED BY TO
OCEANONICS, INC.
P.O. BOX 60692
HOUSTON, TEXAS 77205

EXHIBIT "A-3"



OCEANONICS, INC.

P.O. Box 60692 Houston, Texas 77205
713/931/8606

INVOICE No 3854

DATE 10/26/84

YOUR
ORDER NO.

PLEASE REMIT TO:
Oceanonics, Inc.
Dept. 1020
P.O. Box 4554
Houston, TX 77210

SOLED TO

- Offshore Production Contractors
P. O. Box 53907
Lafayette, 70505
- Attn: Mr. Chuck Hebert

P. O. No. 03388
Job No. 1-106

Page 1 of 2

JOB NO.	TECH REPRESENTATIVE	TERMS	F.O.B.
84147.03			
			AMOUNT
<u>October 22, 1984</u>			
1. Standby			\$ 807.00
<u>October 23, 1984</u>			
1. Standby			\$ 807.00
TOTAL AMOUNT DUE			<u>\$5,486.00</u>

Thank You!

PLEASE REMIT TO
OCEANONICS, INC.
P.O. Box 60692
HOUSTON, TEXAS 77205

ORIGINAL



OCEANONICS, INC.

P.O. Box 60092 Houston, Texas 77205
713/931/8606

INVOICE

No 3889

DATE 11/12/84

YOUR
ORDER NO

PLEASE REMIT TO:
Oceanonics, Inc.
Dept. 1020
P.O. Box 4554
Houston, TX 77210

SOLD TO

- OFFSHORE PRODUCTION CONTRACTORS
- P. O. Box 52907
- Lafayette, LA 70505

Page 1 of 2

P.O. No. 03333
Job No. 1-106

Attn: Mr. Chuck Hebert

JOB NO	TECH REPRESENTATIVE	TERMS	F.O.B
34147.03			
To invoice for as-built survey in Brazos Block A-7 per Oceanonics, Inc. Proposal No. H34147 dated September 7, 1984.			AMOUNT
1. Working survey party with optics and radio		\$875.00	
2. On board computer and range/range/range microwave transponder survey system with spare remote		1,000.00	
3. Mini-fish		309.00	
	Working total	\$2,176.00	
	Standby total	\$1,451.00	
<u>October 24, 1984</u>			
1. Working			\$2,176.00
<u>October 25, 1984</u>			
1. Working			\$2,176.00
<u>October 26, 1984</u>			
1. Standby			\$1,451.00
<u>October 27, 1984</u>			
1. Working			\$2,176.00

Thank You!

PLEASE REMIT TO
OCEANONICS, INC.
P.O. BOX 60092
HOUSTON, TEXAS 77205

EXHIBIT "A-4"



OCEANONICS, INC.

P.O. Box 60692 Houston, Texas 77205
713/931/8606

INVOICE No 3889

PLEASE REMIT TO:
Oceanonics, Inc.
Dept. 1020
P.O. Box 4554
Houston, TX 77210

DATE 11/12/84

YOUR
ORDER NO.

SOLD TO

- OFFSHORE PRODUCTION CONTRACTORS
- P. O. Box 53907
- Lafayette, LA 70505
-

Page 2 of 2.

P.O. No. 03388
Job No. 1-106

Attn: Mr. Chuck Hebert

JOB NO	TECH REPRESENTATIVE	TERMS	F.O.B.
84147.03			
			AMOUNT
<u>October 28, 1984</u>			
1. Working			\$2,176.00
<u>October 29, 1984</u>			
1. Working			\$2,176.00
2. Two (2) buoys @ \$75.00/ea.			150.00
			<u>\$2,326.00</u>
<u>October 30, 1984</u>			
1. Working			\$2,176.00
<u>October 31, 1984</u>			
1. Working			\$2,176.00
2. One (1) lighted buoy @ \$90.00/ea.			90.00
			<u>\$2,266.00</u>
TOTAL AMOUNT DUE			<u><u>\$16,932.00</u></u>

Thank You!

~~XXXXXXXXXXXXXXXXXXXX~~
~~XXXXXXXXXXXXXXXXXXXX~~
~~XXXXXXXXXXXXXXXXXXXX~~
~~XXXXXXXXXXXXXXXXXXXX~~

ORIGINAL



OCEANONICS, INC.

P.O. Box 60692 Houston, Texas 77205
713/931/8606

INVOICE

No 3904

PLEASE REMIT TO:
Oceanonics, Inc.
Dept. 1020
P.O. Box 4554
Houston, TX 77210

DATE 11/13/84

YOUR
ORDER NO.

SOLD TO

OFFSHORE PRODUCTION CONTRACTORS
P. O. Box 53907
Lafayette, LA 70503

Page 1 of 2
P. O. No. 03388
Job No. 1-106

Attn: Mr. Chuck Hebert

JOB NO.	TECH REPRESENTATIVE	TERMS	F.O.B.
84147 03			
To invoice for as-built survey in Brazos Block A-7 per Oceanonics, Inc. Proposal No. 834147 dated September 7, 1984.			AMOUNT
1. Working survey party with optics and radios		\$ 276.00	
2. On board computer and range/range/range microwave transponder system with spare computer on survey vessel and spare remote		1,000.00	
3. Mini-fish		<u>300.00</u>	
Working Total		\$2,176.00	
Standby Total		\$1,451.00	
<u>November 1, 1984</u>			
1. Working			\$2,176.00
<u>November 2, 1984</u>			
1. Standby			\$1,451.00
<u>November 3, 1984</u>			
1. Working			\$2,176.00
2. Four (4) lighted buoys @ \$90.00/ea.			<u>360.00</u>
			\$2,536.00

Thank You!

TO
C
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P
Y

EXHIBIT "A-5"



OCEANONICS, INC.

P.O. Box 60692 Houston, Texas 77205
713/931/8606

INVOICE

Nº 3904

PLEASE REMIT TO:
Oceanonics, Inc.
Dept. 1020
P.O. Box 4554
Houston, TX 77210

DATE 11/13/84

YOUR
ORDER NO.

SOLD TO

OFFSHORE PRODUCTION CONTRACTORS
P. O. Box 53907
Lafayette, LA 70505

Attn: Mr. Chuck Hebert

Page 2 of 2
P. O. No. 03388
Job No. 1-106

JOB NO.	TECH REPRESENTATIVE	TERMS	F.O.B.
84147.03			
			AMOUNT
<u>November 4, 1984</u>			
1. Working			\$2,176.00
2. One (1) lighted buoy @ \$90.00/ea.			90.00
			<u>\$2,266.00</u>
<u>November 5, 1984</u>			
1. Working			\$2,176.00
2. One (1) lighted buoy @ \$90.00/ea.			90.00
			<u>\$2,266.00</u>
<u>November 6, 1984</u>			
1. Working			\$2,176.00
2. Three (3) lighted buoys @ \$90.00/ea.			270.00
3. Two (2) buoy lights @ \$15.00/ea.			30.00
			<u>\$2,476.00</u>
<u>November 7, 1984</u>			
1. Standby			<u>\$1,451.00</u>
TOTAL AMOUNT DUE			<u>\$14,622.00</u>

Thank You!

~~CONFIDENTIAL~~
OCEANONICS, INC.
~~CONFIDENTIAL~~
HOUSTON, TEXAS 77205

ORIGINAL



OCEANONICS, INC.

P.O. Box 60692 Houston, Texas 77205
713/931-8606

PLEASE REMIT TO:
Oceanonics, Inc.
Dept. 1020
P.O. Box 4554
Houston, TX 77210

INVOICE
№ 3945

DATE 12/7/84

YOUR
ACCT. NO.

SOLD TO

- OFFSHORE PRODUCTION CONTRACTORS
P. O. BOX 53907
- LAFAYETTE, LA 70505

P. O. NO. 05336
Job No. 1-106

ATTN: MR. CHUCK HEBERT

pg. 1 of 5

JOB NO.	TECH. REPRESENTATIVE	TERMS	F.O.B.
21147.33			
To Invoice for An-Bulls survey in Bracos Block 007 per Oceanonics, Inc. Proposal No. 184147 dated September 7, 1984.			AMOUNT
1.	Working survey party with copies and radios	\$ 375.00/day	
2.	On board computer interface/Parasol/Range Microcassette Management system with spare computer on survey vessel and spare magnetic	\$1,500.00/day	
3.	Uniflex Pipeline Recorder	\$ 125.00/day	
	Working total	\$2,075.00/day	
	Standby total	\$1,451.00/day	
<u>November 8, 1984</u>			
1.	Standby		\$ 357.00
<u>November 9, 1984</u>			
1.	Standby		\$ 357.00
<u>November 10, 1984</u>			
1.	Standby		\$ 357.00
<u>November 11, 1984</u>			
1.	Working		\$2,175.00
2.	Two (2) lighted buoys @ \$90.00/each		180.00
			<u>\$2,355.00</u>

Thank You!

OCEANONICS, INC.
 P.O. BOX 60692

EXHIBIT "A-6"



OCEANONICS, INC.

P.O. Box 60692 Houston, Texas 77205
713/931/8606

PLEASE REMIT TO:
Oceanonics, Inc.
Dept. 1020
P.O. Box 4554
Houston, TX 77210

INVOICE No 3945

DATE 12/7/84

YOUR
ORDER NO.

SOLD TO

- OFFSHORE PRODUCTION CONTRACTORS
-
-

Page 2 of 5

JOB NO.	TECH REPRESENTATIVE	TERMS	F.O.B.
84147.03			
			AMOU
<u>November 12, 1984</u>			
1. Working			\$2,176.00
2. Two (2) lighted buoys @ \$90.00/each			180.00
			\$2,266.00
<u>November 13, 1984</u>			
1. Working			\$2,176.00
<u>November 14, 1984</u>			
1. Working			\$2,176.00
<u>November 15, 1984</u>			
1. Standby			\$1,451.00
<u>November 16, 1984</u>			
1. Standby			\$ 807.00
<u>November 17, 1984</u>			
1. Standby			\$ 807.00

Thank You!

~~XXXXXXXXXXXXXXXXXXXX~~
OCEANONICS, INC.
~~XXXXXXXXXXXXXXXXXXXX~~
~~XXXXXXXXXXXXXXXXXXXX~~

ORIGINAL



OCEANONICS, INC.

P.O. Box 60692 Houston, Texas 77205
713/931/8606

PLEASE REMIT TO:
Oceanonics, Inc.
Dept. 1020
P.O. Box 4554
Houston, TX 77210

INVOICE No 3945

DATE 12/7/84

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Page 3 of 5

JOB NO.	TECH REPRESENTATIVE	TERMS	F.O.B.
84147.03			
			AMOUNT
<u>November 18, 1984</u>			
1. Standby			\$ 807.00
<u>November 19, 1984</u>			
1. Standby			\$ 807.00
<u>November 20, 1984</u>			
1. Standby			\$ 807.00
<u>November 21, 1984</u>			
1. Standby			\$ 807.00
<u>November 22, 1984</u>			
1. Working			\$1,532.00
2. One (1) buoy @ \$75.00/each			75.00
3. One (1) lighted buoy @ \$90.00 each			90.00
			\$1,697.00
<u>November 23, 1984</u>			
1. Working			\$1,532.00
2. Three (3) buoys @ \$75.00/each			225.00
3. Three (3) lighted buoys @ \$90.00/each			270.00
			\$2,027.00

Thank You!

~~XXXXXXXXXXXXXXXXXXXX~~
OCEANONICS, INC.
~~XXXXXXXXXXXXXXXXXXXX~~

ORIGINAL



OCEANONICS, INC.

P.O. Box 60692 Houston, Texas 77205
713/931/8606

PLEASE REMIT TO:
Oceanonics, Inc.
Dept. 1020
P.O. Box 4554
Houston, TX 77210

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N^o 3945

DATE 12/7/84

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Page 4 of 5

JOB NO.	TECH REPRESENTATIVE	TERMS	F.O.B.	AMOUNT
84147.03				
<u>November 24, 1984</u>				
1. Working				\$1,532.00
<u>November 25, 1984</u>				
1. Standby				\$ 807.00
<u>November 26, 1984</u>				
1. Standby				\$ 807.00
<u>November 27, 1984</u>				
1. Working				\$1,532.00
<u>November 28, 1984</u>				
1. Working				\$1,532.00
2. Two (2) buoys @ \$75.00/each				150.00
				<u>\$1,682.00</u>
<u>November 29, 1984</u>				
1. Working				\$1,532.00
2. Four (4) buoys @ \$75.00/each				300.00
3. Ten (10) lighted buoys @ \$90.00/each				900.00
				<u>\$2,732.00</u>

Thank You!

~~XXXXXXXXXXXXXXXXXXXX~~
OCEANONICS, INC.
~~XXXXXXXXXXXXXXXXXXXX~~
~~XXXXXXXXXXXXXXXXXXXX~~

ORIGINAL



OCEANONICS, INC.

P.O. Box 60692 Houston, Texas 77205
713/931/8606

PLEASE REMIT TO:
Oceanonics, Inc.
Dept. 1020
P.O. Box 4554
Houston, TX 77210

INVOICE
No 3945

DATE 12/7/84

YOUR
ORDER NO.

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OFFSHORE PRODUCTION CONTRACTORS

Page 5 of 5

JOB NO.	TECH REPRESENTATIVE	TERMS	F.O.B.
84147.03			
			AMOUNT
<u>November 30, 1984</u>			
1. Working			\$ 2,176.00
<u>December 1, 1984</u>			
1. Working			\$ 1,532.00
TOTAL AMOUNT DUE			<u>\$34,212.00</u>

RECEIVED
MAY 29 1 02 PM '85
MIRAL
DUKE
METARCO, INC. 2000

Thank You!

~~XXXXXXXXXXXX~~
OCEANONICS, INC.
~~XXXXXXXXXXXX~~
~~HOUSTON, TEXAS 77205~~

ORIGINAL

062-21 45-58

BAKER & BOTTS

OTHER OFFICES
WASHINGTON, D. C.
DALLAS
AUSTIN

ONE SHELL PLAZA
BID LOUISIANA
HOUSTON, TEXAS 77002-4995

TELEPHONE (713) 229-1234
TELECOPIER (713) 219-1230
TELEX 76 2726

G-20,359
MESA PETROLEUM
(MLP)

February 18, 1986

Minerals Management Service
Adjudication Unit
Mail Stop Code LE-3-1
P.O. Box 7944
Metairie, Louisiana 70017-7944

FILED
FEB 19 1986
FBI - HOUSTON

Dear Sir or Madam:

I am enclosing 22 originals of an instrument entitled "Release of Security Documents" for filing in various offshore Texas lease files. The lessors and general lease descriptions are shown on the attached sheet. Please file one original in each lease file and return evidence of the filing to the undersigned. Our firm check in the amount of \$550.00 is enclosed to cover the \$25.00 filing fee for each lease.

If you should have any questions concerning the appropriate files, please feel free to call me collect at (713) 229-1281. Exhibit C to the Release sets out each lease in more complete detail.

Yours very truly,

Jill A. Hatley
Jill A. Hatley
Legal Assistant

JAH:615
Enclosures

THESE DOCUMENTS WILL BE FOUND
AT MORTGAGE FILE M- 2353

007JAH/084A01

TEXAS OFFSHORE LEASES

1. USA OCS-G 4558 All of Block A-7, Brazos Area OCS Leasing Map, Texas Map No.
2. USA OCS-G 2409 SW 1/4 of Block A-312, High Island Area, East Addition
3. USA OCS-G 3118 All of Block A-499, High Island Area, South Addition, OCS Leasing Map, Texas Map No. 7B
4. USA OCS-G 3306 Seaward of Three Marine League Arc of Block 624, Matagorda Island Area, OCS Leasing Map, Texas Map No. 4
5. USA OCS-G 3243 All of Block A-492, High Island Area, South Addition, OCS Leasing Map, Texas Map No. 7B
6. USA OCS-G 2353 All of Block A-442, High Island Area, South Addition, OCS Leasing Map, Texas Map No. 7B
7. US OCS-G 2366 All of Block A-474, High Island Area, South Addition, OCS Leasing Map, Texas Map No. 7B
8. USA OCS-G 2372 All of Block A-489, High Island Area, South Addition, OCS Leasing Map, Texas Map No. 7B
9. USA OCS-G 2388 All of Block A-563, High Island Area, South Addition, OCS Leasing Map, Texas Map No.
10. USA OCS-G 2389 All of Block A-564, High Island Area, South Addition, OCS Leasing Map, Texas Map No. 7B
11. US OCS-G 2398 All of Block A-273, High Island Area, East Addition, South Extension, OCS Leasing Map, Texas Map No. 7C

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57

12. USA OCS-G 2403 All of Block A-279, High Island Area, East Addition, South Extension, OCS Leasing Map, Texas Map No. 7C
13. OCS-G 2410 All of Block A-313, High Island Area, East Addition, South Extension, OCS Leasing Map, Texas Map No. 7C
14. US OCS-G 2412 All of Block A-317, High Island Area, East Addition, South Extension, OCS Leasing Map, Texas Map No. 7C
15. US OCS-G 2421 All of Block A-330, High Island Area, East Addition, South Extension, OCS Leasing Map, Texas Map No. 7C
16. USA OCS-G 2426 All of Block A-340, High Island Area, East Addition, South Extension, OCS Leasing Map, Texas Map No. 7C
17. USA OCS-G 2715 All of Block A-567, High Island Area, South Addition, OCS Leasing Map, Texas Map No. 7B
18. US OCS-G 2719 All of Block A-582, High Island Area, South Addition, OCS Leasing Map, Texas Map No. 7B
19. US OCS-G 2739 All of Block A-339, High Island Area, South Extension, OCS Leasing Map, Texas Map No. 7C
20. US OCS-G 2743 All of Block A-349, High Island Area, East Addition, South Extension, OCS Leasing Map, Texas Map No. 7C
21. USA OCS-G 2786 All of Block A-315, High Island Area, East Addition, South Extension, OCS Leasing Map, Texas Map No. 7C
22. USA OCS-G 4559 All of Block A-39, Brazos Area, OCS Leasing Map, Texas Map No. 5