



WALTER OIL & GAS CORPORATION

4437

June 25, 1989

RECEIVED

JUN 29 1989

Minerals Management Service
1201 Elmwood Park Boulevard
New Orleans, Louisiana 70123-2394

Minerals Management Service
Leasing & Environment

Attention: Mrs. La Neile Boehm
Adjudication Unit, LE-3-1

RE: Recording Request
Federal Lease CCS # 4137
Matagorda Island Area Block 557

Ladies and Gentlemen:

Enclosed for recording please find a copy of the following described document affecting the above referenced lease:

Assignment of Overriding Royalty Interest dated effective as of July 29, 1987 from Walter Oil & Gas Corporation and IXP Operating Company, as Assignors, to Robert D. Jolly, David A. Pustka and Robert A. Gardner, Jr., as Assignees.

We respectfully request that a microfilm record of this document be placed in the file affecting the subject lease. A check in the amount of \$25.00 is enclosed to cover the required fee.

Recognizing that these types of documents are no longer retained in your files, please return the recorded document to me. Thank you in advance for your assistance in this matter.

Yours very truly,

Ron A. Wilson

RAW:hcf

Enclosure

JUN 29 1989

Minerals Management Service
Leasing & EnvironmentASSIGNMENT OF OVERRIDING ROYALTY INTEREST

Block 557
 Matagorda Island Area
 Federal Offshore, Texas

WHEREAS, the United States of America, as Lessor, executed an Oil and Gas Lease of Submerged Lands (the "Lease"), bearing OCS-G No. 4137, dated effective as of October 1, 1973, by and between the United States of America, as Lessor, and Marathon Oil Company, The Louisiana Land and Exploration Company and Amerada Hess Corporation, as Lessee, covering that portion of Block 557, seaward of the Three Marine League Line, Matagorda Island Area, as shown on OCS Official Leasing Map, Texas Map No. 4, containing approximately 5,620 acres.

WHEREAS, by Assignment of Operating Rights in Oil and Gas Lease dated effective as of May 22, 1987, Marathon Oil Company, et al, assigned to Walter Oil & Gas Corporation and TXP Operating Company, in the proportions 57.50% and 42.50%, respectively, 100% of the operating rights in the Lease, INsofar AND ONLY INsofar as said operating rights cover the Federal portion of the Northwest quarter (NW/4) of Block 557, Matagorda Island Area, from the surface of the earth down to and including the stratigraphic equivalent of 10,100 feet T.V.D. as shown at a measured depth of 13,700 feet on the Dual Induction log for the Walter Oil & Gas Corporation OCS-G 4137, Well No. 3 (hereinafter sometimes referred to as the "NW/4 Assignment").

WHEREAS, by Assignment of Operating Rights in Oil and Gas Lease dated effective as of July 18, 1987, Marathon Oil Company, et al, assigned to Walter Oil & Gas Corporation and TXP Operating Company, in the proportions 57.50% and 42.50%, respectively, 100% of the operating rights in the Lease, INsofar AND ONLY INsofar as said operating rights cover the Northeast quarter (NE/4) of Block 557, Matagorda Island Area, from the stratigraphic equivalent of 10,200 feet T.V.D., as shown at a measured depth of 11,727 feet on the Dual Induction Focused Log Run #3, in Elf Aquitaine, Inc.'s Well No. A-4, Block 557, Matagorda Island Area, down to and including the stratigraphic equivalent of 9,865 feet T.V.D., as shown at a measured depth of 13,100 feet on the Dual Induction log for the Walter Oil & Gas Corporation OCS-G 4137, Well No. 4 STH (hereinafter sometimes referred to as the "NE/4 Assignment").

NOW, THEREFORE, Walter Oil & Gas Corporation, a Texas corporation whose address is 240 The Main Building, 1212 Main Street, Houston, Texas 77002, and TXP Operating Company, a Texas limited partnership whose address is P. O. Box 1396, 2900 Post Oak Boulevard, Houston, Texas 77251 (hereinafter sometimes referred to collectively as "Assignors"), for and in consideration of the mutual advantages accruing to the parties hereto, and for Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, do hereby TRANSFER, ASSIGN, SET OVER AND DELIVER unto the assignees hereinafter named, overriding royalty interests in and to all oil, gas, other hydrocarbons, and all other minerals produced, saved and sold from the lands covered by the above-described Assignments, as follows:

1. As to the Walter Oil & Gas Corporation (OCS-G 4137, Well No. 3 and OCS-G 4137, Well No. 4 STH, prior to payout of the said wells, respectively (payout as used herein for Well No. 3 shall be as defined in the NW/4 Assignment, and payout for Well No. 4 STH shall be as defined in the NE/4 Assignment):

2% of 6/6ths

2. As to the Walter Oil & Gas Corporation (OCS-G 4137, Well No. 3 and OCS-G 4137 Well No. 4 STH, after payout (as above defined) of each of the said wells, respectively; and as to all other lands and interests covered by the NW/4 Assignment and the NE/4 Assignment:

1% of 6/6ths

The overriding royalty interests above-described shall be borne 57.50% by Walter Oil & Gas Corporation and 42.50% by TXP Operating Company, and shall be owned by the following parties, in the proportions set forth next to their respective names (herein collectively called "Assignee", whether one or more) as follows:

Robert E. Jolly
201 Vanderpool, #122
Houston, Texas 77024

16.66667%

David A. Pustka
5916 Annapolis
Houston, Texas 77005

66.66666%

Robert A. Gardner, Jr.
6138 Sugar Hill Drive
Houston, Texas 77057

16.66667%

Such overriding royalties shall be free and clear of all costs of developing, operating and maintaining the Lease in force and effect.

TO HAVE AND TO HOLD said overriding royalty interests unto Assignee, his successors and assigns; and for the same consideration Assignors, severally, and not jointly or collectively, agree to warrant and defend title to said overriding royalty interests unto Assignee against all claims arising by, through and under each respective Assignor, but not otherwise. This Assignment is made subject to the terms and conditions of the Lease and the NW/4 Assignment and the NE/4 Assignment (and specifically any reassignment provisions contained in the foregoing documents), as well as the following terms and provisions, to-wit:

1.

Fuel oil and gas for operating the premises, and for treating and handling the products therefrom (and the proportionate part of fuel oil and gas consumed in a central plant, should the Lease be operated jointly with other premises through the use of such plant) shall be deducted before said overriding royalties are computed. All ad valorem, production and other taxes chargeable against the overriding royalty ownership or production shall be paid by Assignor. If the Lease covers an interest in the oil, gas and other minerals in and under the lands described therein less than the full and undivided mineral fee interest in said land, or if Assignors own less than the full and entire undivided leasehold estate under the Lease, then the overriding royalties payable to Assignee shall be proportionately reduced in accordance with the ratio that the mineral interest in said land covered by the Lease bears to the full and undivided mineral fee interest in such land and the ratio that the leasehold estate owned by Assignors bears to the entire undivided leasehold estate.

2.

The conveyance of the foregoing overriding royalties on oil, gas and other minerals shall never be deemed as imposing any obligation upon Assignors, or their respective heirs, successors or assigns, to conduct any drilling operations whatsoever upon the property above described, or to maintain any such operations after once begun, or production of oil or gas after once established, nor to protect said land from drainage nor to maintain

the Lease in effect by payment of delay rentals, drilling operations or otherwise, but all operations, if any, on said premises and the extent and duration thereof, as well as the preservation of the leasehold estates by rental payments or otherwise, shall be solely at the will of Assignors.

3.

Assignors shall have the right and power to combine, pool or unitize the acreage covered by the Lease, or any portion thereof, and the leasehold estate and overriding royalty ownership therein, including the overriding royalty conveyed hereby, with other land, lease or leases, mineral and/or royalty estates in the vicinity thereof when and as often as in Assignors' judgment it is necessary or advisable to do so in order to properly explore, develop and operate said premises to facilitate the orderly development of such interests or to comply with the requirements of any law or governmental order or regulation relating to the spacing of wells for proration of the production therefrom. For purposes of computing the overriding royalty interest conveyed here, there shall be allocated to the said overriding royalty included in such unit a pro rata portion of the oil, gas and other minerals produced from the pooled unit on the same basis that production from the pool or unit is allocated to the Lease. It is agreed that Assignee shall receive and will accept on production from a unit so pooled or unitized only such proportion of the overriding royalties hereinabove specified as is allocated to the lease as to which this overriding royalty applies. The interest in any such pool or unit attributable to the overriding royalty interest included therein shall be subjected to said overriding royalty interest in the same manner and with the same effect as if such pool or unit and the interest of Assignors therein were specifically described in this conveyance. It is understood and agreed that no formal pooling or declaration need be filed with respect to any such pool or unit but only that the Lease(s) be subjected to a pool, unit or other cooperative agreement for the development of a common reservoir.

4.

Should Assignors, or either of them, enter into a contract for the sale of gas from the Lease, and such sales agreement is with an unaffiliated third party, then the payments to Assignees pursuant to this Assignment shall be

made based upon the net price received by Assignors, or either of them, under said contract, after deducting any third party transportation costs or other costs or charges incurred in making the gas ready or available for market to the point of sale, provided such costs or charges are properly deductible from Lessors' royalty under the terms of the Lease or applicable regulations. In no event and under no circumstances shall Assignee ever have the right to take gas or gaseous hydrocarbons from the Lease in kind.

5.

In the event it is determined that the price for the sale of oil, gas or other hydrocarbons and upon which payments have been made hereunder, is in excess of that allowed by rule, order, statute, regulation or other governmental or regulatory determination, Assignee agrees that Assignors shall be allowed to recover, out of the overriding royalties payable hereunder, such amounts as may have been overpaid to Assignee hereunder; provided, however, that prior to commencing any such recoupment, Assignors shall provide Assignee with notice of their intent to institute such recoupment with the details, reasons and amounts relating thereto; and provided further that such recoupment may never be made out of more than fifty percent (50%) of the amount payable to Assignee during any month or other applicable accounting period. Such recoupment shall not prejudice the right of Assignee to institute, nor be a bar to Assignee's instituting, any action to contest or dispute the liability of Assignee for any alleged overpayment of overriding royalties hereunder.

6.

The provisions hereof shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, successors or assigns; however, no change or division in the ownership of said overriding royalty interest shall be binding on Assignors until thirty (30) days after Assignors shall have been furnished at their respective principal place of business with a certified copy or copies of the recorded instrument or instruments evidencing such change in ownership.

IN WITNESS WHEREOF, this instrument is executed and delivered this 17th day of April, 1989, but made effective for all purposes as of the 19th day of July, 1987.

WITNESSES:

[Signature]
[Signature]

WALTER OIL & GAS CORPORATION

By: J.C. Walter
J.C. Walter, III
Executive Vice President

WITNESSES:

[Signature]
[Signature]

TXP OPERATING COMPANY,
a Texas Limited Partnership
BY: TRANSCO EXPLORATION COMPANY,
its Managing General Partner

By: [Signature]
Name: Wade S. McAllister
Title: Senior Vice President-Land
WSS
WSS

ASSIGNMENT OF OVERRIDING ROYALTY INTEREST
BLOCK 557, MATAGORDA ISLAND AREA
FEDERAL OFFSHORE, TEXAS

STATE OF TEXAS {
COUNTY OF HARRIS }

On this 17th day of April, 1989, before me personally appeared J. C. Walter, III to me personally known, who being by me duly sworn, did say that he is the Executive Vice President of Walter Oil & Gas Corporation, a Texas corporation, and that the said instrument was signed on behalf of said corporation by authority of its Board of Directors, and said appearer acknowledged that he executed the same as the free act and deed of said corporation.

In witness whereof, I have hereunto set my official hand and seal on the date hereinabove written.

Helen Fowler
Notary Public in and for the
State of Texas

STATE OF TEXAS {
COUNTY OF HARRIS }

On this 26th day of April, 1989, before me personally appeared Wade S. McAlister to me personally known, who being by me duly sworn, did say that he is the Senior Vice President and of Transco Exploration Company, Managing General Partner of IXP Operating Company, a Texas limited partnership, and that the said instrument was signed on behalf of said corporation by authority of its Board of Directors, and said appearer acknowledged that he executed the same as the free act and deed of said corporation.

In witness whereof, I have hereunto set my official hand and seal on the date hereinabove written.



Susan Moates
Notary Public in and for the
State of Texas

ASSIGNMENT OF OVERRIDING ROYALTY INTEREST
BLOCK 557, MATAGORDA ISLAND AREA
FEDERAL OFFSHORE, TEXAS

SAMEDAN OIL CORPORATION
350 GLENBOROUGH, SUITE 240
HOUSTON, TEXAS 77067-3239
(713) 872-5391

October 4, 1989

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OCT 6 1989

**Minerals Management Service
Leasing & Environment**

Minerals Management Service
Gulf of Mexico Region
1201 Elmwood Park Blvd.
New Orleans, Louisiana 70123-2394

Attn: Ms. LaNelle Boehm
LE-3-1

ASSIGNMENT OF OVERRIDING ROYALTY INTEREST
BLOCK 557, MATAGORDA ISLAND
OCS-G 4137

Gentlemen:

Enclosed is one (1) fully executed copy of an Assignment of Overriding Royalty Interest from Louisiana Land and Exploration Company to Samedan Oil Corporation covering the captioned area.

We have enclosed a check in the amount of twenty-five dollars (\$25.00) for the required filing fee.

Please refer to New Orleans Miscellaneous File No. 185 for Samedan Oil Corporation and File No. 00083 for Louisiana Land and Exploration Company to review documents qualifying said parties to hold leases in the Outer Continental Shelf in the Gulf of Mexico.

We hereby request the enclosed Assignment to be filed in accordance with the MMS procedures for Assignments of Overriding Royalty Interest.

Very truly yours,

SAMEDAN OIL CORPORATION

Dan O. Dinges

Dan O. Dinges
Vice President:

*ad
9/15*

ASSIGNMENT OF OVERRIDING ROYALTY INTEREST, BILL OF SALE AND CONVEYANCE

This Assignment of Overriding Royalty Interest, Bill of Sale and Conveyance ("Assignment"), dated ~~October 18, 1989~~, is from THE LOUISIANA LAND AND EXPLORATION COMPANY, a Maryland corporation (herein called "Assignor"), whose address is 2950 North Loop West, Suite 1200, Houston, Texas 77092-8862, to SAMEDAN OIL CORPORATION, a Delaware corporation (herein called "Assignee"), whose address is 350 Glenborough, Suite 240, Houston, Texas 77067-3299.

WHEREAS, Assignor and Assignee are parties to that certain Purchase Agreement (said Purchase Agreement, together with all exhibits thereto, as amended by letter agreements dated June 21, 1989 and August 8, 1989, being referred to in this assignment as the "Purchase Agreement") dated June 20, 1989, and pursuant to the terms and conditions thereof, do hereby enter into and execute this Assignment (all capitalized terms appearing herein, unless otherwise expressly indicated, having the meaning ascribed in the Purchase Agreement);

NOW THEREFORE, for Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Assignor, Assignor hereby transfers, grants, bargains, sells, conveys and assigns (herein referred to as the "Transfer") to Assignee, the following described interests of Assignor (the "Assets"):

(A) All of Assignor's overriding royalty interest in and to the oil and gas lease described in and by Exhibit "A" attached hereto and made a part hereof (herein referred to as the "Lease") and all production therefrom or attributable thereto, together with all of Assignor's right, title and interest in and to the wells, personal property, fixtures, facilities, pipelines and equipment attributable to or used in connection with the production, treatment, processing, gathering, sale or disposal of hydrocarbons, water or other substances produced therefrom (the "Equipment").

(B) All of Assignor's rights under and by virtue of the Contracts (as described in paragraph 2(b) below).

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(C) All other rights and benefits relating to the Assets purchased by Assignee pursuant to the terms of the Purchase Agreement.

TO HAVE AND TO HOLD the Assets unto Assignee, its successors and assigns, forever. This Assignment is made and accepted on the following terms, conditions, limitations and reservations:

1. Effective Time. This Assignment is effective as of May 1, 1989 at 7:00 A.M., C.S.T. (the "Effective Time").

2. Warranty Exclusion. Assignor makes no warranty as to title, implied, express, or otherwise, with respect to the Assets, except that Assignor specially warrants that there are no transfers, conveyances, assignments, liens or encumbrances arising by, through or under Assignor. Assignee shall be deemed to have accepted all of the Equipment in its "as is, where is" condition, without any warranty, express, implied or otherwise, by Assignor as to its merchantability, fitness, condition or suitability for Assignee's purposes or otherwise.

(a) Inurement. This Assignment shall be binding on and inure to the benefit of Assignor and Assignee, their respective representatives, successors and assigns.

(b) Agreements. This Assignment is made subject to all terms and conditions of the Purchase Agreement, the Lease, all operating agreements applicable thereto and all other material agreements to which Assignor's interests in the Lease are subject, as described by Exhibit "C" to the Purchase Agreement, as amended, (collectively the "Contracts"), correct copy of which is also attached hereto.

(c) Governing Law. This Assignment and the legal relations between the parties hereto shall be governed by and construed in accordance with the laws of the State of Louisiana. In the event either party institutes judicial proceedings against the other to compel performance of any obligation hereunder, the party who prevails in such litigation (either by an order or judgment compelling or denying such performance, in whole or in part, or denying all claims for such performance) shall be entitled to recover reasonable attorneys' fees and costs from the other party.

In Witness Whereof, this instrument is executed on the dates indicated below, and upon execution by both parties shall be effective as of the Effective Time.

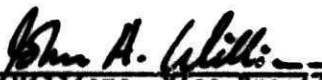
ATTEST:



W. K. Williams
Assistant Secretary

ASSIGNOR

THE LOUISIANA LAND AND
EXPLORATION COMPANY

By: 

John A. Williams, Vice President
Date: September 18, 1989


ATTEST:



Opelle Walraven
Secretary

ASSIGNEE

SAMEDAN OIL CORPORATION

By: 

Dan O. Dinges, Vice President
Date: September 19, 1989

STATE OF TEXAS

COUNTY OF HARRIS

The foregoing instrument was acknowledged before me this 18th day of September, 1989, by John A. Williams, Vice President of The Louisiana Land and Exploration Company, a Maryland corporation, on behalf of said corporation.

Rebecca Jones
Notary Public

Commission Expires:



STATE OF TEXAS

COUNTY OF HARRIS

The foregoing instrument was acknowledged before me this 17th day of September, 1989, by J.A. Dinges, Vice President of Samedan Oil Corporation, a Delaware corporation, on behalf of said corporation.

J. Michael Ables
Notary Public

My Commission Expires:

J. MICHAEL ABLES

NOTARY PUBLIC STATE OF TEXAS

COMMISSION EXPIRES 12-18-89

EXHIBIT "A" TO ASSIGNMENT DATED September 18, 1989
OFFSHORE TEXAS

U.S.A. LEASE SERIAL NUMBER	EFFECTIVE DATE	LESSOR	ORIGINAL LESSEE	LEASE DESCRIPTION	INTEREST ASSIGNED
OCS-G 4137 Matagorda Island Block 557 (Portion) (Continued)					<p>Overriding Royalty Interest, insofar as said lease covers the Northeast Quarter (NE/4) of Block 557 (1) from the surface down to the stratigraphic equivalent of 10,200 feet (T.V.D.) which is shown at a measured depth of 11,727 feet on the Dual Induction Focused Log Run #3, in Elf Aquitaine, Inc.'s Well No. A-4: The Louisiana Land and Exploration Company - 33.33% of 1/8th of 6/6ths and (2) from the depth described in item 1.) down to and including the stratigraphic equivalent of 9,865 feet T.V.D., as shown at a measured depth of 13,100 feet on the Dual Induction Log for the Walter Oil & Gas Corporation OCS-G 4137, Well No. 4 STH: The Louisiana Land and Exploration Company - BPO 33.33% of 1/12th of 6/6ths APO 33.33% of 1/8th of 6/6ths.</p>

(Continued on Page 2)

EXHIBIT "A" TO ASSIGNMENT DATED September 18, 1989
OFFSHORE TEXAS

U.S.A. LEASE SERIAL NUMBER	EFFECTIVE DATE	LESSOR	ORIGINAL LESSEE	LEASE DESCRIPTION	INTEREST ASSIGNED
OCS-G 4137 Matagorda Island Block 557 (Portion) (Continued)					Overriding Royalty Interest, insofar as said lease covers the Federal portion of the Northwest Quarter (NW/4) of Block 557 from the surface down to and including the stratigraphic equivalent of 10,100 feet T.V.D. as shown at a measured depth of 13,700 feet on the Dual Induction Log for the Walter Oil & Gas Corporation OCS-G 4137, Well No. 3: The Louisiana Land and Exploration Company - BPO 33.33% of 1/12th of 6/6ths APO 33.33% of 1/8th of 6/6ths

EXHIBIT "C"
TO THAT CERTAIN PURCHASE AND SALE AGREEMENT AMONG
THE LOUISIANA LAND AND EXPLORATION COMPANY, ET AL, AS SELLER,
AND SAMEDAN OIL CORPORATION, AS BUYER,
DATED JUNE 20, 1989, EFFECTIVE MAY 1, 1989

PROPERTY CODE/FIELD NAME	WELL NAME	OPERATOR	AGREEMENTS
0239010 East Cameron Blk 66	East Cameron Blk 66	LL&E	- None
0349010 Ship Shoal Blk 133 & 146	Ship Shoal Blk 133 & 146 OCS-G 4228 A-1, A-3 & 3	Phillips Oil Co.	- LA-321-A Letter Agreement Dtd 10/20/80 - LA-321-B, Operating Agreement 9/24/80 (eff. 1/1/80), and amended 12-1-84. Inexco Ratification 10/20/80 - LA-321-C, Farmout from Mobil & Sabine Production Co. to Newmont 12/4/80 - Block 146 - LA-321-E Separation & Dehydration Agreement 2/20/84, Inexco Tennessee Gas Pipeline. - LA-321-F Gas Purchase Contract, dated October 28, 1983, by and between Aminoil, Inc. and Texas Eastern Transmission Corporation ("Texas Eastern"), and adopted and ratified by Inexco Oil Company effective November 7, 1983 as to its interest and as subsequently amended by Texas Eastern and Inexco.

EXHIBIT "C"
TO THAT CERTAIN PURCHASE AND SALE AGREEMENT AMONG
THE LOUISIANA LAND AND EXPLORATION COMPANY, ET AL, AS SELLER,
AND SAMEDAN OIL CORPORATION, AS BUYER,
DATED JUNE 20, 1989, EFFECTIVE MAY 1, 1989

PROPERTY CODE/FIELD NAME	WELL NAME	OPERATOR	AGREEMENTS
0349020 Ship Shoal Blk 133 & 146	Ship Shoal Blk 133 & 146 OCS-G 3582-A-2 #3	Phillips Oil Co. -	<ul style="list-style-type: none"> - LA-321-A Letter Agreement Dtd 10/20/80 - LA-321-B, Operating Agreement 9/24/80 (eff. 1/1/80), and amended 12-1-84. Inexco Ratification 10/20/80 - LA-321-C, Farmout from Mobil & Sabine Production Co. to Newmont 12/4/80-Block 146 - LA-321-E, Separation & Dehydration Agreement 2/20/84, Inexco Tennessee Gas Pipeline. - LA-321-F Gas Purchase Contract, dated October 28, 1983, by and between Aminoil, Inc. and Texas Eastern Transmission Corporation ("Texas Eastern"), and adopted and ratified by Inexco Oil Company effective November 7, 1983 as to its interest and as subsequently amended by Texas Eastern and Inexco.
0349030 Ship Shoal Blk 133 & 146	Ship Shoal Blk 133 & 146 OCS-G 4228-#4	Phillips Oil Co. -	<ul style="list-style-type: none"> - LA-321-A Letter Agreement Dtd 10/20/80 - LA-321-B, Operating Agreement 9/24/80 (eff. 1/1/80), and amended 12-1-84. Inexco Ratification 10/20/80 - LA-321-C, Farmout from Mobil & Sabine Production Co. to Newmont 12/4/80-Block 146 - LA-321-E, Separation & Dehydration Agreement 2/20/84, Inexco Tennessee Gas Pipeline.

EXHIBIT "C"
TO THAT CERTAIN PURCHASE AND SALE AGREEMENT AMONG
THE LOUISIANA LAND AND EXPLORATION COMPANY, ET AL, AS SELLER,
AND SAMEDAN OIL CORPORATION, AS BUYER,
DATED JUNE 20, 1989, EFFECTIVE MAY 1, 1989

PROPERTY CODE/FIELD NAME	WELL NAME	OPERATOR	AGREEMENTS
0349030 Ship Shoal Blk 133 & 146 cont'd.			- LA-321-F Gas Purchase Contract, dated October 28, 1983, by and between Aminoil, Inc. and Texas Eastern Transmission Corporation ("Texas Eastern"), and adopted and ratified by Inexco Oil Company effective November 7, 1983 as to its interest and as subsequently amended by Texas Eastern and Inexco.
0555020 Matagorda Island	Matagorda Island Blk 557	Elf Aquitaine, et al	- #680 Farmout Agreement LL&E, Amerada Hess, Marathon/Texas Gulf/Nortex 8/1/82
0555030 Matagorda Island	Matagorda Island Blk 557	Walter Oil & Gas	- #1969 Farmout Agreement LL&E/Walter NW/4
0555040 Matagorda Island	Matagorda Island Blk 557	Walter Oil & Gas	- #3265 Farmout Agreement Marathon/Amerada Hess/LL&E/Walter NE/4 below 10,200' TVD in Elf Aquitaine #A-4 Well
0555050 Matagorda Island	Matagorda Island Blk 557	Marathon Oil Co.	- #997 Gulf of Mexico Offshore Operating Agreement 4/1/81
0903010 West Delta Blk 50	West Delta Blk 50 3&4	Torch Operating	- #3362 Farmout Agreement Hall Houston, et al - #754 Joint Operating Agreement 2/15/82

WALTER OIL & GAS CORPORATION

October 27, 1989

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United States Department of Interior
Minerals Management Service
Attention: Mrs. La Nelle Boehm
Adjudication Unit, LE-3-1
1201 Elmwood Park Boulevard
New Orleans, Louisiana 70123-2394

Minerals Management Service
Leasing & Environmental

RE: Recording Fees for
Disclaimer and Release and
Act of Disclaimer and Release
Citibank, N.A. Mortgaged Properties

Ladies and Gentlemen:

Enclosed is our check in the amount of \$300.00 to cover the recording fee for the above captioned documents regarding Walter Oil & Gas Corporation's mortgaged properties to be placed in each of the following Federal Offshore Lease files:

Act of Disclaimer and Release by Citibank, N.A. -- Louisiana Leases:

- | | | |
|----|-------------------------------------|------------|
| 1. | Eugene Island Area Block 33 | OCS-G 3560 |
| 2. | Eugene Island Area Block 32 | OCS-G 0196 |
| 3. | Eugene Island Area Blocks 18 and 19 | OCS-G 9571 |
| 4. | Eugene Island Area Block 90 | OCS-G 4824 |
| 5. | Main Pass Area Block 301 | OCS-G 4486 |

Disclaimer and Release by Citibank, N.A. -- Texas Leases:

- | | | |
|----|--------------------------------------|------------|
| 1. | Galveston Area Block 350 | OCS-G 4721 |
| 2. | Galveston Area Block 351 | OCS-G 9047 |
| 3. | Galveston Area Block 383 | OCS-G 8132 |
| 4. | Galveston Area Block 389 | OCS-G 4259 |
| 5. | Matagorda Island Area Block 557 | OCS-G 4137 |
| 6. | Matagorda Island Area Blocks 565/558 | OCS-G 4138 |
| 7. | Matagorda Island Area Block 699 | OCS-G 6055 |

Per your request, we have indicated the Federal Lease number along with area and block at the top of each copy of the above documents. Thank you for your assistance in recording the enclosed documents.

Sincerely,


Ron A. Wilson

RAM:hf

Enclosures

DISCLAIMER AND RELEASE

This Disclaimer and Release is executed by CITIBANK, N.A. ("*Citibank*") as Beneficiary under the Security Document described below.

Pursuant to the terms and conditions of that certain Deed of Trust, Security Agreement, Assignment of Security Interests and Liens, Assignment of Production and Financing Statement, described in Exhibit "A" attached hereto and incorporated herein for all purposes (hereinafter referred to as the "*Security Document*"), WALTER OIL & GAS CORPORATION ("*Walter*") granted and conveyed to Citibank, a lien and security interest in and to the Properties ("*Properties*") more particularly described on Exhibit "A" thereto.

The Security Document provides in the Preamble to the Exhibit of Properties, that the Security Document does not cover any interest of third parties arising under the agreements and under instruments listed on a certain "*Contract List*" set forth in said Exhibit of Properties. At the time the Security Document was executed, Walter held record title to certain interests more specifically described in Exhibit "1" hereto (the "*Quitclaimed Interests*") in the Properties for the benefit of those parties named (the "*Third Parties*") under the heading "*Quitclaimed Interests*" on said Exhibit "1".

Citibank desires to clarify that the Third Parties and the Quitclaimed Interests are free and clear of any encumbrance created by the Security Document.

In consideration of Ten and NO/100 Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in confirmation of the terms and conditions of the Security Document, Citibank does hereby disclaim any interest in the Quitclaimed Interests and in order to confirm such matter of record does hereby RELEASE and QUITCLAIM unto the Third Parties any interest of Citibank created by the Security Document, if any, in or to the Quitclaimed Interests.

This Disclaimer and Release is executed by Citibank in affirmation only of the terms and conditions of the Security Document, and shall affect only the interests, if any, of Citibank in the Quitclaimed Interests, and shall not affect any interests of Citibank in and to any other Properties described in, or covered by, the Security Document.

RECEIVED

OCT 30 1989

Minerals Management Service
Leasing & Environment

Specifically, this Disclaimer and Release shall not release or affect any of the interests described in Exhibit 1 as the Mortgaged Interest. Citibank has previously executed a similar Disclaimer and Release affecting the Quitclaimed Interests shown in Exhibit 1 as owned by Rowan Petroleum, Inc., and/or General Atlantic Resources, Inc., and as to the interests released thereby, this instrument is executed in reaffirmation only, and not in addition thereto. Nothing herein shall amend or modify any representation, warranty, term or condition of the Security Document.

IN WITNESS WHEREOF, Citibank has executed this instrument this 25 day of OCTOBER, 1989.

CITIBANK, N.A.

By [Signature]
Name JAMES P. LYDON
Title Vice President

COUNTY OF NEW YORK
(TEXAS) STATE OF NEW YORK

Before me on this day personally appeared JAMES P. LYDON, VICE PRES. of Citibank, N.A., a national banking association, known to me to be the person whose name is subscribed on the foregoing instrument and acknowledges to me that he executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the representative of said association.

IN WITNESS WHEREOF, I have hereunto set my hand and official notarial seal, together with the said witnesses on the day and date first above written.

[Signature]
Notary Public

My Commission Expires:

3-6-91

Printed Name of Notary:

MARY TAYLOR

wa1913qnoticlsim.001

MARY TAYLOR
Notary Public, State of New York
No. 41-4947968
Qualified in Queens County
Certificate filed in New York County
Commission Expires March 6, 1991

EXHIBIT "A"

Security Document:

Deed of Trust, Security Agreement, Assignment of Security Interests and Liens, Assignment of Production and Financing Statement dated December 12, 1988, covering the properties described on Exhibit "A" thereto, and which is on file with the MMS and recorded in the following counties as set forth below:

- | | |
|-----------------------------------|--|
| (i) Aransas County | Under Clerk's File No. 164703, and Image No. 95509 in the Real Property Records |
| (ii) Brazoria County | Under Clerk's File No. 38567, and Vol. 88622, Pg. 788 in the 1988 Official Records |
| (iii) Calhoun County | Under Clerk's File No. 13658, and Vol. 25, Pg. 923 in the Official Records |
| (iv) Galveston County | Under Clerk's File No. 8843565, and Film No. 006-20-1935 in the Official Public Records of Real Property |
| (v) Chambers County | Under Clerk's File No. 88-65289 in the Official Public Records |
| (vi) Matagorda County | Under Clerk's File No. 7851, and Vol. 207, Pg. 199 in the Official Public Records |
| (vii) Minerals Management Service | Recorded December 16, 1988 |

EXHIBIT "1"

PREAMBLE

This Exhibit "1" sets forth the description of the Third Parties and Quitclaimed Interests covered by the Disclaimer (the "*Disclaimer*") to which this Exhibit "1" is attached. Capitalized terms used in this Preamble and not otherwise defined herein shall have the meanings ascribed thereto in the Disclaimer.

1. This Exhibit "1" consists of descriptions of the oil, gas and mineral leases and other interests covering lands located within the States of Texas and Louisiana or Federal lands located on the Outer Continental Shelf and offshore of the States of Texas and Louisiana. The heading for each lease or group of leases includes the internal prospect name for Walter Oil & Gas Corporation ("*Walter*"). The parties listed under the heading "*Quitclaimed Interests*" are the "*Third Parties*" as defined in the Disclaimer and the interests set forth next to the name of each Third Party under the heading "*Working Interests*" are the "*Quitclaimed Interests*".

2. This Exhibit "1" includes one or more pages with the following subheadings:

Lease:

The description of the lease or leases in which Walter and the respective Third Parties own an interest covered by this exhibit. Where applicable, the original lessor and lessee, Federal lease number, the date of the lease, the lands covered by the lease and other descriptive information relating to the lease is set forth.

Limitations:

The information next to this subheading describes the areas under each lease in which Walter and/or the Third Parties own interests, as indicated. If "*none*" appears, there are no limitations on the interests in the areas or depths under the lease.

Ownership Interests:

Exhibit "1" includes the leasehold interest or "*Working Interest*" for each of Walter, the Third Parties and other persons, as indicated for areas covered by a lease. The prospect identified in the heading is located in the county of the State of Texas or parish of the State of

Louisiana referred to in the description or on Federal lands located on the Outer Continental Shelf and offshore of the States of Texas and Louisiana. Under the heading "*Ownership Interests*", the respective designations have the following meanings:

1. "Quitclaimed Interest". The interests legally or beneficially held by the Third Parties which are disclaimed and released hereby, where record title may be or have been held by Walter on behalf of the Third Parties.
2. "Mortgaged Interest". Interests which have been and continue to be owned by Walter and which are covered by all of the terms, provisions and conditions of the Security Document referred to in the Disclaimer; provided that nothing under this heading shall alter or amend the specific interests represented as being owned in wells or units as described in Exhibit "A" to the Security Document.
3. "Other Interests". Interests owned by other parties where title was not held by Walter on behalf of such third party. These are shown for informational purposes only.
4. "---". The ownership interests of Walter and Walter Development Corporation ("*WDC*"), as estimated in good faith and agreed upon Chase Investors Management Corporation pursuant to a Master Purchase Agreement dated as of January 1, 1987, among Walter, WDC and Chase Investors Management Corporation, et al., and the Development Agreement dated as of January 1, 1987, between Walter and WDC. The actual ownership interests have not been finally determined but shall be determined pursuant to the provisions of the said Agreements.

The Working Interests are computed and set out herein after taking into account all of the terms, provisions and conditions of the agreements and other instruments which were listed on the "Contract List" in Exhibit "A" to the original Security Document to which the Disclaimer refers.

The stated Working Interests may decrease or increase as a result of a reversionary interest, or as a result of an operation wherein a party has paid costs attributable to the interest of a non-consenting party or a consenting party has paid costs attributable to the interest of a party as a non-consenting party, and where the consenting party is entitled to recover a percentage of its cost, or other circumstance which triggers an increase or decrease in such interest or pursuant to that certain Walter Oil & Gas Offshore Development Joint Venture Agreement dated June 15, 1984, between Walter Oil & Gas Corporation and various "Walter Participants" identified therein, on the one hand, and Walter/NM Limited Partnership, on the other hand.

GALVESTON STATE LEASE 175-S PROSPECT

Lease: The State of Texas Oil and Gas Lease No. 90571 dated October 2, 1984, by and between Garry Mauro, Commissioner of the General Land Office of The State of Texas, Lessor, and Zapata Exploration Company, Pend Oreille Oil & Gas Company and TXP Operating Company, Lessees, covering Tract 175-S, Gulf of Mexico, Galveston County, Texas, containing 640 acres, as shown on the official map of the Gulf of Mexico on file in the General Land Office in Austin, Texas.

Limitations: None

Ownership Interests:

<u>Party</u>	<u>Working Interest</u>
<u>Mortgaged Interest:</u>	
Walter Oil & Gas Corporation	15.75521%
<u>Quitclaimed Interests:</u>	
Rowan Petroleum, Inc./General Atlantic Resources, Inc.	15.46875%
IP Petroleum Company, Inc.	7.90625%
Lignun Oil Company/Cairn Energy USA, Inc.	2.06250%
J. C. Walter, III	1.37500%
Gordon Talk	0.34375%
Jack J. Horton, Jr.	0.85938%
J. E. Bishop, Inc.	2.06250%
<u>Other Interests:</u>	
Other Third Parties	<u>54.16666%</u>
	<u>100.00000%</u>

GALVESTON BLOCK 350 PROSECT

Lease: Oil and Gas Lease of Submerged Lands dated September 1, 1981, by and between the United States of America, as Lessor, and Transco Exploration Company, et al, as Lessee, bearing Serial No. OCS-G 4721 covering all of Block 350, Galveston Area, as shown on OCS Official Leasing Map, Texas Map No. 6.

- Limitations:**
- (a) Operating rights covering depths from the surface of the earth down to and including one hundred feet (100') below the stratigraphic equivalent of the base of the Tex W-2 sand, which sand is identified at a measured depth of 7,656 feet on the ISF log for the TXP Operating Company OCS-G 4721, Well No. 1 located at surface location of 4,704 feet from the south line and 3,440 feet from the west line of Block 350, Galveston Area, Offshore, Texas.
 - (b) Record title in and to all lands and depths covered by the Lease.

Ownership Interests:

<u>Party</u>	<u>Working Interests</u>	
	<u>Operating Rights described in Limitation (a) above</u>	<u>Record Title described in Limitation (b) above</u>
<u>Mortgaged Interest:</u>		
*Walter Oil & Gas Corporation	13.98536%	9.68316%
<u>Quitclaimed Interests:</u>		
Zilkha Energy Company	26.66666%	19.73333%
IP Petroleum Company, Inc.	26.66666%	19.73333%
Lignum Oil Company/Cairn Energy USA, Inc.	11.18881%	8.27972%
*Walter Development Corporation	22.39251%	16.57046%
<u>Other Interests:</u>		
Other Third Parties	-	26.00000%
	<u>100.00000%</u>	<u>100.00000%</u>

GALVESTON BLOCK 351 PROSPECT

Lease: Oil and Gas Lease of Submerged Lands dated effective as of October 1, 1987, by and between the United States of America, as Lessor, and Walter Oil & Gas Corporation, as Lessee, bearing Serial No. OCS-G 9047, covering all of Block 351, Galveston Area, as shown on OCS Official Leasing Map, Texas Map No. 6.

Limitations: None

Ownership Interests:

<u>Party</u>	<u>Working Interest</u>
<u>Mortgaged Interest:</u>	
*Walter Oil & Gas Corporation	18.66579%
<u>Quitclaimed</u>	
Zilkha Energy Corp	26.66666%
IP Petroleum Company, Inc.	26.66666%
Lignum Oil Company/Cairn Energy USA, Inc.	11.18881%
*Walter Development Corporation	<u>16.81208%</u>
	<u>100.00000%</u>

GALVESTON BLOCK 385 PROSPECT

Lease: Oil and Gas Lease of Submerged Lands dated November 1, 1985, executed on behalf of the United States of America, as Lessor, in favor of Texas Gas Exploration Corporation, et al, as Lessee, bearing Serial No. OCS-G 8132, covering all of Block 385, Galveston Area, as shown on OCS Official Leasing Map No. 6.

Limitations: Operating rights covering depths from the surface of the earth down to the stratigraphic equivalent of 7,369 feet true vertical depth in the Walter Oil & Gas Corporation OCS-G 8132, Well No. 2, located on Galveston Block 385.

Ownership Interests:

<u>Party</u>	<u>Working Interest</u>
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Mortgaged Interest:

*Walter Oil & Gas Corporation	18.00994%
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Quit-claimed Interests:

Zilkha Energy Company	4.00000%
IP Petroleum Company, Inc.	24.00000%
Lignum. Oil Company/Cairn Energy USA, Inc.	10.06993%
Sequoia Associates, Ltd.	10.00000%
*Walter Development Corporation	<u>13.92013%</u>

100.00000%

GALVESTON BLOCK 389 PROSPECT

Lease: Oil and Gas Lease of Submerged Lands dated effective as of December 1, 1979, by and between the United States of America, as Lessor, and Mesa Petroleum Co., as Lessee, bearing Serial No. OCS-G 4259, covering all of Block 389, Galveston Area, as shown on OCS Leasing Map, Texas Map No. 6.

Limitations: 72.22222% of the following described interest in this Lease covers record title interest, as to all depths; and 27.77777% of such interest is limited to operating rights covering depths from the surface of the earth down to a depth 100 feet below the stratigraphic equivalent of a true vertical depth of 7,700 feet as seen in the Walter Oil & Gas Corporation OCS-G 4259, Well No. 1, located on Galveston Block 389.

Ownership Interests:

- (a) The West one-half (W/2) of the Lease, covering depths from 5,600 feet subsea down to a depth of 100 feet below the stratigraphic equivalent of a true vertical depth of 7,700 feet in the Walter Oil & Gas Corporation OCS-G 4259, Well No. 1, located on Galveston Block 389.

<u>Party</u>	<u>Working Interest</u>
<u>Mortgaged Interest:</u>	
Walter Oil & Gas Corporation	5.19620%
<u>Quitclaimed Interests:</u>	
Rowan Petroleum, Inc./General Atlantic Resources, Inc.	4.22946%
IP Petroleum Company, Inc.	2.88510%
San Tome Venture Corporation	1.26884%
Harold H. Hammer	1.26884%
William Cecil DeArman	1.05736%
J. F. Howell Investments, Inc.	0.52868%
Kidde Credit Corporation	0.48337%
Max Kaplan	0.48337%
Walter Oil & Minerals Corporation	1.93346%
Walter/NM Limited Partnership	70.66532%
<u>Other Interests:</u>	
Other Third Parties	10.00000%
	<u>100.00000%</u>

- (b) The West one-half (W/2) of the Lease, covering depths from the surface of the earth down to a depth of 5,600 feet subsea, and solely as to that portion of the interest in which record title is held, the West one-half (W/2) of the Lease covering all depths.

<u>Party</u>	<u>Working Interest</u>
Mortgaged Interest:	
Walter Oil & Gas Corporation	20.83609%
Quitclaimed Interests:	
Rowan Petroleum, Inc./General Atlantic Resources, Inc.	16.95961%
IP Petroleum Company, Inc.	11.56888%
San Tome Venture Corporation	5.08788%
Harold H. Hammer	5.08788%
William Cecil DeArman	4.23990%
J. F. Howell Investments, Inc.	2.11996%
Kidde Credit Corporation	1.93824%
Max Kaplan	1.93824%
Walter Oil & Minerals Corporation	7.75297%
Walt /NM Limited Partnership	12.47035%
Other Interests:	
Other Third Parties	10.00000%
	<u>100.00000%</u>

- (c) The East one-half (E/2) of the Lease covering depths from the surface of the earth down to a depth of 100 feet below the stratigraphic equivalent of a true vertical depth of 7,700 feet in the Walter Oil & Gas Corporation OCS-G 4259, Well No. 1 located on the Lease, and solely as to that portion of the interests in which record title is held, the East one-half (E/2) of the Lease covering all depths.

<u>Party</u>	<u>Working Interest</u>
Mortgaged Interest:	
Walter Oil & Gas Corporation	24.18750%
Quitclaimed Interests:	
Rowan Petroleum, Inc./General Atlantic Resources, Inc.	19.68750%
IP Petroleum Company, Inc.	13.42968%
San Tome Venture Corporation	5.90625%
Harold H. Hammer	5.90625%
William Cecil DeArman	4.92188%
J. F. Howell Investments, Inc.	2.46094%
Kidde Credit Corporation	2.25000%
Max Kaplan	2.25000%
Walter Oil & Minerals Corporation	9.00000%
Other Interests:	
Other Third Parties	10.00000%
	<u>100.00000%</u>

MATAGORDA BLOCK 525-L PROSPECT

Lease: Oil and Gas Lease bearing No. M-92454 dated April 7, 1987, from the State of Texas, as Lessor, to Walter Oil & Gas Corporation, as Lessee, covering Tract 525-L, SE/4, Gulf of Mexico, Matagorda County, Texas, containing 1440 acres, as shown on the official map of the Gulf of Mexico then on file in the General Land Office, Austin, Texas, and recorded in Volume 154, Pages 288-294 of the Official Records of Matagorda County, Texas.

Limitations: None

Ownership Interests:

<u>Party</u>	<u>Working Interest</u>
<u>Mortgaged Interest:</u>	
*Walter Oil & Gas Corporation	27.42954%
<u>Quitclaimed Interests:</u>	
Zilkha Energy Company	30.26763%
IP Petroleum Company, Inc.	19.46472%
Lignum Oil Company/Cairn Energy USA, Inc.	11.18881%
J. C. Walter, Jr.	1.20000%
J. C. Walter, III	1.20000%
J. E. Bishop, Inc.	1.20000%
*Walter Development Corporation	8.04930%
	<u>100.00000%</u>

MATAGORDA ISLAND BLOCK 557 PROSPECT

Lease: Oil and Gas Lease No. OCS-G 4137, from the United States of America, as Lessor, to Marathon Oil Company, Amerada Hess Corporation and The Louisiana Land and Exploration Company, as Lessees, dated effective as of October 1, 1979, covering that portion of Block 557 seaward of the Three Marine League Line, Matagorda Island Area, as shown on OCS Official Leasing Map, Texas Map No. 4, containing 5,620 acres.

Limitations:

- (a) As to the Northwest Quarter (NW/4) of the Lease; operating rights from the surface of the earth down to and including the stratigraphic equivalent of 10,100 feet T.V.D., as shown at a measured depth of 13,700 feet on the Dual Induction log for the Walter Oil & Gas Corporation OCS-G 4137, Well No. 3.
- (b) As to the Northeast Quarter (NE/4) of the Lease; operating rights from the surface of the earth down to and including the stratigraphic equivalent of 10,200 feet T.V.D., as shown at a measured depth of 11,727 feet on the Dual Induction Focused Log Run #3, in Elf Aquitaine, Inc.'s Well No. A-4, located on Block 557, Matagorda Island Area, down to and including the stratigraphic equivalent of 9,865 feet T.V.D., as shown at a measured depth of 13,100 feet on the Dual Induction log for the Walter Oil & Gas Corporation OCS-G 4137, Well No. 4, STH No. 3.

Ownership Interests:

(a) The Northwest Quarter of Block 557:

- (1) Depths from 8,000 feet subsea down to and including the stratigraphic equivalent of 10,100 feet T.V.D., as shown at a measured depth of 13,700 feet on the Dual Induction log for the Walter Oil & Gas Corporation OCS-G 4137, Well No. 3, in the following areas covered by the Lease:

NE/4 NW/4,
NW/4 NW/4,
SW/4 NW/4, and
N/2 SE/4 NW/4

Party	Working Interest
<u>Mortgaged Interest:</u>	
Walter Oil & Gas Corporation	16.16253%
<u>Quitclaimed Interests:</u>	
Rowan Petroleum, Inc./General Atlantic Resources, Inc.	27.06285%
Walter/NM Limited Partnership	14.27462%
<u>Other Interests:</u>	
Other Third Parties	<u>42.50000%</u>
	<u>100.00000%</u>

- (2) Depths from the surface down to the stratigraphic equivalent of 10,100 feet T.V.D., as shown at a measured depth of 13,700 feet on the Dual Induction Log for the Walter Oil & Gas Corporation OCS-G 4137, Well No. 3, covering the S/2 SE/4 NW/4 of the Lease; and

depths from the surface of the earth down to 8,000 feet subsea, in the following areas covered by the Lease:

NE/4 NW/4,
NW/4 NW/4,
SW/4 NW/4, and
N/2 SE/4 NW/4

Party	Working Interest
<u>Mortgaged Interest:</u>	
Walter Oil & Gas Corporation	20.61042%
<u>Quitclaimed Interests:</u>	
Rowan Petroleum, Inc./General Atlantic Resources, Inc.	34.51048%
Walter/NM Limited Partnership	2.37910%
<u>Other Interests:</u>	
Other Third Parties	<u>42.50000%</u>
	<u>100.00000%</u>

(b) The Northeast Quarter of Block 557:

<u>Party</u>	<u>Working Interest</u>	
	<u>NW/4 NE/4</u>	<u>NE/4 NE/4 and S/2 NE/4</u>
<u>Mortgaged Interest:</u>		
Walter Oil & Gas Corporation	16.16253%	20.61042%
<u>Quitclaimed Interests:</u>		
Rowan Petroleum, Inc./General Atlantic Resources, Inc.	27.06285%	34.51048%
Walter/NM Limited Partnership	14.27462%	2.37910%
<u>Other Interests:</u>		
Other Third Parties	<u>42.50000%</u>	<u>42.50000%</u>
	<u>100.00000%</u>	<u>100.00000%</u>

MATAGORDA ISLAND BLOCKS 565/558 PROSPECT

Lease: Oil and Gas Lease of Submerged Lands bearing Serial No. OCS-G 4138, by and between the United States of America, as Lessor, and Marathon Oil Company, Amerada Hess Corporation and The Louisiana Land and Exploration Company, as Lessee, dated effective as of October 1, 1979, covering that portion of Blocks 558 and 565 seaward of the Three Marine League Line, Matagorda Island Area, as shown on OCS Official Leasing Map, Texas Map No. 4.

Limitations: Depths from the surface of the earth down to a true vertical depth of 8,500 feet.

Ownership Interests:

(a) Depths from 7,100 feet subsea down to a true vertical depth of 8,500 feet covering the following described areas:

Block 558: NW/4 SE/4 SE/4
S/2 SE/4 SE/4
E/2 SW/4 SE/4
SW/4 NE/4 SE/4
SE/4 NW/4 SE/4; and

Block 565: NE/4 NE/4
E/2 NW/4 NE/4
N/2 SE/4 NE/4

<u>Party</u>	<u>Working Interest</u>
<u>Mortgaged Interest:</u>	
Walter Oil & Gas Corporation	30.41971%
<u>Quitclaimed Interests:</u>	
Rowan Petroleum, Inc./General Atlantic Resources, Inc.	14.34667%
IP Petroleum Company, Inc.	12.30967%
San Tome Venture Corporation	1.02324%
Harold H. Hammer	1.02324%
William Cecil DeArman	3.38667%
J. F. Howell, M.D.	2.09594%
Max Kaplan	0.38980%
Kidde Credit Corporation	0.38981%
Walter/NM Limited Partnership	34.41525%
	<u>100.00000%</u>

(b) Depths from the surface down to 7,100 feet subsea covering the following described areas:

Block 558: NW/4 SE/4 SE/4
S/2 SE/4 SE/4
E/2 SW/4 SE/4
SW/4 NE/4 SE/4
SE/4 NW/4 SE/4; and

Block 565: NE/4 NE/4
E/2 NW/4 NE/4
N/2 SE/4 NE/4; and

depths from the surface down to a true vertical depth of 8,500 feet covering the following described areas:

Block 558: SW/4 SE/4 NE/4
E/2 SE/4 NE/4
E/2 NE/4 SE/4
NW/4 NE/4 SE/4
NE/4 SE/4 SE/4
SW/4 SW/4 SE/4; and

Block 565: W/2 NW/4 NE/4
SW/4 NE/4
NW/4
S/2 SE/4 NE/4

<u>Party</u>	<u>Working Interest</u>
<u>Mortgaged Interest:</u>	
Walter Oil & Gas Corporation	40.87081%
<u>Quitclaimed Interests:</u>	
Rowan Petroleum, Inc./General Atlantic Resources, Inc.	20.54648%
IP Petroleum Company, Inc.	16.53882%
San Tome Venture Corporation	2.88318%
Harold H. Hammer	2.88318%
William Cecil DeArman	5.13662%
J. F. Howell, M.D.	2.87092%
Max Kaplan	1.09835%
Kidde Credit Corporation	1.09836%
Walter/NM Limited Partnership	6.07328%
	<u>100.00000%</u>

- (c) Depths from the surface down to a true vertical depth of 8,500 feet covering the south one-half (S/2) of Block 565.

<u>Party</u>	<u>Working Interest</u>
<u>Mortgaged Interest:</u>	
Walter Oil & Gas Corporation	43.11034%
<u>Quitclaimed Interests:</u>	
Rowan Petroleum, Inc./General Atlantic Resources, Inc.	21.87500%
IP Petroleum Company, Inc.	17.44507%
San Tome Venture Corporation	3.28174%
Harold H. Hammer	3.28174%
William Cecil DeArman	5.46875%
J. F. Howell, M.D.	3.03698%
Max Kaplan	1.25019%
Kidde Credit Corporation	1.25019%
	<u>100.00000%</u>

- (d) Notwithstanding the working interest percentages described above; the Walter Oil & Gas Corporation OCS-G 4138, Well No. 11 located on Block 565:

<u>Party</u>	<u>Working Interest</u>
<u>Mortgaged Interest:</u>	
*Walter Oil & Gas Corporation	8.18625%
<u>Quitclaimed Interests:</u>	
IP Petroleum Company, Inc.	16.53682%
William Cecil DeArman	5.13662%
J. F. Howell, M.D.	2.87092%
Walter/NM Limited Partnership	23.57328%
J. C. Walter, III	1.00000%
J. C. Walter, Jr.	1.00000%
Carole Walter Looke	1.00000%
*Walter Development Corporation	40.69411%
	<u>100.00000%</u>

MATAGORDA ISLAND BLOCK 699 PROSPECT

Lease: Oil and Gas Lease of Submerged Lands dated October 1, 1983, by and between the United States of America, as Lessor, and Champlin Petroleum Company, Pioneer Production Company, Energy Development Corporation, and Williams Exploration Company, as Lessees, bearing Serial No. OCS-G 6055, covering all of Block 699, Matagorda Island Area, OCS Leasing Map, Texas Map No. 4, containing approximately 5,670 acres.

Limitations: Operating rights from the surface of the earth down to the stratigraphic equivalent of 9,800 feet true vertical depth, as found in the OCS-G 6055, Well No. 2, located on Matagorda Island Block 699.

Ownership Interests:

<u>Party</u>	<u>Working Interest</u>
<u>Mortgaged Interest:</u>	
*Walter Oil & Gas Corporation	14.61538%
<u>Quitclaimed Interests:</u>	
Zilkha Energy Company	26.66666%
IP Petroleum Company, Inc.	20.98361%
Lignum Oil Company/Cairn Energy USA, Inc.	11.18881%
J. C. Walter, Jr.	2.20000%
J. C. Walter, III	2.20000%
Carole Walter Looke	1.28305%
*Walter Development Corporation	20.86249%
	<u>100.00000%</u>