

OCS-G 11914

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New Orleans, Louisiana

October 20, 1992

CULLEN R LISKOW (1803-1971)  
AUSTIN W LEWIS (1910-1974)

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THOMAS D HARDEMAN  
JOHN M KING  
EDWARD J GAY III  
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JOHN M WILSON  
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ROBERT E HOLDEN  
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BILLY J DOMINGUE  
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JONATHAN A HUNTER  
DANIEL E LAGRONE  
THOMAS P DIAZ  
JOHN P GUILLORY  
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INGER M SJOSTROM  
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KAREN KALER WHITFIELD  
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CHRISTOPHER G HAYES  
MATT JONES  
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OF COUNSEL  
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ROBERT T JORDEN  
CHARLES C GREMILLION

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

Re: Louis Dreyfus Reserves Corp.  
OCS Leases:

- OCS-G 1604
- OCS-G 9399
- OCS-G 10586
- OCS-G 10662
- OCS-G 10714
- OCS-G 10770
- OCS-G 10772
- OCS-G 10842
- OCS-G 10875
- OCS-G 10876
- OCS-G 11789
- OCS-G 11799
- OCS-G 11835
- OCS-G 11841
- OCS-G 11846
- ✓ OCS-G 11914
- OCS-G 12949

**RECEIVED**  
OCT 20 1992

MINERALS MANAGEMENT SERVICE  
LEASING & ENVIRONMENT

Gentlemen:

Louis Dreyfus Reserves Corp. ("Reserves Corp."); and  
Bogert Oil Company ("Bogert") have executed the following security  
instruments:

October 20, 1992

PAGE 2

1. Act of Collateral Mortgage and Pledge (Louisiana) dated October 16, 1992;
2. Amended and Restated Security Agreement, Assignment of Production and Financing Statement dated October 16, 1962;
3. UCC-1 Financing Statement executed by Bogert; and
4. UCC-1 Financing Statement executed by Reserves Corp.

The security instruments affect, among other things, the interest of Reserves Corp. in the OCS Leases listed above. The security instruments are executed in favor of Banque Paribas (New York Branch) as Agent for certain banks and financial institutions.

For your information, the address of Banque Paribas (New York Branch) is:

The Equitable Tower  
787 Seventh Avenue  
32rd Floor  
New York, New York 10016  
Attn: Charlie Thompson

In order that third parties may be placed on notice as to the execution and efficacy of these instruments, please file an executed counterpart of each, together with a copy of this letter, in the OCS Lease files listed above. For your convenience, we have indicated on the cover sheet the lease file in which the related packet should be filed for record.

We enclose our check for \$1,700.00 in payment of the filing fees.

By your signature in the space provided below, please indicate your receipt of these documents for filing as set forth in this letter.

Very truly yours,

LISKOW & LEWIS  
A Professional Law Corporation.

BY: Marilyn C. Maloney  
Marilyn C. Maloney

October 20, 1992

Documents Received for  
Filing as Set Forth Above.

United States Department  
of the Interior  
Minerals Management Service  
Gulf of Mexico  
OCS Region this 20th day of  
October, 1992 3:00 o'clock.

BY: Richard J. Bachman

MCM/mls  
Enclosures  
190984mcm

STATE OF NEW YORK  
COUNTY OF NEW YORK

§  
§  
§

ACT OF COLLATERAL MORTGAGE  
AND PLEDGE  
(LOUISIANA)

RECEIVED  
OCT 20 1992

MINERALS MANAGEMENT SERVICE  
LEASING & ENVIRONMENT

BE IT KNOWN, that on this 16th day of October, 1992, before me, the undersigned Notary Public, duly commissioned, qualified and sworn within and for the County of New York, State of New York, and in the presence of the two undersigned competent witnesses, personally came and appeared:

LOUIS DREYFUS RESERVES CORP., a Delaware corporation ("LDRC"), whose address is 14000 Quail Springs Parkway, Suite 600, Oklahoma City, Oklahoma 73134, and whose federal tax identification number is 06-1198730, appearing herein through its undersigned officer, duly authorized pursuant to resolutions adopted by the Board of Directors of LDRC, a certified copy of which is attached hereto as Schedule 1 and made a part hereof;

BOGERT OIL COMPANY, an Oklahoma corporation ("Bogert," together with LDRC collectively, the "Mortgagors," and individually, a "Mortgagor"), whose address is 14000 Quail Springs Parkway, Suite 600, Oklahoma City, Oklahoma 73134, and whose federal tax identification number is 73-1098614, appearing herein through its undersigned officer, duly authorized pursuant to resolutions adopted by the Board of Directors of Bogert, a certified copy of which is attached hereto as Schedule 2 and made a part hereof;

and declared unto me, said Notary, in the presence of said witnesses, that the Mortgagors desire to obtain funds from any person, firm or corporation willing to lend the same; and the Mortgagors are desirous of securing the performance of any obligation each Mortgagor may have previously incurred or may hereafter incur; and for such purpose, the Mortgagors by these presents declare



and acknowledge an indebtedness in the sum of Two Hundred Thirty-Five Million Dollars (\$235,000,000) and to evidence such indebtedness the Mortgagors have executed a demand promissory note, of even date herewith, said promissory note, being in the principal amount of \$235,000,000 made payable to the order of Bearer, due on demand at the offices of Banque Paribas (New York Branch), The Equitable Tower, 787 Seventh Avenue, 32nd Floor, New York, New York 10019 and said promissory note is stipulated to bear interest at the rate of twelve percent (12%) per annum from date thereof until paid, and to provide for reasonable attorneys' fees and other costs of collection (said promissory note is hereinafter called the "Mortgage Note"), all as set forth in the copy of the Mortgage Note which is attached hereto as a part hereof and identified as Schedule 3, said Mortgage Note having been paraphrased "Ne Varietur" by me, Notary, for identification with this Act of Collateral Mortgage and Pledge (Louisiana) (herein called this "Mortgage"); and the Mortgagors hereby acknowledge that the Mortgage Note will be negotiated for the purpose of securing previously incurred and hereafter incurred indebtedness, as heretofore stated; and the Mortgagors hereby acknowledge that the Mortgagors are justly indebted unto any future holder or holders of the Mortgage Note (all such future holder or holders of the Mortgage Note being hereinafter referred to as the "Agent", whether one or more) in the full amount thereof, together with interest, attorneys' fees, other collection costs, compensation of a keeper, taxes, and all other amounts secured hereunder.

In the event that the Mortgage Note should be placed in the hands of an attorney, after its maturity, to institute legal proceedings to enforce the obligation evidenced by the Mortgage Note or any obligation secured by the pledge of the Mortgage Note, or any part thereof, in principal or interest, or to protect the interests of the holder thereof, or in the event that the same should be placed in the hands of an attorney for collection, compromise, or other action, the Mortgagors hereby bind themselves to pay the reasonable fees and other collection costs of the attorney who may be employed for that purpose.

For all purposes of this Mortgage, unless the context otherwise requires:

A. "Event of Default" shall have the meaning set forth in Section 3.1 hereof.

B. "Hydrocarbons" shall mean oil, crude oil and petroleum products, gas and other liquid or gaseous hydrocarbons.

C. "Indebtedness" shall have the meaning stated below.

D. "Lands described in Exhibit A" shall include all lands or oil and gas interests, the description of which is contained in Exhibit A or incorporated in Exhibit A by reference to another instrument or document, and shall also include any lands or oil and gas interests now or hereafter unitized or pooled with lands or oil and gas interests which are either described in Exhibit A or the description of which is incorporated in Exhibit A by reference.

E. "Mortgage" shall mean this instrument as originally executed or as it may from time to time be supplemented or amended by one or more instruments supplemental hereto.

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

G. "Oil and Gas Leases" shall include oil, gas and mineral leases and shall also include subleases and assignments of operating rights.

H. "Operating Equipment" shall mean all surface or subsurface machinery, equipment, facilities or other corporeal movable property of whatsoever kind or nature (excluding motor vehicles and movables only temporarily or transiently on the premises for purposes such as drilling, reworking, servicing or testing a well located thereon) now or hereafter located on any of the Lands described in Exhibit A or on a unit including all or part of the Lands described in Exhibit A, but not by way of limitation, all oil wells, gas wells, water wells, injection wells, casing, tubing, rods, pumping units and engines, christmas trees, derricks, separators, gun barrels, flow lines, tanks, gas systems (for gather-

ing, treating and compression), water systems (for treating, disposal and injection), power plants, poles, lines, transformers, starters and controllers, machine shops, tools, storage yards and equipment stored therein, buildings and camps, telegraph, telephone and other communication systems, roads, loading racks and shipping facilities.

1. "Production Sale Contracts" shall mean all contracts now in effect, or hereafter entered into by any Mortgagor, or any Mortgagor's predecessors in interest, for the sale, purchase, exchange or processing of Hydrocarbons produced from the Lands described in Exhibit A, as amended from time to time.

And now, in order to secure the full, due, and punctual payment of all indebtedness evidenced by the Mortgage Note, whether now existing or hereafter arising, and/or any extension or renewal thereof, as well as all costs, taxes, assessments, charges, insurance premiums, attorneys' and collection fees, and other costs and indebtedness incurred or paid hereunder, including the compensation of a keeper, and any sums advanced or expenses or costs incurred by the Agent (or any receiver or keeper appointed hereunder) which are made or incurred pursuant to, or permitted by, the terms hereof, plus interest at the rate herein specified or otherwise agreed upon, from the date of the advances or the incurring of such expenses or costs until reimbursed, and to secure the faithful performance and observance of all obligations, agreements, covenants and stipulations contained herein and in the Mortgage Note (all of the foregoing indebtedness, liabilities and obligations being hereinafter sometimes collectively referred to as the "Indebtedness"), the Mortgagors declare that they do by these presents mortgage, affect, pledge, assign and hypothecate to the Agent, whether the Mortgage Note may be held by the Agent as an original obligation or in pledge, whether now owned or hereafter acquired, all and the singular the following described property:

(a) the Lands described in Exhibit A, all Oil and Gas Leases and other mineral rights described in Exhibit A and all of the lands covered thereby, all leasehold interests, overriding royalty interests, non-participating royalty interests, mineral interests, production payments, net profits interests, and any other

interests measured by or payable out of production of the Hydrocarbons from the Oil and Gas Leases, mineral rights and/or Lands described in Exhibit A; and

(b) all of the foregoing interests of the Mortgagors as such interests may be enlarged by the discharge of any payments out of production or by the removal of any charges or encumbrances, together with the Mortgagors' interests in, to and under or derived from all renewals and extensions of any Oil and Gas Leases or other mineral rights described in Exhibit A, it being specifically intended hereby that any new Oil and Gas Lease (i) in which an interest is acquired by any Mortgagor after the termination or expiration of any Oil and Gas Lease, the interests of such Mortgagor in, to and under or derived from which are subject to the lien and security interest hereof, and (ii) which covers all or any part of the property described in and covered by such terminated or expired lease, shall, to the extent, and only to the extent, such new Oil and Gas Lease may cover such property, be considered a renewal or extension of such terminated or expired lease; and

(c) any operating, farmout, and bidding agreements, assignments and subleases, whether or not described in Exhibit A, to the extent, and only to the extent, that such agreements, assignments and subleases (i) cover or include any of the Mortgagors' present right, title and interest in and to the Oil and Gas Leases and mineral rights described in Exhibit A, and/or Lands described in Exhibit A, or (ii) cover or include any other undivided interest now or hereafter held by the Mortgagors in, to and under such Oil and Gas Leases, mineral rights, and/or Lands described in Exhibit A, including, without limitation, any future operating, farmout and bidding agreements, assignments, subleases and pooling, unitization and communitization agreements and the units created thereby (including, without limitation, all units formed under orders, regulations, rules or other official acts of any governmental body or agency having jurisdiction) to the extent and only to the extent, that such agreements, assignments, subleases, or units cover or include the said Oil and Gas Leases, mineral rights, and/or Lands described in Exhibit A; and

(d) all presently existing and future advance payment agreements, oil, casinghead gas and gas sales, exchange, processing contracts and agreements and

all other general intangibles to the extent, and only to the extent, those contracts, agreements and general intangibles cover or include the Oil and Gas Leases and mineral rights described in Exhibit A and/or Lands described in Exhibit A; and

(e) all presently existing and future permits, licenses, servitudes, surface leases, disposal agreements, easements and similar rights and privileges which relate to or are appurtenant to the Oil and Gas Leases and mineral rights described in Exhibit A, and/or Lands described in Exhibit A or are otherwise described in Exhibit A; and

(f) all presently existing and future unitization 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 referred to in Exhibit A or which relate to any of the properties and interests referred to in Exhibit A whether or not the same are described with specificity; and

(g) all Hydrocarbons which are in, under, upon, attributable to, produced or to be produced from the Oil and Gas Leases and mineral rights described in Exhibit A, and/or Lands described in Exhibit A, and all inventory thereof upon extraction from the wellhead or minehead; and

(h) the Production Sales Contracts, and all accounts now or hereafter resulting from the sale of Hydrocarbons at the wellhead or minehead; and

(i) all Operating Equipment; and

(j) all proceeds and products of the foregoing and all accessions thereof and substitutions therefor,

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, and all contracts, operating agreements, records, logs, rights-of-way, franchises, servitudes, easements, surface leases, permits, licenses, tenements, hereditaments and appurtenances now existing or in the future obtained in

connection with any of the aforesaid, and all other things of value and incident thereto which any Mortgagor might at any time have or be entitled to (all the aforesaid property, rights and interests, together with any additions thereto which may be subjected to the lien of this Mortgage by means of supplements hereto, being hereinafter called the "Mortgaged 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, overriding royalties, payments out of production and other burdens which are referred to in Exhibit A and which are taken into consideration in computing any decimal interests set forth in Exhibit A); (ii) the pledge and assignment contained in Article II hereof, but only insofar and so long as said pledge and Assignment is not inoperative under the provisions of Section 2.4 hereof; and (iii) the condition that the Agent shall not be liable in any respect for the performance of any covenant or obligation of any Mortgagor in respect of the Mortgaged Property;

TO HAVE AND TO HOLD the Mortgaged Property unto the Agent forever to secure the payment and performance of the Indebtedness.

The Mortgagors, in consideration of the premises and to induce the Agent to make the loans or extend the credit above described, hereby covenant and agree with the Agent as follows:

#### ARTICLE I

##### Particular Covenants and Warranties of the Mortgagor

1.1 Payment of the Indebtedness. The Mortgagors will duly and punctually pay the Indebtedness, including, without limitation, each and every obligation owing on account of the Mortgage Note, and any obligation for which the Mortgage Note may have been pledged as security.

1.2 Warranties. The Mortgagors warrant 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) the Mortgagors, to the extent of the interest specified in Exhibit A, have and will have good and marketable title to each property, right or interest constituting the Mortgaged Property and have a good and legal right to mortgage and pledge the same to the Agent, it being understood that the Mortgagors' interest in each Oil and Gas Lease described in Exhibit A shall exceed the Mortgagors' net interest in production from such lease to the extent of such Mortgagors' 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 1.5(e) hereof, and (d) the Mortgagors are not obligated, by virtue of any prepayment under any contract providing for the sale by the Mortgagors of Hydrocarbons which contains a "take or pay" clause or under any similar arrangement, to deliver Hydrocarbons at some future time without then or thereafter receiving full payment therefor. Each Mortgagor hereby covenants that it will warrant and forever defend the Mortgaged Property unto the Agent, against every person whomsoever lawfully claiming the same or any part thereof, will maintain and preserve the Mortgaged Property 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 1.5(e) hereof and will maintain and preserve the mortgage and pledge hereby created so long as any of the Indebtedness remains unpaid.

1.3 Further Assurances. The Mortgagors will execute and deliver such other and further instruments and will do such other and further acts as in the opinion of the Agent or its counsel may be necessary or desirable to carry out more effectively 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 acknowledgement of this instrument, the Mortgage Note, or any other note or document executed in connection herewith, and (b) prompt execution and delivery of all division or transfer orders which in the opinion of the Agent or its counsel are



needed to transfer effectually to the Agent the pledged proceeds of production from the Mortgaged Property.

1.4 Compliance with Laws. Each Mortgagor shall comply in all material respects with all applicable laws, rules, regulations and orders, such compliance to include, without limitation, paying before the same become delinquent all taxes, assessments, governmental charges and levies imposed upon it or upon its property, including all such taxes, assessments, governmental charges and levies legally imposed upon this instrument or upon the Mortgaged Property or upon the interest of the Agent therein, or upon the income and profits thereof, except such taxes, assessments, governmental charges and levies as are being contested reasonably and in good faith by appropriate proceedings and for which adequate reserves have been set aside or which would not have a material adverse effect on the consolidated financial condition, results of operations, business, prospects or properties of LDRH and its subsidiaries taken as a whole, or the ability of any Mortgagor to perform or observe its respective obligations under this instrument.

1.5 Operation of the Mortgaged Property. So long as the Indebtedness or any part thereof remains unpaid, and whether the Mortgagors are the operators of the Mortgaged Property, the Mortgagors shall, at the Mortgagors' own expense:

(a) Do all things necessary to keep unimpaired the Mortgagors' 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 or enter into any operating agreement with respect to the Mortgaged Property without the prior written consent of the Agent;

(b) Cause the Lands described in Exhibit A and the mineral rights thereto 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 with appropriate proceedings or actions;



(c) Pay, or 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 maintained and 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 giving rise to 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 Mortgagors in good faith in such manner as not to jeopardize the Agent's rights in and to the Mortgaged Property, and (6) those consented to in writing by the Agent;

(f) Maintain insurance with financially sound and reputable insurance companies or associations in such amounts and covering such risks as are usually carried by companies engaged in the same or a similar business and similarly situated, which insurance may provide for reasonable deductibles from the coverage thereof, provided that all such insurance (including such deductibles) shall be reasonably satisfactory to the Agent at all times.

The Agent may from time to time, in its discretion, perform any agreement of the Mortgagors under this Section 1.5 or Section 1.4 hereof which the Mortgagors shall fail to perform and take any other action which the Agent deems necessary for the maintenance or preservation of any of the Mortgaged Property to its interest therein, and the Mortgagors agree forthwith to reimburse the Agent for any and all expenses of the Agent in connection with such performance of action together with interest thereon at the rate of ten percent (10%) per annum from the date

such expenses are incurred until such expenses are reimbursed by the Mortgagors.

1.6 Recording, etc. The Mortgagors will promptly, and at their own expense, record, register, deposit and file this and every other instrument in addition or supplemental hereto in such offices and places, at such times and with such frequency as may be necessary, or reasonably requested by the Agent or its counsel, to preserve, protect and renew (except as otherwise provided herein) the lien hereof as a first mortgage lien and pledge on immovable or movable property, as the case may be, and the rights and remedies of the 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 or of any other competent authority, for the purpose of effectively creating, maintaining and preserving the lien hereof on the Mortgaged Property.

1.7 Sale or Mortgage of the Mortgaged Property. (a) The Mortgagors covenant and agree that the Agent may, at its sole option, elect to treat (i) any sale, transfer, lease or conveyance (including, without limitation, pooling and unitization) of (or any granting of an option, right of first refusal or other right to purchase, lease or acquire) the Mortgaged Property or any part thereof or interest therein, or (ii) any assignment as security, pledge, hypothecation or encumbrance of any stock or other equity interest in the Mortgagors by the Mortgagors, (herein collectively referred to as a "Transfer"), as an Event of Default hereunder and thereupon may invoke any remedies permitted by this instrument. Without limiting the foregoing option, the Agent may (if it so elects) consent to any proposed Transfer and may require as a condition to its consent incident to any such Transfer, evidence satisfactory to the Agent of the creditworthiness and management ability of any proposed transferee and further that such transferee execute incident to any such Transfer a written assumption agreement in the form and containing such terms as the Agent may require, including, without limitation, an increase in the rate of interest payable upon the Indebtedness. The consent to any proposed Transfer shall not be deemed a consent or waiver of any of the terms of this Section 1.7 with regard to any other future Transfer or encumbrance (including a Transfer incident to foreclosure of a con-

sented to encumbrance), and no consent shall be binding unless set forth in writing and signed by the Agent.

(b) The Mortgagors covenant and agree that the Agent may, at its sole option, elect to treat the Mortgagors' mortgage, pledge, hypothecation or encumbrance (herein collectively referred to as a "Pledge"), whether or not expressly subordinate to the liens, assignments and security interests of this instrument, of the Mortgaged Property or any part thereof or interest therein, as an Event of Default hereunder and thereupon may invoke any remedies permitted by this instrument. Without limiting the foregoing option, the Agent may (if it so elects) consent to any proposed Pledge and may require as a condition to its consent, obtained information with respect to such Pledge and further that the holder of such Pledge shall have executed a written subordination agreement in form and containing such terms as the Agent may require, including, without limitation, an express subordination of such Pledge and any indebtedness secured thereby to the liens, assignments and security interests of this instrument and to the payment of the Indebtedness. The consent to any proposed Pledge shall not be deemed a consent or waiver of any of the terms of this Section 1.7 with regard to any other or future Pledge; and no consent shall be binding unless set forth in writing and signed by the Agent.

(c) Notwithstanding anything contained in subsections (a) or (b) of this Section 1.7 to the contrary, the Agent may not elect to treat as an Event of Default hereunder any Transfer or Pledge with respect to the mortgaged Property or any interest therein (i) resulting from a farmout, joint operating, pooling, unitization or area of mutual interest agreement with a third party or parties which any of the Mortgagors enters into in the ordinary course of business in good faith and which such Mortgagor determines in good faith to be necessary for or advantageous to the economic development or operation of the Mortgaged Property and which would be deemed customary by a reasonably prudent operator under circumstances prevailing in the oil and gas industry in the general area of such portion of the Mortgaged Property or (ii) to which the Agent has given its prior written consent.

1.8 Records, Statements and Reports. Each Mortgagor will keep proper books of record and account

(and provide access to such books and records for review or photocopying at such times as may be reasonably requested by the Agent) in which complete and correct entries will be made of such Mortgagor's transactions in accordance with generally accepted accounting principles.

1.9 No Governmental Approvals. Each 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 by the Mortgagors of this instrument or of the Mortgage Note, or to authorize the observance or performance by any Mortgagor of the covenants contained herein or in the Mortgage Note.

1.10 Right of Entry. Each Mortgagor will permit the Agent, or its agents, to enter upon the Mortgaged Property, and all parts thereof, for the purpose of investigating and inspecting the condition and operation thereof.

1.11 Waiver of Prescription. Each Mortgagor, upon demand, will execute in writing, in form and substance satisfactory to the Agent, any such written waivers of prescription or acknowledgement of the Mortgaged Note and the Indebtedness, as may be required from time to time by the Agent.

## ARTICLE II

### Pledge and Assignment

2.1 Pledge and Assignment. As further security for the payment of the Indebtedness including any indebtedness or obligations secured by a pledge of the Mortgage Note, the Mortgagors hereby transfer, pledge, assign, warrant and convey to the Agent, effective as of the date hereof, at 7:00 A.M. (a) all of Mortgagors' rights to receive proceeds attributable to the insurance loss of the Mortgaged Property, and (b) all Hydrocarbons now or hereafter produced from and which accrue to the Mortgaged Property, and all proceeds therefrom; provided, however, the Mortgagors are hereby granted a license to exercise all of the rights with respect to the Hydrocarbons and the proceeds therefrom until the occurrence of an Event of Default hereunder at which such time said license shall terminate. All parties producing, purchas-

ing or receiving any such Hydrocarbons, or having such, or proceeds therefrom, in their possession for which they or others are accountable to the Agent by virtue of the provisions of this Article (herein collectively called the "Purchasers"), are authorized and directed to treat and regard the Agent as the pledgee, assignee and transferee of any Mortgagor and entitled in such Mortgagors' place and stead upon the occurrence of an Event of Default hereunder to receive such Hydrocarbons and all proceeds therefrom. So that as long as no Event of Default shall exist and be continuing, the Mortgagors shall continue to receive such proceeds; provided, however, upon the occurrence of an Event of Default the Agent shall so notify the Purchasers, and the Purchasers and each of them shall be fully protected in so treating and regarding the Agent as the assignee and transferee of any Mortgagor and entitled in such Mortgagors' place and stead to receive such Hydrocarbons and all proceeds therefrom and shall be under no obligation to determine if an Event of Default has in fact occurred or to see to the application by the Agent of any such proceeds or payments received by it.

2.2 No Liability of the Agent Collecting. The Agent is hereby relieved from all liability and held harmless by each Mortgagor for any failure by the Agent to enforce collection of any proceeds so pledged and assigned and from all other responsibility in connection therewith, except the responsibility to account to the Mortgagors for funds actually received.

2.3 Pledge and Assignment Not a Restriction on the Agent's Rights. Nothing herein contained shall detract from or limit the absolute obligation of the Mortgagors to make payment of the Indebtedness regardless of whether the proceeds from Hydrocarbons which are produced from and which accrue to the Mortgaged Property and which are pledged and 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.

2.4 Status of Pledge and Assignment. Notwithstanding the other provisions of this Article, the Agent or any receiver or keeper appointed in judicial proceedings for the enforcement of this instrument shall have the right to receive all of the Hydrocarbons and all rights herein pledged and assigned and the proceeds

therefrom after the Mortgage Note or any other promissory notes of the Mortgagors held by the Agent have been declared due and payable in accordance with the provisions of Section 3.1 hereof. Upon any sale of the Mortgaged Property or any part thereof pursuant to Article IV hereof, the Hydrocarbons thereafter produced from the property so sold, the rights and the proceeds therefrom, shall be included in such sale and shall pass to the purchaser free and clear of the pledge and assignment contained in this Article.

2.5 Indemnity. (a) The Mortgagors hereby jointly and severally agree to indemnify, reimburse and hold the Agent, any entity for which the Agent may hold the Mortgage Note as agent from time to time (collectively, the "Banks") and the officers, directors, agents, representatives or employees of each of the Agent and the Banks (each of the foregoing, an "Indemnified Person" and, collectively, the "Indemnified Persons") harmless against all claims, actions, liabilities, judgments, costs, attorneys' fees or other charges of whatsoever kind or nature including, but not limited to, those based on the sole or concurrent negligence of the Agent, (hereinafter in this Section 2.5 collectively called "claims") made against or incurred by the Indemnified Persons or any of them as a consequence of the Agent and the Mortgagors entering into this Mortgage or the assertion, either before or after the payment in full of the Indebtedness, that the Indemnified Persons or any of them received Hydrocarbons herein assigned or the proceeds thereof claimed by third persons. The Mortgagors will pay to any Indemnified Person any and all such amounts and claims as may be paid by any Indemnified Person in respect of any such claims or as may be successfully adjudged against such Indemnified Person, the Agent, the Banks or any of them. Each Indemnified Person shall have the right to defend against any such claims, employing attorneys therefor, and unless furnished with reasonable indemnity therefor, the Indemnified Persons or any of them shall have the right to pay or compromise and adjust all such claims, and each Indemnified Person shall be reimbursed by the Mortgagors for all such costs and expenses incurred by such Indemnified Person in respect of any claims. Each Indemnified Person agrees to notify the Mortgagors of the existence of any such claims (of which such Person has actual knowledge); provided that no Indemnified Person shall incur any liability whatsoever for any failure to give such notice, nor shall such failure

limit or otherwise affect the obligation of the Mortgagors to indemnify any Indemnified Person pursuant to the provisions of this Section 2.5. Upon receipt of such notice, the Mortgagors shall be entitled at their own cost and expense to defend against any such claims; provided that the Mortgagors shall not take any action in-consistent with any action taken or proposed to be taken by any Indemnified Person in connection with the defense of any such claims.

(b) Any amounts paid by any Indemnified Person as to which such Indemnified Person has the right to reimbursement under this Section 2.5 shall constitute Indebtedness secured by the Mortgaged Property. The indemnity obligations of the Mortgagors contained in this Section 2.5 shall continue in full force and effect to the fullest extent permitted by law notwithstanding the full payment and performance of the Indebtedness and notwithstanding the discharge thereof. All amounts owed by the Mortgagors to any Indemnified Person pursuant to this Section 2.5 shall be payable upon demand, and interest shall accrue at the rate of ten percent (10%) per annum on such amounts from the date of such demand until the date of payment to such Indemnified Person.

(c) The obligations of the Mortgagors as set forth in this Section 2.5 shall survive the release of this instrument. Such obligations are the joint and several and solidary obligations of the Mortgagors.

2.6 Certain Rights and Powers of the Agent. The Mortgagors authorize and empower the Agent to demand, collect and receive all of said pledged and assigned interest in and to Hydrocarbons and rights assigned hereunder, the income and proceeds therefrom, and to execute and deliver all releases, receipts, division orders, transfer orders and other instruments as may be desired, required or necessary to have such production and the proceeds therefrom paid directly to the Agent. The Agent is and shall be authorized to endorse, negotiate and cash any and all checks, drafts and money orders payable to any Mortgagor alone, to the Agent, for account of any Mortgagor, or to both a Mortgagor and the Agent, received in connection with, in payment of, or as proceeds from production of said pledged and assigned interests and the Mortgaged Property herein mentioned, and to receive and apply the proceeds therefrom as hereinabove set forth.



## ARTICLE III

### Events of Default

3.1 Events of Default. (a) In case any one or more of the following events shall occur (each such occurrence, an "Event of Default") and shall not have been remedied then and in such event the Agent, at its option, may declare the entire unpaid principal of and the interest accrued on the Mortgage Note and all other Indebtedness secured hereby to be forthwith due and payable, without demand, presentment, notice of intent to accelerate, notice of acceleration, or notice or demand of any kind, all of which are hereby expressly waived by the Mortgagors:

(i) a default in the payment or prepayment of principal of or interest on the Mortgage Note, or in the payment of any other Indebtedness secured hereby, when due, and in the case of a default in the payment of any amount other than principal, such default shall continue for a period of three consecutive days;

(ii) failure by any Mortgagor to perform or observe any covenant or agreement contained in this instrument (other than a default in the payment of principal of or interest upon the Mortgage Note or in the payment of any other Indebtedness) to be performed and observed by any Mortgagor and such failure shall continue for 30 consecutive days; or

(iii) any representation or warranty made herein shall prove to be untrue in any material respect.

## ARTICLE IV

### Enforcement of the Security

4.1 Remedies on Default. Each Mortgagor for itself, its successors and assigns, does by these presents stipulate that it shall be lawful for, and each Mortgagor hereby authorizes the Agent, upon the occurrence and during the continuance of any Event of Default,



to cause all and singular the Mortgaged Property to be seized and sold by executory process, without appraisement, either in its entirety or in lots or parcels as the Agent may determine, to the highest bidder for cash, or on such terms as the Agent in such proceedings may direct; and each Mortgagor for itself, its successors and assigns, hereby acknowledges the Indebtedness secured hereby whether now existing or to arise hereafter and confesses judgment thereon if the same are not paid at maturity.

4.2 Waiver of Appraisement, Other Rights, etc. To the extent allowed by law, each Mortgagor hereby waives: (a) the benefit of appraisement, as provided in Articles 2332, 2336, 2723 and 2724 of the Louisiana Code of Civil Procedure, and all other laws conferring the same; (b) the demand and three days delay accorded by Articles 2639 and 2721 of the Louisiana Code of Civil Procedure; (c) the notice of seizure provided for in Articles 2293 and 2721 of the Louisiana Code of Civil Procedure; (d) the three days delay provided by Articles 2331 and 2722 of the Louisiana Code of Civil Procedure; and (e) the benefit of the other provisions of Articles 2331, 2722, and 2723 of the Louisiana Code of Civil Procedure and any other articles not specifically mentioned above.

4.3 Judicial Proceedings. Upon the occurrence of any Event of Default and if such Event of Default shall be continuing, the Agent 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 or a keeper pending any foreclosure hereunder or the sale of the Mortgaged Property, or for the enforcement of any other appropriate legal or equitable remedy.

4.4 Certain Aspects of a Sale. The Agent shall have the right to become the purchaser at any sale held by the court, receiver or public officer, and the Agent so purchasing shall have the right to credit the amount of the bid made therefor upon 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, includ-

ing, without limiting the generality of the foregoing, nonpayment of the unpaid principal sum of, and the interest accrued on, the Mortgage Note after the same shall have become due and payable, and advertisement and conduct of such sale in the manner provided herein.

4.5 Receipt to Purchaser. Upon any sale, the receipt of the Agent, 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 and his or their assigns or personal representatives shall not, after paying such purchaser money and receiving such receipt of the Agent or of such officer therefor, be obliged to see to the application of such purchaser money, or be in any way answerable for any loss, misapplication or nonapplication thereof.

4.6 Effect of Sale. Any sale or sales of the Mortgaged Property shall operate to divest all right, title, interest, claim and demand whatsoever either at law or in equity, of the relevant Mortgagor of, in and to the premises and the property sold, and shall be a perpetual bar, both at law and in equity, against such Mortgagor, its successors and assigns, and against any and all persons claiming or who shall thereafter claim all or any of the property sold from, through or under such Mortgagor, its successors and assigns; nevertheless, such Mortgagor, if requested by the Agent so to do, shall join in the execution and delivery of all proper conveyances, assignments and transfers of the properties so sold.

4.7 Operation of the Mortgaged Property by the Agent. Upon the occurrence and continuance of an Event of Default, and in addition to all other rights herein conferred on the Agent, the Agent or its representative is hereby appointed a keeper of the Mortgaged Property pursuant to the terms and provisions of Louisiana Revised Statutes 9:5131 et seq and 9:5136 et seq. The keeper may operate the same without any liability to the Mortgagors in connection with such operations, except to use ordinary care in the operation of said properties, and the keeper shall have the right (a) to enter into and upon and take possession of the Mortgaged Property, to lease the same, collect and receive all rents, issues and profits thereof and apply the same, less the necessary expenses of collection thereof, for the care, operation and preservation of the Mortgaged Property, including, with-

out limitation, the payment of fees, insurance premiums, cost of operation of the Mortgaged Property, taxes, assessments, interest, penalties and water charges; (b) to collect, receive and receipt for all rights and all Hydrocarbons produced and sold from the Mortgaged Property, to make repairs, purchase machinery and equipment, conduct work-over operations, and drill additional wells; and (c) to exercise every power, right and privilege of the Mortgagors with respect to the Mortgaged Property. The compensation for the services of the keeper are hereby fixed at five percent (5%) of the amount due or sold for or claimed or sought to be protected, preserved or enforced in the proceeding for the recognition of this Mortgage and shall be secured by the mortgage and pledge herein granted.

4.8 Mortgagors' Stipulations; Confession of Judgment. Each Mortgagor for itself and for its successors and assigns does by these presents agree and stipulate that, upon the occurrence of an Event of Default, it shall be lawful for and each Mortgagor does hereby authorize the Agent without making a demand or "putting in default" ("putting in default" being expressly waived) to cause all and singular the Mortgaged Property to be seized and sold by legal process without appraisal (appraisal being expressly waived), either in its entirety or in lots or parcels as the Agent may determine, to the highest bidder for cash or on such terms as the Agent may direct. Each Mortgagor for itself, its successors and assigns hereby confesses judgment for the full amount of the Mortgage Note including, without limitation, principal, interest, and attorneys' fees due thereunder, and any other Indebtedness secured and to be secured hereby. This consent shall survive the termination of this Mortgage and shall extend to and continue to benefit each person who is or becomes a co-owner of any portion of the Mortgaged Property foreclosed upon.

## ARTICLE V

### Hazardous Substances

5.1 Representations and Warranties. The Mortgagors hereby jointly and severally represent and warrant that neither any Mortgagor nor, to the best knowledge of any Mortgagor, any other person or entity has ever caused

or permitted any Hazardous Substances (as such term is hereinafter defined) to be placed, held, located or disposed of on, under or at the Mortgaged Property or any part thereof and that neither the Mortgaged Property nor any part thereof has ever been used (whether by any Mortgagor or by any other person or entity) as a treatment, storage or disposal facility or site (whether permanent or temporary) for any Hazardous Substances.

5.2 Indemnification. The Mortgagors hereby jointly and severally agree to protect, defend, indemnify and hold each Indemnified Person harmless from and against any and all losses, liabilities (including strict or absolute liability), damages, injuries, expenses, and costs including, without limitation, court costs and reasonable attorneys' fees, of any suit, settlement or judgment and claims of any and every kind whatsoever paid (including any fees, expenses and court costs incurred to enforce this indemnity), incurred or suffered by, or asserted against any of the Indemnified Persons by any person or entity or governmental agency for, with respect to, or as a direct or indirect result of, the presence on, under or at, or the escape, seepage, leakage, spillage, emission, discharge or release from, the Mortgaged Property of any Hazardous Substance including, without limitation, any suit, settlement or judgment or claim asserted or arising under, as amended, the Comprehensive Environmental Response, Compensation and Liability Act, the SuperFund Amendment and Reauthorization Act, the Resource Conservation Recovery Act, the Federal Water Pollution Control Act, the Federal Environmental Pesticides Act, the Toxic Substances Control Act, the Clean Water Act, the Clean Air Act, the Louisiana Solid Waste Management and Resource Recovery law, the Louisiana Hazardous Waste Control Law, the Louisiana Resource Recovery and Development Act, the Louisiana Solid Waste Regulations, the Louisiana Hazardous Waste Management Plan, the Louisiana State and Local Coastal Resources Management Act, the Louisiana Abandoned Oil Field Waste Site Law, the Louisiana Coastal Management Guidelines, the Louisiana Environmental Quality Act, the Louisiana Water Pollution Control Regulations, and the Louisiana Air Pollution Control Regulations, any so called federal, state or local "Superfund" or "Superlien" statute, or any other statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to or imposing liability (including strict liability), or standards of conduct concerning any Hazardous Substance, as now or at any time

hereinafter in effect, regardless of whether or not caused by, on the behalf of, or within the control of the Mortgagor. The obligations of the Mortgagors set forth in this Section 5.2 shall survive the release or termination of this Mortgage.

5.3 Definition of Hazardous Substances. For purposes of this Mortgage, the term "Hazardous Substances" shall mean and include those elements or compounds which exhibit any of the characteristics of a "hazardous" waste or are contained in the list of substances determined to be "hazardous," expressly including oilfield wastes and naturally occurring radio-active materials, in each such case, even if not exhibiting any such characteristics listed as hazardous, subject to regulation by, or receiving an exemption or exclusion as adopted by, the United States Environmental Protection Agency ("EPA"), the Louisiana Department of Environmental Quality ("DEQ"), the Louisiana Department of Natural Resources ("DNR") or any successor agency, and the list of toxic pollutants designated by the United States Congress, the EPA, DEQ or DNR or defined by any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability (including strict liability) or standards of conduct concerning, any solid, hazardous, toxic or dangerous waste substance or material, as now or at any time hereinafter in effect.

5.4 Notification. If any Mortgagor receives any notice or knowledge of (i) the occurrence of any event involving the use, spill, release, leak, seepage, discharge or cleanup of any Hazardous Substance, or (ii) any complaint, order, citation or other notice with regard to air emissions, water discharges, or any other environmental, health or safety matter affecting any of the Mortgagors or the Mortgaged Property (an "Environmental Complaint") from any person or entity (including, without limitation, the EPA, DEQ or DNR), then such Mortgagor shall immediately notify the Agent orally and in writing of any such notice, and, if the Environmental Complaint is in writing, shall immediately deliver a copy of the Environmental Complaint to the Agent.

5.5 Agent's Right to Act. In addition to all other rights granted to the Agent under any other agreements the Agent shall have the right, but not the obligation, to enter onto the Mortgaged Property or to take

such other actions as it deems necessary or advisable to clean up, remove, resolve, eliminate or minimize the impact of, or otherwise deal with, any such Hazardous Substance or Environmental Complaint following receipt of any notice from any person or entity (including, without limitation, the EPA, DEQ or DNR) asserting the existence of any Hazardous Substance or an Environmental Complaint pertaining to the Mortgaged Property or any part thereof which, if true, could result in an order, suit or other action against the Agent and/or which, in the sole opinion of the Agent, could have an adverse impact on the value of the Mortgaged Property or otherwise jeopardize the Agent's lien against the Mortgaged Property granted or created under this Mortgage.

#### 5.6 Environmental Audit and Risk Assessment.

The Agent shall have the right, in its sole discretion, to require the Mortgagors to periodically perform (at the Mortgagors' sole cost and expense) an environmental audit and, if deemed necessary by the Agent, an environmental risk assessment of the Mortgaged Property, of the Mortgagors' solid, oilfield and hazardous waste management practices and/or the solid, oilfield or hazardous waste disposal sites used by the Mortgagors, each of which must be satisfactory to the Agent. Said audit and/or risk assessment must be performed and reported by an environmental consultant satisfactory to the Agent. Should the Mortgagors fail to perform any such reasonably requested environmental audit or risk assessment within thirty days of the Agent's written request to the Mortgagors for same, the Agent shall have the right, but not the obligation, to retain an environmental consultant to perform said environmental audit or risk assessment. Any funds of the Agent used for any purpose referred to in Section 5.5 or this Section 5.6, together with interest thereon as hereafter provided, shall constitute obligations included in the Indebtedness secured by this Mortgage. Such advances of funds by the Agent shall bear interest at the rate of ten percent (10%) per annum from and after the date such funds are expended by the Agent until repaid by the Mortgagors to the Agent.

## ARTICLE VI

### Miscellaneous Provisions

6.1 Defense of Claims. Each Mortgagor will notify the Agent, in writing, promptly of the commencement of any legal proceedings affecting the lien hereof of the Mortgaged Property, or any part thereof, and will take such action, employing attorneys agreeable to the Agent, as may be necessary to preserve such Mortgagors' or the Agent's rights affected thereby; and should such Mortgagor fail or refuse to take any such action, the Agent may take such action in behalf and in the name of such Mortgagor and at such Mortgagors' expense. Moreover, the Agent may take such independent action in connection therewith as it may in its discretion deem proper, the Mortgagors hereby agreeing that all sums advanced or all expenses incurred in such actions, plus interest at the rate of ten percent (10%) per annum, shall constitute obligations included in the Indebtedness secured by this Mortgage, and will, on demand, be reimbursed to the Agent.

6.2 Indebtedness. The maximum amount of Indebtedness to be secured by the mortgage lien and pledge created by this Mortgage shall not exceed at any one time outstanding the sum of \$235,000,000. The obligations, liabilities and indebtedness of the Mortgagors hereunder shall be joint, several and in solido.

6.3 Renewals, Amendments and Other Security. Renewals and extensions of the Indebtedness may be made at any time and amendments may be made to agreements relating to any part of such Indebtedness or the Mortgaged Property and the Agent may take or may now hold other security for its Indebtedness without notice to or consent of the Mortgagors. The 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 Mortgage, which shall continue as a first lien upon the Mortgaged Property not expressly released until the Mortgage Note and all other Indebtedness secured hereby is fully paid.



6.4 Unenforceable or Inapplicable Provisions.

If any provision hereof or of the Mortgage Note is invalid or unenforceable in any jurisdiction, the other provisions hereof or of the Mortgage Note shall remain in full force and effect in such jurisdiction, and the remaining provisions hereof shall be liberally construed in favor of the 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.

6.5 Advances by the Agent.

Each and every covenant herein contained shall be performed and kept by the Mortgagors solely at the Mortgagors' expense. If the Mortgagors shall fail to perform or keep any of the covenants of whatsoever kind or nature contained in this instrument, the Agent or any receiver or keeper appointed hereunder may, but shall not be obligated to, make advances to perform the same in the Mortgagors' behalf, and the Mortgagors hereby agree to repay such sums upon demand plus interest at the rate of ten percent (10%) per annum. No such advance shall be deemed to relieve the Mortgagor from any default hereunder.

6.6 Rights Cumulative.

Each and every right, power and remedy herein given to the Agent shall be cumulative and not exclusive; and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time and so often and in such order as may be deemed expedient by the Agent, 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 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.

6.7 Waiver by the Agent.

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



6.8 Successors and Assigns. This instrument is binding upon the Mortgagors, and the Mortgagors' respective successors and assigns, and shall inure to the benefit of the Agent, its successors and assigns, and the provisions hereof shall likewise be covenants running with the land.

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

6.10 Construction. This instrument is in all respects to be construed under the laws of the State of Louisiana as a special mortgage, hypothecation, pledge and assignment and confession of judgment by the Mortgagors in favor of and for the benefit of the Agent and the Banks, to secure the payment and performance of all Indebtedness.

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

6.12 Notices. Any notice, request, demand or other instrument which may be required or permitted to be given or served upon the Mortgagors shall be given or made by fax, telegraph cable or in writing and faxed, telegraphed, cabled, mailed or delivered to each Mortgagor at the "Address For Notices" shown below its signature at the end of this instrument or to such different address as any Mortgagor shall have designated by notice to the Agent. Except as otherwise provided in this instrument, all such communications shall be deemed to have been duly given when transmitted by telex or facsimile, delivered to the telegraph or cable office or personally delivered or delivered to a nationally recognized courier service or, in the case of a mailed notice, upon receipt, in each case given or addressed as aforesaid. Any notice, request, demand or other instrument which may be required or permitted to be given or served upon the Agent shall be given or made by telex, fax, telegraph, cable or in writing and telexed, faxed, telegraphed, cabled, mailed or delivered to the Agent at Banque Paribas (New York Branch), 787 Seventh Avenue, 32nd Floor, New York, New York 10019, Attention: Charles Thompson, telex number 177324, facsimile number (212) 841-2555, or

to such different address as the Agent shall have designated by notice to the Mortgagors. All such communications shall be deemed to have been duly given to the Agent upon receipt thereof.

6.13 Payment of Indebtedness. If the Indebtedness shall be fully paid in full and the covenants herein contained shall be well and truly performed, the interest of the Agent in the Mortgaged Property shall be extinguished; and the Agent in such case shall, upon the request of the Mortgagors and at the Mortgagors' cost and expense, deliver to the Mortgagors proper instruments and/or releases acknowledging satisfaction of this instrument.

6.14 Commissioner's Unit. Notwithstanding any provision contained in this Mortgage to the contrary, pursuant to Louisiana Revised Statutes 30:1 et seq. and excluding conventional or declared units, the Mortgagors shall have the right and are hereby authorized to unitize, pool, or combine all or any part of the Mortgaged Property as to one or more of the formations therein with other lands by forming a unit (the "Commissioner's Unit") in accordance with a lawful order of the Commissioner of Conservation of the State of Louisiana (the "Commissioner"), and, from time to time, with appropriate order evidencing the approval of the Commissioner, to modify, change or terminate any such Commissioner's Unit. In such event, the terms, conditions and provisions of this Mortgage and, as the case may be, the Oil and Gas Leases affected thereby shall be deemed modified to conform to the terms, conditions, and provisions of such Commissioner's Unit. Immediately after formation of any Commissioner's Unit, the Mortgagors shall furnish to the Agent, a true copy of the order of the Commissioner creating such unit, in such number of counterparts as the Agent may reasonably request. To the extent that the interest of any Mortgagor in any such Commissioner's Unit (or any part thereof) if not included and described in Exhibit A, such interest 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 such Mortgagor therein were specifically described in Exhibit A. Any Commissioner's " " in existence on the date of this Mortgage shall be governed by this Section 6.14 of this Mortgage. The Mortgagors may enter into conventional or declared unit agreements or

other unitization agreements not hereinabove authorized only with the prior written consent of the Agent.

6.15 Authentic Act. Each Mortgagor further agrees that, in the event any proceedings are taken under this Mortgage by way of executory process or otherwise, any and all declarations of the facts made by authentic act before a Notary Public and in the presence of two witnesses, by a person declaring that such facts lie within his knowledge, shall constitute authentic evidence of such facts for the purposes of executory process.

NOW, PERSONALLY INTERVENES the undersigned individual acting on behalf of the Agent, hereby accepts this Mortgage.

THUS DONE AND PASSED, in multiple originals, before me, the undersigned Notary Public, in and for the County of New York, State of New York, in the presence of the undersigned competent witnesses, who have hereto signed their names with said appearers and me, said Notary Public, after due reading of the whole, on the date hereinabove set forth.

LOUIS DREYFUS RESERVES CORP.


By:   
Name: Jeffrey Gilman  
Title: Vice President

Address for Notices:

14000 Quail Springs Parkway  
Suite 600  
Oklahoma City, Oklahoma 73134  
Facsimile No.: (405) 751-5129  
Telephone No.: (405) 749-1300

Attn.: Treasurer

BOGERT OIL COMPANY

By:   
Name: Jeffrey Gilman  
Title: Vice President

Address for Notices:

14000 Quail Springs Parkway  
Suite 600  
Oklahoma City, Oklahoma 73134  
Facsimile No.: (405) 751-5129  
Telephone No.: (405) 749-1300

Attn.: Treasurer

INTERVENOR:

Charles K. Thompson

Name: Charles Thompson

Eileen M. Fargis  
Notary Public

WITNESSES TO ALL SIGNATURES:

Charles Kasal

Thomas W. Dawson

In and for the County of  
New York, State of New York,  
Commission Expiring

10/28/13

EILEEN M. FARGIS  
Notary Public, State of New York  
No. 60-1307984  
Qualified in Westchester County  
Comm. exp. 09 September 28, 1993

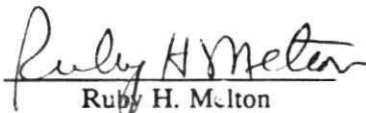
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Schedule 2  
to  
Act of Collateral Mortgage and Pledge (Louisiana)

CORPORATE RESOLUTIONS OF BOGERT OIL COMPANY

I, the undersigned, hereby certify that I am the Assistant Secretary of Bogert Oil Company (the "Corporation"), a corporation duly organized and existing under the laws of the State of Oklahoma, that attached hereto as Exhibit A are resolutions that were duly adopted by the unanimous written consent of the Management of the Corporation dated October 13, 1992, and that such resolutions have not been rescinded or modified and are in full force and effect.

**IN WITNESS WHEREOF**, I have hereunto set my hand this  
14th day of October, 1992.



Ruby H. Melton  
Assistant Secretary

## BOGERT OIL COMPANY

## RESOLUTIONS

RESOLVED, that the form and terms of each of (a) the Amended and Restated Credit Agreement (the "Credit Agreement") among Louis Dreyfus Reserves Holding Corp., Louis Dreyfus Reserves Corp., Louis Dreyfus Gas Holdings Inc. Louis Dreyfus Gas Sales Inc., Bogert Oil Company and LDRC Energy, Inc., as the Borrowers (the "Borrowers"), Louis Dreyfus Reserves Holding Corp., as Borrowing Agent, and Banque Paribas (New York Branch) as Agent for each bank which signed the Credit Agreement (the "Banks"), (b) the Notes, (c) the Security Agreement, (d) (i) the (A) Act of Collateral Mortgage and Pledge (Louisiana), (B) the Amended and Restated Security Agreement, Assignment of Production and Financing Statement, (C) the Pledge of Collateral Mortgage Note (Louisiana), (D) the Amended and Restated Pledge of Collateral Mortgage Note (Louisiana) and (E) the Collateral Mortgage Note (the "Louisiana Security Agreements"), which Louisiana Security Agreements contain, without limitation, confession of judgment, waivers of delay and appraisal, and consent to executory process, (ii) the Oklahoma Amended and Restated Mortgage, Assignment, Security Agreement and Financing Statement, (iii) the Texas Deed of Trust, Mortgage, Assignment, Security Agreement and Financing Statement, (iv) the New Mexico Mortgage, Assignment, Security Agreement and Financing Statement and (v) the North Dakota Mortgage, Assignment, Security Agreement, and Financing Statement (the "Mortgages"), (e) (i) the Pledge and

**RESOLVED**, that this Corporation borrow, together with the other Borrowers, the amounts determined as described in the Credit Agreement (the "Borrowings") on the terms and at the interest rates and upon a payment of the fees, charges and expenses that are set forth in the Credit Agreement and issue the Notes (as defined in the Credit Agreement) and pledge to the Banks the collateral that is owned by this Corporation that is described in the Security Agreement, the Pledge Agreements and the Mortgages, all in accordance with the terms of the Loan Documents in the form executed; and

**RESOLVED**, that Jeffrey R. Gilman acting alone is authorized and directed on behalf of the Corporation to (a) negotiate such changes in the terms and conditions of the Loan Documents and the Ancillary Loan Documents, and (b) to determine the terms of each Borrowing in accordance with the terms of the Credit Agreement as he deems to be proper and (c) to execute on behalf of this Corporation the Credit Agreement and the Ancillary Credit Documents (including without limitations Notices of Borrowing), in the forms finally negotiated, in each case, as conclusively evidenced by the terms of the Credit Agreement and the Ancillary Credit Documents in form so executed; and

**RESOLVED**, that Jeffrey R. Gilman is authorized and directed on behalf of the Corporation to execute the Notes, the Security Agreement, the Pledge Agreements, the Mortgages and the Ancillary Security Documents in the forms finally negotiated, in each case,



as conclusively evidenced by the terms of the Notes, the Security Agreement, the Pledge Agreements, the Mortgages and Ancillary Security Documents in form so executed;

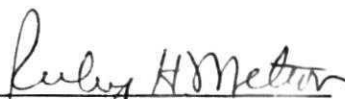
**RESOLVED**, that any and all actions of Jeffrey R. Gilman that are or have been taken in the name and on behalf of this Corporation in furtherance of the transactions contemplated by the Credit Agreement, the other Loan Documents and the Ancillary Loan Documents, as contemplated in the foregoing Resolutions, are ratified and confirmed in all respects.

Schedule 1  
to  
Act of Collateral Mortgage and Pledge (Louisiana)

CORPORATE RESOLUTIONS OF LOUIS DREYFUS RESERVES CORP.

I, the undersigned, hereby certify that I am the Assistant Secretary of Louis Dreyfus Reserves Corp. (the "Corporation"), a corporation duly organized and existing under the laws of the State of Delaware, that attached hereto as Exhibit A are resolutions that were duly adopted by the unanimous written consent of the Management of the Corporation dated October 13, 1992, and that such resolutions have not been rescinded or modified and are in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand this  
14th day of October, 1992.

  
Rudy H. Melton  
Assistant Secretary

## LOUIS DREYFUS RESERVES CORP.

## RESOLUTIONS

RESOLVED, that the form and terms of each of (a) the Amended and Restated Credit Agreement (the "Credit Agreement") among Louis Dreyfus Reserves Holding Corp., Louis Dreyfus Reserves Corp., Louis Dreyfus Gas Holdings Inc., Louis Dreyfus Gas Sales Inc., Bogert Oil Company and LDRC Energy, Inc., as the Borrowers (the "Borrowers"), Louis Dreyfus Reserves Holding Corp., as Borrowing Agent, and Banque Paribas (New York Branch) as Agent for each bank which signed the Credit Agreement (the "Banks"), (b) the Notes, (c) the Security Agreement, (d) (i) the (A) Act of Collateral Mortgage and Pledge (Louisiana), (B) the Amended and Restated Security Agreement, Assignment of Production and Financing Statement, (C) the Pledge of Collateral Mortgage Note (Louisiana), (D) the Amended and Restated Pledge of Collateral Mortgage Note (Louisiana) and (E) the Collateral Mortgage Note (the "Louisiana Security Agreements"), which Louisiana Security Agreements contain, without limitation, confession of judgment, waivers of delay and appraisal, and consent to executory process, (ii) the Oklahoma Amended and Restated Mortgage, Assignment, Security Agreement and Financing Statement, (iii) the Texas Deed of Trust, Mortgage, Assignment, Security Agreement and Financing Statement, (iv) the New Mexico Mortgage, Assignment, Security Agreement and Financing Statement and (v) the North Dakota Mortgage, Assignment, Security Agreement, and Financing Statement (the "Mortgages"), (e) (i) the Pledge and

Security Agreement by Louis Dreyfus Reserves Corp. and (ii) the Pledge and Security Agreement by Louis Dreyfus Reserves Holding Corp. (the "Pledge Agreements") (the Credit Agreement, the Notes, the Security Agreement, the Mortgages and the Pledge Agreements, collectively, the "Loan Documents"), drafts of each of which have been exhibited to the Management, that are intended to be entered into by the Borrowers with the Banks, are approved; and

**RESOLVED**, that this Corporation is authorized to enter into and perform the terms of (a) each of the Loan Documents in the form exhibited to the Management with such changes in that form as are determined to be appropriate in the sole discretion of the persons who are authorized to execute the Loan Documents on behalf of this Corporation, (b) and all of the other agreements, documents, instruments and certificates that are described or contemplated in or otherwise are desirable to be executed in connection with the Loan Documents (in the case of all such agreements, documents or instruments described or contemplated in the Credit Agreement, the "Ancillary Credit Documents" and, in the case of all such agreements, documents or instruments described or contemplated in the Mortgages, the Security Agreement and the Pledge Agreements, the "Ancillary Security Documents" and together, the "Ancillary Loan Documents"), in each case as conclusively evidenced by the execution of the Loan Documents and the Ancillary Loan Documents by those persons; and

**RESOLVED**, that this Corporation borrow, together with the other Borrowers, the amounts determined as described in the Credit Agreement (the "Borrowings") on the terms and at the interest rates and upon a payment of the fees, charges and expenses that are set forth in the Credit Agreement and issue the Notes (as defined in the Credit Agreement) and pledge to the Banks the collateral that is owned by this Corporation that is described in the Security Agreement, the Pledge Agreements and the Mortgages, all in accordance with the terms of the Loan Documents in the form executed; and

**RESOLVED**, that Jeffrey R. Gilman acting alone is authorized and directed on behalf of the Corporation to (a) negotiate such changes in the terms and conditions of the Loan Documents and the Ancillary Loan Documents, and (b) to determine the terms of each Borrowing in accordance with the terms of the Credit Agreement as he deems to be proper and (c) to execute on behalf of this Corporation the Credit Agreement and the Ancillary Credit Documents (including without limitations Notices of Borrowing), in the forms finally negotiated, in each case, as conclusively evidenced by the terms of the Credit Agreement and the Ancillary Credit Documents in form so executed; and

**RESOLVED**, that Jeffrey R. Gilman is authorized and directed on behalf of the Corporation to execute the Notes, the Security Agreement, the Pledge Agreements, the Mortgages and the Ancillary Security Documents in the forms finally negotiated, in each case, as conclusively evidenced by the terms of the Notes, the Security

Agreement, the Pledge Agreements, the Mortgages and Ancillary Security Documents in form so executed;

**RESOLVED**, that any and all actions of Jeffrey R. Gilman that are or have been taken in the name and on behalf of this Corporation in furtherance of the transactions contemplated by the Credit Agreement, the other Loan Documents and the Ancillary Loan Documents, as contemplated in the foregoing Resolutions, are ratified and confirmed in all respects.

Schedule 3  
to  
Act of Collateral Mortgage and Pledge (Louisiana)

COLLATERAL MORTGAGE NOTE

\$235,000,000

October 16, 1992

FOR VALUE RECEIVED, on demand, the undersigned in solido (collectively, the "Maker"), promises to pay to the order of Bearer at the offices of Banque Paribas (New York Branch), The Equitable Tower, 787 Seventh Avenue, 32nd Floor, New York, New York 10019, the sum of TWO HUNDRED THIRTY-FIVE MILLION DOLLARS (\$235,000,000) with interest at the rate of twelve percent (12%) per annum from the date until paid.

In the event this note should be placed in the hands of an attorney, after its maturity, to institute legal proceedings to enforce the obligation evidenced by this note or any obligation secured by the pledge of this note, or any part hereof, in principal or in interest, or to protect the interests of the holder hereof, or in the event the same should be placed in the hands of an attorney for collection, compromise or other action, the Maker binds itself to pay the reasonable fees and other collection costs of the attorney who may be employed for that purpose.

The undersigned Maker and all endorsers and guarantors hereof severally and expressly waive presentment for payment, demand, notice of non-payment, protest, and all pleas of division and discussion, and agree that the time of payment hereof may be extended from time to time, one or more times, without notice of such extension or extensions and without previous consent, hereby binding themselves, in solido, unconditionally and as original promissors for the payment hereof, in principal, interest, costs and attorneys' fees.

The obligations of the undersigned Maker here-  
under shall be joint, several and in solido.

This note shall be construed in accordance with  
and governed by the laws of the State of Louisiana.

LOUIS DREYFUS RESERVES  
CORP.

By: \_\_\_\_\_  
Name: Jeffrey Gilman  
Title: Vice President

BOGERT OIL COMPANY

By: \_\_\_\_\_  
Name: Jeffrey Gilman  
Title: Vice President

"Ne Varietur"

For identification with an Act of Collateral Mortgage and  
Pledge (Louisiana), passed before me this \_\_\_ day of  
October, 1992.

\_\_\_\_\_  
NOTARY PUBLIC



ANNEXED HERETO THAT CERTAIN ACT OF COLLATERAL MORTGAGE AND PLEDGE (LOUISIANA) BY LOUIS DREYFUS RESERVES CORP. AND BOGERT OIL COMPANY, AS "MORTGAGORS" DATED OCTOBER 16, 1992.

**FIELD:** SOUTH LAKE ARTHUR FIELD  
**STATE:** LOUISIANA  
**PARISH:** VERMILION

1. Oil, Gas and Mineral Lease dated January 31, 1985, from Lewis Austin Broussard, et ux, as lessor, in favor of SAS Exploration Company, as lessee, recorded under Entry No. 85-03274 of the conveyance records of Vermilion Parish, Louisiana.
2. Oil, Gas and Mineral Lease dated January 28, 1985, from John C. Hoffpauir, et us, as lessor, in favor of SAS Exploration Company, as lessee, recorded under Entry No. 85--03272 of the conveyance records of Vermilion Parish, Louisiana.
3. Oil, Gas and Mineral Lease dated January 17, 1985, from Louis Paul "Broussard, as lessor, in favor of SAS Exploration Company, as lessee, recorded under Entry No. 85-03269 of the conveyance records of Vermilion Parish, Louisiana.
4. Oil, Gas and Mineral Lease dated January 25, 1985, from Beulah V. Broussard, et al, as lessor, in favor of SAS Exploration Company, as lessee, recorded under Entry No. 85-03270 and Entry No. 85-03271 (counterpart executed by Nolia Mae Broussard Luedke) of the conveyance records of Vermilion Parish, Louisiana.
5. Oil, Gas and Mineral Lease dated January 17, 1985, from Lucille R. Broussard, et al, as lessor, in favor of SAS Exploration ""Company, as lessee, recorded under Entry No. 85-03275 and Entry No. 85-03276 (counterpart executed by Donna Lou Broussard Cooper) of the conveyance records of Vermilion Parish, Louisiana.
6. Oil, Gas and Mineral Lease dated January 17, 1985, from Alice Broussard Boudreaux, as lessor, in favor of SAS Exploration Company, as lessee, recorded under Entry No. 85-03273 of the conveyance records of Vermilion Parish, Louisiana.
7. Oil, Gas and Mineral Lease dated February 4, 1986, from Whitney Champagne, et ux, as lessor, in favor of Lyons, Hilliard and Watson, Inc., as lessee, recorded under Entry No. 86-01519 of the Vermilion Parish, Louisiana.

<u>Unit</u>	<u>Working Interest</u>	<u>Net Revenue Interest</u>
Middle Miogyp RA SUH	0.11306225	0.07914358
Lower Miogyp RA SUH	0.14845610	0.10391930

EXHIBIT "A"

ANNEXED HERETO THAT CERTAIN ACT OF COLLATERAL MORTGAGE AND PLEDGE (LOUISIANA) BY LOUIS DREYFUS RESERVES CORP. AND BOGERT OIL COMPANY, AS "MORTGAGORS" DATED OCTOBER 16, 1992.

FEDERAL OUTER CONTINENTAL SHELF,  
OFFSHORE LOUISIANA

OIL AND GAS LEASE BEARING SERIAL NO. OCS-G 1604, DATED JULY 1, 1967, BY UNITED STATES OF AMERICA, AS LESSOR, AND SHELL OIL COMPANY, AS LESSEE, AND COVERING THE FOLLOWING LANDS OR WATERBOTTOM AREAS:

ALL BLOCK 152, WEST DELTA AREA, SOUTH ADDITION, OFFICIAL LEASING MAP, LOUISIANA MAP NO. 8A, CONTAINING 5,000 ACRES, MORE OR LESS.

WI: .7900000 NRI: .658311

SAID INTEREST IS SUBJECT TO THAT CERTAIN GATHERING SERVICE AGREEMENT DATED DECEMBER 21, 1989, BY AND BETWEEN WESTDELTA PRODUCTION CORP. AND ENERGY ASSETS INTERNATIONAL, AND COLLATERAL MORTGAGE DATED DECEMBER 30, 1989 BY AND BETWEEN WESTDELTA PRODUCTION CORP. AND ENERGY ASSETS INTERNATIONAL, AND LESS AND EXCEPT THE LEASEHOLD ACREAGE ATTRIBUTABLE TO THAT CERTAIN FARMOUT AGREEMENT DATED JANUARY 24, 1990 BY AND BETWEEN WESTDELTA PRODUCTION CORP. AND ELF EXPLORATION, INC.

EXHIBIT "A"

ANNEXED HERETO THAT CERTAIN ACT OF COLLATERAL MORTGAGE AND PLEDGE (LOUISIANA) BY LOUIS DREYFUS RESERVES CORP. AND BOGERT OIL COMPANY, AS "MORTGAGORS" DATED OCTOBER 16, 1992.

LEASES

The following are Oil and Gas Leases of Submerged Lands under the Outer Continental Shelf Lands Act:

ALL OF THE OIL AND GAS LEASES HAVE BEEN GRANTED BY THE USA AS LESSOR. THE LEASE SERIAL NUMBER IS THE NUMBER ASSIGNED TO THE PARTICULAR LEASE BY THE UNITED STATES OF AMERICA.

DEKALB's No.....	LA-00125
LEASE SERIAL NUMBER.....	OCS-G 11789
LEASE EFFECTIVE DATE.....	May 1, 1990
DESCRIPTION.....	All of Block 406, West Cameron Area West Addition, OCS Leasing Map, Louisiana Map No. 1A 5,000.00 acres, more or less
INTEREST OWNED.....	25.000%
INTEREST CONVEYED.....	25.000%
DEKALB's No.....	LA-00111
LEASE SERIAL NUMBER.....	OCS-G 10842
LEASE EFFECTIVE DATE.....	May 1, 1989
DESCRIPTION.....	All of Block 252, South Timberline Area South Addition, OCS Leasing Map, Louisiana Map No. 6A 5,000.00 acres, more or less
INTEREST OWNED.....	15.000%
INTEREST CONVEYED.....	15.000%
DEKALB's No.....	LA-00112
LEASE SERIAL NUMBER.....	OCS-G 10662
LEASE EFFECTIVE DATE.....	May 1, 1989
DESCRIPTION.....	All of Block 152, Vermilion Area OCS Leasing Map, Louisiana Map No. 3 4,814.57 acres, more or less
INTEREST OWNED.....	15.000%
INTEREST CONVEYED.....	15.000%
DEKALB's No.....	LA-00113
LEASE SERIAL NUMBER.....	OCS-G 10586
LEASE EFFECTIVE DATE.....	July 1, 1989
DESCRIPTION.....	All of Block 446, West Cameron Area South Addition, OCS Leasing Map, Louisiana Map No. 1B 5,000.00 acres, more or less
INTEREST OWNED.....	15.000%
INTEREST CONVEYED.....	15.000%

## EXHIBIT "A"

ANNEXED HERETO THAT CERTAIN ACT OF COLLATERAL MORTGAGE AND PLEDGE (LOUISIANA) BY LOUIS DREYFUS RESERVES CORP. AND BOGERT OIL COMPANY, AS "MORTGAGORS" DATED OCTOBER 16, 1992.

DEKALB's No. _____	LA-00114
LEASE SERIAL NUMBER _____	OCS-G 10875
LEASE EFFECTIVE DATE _____	July 1, 1989
DESCRIPTION _____	All of Block 47, West Delta Area OCS Leasing Map, Louisiana Map No. 8 5,000.00 acres, more or less
INTEREST OWNED _____	15.000z
INTEREST CONVEYED _____	15.000z

DEKALB's No. _____	LA-00115
LEASE SERIAL NUMBER _____	OCS-G 10876
LEASE EFFECTIVE DATE _____	July 1, 1989
DESCRIPTION _____	All of Block 48, West Delta Area OCS Leasing Map, Louisiana Map No. 8 5,000.00 acres, more or less
INTEREST OWNED _____	15.000z
INTEREST CONVEYED _____	15.000z

DEKALB's No. _____	LA-00106
LEASE SERIAL NUMBER _____	OCS-G 11914
LEASE EFFECTIVE DATE _____	May 1, 1990
DESCRIPTION _____	All of Block 91, South Marsh Island Area South Addition, OCS Leasing Map, Louisiana Map No. 3C 5,000.00 acres, more or less
INTEREST OWNED _____	25.000z
INTEREST CONVEYED _____	25.000z

DEKALB's No. _____	LA-00107
LEASE SERIAL NUMBER _____	OCS-G 9399
LEASE EFFECTIVE DATE _____	July 1, 1988
DESCRIPTION _____	All of Block 166, West Cameron Area OCS Leasing Map, Louisiana Map No. 1 5,000.00 acres, more or less
INTEREST OWNED _____	15.000z
INTEREST CONVEYED _____	15.000z

DEKALB's No. _____	LA-00108
LEASE SERIAL NUMBER _____	OCS-G 10770
LEASE EFFECTIVE DATE _____	May 1, 1989
DESCRIPTION _____	All of Block 156, Ship Shoal Area OCS Leasing Map, Louisiana Map No. 5 5,000.00 acres, more or less
INTEREST OWNED _____	15.000z
INTEREST CONVEYED _____	15.000z

EXHIBIT "A"

ANNEXED HERETO THAT CERTAIN ACT OF COLLATERAL MORTGAGE AND PLEDGE (LOUISIANA) BY LOUIS DREYFUS RESERVES CORP. AND BOGERT OIL COMPANY, AS "MORTGAGORS" DATED OCTOBER 16, 1992.

DEKALB's No.....	LA-00109
LEASE SERIAL NUMBER..	OCS-G 10772
LEASE EFFECTIVE DATE.	July 1, 1989
DESCRIPTION.....	All of Block 171, Ship Shoal Area OCS Leasing Map, Louisiana Map No. 5 5,000.00 acres, more or less
INTEREST OWNED.....	15.000%
INTEREST CONVEYED.....	15.000%
DEKALB's No.....	LA-00110
LEASE SERIAL NUMBER..	OCS-G 10714
LEASE EFFECTIVE DATE.	May 1, 1989
DESCRIPTION.....	All of Block 273, South Marsh Island Area North Addition; OCS Leasing Map, Louisiana Map No. 3D 5,000.00 acres, more or less
INTEREST OWNED.....	15.000%
INTEREST CONVEYED.....	15.000%
DEKALB's No.....	LA-00116
LEASE SERIAL NUMBER..	OCS-G 11799
LEASE EFFECTIVE DATE.	June 1, 1990
DESCRIPTION.....	All of Block 464, West Cameron Area South Addition, OCS Leasing Map, Louisiana Map No. 1B 5,000.00 acres, more or less
INTEREST OWNED.....	25.000%
INTEREST CONVEYED.....	25.000%
DEKALB's No.....	LA-00117
LEASE SERIAL NUMBER..	OCS-G 11841
LEASE EFFECTIVE DATE.	May 1, 1990
DESCRIPTION.....	All of Block 234, East Cameron Area OCS Leasing Map, Louisiana Map No. 2 5,000.00 acres, more or less
INTEREST OWNED.....	25.000%
INTEREST CONVEYED.....	25.000%
DEKALB's No.....	LA-00118
LEASE SERIAL NUMBER..	OCS-G 11846
LEASE EFFECTIVE DATE.	July 1, 1990
DESCRIPTION.....	All of Block 259, East Cameron Area South Addition, OCS Leasing Map, Louisiana Map No. 2A 5,000.00 acres, more or less
INTEREST OWNED.....	25.000%
INTEREST CONVEYED.....	25.000%

EXHIBIT "A"

ANNEXED HERETO THAT CERTAIN ACT OF COLLATERAL MORTGAGE AND PLEDGE (LOUISIANA) BY LOUIS DREYFUS RESERVES CORP. AND BOGERT OIL COMPANY, AS "MORTGAGORS" DATED OCTOBER 16, 1992.

DEKALB's No. _____	LA-00119
LEASE SERIAL NUMBER _____	OCS-G 11835
LEASE EFFECTIVE DATE _____	July 1, 1990
DESCRIPTION _____	All of Block 142, East Cameron Area OCS Leasing Map, Louisiana Map No. 2 5,000.00 acres, more or less
INTEREST OWNED _____	25.000%
INTEREST CONVEYED _____	25.000%

DEKALB's No. _____	LA-00120
LEASE SERIAL NUMBER _____	OCS-G 12649
LEASE EFFECTIVE DATE _____	May 1, 1991
DESCRIPTION _____	All of Block 203, Ship Shoal Area OCS Leasing Map, Louisiana Map No. 5 5,000.00 acres, more or less
RECORDED _____	Book 1295, Entry 888466, Terrebonne Parish, LA.
INTEREST OWNED _____	25.000%
INTEREST CONVEYED _____	25.000%

## EXHIBIT "A"

ANNEXED HERETO THAT CERTAIN ACT OF COLLATERAL MORTGAGE AND PLEDGE (LOUISIANA) BY LOUIS DREYFUS RESERVES CORP. AND BOGERT OIL COMPANY, AS "MORTGAGORS" DATED OCTOBER 16, 1992.

## WELLS

	<u>WORKING</u> <u>INTEREST</u>	<u>NET</u> <u>REVENUE</u> <u>INTEREST</u>	
<b>EAST CAMERON BLOCK 234</b>			
OCSG 11841 East Cameron Blk 234 1R.....	25.000000z <u>22.222222z</u>	20.833330z 17.777806z	BPO x 1.15 APO x 1.15
<b>SHIP SHOAL BLOCK 157-A</b>			
OCSG 10770 Ship Shoal Blk 156 A-3.....	0.000000z 4.500000z 4.000000z	1.500000z 3.750000z 3.200000z	BPO APO x 1 APO x 1.15
OCSG 10772 Ship Shoal Blk 156 A-5.....	4.500000z 4.000000z	3.750000z 3.200000z	BPO x 1.15 APO x 1.15
OCSG 10772 Ship Shoal Blk 171 A-4.....	4.500000z 3.990000z	3.750000z 3.200000z	BPO x 1.15 APO x 1.15
<b>WEST CAMERON BLOCK 406</b>			
OCSG 11789 West Cameron Blk 406 #1.....	25.000000z <u>22.222222z</u>	20.833300z 17.777778z	BPO x 1.15 APO x 1.15
<b>SOUTH MARSH ISLAND BLOCK 273</b>			
OCSG 10714 South Marsh Island Blk 273 1-R.....	15.900000z 13.333333z	12.500000z 10.666667z	BPO x 1.15 APO x 1.15

RECEIVED

OCT 20 1992

AMENDED AND RESTATED SECURITY AGREEMENT,  
ASSIGNMENT OF PRODUCTION AND FINANCING STATEMENT

ENERGALS MANAGEMENT SERVICE  
LEASING & ENVIRONMENT

THIS AMENDED AND RESTATED SECURITY AGREEMENT, ASSIGNMENT OF PRODUCTION AND FINANCING STATEMENT, dated as of October 16, 1992 is from LOUIS DREYFUS RESERVES CORP., a Delaware corporation ("LDRC"), and BOGERT OIL COMPANY, an Oklahoma corporation ("Bogert") (LDRC and Bogert, collectively, the "Mortgagors"), to BANQUE PARIBAS (NEW YORK BRANCH) ("Banque Paribas"), as agent (together with its successors in such capacity, the "Agent") for the Banks (as hereinafter defined).

W I T N E S S E T H:

1. LDRC, Bogert, LDRC Energy, Inc. (collectively, the "Existing Borrowers"), the Agent and the banks which are parties thereto (the "Existing Banks") are parties to that certain Credit Agreement, dated as of August 27, 1991 (the "Existing Credit Agreement").

2. The Existing Banks have agreed to amend and restate the obligations existing pursuant to the Existing Credit Agreement and to make additional advances to the Existing Borrowers and to Louis Dreyfus Reserves Holding Corp., Louis Dreyfus Gas Holdings, Inc., and Louis Dreyfus Gas Sales, Inc. (collectively, together with the Existing Borrowers, the "Borrowers") pursuant to the terms of a certain Amended and Restated Credit Agreement dated as of October 14, 1992 (as amended, modified, or restated, and as in effect from time to time, the "Credit Agreement") among the Borrowers, Louis Dreyfus Reserves Holding Corp. as Borrowing Agent, the Agent, and the banks party thereto (said bank, together with each bank which may hereafter become a bank party thereto, the "Banks"). The Credit Agreement, and the terms and conditions thereof, are hereby incorporated by reference.

3. The execution of the Credit Agreement and the Notes do not constitute a payment, prepayment, or novation of any indebtedness outstanding pursuant to the Existing Credit Agreement but, to the extent of loans outstanding on the Closing Date, are in renewal, extension, and rearrangement thereof. Further, the Credit Agreement permits advances of additional amounts and borrowings by additional parties.



4. As a condition to the execution of the Credit Agreement, to the renewal, extension and rearrangement of the obligations set forth therein, to the increase of the loans to be made thereunder, and to the extension of loans to additional borrowers thereunder, the Banks have required that the Mortgagors execute this Amended and Restated Security Agreement, Assignment of Production and Financing Statement (this "Agreement") in amendment and restatement, but not in novation of, that certain Security Agreement, Assignment of Production and Financing Statement executed by the Mortgagors in favor of the Agent dated as of August 27, 1991 (the "Existing Security Agreement").

5. The Mortgagors further desire to subject additional collateral to the lien and security interest created by the Existing Security Agreement, all on the terms and conditions set forth in this Agreement.

6. The Agent acknowledges that it has continued to act at all times as agent for the Existing Banks and has agreed in the Credit Agreement to act as Agent for the Banks and any other bank that may become a party thereto after the date hereof.

The execution of this Agreement does not constitute a termination, novation or release of any liens created pursuant to the Existing Security Agreement, but all of such liens, assignments, and security interests are hereby ratified, confirmed, renewed, extended, rearranged, and brought forward as security for the Indebtedness (as hereinafter defined).

The Mortgagors and the Agent, as agent for the Banks, have agreed to amend and restate the Existing Security Agreement on the terms and conditions of this Agreement.

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

A. "Agreement" shall mean this instrument as originally executed or as it may from time to time be supplemented or amended by one or more instruments supplemental hereto.

B. "Event of Default" shall have the meaning set forth for such term in the Credit Agreement and shall also mean the occurrence of any act or event identified herein as being an Event of Default.

C. "Hydrocarbons" shall mean oil, crude oil and petroleum products, gas and other liquid or gaseous hydrocarbons.

D. "Indebtedness" shall have the meaning set forth in Section 1.2 hereof.

E. "Lands described in Exhibit A" shall include all lands or oil and gas interests, the description of which is contained in Exhibit A or incorporated in Exhibit A by reference to another instrument or document, and shall also include any lands or oil and gas interests now or hereafter unitized or pooled with lands or oil and gas interests which are either described in Exhibit A or the description of which is incorporated in Exhibit A by reference.

F. "Oil and Gas Leases" shall include oil, gas and mineral leases and shall also include subleases and assignments of operating rights.

G. "Operating Equipment" shall mean all surface or subsurface machinery, equipment, facilities or other corporeal movable property of whatsoever kind or nature (excluding motor vehicles and movables only temporarily or transiently on the premises for purposes such as drilling, reworking, serving or testing a well located thereon) now or hereafter located on any of the Lands described in Exhibit A or on a unit including all or part of the Lands described in Exhibit A, including, but not by way of limitation, all oil wells, gas wells, water wells, injection wells, casing, tubing, rods, pumping units and engines, christmas trees, derricks, separators, heater treaters, valves, gun barrels, flow lines, tanks, gas systems and compressors (for gathering, treating and compression), water systems (for treating, disposal and injection), pipelines (including gathering lines, laterals and trunklines, if any), power plants, poles, lines, transformers, starters and controllers, machine shops, tools, storage yards and equipment stored therein, buildings and camps, telegraph, telephone and other communication systems, roads, loading racks and shipping facilities.

H. "Production Sale Contracts" shall mean all contracts now in effect, or hereafter entered into by any Mortgagor, or any Mortgagor's predecessors in interest, for the sale, purchase, exchange or processing of Hydrocarbons produced from the Lands described in Exhibit A, as amended from time to time.

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

J. "UCC" shall mean the Louisiana Commercial Laws (Louisiana Revised Statutes Title 10), as amended from time to time, and "Chapter 9" shall mean Chapter 9 of the UCC (La. R.S. 10:9-101 et seq.); provided, however, in the event that, by reason of mandatory provisions of applicable law, any or all of the attachment, perfection or priority of the Agent's security interest hereunder in any Property is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of Louisiana, the term "UCC" shall mean the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such attachment, perfection or priority and for purposes of definitions related to such provisions.

K. All other capitalized terms used herein and not otherwise defined herein shall have the meaning given to such terms in the Credit Agreement.

~~NOW, THEREFORE~~, as security for the payment and performance of the indebtedness, the Mortgagors hereby grant to the Agent for the benefit of the Banks a continuing security interest in all of the Mortgagors' right, title and interest, whether now owned or hereafter acquired, in all of the hereinafter described properties, rights and interests, insofar as such properties, rights and interests consist of equipment, general intangibles, accounts, contract rights, inventory, instruments, chattel paper, goods, fixtures, proceeds of collateral or any other personal property of a kind or character defined in or subject to the applicable provisions of the UCC:

(a) the Lands described in Exhibit A, all Oil and Gas Leases and other mineral rights described in Exhibit A and all of the lands covered thereby, all leasehold interests, overriding royalty interests, non-participating royalty inter-

ests, mineral interests, production payments, net profits interests, and any other interests measured by or payable out of production of the Hydrocarbons from the Oil and Gas Leases and other mineral rights described in Exhibit A, and/or Lands described in Exhibit A; and

(b) all of the foregoing interests of the Mortgagors as such interests may be enlarged by the discharge of any payments out of production or by the removal of any charges or encumbrances, together with the Mortgagors' interests in, to and under or derived from all renewals and extensions of any Oil and Gas Leases or other mineral rights described in Exhibit A, it being specifically intended hereby that any new Oil and Gas Lease (i) in which an interest is acquired by any Mortgagor after the termination or expiration of any Oil and Gas Lease, the interests of such Mortgagor in, to and under or derived from which are subject to the lien and security interest hereof, and (ii) which covers all or any part of the property described in and covered by such terminated or expired lease, shall, to the extent, and only to the extent, such new Oil and Gas Lease may cover such property, be considered a renewal or extension of such terminated or expired lease (the properties, rights and interests in (a) and (b) above collectively sometimes called the "Mineral Interests"); and

(c) any operating, farmout, and bidding agreements, assignments and subleases, whether or not described in Exhibit A, to the extent, and only to the extent, that such agreements, assignments and subleases (i) cover or include any of the Mortgagors' present right, title and interest in and to the Oil and Gas Leases and other mineral rights described in Exhibit A and/or Lands described in Exhibit A, or (ii) cover or include any other undivided interest now or hereafter held by the Mortgagors in, to and under such Oil and Gas Leases and other mineral rights described in Exhibit A, and/or Lands described in Exhibit A, including, without limitation, any future operating, farmout and bidding agreements, assignments, subleases and pooling, unitization and communitization agreements and the units created thereby (including, without limitation, all units formed under orders, regula-

tions, rules or other official acts of any governmental body or agency having jurisdiction) to the extent and only to the extent, that such agreements, assignments, subleases, or units cover or include the said Oil and Gas Leases and other mineral rights described in Exhibit A, and/or Lands described in Exhibit A; and

(d) all presently existing and future advance payment agreements, oil, casinghead gas and gas sales, exchange, processing contracts and agreements and all other general intangibles to the extent, and only to the extent, those contracts, agreements and general intangibles cover or include the Oil and Gas Leases and other mineral rights described in Exhibit A, and/or Lands described in Exhibit A; and

(e) all presently existing and future permits, licenses, servitudes, surface leases, disposal agreements, easements and similar rights and privileges which relate to or are appurtenant to the Oil and Gas Leases and other mineral rights described in Exhibit A, and/or Lands described in Exhibit A or are otherwise described in Exhibit A; and

(f) all presently existing and future unitization and pooling agreements and the properties covered and the units created thereby (including all units formed under orders, regulations, rules and other official acts of any federal, state or other governmental agency having jurisdiction) which are referred to in Exhibit A or which relate to any of the properties and interests referred to in Exhibit A whether or not the same are described with specificity; and

(g) all Hydrocarbons which are in, under, upon, attributable to, produced or to be produced from the Oil and Gas Leases and other mineral rights described in Exhibit A and/or Lands described in Exhibit A, and all inventory thereof upon extraction from the wellhead or minehead (collectively, the "Production"); and

(h) the Production Sales Contracts, and all accounts (as defined in the UCC) now or hereafter resulting from the sale of Hydrocarbons at the wellhead or minehead; and

(i) all Operating Equipment; and

(j) all proceeds and products of the foregoing and all accessions thereto and substitutions therefor,

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, and all contracts, operating agreements, records, logs, rights-of-way, franchises, servitudes, easements, surface leases, permits, licenses, tenements, hereditaments and appurtenances now existing or in the future obtained in connection with any of the aforesaid, and all other things of value and incident thereto which any Mortgagor might at any time have or be entitled to (all the aforesaid property, rights and interests together with any additions thereto which may be subjected to the security interest of this Agreement by means of supplements hereto, being hereinafter called the "Property");

**TO HAVE AND TO HOLD** the Property unto the Agent, and to its successor or successors, forever to secure the payment of the Indebtedness and to secure the performance of the obligations of the Mortgagors herein contained.

The Mortgagors, in consideration of the premises and to induce the Banks to enter into the Credit Agreement, hereby covenant and agree with the Agent and the Banks as follows:

#### **ARTICLE I INDEBTEDNESS SECURED**

1.1 Indebtedness Secured. The following items of indebtedness are secured hereby:

(a) the obligations of the Mortgagors and the Borrowers to the Agent and the Banks now or hereafter existing under the Loan Documents

including, without limitation: (1) the obligations of the Borrowers in respect of the principal of and interest on the Notes and the Loans, (2) the obligations of the Borrowers in respect of fees and all other amounts payable to the Agent and the Banks under any Loan Document, and (3) each other obligation of the Mortgagors or the Borrowers of whatever nature under any Loan Document;

(b) any sums advanced or expenses or costs incurred by the Agent (or any receiver appointed hereunder) which are made or incurred pursuant to, or permitted by, the terms hereof and the Credit Agreement, plus interest thereon at the rate herein specified or otherwise agreed upon, from the date of the advance or the incurring of such expenses or costs until repaid; and

(c) any extensions or renewals of all such indebtedness described in subparagraphs (a) and (b) above, together with all other and future indebtedness now or hereafter owing by the Mortgagors and/or the Borrowers to the Agent or the Banks.

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

## **ARTICLE II PARTICULAR COVENANTS AND WARRANTIES OF THE MORTGAGORS**

**2.1 Warranties.** The Mortgagors represent and warrant to the Agent and the Banks 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, if any, respecting the properties to which they pertain, (b) the Mortgagors, to the extent of the interest specified in Exhibit A, have good and marketable title to said property right or interest constituting the Property and has a good and legal right to grant and convey the same to the Agent, (c) the Property is free from all Liens whatsoever, except as permitted by the provisions of Section 2.4(e) hereof, and (d) the Mortgagors are not obligated, by virtue of any prepayment under any contract providing for the sale by the Mortgagors of Hydrocarbons which contains a "take or pay" clause or under any similar arrangement, to deliver Hydrocarbons

at some future time without then or thereafter receiving full payment therefor. The Mortgagors will warrant and forever defend the Property unto the Agent against any Person whomsoever lawfully claiming or seeking to claim the same or any part thereof and will maintain and preserve the lien and security interest hereby created so long as any of the Indebtedness remains unpaid.

**2.2 Further Assurances.** The Mortgagors will execute and deliver such other and further instruments and will do such other and further acts as in the opinion of the Agent may be necessary or desirable to carry out more effectually the purposes of this Agreement, including, without limiting the generality of the foregoing, (a) correction of any defect with all due diligence which may hereafter be discovered in the title to the Property or in the execution and acknowledgement of this Agreement, or any other document used in connection herewith, and (b) prompt execution and delivery of all division or transfer orders which in the opinion of the Agent are needed to transfer effectually the assignment proceeds of Production to the Agent.

**2.3 Compliance with Laws.** Each Mortgagor shall, and shall cause each of its Subsidiaries to, comply in all material respects with all applicable laws, rules, regulations and orders, such compliance to include, without limitation, paying before the same become delinquent all taxes, assessments, governmental charges and levies imposed upon it or upon its property, including all such taxes, assessments, governmental charges and levies legally imposed upon this Agreement or upon the Property or upon the interest of the Agent therein, or upon the income and profits thereof, except such taxes, assessments, governmental charges and levies as are being contested reasonably and in good faith by appropriate proceedings and for which adequate reserves have been set aside or which would not have a material adverse effect on the consolidated financial condition, results of operations, business, prospects or properties of LDRH and its Subsidiaries taken as a whole, or the ability of any Mortgagor to perform or observe its respective obligations under this Agreement.

**2.4 Operation of the Property.** So long as the Indebtedness or any part thereof remains unpaid, and whether or not the Mortgagors are the operators of the



Property, the Mortgagors shall, at the Mortgagors' own expense:

(a) Do all things necessary to keep unimpaired the Mortgagors' rights in the 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 Property or the Mineral Interests without the prior written consent of the Agent, or, except in the ordinary course of business, enter into any operating agreement affecting the Mineral Interests without the prior written consent of the Agent;

(b) 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 and by appropriate proceedings;

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

(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 or the Mineral Interests, to be promptly made;

(e) Cause the Property to be kept free and clear of Liens 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 Mineral Interests and not such as to affect materially the title thereto, (4) those being contested by

the Mortgagors in good faith and by appropriate proceedings in such manner as not to jeopardize the Agent's rights in and to the Property, (5) those set forth or referred to in Exhibit A, (6) liens permitted under the Credit Agreement, and (7) those consented to in writing by the Agent;

(f) Maintain insurance with financially sound and reputable insurance companies or associations in such amounts and covering such risks as are usually carried by companies engaged in the same or a similar business and similarly situated, which insurance may provide for reasonable deductibles from the coverage thereof, provided that all such insurance (including such deductibles) shall be reasonably satisfactory to the Majority Banks under the Credit Agreement at all times; and

(g) Use their best efforts to cause the Swap Agreements and the Assignment of Payment to remain in full force and effect, and the Mortgagors will not amend, modify or alter the terms of such agreements except as permitted under the Credit Agreement.

**2.5 Recording, Etc.** The Mortgagors will promptly and at the Mortgagor'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 and security interest hereof as a first lien and security interest on personal property, and the rights and remedies of the 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 or of any other competent authority, for the purpose of effectively creating, maintaining and preserving the lien and security interest hereon as a first priority lien and security interest on the Property.

**2.6 Corporate Matters.** Each Mortgagor will maintain its corporate existence in the state of its incorporation and will not change its corporate name or federal tax identification number without first giving the Agent at least 30 days' prior written notice and executing such supplements and amendments to this Agree-

ment and the other Loan Documents as the Agent may request. Each Mortgagor is and will continue to be duly qualified to transact business in each state where the conduct of its business requires it to be qualified, and will not, except as permitted under the Credit Agreement, consolidate with or merge with or into any other corporation.

**2.7 Federal Tax Number.** LDRC warrants that its federal tax identification number is 06-1198730; Bogert warrants that its federal tax identification number is 73-1098614.

### **ARTICLE III ASSIGNMENT OF PRODUCTION**

**3.1 Assignment.** As further security for the payment of the Indebtedness, the Mortgagors hereby transfer, assign, warrant and convey to the Agent and grant to the Agent a continuing security interest, effective as of the first day of the calendar month in which this Agreement is dated, at 7:00 a.m., all Production now or hereafter produced and all proceeds therefrom; provided, however, the Mortgagors are hereby granted a license to exercise all of their rights with respect to the Production and the proceeds therefrom until the occurrence of an Event of Default at which such time said license shall terminate. All parties producing, purchasing or receiving any such Production or having such, or proceeds therefrom, in their possession for which they or others are accountable to the Agent by virtue of the provisions of this Article, are authorized and directed to treat and regard the Agent as the assignee and transferee of the Mortgagors and entitled in the Mortgagors' place and stead upon the occurrence of an Event of Default to receive such Production and all proceeds therefrom; and said parties and each of them shall be fully protected in relying on the Agent's representation that an Event of Default has occurred and shall be under no obligation to determine if an Event of Default has in fact occurred or to see to the application by the Agent of any such proceeds or payments received by it. Upon the occurrence of an Event of Default, the Mortgagors hereby authorize and empower the Agent to demand, collect and receive such Production and all proceeds therefrom and to execute any release, receipt, division order, transfer order and relinquishment or other instrument that may be required or necessary to collect and receive such Production or

the proceeds therefrom, and the Mortgagors hereby authorize and direct all pipeline companies, gathering companies and others purchasing such Production or having in their possession any Production or the proceeds therefrom, to pay and deliver to the Agent all such Production or proceeds therefrom accruing. The Mortgagors agree that all division orders, transfer orders, receipts and other instruments which the Agent may from time to time execute and deliver for the purpose of collecting or receipting for such production or the proceeds therefrom may be relied upon in all respects, and that the same shall be binding upon the Mortgagors, and the Mortgagors' successors, legal representatives and assigns. The Mortgagors agree to execute and deliver all necessary, convenient and appropriate instruments, including transfer and division orders, which may be required by the Agent in connection with the receipt by the Agent of such Production or the proceeds therefrom.

**3.2 Application Of Proceeds.** All payments received by the Agent pursuant to Section 3.1 hereof shall be placed in a cash collateral account with the Agent and applied as follows:

(a) First, to the payment and satisfaction of all costs and expenses incurred by the Agent in connection with the collection of such proceeds;

(b) Next, to the payment and satisfaction of all other costs, expenses and liabilities then due and owing to the Agent;

(c) Next, to the payment of those items of the Indebtedness then due and owing to the Agent and the Banks; provided that if a Default or Event of Default has occurred and is continuing, any balance of such payments remaining after the payment of the Indebtedness then due and owing to the Agent and the Banks shall be held by the Agent as security for all Indebtedness of the Borrowers, to be applied by the Agent towards the payment of such Indebtedness as such Indebtedness becomes due; and

(d) The balance, if any, shall be released to the Mortgagors entitled thereto so long as no Default or Event of Default has occurred and is continuing.

**3.3 No Liability of the Agent in Collecting.**

The 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 Mortgagors for funds actually received.

**3.4 Assignment Not a Restriction.**

Nothing herein contained shall detract from or limit the absolute obligation of the Mortgagors and/or the Borrowers to make payment of the Indebtedness in accordance with the terms of the Notes, the Credit Agreement, any other Loan Document and this instrument regardless of whether the proceeds of Production which are 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 Agent or any receiver appointed in judicial proceedings for the enforcement of this instrument shall have the right to receive all of the Production herein assigned and the proceeds therefrom after the happening of an Event of Default and to apply all of said proceeds as provided in Section 3.2 hereof. Upon any sale of the Property or any part thereof pursuant to Article 5, the Production 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.** (a) The Mortgagors hereby

jointly and severally agree to indemnify, reimburse and hold the Agent, the Banks and the officers, directors, agents, representatives or employees of each of the Agent and the Banks (each of the foregoing, an "Indemnified Person" and, collectively, the "Indemnified Persons") harmless against all claims, actions, liabilities, judgments, costs, attorneys' fees or other charges of whatsoever kind or nature including, but not limited to, those based on the sole or concurrent negligence of any Indemnified Person (hereinafter in this Section 3.6 collectively called "claims") made against or incurred by the Indemnified Persons or any of them as a consequence of the Agent and the Mortgagors entering into this Agreement or the assertion, either before or after the payment in

full of the Indebtedness, that the Indemnified Persons or any of them received Hydrocarbons herein assigned or the proceeds thereof claimed by third persons. The Mortgagors will pay to any Indemnified Person any and all such amounts and claims as may be paid by any Indemnified Person in respect of any such claims or as may be successfully adjudged against such Indemnified Person, the Agent, the Banks or any of them. Each Indemnified Person shall have the right to defend against any such claims, employing attorneys therefor, and unless furnished with reasonable indemnity therefor, the Indemnified Persons or any of them shall have the right to pay or compromise and adjust all such claims, and each Indemnified Person shall be reimbursed by the Mortgagors for all such costs and expenses incurred by such Indemnified Person in respect of any claims. Each Indemnified Person agrees to notify the Mortgagors of the existence of any such claims (of which such party has actual knowledge); provided that no Indemnified Person shall incur any liability whatsoever for any failure to give such notice, nor shall such failure limit or otherwise affect the obligation of the Mortgagors to indemnify any Indemnified Person pursuant to the provisions of this Section 3.6. Upon receipt of such notice, the Mortgagors shall be entitled at their own cost and expense to defend against any such claims; provided that the Mortgagors shall not take any action inconsistent with any action taken or proposed to be taken by any Indemnified Person in connection with the defense of any such claims.

(b) Any amounts paid by any Indemnified Person as to which such Indemnified Person has the right to reimbursement under this Section 3.6 and the Credit Agreement shall constitute Indebtedness secured by the Property. The indemnity obligations of the Mortgagors contained in this Section 3.6 shall continue in full force and effect to the fullest extent permitted by law notwithstanding the full payment and performance of the Indebtedness and notwithstanding the discharge thereof. All amounts owed by the Mortgagors to any Indemnified Person pursuant to this Section 3.6 shall be payable upon demand, and interest shall accrue at the rate of ten percent (10%) per annum on such amounts from the date of such demand until the date of payment to such Indemnified Person.

(c) The obligations of the Mortgagors as set forth in this Section 3.6 shall survive the release of this Agreement. Such obligations are the joint and several and solidary obligations of the Mortgagors.

#### ARTICLE IV EVENTS OF DEFAULT

**4.1 Events of Default.** (a) In case any one or more of the following events shall occur (each such occurrence, an "Event of Default") and shall not have been remedied then and in such event the 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 demand, presentment, notice of intent to accelerate, notice of acceleration, or notice or demand of any kind, all of which are hereby expressly waived by the Mortgagors:

(i) a default in the payment or prepayment of principal of or interest on the Notes, or in the payment of any other Indebtedness secured hereby, when due, and in the case of a default in the payment of any amount other than principal, such default shall continue for a period of three consecutive days;

(ii) failure by any Mortgagor to perform or observe any covenant or agreement contained in this Agreement (other than a default in the payment of principal of or interest upon the Notes or in the payment of any other Indebtedness) to be performed and observed by any Mortgagor and such failure shall continue for 30 consecutive days; or

(iii) any representation or warranty made herein shall prove to be untrue in any material respect;

(iv) the occurrence of an Event of Default under the terms and provisions of the Credit Agreement and the continuance of such Event of Default for the applicable period of grace, if any, therein set forth; provided that, notwithstanding the foregoing, in the case of an Event of Default of the type de-



scribed in subsections (e), (f) or (g) of the definition of the term "Event of Default" contained in the Credit Agreement, then and in such event the entire unpaid principal of and the interest accrued on the Notes and all other Indebtedness secured hereby shall automatically, without further action on the part of the Agent or any other Person, become immediately due and payable, without demand, presentment, notice of intent to accelerate, notice of acceleration or notice or demand of any kind, all of which are hereby expressly waived by the Mortgagors.

#### ARTICLE V ENFORCEMENT OF THE SECURITY

**5.1 Judicial Proceedings.** Upon the occurrence of an Event of Default and if such event shall be continuing, the Agent may proceed by a suit or suits in equity or at law, whether for a foreclosure hereunder, or for the sale of the 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 Property, or for the enforcement of any other appropriate legal or equitable remedy. Upon such occurrence and if such default be continuing, the Agent shall, as a matter of right, be entitled to the appointment of a receiver or receivers to be designated by the Agent for all or any part of the Property, whether such receivership be incident to a proposed sale of such Property (or any part thereof) or otherwise, and the Mortgagors do hereby consent to the appointment of such receiver or receivers and agree not to oppose any application therefor by the Agent.

Upon the occurrence of an Event of Default the Agent will have all rights and remedies granted by law, and particularly by Chapter 9. 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 Agent will give the Mortgagors reasonable notice of the time and place of any public sale or of the time after which any private sale or other intended disposition of such personal property is to be made. This requirement of sending reasonable notice will be met if the notice is mailed by first-class mail, postage pre-



paid, to the Mortgagors 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.

The Borrowers intervene herein for the purpose of joining in the confession of judgment made herein. For purposes of executory process under applicable Louisiana law, the Borrowers and the Mortgagors hereby acknowledge the Indebtedness secured hereby, and **CONFESS JUDGMENT** thereon if the same is not paid at maturity and consent that judgment may be rendered and signed, whether during the court's term or during vacation, for the full amount of the secured Indebtedness, in principal, interest, and attorneys fees, together with all charges and expenses whatsoever pursuant to this instrument and the other Loan Documents. Upon the occurrence of an Event of Default, and in addition to all of its rights, powers and remedies under this instrument and applicable law, the Agent may, at its option, cause all or any part of the Property to be seized and sold under executory process or under writ of fieri facias issued in execution of an ordinary judgment obtained upon the secured Indebtedness, without appraisalment to the highest bidder, for cash or under such terms as the Agent deems acceptable. The Mortgagors hereby waive all and every appraisalment of the Property and waive and renounce the benefit of appraisalment and the benefit of all laws relative to the appraisalment of the Property seized and sold under executory or other legal process. The Mortgagors agree to waive, and do hereby specifically waive:

(a) the benefit of appraisalment provided for in Articles 2332, 2336, 2723 and 2724, Louisiana Code of Civil Procedure, and all other laws conferring such benefits;

(b) the demand and three (3) days delay accorded by Articles 2639 and 2721, Louisiana Code of Civil Procedure;

(c) the notice of seizure required by Articles 2293 and 2721, Louisiana Code of Civil Procedure;

(d) the three (3) days delay provided by Articles 2331 and 2722, Louisiana Code of Civil Procedure;

(e) the benefit of the other provisions of Articles 2331, 2722 and 2723, Louisiana Code of Civil Procedure;

(f) the benefit of the provisions of any other articles of the Louisiana Code of Civil Procedure not specifically mentioned above; and

(g) all rights of division and discussion with respect to the Indebtedness.

In the event the Agent elects, at its option, to enter suit via ordinaria on the secured Indebtedness, in addition to the foregoing confession of judgment, the Mortgagors hereby waive citation, other legal process and legal delays and hereby consent that judgment for the unpaid principal due, on the secured Indebtedness, together with interest, attorneys fees, costs and other charges that may be due on the secured Indebtedness, be rendered and signed immediately.

**5.2 Certain Aspects of a Sale.** The Agent and any of the Banks shall have the right to become the purchaser at any public sale held by any court, receiver or public officer, and the Agent and any of the Banks 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.

**5.3 Receipt to Purchaser.** Upon any sale, by virtue of judicial proceedings, the receipt 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, or his or their assigns or personal representatives, shall not, after paying such purchase money and receiving such receipt 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 nonapplication thereof.

**5.4 Effect of Sale.** Any sale or sales of the Property, 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 Mortgagors of, in and to the premises and the property sold, and shall be a perpetual bar, both at law and in equity, against the Mortgagors, and the Mortgagors' 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 Mortgagors, or the Mortgagors' successors or assigns. Nevertheless, the Mortgagors, if requested by the Agent so to do, shall join in the execution and delivery of all property conveyances, assignments and transfers of the properties so sold.

**5.5 Application of Proceeds.** The proceeds of any sale of the Property, or any part thereof, shall be applied as follows:

**First:** To the payment and satisfaction of all costs and expenses incurred by the Agent in connection with the collection of such proceeds;

**Second:** To the payment and satisfaction of all other costs, expenses and liabilities then due and owing to the Agent;

**Third:** To the payment of those items of Indebtedness then due and owing to the Agent and the Banks provided that if a Default or Event of Default has occurred and is continuing, any balance of such payments remaining after the payment of such indebtedness then due and owing to the Agent and the Banks shall be held by the Agent as security for all Indebtedness of the Mortgagors and the Borrowers, to be applied by the Agent towards the payment of such Indebtedness, as such Indebtedness becomes due; and

**Fourth:** The balance, if any, shall be released to the Mortgagors entitled thereto so long as no Default or Event of Default has occurred and is continuing.

**5.6 Waiver of Appraisal, Marshalling, Etc. Rights - Decreasing Redemption.** The Mortgagors agree, to the full extent that the Mortgagors may lawfully so agree, that the Mortgagors will not at any time insist upon or plead or in any manner whatever claim the benefit of any appraisal, 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 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 Mortgagors, for the Mortgagors and all who may claim through or under the Mortgagors, so far as the Mortgagors or those claiming through or under the Mortgagors now or hereafter lawfully may, hereby waive the benefit of all such laws. The Mortgagors, for the Mortgagors and all who may claim through or under the Mortgagors, waive, to the extent that the Mortgagors may lawfully do so, any and all right to have the Property marshalled upon the foreclosure of the lien hereof, or sold in inverse order of alienation, and agree that any court having jurisdiction to foreclose such lien may sell the Property as an entirety.

**5.7 Costs and Expenses.** All costs and expenses (including reasonable attorneys' fees) incurred by the Agent in protecting and enforcing its rights hereunder, shall constitute a demand obligation owing by the Mortgagors to the party incurring such costs and expenses and shall bear interest at the Default Rate, % of which shall constitute a portion of the Indebtedness.

**5.8 Installment Foreclosures.** Without limiting any of the powers or remedies provided elsewhere, the Mortgagors agree that in the event the Indebtedness is payable in installments or includes, at any time, items of matured as well as unmatured indebtedness, the holder of the matured installments or items of indebtedness, as the case may be, shall have the right to have the Property sold, subject to the part of the Indebtedness which is unmatured at the time of foreclosure, at foreclosure sale to satisfy the lien and security interest hereof securing the then matured portion of said indebtedness and such sale, which is called in this Section 5.8 "Installment Foreclosure" is expressly authorized. Any Installment Foreclosure made under this Section 5.8 shall not affect the lien, assignment and security interest of this Agree-

ment existing to secure that portion of the Indebtedness to which the sale is to be made subject. No Installment Foreclosure shall exhaust the power of the Agent to pursue future Installment Foreclosures nor in any way limit the powers of foreclosure provided elsewhere in this Agreement. The provisions elsewhere in this Agreement relating to manner of conducting foreclosures shall also apply to any Installment Foreclosure and the same presumptions shall be applicable to any deed or recital therein contained in connection with an Installment Foreclosure and to any other affidavit as hereinabove provided.

#### 5.9 Operation of the Property by the Agent.

Upon the occurrence of an Event of Default and in addition to all other rights herein conferred on the Agent, the Agent (or any person, firm or corporation designated by the Agent) shall have the right and power, but shall not be obligated, to enter upon and take possession of any of the Property, and to exclude the Mortgagors, and the Mortgagors' agents or servants, wholly therefrom, and to hold, use, administer, manage and operate the same to the extent that the Mortgagors shall be at the time entitled and in their place and stead. The Agent, or any person, firm or corporation designated by the Agent, may operate the same without any liability to the Mortgagors in connection with such operations, and the Agent or any person, firm or corporation designated by the Agent, shall have the right to collect, receive and receipt for all Production produced and sold from said properties, to make repairs, purchase machinery and equipment, conduct work-over operations, drill additional wells and to exercise every power, right and privilege of the Mortgagors with respect to the 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 Mortgagors.

### ARTICLE VI HAZARDOUS SUBSTANCES

6.1 Representations and Warranties. The Mortgagors hereby jointly and severally represent and warrant that neither any Mortgagor nor, to the best knowledge of any Mortgagor, any other person or entity has ever caused or permitted any Hazardous Substances (as such term is

hereinafter defined) to be placed, held, located or disposed of on, under or at the Property or any part thereof and that neither the Property nor any part thereof has ever been used (whether by any Mortgagor or by any other person or entity) as a treatment, storage or disposal facility or site (whether permanent or temporary) for any Hazardous Substances.

**6.2 Indemnification.** The Mortgagors hereby jointly and severally agree to protect, defend, indemnify and hold each Indemnified Person harmless from and against any and all losses, liabilities (including strict or absolute liability), damages, injuries, expenses, and costs including, without limitation, court costs and reasonable attorneys' fees, of any suit, settlement or judgment and claims of any and every kind whatsoever paid (including any fees, expenses and court costs incurred to enforce this indemnity), incurred or suffered by, or asserted against any of the Indemnified Persons by any person or entity or governmental agency for, with respect to, or as a direct or indirect result of, the presence on, under or at, or the escape, seepage, leakage, spillage, emission, discharge or release from, the Property of any Hazardous Substance including, without limitation, any suit, settlement or judgment or claim asserted or arising under, as amended, the Comprehensive Environmental Response, Compensation and Liability Act, the Superfund Amendment and Reauthorization Act, the Resource Conservation Recovery Act, the Federal Water Pollution Control Act, the Federal Environmental Pesticides Act, the Toxic Substances Control Act, the Clean Water Act, the Clean Air Act, the Louisiana Solid Waste Management and Resource Recovery law, the Louisiana Hazardous Waste Control Law, the Louisiana Resource Recovery and Development Act, the Louisiana Solid Waste Regulations, the Louisiana Hazardous Waste Management Plan, the Louisiana State and Local Coastal Resources Management Act, the Louisiana Abandoned Oil Field Waste Site Law, the Louisiana Coastal Management Guidelines, the Louisiana Environmental Quality Act, the Louisiana Water Pollution Control Regulations, and the Louisiana Air Pollution Control Regulations, any so called federal, state or local "Superfund" or "Superlien" statute, or any other statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to or imposing liability (including strict liability), or standards of conduct concerning any Hazardous Substance, as now or at any time hereinafter in effect, regardless of whether or not caused by, on the

behalf of, or within the control of any Mortgagor. The obligations of the Mortgagors set forth in this Section 6.2 shall survive the release or termination of this Agreement.

6.3 Definition of Hazardous Substances. For purposes of this Agreement, the term "Hazardous Substances" shall mean and include those elements or compounds which exhibit any of the characteristics of a "hazardous" waste or are contained in the list of substances determined to be "hazardous," expressly including oilfield wastes and naturally occurring radio-active materials, in each such case, even if not exhibiting any such characteristics listed as hazardous, subject to regulation by, or receiving an exemption or exclusion as adopted by, the United States Environmental Protection Agency ("EPA"), the Louisiana Department of Environmental Quality ("DEQ"), the Louisiana Department of Natural Resources ("DNR") or any successor agency, and the list of toxic pollutants designated by the United States Congress, the EPA, DEQ or DNR or defined by any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability (including strict liability) or standards of conduct concerning, any solid, hazardous, toxic or dangerous waste, substance or material, as now or at any time hereinafter in effect.

6.4 Notification. If any Mortgagor receives any notice or knowledge of (i) the occurrence of any event involving the use, spill, release, leak, seepage, discharge or cleanup of any Hazardous Substance, or (ii) any complaint, order, citation or other notice with regard to air emissions, water discharges, or any other environmental, health or safety matter affecting any of the Mortgagors or the Property (an "Environmental Complaint") from any person or entity (including, without limitation, the EPA, DEQ or DNR), then such Mortgagor shall immediately notify the Agent orally and in writing of any such notice and, if the Environmental Complaint is in writing, shall immediately deliver a copy of the Environmental Complaint to the Agent.

6.5 Agent's Right to Act. In addition to all other rights granted to the Agent under any other agreement, the Agent shall have the right, but not the obligation, to enter onto the Property or to take such other actions as it deems necessary or advisable to clean up,



remove, resolve, eliminate or minimize the impact of, or otherwise deal with any such Hazardous Substance or Environmental Complaint following receipt of any notice from any person or entity (including, without limitation, the EPA, DEQ or DNR) asserting the existence of any Hazardous Substance or an Environmental Complaint pertaining to the Property or any part thereof which, if true, could result in an order, suit or other action against the Agent and/or which, in the sole opinion of the Agent, could have an adverse impact on the value of the Property or otherwise jeopardize the Agent's lien against the Property granted or created under this Agreement.

#### 6.6 Environmental Audit and Risk Assessment.

The Agent shall have the right, in its sole discretion, to require the Mortgagors to periodically perform (at the Mortgagors' sole cost and expense) an environmental audit and, if deemed necessary by the Agent, an environmental risk assessment of the Property, of the Mortgagors' solid, oilfield and hazardous waste management practices and/or the solid, oilfield or hazardous waste disposal sites used by the Mortgagors, each of which must be satisfactory to the Agent. Said audit and/or risk assessment must be performed and reported by an environmental consultant satisfactory to the Agent. Should the Mortgagors fail to perform any such reasonably requested environmental audit or risk assessment within thirty days of the Agent's written request to the Mortgagors for same, the Agent shall have the right, but not the obligation, to retain an environmental consultant to perform said environmental audit or risk assessment. Any funds of the Agent used for any purpose referred to in Section 6.5 or this Section 6.6, together with interest thereon as hereafter provided, shall constitute obligations included in the Indebtedness secured by this Agreement. Such advances of funds by the Agent shall bear interest at the rate of ten percent (10%) per annum from and after the date such funds are expended by the Agent until repaid by the Mortgagors to the Agent.

### **ARTICLE VII MISCELLANEOUS**

7.1 Advances by the Agent. Each and every covenant herein contained shall be performed and kept by the Mortgagors solely at the expense of the Mortgagors. If the Mortgagors shall fail to perform or keep any of the covenants of whatsoever kind or nature contained in



this instrument, the Agent, or any receiver appointed hereunder, may, but shall not be obligated to, make advances to perform the same on behalf of the Mortgagors, and the Mortgagors hereby agree to repay such sums upon demand plus interest at the Default Rate. No such advance shall be deemed to relieve the Mortgagors from any default hereunder.

**7.2 Defense of Claims.** The Mortgagors will notify the Agent, in writing, promptly of the commencement of any legal proceedings affecting the lien hereof or the Property, or any part thereof, and will take such action, employing attorneys agreeable to the Agent, as may be necessary to preserve the Mortgagors' and the Agent's rights affected thereby; and should the Mortgagors fail or refuse to take any such action, the Agent may, upon giving prior written notice thereof to the Mortgagors, take such action in behalf and in the name of the Mortgagors and at the expense of the Mortgagors. Moreover, the Agent may take such independent action in connection therewith as it may in its discretion deem proper, the Mortgagors hereby agreeing that all sums advanced or all expenses incurred in such actions plus interest at the Default Rate will, on demand, be reimbursed to the Agent, or any receiver appointed hereunder.

**7.3 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 Property and the Agent may take or may now hold other security for the Indebtedness without notice to or consent of the Mortgagors. The 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 and security interest upon the Property not expressly released until the Notes and all other Indebtedness secured hereby are fully paid.

**7.4 Instrument as an Assignment, Etc.** This instrument shall be deemed to be and may be enforced from time to time as an assignment, chattel mortgage, contract, financing statement, or security agreement, and from time to time as any one or more thereof.

**7.5 Unenforceable or Inapplicable Provisions.**

If any provision hereof is invalid or unenforceable in any jurisdiction, the other provisions hereof shall remain in full force and effect in such jurisdiction, and the remaining provisions hereof shall be liberally construed in favor of the 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.

**7.6 Rights Cumulative.** Each and every right, power and remedy herein given to the Agent shall be cumulative and not exclusive; and each and every right, power and remedy, whether specifically herein given or otherwise existing, may be exercised from time to time and so often and in such order as may be deemed expedient by the Agent, 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 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.

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

**7.8 Successors and Assigns.** This instrument is binding upon the Mortgagors and their successors and assigns, and shall inure to the benefit of the Agent and the Banks and their successors and assigns.

**7.9 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.

**7.10 Special Filing as Financing Statement.** This Agreement shall likewise be a Security Agreement and a Financing Statement and the Mortgagors hereby grant to the Agent, its successors and assigns, a security inter-

est in all personal property, fixtures, accounts, inventory, equipment, contract rights and general intangibles described or referred to in Granting Clauses (a) through (k) herein and all proceeds from the sale, lease or other disposition of the Property or any part thereof. This Agreement may be filed as a financing statement covering fixtures located on oil and gas properties (and accounts arising therefrom) which are to be financed at the well head of the wells located on the real estate described in Exhibit A attached hereto.

**7.11 Notices.** Any notice, request, demand or other instrument which may be required or permitted to be given or served upon the Mortgagors shall be given or made by fax, telegraph, cable or in writing and faxed, telegraphed, cabled, mailed or delivered to each Mortgagor or at the "Address For Notices to Mortgagors" shown on the signature page hereof or to such different address as any Mortgagor shall have designated by notice to the Agent. Except as otherwise provided in this instrument, all such communications shall be deemed to have been duly given when transmitted by facsimile, delivered to the telegraph or cable office, delivered to a nationally recognized courier service or personally delivered or, in the case of a mailed notice, upon receipt, in each case given or addressed as aforesaid. Any notice, request, demand or other instrument which may be required or permitted to be given or served upon the Agent shall be given or made by fax, telegraph, cable or in writing and faxed, telegraphed, cabled, mailed or delivered to the Agent at the "Address For Notices to Agent" shown below its signature at the end of this instrument or to such different address as the Agent shall have designated by notice to the Mortgagors. All such communications shall be deemed to have been duly given upon receipt by the Agent thereof.


**7.12 Governing Law.** The Indebtedness has been created pursuant to the Credit Agreement which was executed and delivered in the State of New York; it being the express intent and agreement of the Mortgagors and the Agent that the Indebtedness be construed and governed in accordance with the laws of the State of New York. Notwithstanding such intention and agreement that the laws of the State of New York shall govern the Indebtedness, the Mortgagors and the Agent expressly covenant and agree that the laws of the State of Louisiana shall apply

to the rights and remedies created herein which are given against the Property.


7.13 Remedies, Etc. Each right, power and remedy of the Agent provided for in this Agreement or now or hereafter existing at law or in equity or by statute or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power or remedy provided for in this Agreement or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by the Agent of any one or more of the rights, powers or remedies provided for in this Agreement or now or hereafter existing at law or in equity or by statute or otherwise, or the exercise of any such right, power or remedy with respect to a part only of the Property, shall not preclude the simultaneous or later exercise by the Agent of any or all such other rights, powers or remedies, or the simultaneous or later exercise by the Agent of any such right, power or remedy with respect to any other part of the Property, and without in any respect limiting any of the foregoing, the Agent may exercise any or all of the rights and powers and pursue any and all of the remedies available to a secured party under Chapter 9 or the UCC as in effect.

IN WITNESS WHEREOF, the Mortgagors, the Borrowers and the Agent have executed or caused to be executed this Agreement as of the day, month and year first above written.

LOUIS DREYFUS RESERVES  
CORP., as a Mortgagor  
and a Borrower

By:   
Name: Jeffrey R. Gilman  
Title: Vice President


BOGERT OIL COMPANY, as a  
Mortgagor and a Borrower

By:   
Name: Jeffrey R. Gilman  
Title: Vice President

LOUIS DREYFUS RESERVES  
HOLDING CORP., as a  
Borrower

By:   
Name: Jeffrey R. Gilman  
Title: Vice President

LOUIS DREYFUS GAS HOLDINGS  
INC., as a Borrower

By:   
Name: Jeffrey R. Gilman  
Title: Vice President

LOUIS DREYFUS GAS SALES  
INC., as a Borrower

By: 

Name: Jeffrey R. Gilman  
Title: Vice President

LDRC ENERGY, INC.,  
as a Borrower

By: 

Name: Jeffrey R. Gilman  
Title: Vice President

Address For Notices to  
Mortgagors and Borrowers:

14000 Quail Springs Parkway  
Suite 600  
Oklahoma City, Oklahoma 73134  
Attn: Treasurer

Facsimile No.: (405) 751-5129

BANQUE PARIBAS (NEW YORK  
BRANCH), as the Agent

By: 

Name: Charlie Thompson  
Title: Vice President

Address For Notices to the Agent:

The Equitable Tower  
787 Seventh Avenue  
32rd Floor  
New York, New York 10019  
Attn: Charlie Thompson

Facsimile No.: (212) 841-2555

BEST AVAILABLE COPY

Exhibit "A" to that certain Amended and Restated Security Agreement, Assignment of Production and Financing Statement from Louis Dreyfus Reserves Corp. and Robert Oil Company as Mortgagors to Banque Paribas (New York Branch), as Agent dated October 16 1992.

FIELD: SOUTH LAKE ARTHUR FIELD  
 STATE: LOUISIANA  
 PARISH: VERMILION

1. Oil, Gas and Mineral Lease dated January 31, 1985, from Lewis Austin Broussard, et ux, as lessor, in favor of SAS Exploration Company, as lessee, recorded under Entry No. 85-03274 of the conveyance records of Vermilion Parish, Louisiana.
2. Oil, Gas and Mineral Lease dated January 28, 1985, from John C. Hoffpauir, et us, as lessor, in favor of SAS Exploration Company, as lessee, recorded under Entry No. 85-03272 of the conveyance records of Vermilion Parish, Louisiana.
3. Oil, Gas and Mineral Lease dated January 17, 1985, from Louis Paul "Broussard, as lessor, in favor of SAS Exploration Company, as lessee, recorded under Entry No. 85-03269 of the conveyance records of Vermilion Parish, Louisiana.
4. Oil, Gas and Mineral Lease dated January 25, 1985, from Beulah V. Broussard, et ux, as lessor, in favor of SAS Exploration Company, as lessee, recorded under Entry No. 85-03270 and Entry No. 85-03271, counterpart executed by Nolia Mae Broussard Luecke, on the conveyance records of Vermilion Parish, Louisiana.
5. Oil, Gas and Mineral Lease dated January 17, 1985, from Lucille R. Broussard, et al, as lessor, in favor of SAS Exploration Company, as lessee, recorded under Entry No. 85-03275 and Entry No. 85-03276 (counterpart executed by Donna Lou Broussard Cooper) of the conveyance records of Vermilion Parish, Louisiana.
6. Oil, Gas and Mineral Lease dated January 17, 1985, from Alice Broussard Boudreaux, as lessor, in favor of SAS Exploration Company, as lessee, recorded under Entry No. 85-03273 of the conveyance records of Vermilion Parish, Louisiana.
7. Oil, Gas and Mineral Lease dated February 4, 1986, from Whitney Champagne, et ux, as lessor, in favor of Lyons, Hilliard and Watson, Inc., as lessee, recorded under Entry No. 86-01519 of the Vermilion Parish, Louisiana.

Unit	Working Interest	Net Revenue Interest
Middle Miogyp RA SUH	0.1	0.07914358
Lower Miogyp RA SUH	0	0.10391930

Exhibit "A" to that certain Amended and Restated Security Agreement, Assignment of Production and Financing Statement from Louis Dreyfus Reserves Corp. and Becht Oil Company, as "Mortgagors" to Banque Paribas (New York Branch), as Agent dated October 16, 1992.

**FEDERAL OUTER CONTINENTAL SHELF,  
OFFSHORE LOUISIANA**

OIL AND GAS LEASE BEARING SERIAL NO. OCS-G 1604, DATED JULY 1, 1967, BY UNITED STATES OF AMERICA, AS LESSOR, AND SHELL OIL COMPANY, AS LESSEE, AND COVERING THE FOLLOWING LANDS OR WATERBOTTOM AREAS:

ALL BLOCK 152, WEST DELTA AREA, SOUTH ADDITION, OFFICIAL LEASING MAP, LOUISIANA MAP NO. 8A, CONTAINING 5,000 ACRES, MORE OR LESS.

WI: . 300000 NRI: .658331

SAID INTEREST IS SUBJECT TO THAT CERTAIN GATHERING SERVICE AGREEMENT DATED DECEMBER 21, 1989, BY AND BETWEEN WESTDELTA PRODUCTION CORP. AND ENERGY ASSETS INTERNATIONAL, AND COLLATERAL MORTGAGE DATED DECEMBER 30, 1989 BY AND BETWEEN WESTDELTA PRODUCTION CORP. AND ENERGY ASSETS INTERNATIONAL, AND LESS AND EXCEPT THE LEASEHOLD ACREAGE ATTRIBUTABLE TO THAT CERTAIN FARMOUT AGREEMENT DATED JANUARY 24, 1990 BY AND BETWEEN WESTDELTA PRODUCTION CORP. AND ELF EXPLORATION, INC.



## LEASES

The following are Oil and Gas Leases of Submerged Lands under the Outer Continental Shelf Lands Act:

ALL OF THE OIL AND GAS LEASES HAVE BEEN GRANTED BY THE USA AS LESSOR. THE LEASE SERIAL NUMBER IS THE NUMBER ASSIGNED TO THE PARTICULAR LEASE BY THE UNITED STATES OF AMERICA.

DEKALB's No.....	LA-00105
LEASE SERIAL NUMBER..	OCS-G 11789
LEASE EFFECTIVE DATE.	May 1, 1989
DESCRIPTION.....	All of Block 406, West Cameron Area West Addition, OCS Leasing Map, Louisiana Map No. 1A 5,000.00 acres, more or less
INTEREST OWNED.....	5.000%
INTEREST CONVEYED.....	5.000%
DEKALB's No.....	LA-00111
LEASE SERIAL NUMBER..	OCS-G 10842
LEASE EFFECTIVE DATE.	May 1, 1989
DESCRIPTION.....	All of Block 252, South Timber Area South Addition, OCS Leasing Map, Louisiana Map No. 6A 5,000.00 acres, more or less
INTEREST OWNED.....	5.000%
INTEREST CONVEYED.....	5.000%
DEKALB's No.....	LA-00112
LEASE SERIAL NUMBER..	OCS-G 10662
LEASE EFFECTIVE DATE.	May 1, 1989
DESCRIPTION.....	All of Block 152, Vermilion Area OCS Leasing Map, Louisiana Map No. 3 4,814.57 acres, more or less
INTEREST OWNED.....	5.000%
INTEREST CONVEYED.....	5.000%
DEKALB's No.....	LA-00113
LEASE SERIAL NUMBER..	OCS-G 10586
LEASE EFFECTIVE DATE.	July 1, 1989
DESCRIPTION.....	All of Block 446, West Cameron Area South Addition, OCS Leasing Map, Louisiana Map No. 1B 5,000.00 acres, more or less
INTEREST OWNED.....	5.000%
INTEREST CONVEYED.....	5.000%

DEKALB's No. \_\_\_\_\_ LA-00114  
LEASE SERIAL NUMBER. OCS-G 10875  
LEASE EFFECTIVE DATE. July 1, 1989  
DESCRIPTION. All of Block 47, West Delta Area  
OCS Leasing Map, Louisiana Map No. 8  
5,000.00 acres, more or less  
INTEREST OWNED. 15,000¢  
INTEREST CONVEYED. 15,000¢

DEKALB's No. \_\_\_\_\_ LA-00115  
LEASE SERIAL NUMBER. OCS-G 10876  
LEASE EFFECTIVE DATE. July 1, 1989  
DESCRIPTION. All of Block 48, West Delta Area  
OCS Leasing Map, Louisiana Map No. 8  
5,000.00 acres, more or less  
INTEREST OWNED. 15,000¢  
INTEREST CONVEYED. 15,000¢

DEKALB's No. \_\_\_\_\_ LA-00106  
LEASE SERIAL NUMBER. OCS-G 11914  
LEASE EFFECTIVE DATE. May 1, 1990  
DESCRIPTION. All of Block 91, South Marsh Island Area  
South Addition, OCS Leasing Map,  
Louisiana Map No. 5C  
5,000.00 acres, more or less  
INTEREST OWNED. 25,000¢  
INTEREST CONVEYED. 25,000¢

DEKALB's No. \_\_\_\_\_ LA-00107  
LEASE SERIAL NUMBER. OCS-G 9399  
LEASE EFFECTIVE DATE. July 1, 1988  
DESCRIPTION. All of Block 166, West Cameron Area  
OCS Leasing Map, Louisiana Map No. 1  
5,000.00 acres, more or less  
INTEREST OWNED. 15,000¢  
INTEREST CONVEYED. 15,000¢

DEKALB's No. \_\_\_\_\_ LA-00108  
LEASE SERIAL NUMBER. OCS-G 10770  
LEASE EFFECTIVE DATE. May 1, 1989  
DESCRIPTION. All of Block 156, Ship Shoal Area  
OCS Leasing Map, Louisiana Map No. 5  
5,000.00 acres, more or less  
INTEREST OWNED. 15,000¢  
INTEREST CONVEYED. 15,000¢

DEKALB's No.....	LA-00109
LEASE SERIAL NUMBER.....	OCS-G 10772
LEASE EFFECTIVE DATE.....	July 1, 1989
DESCRIPTION.....	All of Block 171, Ship Shoal Area OCS Leasing Map, Louisiana Map No. 5 5,000.00 acres, more or less
INTEREST OWNED.....	15,000%
INTEREST CONVEYED.....	15,000%
DEKALB's No.....	LA-00110
LEASE SERIAL NUMBER.....	OCS-G 10714
LEASE EFFECTIVE DATE.....	May 1, 1989
DESCRIPTION.....	All of Block 273, South Marsh Island Area North Addition, OCS Leasing Map, Louisiana Map No. 3D 5,000.00 acres, more or less
INTEREST OWNED.....	15,000%
INTEREST CONVEYED.....	15,000%
DEKALB's No.....	LA-00116
LEASE SERIAL NUMBER.....	OCS-G 11799
LEASE EFFECTIVE DATE.....	June 1, 1990
DESCRIPTION.....	All of Block 464, West Cameron Area South Addition, OCS Leasing Map, Louisiana Map No. 1B 5,000.00 acres, more or less
INTEREST OWNED.....	25,000%
INTEREST CONVEYED.....	25,000%
DEKALB's No.....	LA-00117
LEASE SERIAL NUMBER.....	OCS-G 11841
LEASE EFFECTIVE DATE.....	May 1, 1990
DESCRIPTION.....	All of Block 234, East Cameron Area OCS Leasing Map, Louisiana Map No. 2 5,000.00 acres, more or less
INTEREST OWNED.....	25,000%
INTEREST CONVEYED.....	25,000%
DEKALB's No.....	LA-00118
LEASE SERIAL NUMBER.....	OCS-G 11846
LEASE EFFECTIVE DATE.....	July 1, 1990
DESCRIPTION.....	All of Block 259, East Cameron Area South Addition, OCS Leasing Map, Louisiana Map No. 2A 5,000.00 acres, more or less
INTEREST OWNED.....	25,000%
INTEREST CONVEYED.....	25,000%

Exhibit "A" to that certain Amended and Restated Security Agreement, Assignment of Production and Financing Statement from Louis Dreyfus Reserves Corp. and Robert Oil Company, as "Mortgagors" to Banque Paribas (New York Branch), as Agent dated October 16, 1992.

DEKALB's No. \_\_\_\_\_  
LEASE SERIAL NUMBER \_\_\_\_\_  
LEASE EFFECTIVE DATE \_\_\_\_\_  
DESCRIPTION \_\_\_\_\_

LA-00119  
OCS-G 11835  
July 1, 1990  
All of Block 142, East Cameron Area  
OCS Leasing Map, Louisiana Map No. 2  
5,000.00 acres, more or less  
25.000%  
25.000%

INTEREST OWNED \_\_\_\_\_  
INTEREST CONVEYED \_\_\_\_\_

DEKALB's No. \_\_\_\_\_  
LEASE SERIAL NUMBER \_\_\_\_\_  
LEASE EFFECTIVE DATE \_\_\_\_\_  
DESCRIPTION \_\_\_\_\_

LA-00120  
OCS-G 12949  
May 1, 1992  
All of Block 203, Ship Shoal Area  
OCS Leasing Map, Louisiana Map No. 5  
5,000.00 acres; more or less.  
Book 1295, Entry 888466, Terrebonne Parish, LA.  
25.000%  
25.000%

RECORDED \_\_\_\_\_  
INTEREST OWNED \_\_\_\_\_  
INTEREST CONVEYED \_\_\_\_\_

## EXHIBIT 'A'

ANNEXED HERETO THAT CERTAIN AMENDED AND RESTATED SECURITY AGREEMENT, ASSIGNMENT OF PRODUCTION AND FINANCING STATEMENT FROM LOUIS DREYFUS RESERVES CORP. AND BOGERT OIL COMPANY, AS "MORTGAGORS" TO BANQUE PARIBAS (NEW YORK BRANCH), AS "AGENT" DATED OCTOBER 16, 1992.

## W E L L S

	WORKING INTEREST	NET REVENUE INTEREST	
<b>EAST CAMERON BLOCK 234</b>			
OCSG 11841 East Cameron Blk 234 1R.....	25.000000z <u>22.222222z</u>	20.833330z 17.777800z	BPO x 1.15 APO x 1.15
<b>SHIP SHOAL BLOCK 157-A</b>			
OCSG 10770 Ship Shoal Blk 156 A-3.....	0.000000z 4.500000z 4.000000z	1.500000z 3.750000z 3.200000z	BPO APO x 1 APO x 1.15
OCSG 10772 Ship Shoal Blk 156 A-5.....	4.500000z 4.000000z	3.750000z 3.200000z	BPO x 1.15 APO x 1.15
OCSG 10772 Ship Shoal Blk 156 A-4.....	4.500000z 3.990000z	3.750000z 3.200000z	BPO x 1.15 APO x 1.15
<b>WEST CAMERON BLOCK 406</b>			
OCSG 11789 West Cameron Blk 406 #1.....	25.000000z <u>22.222222z</u>	20.833330z 17.777770z	BPO x 1.15 APO x 1.15
<b>SOUTH MARSH ISLAND BLOCK 273</b>			
OCSG 10714 South Marsh Island Blk 273 1-R.	15.000000z 13.333333z	12.500000z 10.666667z	BPO x 1.15 APO x 1.15

**UNIFORM COMMERCIAL CODE-FINANCING STATEMENT-UCC-1**  
**IMPORTANT - Read instructions on back before filling out form**

10385194

(Use UCC-1F for Farm Products)

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

1A. DEBTOR (LAST NAME, FIRST, MIDDLE-IF AN INDIVIDUAL) 1B. SS# OR EMPLOYER ID. NO.  
**Bogert Oil Company (cont'd)** **73-1098614**

1C. MAILING ADDRESS  
**14000 Quail Springs Parkway, Suite 600, Oklahoma City, OK 73134**

2A. ADDITIONAL DEBTOR (IF ANY)(LAST NAME, FIRST, MIDDLE-IF AN INDIVIDUAL) 2B. SS# OR EMPLOYER ID. NO.

3C. MAILING ADDRESS

3A. ADDITIONAL DEBTOR OR DEBTOR'S TRADE NAMES OR STYLES (IF ANY) 3B. SS# OR EMPLOYER ID. NO.

3C. MAILING ADDRESS

**SECURED PARTY INFORMATION**

4A. SECURED PARTY 4B. SS# OR EMPLOYER ID. NO.  
**Banque Paribas (New York Branch), as Agent (cont'd)** **13-2937443**

4C. MAILING ADDRESS  
**The Equitable Tower, 787 Seventh Avenue, 32d Fl., New York, New York 10019**

5A. ASSIGNEE OF SECURED PARTY (IF ANY) 5B. SS# OR EMPLOYER ID. NO.

5C. MAILING ADDRESS

**PROPERTY INFORMATION**

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

See Exhibit A attached hereto (cont'd)

**RECEIVED**  
 OCT 20 1992

MINERALS MANAGEMENT SERVICE  
 LEASING & ENVIRONMENT

6B.  Products of collateral are also covered.

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

Fixture filing under R.S. 109-313

Minerals or the like (including oil and gas) or accounts subject to R.S. §§ 109-103(5) will be financed as the wellhead or manhead of the well or mine.

The debtors do not have an interest of record in the real property. (Enter name and social security/employer id. # of an owner of record in 7B & 7C.)

7B. OWNER OF REAL PROPERTY (If other than named debtor) (Enter name and social security/employer id. # of an owner of record) 7C. SS#/EMPLOYER ID. NO.

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

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

8B.  Debtor is a Transmitting Utility. Filing is effective until terminated pursuant to R.S. §§ 109-403(B).

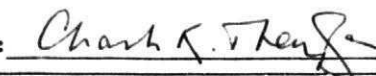
9. SIGNATURE(S) OF DEBTOR(S)

**Bogert Oil Company**

By: 

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

**Banque Paribas (New York Branch) as Agent**

By: 

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

11. Return copy to:

NAME **Marilyn C. Maloney, Esq.**  
 ADDRESS **Liskow & Lewis**  
**50th Floor, One Shell Square**  
 CITY, STATE ZIP CODE **New Orleans, LA 70139**

Louisiana

EXHIBIT A TO UCC-1 FINANCING STATEMENT

Items IA, IB and IC continued:

Debtor: Bogert Oil Company  
14000 Quail Springs Parkway  
Suite 600  
Oklahoma City, Oklahoma 73134  
Attention: Land Manager  
Federal Tax No. 73-1098614

Items 4A, 4B and 4C continued:

Secured Party: Banque Paribas (New York Branch) as  
Agent (the "Agent"), for the Banks  
(as hereinafter defined) under the  
Credit Agreement  
  
The Equitable Tower  
787 Seventh Avenue  
32nd Floor  
New York, New York 10019  
Attention: Charles Thompson  
Federal Tax No. 13-2937443

Item 6A continued:

This Financing Statement covers all of the Debtor's right, title and interest, whether now owned or hereafter acquired, in all of the hereinafter described properties, rights and interests, insofar as such properties, rights and interests consist of equipment, general intangibles, accounts, contract rights, inventory, instruments, chattel paper, goods, fixtures, proceeds of collateral or any other personal property of a kind or character defined in or subject to the applicable provisions of the UCC:

(a) the Lands described in Exhibit A-1, all Oil and Gas Leases and other mineral rights described in Exhibit A-1 and all of the lands covered thereby, all leasehold interests, overriding royalty interests, non-participating royalty interests, mineral interests, produc-

tion payments, net profits interests, and any other interests measured by or payable out of production of the Hydrocarbons from the Oil and Gas Leases and other mineral rights described in Exhibit A-1, and/or Lands described in Exhibit A-1; and

(b) all of the foregoing interests of the Debtor as such interests may be enlarged by the discharge of any payments out of production or by the removal of any charges or encumbrances, together with the Debtor's interests in, to and under or derived from all renewals and extensions of any Oil and Gas Leases or other mineral rights described in Exhibit A-1, it being specifically intended hereby that any new Oil and Gas Lease (i) in which an interest is acquired by the Debtor after the termination or expiration of any Oil and Gas Lease, the interests of the Debtor in, to and under or derived from which are subject to the lien and security interest hereof, and (ii) which covers all or any part of the property described in and covered by such terminated or expired lease, shall, to the extent, and only to the extent, such new Oil and Gas Lease may cover such property, be considered a renewal or extension of such terminated or expired lease; and

(c) any operating, farmout, and bidding agreements, assignments and subleases, whether or not described in Exhibit A-1, to the extent, and only to the extent, that such agreements, assignments and subleases (i) cover or include any of the Debtor's present right, title and interest in and to the Oil and Gas Leases and other mineral rights described in Exhibit A-1 and/or Lands described in Exhibit A-1, or (ii) cover or include any other undivided interest now or hereafter held by the Debtor in, to and under such Oil and Gas Leases and other mineral rights described in Exhibit A-1, and/or Lands described in Exhibit A-1, including, without limitation, any future operating, farmout and bidding agreements, assignments, subleases and pooling, unitization and communitization agreements and the units created thereby (including, without limitation, all units formed under orders, regulations, rules or other official acts of any governmental body or agency having jurisdiction) to the extent and only to the extent, that such agreements, assignments, subleases, or units cover or include the said Oil and Gas Leases and other



mineral rights described in Exhibit A-1, and/or Lands described in Exhibit A-1; and

(d) all presently existing and future advance payment agreements, oil, casinghead gas and gas sales, exchange, processing contracts and agreements and all other general intangibles to the extent, and only to the extent, those contracts, agreements and general intangibles cover or include the Oil and Gas Leases and other mineral rights described in Exhibit A-1, and/or Lands described in Exhibit A-1; and

(e) all presently existing and future permits, licenses, servitudes, surface leases, disposal agreements, easements and similar rights and privileges which relate to or are appurtenant to the Oil and Gas Leases and other mineral rights described in Exhibit A-1, and/or Lands described in Exhibit A-1 or are otherwise described in Exhibit A-1; and

(f) all presently existing and future unitization and pooling agreements and the properties covered and the units created thereby (including all units formed under orders, regulations, rules and other official acts of any federal, state or other governmental agency having jurisdiction) which are referred to in Exhibit A-1 or which relate to any of the properties and interests referred to in Exhibit A-1 whether or not the same are described with specificity; and

(g) all Hydrocarbons which are in, under, upon, attributable to, produced or to be produced from the Oil and Gas Leases and other mineral rights described in Exhibit A-1 and/or Lands described in Exhibit A-1, and all inventory thereof upon extraction from the wellhead or minehead; and

(h) the Production Sales Contracts, and all accounts (as defined in the UCC) now or hereafter resulting from the sale of Hydrocarbons at the wellhead or minehead; and

(i) all Operating Equipment; and

(j) all proceeds and products of the foregoing and all accessions thereto and substitutions therefor,

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, and all contracts, operating agreements, records, logs, rights-of-way, franchises, servitudes, easements, surface leases, permits, licenses, tenements, hereditaments and appurtenances now existing or in the future obtained in connection with any of the aforesaid, and all other things of value and incident thereto which the Debtor might at any time have or be entitled to (all the aforesaid property, rights and interests, together with any additions thereto, being hereinafter called the "Property").

This Financing Statement also covers all of the Debtor's right, title and interest to receive proceeds attributable to the insurance loss of the Property and all Hydrocarbons or hereafter produced from and which accrue to the Property and all proceeds therefrom.

As used herein the following terms shall have the following meanings:

"Agent" shall mean Banque Paribas (New York Branch), acting in its capacity as agent for the Banks pursuant to the Credit Agreement.

"Banks" shall mean Banque Paribas (New York Branch), Internationale Nederlanden Bank, N.V., Christiania Bank Og Kreditkasse, Bank of Montreal, Bank One, Texas, N.A., CIBC Inc., Midland Bank plc, New York Branch, NBD, N.A. and any other Person that may become a Bank under the Credit Agreement.

"Credit Agreement" shall mean the Amended and Restated Credit Agreement, dated as of October 14, 1992, among the Debtor, Louis Dreyfus Reserves Holding Corp., a Delaware corporation ("LDRH"), Louis Dreyfus Reserves Corp., a Delaware corporation, Louis Dreyfus Gas Holdings Inc., a Delaware corporation, Louis Dreyfus Gas Sales Inc., a Delaware corporation, and LDRC Energy, Inc., an Oklahoma corporation (collectively, the "Borrowers"), LDRH as borrowing agent for the Borrowers, the Banks who are or may from time to time become a party thereto and the Agent.

"Hydrocarbons" shall mean oil, crude oil and petroleum products, gas and other liquid or gaseous hydrocarbons.

"Lands described in Exhibit A-1" shall include all lands or oil and gas interests, the description of which is contained in Exhibit A-1 or incorporated in Exhibit A-1 by reference

to another instrument or document, and shall also include any lands or oil and gas interests now or hereafter unitized or pooled with lands or oil and gas interests which are either described in Exhibit A-1 or the description of which is incorporated in Exhibit A-1 by reference.

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

"Operating Equipment" shall mean all surface or subsurface machinery, equipment, facilities or other corporeal movable property of whatsoever kind or nature (excluding motor vehicles and movables only temporarily or transiently on the premises for purposes such as drilling, reworking, serving or testing a well located thereon) now or hereafter located on any of the Lands described in Exhibit A-1 or on a unit including all or part of the Lands described in Exhibit A-1, including, but not by way of limitation, all oil wells, gas wells, water wells, injection wells, casing, tubing, rods, pumping units and engines, christmas trees, derricks, separators, heater treaters, valves, gun barrels, flow line tanks, gas systems and compressors (for gathering, treating and compression), water systems (for treating, disposal and injection), pipelines (including gathering lines, laterals and trunklines, if any), power plants, poles, lines, transformers, starters and controllers, machine shops, tools, storage yards and equipment stored therein, buildings and camps, telegraph, telephone and other communication systems, roads, loading racks and shipping facilities.

"Person" shall mean an individual, a corporation, a voluntary association, a partnership, a trust, an unincorporated organization or a government or any agency, instrumentality or political subdivision thereof.

"Production Sale Contracts" shall mean all contracts now in effect, or hereafter entered into by the Debtor, or the Debtor's predecessors in interest, for the sale, purchase, exchange or processing of Hydrocarbons produced from the Lands described in Exhibit A-1, as amended from time to time.

"UCC" shall mean the Louisiana Commercial Laws (Louisiana Revised Statutes Title 10), as amended from time to time; provided, however, in the event that, by reason of mandatory provisions of applicable law, any or all of the attachment, perfection or priority of the Agent's security interest hereunder in any Property is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of Louisiana, the

Debtor: Bogert Oil Company

Federal Tax No. 73-1098614

term "UCC" shall mean the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such attachment, perfection or priority and for purposes of definitions related to such provisions.

EXHIBIT A-1  
To  
Exhibit A

**FIELD:** SOUTH LAKE ARTHUR FIELD  
**STATE:** LOUISIANA  
**PARISH:** VERMILION

1. Oil, Gas and Mineral Lease dated January 31, 1985, from Lewis Austin Broussard, et ux, as lessor, in favor of SAS Exploration Company, as lessee, recorded under Entry No. 85-03274 of the conveyance records of Vermilion Parish, Louisiana.
2. Oil, Gas and Mineral Lease dated January 28, 1985, from John C. Hoffpauir, et us, as lessor, in favor of SAS Exploration Company, as lessee, recorded under Entry No. 85-03272 of the conveyance records of Vermilion Parish, Louisiana.
3. Oil, Gas and Mineral Lease dated January 17, 1985, from Louis Paul "Broussard, as lessor, in favor of SAS Exploration Company, as lessee, recorded under Entry No. 85-03269 of the conveyance records of Vermilion Parish, Louisiana.
4. Oil, Gas and Mineral Lease dated January 25, 1985, from Beulah V. Broussard, et al, as lessor, in favor of SAS Exploration Company, as lessee, recorded under Entry No. 85-03270 and Entry No. 85-03271 (counterpart executed by Nolia Mae Broussard Luedke) of the conveyance records of Vermilion Parish, Louisiana.
5. Oil, Gas and Mineral Lease dated January 17, 1985, from Lucille R. Broussard, et al, as lessor, in favor of SAS Exploration Company, as lessee, recorded under Entry No. 85-03275 and Entry No. 85-03276 (counterpart executed by Donna Lou Broussard Cooper) of the conveyance records of Vermilion Parish, Louisiana.
6. Oil, Gas and Mineral Lease dated January 17, 1985, from Alice Broussard Boudreaux, as lessor, in favor of SAS Exploration Company, as lessee, recorded under Entry No. 85-03273 of the conveyance records of Vermilion Parish, Louisiana.
7. Oil, Gas and Mineral Lease dated February 4, 1986, from Whitney Champagne, et ux, as lessor, in favor of Lyons, Hilliard and Watson, Inc., as lessee, recorded under Entry No. 86-01519 of the Vermilion Parish, Louisiana.

<u>Unit</u>	<u>Working Interest</u>	<u>Net Revenue Interest</u>
Middle Miogyp RA SUH	0.11306225	0.07914358
Lower Miogyp RA SUH	0.14845610	0.10391930

**FEDERAL OUTER CONTINENTAL SHELF,  
OFFSHORE LOUISIANA**

OIL AND GAS LEASE BEARING SERIAL NO. OCS-G 1604, DATED JULY 1, 1967, BY UNITED STATES OF AMERICA, AS LESSOR, AND SHELL OIL COMPANY, AS LESSEE, AND COVERING THE FOLLOWING LANDS OR WATERBOTTOM AREAS:

ALL BLOCK 152, WEST DELTA AREA, SOUTH ADDITION, OFFICIAL LEASING MAP, LOUISIANA MAP NO. 8A, CONTAINING 5,000 ACRES, MORE OR LESS.

WI: .7900000 NRI: .658331

SAID INTEREST IS SUBJECT TO THAT CERTAIN GATHERING SERVICE AGREEMENT DATED DECEMBER 21, 1989, BY AND BETWEEN WESTDELTA PRODUCTION CORP. AND ENERGY ASSETS INTERNATIONAL, AND COLLATERAL MORTGAGE DATED DECEMBER 30, 1989 BY AND BETWEEN WESTDELTA PRODUCTION CORP. AND ENERGY ASSETS INTERNATIONAL, AND LESS AND EXCEPT THE LEASEHOLD ACREAGE ATTRIBUTABLE TO THAT CERTAIN FARMOUT AGREEMENT DATED JANUARY 24, 1990 BY AND BETWEEN WESTDELTA PRODUCTION CORP. AND ELF EXPLORATION, INC.

## LEASES

The following are Oil and Gas Leases of Submerged Lands under the Outer Continental Shelf Lands Act:

ALL OF THE OIL AND GAS LEASES HAVE BEEN GRANTED BY THE USA AS LESSOR. THE LEASE SERIAL NUMBER IS THE NUMBER ASSIGNED TO THE PARTICULAR LEASE BY THE UNITED STATES OF AMERICA.

DEKALB's No. \_\_\_\_\_  
LEASE SERIAL NUMBER \_\_\_\_\_  
LEASE EFFECTIVE DATE \_\_\_\_\_  
DESCRIPTION \_\_\_\_\_

LA-00105  
OCS-G 11789  
May 1, 1989  
All of Block 406, West Cameron Area  
West Addition, OCS Leasing Map,  
Louisiana Map No. 1A  
5,000.00 acres, more or less

INTEREST OWNED \_\_\_\_\_  
INTEREST CONVEYED \_\_\_\_\_

25.000%  
25.000%

DEKALB's No. \_\_\_\_\_  
LEASE SERIAL NUMBER \_\_\_\_\_  
LEASE EFFECTIVE DATE \_\_\_\_\_  
DESCRIPTION \_\_\_\_\_

LA-00111  
OCS-G 10842  
May 1, 1989  
All of Block 252, South Timber Area  
South Addition, OCS Leasing Map,  
Louisiana Map No. 6A  
5,000.00 acres, more or less

INTEREST OWNED \_\_\_\_\_  
INTEREST CONVEYED \_\_\_\_\_

15.000%  
15.000%

DEKALB's No. \_\_\_\_\_  
LEASE SERIAL NUMBER \_\_\_\_\_  
LEASE EFFECTIVE DATE \_\_\_\_\_  
DESCRIPTION \_\_\_\_\_

LA-00112  
OCS-G 10662  
May 1, 1989  
All of Block 152, Vermilion Area  
OCS Leasing Map, Louisiana Map No. 3  
4,814.57 acres, more or less

INTEREST OWNED \_\_\_\_\_  
INTEREST CONVEYED \_\_\_\_\_

15.000%  
15.000%

DEKALB's No. \_\_\_\_\_  
LEASE SERIAL NUMBER \_\_\_\_\_  
LEASE EFFECTIVE DATE \_\_\_\_\_  
DESCRIPTION \_\_\_\_\_

LA-00113  
OCS-G 10586  
July 1, 1989  
All of Block 446, West Cameron Area  
South Addition, OCS Leasing Map,  
Louisiana Map No. 1B  
5,000.00 acres, more or less

INTEREST OWNED \_\_\_\_\_  
INTEREST CONVEYED \_\_\_\_\_

15.000%  
15.000%

DEKALB's No. _____	LA-00114
LEASE SERIAL NUMBER _____	OCS-G 10875
LEASE EFFECTIVE DATE _____	July 1, 1989
DESCRIPTION _____	All of Block 47, West Delta Area OCS Leasing Map, Louisiana Map No. 8 5,000.00 acres, more or less
INTEREST OWNED _____	15.000%
INTEREST CONVEYED _____	15.000%

DEKALB's No. _____	LA-00115
LEASE SERIAL NUMBER _____	OCS-G 10876
LEASE EFFECTIVE DATE _____	July 1, 1989
DESCRIPTION _____	All of Block 48, West Delta Area OCS Leasing Map, Louisiana Map No. 8 5,000.00 acres, more or less
INTEREST OWNED _____	15.000%
INTEREST CONVEYED _____	15.000%

DEKALB's No. _____	LA-00106
LEASE SERIAL NUMBER _____	OCS-G 11914
LEASE EFFECTIVE DATE _____	May 1, 1990
DESCRIPTION _____	All of Block 91, South Marsh Area South Addition, OCS Leasing Map Louisiana Map No. 3C 5,000.00 acres, more or less
INTEREST OWNED _____	25.000%
INTEREST CONVEYED _____	25.000%

DEKALB's No. _____	LA-00107
LEASE SERIAL NUMBER _____	OCS-G 9399
LEASE EFFECTIVE DATE _____	July 1, 1988
DESCRIPTION _____	All of Block 16a, West Cameron Area OCS Leasing Map, Louisiana Map No. 1 5,000.00 acres, more or less
INTEREST OWNED _____	15.000%
INTEREST CONVEYED _____	15.000%

DEKALB's No. _____	LA-00108
LEASE SERIAL NUMBER _____	OCS-G 10770
LEASE EFFECTIVE DATE _____	May 1, 1989
DESCRIPTION _____	All of Block 156, Ship Shoal Area OCS Leasing Map, Louisiana Map No. 5 5,000.00 acres, more or less
INTEREST OWNED _____	15.000%
INTEREST CONVEYED _____	15.000%



DEKALB's No. _____	LA-00109
LEASE SERIAL NUMBER _____	OCS-G 10772
LEASE EFFECTIVE DATE _____	July 1, 1989
DESCRIPTION _____	All of Block 171, Ship Shoal Area OCS Leasing Map, Louisiana Map No. 5 5,000.00 acres, more or less
INTEREST OWNED _____	15.000%
INTEREST CONVEYED _____	15.000%
DEKALB's No. _____	LA-00110
LEASE SERIAL NUMBER _____	OCS-G 10714
LEASE EFFECTIVE DATE _____	May 1, 1989
DESCRIPTION _____	All of Block-273, South Marsh Island Area North-Addition, OCS Leasing Map, Louisiana Map No. 3D 5,000.00 acres, more or less
INTEREST OWNED _____	15.000%
INTEREST CONVEYED _____	15.000%
DEKALB's No. _____	LA-00116
LEASE SERIAL NUMBER _____	OCS-G 11799
LEASE EFFECTIVE DATE _____	June 1, 1990
DESCRIPTION _____	All of Block 464, West Cameron Area South Addition, OCS Leasing Map, Louisiana Map No. 1B 5,000.00 acres, more or less
INTEREST OWNED _____	25.000%
INTEREST CONVEYED _____	25.000%
DEKALB's No. _____	LA-00117
LEASE SERIAL NUMBER _____	OCS-G 11841
LEASE EFFECTIVE DATE _____	May 1, 1990
DESCRIPTION _____	All of Block 234, East Cameron Area OCS Leasing Map, Louisiana Map No. 2 5,000.00 acres, more or less
INTEREST OWNED _____	25.000%
INTEREST CONVEYED _____	25.000%
DEKALB's No. _____	LA-00118
LEASE SERIAL NUMBER _____	OCS-G 11846
LEASE EFFECTIVE DATE _____	July 1, 1990
DESCRIPTION _____	All of Block 259, East Cameron Area South Addition, OCS Leasing Map, Louisiana Map No. 2A 5,000.00 acres, more or less
INTEREST OWNED _____	25.000%
INTEREST CONVEYED _____	25.000%

DEKALB's No \_\_\_\_\_  
LEASE SERIAL NUMBER \_\_\_\_\_  
LEASE EFFECTIVE DATE \_\_\_\_\_  
DESCRIPTION \_\_\_\_\_

LA-00119  
OCS-G 11835  
July 1, 1990  
All of Block 142, East Cameron Area  
OCS Leasing Map, Louisiana Map No. 2  
5,000.00 acres, more or less  
25.000%  
25.000%

INTEREST OWNED \_\_\_\_\_  
INTEREST CONVEYED \_\_\_\_\_

DEKALB's No \_\_\_\_\_  
LEASE SERIAL NUMBER \_\_\_\_\_  
LEASE EFFECTIVE DATE \_\_\_\_\_  
DESCRIPTION \_\_\_\_\_

LA-00120  
OCS-G 12949  
May 1, 1991  
All of Block 203, Ship Shoal Area  
OCS Leasing Map, Louisiana Map No. 5  
5,000.00 acres, more or less  
Book 1295, Entry 828466, Terrebonne Parish, LA.  
25.000%  
25.000%

RECORDED \_\_\_\_\_  
INTEREST OWNED \_\_\_\_\_  
INTEREST CONVEYED \_\_\_\_\_

## WELLS

	<u>WORKING</u>	<u>NET</u>	
	<u>INTEREST</u>	<u>REVENUE</u>	
		<u>INTEREST</u>	
<b>EAST CAMERON BLOCK 234</b>			
OCSG 11841 East Cameron Blk 234 1R.....	25.000000z	20.833330z	BPO x 1.15
	<u>22.222222z</u>	17.777800z	APO x 1.15
<b>SHIP SHOAL BLOCK 157-A</b>			
OCSG 10770 Ship Shoal Blk 156 A-3.....	0.000000z	1.500000z	BPO
	4.500000z	3.750000z	APO x 1
	4.000000z	3.200000z	APO x 1.15
OCSG 10772 Ship Shoal Blk 156 A-5.....	4.500000z	3.750000z	BPO x 1.15
	4.000000z	3.200000z	APO x 1.15
OCSG 10772 Ship Shoal Blk 171 A-4.....	4.500000z	3.750000z	BPO x 1.15
	3.990000z	3.200000z	APO x 1.15
<b>WEST CAMERON BLOCK 406</b>			
OCSG 11789 West Cameron Blk 406 #1.....	25.000000z	20.833300z	BPO x 1.15
	<u>22.222222z</u>	17.777778z	APO x 1.15
<b>SOUTH MARSH ISLAND BLOCK 273</b>			
OCSG 10714 South Marsh Island Blk 273 1-R.	15.000000z	12.500000z	BPO x 1.15
	<u>13.333333z</u>	10.666667z	APO x 1.15

STATE OF LOUISIANA  
**UNIFORM COMMERCIAL CODE-FINANCING STATEMENT-UCC-1**  
 IMPORTANT - Read instructions on back before filling out form

002 1994

(Use UCC-1F for Farm Products)

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

1A. DEBTOR (LAST NAME, FIRST, MIDDLE-IF AN INDIVIDUAL) 1B. SS# OR EMPLOYER ID. NO.  
Louis Dreyfus Reserves Corp. 06-1198730

1C. MAILING ADDRESS  
14000 Quail Springs Parkway, Suite 600, Oklahoma City, OK 73134

2A. ADDITIONAL DEBTOR (IF ANY) (LAST NAME, FIRST, MIDDLE-IF AN INDIVIDUAL) 2B. SS# OR EMPLOYER ID. NO.  
 \_\_\_\_\_ \_\_\_\_\_

3C. MAILING ADDRESS  
 \_\_\_\_\_

3A. ADDITIONAL DEBTOR OR DEBTOR'S TRADE NAMES OR STYLES (IF ANY) 3B. SS# OR EMPLOYER ID. NO.  
 \_\_\_\_\_ \_\_\_\_\_

3C. MAILING ADDRESS  
 \_\_\_\_\_

**SECURED PARTY INFORMATION**

4A. SECURED PARTY 4B. SS# OR EMPLOYER ID. NO.  
Banque Paribas (New York Branch), as Agent (cont'd) 13-2937443

4C. MAILING ADDRESS  
The Equitable Tower, 787 Seventh Avenue, 32d Fl. New York, New York 10019

5A. ASSIGNEE OF SECURED PARTY (IF ANY) 5B. SS# OR EMPLOYER ID. NO.  
 \_\_\_\_\_ \_\_\_\_\_

5C. MAILING ADDRESS  
 \_\_\_\_\_

**PROPERTY INFORMATION**

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

See Exhibit A attached hereto (cont'd)

**RECEIVED**  
 OCT 20 1994

MINERALS MANAGEMENT SERVICE  
 LEASING & ENVIRONMENT

6B.  Products of collateral are also covered.

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

Fixture filing under R.S. 10:9-313

Minerals or the like (including oil and gas) or accounts subject to R.S. §§ 10:9-103(5) will be financed at the wellhead or minehead of the well or mine.

The debtor(s) do not have an interest of record in the real property. (Enter name and social security/employer id. # of an owner of record in 7B & 7C)

7B. OWNER OF REAL PROPERTY (If other than named debtor) (Enter name and social security/employer id. # of an owner of record) 7C. SS# EMPLOYER ID. NO.  
 \_\_\_\_\_ \_\_\_\_\_

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

already subject to a security interest in another jurisdiction when it was brought into this state or det. or's location changed to this state.

which is proceeds of the original collateral described above in which a security interest was perfected.

as to which the filing has lapsed.

acquired after a change of debtor's name, identity or corporate structure AND social security/employer id. #.

8B.  Debtor is a Transmuting Utility. Filing is effective until terminated pursuant to R.S. §§ 10:9-403(8).

9. SIGNATURE(S) OF DEBTOR(S)

Louis Dreyfus Reserves Corp.

By:

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

Banque Paribas (New York Branch) as Agent

By:

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

11. Return copy to:

NAME Marilyn C. Maloney, Esq.  
Liskow & Lewis  
 ADDRESS 50th Floor, One Shell Square  
 CITY, STATE New Orleans, LA 70139  
 ZIP CODE \_\_\_\_\_

Louisiana

EXHIBIT A TO UCC-1 FINANCING STATEMENT

Items IA, IB and IC continued:

Debtor: Louis Dreyfus Reserves Corp.  
14000 Quail Springs Parkway  
Suite 600  
Oklahoma City, Oklahoma 73134  
Attention: Land Manager  
Federal Tax No. 06-1198730

Items 4A, 4B and 4C continued:

Secured Party: Banque Paribas (New York Branch) as  
Agent (the "Agent"), for the Banks  
(as hereinafter defined) under the  
Credit Agreement  
  
The Equitable Tower  
737 Seventh Avenue  
32nd Floor  
New York, New York 10019  
Attention: Charles Thompson  
Federal Tax No. 13-2937443

Item 6A continued:

This Financing Statement covers all of the Debtor's right, title and interest, whether now owned or hereafter acquired, in all of the hereinafter described properties, rights and interests, insofar as such properties, rights and interests consist of equipment, general intangibles, accounts, contract rights, inventory, instruments, chattel paper, goods, fixtures, proceeds of collateral or any other personal property of a kind or character defined in or subject to the applicable provisions of the UCC:

(a) the Lands described in Exhibit A-1, all Oil and Gas Leases and other mineral rights described in Exhibit A-1 and all of the lands covered thereby, all leasehold interests, overriding royalty interests, non-participating royalty interests, mineral interests, produc-

Debtor: Louis Dreyfus Reserves Corp. Federal Tax No. 06-1198730

tion payments, net profits interests, and any other interests measured by or payable out of production of the Hydrocarbons from the Oil and Gas Leases and other mineral rights described in Exhibit A-1, and/or Lands described in Exhibit A-1; and

(b) all of the foregoing interests of the Debtor as such interests may be enlarged by the discharge of any payments out of production or by the removal of any charges or encumbrances, together with the Debtor's interests in, to and under or derived from all renewals and extensions of any Oil and Gas Leases or other mineral rights described in Exhibit A-1, it being specifically intended hereby that any new Oil and Gas Lease (i) in which an interest is acquired by the Debtor after the termination or expiration of any Oil and Gas Lease, the interests of the Debtor in, to and under or derived from which are subject to the lien and security interest hereof, and (ii) which covers all or any part of the property described in and covered by such terminated or expired lease, shall, to the extent, and only to the extent, such new Oil and Gas Lease may cover such property, be considered a renewal or extension of such terminated or expired lease; and

(c) any operating, farmout, and bidding agreements, assignments and subleases, whether or not described in Exhibit A-1, to the extent, and only to the extent, that such agreements, assignments and subleases (i) cover or include any of the Debtor's present right, title and interest in and to the Oil and Gas Leases and other mineral rights described in Exhibit A-1 and/or Lands described in Exhibit A-1, or (ii) cover or include any other undivided interest now or hereafter held by the Debtor in, to and under such Oil and Gas Leases and other mineral rights described in Exhibit A-1, and/or Lands described in Exhibit A-1, including, without limitation, any future operating, farmout and bidding agreements, assignments, subleases and pooling, unitization and communitization agreements and the units created thereby (including, without limitation, all units formed under orders, regulations, rules or other official acts of any governmental body or agency having jurisdiction) to the extent and only to the extent, that such agreements, assignments, subleases, or units cover or include the said Oil and Gas Leases and other

Debtor: Louis Dreyfus Reserves Corp. Federal Tax No. 06-1198730

mineral rights described in Exhibit A-1, and/or Lands described in Exhibit A-1; and

(d) all presently existing and future advance payment agreements, oil, casinghead gas and gas sales, exchange, processing contracts and agreements and all other general intangibles to the extent, and only to the extent, those contracts, agreements and general intangibles cover or include the Oil and Gas Leases and other mineral rights described in Exhibit A-1, and/or Lands described in Exhibit A-1; and

(e) all presently existing and future permits, licenses, servitudes, surface leases, disposal agreements, easements and similar rights and privileges which relate to or are appurtenant to the Oil and Gas Leases and other mineral rights described in Exhibit A-1, and/or Lands described in Exhibit A-1 or are otherwise described in Exhibit A-1; and

(f) all presently existing and future unitization and pooling agreements and the properties covered and the units created thereby (including all units formed under orders, regulations, rules and other official acts of any federal, state or other government agency having jurisdiction) which are referred to in Exhibit A-1 or which relate to any of the properties and interests referred to in Exhibit A-1 whether or not the same are described with specificity; and

(g) all Hydrocarbons which are in, under, upon, attributable to, produced or to be produced from the Oil and Gas Leases and other mineral rights described in Exhibit A-1 and/or Lands described in Exhibit A-1, and all inventory thereof upon extraction from the wellhead or minehead; and

(h) the Production Sales Contracts, and all accounts (as defined in the UCC) now or hereafter resulting from the sale of Hydrocarbons at the wellhead or minehead; and

(i) all Operating Equipment; and

(j) all proceeds and products of the foregoing and all accessions thereto and substitutions therefor,

Debtor: Louis Dreyfus Reserves Corp. Federal Tax No. 06-1198730

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, and all contracts, operating agreements, records, logs, rights-of-way, franchises, servitudes, easements, surface leases, permits, licenses, tenements, hereditaments and appurtenances now existing or in the future obtained in connection with any of the aforesaid, and all other things of value and incident thereto which the Debtor might at any time have or be entitled to (all the aforesaid property, rights and interests, together with any additions thereto, being hereinafter called the "Property").

This Financing Statement also covers all of the Debtor's right, title and interest to receive proceeds attributable to the insurance loss of the Property and all Hydrocarbons now or hereafter produced from and which accrue to the Property, and all proceeds therefrom.

As used herein the following terms shall have the following meanings:

"Agent" shall mean Banque Paribas (New York Branch), acting in its capacity as agent for the Banks pursuant to the Credit Agreement.

"Banks" shall mean Banque Paribas (New York Branch), Internationale Nederlanden Bank, N.V., Christiania Bank Og Kreditkasse, Bank of Montreal, Bank One, Texas, N.A., CIBC Inc., Midland Bank plc, New York Branch, NBD, N.A. and any other Person that may become a Bank under the Credit Agreement.

"Credit Agreement" shall mean the Amended and Restated Credit Agreement, dated as of October 14, 1992, among the Debtor, Louis Dreyfus Reserves Holding Corp., a Delaware corporation ("LDRH"), Louis Dreyfus Gas Holdings Inc., a Delaware corporation, Louis Dreyfus Gas Sales Inc., a Delaware corporation, Bortert Oil Company, an Oklahoma corporation, and LDRC Energy, Inc., an Oklahoma corporation (collectively, the "Borrowers"), LDRH as borrowing agent for the Borrowers, the Banks who are or may from time to time become a party thereto and the Agent.

"Hydrocarbons" shall mean oil, crude oil and petroleum products, gas and other liquid or gaseous hydrocarbons.

"Lands described in Exhibit A-1" shall include all lands or oil and gas interests, the description of which is contained in Exhibit A-1 or incorporated in Exhibit A-1 by reference



Debtor: Louis Dreyfus Reserves Corp. Federal Tax No 06-1198730

to another instrument or document, and shall also include any lands or oil and gas interests now or hereafter unitized or pooled with lands or oil and gas interests which are either described in Exhibit A-1 or the description of which is incorporated in Exhibit A-1 by reference.

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

"Operating Equipment" shall mean all surface or subsurface machinery, equipment, facilities or other corporeal movable property of whatsoever kind or nature (excluding motor vehicles and movables only temporarily or transiently on the premises for purposes such as drilling, reworking, serving or testing a well located thereon) now or hereafter located on any of the Lands described in Exhibit A-1 or on a unit including all or part of the Lands described in Exhibit A-1, including, but not by way of limitation, all oil wells, gas wells, water wells, injection wells, casing, tubing, rods, pumping units and engines, christmas trees, derricks, separators, heater treaters, valves, gun barrels, flow lines, tanks, gas systems and compressors (for gathering, treating and compression), water systems (for treating, disposal and injection), pipelines (including gathering lines, laterals and trunklines, if any), power plants, poles, lines, transformers, starters and controllers, machine shops, tools, storage yards and equipment stored therein, buildings and camps, telegraph, telephone and other communication systems, roads, loading racks and shipping facilities.

"Person" shall mean an individual, a corporation, a voluntary association, a partnership, a trust, an unincorporated organization or a government or any agency, instrumentality or political subdivision thereof.

"Production Sale Contracts" shall mean all contracts now in effect, or hereafter entered into by the Debtor, or the Debtor's predecessors in interest, for the sale, purchase, exchange or processing of Hydrocarbons produced from the Lands described in Exhibit A-1, as amended from time to time.

"UCC" shall mean the Louisiana Commercial Laws (Louisiana Revised Statutes Title 10), as amended from time to time; provided, however, in the event that, by reason of mandatory provisions of applicable law, any or all of the attachment, perfection or priority of the Agent's security interest hereunder in any Property is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of Louisiana, the

Debtor: Louis Dreyfus Reserves Corp. Federal Tax No. 06-1198730

term "UCC" shall mean the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such attachment, perfection or priority and for purposes of definitions related to such provisions.

EXHIBIT A-1  
To  
Exhibit A

**FIELD:** SOUTH LAKE ARTHUR FIELD  
**STATE:** LOUISIANA  
**PARISH:** VERMILION

1. Oil, Gas and Mineral Lease dated January 31, 1985, from Lewis Austin Broussard, et ux, as lessor, in favor of SAS Exploration Company, as lessee, recorded under Entry No. 85-03274 of the conveyance records of Vermilion Parish, Louisiana.
2. Oil, Gas and Mineral Lease dated January 28, 1985, from John C. Hoffpauir, et us, as lessor, in favor of SAS Exploration Company, as lessee, recorded under Entry No. 85-03272 of the conveyance records of Vermilion Parish, Louisiana.
3. Oil, Gas and Mineral Lease dated January 17, 1985, from Louis Paul "Broussard, as lessor, in favor of SAS Exploration Company, as lessee, recorded under Entry No. 85-03269 of the conveyance records of Vermilion Parish, Louisiana.
4. Oil, Gas and Mineral Lease dated January 25, 1985, from Beulah V. Broussard, et al, as lessor, in favor of SAS Exploration Company, as lessee, recorded under Entry No. 85-03270 and Entry No. 85-03271 (counterpart executed by Nolia Mae Broussard Luedke) of the conveyance records of Vermilion Parish, Louisiana.
5. Oil, Gas and Mineral Lease dated January 17, 1985, from Lucille R. Broussard, et al, as lessor, in favor of SAS Exploration "Company, as lessee, recorded under Entry No. 85-03275 and Entry No. 85-03276 (counterpart executed by Donna Lou Broussard Cooper) of the conveyance records of Vermilion Parish, Louisiana.
6. Oil, Gas and Mineral Lease dated January 17, 1985, from Alice Broussard Boudreaux, as lessor, in favor of SAS Exploration Company, as lessee, recorded under Entry No. 85-03273 of the conveyance records of Vermilion Parish, Louisiana.
7. Oil, Gas and Mineral Lease dated February 4, 1986, from Whitney Champagne, et ux, as lessor, in favor of Lyons, Hilliard and Watson, Inc., as lessee, recorded under Entry No. 86-01519 of the Vermilion Parish, Louisiana.

<u>Unit</u>	<u>Working Interest</u>	<u>Net Revenue Interest</u>
Middle Miogyp RA SUH	0.11306225	0.07514358
Lower Miogyp RA SUH	0.14845610	0.10391930

**FEDERAL OUTER CONTINENTAL SHELF,**  
**OFFSHORE LOUISIANA**

OIL AND GAS LEASE BEARING SERIAL NO. OCS-G 1604, DATED JULY 1, 1967, BY UNITED STATES OF AMERICA, AS LESSOR, AND SHELL OIL COMPANY, AS LESSEE, AND COVERING THE FOLLOWING LANDS OR WATERBOTTOM AREAS:

ALL BLOCK 152, WEST DELTA AREA, SOUTH ADDITION, OFFICIAL LEASING MAP, LOUISIANA MAP NO. 8A, CONTAINING 5,000 ACRES, MORE OR LESS.

WI: .7900000 NRI: .658331

SAID INTEREST IS SUBJECT TO THAT CERTAIN GATHERING SERVICE AGREEMENT DATED DECEMBER 21, 1989, BY AND BETWEEN WESTDELTA PRODUCTION CORP. AND ENERGY ASSETS INTERNATIONAL, AND COLLATERAL MORTGAGE DATED DECEMBER 30, 1989 BY AND BETWEEN WESTDELTA PRODUCTION CORP. AND ENERGY ASSETS INTERNATIONAL, AND LESS AND EXCEPT THE LEASEHOLD ACREAGE ATTRIBUTABLE TO THAT CERTAIN FARMOUT AGREEMENT DATED JANUARY 24, 1990 BY AND BETWEEN WESTDELTA PRODUCTION CORP. AND ELF EXPLORATION, INC.

## LEASES

The following are Oil and Gas Leases of Submerged Lands under the Outer Continental Shelf Lands Act:

ALL OF THE OIL AND GAS LEASES HAVE BEEN GRANTED BY THE USA AS LESSOR. THE LEASE SERIAL NUMBER IS THE NUMBER ASSIGNED TO THE PARTICULAR LEASE BY THE UNITED STATES OF AMERICA.

DEKALB's No. _____	LA-00105
LEASE SERIAL NUMBER _____	OCS-G 11789
LEASE EFFECTIVE DATE _____	May 1, 1989
DESCRIPTION _____	All of Block 406, West Cameron Area West Addition, OCS Leasing Map, Louisiana Map No. 1A 5,000.00 acres, more or less
INTEREST OWNED _____	25.00%
INTEREST CONVEYED _____	25.00%
DEKALB's No. _____	LA-00111
LEASE SERIAL NUMBER _____	OCS-G 10842
LEASE EFFECTIVE DATE _____	May 1, 1989
DESCRIPTION _____	All of Block 252, South Timber Area South Addition, OCS Leasing Map, Louisiana Map No. 6A 5,000.00 acres, more or less
INTEREST OWNED _____	15.00%
INTEREST CONVEYED _____	15.00%
DEKALB's No. _____	LA-00112
LEASE SERIAL NUMBER _____	OCS-G 10662
LEASE EFFECTIVE DATE _____	May 1, 1989
DESCRIPTION _____	All of Block 152, Vermilion Area OCS Leasing Map, Louisiana Map No. 3 4,274.57 acres, more or less
INTEREST OWNED _____	15.00%
INTEREST CONVEYED _____	15.00%
DEKALB's No. _____	LA-00113
LEASE SERIAL NUMBER _____	OCS-G 10586
LEASE EFFECTIVE DATE _____	July 1, 1989
DESCRIPTION _____	All of Block 446, West Cameron Area South Addition, OCS Leasing Map, Louisiana Map No. 1B 5,000.00 acres, more or less
INTEREST OWNED _____	15.00%
INTEREST CONVEYED _____	15.00%

DEKALB's No. _____	LA-00114
LEASE SERIAL NUMBER _____	OCS-G 10875
LEASE EFFECTIVE DATE _____	July 1, 1989
DESCRIPTION _____	All of Block 47, West Delta Area OCS Leasing Map, Louisiana Map No. 8 5,000.00 acres, more or less
INTEREST OWNED _____	15.000z
INTEREST CONVEYED _____	15.000z

DEKALB's No. _____	LA-00115
LEASE SERIAL NUMBER _____	OCS-G 10876
LEASE EFFECTIVE DATE _____	July 1, 1989
DESCRIPTION _____	All of Block 48, West Delta Area OCS Leasing Map, Louisiana Map No. 8 5,000.00 acres, more or less
INTEREST OWNED _____	15.000z
INTEREST CONVEYED _____	15.000z

DEKALB's No. _____	LA-00106
LEASE SERIAL NUMBER _____	OCS-G 11914
LEASE EFFECTIVE DATE _____	May 1, 1990
DESCRIPTION _____	All of Block 91, South Marsh Island Area South Addition, OCS Leasing Map, Louisiana Map No. 3C 5,000.00 acres, more or less
INTEREST OWNED _____	25.000z
INTEREST CONVEYED _____	25.000z

DEKALB's No. _____	LA-00107
LEASE SERIAL NUMBER _____	OCS-G 9399
LEASE EFFECTIVE DATE _____	July 1, 1988
DESCRIPTION _____	All of Block 166, West Cameron Area OCS Leasing Map, Louisiana Map No. 1 5,000.00 acres, more or less
INTEREST OWNED _____	15.000z
INTEREST CONVEYED _____	15.000z

DEKALB's No. _____	LA-00108
LEASE SERIAL NUMBER _____	OCS-G 10770
LEASE EFFECTIVE DATE _____	May 1, 1989
DESCRIPTION _____	All of Block 156, Ship Shoal Area OCS Leasing Map, Louisiana Map No. 5 5,000.00 acres, more or less
INTEREST OWNED _____	15.000z
INTEREST CONVEYED _____	15.000z

DEKALB's No. _____	LA-00109
LEASE SERIAL NUMBER _____	OCS-G 10772
LEASE EFFECTIVE DATE _____	July 1, 1989
DESCRIPTION _____	All of Block 171, Ship Shoal Area OCS Leasing Map, Louisiana Map No. 5 5,000.00 acres, more or less
INTEREST OWNED _____	15.000%
INTEREST CONVEYED _____	15.000%

DEKALB's No. _____	LA-00110
LEASE SERIAL NUMBER _____	OCS-G 10714
LEASE EFFECTIVE DATE _____	May 1, 1989
DESCRIPTION _____	All of Block 273, South Marsh Island Area North Addition, OCS Leasing Map, Louisiana Map No. 3D 5,000.00 acres, more or less
INTEREST OWNED _____	15.000%
INTEREST CONVEYED _____	15.000%

DEKALB's No. _____	LA-00116
LEASE SERIAL NUMBER _____	OCS-G 11799
LEASE EFFECTIVE DATE _____	June 1, 1990
DESCRIPTION _____	All of Block 464, West Cameron Area South Addition, OCS Leasing Map, Louisiana Map No. .B 5,000.00 acres, more or less
INTEREST OWNED _____	25.000%
INTEREST CONVEYED _____	25.000%

DEKALB's No. _____	LA-00117
LEASE SERIAL NUMBER _____	OCS-G 11841
LEASE EFFECTIVE DATE _____	May 1, 1990
DESCRIPTION _____	All of Block 234, East Cameron Area OCS Leasing Map, Louisiana Map No. 2 5,000.00 acres, more or less
INTEREST OWNED _____	25.000%
INTEREST CONVEYED _____	25.000%

DEKALB's No. _____	LA-00118
LEASE SERIAL NUMBER _____	OCS-G 11846
LEASE EFFECTIVE DATE _____	July 1, 1990
DESCRIPTION _____	All of Block 259, East Cameron Area South Addition, OCS Leasing Map, Louisiana Map No. 2A 5,000.00 acres, more or less
INTEREST OWNED _____	25.000%
INTEREST CONVEYED _____	25.000%

DEKALB's No. \_\_\_\_\_  
LEASE SERIAL NUMBER \_\_\_\_\_  
LEASE EFFECTIVE DATE \_\_\_\_\_  
DESCRIPTION \_\_\_\_\_

LA-00119  
OCS-G 1183G  
July 1, 1990  
All of Block 142, East Cameron Area  
OCS Leasing Map, Louisiana Map No. 2  
5,000.00 acres, more or less  
25.000\$  
25.000\$

INTEREST OWNED \_\_\_\_\_  
INTEREST CONVEYED \_\_\_\_\_

DEKALB's No. \_\_\_\_\_  
LEASE SERIAL NUMBER \_\_\_\_\_  
LEASE EFFECTIVE DATE \_\_\_\_\_  
DESCRIPTION \_\_\_\_\_

LA-00120  
OCS-G 12949-  
May 1, 1997  
All of Block 203, Ship Shoal Area  
OCS Leasing Map, Louisiana Map No. 5  
5,000.00 acres, more or less  
Book 1293, Entry 888466, Terrebonne Parish, LA.  
25.000\$  
25.000\$

RECORDED \_\_\_\_\_  
INTEREST OWNED \_\_\_\_\_  
INTEREST CONVEYED \_\_\_\_\_



W E L L S

	<u>WORKING</u>	<u>NET</u>	
	<u>INTEREST</u>	<u>REVENUE</u>	
		<u>INTEREST</u>	
<b>EAST CAMERON BLOCK 234</b>			
OCSG 11841 East Cameron Blk 234 1R.....	25.000000z	20.833330z	BPO x 1.15
	<u>22.222222z</u>	17.777800z	APO x 1.15
<b>SHIP SHOAL BLOCK 157-A</b>			
OCSG 10770 Ship Shoal Blk 156 A-3.....	0.000000z	1.500000z	BPO
	4.500000z	3.750000z	APO x 1
	4.000000z	3.200000z	APO x 1.15
OCSG 10772 Ship Shoal Blk 156 A-5.....	4.500000z	3.750000z	BPO x 1.15
	4.000000z	3.200000z	APO x 1.15
OCSG 10772 Ship Shoal Blk 171 A-4.....	4.500000z	3.750000z	BPO x 1.15
	3.990000z	3.200000z	APO x 1.15
<b>WEST CAMERON BLOCK 406</b>			
OCSG 11789 West Cameron Blk 406 #1.....	25.000000z	20.833330z	BPO x 1.15
	<u>22.222222z</u>	17.777778z	APO x 1.15
<b>SOUTH MARSH ISLAND BLOCK 373</b>			
OCSG 10714 South Marsh Island Blk 273 1-R.	15.000000z	12.500000z	BPO x 1.15
	<u>13.333333z</u>	10.666667z	APO x 1.15