UPDATE

6/92

CENTURY OFFSHORE MANAGEMENT CORPORATION

155 EAST MAIN STREET
SUITE 200
LEXINGTON, KENTUCKY 40507
(606) 253-1300
FAX (606) 233-7471

LAKEWAY 1, SUITE 1400
3900 NORTH CAUSEWAY BOULEVARD
METAIRIE, LOUISIANA 70002
(504) 832-3750
FAX (504) 832-3760

September 27, 1991

RECEIVED

SEP 30 1991

Minerals Management Service
Leasing & Environment

United States Department of the Interior
Minerals Management Service
1201 Elmwood Park Boulevard
New Orleans, Louisiana 70123-2394

Attention: Ms. LaNelle Boehm
Supervisor, Adjudication Unit

RE: South Timbalier Area
OCS-G 5601, Block 107
Offshore Louisiana

Gentlemen:

Enclosed please find two (2) originals of that certain Assignment of Overriding Royalty Interest, effective September 25, 1991, from Jonathan B. Rudney unto Century Oil Company affecting the above referenced lease. Upon receipt please return one (1) date stamped original to the undersigned for further handling.

Please make this instrument a part of your permanent records. In support of this request enclosed is our Check No. 617 in the amount of $25.00.

Thank you for your cooperation in this matter and if you should have any question, please advise.

Sincerely,

CENTURY OFFSHORE MANAGEMENT CORP.

Becky Marceaux

Becky Marceaux
Land & Regulatory Coordinator

/blm
ENCLOSURE
ASSIGN.MMS

UNITED STATES OF AMERICA]
OUTER CONTINENTAL SHELF]

ASSIGNMENT OF OVERRIDING ROYALTY INTEREST

KNOW ALL MEN BY THESE PRESENTS:

That JONATHAN B. RUDNEY ("Assignor"), domiciled in the State of Maryland, for and in consideration of One Hundred Dollars ($100.00) and other good and valuable considerations, the receipt and sufficiency of which is acknowledged, does hereby grant, bargain, sell, convey, transfer, assign and deliver his following separate property unto CENTURY OIL COMPANY, ("Assignee"), a Kentucky Corporation, having its principal place of business at 155 East Main Street, Suite 200, Lexington, Kentucky 40507, an overriding royalty interest in the amount of an undivided 1.145833% of 6/6ths in and to all of the oil, gas and other minerals in and under that may be produced from the following oil and gas lease:

> Oil and Gas Lease bearing Serial No. OCS-G 5601, dated effective as of July 1, 1983, from the United States of America, as Lessor, to Exxon Corporation, as Lessee, covering all of Block 107, South Timbalier Area, as shown of OCS Leasing Map, Louisiana Map No. 6.

The overriding royalty interest herein assigned shall be free and clear of all costs and expenses of development and operation of the lands covered by said lease but shall bear its proportionate part of all applicable taxes. The overriding royalty shall be paid, credited and delivered in the same manner as provided in the lease for payment of royalty reserved to the lessor therein.

TO HAVE AND TO HOLD the above specified overriding royalty interest unto Assignee and his successors and assigns forever; and assignor does hereby bind itself and its successors and assigns to warrant and defend title to the above described Oil and Gas Lease and the overriding royalty interest assigned to Assignee and his successors and assigns against every person whomsoever lawfully claiming or to claim the Oil and Gas Lease described herein or a part thereof, by, through or under Assignor, and this assignment is made with full substitution and subrogation in and to all of the right and actions of warranty which Assignor has or may have against predecessors in title.

IN WITNESS WHEREOF, this instrument is delivered in multipl originals executed and effective as of September 25, 1991.

WITNESSES:

ASSIGNOR:

By: Jonathan B. Rudney

Jonathan B. Rudney

ASSIGNEE:

CENTURY OIL COMPANY

By: Howard A. Settle

Howard A. Settle
President

****

ACKNOWLEDGEMENTS

STATE OF LOUISIANA]
PARISH OF JEFFERSON]

Before me, the undersigned Notary Public, this day personally appeared JONATHAN B. RUDNEY known to me as the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

Witness my hand and official seal this the 25th day of September, 1991.

NOTARY PUBLIC
GREGORY L. DICHARRY
Notary Public
DULY COMMISSIONED IN ORLEANS PARISH, LA.
QUALIFIED FOR THE STATE OF LA. AT LARGE
MY COMMISSION IS IRREVOCABLE

STATE OF LOUISIANA]
PARISH OF JEFFERSON]

On this 25th day of September, 1991, before me appeared HOWARD A. SETTLE, to me personally known, who, being by me duly sworn, did say that he is the President of CENTURY OIL COMPANY and that said instrument was signed in behalf of said corporation by authority of its Board of Directors and said President acknowledged said instrument to be the free act and deed of said corporation.

NOTARY PUBLIC

GREGORY L. DICHARRY
Notary Public
DULY COMMISSIONED IN ORLEANS PARISH, LA.
QUALIFIED FOR THE STATE OF LA. AT LARGE
MY COMMISSION IS IRREVOCABLE

5601

PHELPS DUNBAR

COUNSELLORS AT LAW

SUITE [illegible] CITY NATIONAL BANK BUILDING
[illegible] P.O. BOX 4412
BATON ROUGE, LOUISIANA 70821-4412
(504) 346-0285
FACSIMILE (504) 381-9197

SUITE 5[illegible] HOUSTON CENTER
33[illegible] AHAM STREET
HOUSTON, TEXAS 77010
(7[illegible]) 65[illegible]-388
FACSIMILE (713) 65[illegible]-388

TEXACO CENTER · 400 POYDRAS STREET
NEW ORLEANS, LOUISIANA 70130-3245
(504) 566-1311

FACSIMILES (504) 568-9130 AND (504) 568-9007
TELEX 584125 WU AND 6821[illegible] WUI
CABLE HOWSPENCER

SUITE 400 MIRROR LAKE PLAZA
2829 LAKELAND DRIVE
P.O. BOX 55507
JACKSON, MISSISSIPPI 39296-5507
(601) 9[illegible]-1426
FACSIMILE (601) 932-64[illegible]

SUITE [illegible] ONE MISSISSIPPI PLAZA
P.O. BOX 1220
TUPELO, MISSISSIPPI 38802-1220
(601) 842-7907
FACSIMILE (601) 842-3873

SUITE 978 LEVEL 9
[illegible]LLO-DS
[illegible]LME STREET
LONDON EC3M 7DQ ENGLAND
TELEPHONE 01-44-71-929-4755
FACSIMILE 01-44-71-929-0046
TELEX 9873[illegible]

December 27, 1991

2094-5

BY HAND

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

RECEIVED

DEC 27 1991

Minerals Management Service
Leasing & Environment

Attention: Mrs. LaNelle Boehm

Re: Leases OCS-G 1898
3340
5601
6584
6840
7747

Dear Ms. Boehm:

I am enclosing the original and one (1) copy of the following collateral mortgage instrument affecting the captioned six (6) OCS leases:

Collateral Mortgage, dated December 23, 1991, by Settle Oil and Gas Company, securing the sum of $10,000,000.00.

I respectfully request that you stamp the photocopy of the enclosed mortgage with the date of filing with the MMS and return it to me at your earliest convenience. Please file the enclosed executed original of this mortgage in the lease record file for Lease OCS-G 1898 (South Timbalier Area, Block 148), and file the duplicate originals of this letter in the remaining lease files listed below:

Federal Lease OCS-G 3340 (Breton Sound Area, Block 53);

Federal Lease OCS-G 6584 (West Cameron Area, West Addition, Block 365);

Federal Lease OCS-G 5601 (South Timbalier Area, Block 107);

Federal Lease OCS-G 6840 (Chandeleur Area, Block 24); and

Federal Lease OCS-G 7747 (Ship Shoal Area, Block 62).

Enclosed is our check in the amount of $150.00 to cover filing fees.

Thank you for your assistance in this matter.

Sincerely

Robert U. Soniat

9279g

Filing accomplished as requested:

Minerals Management Service
Gulf of Mexico OCS Region

By: Jane Burrell Johnson

Date: 12-27-91

Citizens Fidelity Leasing Corporation
539 Fourth Avenue, Suite 201
Louisville, Kentucky 40202
502 581-2686

G 5601

Citizens Fidelity Leasing Corp.

February 21, 1992

United States Department of the Interior
Minerals Management Service
Gulf of Mexico - OCS Region (MS 5421)
1201 Elmwood Park Blvd
New Orleans, LA 70123-2394

RE: Century Offshore - South Timbalier Block 107(Lease #OCS-G5601)

Dear Mr. Wallace:

Enclosed are copies of a lease, schedule and exhibit covering equipment located on the above referenced platform. Would you please place this information in the applicable file.

Also enclosed is our check for $25.00 and a duplicate of this letter. Please time stamp the duplicate letter and return to my attention.

Thank you,

R Young

Richard Young
Assistant Vice-President

RY/dj

Enclosures

RECEIVED
FEB 26 1992
Minerals Management Service
Leasing & Environment

RECEIVED
FEB 26 1992
Minerals Management Service
Leasing & Environment

LEASE

11551

This is a LEASE dated September 20, 19 91 between,

Citizens Fidelity Leasing Corporation ("Lessor")

and

CENTURY OFFSHORE MANAGEMENT CORPORATION ("Lessee")

RECEIVED
FEB 26 1992
Minerals Management Service
Leasing & Environment

BEST AVAILABLE COPY

WITNE[illegible]

Lease. Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, all machinery, equipment and other property (collectively the ipment" and individually an "Item", or "Item of Equipment") described in (a) the schedule executed by the parties concurrently herewith and made a part of, and (b) any schedule or schedules hereinafter executed by the parties hereto and made a part hereof (collectively, "Schedules" and individually, a edule").

Term. The term of this Lease with respect to each Item of Equipment (the "Term") shall commence on the date which is set out on the Schedule for that Item of pment (the "Term Commencement Date") and shall terminate on the last day of the period stated in such Schedule, unless earlier terminated in accordance with provisions of this Lease.

Rent. The rent for each Item of Equipment during the Term (the "Rent") shall be that amount designated in the Schedule as Rent, and shall be payable, in the amounts at the times and place set forth in the Schedule, or to such other person, or at such other place as Lessor may from time to time designate in writing.

Additional Payment. Lessee shall pay, in addition to the Rent, the amounts set forth in Schedule B hereto, if any, on the dates set forth in Schedule B.

Net Lease; Obligation to Pay Rent Unconditional. This is a net lease. All Rent and other sums payable by Lessee including the payments due under Schedule B hereto, y, shall be paid promptly when due without notice or demand of any character. Lessee's obligation for the payment of Rent is and shall be absolute and unconditional shall not be subject to any reduction, offset, counterclaim, abatement, suspension, deferment or diminution for any reason whatsoever, including without limitation destruction or damage to the Equipment or any Item thereof, any limitation of or interference with the use or possession of the Equipment, or any Item or component eof (including any such limitation or interference arising out of any defect in Lessor's title to the Equipment), condemnation or requisition of the Equipment or any ponent thereof, any termination of this Lease prior to the expiration of the Term, or any other occurrence or circumstance (whether similar or dissimilar to those enumerated) h prevents Lessee from using, possessing or enjoying the Equipment. Lessee waives (a) any and all existing and future claims and offsets against Rent or other payments to Lessor under this Lease, (b) all rights now or hereafter conferred by statute or otherwise to terminate or surrender this Lease or the Equipment, or any component e equipment, and (c) any abatement, suspension, deferment, diminution or reduction of any Rent or other sums payable hereunder on account of any such occurrence.

Lessee's Inspection; Conclusive Presumptions. Lessee shall inspect each Item of Equipment within forty-eight (48) hours after receipt thereof. Unless within such od of time Lessee gives written notice to Lessor specifying any defect in or other proper objection to the Equipment, Lessee agrees that it shall be conclusively presumed, etween Lessor and Lessee, that Lessee has fully inspected and acknowledged that the Equipment is in good condition and repair, and that Lessee is satisfied with has accepted the Equipment in such good condition and repair and as satisfactory in all respects for the purposes of this Lease.

Uses and Location.

(a) Lessee shall use the Equipment in a careful and proper manner, only in the normal and ordinary course of Lessee's business, and Lessee shall comply with, shall use the Equipment in accordance with, (1) all state, federal and local laws, rules, regulations, statutes and ordinances applicable to Lessor or relating to the possession, operation, licensing, registration, maintenance or inspection of the Equipment, (2) any insurance policies in effect with respect to the Equipment (3) any antes of any manufacturer with respect to the Equipment or any component thereof, and (4) the operating instructions furnished by manufacturers or other suppliers e Equipment.

(b) Lessor shall have the right to inspect the Equipment and observe its use during normal business hours and any other reasonable time and to enter and upon the premises where the Equipment may be located for such purposes. Lessee shall maintain possession of each Item of Equipment at, and shall remove any Item of Equipment from, its location as shown on the Schedule without Lessor's prior written consent. Lessee shall give Lessor immediate e of any attachment or other judicial process affecting any Item of Equipment and whenever requested by Lessor, shall advise Lessor of the exact location ech Item of Equipment.

Title and Return

(a) The Equipment is, and at all times shall remain, the sole and exclusive property of Lessor, and the delivery of the Equipment to Lessee and Lessee's ng on thereof shall constitute a bailment. Lessee shall have no right, title or interest in or to the Equipment except as expressly set forth in this Lease.

(b) Upon the expiration or earlier termination of this Lease with respect to each Item of Equipment, unless there has been a Casualty Occurrence (as defined in graph (k) below) to such Item, Lessee shall return such Item of Equipment to Lessor in good repair, condition and working order, ordinary wear and tear resulting [illegible] use alone excepted, by packing, crating and loading such Item of Equipment at Lessee's cost and expense on board such carrier as Lessor and Lessee l agree and shipping the Equipment, freight prepaid and insured, to any destination specified by Lessor which is located within the continental United States [illegible]

[illegible]

Maintenance and Repairs. Lessee, at its own cost and expense, shall (a) maintain and keep the Equipment and all components thereof in good repair, condition working order and in good condition as to appearance and mechanical performance, ordinary wear and tear from authorized use excepted, (b) make all reasonable necessary repairs, (c) purchase replacements for and replace worn or defective components of the Equipment, so as to keep the Equipment in good mechanical working order, and (d) cause the Equipment and all components thereof to meet the applicable standards of any applicable governmental agency with jurisdiction r Lessor, Lessee or the Equipment whether or not such requirements, by their terms, are normally imposed upon Lessee. Lessee shall pay for any and all replacement s and components required by this section, and all such replacement parts and components shall be free and clear of all liens and encumbrances. Title to all such acement parts and components shall immediately pass to Lessor upon installation thereof.

Alterations. [illegible] see shall make any alteration or addition to the Equipment which is required by any governmental authority having relevant jurisdiction, if such alteration addition is required to comply with health, safety or environmental standards. All additions and improvements of whatsoever kind or nature made to the ipment shall belong to and become the property of Lessor upon the expiration, or earlier termination of this Lease.

No Warranties by Lessor. LESSEE HAS SELECTED BOTH (A) THE EQUIPMENT AND (B) THE MANUFACTURER OR OTHER SUPPLIER FROM WHOM SOR IS TO PURCHASE IT. LESSOR MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING WITHOUT ITATION THE DESIGN OR THE CONDITION OF THE EQUIPMENT, ITS MERCHANTABILITY OR ITS FITNESS FOR ANY PARTICULAR PURPOSE. AND, AS TO SOR, LESSEE LEASES THE EQUIPMENT "AS IS". LESSOR HAS ONLY THE TITLE TO THE EQUIPMENT THAT WAS CONVEYED TO LESSOR BY LESSOR'S DECESSOR IN TITLE, AND THAT TITLE IS FREE FROM LIENS AND ENCUMBRANCES CREATED BY LESSOR. LESSOR MAKES NO OTHER WARRANTY H RESPECT TO TITLE TO THE EQUIPMENT. If any Item of Equipment or all of the Equipment is not properly installed, does not operate as represented or ranted by its manufacturer, or is unsatisfactory for any reason, Lessee shall make any claim on account thereof directly against such manufacturer and ll, nevertheless, pay Lessor all rents payable under this Lease. Lessor hereby agrees to assign to Lessee, solely for the purpose of making and secuting any such claim, all of the rights which Lessor has against such manufacturer for breach of warranty or other representation representing the ipment. LESSOR SHALL NOT BE LIABLE FOR ANY DIRECT OR CONSEQUENTIAL DAMAGES INCURRED BY LESSEE AS A RESULT OF ANY BREACH OF RRANTY OR REPRESENTATION WITH RESPECT TO THE EQUIPMENT AND LESSOR SHALL NOT BE LIABLE TO LESSEE FOR LOSS OF USE OF THE IPMENT, OR FOR ANY INTERRUPTION IN LESSEE'S BUSINESS OCCASIONED BY LESSEE'S INABILITY TO USE THE EQUIPMENT, FOR ANY REASON ATSOEVER. The provisions of this paragraph are intended to be a complete exclusion and negation of any express or implied warranties by Lessor with ect to the Equipment, whether arising under the Uniform Commercial Code or under any other law now or hereafter in effect, or otherwise.

Insurance. Lessee shall provide, maintain and pay for (a) insurance against the loss or theft of or damage to the Equipment, for the amount of the licable Casualty Payment from time to time, naming Lessor as a loss payee or mortgagee, and (b) public liability and property damage insurance, naming sor as an additional insured. All such insurance shall be in form and amount and with companies satisfactory to Lessor. Lessee shall deliver the policies of rance or duplicates thereof or certificates of insurance to Lessor. All insurance which Lessee is required by this Lease to maintain shall provide that any thereunder shall be payable notwithstanding any action, inaction, breach of warranty or condition, breach of declarations, misrepresentation or negligence essee, its employees or agents. Each such policy shall contain an agreement by the insurer that, notwithstanding lapse of any policy for any reason or d of cancellation by the insured or any cancellation by Lessee, such policy shall continue in full force for the benefit of Lessor and [illegible]

r written notice thereof to Lessor, and no alteration in any such policy shall be made except upon thirty (30) days written notice of such proposed alteration Lessor and written approval by Lessor. If Lessee fails to acquire any policy of insurance required to be maintained pursuant to this paragraph, or fails to ew or replace any such policy at least twenty (20) days prior to the expiration thereof, or fails to keep any such policy in full force and effect, Lessor shall e the option (but not the obligation) to pay the premiums on any such policy of insurance or to procure new insurance in an amount, type, coverage and ns satisfactory to Lessor. Any amounts paid therefor by Lessor shall be immediately due and payable to Lessor by Lessee upon demand by Lessor. No rcise by Lessor of such option shall in any way affect the provisions of this Lease, including the provision that failure by Lessee to maintain the prescribed urance shall constitute an Event of Default. Lessee hereby assigns to Lessor all sums which become payable under any insurance covering the Equipment, icts any insurer to pay any and all such proceeds to Lessor, and authorizes Lessor to act as Lessee's attorney-in-fact to make claim for, receive payment and execute and endorse all documents, checks or drafts for loss or damage under any such insurance policy. The proceeds of such insurance, at the ion of the Lessor, shall be applied (1) toward the replacement, restoration or repair of the Equipment or (2) toward payment of the obligations of Lessee eunder.

4 Casualty. For purposes of this Lease, "Casualty Occurrence" shall mean any of the following events:

(a) The Equipment or any item of Equipment no longer operates in the manner and for the purposes originally contemplated, for any reason, and it is not de so to operate by repairs or installation of replacement parts in accordance with paragraph 10 of this Lease within 60 days from the time it ceased so to rate

(b) Any item of Equipment is requisitioned, condemned or taken over by any governmental authority under the power of eminent domain or otherwise for finite period which exceeds the then remaining term of this Lease, or for an indefinite period of time.

(c) Any item of Equipment suffers any damage which, in the good faith judgement of the Lessor would require the expenditure of and amount equal to or ater than fifty percent of the Equipment Cost for that Item of Equipment (as shown on the Schedule) to repair or restore it to its condition and operating acity immediately prior to suffering such damage.

(d) Any Item of Equipment is lost, stolen or commandeered

5. Casualty Payment. If any Item of Equipment shall suffer a Casualty Occurrence, Lessee shall promptly and fully inform Lessor with respect thereto. Lessee shall to Lessor, on the first date that any installment of Rent becomes due after the giving of such notice, an amount (a "Casualty Payment") equal to the sum of (a) the ulated Loss Value stated on the Schedule for that Item of Equipment, computed as of the date the Casualty Payment is due, and (b) all installments of Rent then , and (c) all of the other payments due to Lessor under this Lease as of such date, including but not limited to amounts due pursuant to paragraphs 4 and 18 hereof. n tender of the Casualty Payment this Lease shall terminate with respect to the Item of Equipment for which the Casualty Payment was made, and Lessee thereupon ll become entitled to such Item of Equipment, AS-IS-WHERE-IS, WITHOUT WARRANTY, EXPRESS OR IMPLIED.

6. General Covenants

(a) Lessee shall pay all costs to be paid, and shall indemnify Lessor and hold it harmless against all sales, use, excise, personal property, ad valorem, other taxes, license and registration fees, and other assessments, duties or other governmental charges which may now or hereafter be imposed or levied n the sale, puchase, ownership, leasing, possession or use of the Equipment or an Item of Equipment, excluding however, all taxes of or measured by sor's net income.

(b) Lessee shall keep the Equipment free and clear of all levies, liens and encumbrances. Upon Lessor's request, Lessee shall ex[illegible] nowledge and ver in recordable form any documents or other instruments with respect to the Equipment or this Lease as the Lessor may consider [illegible]y or desirable omply with the filing or recording requirements of any jurisdiction.

(c) Within Fifteen (15) days of availability, and in any event within one hundred twenty (120) days after the end of each fiscal year, Lessee shall furnish to sor a balance sheet of Lessee and the related statement of operation, changes in financial position and profit and loss, showing sources and uses of ome for such fiscal year, all in reasonable detail and stating in comparative form the figures as of the end of the fiscal year and for the previous responding period. If requested by Lessor, such financial statements shall be audited, or certified by an independant certified public accountant satisfactory Lessor, accompanied by an opinion (in form and substance satisfactory to Lessor) of such certified public accountant and must be signed by an officer of see.

7. Representations and Warranties of Lessee. Lessee represents and warrants as follows:

(a) If Lessee is a corporation, it is duly incorporated , validly existing, and in good standing under the laws of the state of its incorporation. If Lessee is a tnership, it is a general or limited partnership duly organized and validly existing under the laws of the state of its organization. Lessee is duly qualified to business in, and, if necessary, is in good standing under the laws of the state where the Equipment will be located, as indicated in the Schedule.

(b) Lessee has full right, power and authority to carry on its business as now conducted and to hold property under Lease and to enter into and perform its igations under this Lease.

(c) The Lease has been duly authorized, executed and delivered by Lessee, and is a legal, valid and binding obligation of Lessee, enforceable against see in accordance with its terms.

(d) Lessee's execution and delivery of this Lease and its performance of its obligations hereunder (1) will not be inconsistent with Lessee's partnership tificate or articles of incorporation or bylaws (as the case may be), (2) do not and will not contravene any law, governmental rule or regulation, judgment or ler applicable to the Lessee, and (3) do not and will not contravene any provision of, or constitute a default under, any indenture, mortgage, contrac er instrument to which Lessee is a party or by which it is bound.

(e) Neither the consent or approval of, nor the giving of notice to, registration with or taking of any action in respect of or by any, federal, state or [illegible] vernmental agency or instrumentality is required with respect to Lessee's execution, delivery and per[illegible]mance of this Lease.

(f) No material adverse change in the condition, financial or otherwise, of Lessee has occurred fro[illegible] that existing on the date of the financial stat[illegible] ivered by Lessee to Lessor.

(g) Lessee has disclosed to lessor all actions, suits, litigation, investigation or proceedings of or before any court, arbitrator or governmental authorit[illegible] ending or, to the knowledge of Lessee, asserted which would have a material adverse affect on the business operations, financial conditions, properties [illegible] sets of Lessee.

8. Indemnity

(a) Lessee shall indemnify Lessor against, and hold Lessor harmless from, any and all claims, actions, damages (including reasonable attorney's fees), igations, liabilities and liens (including any of the foregoing arising or imposed without Lessor's fault or negligence, or in connection with latent or other ects or under the doctrine of "strict liability"), imposed or incurred by or asserted against Lessor or its successors or assigns, arising out of the nufacture, purchase, lease, possession, operation, condition return or use of the Equipment, or by operation of law. Lessee shall give Lessor prompt written ice of any matter hereby indemnified against and agrees that upon written notice by Lessor of the assertion of such a claim, action, damage, obligation, bility or lien, Lessee shall assume full responsibility for the defense thereof. This paragraph 18 shall survive the expiration or other termination of this ase.

(b) (1) This Lease has been entered into on the basis that Lessor shall be entitled, with respect to each Item of Equipment, to such deductions, credits and er benefits as are provided by the United States Internal Revenue Code of 1986, as it may have been amended to the date hereof (the "Code"), to an owner property (herein such benefits are called "Tax Benefits"), including without limitation (A) depreciation deductions for cost recovery allowed pursuant to ction 168 of the Code for the Equipment Cost of each Item of Equipment, fully recovering the Equipment Cost of such Item of Equipment, ratably over the overy period set forth in the Tax Assumptions on the Schedule with respect to the Item of Equipment, (B) deductions with respect to interest payable with pect to any indebtedness incurred by Lessor in connections with the acquisition of the Item of Equipment, and (C) amortization of expenses or costs urred by Lessor in acquiring the Equipment or this Lease.

(2) Notwithstanding anything to the contrary contained in this Lease, Lessee represents and warrants that (A) at the time Lessor becomes the owner of Equipment and at the time the Equipment becomes subject to this Lease, [illegible] (C) [illegible]ssee shall maintain sufficient records to verify the facts represented in this subparagraph, and upon request of Lessor, Lessee shall provide to Lessor ften records establishing such facts, [illegible]

(6) LESSEE SHALL NOT BE OBLIGATED TO PAY ANY REIMBURSEMENT FOR LOSS OF TAX BENEFITS REQUIRED IN THIS LEASE TO THE EXTENT THAT HE CAUSE OF THE LOSS OF TAX BENEFITS RESULTS SOLELY FROM ONE OR MORE OF THE FOLLOWING EVENTS (A) A DISQUALIFYING DISPOSITION JE TO THE SALE OF THE EQUIPMENT OR THE LEASE THEREOF BY LESSOR PRIOR TO AND NOT IN CONNECTION WITH OR AS A RESULT OF ANY EVENT : DEFAULT, (B) A FAILURE BY LESSOR TO CLAIM ON A TIMELY BASIS THE TAX BENEFITS IN LESSOR'S TAX RETURN, (C) A FAILURE OF LESSOR TO AVE SUFFICIENT LIABILITY FOR TAX TO UTILIZE FULLY THE TAX BENEFITS, (D) A FORECLOSURE OF ANY PERSON HOLDING THROUGH LESSOR A LIEN H THE EQUIPMENT WHICH FORECLOSURE RESULTS SOLELY FROM AN ACT OF LESSOR, (E) ANY ACT, ERROR OR OMISSION BY LESSOR IN THE REPARATION AND FILING OF ANY TAX RETURNS; OR (F) THE HAPPENING OF A CASUALTY OCCURRENCE AND PAYMENT OF A CASUALTY PAYMENT IRSUANT TO PARAGRAPH 15 OF THIS LEASE

(7) Lessee agrees that neither it nor any affiliate of Lessee or any permitted successor, sublessee or assignee of Lessee (the "Lessee Group"), directly or directly, will at any time take any action, or file any returns or other documents inconsistent with the foregoing, and Lessee and the members of the Lessee oup shall file such returns, take such actions and execute such documents as may be reasonable and necessary to provide Lessor with the Tax Benefits

(8) All of Lessor's rights and privileges arising out of this paragraph 18 shall survive the expiration or other termination of this Lease. Any amounts quired to be paid under this paragraph which cannot be paid on the dates on which Rent would become due because of the expiration or other termination this Lease shall be due upon demand by the party claiming that such payment is due

19. Events of Default. The occurrence of any of the following events (each of them an "Event of Default") shall constitute a default under this Lease

(a) Failure of Lessee to pay any installment of Rent or any other sum required by this Lease to be paid by Lessee within ten (10) consecutive calendar ys after such payment first became due.

(b) Failure of Lessee to observe, perform or comply with any term, obligation, covenant or condition contained in this Lease or any Schedule (other than e obligations referred to in subparagraph (a) above) within fifteen (15) calendar days after the failure

(c) Any attempted sale or encumbrance by Lessee of the Equipment or any item of Equipment

(d) Failure of Lessee to contest a lien or encumbrance known to Lessee and asserted against the Equipment or any item of Equipment

(e) Failure to maintain any insurance required under paragraph 13 of this Lease.

(f) Lessee ceases to do business as a going concern.

(g) Lessee shall (1) be generally not paying its debts as they become due, (2) admit its inability to pay its debts generally as they become due, (3) be solvent, either in that its liabilities exceed its assets, or in that it is unable to pay its debts as they come due, (4) make a general assignment for the benefit creditors, (5) file a petition in bankruptcy, or admit (by answer, default or otherwise) the material allegations of any petition in bankruptcy filed against it der the federal bankruptcy laws (as in effect on the date of this Lease or as they may be amended from time to time), or under any other law for the relief of ebtors or for the discharge, arrangement or compromise of debtors' debts, or (6) consent to the appointment of a receiver, liquidator, assignee, custodian rustee, sequester or other official with similar powers of Lessee or a substantial part of its assets

(h) A petition shall be filed against Lessee in proceedings under the Federal Bankruptcy Law (as in effect at the date of this Lease, or as they be amended om time to time), or under any other laws for the relief of debtors or for the discharge, arrangement or compromise of debtors' debts, or any order shall be ndered by any court of competent jurisdiction appointing a receiver, trustee, or liquidator of Lessee or of all or part of Lessee's assets, and such petition or der is not dismissed or stayed within sixty (60) consecutive calendar days after entry thereof

(i) The dissolution, liquidation and/or termination of the Lessee

20. Remedies. Upon the occurrence of any Event of Default, and at any time thereafter, Lessor may at its option exercise any one or more of the following medies

(a) Declare the entire amount of all unpaid Rent under this Lease (including installments of Rent which would otherwise have become due after the Event of Default d the amounts set forth in Schedule B, if any, to be due and payable immediately.

(b) Terminate this Lease as to any or all item of Equipment, whereupon all rights of Lessee to the use of that Equipment shall absolutely cease and minate but Lessee shall remain liable upon all of Lessee's obligations under this Lease. Any such termination shall occur only by written notice by Lesso Lessee. Any such termination shall not impair Lessor's right to exercise the other remedies set out herein

(c) Take possession of the Equipment after terminating this Lease as provided in subparagraph (b) of this paragraph, and for this purpose may enter upon y premises of Lessee without any liability for such entry

(d) Sell the Equipment or any other item of Equipment, with or without taking possession of it, at public auction or private sale at such time and upon such ms as Lessor may determine, free and clear of any rights of Lessee. In such case, Lessor may recover from Lessee the difference between (1) the sum o the present value of the Rent required under this Lease after the Event of Default, (B) the present value of the fair market value which the Equipment uld have had at the normal expiration of the Lease had there been no Event of Default (as determined by an independent appraiser acceptable to Lessor) d (C) all of the other payments due to Lessor under this Lease as of the date of sale, including, but not limited to amounts due pursuant to paragraph 18 o s Lease, and (2) the proceeds of any sale of such Equipment (which proceeds have been reduced by the reasonable expenses occurred by the Lessor in the aking of possession, preparation for sale, and sale of such Equipment). To the extent that it does not duplicate amounts credited to Lessee and deducted m amounts Lessor may recover under the preceding sentence, Lessee shall be entitled, in mitigation of damages, to the net proceeds of any such sale after duction from such proceeds of all costs, charges, and expenses incurred by Lessor in the exercise of its remedies under this paragraph 20, up to the ount paid by Lessee under the preceding sentence

(e) Lease the Equipment, or any item of Equipment, with or without taking possession of it, for such period and rental, and to such persons as Lessor may ict. In such case, Lessor may recover from Lessee the greater of

(1) The aggregate of (A) the present value of the aggregate of the Rent required under this Lease for the term of this Lease remaining after the Event of Default d (B) all of the other payments due to Lessor under this Lease as of the date of the new lease, including, but not limited to amounts due pursuant to paragraphs 4 d 18 of this Lease, less the present value of the contracted for rent for the Equipment to become due under the terms of the new lease for the period beginning on date the Event of Default occurred and ending on the date the Term would have expired had there been no Event of Default, or

(2) The aggregate of (A) the present value of the aggregate of the Rent required under this Lease for the term remaining after the Event of Default, and (B) all the other payments due to Lessor under this Lease as of the date of the new lease, including, but not limited to amounts due pursuant to paragraphs 4 and 18 hereof s the present value of the fair rental value (as determined by an independent appraiser acceptable to Lessor) of such Equipment for the period beginning on the date Term would have expired if there had been an Event of Default

To the extent that it does not duplicate amounts credited to Lessee and deducted from amounts Lessor may recover under subparagraphs (1) and (2) of s subparagraph (e), Lessee shall be entitled, in mitigaton of damages, to the net present value of the contracted for rent under any new lease for the period ginning on the date the Event of Default occurred and ending on the date this Lease would have terminated had there been no Event of Default (discounted at interest rate at which a new Lessee could borrow funds on a secured basis for a term equivalent to the term of the new lease), after deduction from such esent value of all costs, charges and expenses, including attorneys' fees, incurred by Lessor in the exercise of Lessor's remedies under this paragraph 20 to the amount paid by Lessee under this subparagraph (e).

(f) Pursue any other remedy at law or in equity

21. Present Values, Remedies Not Exclusive. For purposes of subparagraph (d) and (e) of paragraph 20 of this Lease, all present values shall be calculated the basis of a discount at an annual rate of six (6) percent (compounded on the dates Rent would otherwise have been payable under this Lease. No right or medy conferred in this Lease is exclusive of any other right or remedy conferred herein or by law, but all such remedies are cumulative of every other right remedy conferred hereunder or at law or in equity, by statute or otherwise, and may be exercised concurrently or separately from time to time

22. Security. Lessee has deposited with Lessor the Deposit set forth in the Schedule as security for its payment of Rent and all other amounts due hereunder, d performance of its other obligations under this Lease (if an amount is filled in the Schedule under "Deposit"). Lessor may, but shall not be obligated to, apply such posit (or any part thereof) to cure any Event of Default hereunder, in which event Lessee shall promptly restore the deposit to the full amount originally deposited. The aining balance of the deposit shall be returned to Lessee upon the termination hereof or the period set forth in Schedule B, if any, if no Event of Default has occurred

BEST AVAILABLE CO
11591

LEASE SCHEDULE

Schedule No._____

The terms and phrases used in this Schedule but not otherwise defined herein shall have the meanings given them in the Lease (as defined below).

A. **EQUIPMENT LEASED:** A description of the Equipment subject to this Schedule (the "Equipment") is contained in Exhibit A attached to this Schedule and incorporated herein by reference.

B. **TERM:** Unless sooner terminated in accordance with the terms of the Lease, the term of the Lease with respect to each item of Equipment subject to this Schedule (the "Term") shall begin on December 19, 1991 (the "Term Commencement Date") and shall continue for an Term ending on June 29, 1994.

C. **RENT:** As rent for the Equipment during the Term, Lessee shall pay Lessor the sum of $ 77,860.20 in installments beginning on December 30, 1991 and continuing on the 30th day of each month thereafter during the Term up to and including May 30, 1994. Each installment of Rent shall be $ 2,595.34 *. Unless sooner paid, all rent due hereunder shall be payable in any event on or before the expiration or sooner termination of the Lease. *plus applicable tax

D. **LOCATION:** The Equipment shall be located at Waters off Gulf of Mexico and shall not be removed therefrom without the prior written consent of Lessor.

E. **DEPOSIT:** Lessee shall deposit $ None with Lessor, pursuant to paragraph 22 of the Lease of which this Schedule is a part.

F. **STIPULATED LOSS VALUE:** The amount of the Stipulated Loss Value referenced in paragraph 15 of the Lease for a Casualty Occurrence to the Equipment during each year of the term of the Lease with respect to the Equipment is as follows [and the percentage of the Stipulated Loss Value attributable to each item of Equipment which suffers a Casualty Occurrence shall be in the same proportion as the Equipment Cost for such item of Equipment (as set forth on Exhibit A hereto) bears to the Total Equipment Cost for all of the Equipment (as set forth on Exhibit A hereto)]:

1st Yr. $ 77,860.20 2nd Yr. $ 64,623.97 3rd Yr. $ 51,387.74 4th Yr. $ 38,151.50

5th Yr. $ 24,915.27 6th Yr. $_____ 7th Yr. $_____ Thereafter $_____

G. **TAX ASSUMPTIONS:** Lessee acknowledges and reaffirms the Assumptions and representations and warranties made in paragraph 18 of the Lease. In addition, the Lease has been entered into on the following Assumptions:

(1) The Equipment is _____ year property within the meaning of the Code.

(2) The assumed federal corporate income tax rate(s) applicable to Lessor during the term hereof are: _____.

H. **SPECIAL CONDITIONS:**

I. **INCORPORATION INTO LEASE:** This Schedule is intended to become, and has become, a part of the Lease, and is subject to the terms and conditions of the Lease, as if fully set out in the Lease. This is a Schedule referred to in paragraph 1 of the Lease.

APPROVED AND AGREED to this 18 day of December, 19 91, as a Schedule to that certain Lease dated the 20th day of September, 19 91 (the "Lease"), by and between the parties hereto, and made a part hereof.

Citizens Fidelity Leasing Corporation

By R Young
Title:

By
Title:

LESSOR

(Seal)

539 4th Avenue
Suite 201
Louisville, Kentucky 253

CENTURY OFFSHORE MANAGEMENT CORPORATION

By Jeff Marquette VP-Trans
Title:

By
Title:

LESSEE

(Seal)

Address 155 East Main Street, Suite 200
Lexington, KY 40507

BEST AVAILABLE COPY

Citizens Fidelity Leasing Corporation
530 Fourth Ave., Suite 201
Louisville, KY 40202-2514

Page 1 1

#1159

EXHIBIT 'A'

LEGAL NAME AND ADDRESS OF LESSEE

CENTURY OFFSHORE MANAGEMENT CORPORATION
155 East Main Street, Suite 200
Lexington, KY 40507

QUANTITY	SERIAL NO.	EQUIPMENT DESCRIPTION
1		West Cameron 368 (Federal Waters off Gulf of Mexico) 400 KW International Electric GEN W/16V92 GM Diesel Driver - Engine S#16VF05299 GEN S#BG-14472
1		South Timbalier 107 (Federal Waters off Gulf of Mexico) Knox Western Model TB60 Compressor W/50 HP Marathon Electric Motor

BEST AVAILABLE COPY

RECEIVED
FEB 26 1992
Minerals Management Service
Leasing & Environment

TOTAL $ 74,223.36

Name of Lessee CENTURY OFFSHORE MANAGEMENT CORPORATION
Date 12/18/91
Signed By

5601

VINSON & ELKINS
L.L.P.
ATTORNEYS AT LAW

THE WILLARD OFFICE BUILDING
1455 PENNSYLVANIA AVE., N.W.
WASHINGTON, D.C. 20004-1007
TELEPHONE (202) 639-6500
FAX (202) 639-6604

HUNGARIAN EXPORT BUILDING
UL. VOROVSKOGO, 21
121069 MOSCOW, RUSSIAN FEDERATION
TELEPHONE 011 (70-95) 202-6416
FAX 011 (70-95) 200-4216

47 CHARLES ST., BERKELEY SQUARE
LONDON W1X 7PB, ENGLAND
TELEPHONE 011 44 71 491-7236
FAX 011 44 71 499-5320

2500 FIRST CITY TOWER
1001 FANNIN
HOUSTON, TEXAS 77002-6760
TELEPHONE (713) 758-2222
FAX (713) 758-2346

WRITER'S DIRECT DIAL
(713) 758-2940

FIRST CITY CENTRE
816 CONGRESS AVENUE
AUSTIN, TEXAS 78701-2490
TELEPHONE (512) 495-8400
FAX (512) 495-8612

3700 TRAMMELL CROW CENTER
2001 ROSS AVENUE
DALLAS, TEXAS 75201-2916
TELEPHONE (214) 220-7700
FAX (214) 220-7716

BAGATELA 12
00-585 WARSAW, POLAND
TELEPHONE 011 (48-2) 625 13-31
FAX 011 (48-2) 625-22-46

February 24, 1992

RECEIVED

2 1992

Minerals Management Service
Leasing & Environment

United States Department of the Interior
Minerals Management Service
Gulf of Mexico, OCS Region
1201 Elmwood Park Blvd.
New Orleans, Louisiana 70123-2394

Attention: LE-3-1 Ms. Boehm

Re: OCS-G 5315 and OCS-G 5601

Gentlemen:

The following document pertains to the above-captioned Leases:

1. Termination of Gas Purchase Agreements dated February 14, 1992 between Century Offshore Management Corporation and Enron Gas Marketing, Inc.

Enclosed please find a copy of such document for purposes of recordation, along with a copy to be file stamped and returned to Vinson & Elkins. Also enclosed is a check in the amount of $50.00 to cover the filing fees.

To place third persons on notice as to the execution and efficacy of the document, please file the document as referenced above in file OCS-G 5315 maintained by your office for the above-captioned Leases.

We also request that you place a copy of this letter in the files in your office relating to the above-captioned Leases. Please acknowledge that filing has been accomplished pursuant to this letter request by signing in the appropriate space provided on the copy of this letter and returning the same to:

Vinson & Elkins
3566 First City Tower
1001 Fannin
Houston, Texas 77002-6760
Attention: M. Michelle Robichaux

Very truly yours,

M. Michelle Robichaux

M. Michelle Robichaux
Legal Assistant

Filing Accomplished as Requested

By: _____

Date: FEB 28 1992

cc: F. B Cochran III [Firm]

6713:s075:02/24/92

TERMINATION OF GAS PURCHASE AGREEMENTS

This Termination of Gas Purchase Agreements is made and entered into this 14th day of February, 1992, by and between CENTURY OFFSHORE MANAGEMENT CORPORATION, a Kentucky corporation ("Century") and ENRON GAS MARKETING, INC., a Delaware corporation ("EGM").

WHEREAS, reference is herein made to that certain Gas Purchase Agreement (Base Contract) dated December 20, 1989, by and between Century, as Seller, and EGM, as Buyer, as heretofore amended (the "*So. Timbalier Block 107 Base Gas Purchase Agreement*"), covering certain quantities of gas to be produced from the property described in Exhibit A hereto;

WHEREAS, reference is herein made to that certain Gas Purchase Agreement (Excess Gas Contract) dated December 20, 1989, by and between Century, as Seller, and EGM, as Buyer, as heretofore amended (the "*So. Timbalier 107 Excess Gas Contract*") covering additional quantities of gas to be produced from the property described in Exhibit A hereto;

WHEREAS, reference is herein made to that certain Gas Purchase Agreement (Base Contract) dated March 27, 1990, by and between Century, as Seller, and EGM, as Buyer, as heretofore amended (the "*West Cameron Block 368 Field/Breton Sound Block 45 and 52 Gas Purchase Agreement),* covering certain quantities of gas to be produced from the properties described in Exhibit B hereto;

WHEREAS, reference is herein made to that certain Gas Purchase Agreement (Excess Gas Contract) dated March 27, 1990 by and between Century, as Seller, and EGM, as Buyer, as heretofore amended (the "*West Cameron Block 368 Field Excess Gas Contract*") covering additional quantities of gas to be produced from the first lease described in Exhibit B hereto;

WHEREAS, reference is herein made to that certain Gas Purchase Agreement (Excess Gas Contract) dated March 27, 1990, by and between Century, as Seller, and EGM, as Buyer, as heretofore amended (the "*Breton Sound Block 45 and 52 Excess Gas Contract*") covering additional gas to be produced from the second and third leases described in Exhibit B hereto;

WHEREAS, the So. Timbalier Block 107 Base Gas Purchase Agreement, the So. Timbalier Block 107 Excess Gas Contract, the West Cameron Block 368 Field/Breton Sound Block 45 and 52 Base Gas Purchase Agreement, the West Cameron Block 368 Field Excess Gas Contract and the Breton Sound Block 45 and 52 Excess Gas Contract are collectively hereinafter referred to as the "*Gas Purchase Agreements,*" and

WHEREAS, subject to that certain letter agreement dated February 14, 1992 between them, Century and EGM desire to terminate the Gas Purchase Agreements in accordance with the terms hereof.

NOW, THEREFORE, Century and EGM hereby agree as follows:

1. For One Hundred Dollars and other good and valuable consideration cash in hand paid by EGM to Century, the receipt and sufficiency of which is hereby acknowledged by Century, the Gas Purchase Agreements are hereby terminated effective as of January 1, 1992 (the "*Termination Date*").

2. Century and EGM hereby release each other from any and all obligations and liabilities arising from the Gas Purchase Agreements, except for the obligations related to gas delivered under the Gas Purchase Agreements prior to the Termination Date.

3. Century represents and warrants that it has not transferred or encumbered its interest in the Gas Purchase Agreements, except for the security interest granted to BMO Financial, Inc. which security interest is being released contemporaneously with the execution hereof.

4. Century represents and warrants that it has the legal right, power and authority to terminate the Gas Purchase Agreements in accordance with the terms hereof and agrees to protect, defend, indemnify and hold harmless EGM from and against any and all claims, demands, losses, liabilities and causes of action which may be asserted by any third party arising out of or in any way related to termination of the Gas Purchase Agreements.

WITNESS THE EXECUTION HEREOF as of the date first hereinabove set forth, but effective for all purposes as of the Termination Date.

WITNESSES:

CENTURY OFFSHORE MANAGEMENT

By: Jonathan B Rudney
Name: Jonathan B Rudney
Title: Exec. V.P.

ENRON GAS MARKETING, INC.

By: Lou L. Pai
Name: Lou L. Pai
Title: Vice President

THE STATE OF LOUISIANA §
PARISH §
~~COUNTY~~ OF JEFFERSON §

BE IT REMEMBERED, that I, Gregory L. Dicharry, a notary public duly qualified, commissioned, sworn and acting in and for the State of Louisiana, hereby certify that, on this 14th day of February, 1992, there appeared before me Jonathan B. Rudney, as Exec. Vice President of CENTURY OFFSHORE MANAGEMENT CORPORATION, whose mailing address is 155 East Main Street, Suite 200, Lexington, Kentucky 40507.

[LOUISIANA]

On the day and year above mentioned, before me, a notary public, of said ~~County~~ Parish and State, appeared the aforementioned person, to me personally known, who, being by me sworn, did say that he is the designated officer of said corporation and that this instrument was signed on behalf of said corporation by authority of the Board of Directors and the designated officer acknowledged this instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal in the Parish ~~County~~ of Jefferson and State of Louisiana, this 14th day of February, 1992.

Notary Public in and for
the State of Louisiana

Gregory L. Dicharry
Printed Name of Notary Public

My Commission Expires:

At Death

GREGORY L. DICHARRY
Notary Public
DULY COMMISSIONED IN ORLEANS PARISH, LA.
QUALIFIED FOR THE STATE OF LA. AT-LARGE
MY [illegible]

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

BE IT REMEMBERED, that I, Rebecca L. Burandt, a notary public duly qualified, commissioned, sworn and acting in and for the State of Texas, hereby certify that, on this 14th day of February, 1992, there appeared before me Lou L. Pai, as Vice President of ENRON GAS MARKETING, INC., whose mailing address is P.O. Box 188, Houston, Texas 77251-1188.

[~~LOUISIANA~~ TEXAS]

On the day and year above mentioned, before me, a notary public, of said County and State, appeared the aforementioned person, to me personally known, who, being by me sworn, did say that he is the designated officer of said corporation and that this instrument was signed on behalf of said corporation by authority of the Board of Directors and the designated officer acknowledged this instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal in the County of Harris and State of Texas, this 14th day of February, 1992.

REBECCA L. BURANDT
Notary Public, State of Texas
My Commission Expires
MARCH 11, 1995

Rebecca L. Burandt
Notary Public in and for
the State of Texas

Rebecca L. Burandt
Printed Name of Notary Public

My Commission Expires:

3-11-95

RTR:bib/464.MSC
f:\fc0368\enr100\ermgas2.agt

EXHIBIT "A"

To Termination of Gas Purchase Agreements
Between
Century Offshore Management Corporation
and
Enron Gas Marketing, Inc.

Lease:

Serial No.:	OCS-G5601
Dated:	July 1, 1983
Lessor:	United States of America
Lessee:	Exxon Corporation
Description:	All of Block 107, South Timbalier Area, OCS Leasing Map, Louisiana Map No. 6 containing 5,000 acres.

EXHIBIT "B"

To Termination of Gas Purchase Agreements
Between
Century Offshore Management Corporation
and
Enron Gas Marketing, Inc.

Lease:

Serial No.:	OCS-G5315
Dated:	July 1, 1983
Lessor:	U.S. Department of the Interior
Lessee:	Shell Offshore Inc., et al.
Description:	All of Block, 368 West Cameron Field, OCS Leasing Map, Louisiana Map #1A, containing 5,000 acres.

Lease:

Serial No.:	#12806
Dated:	July 13, 1987
Lessor:	State of Louisiana
Lessee:	Tenneco Oil Co.
Description:	Portions of Block 52, Breton Sound Field

Lease:

Serial No.:	#12805
Dated:	July 13, 1987
Lessor:	State of Louisiana
Lessee:	Tenneco Oil Co.
Description:	Portions of Block 45, Breton Sound Field

5601

Diverse-RIMCO

16414 San Pedro, Suite 340
San Antonio, Texas 78232
(512) 491-9447
(512) 491-9449 Fax

March 19, 1992

RECEIVED

MAR 20 1992

Minerals Management Service
Leasing & Environment

U.S. Department of the Interior
Minerals Management Service
1201 Elmwood Park Boulevard
New Orleans, LA 70123-2394

Attention: Adjudication Unit

Re: Assignment of Overriding Royalty Interest - OCS Leases 063, 066, 067, 064, 074, 065, 068, 069, 072, 073, 038, 040, 042, 0807, G 0978, G 1241, G 2323, G 2889, G 3394, G 5537, G 5601, 0125, 0172, 044, 046, 0576, 0790, G 1043, G 1568, G 1888, G 2306, G 2552, G 3996

Gentlemen:

Enclosed please find copies of Assignment of Royalty Interest covering the transfer of overriding royalty interests in the subject OCS leases from Conoco Inc. to Diverse-RIMCO. These documents are submitted for **record purposes only** and do not represent transfer of record title or other rights subject to MMS approval.

Enclosed is our check in the amount of $825.00 covering the $25 per lease filing fee. Thank you for your consideration in this matter.

Sincerely,

Marsha S. Collier

Marsha S. Collier
Land Manager

MSC:ab
Enclosures
cc: Thomas R. Fuller

OCSG-5601

ASSIGNMENT OF OCS ROYALTY INTERESTS

RECEIVED

MAR 20 1992

Minerals Management Service
Leasing & Environment

UNITED STATES OF AMERICA

OUTER CONTINENTAL SHELF

CONOCO INC., a Delaware corporation, the address of which is 600 North Dairy Ashford, P.O. Box 2197, Houston, Texas 77252 ("Assignor"), for valuable consideration, the receipt of which are hereby acknowledged, does hereby grant, convey, assign, transfer and deliver unto DIVERSE-RIMCO, a Texas general partnership, the address of which is 16414 San Pedro, Suite 340, San Antonio, Texas 78232, all royalty interests, overriding royalty interests and other similar interests that cover, burden, or otherwise affect any or all leases, lands, and wells described in Schedules "A-1" and "A-2" of Exhibit "A" attached hereto, together will all hydrocarbons attributable thereto and all contracts and files that relate thereto, in whole or in part.

This Assignment is made with warranty of title by, through or under Assignor only, and shall inure to the benefit of the parties hereto and their successors and assigns, subject to the approval of the Minerals Management Service of the United States Department of the Interior.

IN WITNESS WHEREOF, this instrument has been executed this 20th day of December, 1991, effective as of the 1st day of October, 1991.

WITNESSES:

CONOCO INC.

By: Steve C. Nicandros
Attorney-in-fact

DIVERSE RIMCO
By: Diverse GP III, its
Managing General Partner

WITNESSES:

By: Thomas R. Fuller
Manager/General Partner

ACKNOWLEDGEMENTS

STATE OF TEXAS §
§
COUNTY OF HARRIS §

Before me, the undersigned authority, on this day personally appeared Steve C. Nicandros, known to me to be the person whose name is subscribed to the foregoing instrument as attorney in fact of Conoco Inc., and acknowledged to me that he executed the same for purposes and consideration therein expressed, and in the capacity therein stated.

Given under my hand and seal of office this 20th day of December, 1991.

JOYCE L. CAMPBELL
Notary Public, State of Texas
My Commission Expires Mar. 4, 1993

Joyce L. Campbell
Notary Public in and for
the State of Texas

My Commission Expires:

3-4-93

STATE OF TEXAS §
§
COUNTY OF HARRIS §

Before me, the undersigned authority, on this day personally appeared Thomas R. Miller, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he is the Manager/General Partner of Diverse GP III, a Texas general partnership, which partnership is the Managing General Partner of Diverse-RIMCO, a Texas General partnership, and that Diverse-RIMCO executed the same for the purposes and considerations therein expressed, and as the act and deed of same.

Given under my hand and seal of office this 22nd day of December, 1991.

Melanie L. Brown
Notary Public in and for
the State of Texas

My Commission Expires:

1-16-95

MELANIE L. BROWN
Notary Public, State of Texas
My Commission Expires
1/16/95.

Schedule A-1 to Exhibit "A"

To

Assignment of OCS Royalty Interests

Dated December 20, 1991, Effective October 1, 1991

By Conoco Inc. and Diverse-RIDCO

STATE: LOUISIANA

PROPERTY NUMBER	LEASE DATE	RECORDING ENTRY	VOLUME	PAGE

01 047535-000 09/12/1946
LESSOR(S): STATE MINERAL BOARD LEASE #770 SERIAL NO: OCS 063
5,000 ACRES MORE OR LESS BEING TRACT 807 (BLK 93), GULF OF MEXICO, STATE OF LOUISIANA.

01 047540-000 09/12/1946
LESSOR(S): STATE MINERAL BOARD LEASE #776 SERIAL NO: OCS 066
5,000 ACRES MORE OR LESS BEING TRACT 826 (BLK 112), GULF OF MEXICO, STATE OF LOUISIANA.

01 047541-000 09/12/1946
LESSOR(S): STATE MINERAL BOARD LEASE #777 SERIAL NO: OCS 067
5,000 ACRES MORE OR LESS BEING TRACT 827 (BLK 113),GULF OF MEXICO, STATE OF LOUISIANA

01 047542-000 09/12/1946
LESSOR(S): STATE MINERAL BOARD LEASE #778 SERIAL NO: OCS 064
5,000 ACRES MORE OR LESS BEING TRACT 828 (BLK 114),GULF OF MEXICO, STATE OF LOUISIANA.

01 047544-000 09/12/1946
LESSOR(S): STATE MINERAL BOARD,LSE.794 SERIAL NO: OCS 074
5,000 ACRES MORE OR LESS BEING BLK 20 S. PELTO AREA, GULF OF MEXICO.

01 047631-000 09/12/1946
LESSOR(S): STATE MINERAL BOARD LEASE #779 SERIAL NO: OCS 065
2,500 ACRES MORE OR LESS BEING N/2 TR 831, BLK 117 (N/2 BLK 117), GULF OF MEXICO, STATE OF LOUISIANA.

01 047632-000 09/12/1946
LESSOR(S): STATE MINERAL BOARD LEASE #780 SERIAL NO: OCS 068
2,500 ACRES MORE OR LESS BEING N/2 TRACT 832 (N/2 BLK 118), GULF OF MEXICO, STATE OF LOUISIANA.

01 047633-000 09/12/1946
LESSOR(S): STATE MINERAL BOARD LEASE #781 SERIAL NO: OCS 069
2,500 ACRES MORE OR LESS BEING N/2 TRACT 833 (N/2 BLK 119), GULF OF MEXICO, STATE OF LOUISIANA.

01 047636-000 09/12/1946
LESSOR(S): STATE MINERAL BOARD,LSE.792 SERIAL NO: OCS 072
2,500 ACRES MORE OR LESS BEING W/2 TR 1085 (W/2 BLK 12) GULF OF MEXICO, S. PELTO AREA.

0 047637-000 09/12/1946
LESSOR(S): STATE MINERAL BOARD,LSE.793 SERIAL NO: OCS 073
2,500 ACRES MORE OR LESS BEING TRACT 1087 (W/2 BLK 19) GULF OF MEXICO, SOUTH PELTO AREA.

01 047645-000 05/10/1948
LESSOR(S): STATE MINERAL BOARD LSE #1416 SERIAL NO: OCS 038
2,500 ACRES MORE OR LESS BEING E/2 TRACT 3230 (E/2 BLK 120), GULF OF MEXICO, STATE OF LOUISIANA.

BEST AVAILABLE COPY

STATE. LOUISIANA

PROPERTY NUMBER	LEASE DATE	RECORDING ENTRY	RECORDING VOLUME	RECORDING PAGE

01 047646-000 05/10/1948
LESSOR(S): STATE MINERAL BOARD LSE #1409 SERIAL NO: OCS 040
2,500 ACRES MORE OR LESS BEING TRACT 3229 (S/2 BLK 119), GULF OF MEXICO, STATE OF LOUISIANA.

01 047737-000 08/11/1948
LESSOR(S): STATE MINERAL BOARD LSE #1530 SERIAL NO: OCS 042
625 ACRES MORE OR LESS BEING S/2SE TRACT 3709 (S/2SE BLK 94), GULF OF MEXICO, STATE OF LOUISANA.

01 118292-000 05/01/1960
LESSOR(S): U.S.A SERIAL NO: OCS-0807
1250 ACRES MORE OR LESS BEING NE BLK 218, EUGENE ISLAND AREA LIMITED IN DEPTH FROM THE SURFACE TO 13,097 FT. TRUE VERTICAL DEPTH BEING 100 FT BELOW THE BASE OF THE "MI" SAND IDENTIFIED AT 12,997 FT TRUE VERTICAL DEPTH.

01 151713-000 05/01/1962
LESSOR(S): U.S.A. SERIAL NO: OCS-G 0978
5000 ACRES MORE OR LESS BEING ALL OF BLK 217, EUGENE ISLAND AREA LIMITED IN DEPTH FROM THE SURFACE TO 13,097 FT TRUE VERTICAL DEPTH BEING 100 FT BELOW THE BASE OF THE "MI" SAND IDENTIFIED AT 12,997 FT TRUE VERTICAL DEPTH.

01 151716-000 05/01/1962
LESSOR(S): U.S.A. SERIAL NO: OCS-G 1243
3,772.18 ACRES MORE OR LESS BEING ALL BLOCK 52, SOUTH TIMBALIER AREA, LESS AND EXCEPT 294.70 ACRES DESCRIBED AS THE N/2N/2NW/4, NW/4NW/4NE/4.

01 198011-000 02/01/1973
LESSOR(S): U. S. A. SERIAL NO: OCS-G 2323
5000 ACRES MORE OR LESS BEING OFFSHORE TRACT NO. 2441, EUGENE ISLAND AREA, SO. ADDITION, BLK 360, OFFICIAL LEASING MAP, LOUISIANA MAP NO. 4A.

01 200632-000 12/01/1974
LESSOR(S): U.S.A. SERIAL NO: OCS-G 2849
2,847.51 ACRES MORE OR LESS BEING ALL OF BLOCK 175, SOUTH MARSH ISLAND AREA, SOUTH ADDITION, OCS OFFICIAL LEASING MAP, LOUISIANA MAP NO. 3C.

01 204276-000 01/01/1977
LESSOR(S): U.S.A. SERIAL NO: OCS-G 3394
INSOFAR AND ONLY INSOFAR AS SAID LEASE COVERS 3,125 ACRES MORE OR LESS BEING E/2, S/2SW OF BLOCK 146, VERMILION AREA, AS SHOWN ON OFFICIAL LEASING MAP, LA. MAP NO. 3.

01 235471-000 07/01/1983
LESSOR(S): U. S. A. SERIAL NO: OCS-G 5557
5,000 ACRES MORE OR LESS BEING ALL BLK 80, SHIP SHOAL AREA, OCS LEAS NG MAP, LOUISIANA MAP #5, LIMITED IN DEPTH FROM THE SURFACE DOWN TO 7500 FEET SUBSEA.

01 249969-000 07/01/1983
LESSOR(S): U.S.A. SERIAL NO: OCS-G 5601
5,000 ACRES MORE OR LESS BEING ALL BLOCK 107, SOUTH TIMBALIER AREA, OCS LEASING MAP, LOUISIANA MAP NO. 6.

Schedule A-2 to Exhibit "A"

To

Assignment of OCS Royalty Interests

Dated December 20, 1991, Effective October 1, 1991

By Conoco Inc. and Diverse-WINCO

BEST AVAILABLE COPY

STATE: LOUISIANA

PROPERTY NUMBER	LEASE DATE	RECORDING ENTRY	RECORDING VOLUME	RECORDING PAGE

01 036524-000 04/21/1947
LESSOR(S): STATE MIN. BOARD OF LA.#935 SERIAL NO: OCS 0125
2500 ACRES MORE OR LESS, BEING N/2 OF TRACT 1564, BLK 29, GRAND ISLE AREA, GULF OF MEXICO.

01 038973-000 05/10/1948
LESSOR(S): STATE MIN. BOARD OF LA. #1446 SERIAL NO: OCS 0172
5,000.00 ACRES, MORE OR LESS, BEING TR 3374, BLK 86, GULF OF MEXICO.

01 047525-000 08/28/1945
LESSOR(S): STATE MINERAL BOARD,LSE.681 SERIAL NO: OCS-044
5000 ACRES MORE OR LESS BEING TR 505, BLK 89, EUGENE ISLAND AREA, GULF OF MEXICO.

01 047527-000 08/28/1945
LESSOR(S): STATE MINERAL BOARD,LSE.685 SERIAL NO: OCS 046
5000 ACRES MORE OR LESS, BEING TR 511, BLK 95, EUGENE ISLAND AREA, GULF OF MEXICO.

01 078105-000 09/01/1955
LESSOR(S): U.S.A. SERIAL NO: OCS-0576
2500 ACRES MORE OR LESS, BEING DESCRIBED AS THE E/2 BLK 208, EUGENE ISLAND AREA, LIMITED IN DEPTHS FROM SURFACE TO BASE OF "MS" SAND. THE "MS" SAND IS DEFINED AS THAT SAND IDENTIFIED ON THE ELECTRIC LOG OF THE EUGENE ISLAND, BLK 208, E/2 OCS-0576, WELL NO. 4 AS THAT INTERVAL OCCURING BETWEEN THE MEASURED DEPTHS OF 9,713 FT TO 9,743 FT.

01 119288-000 05/01/1960
LESSOR(S): U. S. A. SERIAL NO: OCS-0790
2874.31 ACRES MORE OR LESS BEING ALL OF BLK 95, SOUTH MARSH ISLAND, SOUTH ADDITION, LIMITED IN DEPTH FROM THE SURFACE TO THE STRATIGRAPHIC EQUIVALENT OF THAT HORIZON AT 8,685 FT IN THE ELECTRIC LOG OF THE CONTINENTAL OIL CO. S MARSH ISLAND, BLK 95, WELL NO. 2.

BEST AVAILABLE COPY

STATE: LOUISIANA

PROPERTY NUMBER	LEASE DATE	RECORDING ENTRY	RECORDING VOLUME	RECORDING PAGE

01 175611-000 06/01/1962
LESSOR: U. S. A. SERIAL NO: OCS-G 1043
5000 ACRES, MORE OR LESS, BEING BLK 293, SHIP SHOAL AREA.

01 176716-000 07/01/1967
LESSOR(S): U.S.A. SERIAL NO: OCS-G 1568
5,000 ACRES, MORE OR LESS, BEING ALL OF BLK 184, SOUTH TIMBALIER AREA, OFFICIAL LEASING MAP, LOUISIANA MAP 6.

01 182744-000 02/01/1969
LESSOR(S): U. S. A. SERIAL NO: OCS-G 1888
2500 ACRES MORE OR LESS, BEING THE S/2 OF BLK 247, EUGENE ISLAND AREA, OFFICIAL LEASING MAP, LOUISIANA MAP NO. 4, LIMITED IN DEPTH FROM SURFACE TO 100 FT BELOW THE STRATIGRAPHIC EQUIVALENT OF THAT HORIZON FOUND AT 9522 FT, TRUE VERTICAL DEPTH.

01 194009-000 02/01/1973
LESSOR(S): U. S. A. SERIAL NO: OCS-G 2306
2,500 ACRES, MORE OR LESS, INSOFAR AND ONLY INSOFAR AS SAID LEASE COVERS THE N/2 OF LOUISIANA TR 2422 (N/2 BLK 261), SOUTH MARSH ISLAND AREA, NORTH ADDITION. OFFICIAL LEASING MAP, LA. MAP NO. 3D, LIMITED TO THOSE DEPTHS 9800 FT SUBSEA AND ABOVE.

01 198721-000 05/01/1974
LESSOR(S): U.S.A. SERIAL NO: OCS-G 2552
5000 ACRES MORE OR LESS BEING ALL BLK 538 W CAMERON AREA- SOUTH ADDITION, OFFICIAL LEASING MAP NO. 1B.

01 206807-000 03/01/1979
LESSOR(S): U. S. A. SERIAL NO: OCS-G 3996
5000 ACRES MORE OR LESS, BEING TRACT NO. 51-114, ALL OF BLK 278, EUGENE ISLAND AREA, SOUTH ADDITION, AS SHOWN ON OFFICIAL LEASING MAP, LOUISIANA MAP NO. 4A.

OCS-G 5601

GORDON, ARATA, McCOLLAM & DUPLANTIS

ATTORNEYS AT LAW

PLACE ST CHARLES

201 ST CHARLES AVENUE

40TH FLOOR

NEW ORLEANS LOUISIANA 70170-4000

(504) 582-1111

TELEFAX (504) 582-1121

JOHN A. GORDON*
BLAKE G. ARATA*
JOHN M. McCOLLAM*
B. J. DUPLANTIS*
L. V. COOLEY III*
EWELL E. EAGAN, JR.*
MARCEL GARSAUD, JR.
CHRISTOPHER E. JANKE
SARA SHACKLETON
PHILIP N. ASPRODITES
BENJAMIN B. BLANCHET
JEANNE P. BRECKINRIDGE
GUY E. WALL
CYNTHIA A. NICHOLSON
CATHY E. CHESSIN
WILLIAM T. D'ZURILLA
MARGARET D. SWORDS
WILLIAM F. BAILEY
ALAN C. WOLF
JAMES E. SLATTEN III
SAMUEL E. MASUR
PAUL E. BULLINGTON
STEVEN W. COPLEY
JAMES I. WEISS
DEBORAH CUNNINGHAM FOSHEE
RICHARD E. MATHENY

*A PROFESSIONAL LAW CORPORATION

LAFAYETTE 70506-1829
P. O. BOX 81829
825 EAST KALISTE SALOOM ROAD
(318) 237-0138
TELEFAX (318) 237-3451

BATON ROUGE 70821
P. O. BOX 80437
1710 ONE AMERICAN PLACE
(504) 381-9643
TELEFAX (504) 336-9763

WILLARD H. HENSON
JASON A. T. JUMONVILLE
JUDITH W. GIORLANDO
ANTHONY C. MARINO
MARION WELBORN WEINSTOCK
FRANCES M. BOUILLION
REBECCA WORMSER CONEAUX
MARTIN E. LANDRIEU
MARGARET P. SULLIVAN
KATHY MANCHESTER BORBAS
A. GREGORY GRIMSAL
DONNA PHILLIPS CURRAULT
SCOTT A. O'CONNOR
DOUGLAS D. Le BRUN
J. M. WHITE
ERNEST E. SVENSON
C. PECIL HAYNE JR.
DOUGLAS H. McCOLLAM

April 7, 1992

Ref: 1322-16097

RECEIVED
APR 7 1992
MINERALS MANAGEMENT SERVICE
LEASING & ENVIRONMENT

BY HAND DELIVERY

Ms. LaNelle Boehm
Minerals Management Service
Adjudication Unit, MS 5421
1201 Elmwood Park Boulevard
New Orleans, Louisiana 70123-2390

Re: **OCS-G 5601**, Block 107, South Timbalier Area, Offshore Louisiana, Gulf of Mexico

Dear Ms. Boehm:

Enclosed please find three (3) copies of a Financing Statement by Century Offshore Management Corporation and three (3) copies of a UCC-3 by Century Offshore Management Corporation. We request that you place a copy of the Financing Statement and the UCC-3 into the lease file for **OCS-G 5601** for filing purposes only. Accompanying this letter is a firm check in the amount of $50.00 to cover your fee for this service.

Please acknowledge receipt of this filing in the space provided hereinbelow. Also, we request that you return two (2) stamped copies of each of the instruments to our office for the completeness of our file.

Very truly yours,

GORDON, ARATA, McCOLLAM
& DUPLANTIS

Marion Welborn Weinstock

Marion Welborn Weinstock

GORDON, ARATA, MCCOLLAM & DUPLANTIS

MWW/bk:0259q
Enclosure
cc: Terry O. Vilardo
Cathy E. Chessin
Cynthia A. Nicholson

RECEIVED on this 7th day
of April, 1992.

By: La Nelle Boehm

Name: La Nelle Boehm

Title: Supervisory Mineral Leasing Specialist

BEST AVAILABLE COPY

OCS-G 5601

FINANCING STATEMENT

This Financing Statement is presented to a the Clerk of Court of Lafayette Parish, Louisiana, for filing pursuant to Chapter 9 of the Louisiana Commercial Laws (Louisiana Revised Statutes 10:9-101, et seq.).

The name and address of the Debtor is:

CENTURY OFFSHORE MANAGEMENT CORPORATION
Lakeway 1, Suite 500, Mezzanine Level
3900 North Causeway Boulevard
Metairie, Louisiana 70002
Tax Identification No. 61-1104948

The name and address of the Secured Party is:

BNO FINANCIAL, INC.
700 Louisiana Street, Suite 4400
Houston, Texas 77002

This Financing Statement covers the following types (or items) of Collateral:

All of Debtor's rights, titles and interests in and to the minerals or the like (including oil and gas) as severed by being reduced to possession, the accounts resulting from the sale thereof, and the equipment, inventory, accounts, general intangibles, fixtures and any and all other personal property of any kind or character, said collateral being more fully described as follows:

(a) All rights, titles, interests and estates now owned or hereafter acquired by Debtor in and to the oil and gas leases and/or oil, gas and other mineral leases and other interests and estates (collectively called the "Hydrocarbon Property") which are described on Exhibit A hereto or which Hydrocarbon Property is otherwise referred to herein.

(b) All rights, titles, interests and estates now owned or hereafter acquired by Debtor in and to (i) the properties now or hereafter pooled or unitized with the Hydrocarbon Property; (ii) all presently existing or future unitization, communitization, pooling agreements and declarations of pooled units and the units created thereby (including, without limitation, all units created under orders, regulations, rules or other official acts of any Federal, State or other governmental body or agency having jurisdiction and any units created solely among working interest owners pursuant to operating agreements or otherwise) which may affect all or any portion of the Hydrocarbon Property including, without limitation, those units which may be described or referred to on attached Exhibit A; (iii) all operating agreements, production sales or other contracts, farmout agreements, farm-in agreements, area of mutual interest agreements, equipment leases and other agreements described or referred to herein or which relate to any of the Hydrocarbon Property or interests in the Hydrocarbon Property described or referred to herein or on attached Exhibit A or to the production, sale, purchase, exchange, processing, transporting or marketing of the Hydrocarbons (hereinafter defined) from or attributable to such Hydrocarbon Property or interests; and (iv) the Hydrocarbon Property described on attached Exhibit A and covered herein even though Debtor's interests herein be incorrectly described or a description of a part or all of such Hydrocarbon Property or Debtor's interests therein be omitted; it being intended by Debtor's and Secured Party

herein to cover and affect hereby all interests which Debtor may now own or may hereafter acquire in and to the Hydrocarbon Property and the lands described on Exhibit A.

(c) All appurtenances and properties in anywise appertaining, belonging, affixed or incidental to the Hydrocarbon Property, rights, titles, interests and estates described or referred to in subparagraphs (a) and (b) above, which are now owned or which may hereafter be acquired by Debtor, including without limitation, any and all property, corporeal or incorporeal, movable or immovable, now owned or hereafter acquired and situated upon, and used, and held for use, or useful in connection with or dedicated to the operating, working, development or developing of any of such Hydrocarbon Property (excluding drilling rigs, trucks, automotive equipment or other personal property which may be taken to the premises for the purpose of drilling a well or other similar temporary uses) and including any and all oil wells, gas wells, injection wells or other wells, petroleum and/or natural gas wells, buildings, structures, field separators and liquid extractors, plant compressors, pumps, pumping units, field gathering systems, tanks and tank batteries, fixtures, valves, fittings, machinery and parts, engines, boilers, meters, apparatus, equipment, appliances, tools, implements, cables, wires, towers, casing, tubing and rods, and any and all other items incorporated into such properties or improvements located therein or thereon in such manner that said items no longer remain movable property under the laws of the State of Louisiana, together with all surface leases, rights of way, easements and servitudes, and all additions, substitutes, replacements for, accessions and attachments to any and all of the foregoing properties.

(d) Any property that may from time to time hereafter, by delivery or by writing of any kind, be subjected to the lien and security interest hereof by Debtor or by anyone acting on Debtor's behalf.

(e) All rights, titles, interests and estates now owned or hereafter acquired by Debtor in and to all oil, gas, casinghead gas, condensate, distillate, liquid hydrocarbons, gaseous hydrocarbons and all products refined therefrom and all other minerals (hereinafter collectively called the "Hydrocarbons") in and under and which may be produced and saved from or attributable to the Hydrocarbon Property, the lands affected thereby and Debtor's interests therein, including all oil in tanks and all rents, issues, profits, proceeds, products, revenues and other income from or attributable to the Hydrocarbon Property, the lands affected thereby and Debtor's interests therein.

(f) All of the rights, titles and interests of every nature whatsoever now owned or hereafter acquired by Debtor in and to the Hydrocarbon Property rights, titles, interests and estates and every part and parcel thereof, including, without limitation, the Hydrocarbon Property rights, titles, interests and estates as the same may be enlarged by the discharge of any payments out of production or by the removal of any charges or encumbrances to which any of the Hydrocarbon Property rights, titles, interests or estates are subject, or otherwise; together with any and all renewals and extensions of any of the Hydrocarbon Property rights, titles, interests or estates; all contracts and agreements supplemental to or amendatory of or in substitution for the contracts and agreements described or mentioned above; and any and all additional interests of any kind hereafter acquired by Debtor in and to the Hydrocarbon Property rights, titles, interests or estates.

(g) All accounts arising from the sale of Hydrocarbons at the wellhead, accounts arising from the sale of Hydrocarbons at some point other than the wellhead, equipment, inventory and general intangibles constituting a part of, relating to or arising out of those portions of the collateral which are described in paragraphs (a) through (f) above and all proceeds and products of all such collateral.

2. Some of the above goods are fixtures on the real estate described on Exhibit A attached hereto.

3. The above minerals or the like (including oil and gas) or accounts will be financed at the wellhead of the wells located on the real estate described on Exhibit A hereto or on properties pooled or unitized with the real estate described on Exhibit A attached hereto.

4. Products of the collateral are also covered.

DEBTOR:

CENTURY OFFSHORE MANAGEMENT CORPORATION

By: _____

Name: Herman E. Geiger, Jr.

Title: Agent and Attorney In Fact

BEST AVAILABLE COPY

EXHIBIT A

BEST AVAILABLE COPY

Attached to and made a part of the Financing Statement dated June __, 1990, by Century Offshore Management Corporation

A. Breton Sound Blocks 32 and 45:

Oil and Gas Lease No. 12805, dated July 13, 1987, by the State of Louisiana, as Lessor, and Tenneco Oil Co., as Lessee, recorded in Book 670, Page 192, Plaquemines Parish, Louisiana; and

Oil and Gas Lease No. 12806, dated July 13, 1987, by the State of Louisiana, as Lessor, and Tenneco Oil Co., as Lessee, recorded in Book 670, Page 207, Plaquemines Parish, Louisiana.

B. West Cameron 368:

Oil and Gas Lease of Submerged Lands under the Outer Continental Shelf Lands Act No. OCS-5315, dated effective July 1, 1983, by and between the United States of America, by the Regional Manager, Gulf of Mexico OCS Region, Minerals Management Service, as Lessor, and Shell Offshore, Inc., Florida Exploration Company, Fluor Oil and Gas Corporation and Apache Corporation, as Lessee, and covering all of Block 368, West Cameron Area, West Addition OCS Leasing Map, Louisiana Map No. 1A.

C. West Cameron 364:

Oil and Gas Lease of Submerged Lands under the Outer Continental Shelf Lands Act No. OCS-G 5313, dated effective July 1, 1983, by and between the United States of America, by the Regional Manager, Gulf of Mexico OCS Region, Minerals Management Service, as Lessor, and Texaco, Inc., as Lessee, and covering all of Block 364, West Cameron Area, West Addition, OCS Leasing Map, Louisiana Map No. 1A.

D. E/2 NE/4 West Cameron Block 369:

Oil and gas lease Serial No. OCS G-4767 effective September 1, 1981, by the United States of America, as Lessor, and Mobil Oil Exploration and Producing Southeast, Inc., Exxon Oil Company and Entex Petroleum, Inc., as Lessee, covering all of Block 369, West Cameron Area, West Addition, as shown on OCS Official Leasing Map, Louisiana Map No. 1A, INSOFAR AND ONLY INSOFAR as said Lease affects the East One-Half of the Northeast Quarter (E/2 NE/4) of Block 369 West Cameron Area, West Addition.

E. E. South Timbalier Area, Block 107:

Oil and gas lease Serial No. OCS G-5601, dated effective July 1, 1989, by the United States of America, as Lessor, and Exxon Corporation, as Lessee, covering Block 107 South Timbalier Area, OCS Leasing Map, Louisiana Map No. 6,

GORDON, ARATA, McCOLLAM & DUPLANTIS
ATTORNEYS AT LAW
PLACE ST. CHARLES
201 ST. CHARLES AVENUE
40TH FLOOR
NEW ORLEANS, LOUISIANA 70170-4000
(504) 582-1111
TELEFAX (504) 582-1121

LAFAYETTE 70508-1829
P. O. BOX 81829
829 EAST VALIDE SALOON ROAD
(318) 237-0132
TELEFAX (318) 237-3401

BATON ROUGE 70821
P. O. BOX 80437
1710 ONE AMERICAN PLACE
(504) 381-9643
TELEFAX (504) 330-9763

JOHN A. GORDON*
BLAKE G. ARATA*
JOHN M. McCOLLAM*
B. J. DUPLANTIS*
L. V. COOLEY III*
EWELL E. EAGAN, JR.*
MARCEL GARSAUD, JR.
CHRISTOPHER E. JANKE
SARA SHACKLETON
PHILIP N. ASPRODITES
BENJAMIN B. BLANCHET
JEANNE P. BRECKINRIDGE
GUY E. WALL
CYNTHIA A. NICHOLSON
CATHY E. CHESSIN
WILLIAM T. D'ZURILLA
MARGARET D. SWORDS
WILLIAM F. BAILEY
ALAN C. WOLF
JAMES E. SLATTEN III
SAMUEL E. HABUR
PAUL E. BULLINGTON
STEVEN W. COPLEY
JAMES L. WEISS
DEBORAH CUNNINGHAM FOSHEE
RICHARD E. MATHENY

*A PROFESSIONAL LAW CORPORATION

[illegible]
JANICE A. T[illegible] WILLE
JUD[illegible] W. G[illegible]ANDO
ANTHONY C. MARINO*
MARION WELBORN WEINSTOCK
FRANCES N. BOURLION
REBECCA WOHNER COMEAUX
MARTIN E. LANDREU
MARGARET P. SULLIVAN
KATHY MANCHESTER BORDAS
A. GREGORY GRIMSAL
DONNA PHILLIPS CURRAULT
SCOTT A. O'CONNOR
DOUGLAS D. Le BRUN
J. M. WHITE
ERNEST E. SVENSON
C. PECK HAYNE JR.
DOUGLAS H. McCOLLAM

OCS-G 5601

April 7, 1992

Ref: 1322-16097

RECEIVED
APR 7 1992
MINERALS MANAGEMENT SERVICE
LEASING & ENVIRONMENT

BY HAND DELIVERY

Ms. LaNelle Boehm
Minerals Management Service
Adjudication Unit, MS 5421
1201 Elmwood Park Boulevard
New Orleans, Louisiana 70123-2390

Re: OCS-G 5601, Block 107, South Timbalier Area, Offshore Louisiana, Gulf of Mexico

Dear Ms. Boehm:

Enclosed please find three (3) copies of a Financing Statement by Century Offshore Management Corporation and three (3) copies of a UCC-3 by Century Offshore Management Corporation. We request that you place a copy of the Financing Statement and the UCC-3 into the lease file for OCS-G 5601 for filing purposes only. Accompanying this letter is a firm check in the amount of $50.00 to cover your fee for this service.

Please acknowledge receipt of this filing in the space provided hereinbelow. Also, we request that you return two (2) stamped copies of each of the instruments to our office for the completeness of our file.

Very truly yours,

GORDON, ARATA, McCOLLAM
& DUPLANTIS

Marion Welborn Weinstock

Marion Welborn Weinstock

MWW/bk:0259q
Enclosure
cc: Terry O. [illegible]
Cathy E. [illegible]
Cynthia [illegible] Nicholson

RECEIVED on this 7th day
of April, 1992.

By: La Nelle Boehm

Name: La Nelle Boehm

Title: Supervisory Mineral Leasing Specialist

ELK GROVE VLG. IL 600
(708) 640-1885

STATE OF LOUISIANA
UNIFORM COMMERCIAL CODE - STATEMENTS OF CONTINUATION, RELEASE, AMENDMENT, ETC. - UCC-3
IMPORTANT - Read instructions on back before completing form.

OCS-G 5601-

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

1A. DEBTOR (LAST NAME, FIRST, MIDDLE - IF AN INDIVIDUAL): Century Offshore Management Corporation
1B. SS# OR FEDERAL TAX NO.: 61-1104948
1C. MAILING ADDRESS: Lakeway 1 Suite 500 Mezzanine, 3900 N. Causeway Blvd., Metairie, Louisiana 70002
2A. ADDITIONAL DEBTOR (IF ANY) (LAST NAME, FIRST, MIDDLE - IF AN INDIVIDUAL):
2B. SS# OR FEDERAL TAX NO.:
2C. MAILING ADDRESS:
3. DEBTOR'S TRADE NAMES OR STYLES (IF ANY):

SECURED PARTY INFORMATION

4A. SECURED PARTY: BMO Financial, Inc. Tax I.D. #13-494-1092
4B. MAILING ADDRESS: 700 Louisiana, Suite 4400, Houston, Texas 77002
5A. ASSIGNEE OF SECURED PARTY (IF ANY):
5B. MAILING ADDRESS:

ORIGINAL FINANCING STATEMENT

6A. UCC FILE NO.	6B. PRE-CHAPTER 9 ENTRY NO.	6C. PARISH IN WHICH FILED	6D. DATE OF ORIGINAL FILING
28341131		Lafayette	June 26, 1990

7. TYPE OF ACTION (Check only one)

A ☐ CONTINUATION - The original Financial Statement between the Debtor and Secured Party bearing the file number shown above is still effective.
B ☐ RELEASE - The Secured Party releases the collateral described in Item No. 8 below from the Financing Statement bearing the file number shown above.
C ☐ PARTIAL ASSIGNMENT - Some of the secured party's rights under the Financing Statement bearing the file number shown above have been assigned to the assignee above named. A description of the collateral subject to the assignment is set forth in Item No. 8 below.
D ☐ ASSIGNMENT - The Secured Party has assigned to the Assignee above named all the Secured Party's rights under the Financing Statement bearing the file number shown above.
E ☐ TERMINATION - The Secured Party no longer claims a security interest under the Financing Statement bearing the file number shown above.
F ☒ AMENDMENT - The Financing Statement bearing the file number shown above is amended as set forth in Item No. 8 below.

8. DESCRIPTION (Required for Release, Assignment, Amendment and Reinscription of Pre-Chapter 9 Filings)

The description of the types of Collateral covered by the Financing Statemen
UCC File No. 28341131 is hereby amended to include a more specific and parti
description of certain property (described in Schedule I hereto) already cove
UCC File No. 28341131.

BEST AVAILABLE COPY

9. SIGNATURE(S) OF DEBTOR(S) IF REQUIRED
Century Offshore Management Corporation
Jonatt B Rudy

10. SIGNATURE(S) OF SECURED PARTY(IES)
BMO Financial, Inc.

11. Return copy to:
NAME: Marion Wainstock
ADDRESS: 201 St. Charles Ave. 40th Floor
CITY, STATE, ZIP CODE: New Orleans, LA 70170-4000

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

RECEIVED
APR 7 1992
MINERALS MANAGEMENT SERVICE
LEASING & ENVIRONMENT

SCHEDULE I

Debtor: Century Offshore Management Corporation
Taxpayer I.D. #61-1104948

Secured Party: BMO Financial, Inc.
Taxpayer I.D. #13-494-1092

All of Debtor's right, title and interest under (i) that certain Gas Purchase Contract between the Debtor and Enron Gas Marketing, Inc., a Delaware corporation (herein called "EGM") dated February 14, 1992, as amended, supplemented restated or otherwise modified and in effect from time to time as permitted by the terms of the Credit Agreement (the "South Timbalier 107 Gas Contract") pertaining to natural gas produced from the oil and gas lease covering South Timbalier Block 107, Outer Continental Shelf, Gulf of Mexico, as described on Exhibit A, (ii) that certain Gas Purchase Contract between the Debtor and EGM dated February 14, 1992, as amended, supplemented, restated or otherwise modified and in effect from time to time as permitted by the terms of the Credit Agreement (the "West Cameron 368 Gas Contract") pertaining to natural gas produced from the oil and gas lease covering West Cameron Block 368 Field, Outer Continental Shelf, Gulf of Mexico, as described on Exhibit A, and (iii) that certain Gas Purchase Contract between the Debtor and EGM dated February 14, 1992, as amended, supplemented, restated, or otherwise modified and in effect from time to time as permitted by the terms of the Credit Agreement (the "Breton Sound Blocks 45 and 52 Gas Contract") pertaining to natural gas produced from the oil and gas leases covering Breton Sound Blocks 45 and 52, as described on Exhibit A, (the South Timbalier 170 Gas Contract, the West Cameron 368 Gas Contract and the Breton Sound Blocks 45 and 52 Gas Contract being herein collectively called the "Existing Gas Contracts"), together with all of Debtor's right, title and interest under any other gas purchase agreements or contracts currently existing or hereinafter entered into by the Debtor relating or covering the sale of Hydrocarbons (as defined in original Financing Statement No. 28 341131) produced and saved from or attributable to the Hydrocarbon Properties (as defined in the original Financing Statement No. 28 341131).

5601

VINSON & ELKINS
L.L.P.
ATTORNEYS AT LAW

THE WILLARD OFFICE BUILDING
1455 PENNSYLVANIA AVE., N.W.
WASHINGTON, D.C. 20004-1007
TELEPHONE (202) 639-6500
FAX (202) 639-6604

HUNGARIAN EXPORT BUILDING
UL. VOROVSKOGO, 21
121099 MOSCOW, RUSSIAN FEDERATION
TELEPHONE 011 (70-95) 202-6416
FAX 011 (70-95) 200-4216

47 CHARLES ST., BERKELEY SQUARE
LONDON W1X 7PB, ENGLAND
TELEPHONE 011 44 71 491-7236
FAX 011 44 71 499-5320

2500 FIRST CITY TOWER
1001 FANNIN
HOUSTON, TEXAS 77002-6760
TELEPHONE (713) 758-2222
FAX (713) 758-2346

WRITER'S DIRECT DIAL
(713) 758-2940

FIRST CITY CENTRE
816 CONGRESS AVENUE
AUSTIN, TEXAS 78701-2496
TELEPHONE (512) 495-8400
FAX (512) 495-8612

3700 TRAMMELL CROW CENTER
2001 ROSS AVENUE
DALLAS, TEXAS 75201-2916
TELEPHONE (214) 220-7700
FAX (214) 220-7716

BAGATELA 12
00-585 WARSAW, POLAND
TELEPHONE 011 (48-2) 625-33-33
FAX 011 (48-2) 625-22-46

February 24, 1992

United States Department of the Interior
Minerals Management Service
Gulf of Mexico, OCS Region
1201 Elmwood Park Blvd.
New Orleans, Louisiana 70123-2394

RECEIVED

2 1992

Minerals Management Service
Leasing & Environment

Attention: LE-3-1 Ms. Boehm

Re: OCS-G 5601

Gentlemen:

The following document pertains to the above-captioned Lease:

1. Gas Purchase Contract dated February 14, 1992 between Century Offshore Management Corporation and Enron Gas Marketing, Inc.

Enclosed please find a copy of such document for purposes of recordation, along with a copy to be file stamped and returned to Vinson & Elkins. Also enclosed is a check in the amount of $25.00 to cover the filing fees.

To place third persons on notice as to the execution and efficacy of the document, please file the document as referenced above in file OCS-G 5601 maintained by your office for the above-captioned Leases.

We also request that you place a copy of this letter in the file in your office relating to the above-captioned Lease. Please acknowledge that filing has been accomplished pursuant to this letter request by signing in the appropriate space provided on the copy of this letter and returning the same to:

Vinson & Elkins
3566 First City Tower
1001 Fannin
Houston, Texas 77002-6760
Attention: M. Michelle Robichaux

Very truly yours,

M. Michelle Robichaux

M. Michelle Robichaux
Legal Assistant

Filing Accomplished as Requested

By: La Nelle Boehm

Date: FEB 28 1992

cc: F. B Cochran III [Firm]

6713:3875:02/24/92
[illegible]

RECEIVED

2 6 1992

Minerals Management Service
Leasing & Environment

SO. TIMBALIER BLOCK 107

GAS PURCHASE CONTRACT

Between

CENTURY OFFSHORE MANAGEMENT CORPORATION

And

ENRON GAS MARKETING, INC.

TABLE OF CONTENTS

GAS PURCHASE CONTRACT

THIS Contract, dated the 14th day of February, 1992, but effective as of February 1, 1992, by and between CENTURY OFFSHORE MANAGEMENT CORPORATION, a Kentucky corporation, hereinafter referred to as "Seller", and ENRON GAS MARKETING, INC., a Delaware corporation, hereinafter referred to as "Buyer".

WHEREAS, Seller has a supply of natural gas available for sale to be produced from the oil and gas lease covering South Timbalier Block 107, Outer Continental Shelf, Gulf of Mexico, as described on Exhibit A attached hereto; and

WHEREAS, Buyer desires to purchase this gas from Seller and Seller desires to sell said gas to Buyer; and

WHEREAS, pursuant to that certain Gas Purchase Agreement (Base Contract) dated December 20, 1989, by and between Seller and Buyer, as amended (the "South Timbalier Block 107 Gas Purchase Agreement") and pursuant to the Gas Purchase Agreement ("Excess Gas Contract") of the same date between the parties (the "South Timbalier Block 107 Excess Gas Contract"), Buyer and Seller have purchased and sold certain quantities of natural gas attributable to South Timbalier Block 107 lease; and

WHEREAS, pursuant to the Termination of Gas Purchase Agreements effective February 1, 1992, Buyer and Seller have terminated both the South Timbalier Block 107 Gas Purchase Agreement and the South Timbalier Block 107 Excess Gas Contract and desire to replace and supercede both said Agreements with this new contract (the "Contract").

NOW, THEREFORE, in consideration of the mutual covenants and obligations herein contained, the Parties do hereby covenant and agree as follows:

ARTICLE I.
DEFINITIONS

1.1 The following terms, as used in this Contract, shall have the meanings as follows:

"British Thermal Unit" or "Btu" shall mean the amount of energy required to raise the temperature of one (1) pound of pure water one degree Fahrenheit (1°F.) from fifty-nine degrees Fahrenheit (59°F.) to sixty degrees Fahrenheit (60°F.) The term "MMBtu shall mean one million Btu's.

"Committed Reserves" is defined in Section 2.1.

"Monthly Contract Price" shall mean, for any Month, the Spot Price.

"Day" shall mean a period of twenty-four (24) consecutive hours beginning and ending at seven o'clock a.m. Central Time.

"Delivery Point" shall mean the point of delivery set forth in Exhibit "A".

"Daily Gas Quantity" shall mean all of Seller's Gas expressed in MMBtu's/day which Seller offers for sale from the Subject Lease and attributable to Seller's undivided interest as set forth in Exhibit "A" hereto (including royalty Gas and overriding royalty Gas which Seller has a right to market), but excluding however, Gas reserved by Seller pursuant to Section 2.2.

"FERC" shall mean the Federal Energy Regulatory Commission or any successor governmental authority.

"Gas" shall mean natural gas, including both gas well gas and casinghead gas, and the residue gas therefrom, of merchantable quality.

"Inside F.E.R.C." shall [illegible] e publication entitled Inside F.E.R.C. Gas Market Report, published by McGra[illegible] c.

"Month" shall mean a period beginning at seven o'clock a.m. on the first day of a calendar month and ending at seven o'clock a.m. on the first day of the next succeeding calendar month.

"NGPA" shall mean the Natural Gas Policy Act of 1978, including any amendment or successor thereto.

"Nominated Quantity" shall mean the quantity of Gas, at each Delivery Point expressed in MMBtu's per Day, that Seller may sell and deliver and Buyer may purchase and receive in each Month during the term hereof. The Nominated Quantity shall be any quantity (including zero) offered by Seller and designated by Buyer in the Nomination Notice (as adjusted pursuant to Article V), multiplied by the number of Days in the Month.

"Nomination Notice" shall mean the notice provided to Seller by Buyer pursuant to Section 5.3 prior to each Month during the term hereof, which notice sets forth the Initial Nominated Quantity.

"Party" shall mean Seller or Buyer or their respective permitted successors and assigns.

"Seller's Reservations" shall mean the reservations of Seller set forth in Section 2.2.

"Spot Price" for any Month shall mean the index price for such Month identified in the first bi-monthly issue of Inside F.E.R.C. in the table "Prices for Spot Gas Delivered to Pipelines" in the column "Index" for Trunkline Gas Company (Louisiana). If for any Month the "Index" for any of the above pipelines is not published, then the Spot Price shall be calculated by averaging the "High" and "Low" prices in the column "Range". If the "Index" is not published for two (2) consecutive Months, such shall be considered a fundamental terminology change in the Index. In the event that during the term of this Contract Inside F.E.R.C. is no longer published, or the prices set forth above are no longer made available or any fundamental terminology change occurs in the Index, the price last determined on the basis of such publication shall continue as the Spot Price for the first billing Month for which a Spot Price cannot be determined on the basis of such publication. During this period Buyer and Seller will use their best efforts to negotiate a mutually agreeable alternative methodology and/or publication for determining the Spot Price for subsequent billing Months. If the parties are unable to agree on a substitute methodology and/or publication to determine the Spot Price by the twentieth (20th) Day of the first billing Month for which a Spot Price cannot be determined, then Buyer and Seller shall each prepare a list of five (5) alternative published reference postings. Each list shall be set forth in that party's priority order with the highest priority posting listed first. The lists shall be compared and the first listed posting appearing in Buyer's list that also appears in Seller's list shall constitute the first replacement posting and shall be used to determine the Spot Price. The second identical posting appearing on each list shall be the second replacement posting.

"Subject Lease" shall mean the lease set forth in Exhibit "A".

"Transporter" shall mean Trunkline Gas Company (Trunkline) or another interstate pipeline company mutually agreeable to the Parties.

"Unit of Measurement" shall mean one million British Thermal Units (MMBtu) on a dry basis.

ARTICLE II.
COMMITMENT AND RESERVATIONS OF SELLER

2.1 Commitment. Subject to the terms hereof, Seller commits to this Contract all of the Gas underlying the Lease attributable to Seller's undivided interest as set forth in Exhibit "A", hereto (including royalty gas, overriding and royalty gas which Seller has a right to market) (the "Committed Reserves"), subject to Seller's Reservations. During the term of this Contract, Seller agrees not to sell to any third party any Gas committed hereunder without prior written consent of Buyer, except as provided in Section 3.3.

2.2 Seller's Reservations. Seller reserves from the Committed Reserves the following rights with sufficient gas to satisfy such rights:

(a) To operate its property free from any control by Buyer in such a manner as Seller, in its sole discretion, may deem advisable, including without limitation, the right to drill new wells, to repair and rework old wells, and to plug and abandon any well or surrender any lease or portion thereof when no longer deemed by Seller to be capable of producing Gas in paying quantities under normal methods of operation; provided, however, in the event Seller should terminate or surrender Subject Lease, written notice of same shall be given to Buyer within 30 Days.

(b) To separate the Gas using mechanical, low temperature or other separation equipment selected by Seller.

(c) To process the Gas, or have the same processed before delivery to Buyer, for the extraction of liquefiable hydrocarbons, helium and any other constituents of the raw gas stream; provided, however, that such processing will not (including amounts lost due to shrinkage and fuel requirements) remove more than 10% of the volume of Gas produced from the Committed Reserves; and provided further, that such processing will not render the residue Gas incapable of meeting the quality specifications contained herein.

(d) To use Gas produced from the lease for developing and operating the Subject Lease including Seller's pipelines, compression and other treating facilities, platform installations and other miscellaneous uses incident to the operation of such lease or facilities and to fulfill obligations to the lessor thereunder.

(e) To unitize the lease with other properties of Seller and of others in the same field, in which event this contract shall cover Seller's interest in the unit attributable to the reserves committed hereunder.

ARTICLE III.
QUANTITY OF GAS

3.1 Daily Gas Quantity. Each Month during the term of this Contract, Seller shall make available to Buyer a quantity of Gas equal to the Daily Gas Quantity multiplied by the number of Days in the Month.

3.2 Nominated Quantity. Subject to the other provisions of this Contract each Month during the term of this Contract, Seller shall sell and deliver to Buyer, and Buyer shall purchase and receive from Seller, the Nominated Quantity.

3.3 Released Gas. In the event the Nominated Quantity for any Month is less than the Daily Gas Quantity times the number of Days in such Month, Buyer shall release to Seller for each Day in the Month the portion of the Daily Gas Quantity that is in excess of Buyer's Nominated Quantity and Buyer shall not have any rights or options under this Contract with respect to any portion of the Daily Gas Quantity so released for such Month.

3.4 Constant Rate. Seller recognizes that due to operating conditions, varying market demands and the difficulty of apportioning receipts of gas from various sources, Buyer may not be able to take gas from Seller during any definite period at exactly constant rates. Buyer, however, shall use reasonable efforts to maintain as nearly a constant rate of takes as practicable.

3.5 Operational Tolerance. It is the intent of the Parties hereto that the quantities nominated and scheduled shall be the quantities delivered. However, Buyer and Seller recognize the inherent inaccuracies in the measurement and allocation of gas due to the inability to maintain precise control. Such inaccuracies may at times occur through no fault of Buyer or Seller, such as in the case of allocations after actual deliveries which are the result of measurement inaccuracies, or unpreventable variations in rates of flow at the Delivery Point, and may result in failure to deliver or receive the scheduled quantities (such inaccuracies are hereinafter called "Measurement and Allocation Inaccuracies"). To the extent the actual quantities delivered may vary from the scheduled quantities due to Measurement and Allocation Inaccuracies, the parties agree that Buyer's obligation to purchase and receive and Seller's obligation to sell and deliver, insofar as non-performance penalties are concerned shall be deemed to be fulfilled to the extent that, on a monthly basis, such deliveries and receipts are within a monthly operational tolerance of three percent (3%).

ARTICLE IV.
DELIVERY POINT AND LIABILITY

4.1 Delivery Point. The quantities of gas to be delivered by Seller to Buyer hereunder shall be delivered, as requested by Buyer, at the Delivery Point set forth on Exhibit "A".

4.2 Title Transfer. As between the Parties, Seller shall be in exclusive control and possession of the gas deliverable hereunder and responsible for any damage or injury caused thereby prior to the time same shall have been delivered to Buyer. After delivery of gas to Buyer at the Delivery Point, Buyer shall be deemed to be in exclusive control and possession thereof and responsible for any injury or damage caused thereby. Title to the gas delivered hereunder shall pass at each Delivery Point.

4.3 Indemnity. Seller and Buyer each assume full responsibility and liability for and shall indemnify and hold harmless the other Party from all liability and expense on account of any and all damages, claims or actions, including injury to and death of persons, arising from any act or accident occurring when title to the Gas is vested in the indemnifying party.

ARTICLE V.
PRESSURE, NOMINATIONS AND DISPATCHING

5.1 Pressure. Seller shall deliver, or cause to be delivered, the Gas purchased hereunder at a pressure sufficient to be delivered into Transporter's pipeline at the Delivery Point at the existing natural flowing pressures and under normal operating conditions of Transporter's pipeline.

5.2 Notification. Seller shall inform Buyer, as often as may be necessary, of the delivery rate and pressure of the gas delivered hereunder.

5.3 Nominations. On or before the eighteenth (18th) Day of each Month during the term hereof, Seller will notify Buyer of the Daily Gas Quantity available for delivery hereunder at the Delivery Point during the next succeeding Month. Buyer shall provide Seller a Nomination Notice setting forth the Nominated Quantity for that Month not less than two (2) business Days prior to the Monthly nomination deadline of the First Transporter. The Nominated Quantity may be increased at any time by mutual agreement of the parties. Nominated Quantity may be reduced by either party if Buyer believes that Seller's failure to produce the Nominated Quantity could result in loss of market, or pipeline scheduling or imbalance penalties, or if Seller believes that it will not be able to produce at more than a reduced level for the remainder of such Month. Such a Revised Nominated Quantity shall be made effective on the date of Notice by either party to the other, and shall remain in effect for the remainder of such Month subject to further changes pursuant hereto.

ARTICLE VI.
MEASUREMENT AND QUALITY

6.1 Measurement. Buyer shall cause the natural gas sold hereunder to be measured by Transporter at or near the Delivery Point at pressures in Transporter's pipeline in existence from time-to-time and such measurement shall be corrected to the Unit of Measurement. Seller's deliveries of gas shall be calculated from the measurements taken at the meter installed, operated and maintained by Transporter at the Delivery Point, and from the heating value determined by the instruments operated by Transporter.

6.2 Quality Specifications. The applicable quality and measurement specifications shall be those required by Transporter.

ARTICLE VII.
PRICE

7.1 During the term of this Contract, the price per MMBtu of Gas nominated and delivered at the Delivery Point up to the greater of 10,000 MMBtu over the Nominated Quantity or one hundred and three percent (103%) of the Nominated Quantity

shall be the Spot Price. The price for Gas delivered in any Month in excess of the greater of 10,000 MMBtu over the Nominated Quantity or one hundred three percent (103%) of the Nominated Quantity shall be a price mutually agreed to by Seller and Buyer.

7.2 Dry Basis. All prices shall be calculated on a dry basis except where required otherwise by regulation.

7.3 Third Party Costs. Seller shall be responsible for the payment of all third party fees and charges, if any, necessary for the transportation and delivery of the gas to the Delivery Point, and all taxes, charges, or assessments made or assessed on such gas at or upstream of such Delivery Point, including but not limited to all or levied by the state or any governmental agency on the gas sold hereunder. In the event Buyer is required to remit such taxes, the amount thereof shall be deducted from any sums thereafter becoming due and owing to Seller. Nothing herein shall be construed as applying to any tax or transportation charges or fees imposed on Buyer after title and possession of the Gas shall have passed to Buyer.

ARTICLE VIII.
BILLING AND PAYMENT

8.1 Payment Date. Buyer will make payment to Seller on or before the twenty-fifth (25th) day of each calendar month for all gas nominated and delivered hereunder during the preceding calendar month. If adjustments from nominated to actual quantities purchased are necessary pursuant to Section 3.5 (Operational Tolerances), such adjustments in payments will be made on the payment date next following the date of determination of the actual quantities delivered. Unless otherwise agreed to by the Parties, payment by Buyer to Seller shall be made in immediately available U.S. funds (per wire transfer or ACH (Automated Clearinghouse)) to a depository designated from time to time by Seller at its sole discretion. When the due date falls on a day that the designated depository is not open in the normal course of business to receive Buyer's payment, Buyer shall cause such payment to be made on or before the first business day on which the designated depository is open after such due date. Seller shall provide Buyer with Seller's designated depository.

8.2 (a) Late Payment. Should Buyer fail to remit the full amount when due, interest on the unpaid portion shall accrue at a rate equal to the then effective "Prime Rate" of interest for large U.S. money center commercial banks published under "Money Rates" by the Wall Street Journal plus two percent (2%) from the date due until the date of payment. If such failure to pay continues for thirty (30) days after payment is due, Seller, in addition to any other remedy it may have, may suspend further sale and delivery of gas until such amount, including interest, is paid. If Buyer has overpaid amounts actually due within thirty (30) days, Seller shall remit to Buyer any refund plus interest calculated as stated herein from the date paid.

8.3 Adjustments. Upon notice to the other Party, either Party has the right, as its sole expense and during normal working hours, to examine the records of the other as necessary to verify the accuracy of any statement, charge, notice or computation made pursuant to the provisions of this Contract. If any such examination reveals any inaccuracy in any statement, the necessary adjustments in such statement and the payments thereof will be promptly made; provided, that no adjustment for any statement or payment will be made after the lapse of two (2) years from the rendition thereof. The provisions of this paragraph will survive any termination of this Contract for a period of two (2) years from the date of such termination.

ARTICLE IX.
PENALTIES

9.1 Transportation Penalties. It is understood that the natural gas purchased and sold hereunder will be transported by third party transporters, and each Party has agreed to provide notice to the other Party of quantities of gas Seller intends to deliver and Buyer intends to purchase and receive. If Seller delivers, or causes to be delivered for Buyer's account, at the Delivery Point a quantity of gas that is greater or less than that nominated and scheduled for delivery to, and transportation by Transporter and such variable deliveries causes Buyer, or Buyer's designee, to incur penalty as levied by the Transporter, then Seller shall bear and pay such penalties. [illegible] to bear and pay all penalties which are assessed by Transporter or any other [illegible] pipeline(s) against Buyer, Buyer's designee or Seller as a result of Buyer's [illegible] accept delivery of the quantity of the gas which Buyer, in accordance with [illegible] procedures in effect at the time, nominated and scheduled to receive at the D[illegible] Point.

9.2 Notification. Either Party shall immediately notify the other Party of any notice received from Transporter or any other third party transporter that indicates an imbalance in deliveries exists or is occurring [illegible] may give rise to a penalty. The Parties agree to cooperate immediately to adjust the [illegible] gas nomination(s) and/or delivery(ies) as necessary to bring deliveries and receipts into balance so that penalties are avoided or minimized as much as possible.

ARTICLE X.
FORCE MAJEURE

10.1 Force Majeure. In the event of either Party being rendered unable, wholly or in part, by force majeure to carry out its obligations under this Contract, other than to make payments due hereunder, it is agreed that on such Party's giving notice and full particulars of such force majeure in writing or by telecopy to the other Party as soon as possible after the occurrence of the cause relied on, then the obligations of the Party giving such notice, so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused but for no longer period, and such cause shall as far as possible be remedied with all reasonable dispatch. The term "force majeure" as employed

herein shall mean acts of God, governmental action, strikes, lockouts or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, tornadoes, storms, storm warnings, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accidents to machinery or lines of pipe, interruption or curtailment of transportation services provided by third party transporters, the necessity for making repairs to or alterations of machinery or lines of pipe, freezing of lines of pipe, and any other causes, whether of the kind herein enumerated or otherwise, not within the control of the Party claiming suspension and which by the exercise of due diligence such Party is unable to prevent or overcome. It is further understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the Party having the difficulty, and that the above requirements that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts by acceding to the demands of the opposing party when such course is inadvisable in the discretion of the Party having the difficulty.

ARTICLE XI.
TERM

11.1 Term. Subject to the provisions of Section 11.2, 11.3 and 11.4, this Contract shall be effective as of February 1, 1992 and shall continue in full force and effect until the earlier to occur of (i) the end of the economic life of the Gas reserves as determined in the sole opinion of Seller or (ii) December 31, 1999.

11.2 Adjustments Upon Termination. Subject to the provisions of Section 8.3, upon the termination of this Contract any monies or penalties due and owing either Party shall be paid pursuant to the terms hereof, and any corrections or adjustments to payments previously made shall be determined and any refunds due either Party made at the earliest possible time, and in any event no later than ninety (90) Days following such termination. This Contract shall remain in effect until the obligations under this Section have been fulfilled.

11.3 Early Termination. If during any two (2) Months of any calendar year during the term hereof, Buyer fails to nominate and take an average of at least ninety percent (90%) of the product of the Daily Gas Quantity times the number of Days in each Month of such failure, then Seller shall have the right, to be exercised within ninety (90) Days of the end of such event, to terminate this Contract by providing Buyer not less than sixty (60) Days advance notice of termination and which termination shall be effective on the last calendar Day of the Month containing the end of such sixty (60) Day period. If Seller does not exercise such right to terminate within the period set forth herein, Seller shall be deemed to have waived such right to early termination only as to Buyer's failure for such two (2) Month period.

11.4 Early Termination for Lease Sale. If during the term of this Contract Seller desires to sell all of its interest in the Subject Lease to a third party buyer, unaffiliated with Seller, and such third party buyer does not wish to sell Gas to Buyer under the terms and conditions of this Contract, Seller shall provide Buyer with not less than thirty (30) Days prior written notice of the proposed sale and if Seller has Gas production from other leases in which Seller has an interest which Gas is not committed for sale (other than on a short-term interruptible basis), Seller shall offer Buyer the opportunity to purchase comparable quantities of such Gas at a Spot Price for the remainder of the term of this Contract. If Buyer accepts Seller's offer the parties shall execute a new gas contract (the "Replacement Contract") incorporating in addition to the price and term set forth in this Section other terms and conditions as contained in this Contract. Upon execution by Buyer and Seller of the Replacement Contract, or if Buyer rejects Seller's offer, or if Seller does not have sufficient uncommitted gas production for sale from any of its other leases to enter into a partial or complete Replacement Contract, Buyer and Seller shall terminate this Contract and release the dedication hereunder as of the closing date of the sale of Seller's interest in the Subject Lease to the third party buyer.

ARTICLE XII.
WARRANTY OF TITLE

12.1 Warranty. Seller hereby warrants the title to all gas delivered by Seller to Buyer hereunder, the right to sell the same and that it is free from all liens and adverse claims, and agrees, if notified thereof by Buyer, to indemnify Buyer against all suits, actions, debts, accounts, damages, costs, losses, and expenses arising from or out of any adverse legal claims of any and all persons to or against said gas. Seller agrees to pay or cause to be paid all taxes and assessments levied on the gas prior to its delivery to Buyer, and to pay or cause to be paid to the parties entitled thereto all royalties, overriding royalties or like charges against said gas or the value thereof. In the event any adverse claim of any character whatsoever is asserted in respect to any of said gas, Buyer may retain the purchase price thereof up to the amount of such claim without interest until such claim has been finally determined, as security for the performance of Seller's obligations with respect to such claim under this Article XII, or until Seller shall have furnished bond to Buyer, in an amount and with sureties satisfactory to Buyer, conditioned for the protection of Buyer with respect to such claim.

ARTICLE XIII.
GOVERNING LAWS/COMPLIANCE WITH LAW

13.1 Governing Law. **THIS CONTRACT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.**

13.2 Regulations. This Contract is subject to all present and future valid orders, rules and regulations of any regulatory body having jurisdiction.

13.3 If at any time hereof, any governmental authority having jurisdiction over this Contract or the sale and purchase of gas hereunder shall take action as to Buyer or any transporter whereby the sale, transportation, other handling (including without limitation compression or treating), delivery and receipt of Gas as contemplated hereunder shall be proscribed or subjected to terms, conditions, regulations, restraints, or price or rate controls that in Buyer's sole judgement impose an undue burden on Buyer, upon notice by Buyer to Seller, the Parties shall endeavor to negotiate mutually acceptable revisions to this Contract which will put Buyer, in its sole opinion, in substantially the same position in which it would have been in the absence of such undue burden. In the event the Parties are unable to agree upon such revisions, Buyer may thereafter, upon thirty (30) days written notice, terminate this Contract, without further liability hereunder, except as to payments due at the time of such termination.

13.4 If at any time hereof, any governmental authority having jurisdiction over this Contract or the sale and purchase of gas hereunder shall take action as to Seller whereby the sale, transportation, other handling (including without limitation compression or treating), delivery and receipt of Gas as contemplated hereunder shall be proscribed, upon notice by Seller to Buyer, the Parties shall endeavor to negotiate mutually acceptable revisions to this Contract which will put Seller in substantially the same position in which it would have been in the absence of such undue burden. In the event the Parties are unable to agree upon such revisions, Seller may thereafter, upon thirty (30) days written notice, terminate this Contract, without further liability hereunder, except as to payments due at the time of such termination.

13.5 The Parties agree to timely make all regulatory filings, in any, that may be needed to effectuate the contemplated purchase and sale. Upon request, Seller shall supply all information and data necessary or appropriate to verify well classifications or pricing determinations under the provisions of the Natural Gas Policy Act of 1978 and the regulations promulgated thereunder.

ARTICLE XIV.
REMEDY FOR BREACH

Except as otherwise specifically provided herein, if either Party shall fail to perform any of the covenants or obligations imposed upon it in this Contract (except where such failure shall be excused under another provision hereof), then, and in that event, the other Party may, at its option (without waiving any other remedy for breach hereof), by notice in writing specifying wherein the default has occurred, indicate such Party's election to cancel the Contract by reasons thereof. The Party in default shall have thirty (30) days from receipt of such notice to remedy such default and to pay or indemnify the other Party for all loss or damage incurred as a result thereof, and upon failure to do so, such other Party may cancel this Contract from and after the expiration of such thirty (30) day period. Any such cancellation shall be an additional remedy and shall not prejudice the right of the Party not in default to collect any amounts due it hereunder and for any damage or loss

suffered by it and shall waive any other remedy to which the Party not in default may be entitled for breach of this Contract.

ARTICLE XV.
ADDRESSES

15.1 Seller's Address. Unless Buyer is otherwise notified in writing by Seller, the address of Seller is and shall remain as follows:

Century Offshore Management Corporation
155 East Main Street
Suite 200
Lexington, Kentucky 40507
Attention: Mr. Howard Settle

Billing and Payment
By Wire Transfer
Liberty National Bank
Bank #083 000 137

For Credit to:
Century Offshore Management Corp.

Account #10110445

15.2 Buyer's Address. Unless Seller is otherwise notified in writing by Buyer, the address of Buyer is and shall remain:

Enron Gas Marketing, Inc.
P. O. Box 1188
Houston, Texas 77251-1188
Attention: Gas Supply Administration

15.3 Notices In Writing. All notices required to be given in writing hereunder shall be given to the respective Parties at such address or such other addresses as the Parties respectively shall designate from time-to-time by written notice.

ARTICLE XVI.

REPRESENTATIONS AND WARRANTIES OF SELLER

16.1 Representations. As a principal cause and material inducement to Buyer entering into this Contract, the Seller has made the representations set forth below with the understanding that, notwithstanding any investigation made by Buyer, Buyer is

relying on each of such representations and would not have entered into this Contract but for each of such representations. In view of the foregoing and with the acknowledgement that Buyer's reliance on such representations is reasonable, Seller hereby represents and warrants to Buyer as follows:

(a) None of the information supplied by Seller or any of its employees, or to the best of Seller's knowledge, by any agent or representative of Seller, to Buyer contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein nor necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(b) Seller owns good and marketable title to the interests in the Subject Lease and the Gas produced therefrom set forth in Exhibit A hereto subject only to the matters set forth in Exhibit A hereto.

(c) There are no suits or proceedings pending, or to the knowledge of Seller, threatened against Seller or its properties, including without limitation the Subject Lease, before any court or by or before any governmental commission, bureau or regulatory authority that if decided adversely to the interest of Seller could materially adversely affect Seller or the rights of Buyer under this Contract.

(d) The Subject Lease is in full force and effect as to all lands, described in Exhibit A hereto and Seller has not received any notice of default or claimed default with respect to the Subject Lease or any part thereof or any interest in production therefrom and all wells, facilities and equipment located on the Subject Lease are in good repair and working condition and have been designed, installed and maintained in accordance with good industry standards and all applicable governmental requirements.

(e) Neither the Subject Lease nor the Gas to be produced therefrom is dedicated to interstate commerce, or committed or subject to any gas purchase contract or agreement other than with Buyer.

(f) Seller is a corporation duly organized and validly existing under the laws of the State of Kentucky, and has the legal right, power and authority and qualifications to conduct its business and own its properties (including the Subject Lease); Seller is qualified to own federal oil and gas leases; and Seller has the legal right, power and authority to execute and deliver, and to perform all of its obligations under, this Contract.

(g) The making and performance by Seller of this Contract is within Seller's corporate powers, has been duly authorized by all necessary corporate action on the part of Seller, and do not and will not (i) violate any provision of law or any rule, regulation, order, writ, judgment, decree or other determination presently in effect applicable to Seller or of the charter or bylaws of Seller or other governing documents of Seller, (ii) result in a breach of or constitute a default under any indenture, bank loan or credit agreement or

other agreement or instrument to which Seller is a party or by which it or its properties may be presently bound or affected, or (iii) result in or require the creation or imposition of any mortgage, lien, pledge, security interest, charge or other encumbrance upon or of any of the properties or assets of Seller (including the Subject Lease) under any such indenture, bank loan, credit agreement, or other agreement or instrument; and Seller is not in default under any such order, writ, judgment, decree, determination, indenture, agreement or instrument in any way that now or in the future will materially adversely affect Seller or its ability to perform its obligations under this Contract; and all consents or approvals under such indentures, agreements and instruments necessary to permit valid execution, delivery and performance by Seller of this Contract have been obtained.

(h) This Contract constitutes the legal, valid, and binding act and obligation of Seller enforceable against Seller in accordance with its terms, subject however, to bankruptcy, insolvency, reorganization and other laws affecting creditor's rights generally, and with regard to any equitable remedies, to the discretion of the court before which proceedings to obtain such remedies may be pending; and there are no bankruptcy, insolvency, reorganization, receivership or other arrangement proceedings pending, or being contemplated by or to the knowledge of Seller, threatened against Seller.

ARTICLE XVII.
MISCELLANEOUS

17.1 No Waiver. No waiver by either Party of any one or more defaults by the other in the performance of any provisions of this Contract shall operate or be construed as a waiver of any future default or defaults, whether of a like or of a different character.

17.2 Successors and Assigns. Any company which shall succeed by purchase, merger, consolidation or otherwise to the properties substantially as an entirety, of either party hereto will be entitled to the rights and will be subject to the obligations of its predecessor in title under the Contract. Any party may, without relieving itself of any obligations under this Contract, assign any of its rights hereunder to any company with which it is affiliated. Otherwise, no assignment of this Contract or any of the rights or obligations hereunder will be made unless or until the party seeking the assignment obtains the written consent thereto of the non-assigning party. No transfer or succession to the interest of either party hereunder, wholly or partially, will affect or bind the non-assigning party until it has been furnished with written notice and a true copy of such assignment or with other proper proof that the claimant is legally entitled to such interest. Nothing in this clause, however, in any way prevents either party from pledging or mortgaging all or any part of such party's property as security.

17.3 Binding Effect. This Contract shall be binding upon and inure to the benefit of the heirs, legal representatives, successors and assigns of the respective Parties;

provided, however, that neither Party may assign this Contract without the express written consent of the other Party, which consent shall not be unreasonably withheld.

17.4 Counterpart Execution. This Contract may be signed in counterparts, each of which shall constitute an original and together which shall constitute one and the same Contract.

17.5 This Contract constitutes the entire agreement between the Parties with respect to the subject matter hereof, and no waiver, representation or agreement, verbal or otherwise, shall affect the subject matter hereof unless and until such waiver, representation or agreement is reduced to writing and executed by the authorized representatives of the Parties.

17.6 Except as otherwise stated herein, any article or Section declared or rendered unlawful by a court of law or regulatory agency with jurisdiction over the Parties or deemed unlawful because of a statutory change will not otherwise affect the lawful obligations that arise under this Contract.

IN WITNESS WHEREOF, the Parties have executed this Contract in multiple originals this 14th day of February, 1992.

SELLER

CENTURY OFFSHORE MANAGEMENT CORPORATION

By _____
Jonathan B. Rudney
Title: Executive Vice President

BUYER:

ENRON GAS MARKETING, INC.

By _____ RJT

Title: Vice President

GUEST5\212.CTR

STATE OF LOUISIANA §
PARISH §
~~COUNTY~~ OF JEFFERSON §

This instrument was acknowledged before me on this 14th day of February, 1992 by Jonathan B. Rudney, Executive Vice President of CENTURY OFFSHORE MANAGEMENT CORPORATION, a Kentucky corporation, on behalf of said corporation.

NOTARY PUBLIC IN AND FOR JEFF. ~~COUNTY~~ PARISH
IN THE STATE
OF LOUISIANA

MY COMMISSION EXPIRES:

At Death

Gregory L. Dicharry
Printed Name of Notary

GREGORY L. DICHARRY
Notary Public
DULY COMMISSIONED IN ORLEANS PARISH, LA.
QUALIFIED FOR THE STATE OF LA. AT-LARGE
MY COMMISSIONED IS ISSUED FOR LIFE.

STATE OF TEXAS §
§
COUNTY OF HARRIS §

This instrument was acknowledged before me on this 14th day of February, 1992 by Lou L. Pai, Vice President of ENRON GAS MARKETING, INC., a Delaware corporation, on behalf of said corporation.

REBECCA L. BURANDT
Notary Public, State of Texas
My Commission Expires
MARCH 11, 1995.

Rebecca L. Burandt
NOTARY PUBLIC IN AND FOR
THE STATE OF TEXAS

MY COMMISSION EXPIRES:

3-11-95

Rebecca L. Burandt
Printed Name of Notary

EXHIBIT "A"

To the Gas Purchase Contract
So. Timbalier Block 107
dated February 14, 1992
between
Century Offshore Management Corporation
and
Enron Gas Marketing, Inc.

Lease:

Serial No.:	OCS-G5601
Dated:	July 1, 1983
Lessor:	United States of America
Lessee:	Exxon Corporation
Description:	All of Block 107, South Timbalier Area, OCS Leasing Map, Louisiana Map No. 6 containing 5,000 acres
Delivery Point:	Subsea Interconnect of Seller's Pipeline and Trunkline Gas Company Pipeline at South Timbalier Block 140, Offshore Louisiana.

Committed Reserves:

	W.I.	N.R.I.
Century Offshore Management Corporation	86.66667%	61.93055%

5601

VINSON & ELKINS
L.L.P.
ATTORNEYS AT LAW

THE WILLARD OFFICE BUILDING
1455 PENNSYLVANIA AVE., N.W.
WASHINGTON, D.C. 20004-1007
TELEPHONE (202) 639-6500
FAX (202) 639-6604

HUNGARIAN EXPORT BUILDING
UL. VOROVSKOGO, 21
121069 MOSCOW, RUSSIAN FEDERATION
TELEPHONE 011 (70-95) 202-6416
FAX 011 (70-95) 200-4216

47 CHARLES ST., BERKELEY SQUARE
LONDON W1X 7PB, ENGLAND
TELEPHONE 011 44 71 491-7236
FAX 011 44 71 499-5320

2500 FIRST CITY TOWER
1001 FANNIN
HOUSTON, TEXAS 77002-6760
TELEPHONE (713) 758-2222
FAX (713) 758-2346

WRITER'S DIRECT DIAL
(713) 758-2640

FIRST CITY CENTRE
816 CONGRESS AVENUE
AUSTIN, TEXAS 78701-2496
TELEPHONE (512) 495-8400
FAX (512) 495-8612

3700 TRAMMELL CROW CENTER
2001 ROSS AVENUE
DALLAS, TEXAS 75201-2916
TELEPHONE (214) 220-7700
FAX (214) 220-7716

BAGATELA 12
00-585 WARSAW, POLAND
TELEPHONE 011 (48-2) 625-33-33
FAX 011 (48-2) 625-22-46

February 24, 1992

RECEIVED

2 1992

Minerals Management Service
Leasing & Environment

United States Department of the Interior
Minerals Management Service
Gulf of Mexico, OCS Region
1201 Elmwood Park Blvd.
New Orleans, Louisiana 70123-2394

Attention: LE-3-1 Ms. Boehm

Re: OCS-G 5601

Gentlemen:

The following document pertains to the above-captioned Lease:

1. Gas Purchase Contract dated February 14, 1992 between Century Offshore Management Corporation and Enron Gas Marketing, Inc.

Enclosed please find a copy of such document for purposes of recordation, along with a copy to be file stamped and returned to Vinson & Elkins. Also enclosed is a check in the amount of $25.00 to cover the filing fees.

To place third persons on notice as to the execution and efficacy of the document, please file the document as referenced above in file OCS-G 5601 maintained by your office for the above-captioned Leases.

We also request that you place a copy of this letter in the file in your office relating to the above-captioned Lease. Please acknowledge that filing has been accomplished pursuant to this letter request by signing in the appropriate space provided on the copy of this letter and returning the same to:

Vinson & Elkins
3566 First City Tower
1001 Fannin
Houston, Texas 77002-6760
Attention: M. Michelle Robichaux

Very truly yours,

M. Michelle Robichaux

M. Michelle Robichaux
Legal Assistant

Filing Accomplished as Requested

By: _____

Date: _____

cc: F. B Cochran III [Firm]

6713:3075:02/24/92
f:\mr6713\mlor\mdi8.ltr

RECEIVED

FEB 29 1992

Minerals Management Service
Leasing & Environment

SO. TIMBALIER BLOCK 107

GAS PURCHASE CONTRACT

Between

CENTURY OFFSHORE MANAGEMENT CORPORATION

And

ENRON GAS MARKETING, INC.

TABLE OF CONTENTS

GAS PURCHASE CONTRACT

This Contract, dated the 14th day of February, 1992, but effective as of February 1, 1992, by and between CENTURY OFFSHORE MANAGEMENT CORPORATION, a Kentucky corporation, hereinafter referred to as "Seller", and ENRON GAS MARKETING, INC., a Delaware corporation, hereinafter referred to as "Buyer".

WHEREAS, Seller has a supply of natural gas available for sale to be produced from the oil and gas lease covering South Timbalier Block 107, Outer Continental Shelf, Gulf of Mexico, as described on Exhibit A attached hereto; and

WHEREAS, Buyer desires to purchase this gas from Seller and Seller desires to sell said gas to Buyer; and

WHEREAS, pursuant to that certain Gas Purchase Agreement (Base Contract) dated December 20, 1989, by and between Seller and Buyer, as amended (the "South Timbalier Block 107 Gas Purchase Agreement") and pursuant to the Gas Purchase Agreement ("Excess Gas Contract") of the same date between the parties (the "South Timbalier Block 107 Excess Gas Contract"), Buyer and Seller have purchased and sold certain quantities of natural gas attributable to South Timbalier Block 107 lease; and

WHEREAS, pursuant to the Termination of Gas Purchase Agreements effective February 1, 1992, Buyer and Seller have terminated both the South Timbalier Block 107 Gas Purchase Agreement and the South Timbalier Block 107 Excess Gas Contract and desire to replace and supercede both said Agreements with this new contract (the "Contract").

NOW, THEREFORE, in consideration of the mutual covenants and obligations herein contained, the Parties do hereby covenant and agree as follows:

ARTICLE I.
DEFINITIONS

1.1 The following terms, as used in this Contract, shall have the meanings as follows:

"British Thermal Unit" or "Btu" shall mean the amount of energy required to raise the temperature of one (1) pound of pure water one degree Fahrenheit (1°F.) from fifty-nine degrees Fahrenheit (59°F.) to sixty degrees Fahrenheit (60°F.) The term "MMBtu shall mean one million Btu's.

"Committed Reserves" is defined in Section 2.1.

"Monthly Contract Price" shall mean, for any Month, the Spot Price.

"Day" shall mean a period of twenty-four (24) consecutive hours beginning and ending at seven o'clock a.m. Central Time.

"Delivery Point" shall mean the point of delivery set forth in Exhibit "A".

"Daily Gas Quantity" shall mean all of Seller's Gas expressed in MMBtu's/day which Seller offers for sale from the Subject Lease and attributable to Seller's undivided interest as set forth in Exhibit "A" hereto (including royalty Gas and overriding royalty Gas which Seller has a right to market), but excluding however, Gas reserved by Seller pursuant to Section 2.2.

"FERC" shall mean the Federal Energy Regulatory Commission or any successor governmental authority.

"Gas" shall mean natural gas, including both gas well gas and casinghead gas, and the residue gas therefrom, of merchantable quality.

"Inside F.E.R.C." shall mean the pu[illegible]ion entitled Inside F.E.R.C. Gas Market Report, published by McGraw-Hill, Inc.

"Month" shall mean a period beginning at seven o'clock a.m. on the first day of a calendar month and ending at seven o'clock a.m. on the first day of the next succeeding calendar month.

"NGPA" shall mean the Natural Gas Policy Act of 1978, including any amendment or successor thereto.

"Nominated Quantity" shall mean the quantity of Gas, at each Delivery Point expressed in MMBtu's per Day, that Seller may sell and deliver and Buyer may purchase and receive in each Month during the term hereof. The Nominated Q[illegible]tity shall be any quantity (including zero) offered by Seller and designated by [illegible] Nomination Notice (as adjusted pursuant to Article V), multiplied by the num[illegible] in the Month.

"Nomination No[illegible]e" shall mean the notice pr[illegible]ller by Buyer pursuant to Section 5.3 prior to each Month during the term he[illegible]ice sets forth the Initial Nominated Quantity.

"Party" shall mean Seller or Buyer or their respective permitted successors and assigns.

"Seller's Reservations" shall mean the reservations of Seller set forth in Section 2.2.

"Spot Price" for any Month shall mean the index price for such Month identified in the first bi-monthly issue of Inside F.E.R.C. in the table "Prices for Spot Gas Delivered to Pipelines" in the column "Index" for Trunkline Gas Company (Louisiana). If for any Month the "Index" for any of the above pipelines is not published, then the Spot Price shall be calculated by averaging the "High" and "Low" prices in the column "Range". If the "Index" is not published for two (2) consecutive Months, such shall be considered a fundamental terminology change in the Index. In the event that during the term of this Contract Inside F.E.R.C. is no longer published, or the prices set forth above are no longer made available or any fundamental terminology change occurs in the Index, the price last determined on the basis of such publication shall continue as the Spot Price for the first billing Month for which a Spot Price cannot be determined on the basis of such publication. During this period Buyer and Seller will use their best efforts to negotiate a mutually agreeable alternative methodology and/or publication for determining the Spot Price for subsequent billing Months. If the parties are unable to agree on a substitute methodology and/or publication to determine the Spot Price by the twentieth (20th) Day of the first billing Month for which a Spot Price cannot be determined, then Buyer and Seller shall each prepare a list of five (5) alternative published reference postings. Each list shall be set forth in that party's priority order with the highest priority posting listed first. The lists shall be compared and the first listed posting appearing in Buyer's list that also appears in Seller's list shall constitute the first replacement posting and shall be used to determine the Spot Price. The second identical posting appearing on each list shall be the second replacement posting.

"Subject Lease" shall mean the lease set forth in Exhibit "A".

"Transporter" shall mean Trunkline Gas Company (Trunkline) or another interstate pipeline company mutually agreeable to the Parties.

"Unit of Measurement" shall mean one million British Thermal Units (MMBtu) on a dry basis.

ARTICLE II.
COMMITMENT AND RESERVATIONS OF SELLER

2.1 Commitment. Subject to the terms hereof, Seller commits to this Contract all of the Gas underlying the Lease attributable to Seller's undivided interest as set forth in Exhibit "A", hereto (including royalty gas, overriding and royalty gas which Seller has a right to market) (the "Committed Reserves"), subject to Seller's Reservations. During the term of this Contract, Seller agrees not to sell to any third party any Gas committed hereunder without prior written consent of Buyer, except as provided in Section 3.3.

2.2 Seller's Reservations. Seller reserves from the Committed Reserves the following rights with sufficient gas to satisfy such rights:

(a) To operate its property free from any control by Buyer in such a manner as Seller, in its sole discretion, may deem advisable, including without limitation, the right to drill new wells, to repair and rework old wells, and to plug and abandon any well or surrender any lease or portion thereof when no longer deemed by Seller to be capable of producing Gas in paying quantities under normal methods of operation; provided, however, in the event Seller should terminate or surrender Subject Lease, written notice of same shall be given to Buyer within 30 Days.

(b) To separate the Gas using mechanical, low temperature or other separation equipment selected by Seller.

(c) To process the Gas, or have the same processed before delivery to Buyer, for the extraction of liquefiable hydrocarbons, helium and any other constituents of the raw gas stream; provided, however, that such processing will not (including amounts lost due to shrinkage and fuel requirements) remove more than 10% of the volume of Gas produced from the Committed Reserves; and provided further, that such processing will not render the residue Gas incapable of meeting the quality specifications contained herein.

(d) To use Gas produced from the lease for developing and operating the Subject Lease including Seller's pipelines, compression and other treating facilities, platform installations and other miscellaneous uses incident to the operation of such lease or facilities and to fulfill obligations to the lessor thereunder.

(e) To unitize the lease with other properties of Seller and of others in the same field, in which event this contract shall cover Seller's interest in the unit attributable to the reserves committed hereunder.

ARTICLE III.
QUANTITY OF GAS

3.1 Daily Gas Quantity. Each Month during the term of this Contract, Seller shall make available to Buyer a quantity of Gas equal to the Daily Gas Quantity multiplied by the number of Days in the Month.

3.2 Nominated Quantity. Subject to the other provisions of this Contract each Month during the term of this Contract, Seller shall sell and deliver to Buyer, and Buyer shall purchase and receive from Seller, the Nominated Quantity.

3.3 Released Gas. In the event the Nominated Quantity for any Month is less than the Daily Gas Quantity times the number of Days in such Month, Buyer shall release to Seller for each Day in the Month the portion of the Daily Gas Quantity that is in excess of Buyer's Nominated Quantity and Buyer shall not have any rights or options under this Contract with respect to any portion of the Daily Gas Quantity so released for such Month.

3.4 Constant Rate. Seller recognizes that due to operating conditions, varying market demands and the difficulty of apportioning receipts of gas from various sources, Buyer may not be able to take gas from Seller during any definite period at exactly constant rates. Buyer, however, shall use reasonable efforts to maintain as nearly a constant rate of takes as practicable.

3.5 Operational Tolerance. It is the intent of the Parties hereto that the quantities nominated and scheduled shall be the quantities delivered. However, Buyer and Seller recognize the inherent inaccuracies in the measurement and allocation of gas due to the inability to maintain precise control. Such inaccuracies may at times occur through no fault of Buyer or Seller, such as in the case of allocations after actual deliveries which are the result of measurement inaccuracies, or unpreventable variations in rates of flow at the Delivery Point, and may result in failure to deliver or receive the scheduled quantities (such inaccuracies are hereinafter called "Measurement and Allocation Inaccuracies"). To the extent the actual quantities delivered may vary from the scheduled quantities due to Measurement and Allocation Inaccuracies, the parties agree that Buyer's obligation to purchase and receive and Seller's obligation to sell and deliver, insofar as non-performance penalties are concerned shall be deemed to be fulfilled to the extent that, on a monthly basis, such deliveries and receipts are within a monthly operational tolerance of three percent (3%).

ARTICLE IV.
DELIVERY POINT AND LIABILITY

4.1 Delivery Point. The quantities of gas to be delivered by Seller to Buyer hereunder shall be delivered, as requested by Buyer, at the Delivery Point set forth on Exhibit "A".

4.2 Title Transfer. As between the Parties, Seller shall be in exclusive control and possession of the gas deliverable hereunder and responsible for any damage or injury caused thereby prior to the time same shall have been delivered to Buyer. After delivery of gas to Buyer at the Delivery Point, Buyer shall be deemed to be in exclusive control and possession thereof and responsible for any injury or damage caused thereby. Title to the gas delivered hereunder shall pass at each Delivery Point.

4.3 Indemnity. Seller and Buyer each assume full responsibility and liability for and shall indemnify and hold harmless the other Party from all liability and expense on account of any and all damages, claims or actions, including injury to and death of persons, arising from any act or accident occurring when title to the Gas is vested in the indemnifying party.

ARTICLE V.
PRESSURE, NOMINATIONS AND DISPATCHING

5.1 Pressure. Seller shall deliver, or cause to be delivered, the Gas purchased hereunder at a pressure sufficient to be delivered into Transporter's pipeline at the Delivery Point at the existing natural flowing pressures and under normal operating conditions of Transporter's pipeline.

5.2 Notification. Seller shall inform Buyer, as often as may be necessary, of the delivery rate and pressure of the gas delivered hereunder.

5.3 Nominations. On or before the eighteenth (18th) Day of each Month during the term hereof, Seller will notify Buyer of the Daily Gas Quantity available for delivery hereunder at the Delivery Point during the next succeeding Month. Buyer shall provide Seller a Nomination Notice setting forth the Nominated Quantity for that Month not less than two (2) business Days prior to the Monthly nomination deadline of the First Transporter. The Nominated Quantity may be increased at any time by mutual agreement of the parties. Nominated Quantity may be reduced by either party if Buyer believes that Seller's failure to produce the Nominated Quantity could result in loss of market, or pipeline scheduling or imbalance penalties, or if Seller believes that it will not be able to produce more than a reduced level for the remainder of such Month. Such a Revised Nominated Quantity shall be made effective on the date of Notice by either party to the other, and shall remain in effect for the remainder of such Month subject to further changes pursuant hereto.

ARTICLE VI.
MEASUREMENT AND QUALITY

6.1 Measurement. Buyer shall cause the natural gas sold hereunder to be measured by Transporter at or near the Delivery Point at pressures in Transporter's pipeline in existence from time-to-time and such measurement shall be corrected to the Unit of Measurement. Seller's deliveries of gas shall be calculated from the measurements taken at the meter installed, operated and maintained by Transporter at the Delivery Point, and from the heating value determined by the instruments operated by Transporter.

6.2 Quality Specifications. The applicable quality and measurement specifications shall be those required by Transporter.

ARTICLE VII.
PRICE

7.1 During the term of this Contract, the price per MMBtu of Gas nominated and delivered at the Delivery Point up to the greater of 10,000 MMBtu over the Nominated Quantity or one hundred and three percent (103%) of the Nominated Quantity

shall be the Spot Price. The price for Gas delivered in any Month in excess of the greater of 10,000 MMBtu over the Nominated Quantity or one hundred three percent (103%) of the Nominated Quantity shall be a price mutually agreed to by Seller and Buyer.

7.2 Dry Basis. All prices shall be calculated on a dry basis except where required otherwise by regulation.

7.3 Third Party Costs. Seller shall be responsible for the payment of all third party fees and charges, if any, necessary for the transportation and delivery of the gas to the Delivery Point, and all taxes, charges, or assessments made or assessed on such gas at or upstream of such Delivery Point, including but not limited to all or levied by the state or any governmental agency on the gas sold hereunder. In the event Buyer is required to remit such taxes, the amount thereof shall be deducted from any sums thereafter becoming due and owing to Seller. Nothing herein shall be construed as applying to any tax or transportation charges or fees imposed on Buyer after title and possession of the Gas shall have passed to Buyer.

ARTICLE VIII.
BILLING AND PAYMENT

8.1 Payment Date. Buyer will make payment to Seller on or before the twenty-fifth (25th) day of each calendar month for all gas nominated and delivered hereunder during the preceding calendar month. If adjustments from nominated to actual quantities purchased are necessary pursuant to Section 3.5 (Operational Tolerances), such adjustments in payments will be made on the payment date next following the date of determination of the actual quantities delivered. Unless otherwise agreed to by the Parties, payment by Buyer to Seller shall be made in immediately available funds (per wire transfer or ACH (Automated Clearinghouse)) to a depository designated from time to time by Seller at its sole discretion. When the due date falls on a day that the designated depository is not open in the normal course of business to receive Buyer's payment, Buyer shall cause such payment to be made on or before the first business day on which the designated depository is open after such due date. Seller shall provide Buyer with Seller's designated depository

8.2 (a) Late Payment. Should Buyer fail to remit the full amount when due, interest on the unpaid portion shall accrue at a rate equal to the then effective "Prime Rate" of interest for large U.S. money center commercial banks published under "Money Rates" by the Wall Street Journal plus two percent (2%) from the date due until the date of payment. If such failure to pay continues for thirty (30) days after payment is due, Seller, in addition to any other remedy it may have, may suspend further sale and delivery of gas until such amount, including interest, is paid. If Buyer has overpaid amounts actually due within thirty (30) days, Seller shall remit to Buyer any refund plus interest calculated as stated herein from the date paid.

8.3 Adjustments. Upon notice to the other Party, either Party has the right, as its sole expense and during normal working hours, to examine the records of the other as necessary to verify the accuracy of any statement, charge, notice or computation made pursuant to the provisions of this Contract. If any such examination reveals any inaccuracy in any statement, the necessary adjustments in such statement and the payments thereof will be promptly made; provided, that no adjustment for any statement or payment will be made after the lapse of two (2) years from the rendition thereof. The provisions of this paragraph will survive any termination of this Contract for a period of two (2) years from the date of such termination.

ARTICLE IX.
PENALTIES

9.1 Transportation Penalties. It is understood that the natural gas purchased and sold hereunder will be transported by third party transporters, and each Party has agreed to provide notice to the other Party of quantities of gas Seller intends to deliver and Buyer intends to purchase and receive. If Seller delivers, or causes to be delivered for Buyer's account, at the Delivery Point a quantity of gas that is greater or less than that nominated and scheduled for delivery to, and transportation by Transporter and such variable deliveries causes Buyer, or Buyer's designee, to incur a penalty as levied by the Transporter, then Seller shall bear and pay such penalties. Buyer agrees to bear and pay all penalties which are assessed by Transporter or any other transporting pipeline(s) against Buyer, Buyer's designee or Seller as a result of Buyer's failure to accept delivery of the quantity of the gas which Buyer, in accordance with the nomination procedures in effect at the time, nominated and scheduled to receive at the Delivery Point.

9.2 Notification. Either Party shall immediately notify the other Party of any notice received from Transporter or any other third party transporter that indicates an imbalance in deliveries exists or is occurring which may give rise to a penalty. The Parties agree to cooperate immediately to adjust their gas nomination(s) and/or delivery(ies) as necessary to bring deliveries and receipts into balance so that penalties are avoided or minimized as much as possible.

ARTICLE X.
FORCE MAJEURE

10.1 Force Majeure. In the event of either Party being rendered unable, wholly or in part, by force majeure to carry out its obligations under this Contract, other than to make payments due hereunder, it is agreed that on such Party's giving notice and full particulars of such force majeure in writing or by telecopy to the other Party as soon as possible after the occurrence of the cause relied on, then the obligations of the Party giving such notice, so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused but for no longer period, and such cause shall as far as possible be remedied with all reasonable dispatch. The term "force majeure" as employed

herein shall mean acts of God, governmental action, strikes, lockouts or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, tornadoes, storms, storm warnings, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accidents to machinery or lines of pipe, interruption or curtailment of transportation services provided by third party transporters, the necessity for making repairs to or alterations of machinery or lines of pipe, freezing of lines of pipe, and any other causes, whether of the kind herein enumerated or otherwise, not within the control of the Party claiming suspension and which by the exercise of due diligence such Party is unable to prevent or overcome. It is further understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the Party having the difficulty, and that the above requirements that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts by acceding to the demands of the opposing party when such course is inadvisable in the discretion of the Party having the difficulty.

ARTICLE XI.
TERM

11.1 Term. Subject to the provisions of Section 11.2, 11.3 and 11.4, this Contract shall be effective as of February 1, 1992 and shall continue in full force and effect until the earlier to occur of (i) the end of the economic life of the Gas reserves as determined in the sole opinion of Seller or (ii) December 31, 1999.

11.2 Adjustments Upon Termination. Subject to the provisions of Section 8.3, upon the termination of this Contract any monies or penalties due and owing either Party shall be paid pursuant to the terms hereof, and any corrections or adjustments to payments previously made shall be determined and any refunds due either Party made at the earliest possible time, and in any event no later than ninety (90) Days following such termination. This Contract shall remain in effect until the obligations under this Section have been fulfilled.

11.3 Early Termination. If during any two (2) Months of any calendar year during the term hereof, Buyer fails to nominate and take an average of at least ninety percent (90%) of the product of the Daily Gas Quantity times the number of Days in each Month of such failure, then Seller shall have the right, to be exercised within ninety (90) Days of the end of such event, to terminate this Contract by providing Buyer not less than sixty (60) Days advance notice of termination and which termination shall be effective on the last calendar Day of the Month containing the end of such sixty (60) Day period. If Seller does not exercise such right to terminate within the period set forth herein, Seller shall be deemed to have waived such right to early termination only as to Buyer's failure for such two (2) Month period.

11.4 Early Termination for Lease Sale. If during the term of this Contract Seller desires to sell all of its interest in the Subject Lease to a third party buyer, unaffiliated with Seller, and such third party buyer does not wish to sell Gas to Buyer under the terms and conditions of this Contract, Seller shall provide Buyer with not less than thirty (30) Days prior written notice of the proposed sale and if Seller has Gas production from other leases in which Seller has an interest which Gas is not committed for sale (other than on a short-term interruptible basis), Seller shall offer Buyer the opportunity to purchase comparable quantities of such Gas at a Spot Price for the remainder of the term of this Contract. If Buyer accepts Seller's offer the parties shall execute a new gas contract (the "Replacement Contract") incorporating in addition to the price and term set forth in this Section other terms and conditions as contained in this Contract. Upon execution by Buyer and Seller of the Replacement Contract, or if Buyer rejects Seller's offer, or if Seller does not have sufficient uncommitted gas production for sale from any of its other leases to enter into a partial or complete Replacement Contract, Buyer and Seller shall terminate this Contract and release the dedication hereunder as of the closing date of the sale of Seller's interest in the Subject Lease to the third party buyer.

ARTICLE XII.
WARRANTY OF TITLE

12.1 Warranty. Seller hereby warrants the title to all gas delivered by Seller to Buyer hereunder, the right to sell the same and that it is free from all liens and adverse claims, and agrees, if notified thereof by Buyer, to indemnify Buyer against all suits, actions, debts, accounts, damages, costs, losses, and expenses arising from or out of any adverse legal claims of any and all persons to or against said gas. Seller agrees to pay or cause to be paid all taxes and assessments levied on the gas prior to its delivery to Buyer, and to pay or cause to be paid to the parties entitled thereto all royalties, overriding royalties or like charges against said gas or the value thereof. In the event any adverse claim of any character whatsoever is asserted in respect to any of said gas, Buyer may retain the purchase price thereof up to the amount of such claim without interest until such claim has been finally determined, as security for the performance of Seller's obligations with respect to such claim under this Article XII, or until Seller shall have furnished bond to Buyer, in an amount and with sureties satisfactory to Buyer, conditioned for the protection of Buyer with respect to such claim.

ARTICLE XIII.
GOVERNING LAWS/COMPLIANCE WITH LAW

13.1 Governing Law. **THIS CONTRACT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.**

13.2 Regulations. This Contract is subject to all present and future valid orders, rules, and regulations of any regulatory body having jurisdiction.

13.3 If at any time hereof, any governmental authority having jurisdiction over this Contract or the sale and purchase of gas hereunder shall take action as to Buyer or any transporter whereby the sale, transportation, other handling (including without limitation compression or treating), delivery and receipt of Gas as contemplated hereunder shall be proscribed or subjected to terms, conditions, regulations, restraints, or price or rate controls that in Buyer's sole judgement impose an undue burden on Buyer, upon notice by Buyer to Seller, the Parties shall endeavor to negotiate mutually acceptable revisions to this Contract which will put Buyer, in its sole opinion, in substantially the same position in which it would have been in the absence of such undue burden. In the event the Parties are unable to agree upon such revisions, Buyer may thereafter, upon thirty (30) days written notice, terminate this Contract, without further liability hereunder, except as to payments due at the time of such termination.

13.4 If at any time hereof, any governmental authority having jurisdiction over this Contract or the sale and purchase of gas hereunder shall take action as to Seller whereby the sale, transportation, other handling (including without limitation compression or treating), delivery and receipt of Gas as contemplated hereunder shall be proscribed, upon notice by Seller to Buyer, the Parties shall endeavor to negotiate mutually acceptable revisions to this Contract which will put Seller in substantially the same position in which it would have been in the absence of such undue burden. In the event the Parties are unable to agree upon such revisions, Seller may thereafter, upon thirty (30) days written notice, terminate this Contract, without further liability hereunder, except as to payments due at the time of such termination.

13.5 The Parties agree to timely make all regulatory filings, in any, that may be needed to effectuate the contemplated purchase and sale. Upon request, Seller shall supply all information and data necessary or appropriate to verify well classifications or pricing determinations under the provisions of the Natural Gas Policy Act of 1978 and the regulations promulgated thereunder.

ARTICLE XIV.
REMEDY FOR BREACH

Except as otherwise specifically provided herein, if either Party shall fail to perform any of the covenants or obligations imposed upon it in this Contract (except where such failure shall be excused under another provision hereof), then, and in that event, the other Party may, at its option (without waiving any other remedy for breach hereof), by notice in writing specifying wherein the default has occurred, indicate such Party's election to cancel the Contract by reasons thereof. The Party in default shall have thirty (30) days from receipt of such notice to remedy such default and to pay or indemnify the other Party for all loss or damage incurred as a result thereof, and upon failure to do so, such other Party may cancel this Contract from and after the expiration of such thirty (30) day period. Any such cancellation shall be an additional remedy and shall not prejudice the right of the Party not in default to collect any amounts due it hereunder and for any damage or loss

suffered by it and shall waive any other remedy to which the Party not in default may be entitled for breach of this Contract.

ARTICLE XV.
ADDRESSES

15.1 Seller's Address. Unless Buyer is otherwise notified in writing by Seller, the address of Seller is and shall remain as follows:

Century Offshore Management Corporation
155 East Main Street
Suite 200
Lexington, Kentucky 40507
Attention: Mr. Howard Settle

Billing and Payment
By Wire Transfer
Liberty National Bank
Bank #083 000 137

For Credit to:
Century Offshore Management Corp.

Account #10110445

15.2 Buyer's Address. Unless Seller is otherwise notified in writing by Buyer, the address of Buyer is and shall remain:

Enron Gas Marketing, Inc.
P. O. Box 1188
Houston, Texas 77251-1188
Attention: Gas Supply Administration

15.3 Notices In Writing. All notices required to be given in writing hereunder shall be given to the respective Parties at such address or such other addresses as the Parties respectively shall designate from time-to-time by written notice.

ARTICLE XVI.

REPRESENTATIONS AND WARRANTIES OF SELLER

16.1 Representations. As a principal cause and material inducement to Buyer entering into this Contract, the Seller has made the representations set forth below with the understanding that, notwithstanding any investigation made by Buyer, Buyer is

relying on each of such representations and would not have entered into this Contract but for each of such representations. In view of the foregoing and with the acknowledgement that Buyer's reliance on such representations is reasonable, Seller hereby represents and warrants to Buyer as follows:

(a) None of the information supplied by Seller or any of its employees, or to the best of Seller's knowledge, by any agent or representative of Seller, to Buyer contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein nor necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(b) Seller owns good and marketable title to the interests in the Subject Lease and the Gas produced therefrom set forth in Exhibit A hereto subject only to the matters set forth in Exhibit A hereto.

(c) There are no suits or proceedings pending, or to the knowledge of Seller, threatened against Seller or its properties, including without limitation the Subject Lease, before any court or by or before any governmental commission, bureau or regulatory authority that if decided adversely to the interest of Seller could materially adversely affect Seller or the rights of Buyer under this Contract.

(d) The Subject Lease is in full force and effect as to all lands, described in Exhibit A hereto and Seller has not received any notice of default or claimed default with respect to the Subject Lease or any part thereof or any interest in production therefrom and all wells, facilities and equipment located on the Subject Lease are in good repair and working condition and have been designed, installed and maintained in accordance with good industry standards and all applicable governmental requirements.

(e) Neither the Subject Lease nor the Gas to be produced therefrom is dedicated to interstate commerce, or committed or subject to any gas purchase contract or agreement other than with Buyer.

(f) Seller is a corporation duly organized and validly existing under the laws of the State of Kentucky, and has the legal right, power and authority and qualifications to conduct its business and own its properties (including the Subject Lease); Seller is qualified to own federal oil and gas leases; and Seller has the legal right, power and authority to execute and deliver, and to perform all of its obligations under, this Contract.

(g) The making and performance by Seller of this Contract is within Seller's corporate powers, has been duly authorized by all necessary corporate action on the part of Seller, and do not and will not (i) violate any provision of law or any rule, regulation, order, writ, judgment, decree or other determination presently in effect applicable to Seller or of the charter or bylaws of Seller or other governing documents of Seller, (ii) result in a breach of or constitute a default under any indenture, bank loan or credit agreement or

other agreement or instrument to which Seller is a party or by which it or its properties may be presently bound or affected, or (iii) result in or require the creation or imposition of any mortgage, lien, pledge, security interest, charge or other encumbrance upon or of any of the properties or assets of Seller (including the Subject Lease) under any such indenture, bank loan, credit agreement, or other agreement or instrument; and Seller is not in default under any such order, writ, judgment, decree, determination, indenture, agreement or instrument in any way that now or in the future will materially adversely affect Seller or its ability to perform its obligations under this Contract; and all consents or approvals under such indentures, agreements and instruments necessary to permit valid execution, delivery and performance by Seller of this Contract have been obtained.

(h) This Contract constitutes the legal, valid, and binding act and obligation of Seller enforceable against Seller in accordance with its terms, subject however, to bankruptcy, insolvency, reorganization and other laws affecting creditor's rights generally, and with regard to any equitable remedies, to the discretion of the court before which proceedings to obtain such remedies may be pending; and there are no bankruptcy, insolvency, reorganization, receivership or other arrangement proceedings pending, or being contemplated by or to the knowledge of Seller, threatened against Seller.

ARTICLE XVII
MISCELLANEOUS

17.1 No Waiver. No waiver by either Party of any one or more defaults by the other in the performance of any provisions of this Contract shall operate or be construed as a waiver of any future default or defaults, whether of a like or of a different character.

17.2 Successors and Assigns. Any company which shall succeed by purchase, merger, consolidation or otherwise to the properties substantially as an entirety, of either party hereto will be entitled to the rights and will be subject to the obligations of its predecessor in title under the Contract. Any party may, without relieving itself of any obligations under this Contract, assign any of its rights hereunder to any company with which it is affiliated. Otherwise, no assignment of this Contract or any of the rights or obligation hereunder will be made unless or until the party seeking the assignment obtains the written consent thereto of the non-assigning party. No transfer or succession to the interest of either party hereunder, wholly or partially, will affect or bind the non-assigning party until it has been furnished with written notice and a true copy of such assignment or with other proper proof that the claimant is legally entitled to such interest. Nothing in this clause, however, in any way prevents either party from pledging or mortgaging all or any part of such party's property as security.

17.3 Binding Effect. This Contract shall be binding upon and inure to the benefit of the heirs, legal representatives, successors and assigns the respective Parties,

provided, however, that neither Party may assign this Contract without the express written consent of the other Party, which consent shall not be unreasonably withheld.

17.4 Counterpart Execution. This Contract may be signed in counterparts, each of which shall constitute an original and together which shall constitute one and the same Contract.

17.5 This Contract constitutes the entire agreement between the Parties with respect to the subject matter hereof, and no waiver, representation or agreement, verbal or otherwise, shall affect the subject matter hereof unless and until such waiver, representation or agreement is reduced to writing and executed by the authorized representatives of the Parties.

17.6 Except as otherwise stated herein, any article or Section declared or rendered unlawful by a court of law or regulatory agency with jurisdiction over the Parties or deemed unlawful because of a statutory change will not otherwise affect the lawful obligations that arise under this Contract.

IN WITNESS WHEREOF, the Parties have executed this Contract in multiple originals this 14th day of February, 1992.

SELLER

CENTURY OFFSHORE MANAGEMENT CORPORATION

By Jonathan B. Rudney

Jonathan B. Rudney
Title: Executive Vice President

BUYER:

ENRON GAS MARKETING INC.

By _____ RSB

Title: Vice President

GUEST\912.CTR

STATE OF LOUISIANA §
PARISH §
~~COUNTY~~ OF JEFFERSON §

This instrument was acknowledged before me on this 14th day of February, 1992 by Jonathan B. Rudney, Executive Vice President of CENTURY OFFSHORE MANAGEMENT CORPORATION, a Kentucky corporation, on behalf of said corporation.

NOTARY PUBLIC IN AND FOR JEFF. ~~COUNTY~~ PARISH
IN THE STATE
OF LOUISIANA

MY COMMISSION EXPIRES:

At Death

Gregory L. Dicharry
Printed Name of Notary

GREGORY L. DICHARRY
Notary Public
DULY COMMISSIONED IN ORLEANS PARISH, LA.
QUALIFIED FOR THE STATE OF LA. AT LARGE
MY COMMISSION IS ISSUED FOR LIFE.

STATE OF TEXAS §
§
COUNTY OF HARRIS §

This instrument was acknowledged before me on this 14th day of February, 1992 by Lou L. Pai, Vice President of ENRON GAS MARKETING, INC., a Delaware corporation, on behalf of said corporation.

REBECCA L. BURANDT
Notary Public, State of Texas
My Commission Expires
MARCH 11, 1995.

Rebecca L. Burandt
NOTARY PUBLIC IN AND FOR
THE STATE OF TEXAS

MY COMMISSION EXPIRES:

3-11-95

Rebecca L. Burandt
Printed Name of Notary

EXHIBIT "A"

To the Gas Purchase Contract
So. Timbalier Block 107
dated February 14, 1992
between
Century Offshore Management Corporation
and
Enron Gas Marketing, Inc.

Lease:

Serial No.:	OCS-G5601
Dated:	July 1, 1983
Lessor:	United States of America
Lessee:	Exxon Corporation
Description:	All of Block 107, South Timbalier Area, OCS Leasing Map, Louisiana Map No. 6 containing 5,000 acres
Delivery Point:	Subsea Interconnect of Seller's Pipeline and Trunkline Gas Company Pipeline at South Timbalier Block 140, Offshore Louisiana.

Committed Reserves:

	W.I.	N.R.I.
Century Offshore Management Corporation	86.66667%	61.93055%

END

UPDATE