

LISKOW & LEWIS

Attorneys at Law

ATTORNEYS AT LAW

NEW ORLEANS, LA 70139-5001

LAFAYETTE, LA 70509-2008

New Orleans, Louisiana

January 15, 1993

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JAN 19 1993

MINERALS MANAGEMENT SERVICE
LEASING & ENVIRONMENT

WILLIAM M. REYNOLDS
ROBERT T. JOHNSON
CHARLES C. GREGGILLION
BY HAND

U.S. Department of the Interior
Minerals Management Service
Gulf of Mexico OCS Region
1201 Elmwood Park Blvd.
New Orleans, LA 70123-2392

Attention: Ms. LaNell Boehm

Re: Texas Commerce Bank National
Association/Seagull Energy E & P Inc.
Our file 83320.0092

Dear Ms. Boehm:

Enclosed please find eighteen (18) original executed
copies and one (1) xerox copy of each of the following
instruments:

- 1) Deed of Trust, Mortgage, Assignment of Production
and Security Agreement, Mortgage - Collateral
Estate Mortgage dated December 31, 1992, from
Seagull Energy E & P Inc. to James O. Nicholas,
Trustee and Texas Commerce Bank National
Association (the "Deed of Trust"); and
2) Uniform Commercial Code - Financing Statement by
Seagull Energy E & P Inc., Debtor and Texas
Commerce Bank National Association, Secured Party
(the "Financing Statement").

Each of the above mentioned instruments affect the
following OCS Lease Files:

OCS-G 3043
OCS-G 4069

WILLIAM M. REYNOLDS
ROBERT T. JOHNSON
CHARLES C. GREGGILLION
BY HAND

January 15, 1993

OCS-G 6004  
 OCS-G 6104  
 OCS-G 7217  
 OCS-G 7218  
 OCS-G 7251  
 OCS-G 8131  
 OCS-G 9012  
 OCS-G 9015  
 OCS-G 9017  
 OCS-G 9018  
 OCS-G 9037  
 OCS-G 9039  
 OCS-G 10213  
 OCS-G 11213  
 OCS-G 11272  
 OCS-G 13314

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MINERALS MANAGEMENT SERVICE  
 LEASING & ENVIRONMENT

In order to place third parties on notice as to the execution and efficacy of the above mentioned documents, we hereby request that you file one original of each of the Deed of Trust and the Financing Statement, along with a copy of this letter into each of the OCS Lease Files referenced above.

A check in the amount of \$900.00 is enclosed to cover your fees. We further request that you sign and return to the undersigned a duplicate of this letter, along with one file-stamped copy of each of the instruments, to indicate compliance with this request.

Thank you for your attention to this matter.

Sincerely,

*Catherine B. Shinn*  
 Catherine B. Shinn  
 Legal Assistant

CBS/jc  
 Enclosures

FILED AND ACCOMPLISHED AS REQUESTED

MINERALS MANAGEMENT SERVICE  
 GULF OF MEXICO, OCS REGION

By: *La Nelle Boehm*

La Nelle Boehm

Date: January 19, 1993

THIS INSTRUMENT CONTAINS AFTER-ACQUIRED PROPERTY PROVISIONS.

DEED OF TRUST, MORTGAGE,  
ASSIGNMENT OF PRODUCTION AND SECURITY AGREEMENT  
MORTGAGE - COLLATERAL REAL ESTATE MORTGAGE

December 31, 1992

FROM

SEACULL ENERGY E & P INC.  
(Grantor and Debtor)

RECEIVED  
JAN 19 1993

TO

MINERALS MANAGEMENT SERVICE  
LEASING & ENVIRONMENT

JAMES C. NICHOLAS, TRUSTEE

and

TEXAS COMMERCE BANK NATIONAL ASSOCIATION  
(Mortgagee and Secured Party)

CONSENTED TO BY SEAGULL ENERGY CORPORATION

The mailing address of both the Trustee and Mortgagee, the Secured Party, is 712 Main Street, Houston, Texas 77002, and the mailing address of Debtor is 1700 First City Tower, 1001 Fannin Street, Houston, Texas 77002.

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This instrument was prepared by Stanley B. Haas, Attorney at Law, LIDDELL, SAPP, ZIVLEY, HILL and LaBOON, 3400 Texas Commerce Tower, Houston, Texas 77002-3095, contains after-acquired property provisions and covers future advances and proceeds.

Attention of Recording Officers: This instrument is a mortgage of both real and personal property and is, among other things, a security agreement and financing statement under the Uniform Commercial Code. This instrument creates a lien on rights in or relating to lands of Grantor which are described in Exhibit A hereto and, where applicable, is to be tract indexed with respect to all lands described in said Exhibit A.

Recorded counterparts should be returned to:

Stanley B. Haas  
3400 Texas Commerce Tower  
Houston, Texas 77002-3095

A POWER OF SALE HAS BEEN GRANTED IN THIS MORTGAGE. A POWER OF SALE MAY ALLOW THE MORTGAGEE TO TAKE THE MORTGAGED PROPERTY AND SELL IT WITHOUT GOING TO COURT IN A FORECLOSURE ACTION UPON DEFAULT BY THE GRANTOR UNDER THIS MORTGAGE.

KNOW ALL PERSONS BY THESE PRESENTS:

THAT SEAGULL ENERGY E & P INC., a Texas corporation (hereinafter called "Grantor"), for and in consideration of the sum of TEN DOLLARS (\$10.00) to Grantor in hand paid by James C. Nicholas, whose address is 712 Main Street, Houston, Texas 77002 (hereinafter called the "Trustee"), and Texas Commerce Bank National Association, a national banking association, for itself and as Administrative Agent for the banks identified under and pursuant to the Loan Agreement below defined, of Houston, Texas, and of the agreement of each Noteholder (as hereinafter defined) (which is represented by Grantor to benefit Grantor) to extend credit to Seagull Energy Corporation ("SEC"), as evidenced by that certain Credit Agreement of even date herewith among Administrative Agent, SEC and the banks herein named (as the same may be amended, restated and supplemented from time to time, hereinafter called the "Loan Agreement") and by those certain promissory notes hereinafter identified and of the debts and interest hereinafter mentioned, and in consideration of the loans and extensions of credit as hereinbefore recited, and in order to secure the payment of the indebtedness hereinafter referred to and the performance of the obligations, covenants, agreements and undertakings of Grantor hereinafter described, has granted, bargained, sold, conveyed, mortgaged, pledged, transferred, assigned and set over, and does hereby GRANT, BARGAIN, SELL, CONVEY, MORTGAGE, PLEDGE, TRANSFER, ASSIGN and SET OVER, to the Trustee and Administrative Agent with power of sale, and with mortgage covenants, the following property:

A. The Warranted Interest (as hereinafter defined) of Grantor and all of Grantor's other right, title and interest now owned or hereafter acquired, in and to the lands described in Exhibit A attached hereto and hereby made a part hereof (the "Exhibit"), which term shall include any lands the description of which is incorporated in the Exhibit by reference to another instrument or document, all as such may be limited by the Exhibit, and all lands now or hereafter unitized or pooled with any lands described in the Exhibit for the creation of a unit or pool for a well listed on the Exhibit;

B. The Warranted Interest of Grantor and all of Grantor's other right, title and interest now owned or hereafter acquired, with respect to the oil and gas leases, the oil, gas and mineral leases, the fee, mineral, working, overriding royalty, royalty and other interests described in the Exhibit or any such leases or interests 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 said properties, rights, titles, interests and estates are subject, or otherwise, as such may be limited by the Exhibit;

C. All of Grantor's rights, now owned or hereafter acquired, with respect to all operating, unitization and pooling agreements and orders now or hereafter existing and the properties covered and the units created thereby (including all units formed under orders, regulations, rules or other official acts of any federal, state, or other governmental agency having jurisdiction) which are described on the Exhibit, as such may be limited by the Exhibit;

D. All of Grantor's rights, now owned or hereafter acquired, with respect to all oil, gas, casinghead gas and other liquid or gaseous hydrocarbons ("Hydrocarbons") and other minerals which are in, under, upon, produced or to be produced from the lands described in the Exhibit or which are incorporated in the Exhibit by reference, as such may be limited by the Exhibit;

E. All of Grantor's rights, now or hereafter existing, under all contracts now in effect or hereafter entered into by Grantor, or any of Grantor's predecessors in interest, or by any other person to the extent that Grantor has any right or interest thereto or thereunder, for the sale, purchase, transportation, exchange or processing of Hydro-

carbons and other minerals produced from the lands described in the Exhibit or the leases, interests or properties described in the Exhibit, as such may be limited by the Exhibit;

F. All of Grantor's rights, now or hereafter existing or acquired, with respect to all subleases, farmout agreements, assignments of interest, assignments of operating rights, contracts, operating agreements, rights of way, franchises, privileges, permits, licenses, easements, tenements, hereditaments, appurtenances and benefits now existing or in the future obtained and incident and appurtenant to any of the foregoing;

G. All of Grantor's rights, now owned or hereafter acquired, in and to all lease records, well records and production records which relate to any of the foregoing property;

H. All of Grantor's rights, now owned or hereafter acquired, in and to all of the personal property, machinery (surface and subsurface), equipment, facilities and other property of whatsoever kind or nature (excluding drilling rigs, drill pipe, tanks, mud pumps, trucks, automotive equipment or other property taken to the premises to drill a well or for other similar temporary uses) now or hereafter located on or under any of the above described lands which are used or useful or held for use in connection with the exploration or development of the above described lands or the above described leases, interests and properties or the production, treatment, processing, storage or transportation of oil, gas or other Hydrocarbons or other minerals, including, but not by way of limitation, all oil wells, gas wells, water wells, injection wells, casing, tubing, rods, pumping units and engines, Christmas trees, derricks, separators, gun barrels, flow lines, tanks, gas systems (for treating, disposal or injection), pipe, pipelines, boilers, compressors, connections, power plants, poles, lines, transformers starters, controllers, machine shops, tools, storage yards and equipment stored therein, buildings and camps, telegraph, telephone and other communication systems, roads, loading racks and shipping facilities, together with all improvements, betterments and additions thereto and replacements thereof and all other personal property and equipment of every kind and character upon, incident, appurtenant or used in connection with Grantor's interest in the above described land, including, without limitation, goods that are to become fixtures related to such property;

I. All other rights, titles and interests of Grantor (whether now owned or hereafter acquired by operation of law or otherwise) in, to and under or derived from the lands, leases and properties described in the Exhibit, including, without limitation, (i) any and all rights of Grantor to liens and security interests securing to Grantor payment of proceeds from the sale of production from the Mortgaged Properties, including, but not limited to, those liens and security interests provided for in TEX. BUS. & COM. CODE ANN. §9.319 and (ii), to the extent assignable by law or applicable third party agreement, all Grantor's rights under and by virtue of all covenants and warranties pertaining to the Mortgaged Properties, express or implied, that have heretofore been made by all of Grantor's predecessors in title, as such may be limited by the Exhibit, even though Grantor's interest therein may be incorrectly or insufficiently described or referred to in said Exhibit, including, without limitation, all general intangibles, and all accounts and accounts receivable resulting from the sale of Hydrocarbons therefrom, whether such sale occurs at the wellhead or minehead or otherwise;

together with any and all corrections and amendments to, and renewals, extensions and ratifications of, any of the foregoing or of any instrument relating thereto and all other things of value incident thereto which Grantor might at any time have been, may be or may hereafter become entitled to; and all proceeds and products of any of the foregoing, each as the same may now or hereafter exist. The above minerals and the like (including oil and gas) or accounts will be financed at the wellhead of the well located on the lands described in the Exhibit. For

purposes of this Mortgage, the term "Warranted Interest" shall mean, subject to and except for the Permitted Encumbrances (as hereinafter defined), such interest that will (i) entitle Grantor to receive not less than the "Net Revenue Interest" set forth on the Exhibit of all oil, gas and associated liquid and gaseous hydrocarbons produced, saved and marketed from the wells described on the Exhibit, except as otherwise provided in the Exhibit and (ii) obligate Grantor to bear the percentage of the costs and expenses related to the maintenance, development and operation of the wells described on the Exhibit in an amount not greater than the "Working Interest" set forth on the Exhibit, without increase throughout the productive life of such properties, except increases that also result in a proportionate increase in Grantor's Net Revenue Interest, increases that result from co-owner elections not to participate in an operation and increases that result from contribution requirements with respect to defaulting co-owners and except as set forth in the Exhibit. The term "well", as used in the definition of Warranted Interest, in each case shall mean a well limited as to the formations in which such well is or at the time of the Reserve Report (below defined), was producing or capable of producing oil or gas and associated liquid and gaseous hydrocarbons (and/or carbon dioxide and helium), or if temporarily shut in, as to the formations in which the same is presently capable of producing, together with the presently existing spacing or proration unit applicable to such well for production purposes. "Reserve Report" shall mean that certain Reserve Report dated as of January 1, 1992, prepared by Ryder Scott Company of Houston, Texas, covering the Mortgaged Properties and certain other properties owned by Grantor. The Warranted Interest shall not limit the grant of the Mortgaged Property contained in this Mortgage in any manner whatsoever. For purposes of this Mortgage, the term "Permitted Encumbrances" shall mean any of the following:

- (i) the overriding royalties, lessor royalties, reversionary interests, net profits interests and other burdens payable out of production, unit and pooling declarations, leases, operating agreements, communitization agreements, contracts, encumbrances, easements, restrictions, exceptions and reservations (a) described or referred to in the Exhibit or (b) which do not have a Material Adverse Effect and which do not cause Grantor not to receive the Warranted Interest; and
- (ii) Liens described in Sections 8.10 or 10.2 of the Loan Agreement.

All of the aforescribed properties, interests and rights, subject as aforesaid, are hereinafter sometimes referred to as the "Mortgaged Properties". Terms used herein which are defined in the Loan Agreement shall have the meanings therein ascribed to them.

SUBJECT, HOWEVER, to the condition that neither the Trustee nor any Noteholder (as herein defined) shall ever be liable in any respect for the performance of any covenant, obligation or liability of Grantor in respect of the Mortgaged Properties, or to make any payment.

PROVIDED, HOWEVER, that the Mortgaged Properties shall never include any properties, rights, titles, interests or estates which may be acquired by Grantor more than twenty years after the date of this Mortgage (the "Proviso").

TO HAVE AND TO HOLD the Mortgaged Properties, together with all and singular the rights, estates, hereditaments, powers and privileges in any way appurtenant or incident thereto, unto the Trustee and his successors or substitutes in this trust and to his or their successors and assigns, forever.

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

And Grantor has covenanted, declared and agreed, and does hereby COVENANT, DECLARE and AGREE, with the Trustee and each Noteholder (hereinafter defined) as follows:

## ARTICLE I

### Secured Indebtedness

1.1 This instrument (this "Mortgage") is made irrevocably in trust, with power of sale and with mortgage covenants, to secure and enforce the payment of the following obligations, indebtedness and liabilities:

(a) All amounts owing or to become owing (x) under (i) that certain Guaranty (as the same may be amended from time to time herein called the "Guaranty") dated of even date herewith made by Grantor and certain other entities and defined in the Loan Agreement as a Bank Guaranty and guaranteeing (each as therein limited) payment of the Notes made by SEC and issued pursuant to the Loan Agreement in the original principal amounts (in the aggregate as to all Notes made by SEC in favor of the Noteholders) of \$150,000,000 (Term Loan Notes) and \$475,000,000 (Revolving Credit Loan Notes), payable as set forth in the Loan Agreement and finally maturing on or before December 31, 1995, with respect to the Term Loan Notes, and December 31, 1999, with respect to the Revolving Credit Loan Notes, and containing a provision for the payment of a reasonable additional amount as collection and attorneys' fees, and all other notes given in substitution therefor or in renewal, extension or modification thereof, in whole or in part, all such Notes being hereinafter collectively called the "Note", and the Administrative Agent and each and every subsequent holder from time to time of the Note or any part thereof or any interest therein being hereinafter called the "Noteholder", and (y) the Debt (as defined in the Guaranty), as such may be limited to the Guaranteed Debt (as defined in the Guaranty). In this regard the Loan Agreement expressly obligates Noteholder to make advances from time to time to SEC, upon the terms and conditions therein set forth, SEC having the right under the circumstances therein delineated to borrow, repay and reborrow certain sums. The Guaranty of such sums is intended to be secured by the liens and security interests hereby created. Reference is hereby made to said Guaranty, the Note and the Loan Agreement for all of their respective terms and provisions;

(b) All other indebtedness incurred or arising pursuant to or permitted by the provisions of this Mortgage and the Guaranty; and

(c) Any and all renewals, extensions, modifications and rearrangements of any of the foregoing.

1.2 The indebtedness referred to in clauses (a), (b) and (c) of Section 1.1 and all renewals, extensions, modifications and rearrangements thereof are hereinafter sometimes referred to as the "secured indebtedness".

## ARTICLE II

### Representations, Warranties and Covenants

2.1 Grantor represents, warrants and covenants to and with the Trustee and the Noteholder that no bankruptcy or insolvency proceedings are pending or contemplated by or against Grantor; except for Permitted Encumbrances and except as otherwise permitted or provided in Sections 8.10 and 10.2 of the Loan Agreement, that Grantor has good and defensible title to the Warranted Interest in and to the Mortgaged Properties and has good right and authority to grant, bargain, sell, transfer, convey, assign, mortgage and grant a security interest in the same; that all material oil, gas and/or mineral leases and leasehold estates, gas purchase and sales contracts, pipeline easements and rights-of-way, processing contracts, franchises, licenses and other material agreements comprising or relating to the Mortgaged Properties or any

portion thereof are valid and subsisting and are in full force and effect; that the aggregate of all such leases, estates, contracts, easements, rights-of-way, processing contracts, franchises, licenses and other agreements which are not valid and subsisting and in full force and effect would not have or could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect; that such leases are subject to no overriding royalties or other burdens on or deductions from the proceeds of production, except to the extent that such overriding royalties or other burdens on or deductions from the proceeds of production are a Permitted Encumbrance and do not adversely change the Warranted Interest, and that, to Grantor's knowledge, all rents, royalties and other payments due and payable under each of the Mortgaged Properties have been properly and timely paid (and all oil and gas production and severance taxes payable by Grantor have been duly paid) except for royalties claimed with respect to take-or-pay payments or settlements, payments held in suspense for title or other reasons that are customary in the industry, and such failures to pay would not have or could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect; that the Mortgaged Properties are free and clear from all liens and encumbrances except the lien evidenced by this Mortgage, except for the Permitted Encumbrances and except as shown in such Exhibit and except as permitted by the Loan Agreement; and, subject to the Permitted Encumbrances, Grantor does hereby bind itself, its successors, assigns, receivers and trustees to warrant and forever defend the title to the Warranted Interest in and to the Mortgaged Properties unto the said Trustee, his successors and assigns, against the claims of all persons whomsoever claiming or to claim the same or any part thereof. Subject to the Proviso, any additional right, title or interest which Grantor may hereafter acquire or become entitled to in the properties aforesaid or in the oil, gas or other minerals in and under or produced therefrom shall inure to the benefit of this trust, the same as if expressly described and conveyed herein. Grantor also warrants that (1) Grantor is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and is duly licensed or qualified and in good standing as a foreign corporation authorized to do business in each jurisdiction in which any part of the Mortgaged Properties is located to the extent the failure to so qualify could reasonably be expected to have a Material Adverse Effect, provided, it shall be deemed a Material Adverse Effect if the failure to so qualify cannot be cured on a retroactive basis in the applicable jurisdiction, (2) the execution and delivery of this Mortgage are within Grantor's corporate powers and have been duly authorized by Grantor by all necessary corporate action (no shareholder action of Grantor being required for Grantor to execute and deliver this Mortgage), and (3) this Mortgage is the legal, valid and binding obligation of Grantor enforceable against Grantor in accordance with its terms, except as enforceability thereof may be limited by bankruptcy, insolvency, reorganization or moratorium or other similar laws relating to creditors' rights and by general principles which may limit the right to obtain equitable remedies. Grantor has determined that the liability and obligation hereunder may reasonably be expected to substantially benefit Grantor directly or indirectly, and Grantor's Board of Directors has made that determination. SEC and Grantor are mutually dependent on each other in the conduct of their respective businesses and are, and do business together with the other Subsidiaries of SEC as, an integrated business enterprise involved in the development, exploration, production, marketing and transportation of oil, gas and other minerals. The maintenance and improvement of SEC's financial condition is vital to sustaining the business of Grantor and the transactions contemplated in the Loan Agreement produce distinct and identifiable financial and economic direct or indirect benefits to Grantor. Such identifiable benefits include the availability of the proceeds of the Revolving Credit Loans to Grantor on an as needed basis by way of intercompany loans and/or capital contributions for general corporate or other purposes. There exist no orders of, or proceedings pending before, or other governmental requirements of, the Federal Energy Regulatory Commission, the Texas Railroad Commission or any other similar state or federal regulatory body or governmental authority which could result in Grantor being required to refund any material portion of the proceeds received or to be received from the sale of Hydrocarbons attributable to the Mortgaged Properties.



2.2 Grantor covenants and agrees with the Trustee and the Noteholder as follows:

(a) Grantor will make prompt payment of its obligations under the Guaranty and of all other secured indebtedness as and when the same shall become due, subject to the provisions for payment set forth in the Loan Agreement.

(b) Grantor will continuously maintain (i) Grantor's corporate existence and full corporate power to own and operate the Mortgaged Properties and (ii) Grantor's right to do business in each State where any part of the Mortgaged Properties is situated to the extent the failure to do so could reasonably be expected to have a Material Adverse Effect, provided it shall be deemed a Material Adverse Effect if the failure to maintain its right to do business cannot be cured on a retroactive basis in the applicable jurisdiction. Grantor will promptly pay all income, franchise and other taxes owing by Grantor (except such taxes, if any, as are being contested in good faith and by appropriate proceedings diligently conducted and with respect to which there have been set aside adequate reserves under GAAP) and any stamp, documentary, transaction, mortgage, conveyance, transfer and recording taxes which may be required to be paid with respect to this Mortgage or any other instrument evidencing or securing any of the secured indebtedness at the time of execution, filing or at any time thereafter.

(c) Grantor will cause all of the Mortgaged Properties to be continuously maintained, developed and operated for the production of Hydrocarbons and other minerals as would a reasonably prudent operator and in accordance with sound field practices, applicable operating agreements, all applicable material federal, state and local laws, rules and regulations (including, but not limited to, all applicable proration and conservation laws and all laws relating to the protection of the environment) where a failure to do so would have a Material Adverse Effect and all laws, rules and regulations pertaining to any Indian reservations in which the Mortgaged Properties are located and the governing Tribes except where the failure to do so would not have or could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect and will not allow any of the Mortgaged Properties to be surrendered, abandoned, terminated or impaired in any manner except for abandonment of Mortgaged Properties not capable of producing oil, gas or other minerals covered thereby in commercial quantities and except for such surrenders, abandonments, terminations or impairments incurred in the ordinary course of business and that would not have or could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect; provided, however, that nothing contained in this section shall require Grantor to comply with any law, rule or regulation so long as the validity or applicability thereof shall be contested in good faith and by appropriate proceedings diligently conducted. Except in the case of surrender, abandonment or termination as permitted by the preceding sentence, Grantor will timely pay or cause to be paid all rentals, royalties, shut-in and other payments with respect to the Mortgaged Properties except for expenses being contested in the ordinary course of business by appropriate action as allowed under the Loan Agreement, royalties held in suspense in the ordinary course of business, and royalties being claimed with respect to take-or-pay payments or settlements.

(d) Grantor will cause the Mortgaged Properties and all related machinery, pipelines, equipment, improvements and personal property of any kind now or hereafter used or obtained in connection with the operation thereof to be kept in good and effective operating condition as would a reasonably prudent operator and all necessary repairs, replacements, additions and improvements thereto to be made except where the failure to do so would not have or could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. Grantor will do or cause to be done all things necessary in accordance with the practices of a reasonably prudent operator to maintain, and to protect from diminution, the productive capacity of the Mortgaged Properties

except where the failure to do so would not have or could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(c) Grantor will observe and comply with all of the terms and provisions, express or implied, of all oil, gas and mineral leases included in or relating to the Mortgaged Properties (herein called the "Subject Leases") and other agreements constituting a part of or affecting the Mortgaged Properties except where the failure to do so would not have or could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. Grantor will also protect all oil and gas properties included in the Mortgaged Properties against drainage of Hydrocarbons thereunder by reason of production on other properties except where the failure to do so would not have or could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(f) Grantor will observe and comply with all of the terms and provisions of all material easements, licenses, franchises, permits and contracts (both existing and future) which are part of the Mortgaged Properties or which are incident to the operation of any of the Mortgaged Properties and without limiting the foregoing, Grantor will fully comply with all covenants and make timely payments of all amounts payable under gas purchase and gas processing contracts held by Grantor and will also fully perform all obligations and covenants of the seller under all gas sales contracts and all condensate, distillate and other product sales contracts and processing contracts held by Grantor, in each case except where the failure to do so would not have or could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(g) Grantor will cause all trade accounts payable of any character incurred in the operation, maintenance and development of the Mortgaged Properties (including, but not limited to, all debts and liabilities for labor, material and equipment) to be paid when due, except as otherwise permitted by Section 10.1(e) of the Loan Agreement.

(h) Grantor will operate the Mortgaged Properties and conduct its business in full compliance with all requirements of governmental and quasi-governmental authorities having jurisdiction over Grantor or the Mortgaged Properties and will comply with and punctually perform all of the covenants, agreements and obligations imposed upon it or the Mortgaged Properties except where the failure to do so would not have or could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(i) If the validity or priority of this Mortgage or of any rights, titles, liens or interests created or evidenced hereby with respect to the Mortgaged Properties or any part thereof shall be endangered or questioned or shall be attacked directly or indirectly or if any legal proceedings are instituted with respect thereto, upon actual knowledge of a Responsible Officer of Grantor, Grantor will give prompt written notice thereof to the Noteholder. At Grantor's own cost and expense, Grantor will diligently endeavor to cure any defect that may be developed or claimed and will take all necessary and proper steps for the defense of any such proceedings, including, but not limited to, the employment of counsel reasonably agreeable to the Administrative Agent, the prosecution or defense of litigation and the release or discharge of all adverse claims. In the event of failure by Grantor to take timely action as provided in the preceding sentence, Trustee and the Administrative Agent, or either of them (whether or not named as parties to such proceedings), are hereby authorized and empowered to take such additional steps as in their judgment and discretion may be necessary or proper for the defense of any such legal proceedings, including, but not limited to, the employment of independent counsel, and the prosecution or defense of litigation, and the compromise or discharge of any adverse claims made with respect to any material portion of the Mortgaged Properties, and all expense so incurred of every kind and character shall be payable by Grantor to

the Trustee or the Administrative Agent on demand, shall bear interest at the same rate provided in the Note for interest on past due principal on Alternate Base Rate Loans (the "Past Due Rate") from the date of demand to Grantor therefor until paid and shall be a part of the secured indebtedness. The party incurring such expenses shall be subrogated to all rights of the person receiving such payment.

(j) Except for the Permitted Encumbrances and as permitted by the Loan Agreement, Grantor will not, without the prior written consent of the Administrative Agent, create, suffer or permit to exist any lien, security interest, assignment, charge or encumbrance on, of or against any of the Mortgaged Properties, and should any such lien, security interest, assignment, charge or encumbrance hereafter be in any manner attached to any part of the Mortgaged Properties without the prior written consent of the Administrative Agent, and upon request of the Administrative Agent Grantor will cause the same to be promptly discharged. The term "lien" shall include, but is not limited to, federal and state tax liens, abstracts of judgment and mechanic's and materialman's lien claims.

(k) Grantor will pay all taxes, assessments and governmental charges of every kind and character charged, levied or assessed on or against the Mortgaged Properties, or any part thereof, or against the interest of the Trustee or the Noteholder therein, and all franchise taxes, production, severance, excise, windfall profit and other similar taxes or charges, promptly when due; but Grantor shall have the right to contest any such tax, assessment or charge in good faith, and while any such contest is pending and being prosecuted by Grantor by appropriate proceedings diligently conducted, Grantor shall not be in default hereunder, provided there have been set aside with respect to such taxes, assessments or charges reserves deemed adequate under GAAP. In the event Grantor should fail or refuse to pay or discharge promptly when due any such tax, assessment or charge, the Trustee or the Noteholder shall have the right (but shall not be obligated) to pay all the same and shall be subrogated to all rights, liens and equities of the recipient of such payment, and the amount so paid shall be payable by Grantor to the Trustee or the Noteholder on demand, shall bear interest at the Past Due Rate from the date of demand to Grantor therefor until paid and shall be a part of the secured indebtedness.

(l) Except in the ordinary course of business, Grantor will not surrender or abandon any portion of the Mortgaged Properties, abandon any well located on any of the Mortgaged Properties except for abandonment of Mortgaged Properties not capable of producing oil, gas or other minerals covered thereby in commercial quantities and except for such surrenders or abandonments that would not have or could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, or pool or unitize any portion of the Mortgaged Properties nor any of Grantor's rights, title or interest therein or thereto.

(m) Grantor will, promptly on request of the Trustee or the Administrative Agent, correct any defect, error or omission which may be discovered in the contents of this Mortgage, the Guaranty, or other documents executed in connection herewith or in the execution or acknowledgment of any thereof; execute and deliver any and all additional instruments as may be reasonably requested by the Trustee or the Administrative Agent to correct such defect, error or omission or to identify any additional properties which are or become subject to this Mortgage; execute, acknowledge and deliver such further assurances and instruments as shall be, in the reasonable business judgment of the Trustee or the Administrative Agent, necessary or proper to convey and assign to the Trustee or the Administrative Agent all of the Mortgaged Properties herein conveyed or assigned, or intended so to be; at any time upon request and subject to the conditions set forth in the Loan Agreement governing the filing hereof, properly execute and file in such filing offices as the Trustee or the Administrative Agent may request any financing statement, any continuation or extension

of financing statement, or other documents desired by the Administrative Agent in connection with the Uniform Commercial Code in the particular state, execute and deliver, from time to time upon request by the Trustee or the Administrative Agent, such additional security agreements, financing statements and other assurances as may be desired by the Trustee or the Noteholder with reference to properties (of any classification) described or intended to be described in this instrument or any exhibit hereto either in the general or specific descriptions and including, without limitation, items of after-acquired property; and at its own expense and subject to the conditions set forth in the Loan Agreement governing the filing hereof, to file and re-record, file and re-file and register and re-register this Mortgage and every other instrument in addition or supplemental hereto that shall be required by law in order to perfect and maintain the liens, assignment and security interest intended to be created hereby, in such manner and places and within such times as may be necessary to perfect and maintain such liens, assignment and security interest and preserve and protect the rights and remedies of the Trustee and the Administrative Agent and will furnish satisfactory evidence of every such recording, filing and registration to the Trustee and the Noteholder. In this connection Grantor will upon request of the Trustee or Administrative Agent reexecute such counterparts of this Mortgage as necessary to accomplish any federal filings associated with the Subject Leases covering federal onshore and offshore properties and Indian reservation properties. In addition in order to facilitate the filing of this Mortgage with any federal jurisdictional agency or Indian Tribe, Grantor does hereby appoint the Trustee its true and lawful attorney, for it and in its name, place and stead to reexecute any counterpart of this Mortgage in its original form at such time it is to be filed for record pursuant to the Loan Agreement. If the then governing filing repository requires that this Mortgage be executed as of the then current date prior to being validly accepted for filing.

(n) Upon the occurrence of and during the continuance of an Event of Default, promptly upon request of the Trustee or the Administrative Agent, Grantor will execute and deliver written Notices of Assignment to any person or entity owing or which may in the future (while this Mortgage remains unrelease) owe to Grantor moneys or accounts arising in connection with any of the following matters:

- (1) any oil, gas or mineral produced from the Mortgaged Properties;
- (2) any gas contracts, processing contracts or other contracts described (either in the general or specific descriptions) in this instrument or any exhibit hereto;
- (3) the operation of any part of the Mortgaged Properties; or
- (4) all amounts and accounts which may accrue otherwise in connection with the Mortgaged Properties or the operation or production thereof;

advising such third parties that all such moneys and accounts have been assigned to the Noteholder and requiring and directing that future payments thereof (including amounts then owing and unpaid) be paid to the Noteholder in accordance with the assignments set out in Article III below. In this connection, if letters in lieu have not previously been furnished to the Trustee as to any Mortgaged Property, Grantor shall, at the request of the Trustee or the Administrative Agent, execute letters in lieu of transfer orders in favor of purchasers of production directing the proceeds of production attributable to the relevant Mortgaged Property to be made to a lockbox account provided for such purpose by the Administrative Agent at the expense of Grantor.

(o) Grantor will proceed with diligence to correct any material defect in title to the Mortgaged Properties which is not a Permitted Encumbrance should a

defect be found to exist after the execution and delivery of this instrument; and in this connection, should it be found after the execution and delivery of this instrument that there exists upon the Mortgaged Properties any lien or encumbrance not permitted hereby or should any such hereafter arise, upon request of the Administrative Agent Grantor will promptly discharge and remove any such lien or encumbrance.

(p) Grantor will keep such part of the Mortgaged Properties as is of an insurable nature and of a character usually insured by persons operating similar properties insured as required by the Loan Agreement.

(q) Notwithstanding the provisions of paragraph (p) below, Grantor will permit the Trustee and the Noteholder and their respective attorneys, agents, representatives and employees at their sole risk and expense at all times to go upon, examine, inspect and remain on the Mortgaged Properties and to go on the derrick floor of any well at any time drilled or being drilled thereon. Grantor will furnish to the Noteholder on reasonable request pertinent information in regard to the development and operation of the Mortgaged Properties or any part thereof.

(r) To the extent not prohibited by applicable law, Grantor will pay all costs and expenses and reimburse the Administrative Agent for any and all expenditures of every character incurred from time to time, regardless of whether or not an Event of Default shall have occurred in connection with the Mortgaged Properties or any operations conducted in connection with the Mortgaged Properties, all as described in Section 9.7 of the Loan Agreement. Any amount to be paid hereunder by Grantor to the Administrative Agent shall be a demand obligation owed by Grantor to the Administrative Agent and shall bear interest from the date of demand to Grantor therefor until paid at the Past Due Rate. Notwithstanding the foregoing or any other provision of this Mortgage, no right or option granted by Grantor to the Administrative Agent or otherwise arising pursuant to any provision of this Mortgage shall be deemed to impose or admit a duty on the Administrative Agent or any Noteholder to supervise, monitor or control any aspect of the character or operation of the Mortgaged Properties or any operations conducted in connection with the Mortgaged Properties for the benefit of Grantor or any other person or entity other than the Administrative Agent and each Noteholder.

(s) Grantor will, if requested by the Trustee or the Administrative Agent, furnish to the Trustee or the Administrative Agent information and data possessed by Grantor with respect to the Mortgaged Properties, including, but not limited to, information with regard to the wells drilled or reworked or drilling or reworking operations being conducted thereon, electrical logs, core analyses and well pressure reports.

(t) Grantor will make available to the Administrative Agent, and its engineers, attorneys and representatives, at any time reasonably requested, its material files on and all contracts pertaining to the Mortgaged Properties and the wells, pipelines and other property located thereon, or regarding the operations of (or the production from) the Mortgaged Properties, and in the event the Administrative Agent or the Trustee should take possession of the Mortgaged Properties under this Mortgage, the Noteholder or the Trustee, as the case may be, shall be entitled to possession of all such files and contracts. Should this Mortgage be foreclosed (howsoever such foreclosure may be effected), the purchaser at the foreclosure sale shall be entitled to all such files and contracts.

(u) Grantor will furnish the Administrative Agent as and when requested full information as to the status of any operating agreements affecting any material portion of the Mortgaged Properties and/or operations thereunder, including, but not limited to,

Grantor's status as a consenting or non-consenting party and the status of any joint account maintained with others under any such operating agreement.

Information received by the Trustee or the Administrative Agent under paragraphs (q), (s), (t) and (u) of this Section 2.2 shall be considered specifically designated as confidential by SEC under Section 14.13 of the Loan Agreement; provided, the Administrative Agent may distribute such information to each Noteholder without further action.

2.3 Grantor will take all reasonable action and exercise all reasonable right and remedies available to Grantor to cause the owner or owners of the working interest in the Mortgaged Properties to comply with the covenants and agreements contained herein. With respect to those Subject Leases which are being operated by operators other than Grantor, Grantor shall not be obligated itself to perform any undertakings contemplated by the covenants and agreements contained herein which are performable only by such operators and are beyond the control of Grantor; however, Grantor will promptly take all reasonable actions available to Grantor, under any operating agreement or otherwise, to bring about the performance of any such undertakings by such operators.

2.4 Grantor agrees that, if Grantor fails punctually to perform any act or to take any action which hereunder Grantor is required to perform or take or to pay timely any money which hereunder Grantor is required to pay, the Administrative Agent or the Trustee, in Grantor's name or its or his own name, may (but shall not be obligated to) perform or cause to be performed such act or take such action or pay such money, and any expenses so incurred by the Administrative Agent and any money so paid by the Administrative Agent (and all sums which may be paid by the Administrative Agent or the Trustee pursuant to Section 3.5 hereof and all related court costs, attorneys' fees and other expenses of every kind and character) shall be payable by Grantor to the Administrative Agent or the Trustee on demand, shall bear interest from the date of demand to Grantor therefor until paid at the Past Due Rate and shall be a part of the secured indebtedness. The Administrative Agent or the Trustee, upon making such payment, shall be subrogated to all of the rights of the person, corporation or body politic receiving such payment. The exercise of the privileges granted in this paragraph shall in no wise be considered or constitute a waiver of the right of the Noteholder or the Administrative Agent upon the occurrence of an Event of Default hereunder or at any time thereafter to declare the secured indebtedness to be at once due and payable to the extent provided in the Loan Agreement, but is cumulative of such right and all other rights herein given.

### ARTICLE III

#### Assignment of Production, Accounts, Contract Rights, General Intangibles and Proceeds

3.1 Independent but cumulative of any and all other rights and remedies herein provided for, Grantor hereby BARGAINS, SELLS, TRANSFERS, ASSIGNS, SETS OVER and DELIVERS to the Administrative Agent for the benefit of each other Noteholder, and grants to the Administrative Agent for the benefit of each other Noteholder a security interest in, all of Grantor's right, title and interest in and to the following:

(a) All Hydrocarbons and other minerals, and the proceeds therefrom, produced and to be produced from the Mortgaged Properties from and after the Effective Date (as hereafter defined);

(b) All accounts and general intangibles and all proceeds payable to or to become payable to Grantor or to which Grantor is or becomes entitled under all gas sales contracts, all oil, distillate or condensate sales contracts, all gas transportation contracts

and all gas processing contracts, present or future, relating to or now or hereafter to become a part of the Mortgaged Properties; and

(c) All amounts, sums, revenues and income payable to or to become payable to Grantor from any of the Mortgaged Properties (including after-acquired properties) or under any contract, present or future, relating to any gas pipeline system or processing plant or unit now or hereafter constituting a part of the Mortgaged Properties.

The office where the records of Grantor with respect to the Mortgaged Properties are kept is located at the address shown opposite the signature of Grantor to this Mortgage, and Grantor agrees that the place at which such records are kept will not be changed without 30 days' prior written notice to the Administrative Agent.

3.2 Grantor hereby authorizes and empowers the Administrative Agent following the occurrence of and during the continuance of an Event of Default to demand, collect, receive, receipt for and hold all of the property described in Section 3.1 hereof and to execute and deliver, in the name of Grantor or in its own name, any release, receipt, division order, payment order, transfer order, relinquishment or other instrument that may be required or advisable in the opinion of the Administrative Agent to collect and receive such production or the proceeds therefrom. Grantor agrees that all such releases, receipts, division orders, payment orders, transfer orders, relinquishments and other instruments which the Administrative Agent may from time to time execute and deliver for the purpose of collecting or receipting for such production or the proceeds therefrom may be relied upon in all respects and shall be binding upon Grantor and Grantor's successors, assigns, receivers and trustees. No party making payment shall have any responsibility to see to the application of any funds paid to the Administrative Agent, but any such party after receipt of such notice shall be fully protected in making such payment to the Administrative Agent under the assignments herein contained. Should the Administrative Agent bring suit against any third party for collection of any amounts or sums included within this assignment (and the Administrative Agent shall have the right to bring any such suit upon failure of Grantor to do so immediately upon request of the Administrative Agent), it may sue either in its own name or in the name of Grantor.

3.3 Grantor hereby authorizes and directs all pipeline companies, gathering companies and others purchasing or receiving oil, gas, casinghead gas and other Hydrocarbons and mineral production from the Mortgaged Properties or having in their possession any such production or the proceeds therefrom to pay and deliver the same to the Administrative Agent as follows:

Texas Commerce Bank National Association  
712 Main Street  
Houston, Texas 77002

Attention: Energy Division

and such authorization shall continue until this Mortgage is released.

3.4 So long as no Event of Default has occurred and is continuing, Grantor may collect and retain the currently accruing amounts, sums, revenues, profit and income from the Mortgaged Properties. Grantor's rights under this Mortgage to collect proceeds of production shall be deemed to arise from a limited license (the "License") which is herein granted to Grantor. As between the Administrative Agent and Grantor and any person claiming through or under Grantor, the assignment contained in this Mortgage is intended to be absolute, unconditional and presently effective. It shall never be necessary for the Notenholder to institute legal proceedings of any kind whatsoever to enforce the provisions of this Article III. The License granted by this Mortgage to Grantor shall be automatically revoked upon the occurrence of and during the continuance of an Event of Default. Should an Event of Default occur and be continuing the Administrative Agent may receive and collect all amounts, sums, revenues,

profits and income theretofore accrued and all thereafter accruing therefrom so long as any of the secured indebtedness remains unpaid. Upon the occurrence of an Event of Default during the continuance of an Event of Default the Administrative Agent, its agent or the Trustee may use against Grantor or any other person such lawful and peaceable means as the person acting may see fit to enforce the collection of any such amounts, sums, revenues, profits and income, and may settle or compromise on any terms as the Administrative Agent, its agent or the Trustee sees fit the liability of any person or persons for any such rents, revenues, profits, or income. Neither the Noteholder, its agent nor the Trustee shall be required to collect any such amounts or be liable or chargeable for failure to do so. Upon any sale of the Mortgaged Properties or any part thereof in foreclosure of the lien or security interest created by this Mortgage, such rents, revenues, profits and income from the Mortgaged Properties so sold which thereafter accrue shall be deemed included in such sale and shall pass to the purchaser free and clear of the assignment made in this Article III.

3.5 Independent of the foregoing provisions and authorities herein granted, Grantor agrees upon the occurrence of and during the continuance of an Event of Default to execute and deliver any and all instruments, including, but not limited to, transfer, payment and division orders, which may be requested by the Administrative Agent or which may be required by any purchaser of production from any of the Mortgaged Properties and to furnish to the Administrative Agent all such information (including but not limited to information as to the ownership of other parties) in connection with the receipt by the Noteholder of such production or the proceeds therefrom. Grantor agrees to indemnify and keep and hold the Trustee and the Administrative Agent free and harmless from all parties whomsoever having or claiming an adverse interest in said leases, properties and interests and the production and proceeds therefrom, and in this respect agrees to pay all expenses, costs, charges and attorneys' fees that may be incurred by the Trustee and the Noteholder as to any of said matters. The obligations of this Section shall survive the release of this Mortgage.

3.6 It is understood and agreed that should said payments provided for by this assignment be less than the sum or sums then due on the secured indebtedness, such sum or sums then due shall nevertheless be paid by Grantor in accordance with the Guaranty and neither this assignment nor any provision herein contained shall in any manner be construed to affect the terms and provisions of said instrument or instruments or to detract from the absolute obligations to make prompt payment of the secured indebtedness in accordance with its terms. Likewise, neither this assignment nor any provision herein contained shall in any manner be construed to affect the lien rights and remedies herein granted securing the secured indebtedness, nor Grantor's liability therefor. The rights under this assignment are cumulative of the other rights, remedies and powers granted under this Mortgage.

3.7 If under any existing sales arrangement or gas transportation contract any proceeds of production are required to be paid by the purchaser to Grantor so that under such existing agreement payment cannot be made of such proceeds to the Noteholder, Grantor's interest in all such proceeds under such agreement and in all other proceeds which for any reason may be paid to Grantor shall after the occurrence of and during the continuance of an Event of Default, when received by Grantor, constitute trust funds in Grantor's hands and shall be immediately paid over to the Administrative Agent.

3.8 The Administrative Agent and each other Noteholder are hereby absolved from all liability for failure to enforce collection of the proceeds of production and from all other responsibility in connection therewith, except the responsibility to account to Grantor for funds actually received.

3.9 The Administrative Agent may, in its sole discretion and without detracting from, impairing or diminishing the assignment herein contained, permit funds received by it to be returned to Grantor (rather than applied to the secured indebtedness) for use in Grantor's operations.



## ARTICLE IV

### Waiver and Partial Release

4.1 The Administrative Agent may at any time and from time to time in writing: (a) waive compliance by Grantor with any covenant herein made by Grantor to the extent and in the manner specified in such writing; (b) consent to Grantor's doing any act which hereunder Grantor is prohibited from doing, or to Grantor's failing to do any act which hereunder Grantor is required to do, to the extent and in the manner specified in writing; or (c) release all or any part of the Mortgaged Properties, or any interest therein, or any proceeds of production or other income herein or hereafter assigned or pledged, from the lien of this Mortgage, without the joinder of the Trustee. No such act by the Administrative Agent shall in any way impair the rights of the Administrative Agent hereunder except to the extent specifically agreed by the Administrative Agent in such writing.

4.2 The Administrative Agent shall at all times have the right to do any of the following:

(a) Grant any forbearance, renewal, extension or modification (whether one or more) with respect to any secured indebtedness;

(b) Surrender, compromise, release, renew, extend, exchange or substitute any item of the Mortgaged Properties or any part thereof or any interest therein, or any of the proceeds of production or other income herein or hereafter assigned to the Noteholder, or any other security which the Noteholder may now or hereafter have securing the secured indebtedness; or

(c) Grant any release or indulgence to Grantor or to any endorser, guarantor or surety of any secured indebtedness,

without releasing any other part of said property, proceeds or income, and without affecting the lien hereof as to the part or parts thereof not so released, or the right to receive future proceeds and income.

## ARTICLE V

### Possession Until Default; Defeasance

5.1 Unless an Event of Default (as defined in Section 6.1 hereof) shall have occurred, Grantor shall retain full right to the Mortgaged Properties (except the proceeds of production and other sums assigned under Article III hereof and in that case shall retain its License to use such proceeds and sums to the extent therein provided), subject, however, to all of the terms and provisions of this Mortgage.

5.2 Upon the occurrence of the conditions to the release of this Mortgage set forth in the Loan Agreement and such release (which shall be at Grantor's expense), or upon the payment in full of all secured indebtedness all rights under this Mortgage shall terminate, and the Mortgaged Properties shall become wholly clear of the liens, conveyances, assignments and security interests contained herein.

## ARTICLE VI

Events of Default; Remedies

6.1 The term "Event of Default" as used in this Mortgage shall mean the occurrence of an Event of Default under the Loan Agreement.

6.2 Upon the occurrence and during the continuance of an Event of Default, and at any time thereafter:

(a) The secured indebtedness shall become due and payable as provided in Section 11.1 of the Loan Agreement and the liens evidenced hereby shall be subject to foreclosure in any manner provided for herein or provided for by law as the Administrative Agent may elect and the Administrative Agent may exercise any and all of its rights under this Mortgage, the Guaranty and any writing executed in connection with this Mortgage or the Guaranty.

(b) The Trustee and the Administrative Agent shall have the right and power to proceed by suit or suits in equity or at law, whether for the specific performance of any covenant or agreement of Grantor herein contained or in aid of the execution of any power herein granted, or for foreclosure or the sale of the Mortgaged Properties or any part thereof under the judgment or decree of any court of competent jurisdiction, or for the appointment of a receiver pending any foreclosure hereunder or the sale of the Mortgaged Properties, or for the enforcement of any other appropriate legal or equitable remedy.

(c) The Trustee, upon the written request of the Administrative Agent, shall be authorized and empowered and it shall be his special duty to sell the Mortgaged Properties or any part thereof. Such sale may be at one or more sales, as an entirety or in parcels, as the Trustee may elect, at such place or places and otherwise in such manner and upon such notice as may be required by law, or, in the absence of any such requirement, as the Trustee may deem appropriate. In the event the Administrative Agent shall request the Trustee to sell the Mortgaged Properties or to proceed by suit as herein provided, the Administrative Agent shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred upon him; provided, however, that the Trustee shall have the power to decline to follow any such direction if the Trustee shall be advised by counsel that the action or proceeding so directed may not lawfully be taken. If and to the extent permitted by applicable law:

(1) Any foreclosure sale hereunder may be adjourned by announcement at the time and place appointed for such sale without further notice except as may be required by law.

(2) Any and all statements of fact or other recitals made by the Administrative Agent or by the Trustee as to nonpayment of the secured indebtedness or as to the occurrence of any Event of Default, or as to all of the secured indebtedness having become due and payable, or as to the refusal, failure or inability to act of the Trustee, or as to any other act, thing, circumstance or condition shall establish a presumption as to the truth and accuracy of the matters so stated and recited. It is expressly agreed that all lawful prerequisites to said acts shall be conclusively presumed to have been performed.

(3) The Trustee may appoint or delegate any one or more persons as agent to perform any act or acts necessary or incident to any foreclosure proceeding instituted by the Trustee, but in the name and on behalf of the Trustee.

(4) It shall not be necessary for the Trustee or any public officer to have physically present or constructively in his possession at any sale any of the Mortgaged Properties.

(5) Any sale or sales of the Mortgaged Properties, whether under the power of sale hereby given or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of Grantor of, in and to the premises and property sold, and shall be a perpetual bar, both at law and in equity, against Grantor, its successors, assigns, receivers and trustees, and against any and all persons claiming or who shall thereafter claim all or any of the property sold from, through or under Grantor. Nevertheless, Grantor, if requested by the Trustee or the Administrative Agent so to do, shall join in the execution and delivery of all proper conveyances, assignments and transfers of the properties so sold.

(6) Upon any sale, whether made under the power of sale hereby given or by virtue of judicial proceedings, the receipt of the Trustee, or of the officer making a sale under judicial proceedings, shall be a sufficient discharge to the purchaser or purchasers at any sale for his or their purchase money, and such purchaser or purchasers shall not, after paying such purchase money and receiving such receipt of the Trustee or of such officer therefor, be obliged to see to the application of such purchase price, or be in anywise answerable for any loss, misapplication or nonapplication thereof.

(7) The purchaser at any such sale shall not assume, nor shall its successors or assigns be deemed to have assumed, by reason of the acquisition of property or rights mortgaged hereunder, any liability or obligation of any lessee or operator of the Mortgaged Properties, or any part thereof, arising by reason of any occurrence taking place prior to such sale.

(8) After each sale, the Trustee shall make to the purchaser or purchasers at such sale good and sufficient conveyances in the name of Grantor, conveying the property so sold to the purchaser or purchasers with the same warranty of title made herein by Grantor, and shall receive the proceeds of said sale or sales and apply the same as herein provided, and Grantor binds itself, its successors and assigns, receivers and trustees, to warrant and forever defend such title.

(9) The power of sale granted herein shall not be exhausted by one or any sale held hereunder, and such power of sale shall exist and may be exercised in any manner provided by law or herein from time to time and as many times as the Administrative Agent may deem necessary until all of the Mortgaged Properties have been duly sold and all secured indebtedness has been fully and finally paid.

(d) The following provisions apply to sale of Mortgaged Properties located in the State of Texas, in addition to and not in lieu of the other provisions of this Mortgage. The sale shall be made in the county in which the Mortgaged Properties are situated. If the Mortgaged Properties are situated in more than one county, then notices as hereinafter provided shall be given in both or all of such counties, the Mortgaged Properties may be sold in any county, and such notices shall designate the county where the Mortgaged Properties will be sold. Notice of such sale shall be given by posting written notice of the sale at the courthouse door, and by filing a copy of the notice in the county clerk's office, in the county in which the sale is to be made, at least 21 days preceding the date of the sale. In addition, the Administrative Agent shall at least 21 days preceding the date of such sale serve written notice of the proposed sale by certified mail on each person obligated to pay the secured indebtedness (or any part thereof) according to the records of the Noteholder. Service of such notice upon each debtor shall be completed upon deposit of the notice, enclosed in a postpaid wrapper, properly addressed to such debtor at his, her or its most recent address as shown by the records

of the Administrative Agent in a post office or official depository under the care and custody of the United States Postal Service. The affidavit of any person having knowledge of the facts to the effect that such service was completed shall be prima facie evidence of the fact of service. After such written notice shall have been posted and filed, as aforesaid, and such notice shall have been served upon such debtor or debtors, as aforesaid, the Trustee acting shall perform his duty to enforce the trusts by selling the Mortgaged Properties, either as an entirety or in parcels as the Trustee acting may elect (all rights to a marshalling of assets or sale in inverse order of alienation being waived, as aforesaid) at public vendue, at such area at the courthouse where sales pursuant to this paragraph are to take place designated by the applicable commissioner's court, or if no such designation has been made, in front of the door of the courthouse of the county as designated in such notice on the first Tuesday of any month between the hours of 10:00 a.m. and 4:00 p.m., to the highest bidder or bidders for cash, and make due conveyance to the purchaser or purchasers, with the same warranty of title herein made, and the title to such purchaser or purchasers, when so made by the Trustee acting, Grantor binds itself, its successors, assigns, receivers and trustees to warrant and forever defend against the claims and demands of every person whomsoever lawfully claiming or to claim the same or any part thereof. The provisions hereof with respect to posting and giving notices of sale are intended to comply with the provisions of the Texas Property Code, and other applicable laws, and in the event the requirement for any notice under the Texas Property Code or such other applicable law shall be eliminated or the prescribed manner of giving such notice modified by future amendment to the Texas Property Code or such other applicable law, or any statute shall be adopted superseding the Texas Property Code or such other applicable law, the requirement for such particular notice shall be deemed stricken from or modified in this Mortgage in conformity with such amendment or superseding statute, effective as of the effective date of same. The manner herein prescribed for serving or giving any notice, other than that to be posted or caused to be posted by the Trustee, shall not be deemed exclusive but such notice or notices may be given in any other manner which may be permitted by applicable law.

(e) The Trustee or the Administrative Agent shall as a matter of right be entitled to the immediate appointment of a receiver or receivers to be designated by the Noteholder for all or any part of the Mortgaged Properties, whether such receivership be incident to a proposed sale of such property or otherwise, and Grantor does hereby consent to the immediate appointment of such receiver or receivers, agrees not to oppose any application therefor by the Trustee or the Administrative Agent, and agrees that such appointment shall in no manner affect the rights of the Noteholder under Article III hereof.

(f) Grantor will, upon request of the Trustee or the Administrative Agent, execute and deliver to such person or persons as may be designated by the Trustee or the Administrative Agent appropriate powers of attorney to act for and on behalf of Grantor in all transactions of Grantor relating to any of the Mortgaged Properties.

6.3 This instrument shall be effective as a mortgage as well as a deed of trust and may be foreclosed as to any of the Mortgaged Properties in any manner permitted by the laws of any state in which any part of the Mortgaged Properties is situated, and any foreclosure suit may be brought by the Trustee or by the Noteholder.

6.4 The proceeds of any sale or sales of the Mortgaged Properties, whether under the power of sale hereby given or by virtue of judicial proceedings, shall be applied:

FIRST, to the payment of all costs and expenses incident to such foreclosure and sale, including, but not limited to, expenses of advertising, sale and conveyance, all court costs, compensation of agents and employees and legal and accounting fees, and the payment of any and all taxes, assessments, charges, liens and security interests superior

to the lien of this Mortgage, and charges of every character in the event foreclosed by suit;

SECOND, to the payment of the secured indebtedness in the manner provided in the Loan Agreement; and

THIRD, the remainder, if any there shall be, shall be paid to Grantor or to Grantor's representatives, successors or assigns, or to whomsoever may be lawfully entitled to receive the same.

Grantor shall be and remain liable for any deficiency.

6.5 Subject to the provisions and restrictions set forth in Section 13.1 of the Loan Agreement, the Noteholder shall have the right to become the purchaser at any sale held by any Trustee or by any court, receiver or public officer.

6.6 All rights, powers and remedies herein expressly provided for are cumulative of any and all other remedies existing at law or in equity, and the Trustee and the Administrative Agent shall, in addition to the remedies herein provided, be entitled to avail themselves of all such other remedies as may now or hereafter exist at law or in equity for the collection of the secured indebtedness and the enforcement of the covenants herein and the foreclosure of the liens evidenced hereby, and the resort to any remedy provided for hereunder or provided for by law shall not prevent the concurrent or subsequent employment of any other appropriate remedy or remedies. Each and every right, power and remedy, whether specifically given herein or otherwise existing, may be exercised from time to time and so often and in such order as may be deemed expedient by the Trustee or the Administrative Agent, as the case may be, and the exercise, or the beginning of the exercise, of any such right, power or remedy shall not be deemed a waiver of the right to exercise, at the same time or thereafter, any other right, power or remedy. No delay or omission by the Trustee or the Administrative Agent in the exercise of any right, power or remedy shall impair any such right, power or remedy or operate as a waiver thereof or of any other right, power or remedy then or thereafter existing.

6.7 The Administrative Agent may resort to any security given by this Mortgage or to any other security now existing or hereafter given to secure the payment of the secured indebtedness, in whole or in part, and in such portions and in such order as may seem best to the Administrative Agent in its sole and uncontrolled discretion, and any action shall not in anywise be considered as a waiver of any of the rights, benefits or liens evidenced by this Mortgage.

6.8 To the full extent that Grantor may do so, Grantor agrees that Grantor will not at any time insist upon, plead, claim or take the benefit or advantage of any law now or hereafter in force providing for any appraisal, valuation, stay, extension or redemption, and Grantor, for Grantor's successors, receivers, trustees and assigns, and for any and all persons ever claiming any interest in the Mortgaged Properties, to the extent permitted by law, hereby WAIVES and RELEASES all rights of redemption, valuation, appraisal, stay of execution, notice of election to mature or declare due the whole of the secured indebtedness, including, without limitation, notice of acceleration, intent to accelerate, presentment, demand or protest, and all rights to a marshaling of the assets of Grantor or to a sale in inverse order of alienation in the event of foreclosure of the liens and security interests hereby created; provided, that appraisal of the Mortgaged Properties located in the State of Oklahoma is hereby expressly waived or not, at the option of the Trustee, such option to be exercised prior to or at the time the judgment is rendered in any foreclosure hereof. If any law referred to in this section and now in force shall hereafter be repealed or cease to be in force, such law shall not thereafter be deemed to preclude the application of this section.

6.9 After the occurrence of an event of default, the Trustee, his successors or substitutes, are authorized and empowered, and it shall be his special duty at the request of the Administrative Agent (which request is hereby presumed), to enforce this trust and to sell the Mortgaged Properties, located in the State of Mississippi, as an entirety or in parcels, as the Trustee acting may designate to satisfy the secured indebtedness then unpaid, after having published notice of the date, time, place and terms of sale and name of original mortgagor in some newspaper published in the county or counties, as the case may be, in which the Mortgaged Properties in the State of Mississippi are situated for three (3) consecutive weeks preceding date of sale; and, by posting one notice of such sale at the Courthouse of each county in which the Mortgaged Properties are situated for said period of time. In the event the Mortgaged Properties are located in more than one county in the State of Mississippi, the Trustee or his substitutes or successors in trust, shall have the power, in case they are directed to foreclose under this instrument, to select the county in which the sale shall be made and their selection shall be binding on the Grantor and the Agent and all persons claiming through or under them, whether by contract or law. The Trustee or his substitutes or any successors in said trust shall have full power to fix the date, time, place and terms of sale and may appoint or delegate any one or more persons as agent to perform any act or acts necessary or incident to any sale held by the Trustee, including the posting of notices and the conduct of sale, but in the name and on behalf of the Trustee, his substitutes or successors. Grantor waives the provisions of Section 89-1-55, Miss. Code Ann. (1972), and laws amendatory thereto, if any, as far as said section restricts the right of the Trustee to offer at sale more than 160 acres at one time, and the Trustee, his substitutes or successors may, in their discretion, offer the Mortgaged Properties as a whole or in such part or parts as they may deem desirable, regardless of the manner in which it may be described. Any sale made by the Trustee hereunder may be adjourned by announcement at the time and place appointed for such sale without further notice except as may be required by law.

## ARTICLE VII

### Security Agreement

Without limiting any of the provisions of this Mortgage, Grantor, as debtor (referred to in this Article as "Debtor", whether one or more), expressly GRANTS unto the Administrative Agent for the benefit of each Noteholder, as secured party (referred to in this Article as "Secured Party", whether one or more), a security interest in all Mortgaged Properties hereinabove described (including both these now and those hereafter existing) and in the oil, gas and other production therefrom and the proceeds of all such production, to the full extent that such Mortgaged Properties may be subject to the Uniform Commercial Code of the state or states where such Mortgaged Properties are situated. The security interest granted hereby also covers and includes all fixtures, contract rights, general intangibles, accounts, inventory and other personal property included within or situated upon said Mortgaged Properties and all products and proceeds of said properties (said Mortgaged Properties, fixtures, contract rights, general intangibles, accounts, inventory and other personal property, products and proceeds being hereinafter collectively referred to as the "Collateral" for the purposes of this paragraph). To the extent that any of the Collateral is not subject to the Uniform Commercial Code of the state or states where it is situated, Debtor hereby assigns to Secured Party all of Debtor's rights, title and interest in the Collateral to secure the secured indebtedness. Release of the lien of this Mortgage shall automatically terminate this assignment.

Without limiting any of the provisions of this Mortgage, Debtor covenants and agrees with Secured Party that:

(a) In addition to and cumulative of any other remedies granted in this Mortgage to Secured Party or the Trustee, Secured Party or the Trustee, at the option of Secured Party, may, upon the occurrence of an Event of Default and at any time thereafter, proceed under said

Uniform Commercial Code as to all or any part of the Collateral and shall have and may exercise with respect to the Collateral all the rights, remedies and powers of a secured party after default under said Uniform Commercial Code, including, without limitation, the right and power to sell, at public or private sale or sales, or otherwise dispose of, lease or utilize the Collateral and any part or parts thereof in any manner authorized or permitted under said Uniform Commercial Code after default by a debtor, and to apply the proceeds thereof toward payment of any costs and expenses and attorneys' fees and legal expenses thereby incurred by Secured Party, and toward payment of the secured indebtedness in such order or manner as Secured Party may in its discretion elect. Debtor shall remain liable for any deficiency.

(b) Upon the occurrence of an Event of Default and at any time thereafter, Secured Party shall have the right (without limitation) to take possession of or assemble the Collateral and to enter peaceably upon any premises where same may be situated for such purpose without being deemed guilty of trespass and to operate the Collateral (or any portion thereof) or remove it therefrom, and to take any action deemed necessary or appropriate or desirable by Secured Party, at its option and in its discretion, to repair, refurbish or otherwise prepare the Collateral for sale, lease or other use or disposition as herein authorized. If necessary to obtain possession of the Collateral, Secured Party may invoke any and all legal remedies to dispossess Debtor, including specifically one or more actions for forcible entry and detainer. In connection with any action taken by Secured Party, Secured Party shall not be liable for any loss sustained by Debtor resulting from any failure to let the Collateral, or any part thereof, or from other acts or omissions of Secured Party in managing the Collateral unless such loss is caused by the gross negligence, willful misconduct or bad faith of Secured Party, nor shall Secured Party be obligated to perform or discharge any obligation, duty, or liability under any lease agreement covering the Collateral or any part thereof or under or by reason of this Mortgage or the exercise of rights or remedies hereunder. Secured Party may elect to treat the fixtures constituting a part of the Mortgaged Properties as either real property collateral or personal property collateral and proceed to exercise such rights as apply to such type of collateral.

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

(d) Until such time as Secured Party shall notify Debtor of the revocation of such power and authority, Debtor, at its own expense, will endeavor to enforce and procure the payment and performance as and when due of all amounts and obligations due under or with respect to any of the Collateral, including taking such action with respect to collection of all such payments as Secured Party may reasonably request or, in the absence of such request, as Debtor shall deem advisable. At any time after the occurrence and during the continuance of an Event of Default under this Mortgage, Secured Party may, at its option, revoke such power and authority and notify the obligor or other party to any account or contract which is part of the Collateral to make direct payment and performance to Secured Party of any amount or other obligation due or to become due Debtor under such contract or account.

(e) Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of any of the Collateral in its possession if it takes such action for that purpose as Debtor requests in writing, but failure of Secured Party to comply with such request shall not of itself be deemed a failure to exercise reasonable care, and no failure of Secured Party to take any action not so requested by Debtor shall be deemed a failure to exercise reasonable care in the custody or preservation of any such Collateral.

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

(g) Secured Party may require Debtor, upon the occurrence and during the continuance of an Event of Default and at any time thereafter, to assemble the Collateral and make it available to Secured Party at a place to be designated by Secured Party that is reasonably convenient to both parties. All expenses of retaking, holding, preparing for sale, lease or other use or disposition, selling, leasing or otherwise using or disposing of the Collateral and the like which are incurred or paid by Secured Party as authorized or permitted hereunder, including also all attorney's fees, legal expenses and costs, shall be added to the secured indebtedness and Debtor shall be liable therefor.

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

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

(j) Any copy of this Mortgage which is signed by both Debtor and Secured Party may also serve as a financing statement under said Uniform Commercial Code between the Debtor and the Secured Party. A carbon, photographic or other reproduction of this Mortgage or of any financing statement related to this Mortgage shall be sufficient as a financing statement.

(k) Except as permitted in the Loan Agreement, so long as any amount remains unpaid on the secured indebtedness, Debtor will not execute and there will not be filed in any public office any financing statement or statements affecting the Collateral other than financing statements in favor of Secured Party hereunder, unless the prior written specific consent and approval of Secured Party shall have first been obtained.

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

Debtor further warrants and represents to Secured Party that, except for the security interest granted hereby in the Collateral, except as shown in the Exhibit and except as permitted by the Loan Agreement, Debtor is the owner and holder of the Collateral, free of any adverse claim, security interest or encumbrance, and Debtor agrees to defend the Collateral against all claims and demands of any person at any time claiming the same or any interest therein. Except



as permitted in the Loan Agreement Debtor further warrants and represents that no financing statement relating to any part of the Collateral is now on file in any public office.

## ARTICLE VIII

### Environmental and Other Matters

8.1. Grantor hereby adopts each representation and warranty set forth in Section 8.19 of the Loan Agreement. In this connection Grantor represents and warrants (the "Environmental Representations and Warranties") to the Noteholder that:

(a) Except as disclosed in the Disclosure Statement, (i) Grantor has obtained and maintained in effect all Environmental Permits (or has initiated the necessary steps to transfer the Environmental Permits into its name), the failure to obtain which could reasonably be expected to have a Material Adverse Effect, (ii) Grantor and its properties, assets, business and operations have been and are in compliance with all applicable Requirements of Environmental Law and Environmental Permits failure to comply with which could reasonably be expected to have a Material Adverse Effect, (iii) Grantor and its properties, assets, business and operations are not subject to any (A) Environmental Claims or (B) Environmental Liabilities, in either case direct or contingent, and whether known or unknown, arising from or based upon any act, omission, event, condition or circumstance occurring or existing on or prior to the date hereof which could reasonably be expected to have a Material Adverse Effect, and (iv) no Responsible Officer of Grantor has received any notice of any violation or alleged violation of any Requirements of Environmental Law or Environmental Permit or any Environmental Claim in connection with its assets, properties, business or operations which could reasonably be expected to have a Material Adverse Effect.

(b) The liability (including, without limitation, any Environmental Liability and any other damage to Persons or property), if any, of Grantor and with respect to its properties, assets, business and operations which is reasonably expected to arise in connection with Requirements of Environmental Laws currently in effect and other environmental matters presently known by a Responsible Officer of Grantor will not have a Material Adverse Effect. No Responsible Officer of Grantor knows of any event or condition with respect to Environmental Matters with respect to any of its properties which could reasonably be expected to have a Material Adverse Effect.

8.2 Grantor hereby indemnifies (the "Indemnifications") the Administrative Agent, each Noteholder, and each Affiliate thereof as follows:

(a) Grantor shall indemnify the Administrative Agent, each Noteholder, and each Affiliate thereof and their respective directors, officers, employees and agents from, and hold each of them harmless against, any and all losses, liabilities, claims or damages to which any of them may become subject (regardless of whether caused in whole or in part by the simple (but not gross) negligence of the Person indemnified), insofar as such losses, liabilities, claims or damages arise out of or result from any (i) breach by Grantor of this Mortgage or any other Loan Document, (ii) violation by Grantor of any Legal Requirement, including but not limited to those relating to Hazardous Substances, (iii) Liens or security interests granted on any real or personal property pursuant to or under this Mortgage, to the extent resulting from any Hazardous Substance located in, on or under any such property, (iv) ownership by any Noteholder or the Administrative Agent of any real or personal property following foreclosure under this Mortgage, to the extent such losses, liabilities, claims or damages arise out of or result from any Hazardous Substance located in, on or under such property, including, without limitation, losses, liabilities, claims or damages which are imposed upon Persons under laws relating to or regulating Hazardous Substances solely by virtue of ownership, (v) Noteholder's

or the Administrative Agent's being deemed an operator of any such real or personal property by a court or other regulatory or administrative agency or tribunal in circumstances in which neither the Administrative Agent nor any Noteholder is generally operating or generally exercising control over such property, to the extent such losses, liabilities, claims or damages arise out of or result from any Hazardous Substance located in on or under such property, (vi) investigation, litigation or other proceeding (including any threatened investigation or proceeding) relating to any of the foregoing, and Grantor shall reimburse the Administrative Agent, each Noteholder, and each Affiliate thereof and their respective directors, officers, employees and agents, upon demand, for any expenses (including legal fees) incurred in connection with any such investigation or proceeding; provided, however, that Grantor shall not have any obligations pursuant hereto with respect to any losses, liabilities, claims, damages or expenses (a) arising from or relating solely to events, conditions or circumstances which, as to clauses (iii), (iv) or (v) above, first came into existence or which first occurred after the date on which the Grantor conveyed to an unrelated third party all of Grantor's rights, titles and interests to the applicable real or personal property (whether by deed, deed-in-lieu, foreclosure or otherwise) other than a conveyance made in violation of any Loan Document or (b) incurred by the Person seeking indemnification by reason of the gross negligence or willful misconduct of such Person. If Grantor ever disputes a good faith claim for indemnification under this paragraph on the basis of the proviso set forth in the preceding sentence, the full amount of indemnification provided for shall nonetheless be paid, subject to later adjustment or reimbursement at such time (if any) as a court of competent jurisdiction enters a final judgment as to the applicability of any such exceptions.

(b) The Indemnifications shall survive the repayment of the secured indebtedness and the release of this Mortgage and shall continue thereafter in full force and effect. Grantor shall indemnify the Noteholder pursuant to the Indemnifications regardless of whether the act, omission, facts, circumstances or conditions giving rise to such indemnification were caused in whole or in part by any indemnitee's ordinary negligence. The Indemnifications shall control over any inconsistent provision of the Guaranty or any writing related to the Guaranty.

## ARTICLE IX

### Concerning the Trustee

9.1 The Trustee may resign by an instrument in writing . . . . . the Noteholder. The Trustee or any successor or substitute Trustee may be removed at any time with or without cause by an instrument in writing executed by the Noteholder, and such power of removal may be exercised as frequently and at such times as the Noteholder may elect. In case of the absence, death, resignation or removal of the Trustee, or the inability, failure or refusal of the Trustee to act, one or more successor or substitute Trustees may be appointed by the Noteholder by instrument complying with any applicable requirements of law, and, in the absence of any such requirement, without formality other than appointment and designation in writing executed by the Noteholder. Such right to appoint one or more substitute Trustees shall exist and may be exercised as often and whenever the Noteholder may elect. Such appointment and designation shall be full evidence of the right and authority to make the same and of all facts therein stated, and upon the making of any such appointment and designation, all of the estate and title of the Trustee in and to the Mortgaged Properties shall vest in the named successor Trustee or Trustees and such successor Trustee or Trustees shall thereupon succeed to, hold, possess and exercise all the rights, powers, privileges, immunities and duties herein conferred upon the Trustee. All references herein to the Trustee shall be deemed to refer to the Trustee or Trustees (including any successor or successors appointed and designated as herein provided) from time to time acting hereunder.

If no successor Trustee shall have been appointed as contemplated by the foregoing provisions in this Section, or if appointed shall not have accepted the appointment, within 30

days after the occurrence of a vacancy in the office of the Trustee, the Noteholder or such retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee or Trustees.

9.2 Any Trustee from time to time serving hereunder shall have the absolute right, acting independently, to take any action and to exercise any right, remedy, power or privilege conferred upon the Trustee. Any action taken by any Trustee from time to time serving hereunder shall be binding upon all other Trustees and no person dealing with any Trustee from time to time serving hereunder shall be obligated to confirm the power and authority of such Trustee to act without the concurrence of any other Trustees. In this instrument the term "Trustee" shall mean the Trustee herein named, and any successor Trustee or Trustees, as the context requires.

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

9.4 It shall be no part of the duty of the Trustee to see to any recording, filing or registration of this Mortgage or of any instrument supplemental hereto, or to see to the payment of or be under any duty in respect of any tax or assessment or other governmental charge which may be levied or assessed on the Mortgaged Properties or against Grantor or to see to the performance or observance by Grantor of any of the covenants or agreements herein contained. The Trustee shall not be responsible for the execution, acknowledgment or validity of this Mortgage or of any instrument supplemental hereto or of the Guaranty, or for the sufficiency of the security purported to be created hereby, and the Trustee makes no representation in respect thereof or in respect of the rights of any Noteholder. The Trustee shall have the right to consult with counsel upon any matters arising hereunder and shall be fully protected in relying as to legal matters on the advice of such counsel. The Trustee shall not incur any personal liability hereunder except for his own willful misconduct; and the Trustee shall have the right to rely on any instrument, document or signature authorizing or supporting any action taken or proposed to be taken by him hereunder which is believed by him in good faith to be genuine.

## ARTICLE X

### Miscellaneous

10.1 This Mortgage is a deed of trust and mortgage of both real and personal property, a chattel mortgage, a contract, a security agreement, a financing statement and an assignment, and from time to time as any one or more thereof, and also covers proceeds and fixtures.

10.2 The Trustee or the Administrative Agent, or either of them, may (but shall not be obligated to) perform any covenant or obligation of Grantor hereunder for the account and at the expense of Grantor if Grantor fails to timely do so, and any and all expenses incurred or paid in so doing shall be payable by Grantor to the Noteholder on demand, shall bear interest from date of demand to Grantor therefor until paid at the Past Due Rate and shall be a part of the secured indebtedness. The amount and nature of any such expense and the time when paid shall be fully established by the affidavit of the Noteholder or any officer or agent thereof, or by the affidavit of any Trustee acting hereunder; provided, however, that the exercise of the privileges granted in this section shall in no wise be considered or constitute a waiver of the right of the Noteholder upon the occurrence of an Event of Default or at any time thereafter to declare the secured indebtedness to be at once due and payable but is cumulative of such right and all other rights herein given.

10.3 All options and rights of election herein provided for the benefit of the Noteholder are continuing, and the failure to exercise any such option or right of election upon a particular default or breach or upon any subsequent default or breach shall not be construed as waiving the right to exercise such option or election at any later date. By the acceptance of payment of any secured indebtedness after its due date, the Noteholder does not waive the right either to require prompt payment when due of all other sums so secured or to regard as a default failure to pay any other sums due which are secured hereby. No exercise of the rights and powers herein granted and no delay or omission in the exercise of such rights and powers shall be held to exhaust the same or be construed as a waiver thereof, and every such right and power may be exercised at any time and from time to time.

10.4 Any provision contained herein or in the Guaranty or in any other instrument evidencing or relating to any secured indebtedness to the contrary notwithstanding, neither Administrative Agent nor any Noteholder nor the holder of any other secured indebtedness shall be entitled to charge, reserve, receive or collect, nor shall Grantor be obligated to pay, interest on any of the secured indebtedness at a rate in excess of the maximum nonusurious rate of interest permitted by applicable law from time to time in effect. If any provision hereof or of the Guaranty or of any other such instrument shall ever be construed or held to permit the charging, reserving or collection, or to require the payment, of any amount of interest in excess of the maximum nonusurious amount, or at a rate in excess of the maximum nonusurious rate, from time to time permitted by applicable law, the provisions of this section shall control and shall override any contrary or inconsistent provision hereof or of the Guaranty or such other instrument. If, for any reason whatever, the interest paid or received in connection with the secured indebtedness during its full term produces a rate which exceeds the maximum nonusurious rate of interest, the Noteholder shall refund to the payor or, at the Noteholder's option, credit against the principal of the secured indebtedness such portion of said interest as shall be necessary to cause the interest paid in connection with the secured indebtedness to produce a rate equal to the maximum nonusurious rate of interest. All sums paid or agreed to be paid to the Noteholder for the use, forbearance or detention of the secured indebtedness shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread in equal parts throughout the full term of such indebtedness, so that the interest rate is uniform throughout the full term of such indebtedness.

10.5 Any notices or other communications required or permitted to be given hereunder shall be given or made by telex, telegraph, telecopy (confirmed by mail), mail, cable or other writing and telexed, telecopied, telegraphed, cabled, mailed or delivered to the intended recipient at the address set forth below for such recipient or at such other address as shall be designated by such recipient in a notice to the other parties hereto given in accordance with this Section:

If to Grantor:

Seagull Energy E & P Inc.  
1001 Fannin, Suite 1700  
Houston, Texas 77002  
Attention: Robert M. King

If to Administrative Agent:

Texas Commerce Bank National Association,  
as Administrative Agent  
712 Main Street  
Houston, Texas 77002  
Attention: Energy Division

Except as may be otherwise provided herein, all notices and other communications shall be deemed to have been duly received when transmitted by telex or telecopier during regular

business hours, delivered to the telegraph or cable office, or personally delivered or, in the case of a mailed notice, three (3) days after deposit in the United States mail, postage prepaid, certified mail with return receipt requested (or upon actual receipt, if earlier), in each case given or addressed as aforesaid. Actual notice, however, and from whomsoever given or received, shall always be effective when received.

10.6 Renewals and extensions of the secured indebtedness may be given at any time and amendments may be made to this Mortgage and other agreements relating to any of the secured indebtedness or the Mortgaged Properties and such properties may at any time be released or partially released and the Noteholder may take or hold other security for the secured indebtedness without notice to or joinder or consent of any persons hereafter acquiring any interest in the Mortgaged Properties. The Trustee or the Noteholder may resort first to such other security or any part thereof or first to the security herein given or any part thereof, or from time to time to either or both, even to the partial or complete abandonment of either security, and such action shall not be a waiver of any rights conferred by this Mortgage, which shall continue as a lien upon all of the Mortgaged Properties not expressly released until the secured indebtedness is fully and finally paid.

10.7 If any provision hereof or of the Guaranty is invalid or unenforceable in any jurisdiction, the other provisions hereof or of the Guaranty shall remain in full force and effect in such jurisdiction, and the remaining provisions hereof shall be liberally construed in favor of the Trustee and the Noteholder in order to effectuate the provisions hereof, and the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of any such provision in any other jurisdiction.

10.8 All of the terms, provisions, covenants and conditions hereof shall be binding upon Grantor and the successors, assigns, receivers and trustees of Grantor, shall inure to the benefit of the Trustee and the Noteholder and their respective successors and assigns and shall constitute covenants running with the lands included in or covered by the Mortgaged Properties, but this provision shall not be construed to authorize any sale or other disposition of the Mortgaged Properties contrary to any provision of the Loan Agreement.

10.9 This Mortgage is being executed in several counterparts, each of which is an original and all of which are identical, containing all property descriptions included in the Exhibit annexed hereto. One of such counterparts has been delivered to each of Grantor, Noteholder and Trustee. Numerous additional counterparts have been executed, all of which are identical except that to facilitate filing and recordation as allowed under the Loan Agreement there are omitted from certain counterparts those property descriptions in the Exhibit which contain specific descriptions of properties located in jurisdictions other than the filing or recording jurisdiction in which the particular counterpart is to be filed or recorded. Each of such counterparts shall be deemed to be an original and all of such counterparts shall together constitute but one and the same instrument.

10.10 If prior to the full payment of the secured indebtedness, all or a portion of the Mortgaged Properties be taken for public or quasi-public purposes, either through eminent domain or condemnation proceedings or otherwise, it is expressly agreed that any and all sums of money awarded or allowed as damages or otherwise to the owner of the Mortgaged Properties or any portion thereof on account of such taking shall be delivered to the Noteholder, and the same are hereby assigned to the Noteholder and shall be paid directly to the Noteholder and applied as a credit on the secured indebtedness in such manner as the Noteholder shall elect, any surplus after full and final payment of the secured indebtedness and satisfaction of all other obligations hereunder to be rendered to Grantor.

10.11 In the event that any part of the secured indebtedness cannot lawfully be secured hereby, or the lien and security interest hereof cannot be lawfully enforced to pay any part of the secured indebtedness, then and in either such event, at the option of the Noteholder, all

payments on the secured indebtedness shall be deemed to have been first applied against that part of the secured indebtedness. All payments on the secured indebtedness shall be deemed to have been first applied against that portion of the Obligations which do not comprise secured indebtedness hereunder.

10.12 The number and gender of pronouns used in referring to Grantor shall be construed to mean and correspond with the number and gender of the corporations, executing this Mortgage as Grantor, and, further, the term "Grantor" herein used shall mean and include both all of the parties executing this Mortgage as Grantor and any single one or more of them. If more than one person executes this Mortgage, their representations, warranties, covenants, agreements and other obligations hereunder shall be joint and several.

10.13 The "Effective Date" of this Mortgage is 7:00 a.m. local time on the date hereof, at the location of the Mortgaged Properties, respectively.

10.14 Except to the extent Grantor is allowed under the terms and provisions of the Loan Agreement to transfer, sell, assign, lease or otherwise dispose of the Mortgaged Properties, Grantor expressly agrees that should Grantor, without the prior written consent of the Administrative Agent, transfer, sell, assign, lease or otherwise dispose of all or any part of the Mortgaged Properties, absolutely or as security for a debt or other obligation, whether done by a direct or an indirect method, or enter into any contractual arrangement to do so, the Administrative Agent shall have the right and option to declare the entire amount of the secured indebtedness to be due and payable in accordance with Section 11.1 of the Loan Agreement. The Administrative Agent shall have such right and option absolutely, irrespective of whether or not the transfer or conveyance would or might (i) diminish the value of any security for the secured indebtedness, (ii) increase the risk of default under this Mortgage, (iii) increase the likelihood of the Administrative Agent's having to resort to any security for the secured indebtedness after default or (iv) add or remove the liability of any person or entity for payment or performance of the secured indebtedness or any covenant or obligation under this Mortgage.

If the Administrative Agent's consent to a proposed transfer, conveyance or mortgaging is requested, the Administrative Agent shall have the right (in addition to its absolute right to refuse to consent to any such transaction) to condition its consent upon satisfaction of any one or more of the following requirements:

- (1) That the interest rate on the Note be increased to a rate acceptable to the Administrative Agent;
- (2) That a reasonable transfer fee, in an amount determined by the Administrative Agent, be paid;
- (3) That a principal amount deemed appropriate by the Administrative Agent be paid against the secured indebtedness to reduce to a level acceptable to the Administrative Agent the ratio that the outstanding balance of the secured indebtedness bears to the value of the Mortgaged Properties as determined by the Administrative Agent;
- (4) That Grantor and each proposed transferee execute such assumption agreements and other instruments as the Administrative Agent shall reasonably require;
- (5) That the proposed transferee's creditworthiness and experience in owning and operating similar properties be demonstrable and proved to the Administrative Agent's reasonable satisfaction as being at least as good as Grantor's and Grantor's managers' at the time the Note was first funded;

(6) That the liability under the secured indebtedness will be confirmed in writing to be unaffected and unimpaired by such transfer, conveyance or mortgaging; and

(7) That any proposed junior mortgage expressly subordinate to all liens and security interests securing the secured indebtedness as to both lien and payment right priority.

10.15 The validity, effect and construction of this Mortgage as a mortgage, deed of trust, indenture, security agreement, financing statement and assignment of production affecting any Mortgaged Property and the remedies herein provided for or provided for by law with respect to any Mortgaged Property shall be governed by the laws of the states in which the Mortgaged Property is located or which are made applicable to the Mortgaged Property as a matter of federal law. With respect to all other matters (including, without limitation, matters of construction, validity and performance other than as set forth in this Section), this Mortgage shall be governed by and construed in accordance with the laws of the State of Texas.

10.16 Notwithstanding any other provisions of this Mortgage, any Subject Lease covered by this Mortgage for which the United States Government, for itself or as trustee, is the lessor, including without limitation any Subject Lease subject to the Mineral Leasing Act of 1920, as amended, and the regulations promulgated thereunder, shall not be sold, assigned, transferred or otherwise disposed of by Trustee or Noteholder to any party not qualified to own or control interests in such leases under the provisions of relevant federal laws and all regulations promulgated thereunder, as such laws or regulations are now or may be from time to time in effect.

10.17 Insofar as the Mortgaged Property is located in the State of Oklahoma, the foreclosure and other remedy provisions of this Mortgage are subject to the applicable provisions of Oklahoma law. In that regard, the following special provisions shall apply:

(a) Upon an Event of Default under this Mortgage, prior to enforcing the trust, notice shall be properly and duly posted as required by the laws of the State of Oklahoma, after which the Mortgaged Property may be sold at public auction for cash.

(b) The Trustee herein shall be deemed to be a mortgagee acting on behalf of Noteholder. The power of sale herein granted shall apply only to the extent permitted by the laws of the State of Oklahoma.

(c) Appraisement of any of the Mortgaged Property is hereby expressly waived or not waived, at the option of the Trustee, which option shall be exercised prior to or at the time judgment is rendered in any foreclosure hereof.

(d) Noteholder and Trustee, as an alternative to judicial foreclosure, may elect to foreclose by power of sale as provided under and pursuant to the Oklahoma Power of Sale Mortgage Foreclosure Act, 46 O.S. §§40 *et seq.*, as the same may be amended from time to time, and for such purposes Grantor authorizes Noteholder or Trustee and grants to Noteholder and Trustee the power to sell and convey the Mortgaged Properties to a purchaser and to foreclose all right, title, interest and estate of Grantor and all other persons having an interest subject to the lien of this Mortgage in and to the Mortgaged Properties.

10.18 Insofar as the Mortgaged Property is located in the State of North Dakota, THE PARTIES AGREE THAT THIS MORTGAGE CONSTITUTES A COLLATERAL REAL ESTATE MORTGAGE PURSUANT TO NORTH DAKOTA CENTURY CODE, CHAPTER 35-03.

10.19 This Mortgage is granted and conveyed to secure a maximum amount of secured indebtedness at any one time outstanding of \$700,000,000.

10.20 This Mortgage, including in particular any provision of this Mortgage relating to the creation, existence or validity of the indebtedness and the obligations contained herein, shall be deemed contracts and instruments made under the laws of the State of Texas and shall be construed and enforced in accordance with and governed by the substantive laws of the State of Texas and the laws of the United States of America, except that the creation of the lien on and the perfection, priority and enforceability of the lien on property located in any state other than the State of Texas shall be governed by the procedural laws of such state.

IN WITNESS WHEREOF, the undersigned has caused this Mortgage to be executed this 31st day of December, 1992, by its duly authorized undersigned officers.

WITNESSES TO ALL SIGNATURES:

T. Renee Conroy  
T. Renee Conroy  
 (Printed Name of Witness)

Claire L. Finn  
Claire L. Finn  
 (Printed Name of Witness)

"GRANTOR"

SEAGULL ENERGY E & P INC.

By: Robert M. King  
 Robert M. King,  
 Treasurer  
 Federal Tax ID. No. 74-2125865

ATTEST:

J. H. Hestrick  
 Hestrick  
 Secretary

(SEAL)

ADDRESS OF GRANTOR:

1700 First City Tower  
 1001 Fannin Street  
 Houston, Texas 77002



The Administrative Agent and the Trustee sign below solely for the purposes of accepting the foregoing instrument.

"Administrative Agent"

TEXAS COMMERCE BANK NATIONAL ASSOCIATION, as Administrative Agent

By: Robert C. Mertensotto  
Robert C. Mertensotto,  
Senior Vice President

ADDRESS OF Administrative Agent:

712 Main Street  
Houston, Texas 77002

"TRUSTEE"

James C. Nicholas  
James C. Nicholas, Trustee

ADDRESS OF TRUSTEE:

712 Main Street  
Houston, Texas 77002

Seagull Energy Corporation consents to this Mortgage and the assignments of interest in and to the Mortgaged Properties herein contained.

SEAGULL ENERGY CORPORATION

By: Robert M. King  
Robert M. King,  
Vice President, Corporate  
Development and Treasurer

ADDRESS:

1700 First City Tower  
1001 Fannin Street  
Houston, Texas 77002

TEXAS, OKLAHOMA, NORTH DAKOTA  
ACKNOWLEDGMENT

THE STATE OF TEXAS §  
§  
COUNTY OF HARRIS §

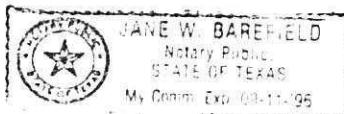
This instrument was acknowledged before me on the 27<sup>th</sup> day of December, 1992, by Robert M. King, Treasurer of Seagull Energy E & P Inc., a Texas corporation, on behalf of said corporation.

GIVEN under my hand and seal of office, this 27<sup>th</sup> day of December, 1992.

Jane W. Barefield  
Notary Public in and for  
the State of T E X A S

My Commission Expires

\_\_\_\_\_



THE STATE OF TEXAS §  
§  
COUNTY OF HARRIS §

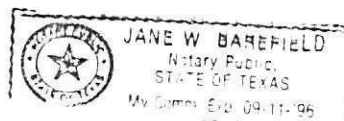
BEFORE ME, the undersigned, a Notary Public in and for the State of Texas, on this day personally appeared Robert C. Mertensotto, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that the same was the act of the said Texas Commerce Bank National Association, a national banking association, acting as Administrative Agent, and that he executed the same as the act and deed of such association, as Administrative Agent, for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN under my hand and seal of office, this 27<sup>th</sup> day of December, 1992.

Jane W. Barefield  
Notary Public in and for  
the State of T E X A S

My Commission Expires:

\_\_\_\_\_



THE STATE OF TEXAS §  
  §  
COUNTY OF HARRIS §

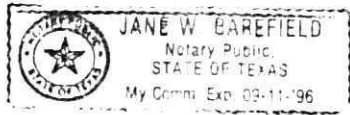
BEFORE ME, the undersigned, a Notary Public in and for the State of Texas, on this day personally appeared James C. Nicholas, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN under my hand and seal of office, this 24th day of December, 1992.

*Jane W. Barefield*  
\_\_\_\_\_  
Notary Public in and for  
the State of T E X A S

My Commission Expires:

\_\_\_\_\_



THE STATE OF TEXAS §  
  §  
COUNTY OF HARRIS §

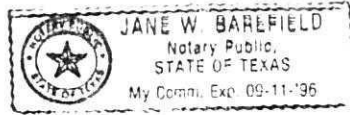
BEFORE ME, the undersigned authority, on this day personally appeared Robert M. King, Vice President, Corporate Development and Treasurer of Seagull Energy Corporation, a Texas corporation, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said corporation.

GIVEN under my hand and seal of office, this 24th day of December, 1992.

*Jane W. Barefield*  
\_\_\_\_\_  
Notary Public in and for  
the State of T E X A S

My Commission Expires:

\_\_\_\_\_



MISSISSIPPI ACKNOWLEDGMENT

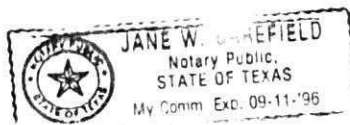
THE STATE OF TEXAS §  
§  
COUNTY OF HARRIS §

Personally appeared before me, the undersigned authority in and for said county and state, on this the 21<sup>st</sup> day of December, 1992, within my jurisdiction, the within named Robert M. King, who acknowledged that he is Treasurer of Seagull Energy E & P Inc., a Texas corporation, and that for and on behalf of the foregoing corporation, and as its act and deed he executed the above and foregoing instrument, after having been first duly authorized by said corporation so to do.

Jane W. Barefield  
Notary Public in and for  
the State of T E X A S

My Commission Expires:

\_\_\_\_\_



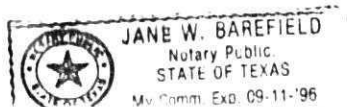
THE STATE OF TEXAS §  
§  
COUNTY OF HARRIS §

Personally appeared before me, the undersigned authority in and for said county and state, on this the 21<sup>st</sup> day of December, 1992, within my jurisdiction, the within named Robert C. Mertensotto, who acknowledged that he is Senior Vice President of Texas Commerce Bank National Association, a national banking association, and that for and on behalf of the foregoing national banking association, acting in its capacity as Administrative Agent, and as its act and deed (in such capacity) he executed the above and foregoing instrument, after having been first duly authorized by said national banking association so to do.

Jane W. Barefield  
Notary Public in and for  
the State of T E X A S

My Commission Expires:

\_\_\_\_\_



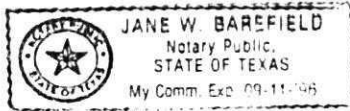
THE STATE OF TEXAS §  
  §  
COUNTY OF HARRIS §

Personally appeared before me, the undersigned authority in and for said county and state, on this the 24<sup>th</sup> day of December, 1992, within my jurisdiction, the within named James C. Nicholas, Trustee, who acknowledged that he executed the above and foregoing instrument.

*Jane W. Barefield*  
\_\_\_\_\_  
Notary Public in and for  
the State of T E X A S

My Commission Expires:

\_\_\_\_\_



THE STATE OF TEXAS §  
  §  
COUNTY OF HARRIS §

Personally appeared before me, the undersigned authority in and for said county and state, on this the 24<sup>th</sup> day of December, 1992, within my jurisdiction, the within named Robert M. King, who acknowledged that he is Vice President, Corporate Development and Treasurer of Seagull Energy Corporation, a Texas corporation, and that for and on behalf of the foregoing corporation, and as its act and deed he executed the above and foregoing instrument, after having been first duly authorized by said corporation so to do.

*Jane W. Barefield*  
\_\_\_\_\_  
Notary Public in and for  
the State of T E X A S

My Commission Expires:

\_\_\_\_\_

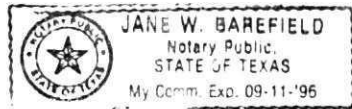


EXHIBIT A  
TO THE MORTGAGE

Preamble

1. This Preamble constitutes part of Exhibit A. Unless otherwise defined herein, all of the terms defined in the Mortgage to which this Exhibit A is attached are used in this Exhibit A with the same meanings given therein.
2. Exhibit A sets forth the description of the property interests covered by the Mortgage, limited to the geographic areas specified. The descriptions are organized on a Well or Unit basis. For each Well or Unit, the associated property interests are described. In addition, the Working Interest and Net Revenue Interest of Grantor in the Well or Unit is stated and these interests are the Warranted Interests.
3. As used in this Exhibit A, the following terms shall have the meanings ascribed to them below:
  - (a) The term "Net Revenue Interest" (NRI) shall mean the interest ownership of Grantor in oil and/or gas production from each referenced Well or Unit after the deduction of lessor royalties, overriding royalties, net profits interests, production payments and other interests that burden the interest of Grantor.
  - (b) The term "Working Interest" (WI) shall mean the interest ownership of Grantor in and to the leasehold estate of the identified lease representing Grantor's cost-bearing share of same.
  - (c) The term "Unit" shall mean a unit, pool or communitization area created by a voluntary or statutory declaration, designation or order.
  - (d) The term "Well" shall mean any well that is listed in this Exhibit A.
  - (e) The terms "BPO" and "APQ" shall mean "Before Payout" and "After Payout", respectively, the term "Payout" being defined to mean payout as applicable to each Mortgaged Property under a lease, one or more of the agreements to which such Mortgaged Property is subject, certain assignment instruments in the chain of title to such Mortgaged Property, or applicable regulatory order.
4. Each Well or Unit with respect to which the Working Interest and Net Revenue Interest of Grantor are stated is described as follows: (i) each Well is described by reference to the well name given to the Well in Grantor's records, which may or may not be the name stated in the records of the applicable state or federal regulatory authority, and (ii) each Unit is described by the name by which such Unit is referred to in Grantor's records, which may or may not be the name stated in the records of the applicable state or federal regulatory authority.
5. The represented Working Interests of Grantor are stated in the columns captioned "BPO WI" and "APO WI". The represented Net Revenue Interests of Grantor are stated in the columns captioned "BPO/NRI" and "APO/NRI". If no interests are stated in the columns captioned "APO/WI" and "APO/NRI" on a line for any property or if the notation "N/A" appears, this indicates that there is no payout event applicable to Grantor's interests in such property and that Grantor's interests in such property are as stated in the columns "BPO/WI" and "BPO/NRI" throughout the productive life of such property.

6. The references to book or volume and page herein refer to the recording location of each respective Mortgaged Property described herein in the county where the land covered by the Mortgaged Property is located.
7. Any reference herein to Wells or Units is for warranty of interest, administrative convenience and identification and is not intended to limit or restrict the right, title, interest or properties covered by this Mortgage and all of Grantor's right, title and interest in the lands and Subject Leases described herein are and shall be subject to this Mortgage, regardless of the presence of any Units or Wells not herein referenced; provided, the grants of the Mortgaged Properties and Collateral herein contained shall be particularly limited to each geographic area described with respect to each Well or Unit shown in this Exhibit A only if and to the extent such a limiting description is adequately set forth in this Exhibit A under applicable law and the referenced wellbore is located within the boundaries of any such limiting legal description.
8. The Subject Leases covered by this Mortgage shall include all leases and force pooled interests now or hereafter owned by Grantor included within the geographic areas set forth in this Exhibit A whether or not the schedules of leases included in this Exhibit A list all such leases.
9. No depth limitation exception contained in any description of leases and other real property interests set forth in this Exhibit A shall exclude from the grants of the Mortgaged Properties and Collateral contained in the Mortgage any depth owned by Grantor within the geographic area described in Exhibit A for such leases and other real property interests, and, without limitation of the warranties contained in the Mortgage concerning the Warranted Interests, this Exhibit A shall be deemed to include all right, title, claim and interest of Grantor in and to the depths included in each such depth limitation exception within the applicable geographic areas; provided, such grants and descriptions shall nevertheless be limited to gas, gas rights and gas privileges in such leases and other real property interests to the extent expressly so stated in Exhibit A.

EXHIBIT A

OUTER CONTINENTAL SHELF

BRAZOS 399 F & G - 716945

The leases listed on the attached lease schedule consisting of 2 pages, insofar and only insofar as such leases are included within the following geographic area:

OCS-G 7218 being that portion of Block 399, OCS Leasing Map, Texas Map No. 5, landward of the line established pursuant to Section 8(G) of the OCS Lands Act as amended as described in said lease.

OCS-G 7217 only as to the E/2 of that portion of Block 399, OCS Leasing Map, Texas Map No. 5, seaward of the line established pursuant to Section 8(G) of the OCS Lands Act as amended as described in said lease, said E/2 particularly described in the following lease schedule.

The leases listed on the attached lease schedule consisting of 2 pages, insofar and only insofar as such leases are included within the above described geographic area, entitle Grantor to the following interest in the following wells:

<u>Well Name</u>	<u>AA</u>	<u>EPO/NRI</u>	<u>APO/WI</u>	<u>APO/NRI</u>
Brazos Block 399F #1	.3750000	.27500000	.22500000	.18750000
Brazos Block 399G #1	.37500000	.27500000	N/A	N/A
Brazos Block 399G #A4	.37500000	.27500000	N/A	N/A
Brazos Block 399G #1	.37500000	.27500000	N/A	N/A
Brazos Block 399G #3	.37500000	.27500000	N/A	N/A



Lease #	Land Description
Prospect...716945 BRAZOS 399	OCS - GULF OF MEXICO THAT PORTION OF BLOCK 399, BRAZOS AREA, OCS LEASING MAP, TEXAS MAP NO. 5, LANDWARD OF THE LINE ESTABLISHED PURSUANT TO SECTION 8(G) OF THE OCS LANDS ACT AS AMENDED, AND MORE FULLY DESCRIBED IN LEASE.
000001- -1 Dated .....11/01/84	
Lessor: OCS-G 2418	
Lessee: TEXACO INC AND GETTY OIL COMPANY	

Lease #

Land Description

.....  
Prospect...716945 BRAZOS 399

000001- -1 Dated .....11/01/84

Lessor: OCS-G 7217

Lessee: CONOCO INC. AND CHAMPLIN PETROLEUM CO.

.....  
OCS-G GULF OF MEXICO

E/2 OF THAT PORTION OF BLOCK 399, BRAZOS AREA,  
OCS LEASING MAP, TR MAP #5, SEAWARD OF  
THE LINE ESTABLISHED PURSUANT TO  
SECTION 8(G) OF THE OCS LANDS ACT AS AMENDED.

EXHIBIT A

OUTER CONTINENTAL SHELF

GALVESTON BLOCK 333 - 716400

The leases listed on the attached lease schedule consisting of 1 page, insofar and only insofar as such leases are included within the following geographic area:

OCS-G 6104 being a portion of Galveston Area Block 333, OCS Leasing Map, Texas Map No. 6 as described in said lease.

The leases listed on the attached lease schedule consisting of 1 page, insofar and only insofar as such leases are included within the above described geographic area, entitle Grantor to the following interest in the following wells:

<u>Well Name</u>	<u>BPO/WI</u>	<u>BPO/NRI</u>	<u>APO/WI</u>	<u>APO/NRI</u>
Galveston Block 333 #1	.15000000	.12000000	N/A	N/A
Galveston Block 333 #2	.15000000	.12000000	N/A	N/A

## Lease #

## Land Description

.....  
Prospect...716400 GALVESTON BLOCK 333

000001- -1 Dated .....10/01/83

Lessor: MINERALS MANAGEMENT SERVICE OCS-C 6104

Lessee: ANADARKO PRODUCTION CO., ET AL

.....  
OCS - GULF OF MEXICO

5,500.42 ACRES BEING A PORTION OF BLOCK 333, GALVESTON  
AREA, OCS LEASING MAP, TEXAS MAP NO. 6 AND BEING MORE  
FULLY DESCRIBED IN LEASE.

EXHIBIT A

OUTER CONTINENTAL SHELF

GALVESTON BLOCK 349 - 716700

The leases listed on the attached lease schedule consisting of 1 page, insofar and only insofar as such leases are included within the following geographic area:

OCS-G 7251 being all of Galveston Area Block 349, OCS Leasing Map, Texas Map No. 6

The leases listed on the attached lease schedule consisting of 1 page, insofar and only insofar as such leases are included within the above described geographic area, entitle Grantor to the following interest in the following wells:

<u>Well Name</u>	<u>BPC/WI</u>	<u>BPO/NRI</u>	<u>APO/WI</u>	<u>APO/NRI</u>
Galveston Blk 349 #1	.50000000	.41666670	N/A	N/A
Galveston Blk 349 #2	.50000000	.41666670	N/A	N/A
Galveston Blk 349 #3	.50000000	.41666670	N/A	N/A
Galveston Blk 349 #4	.70000000	.58333330	.50000000	.41666670
Galveston Blk 349 #5	.50000000	.41666670	N/A	N/A
Galveston Blk 349 #6	.50000000	.41666670	N/A	N/A

## Lease #

.....  
Prospect...716700 GALVESTON BLOCK 349

000001- -1 Dated .....10/01/84

Lessor: MINERALS MANAGEMENT SERVICE OCS-G 7251

Lessee: SHELL OFFSHORE INC.

## Land Description

.....  
OCS - GULF OF MEXICO

ALL OF BLOCK 349, GALVESTON AREA, OCS LEASING MAP,  
TEXAS MAP NO. 6.

EXHIBIT A

OUTER CONTINENTAL SHELF

GALVESTON BLOCK 383 - 715000

The leases listed on the attached lease schedule consisting of 1 page, insofar and only insofar as such leases are included within the following geographic area:

OCS-G 8131 being all of Galveston Area Block 383, OCS Leasing Map, Texas Map No. 6

The leases listed on the attached lease schedule consisting of 1 page, insofar and only insofar as such leases are included within the above described geographic area, entitle Grantor to the following interest in the following wells:

<u>Well Name</u>	<u>BPO/WI</u>	<u>BPO/NRI</u>	<u>APO/WI</u>	<u>APO/NRI</u>
Galveston Block 383 #1	.50000000	.40000000	N/A	N/A
Galveston Block 383 #A2	.50000000	.40000000	N/A	N/A
Galveston Block 383 #A4	.50000000	.40000000	N/A	N/A

## Lease #

## Land Description

.....  
Prospect...715000 GALVESTON BLOCK 383

000001- -1 Dated .....10/01/85

Lessor: MMS JCS-G 8131

Lessee: SEAGULL AND MITCHELL ENERGY CORPORATION

.....  
OCS - GULF OF MEXICO

ALL OF BLOCK 383, GALVESTON AREA, OCS LEASING MAP,  
TEXAS MAP NO. 6.



EXHIBIT A

OUTER CONTINENTAL SHELF

GALVESTON BLOCK 384 - 713000

The leases listed on the attached lease schedule consisting of 1 page, insofar and only insofar as such leases are included within the following geographic area:

OCS-3 4069 being all of Galveston Area Block 384, OCS Leasing Map, Texas Map No. 6

The leases listed on the attached lease schedule consisting of 1 page, insofar and only insofar as such leases are included within the above described geographic area, entitle Grantor to the following interest in the following wells

<u>Well Name</u>	<u>BPO/WI</u>	<u>BPO/NRI</u>	<u>APQ/WI</u>	<u>APQ/NRI</u>
Galveston Block 384 #A-1	.50000000	.36000000	N/A	N/A
Galveston Block 384 #A-3	.50000000	.36000000	N/A	N/A

## Lease #

Prospect...713000 GALVESTON BLOCK 384

000001- -1 Dated .....10/01/79

Lessor: OCS-G 4069

Lessee: ALLIED CHEMICAL CORP., MITCHELL ENERGY,  
EL PASO NATURAL GAS

## Land Description

OCS - GULF OF MEXICO

ALL OF BLOCK 384, GALVESTON AREA, OCS LEASING MAP,  
TEXAS MAP NO. 6.

EXHIBIT A

OUTER CONTINENTAL

MUSTANG ISLAND BLOCK 828 100

The leases listed on the attached lease schedule consisting of 1 page, insofar and only insofar as such leases are included within the following geographic area:

OCS-G 6004 being all of Mustang Island Area Block 828, OCS Leasing Map, Texas Map No. 3

The leases listed on the attached lease schedule consisting of 1 page, insofar and only insofar as such leases are included within the above described geographic area, entitle Grantor to the following interest in the following wells:

<u>Well Name</u>	<u>BPO/WI</u>	<u>BPO/NRI</u>	<u>APO/WI</u>	<u>APO/NRI</u>
Mustang Isl Blk 828 #B-1	.47650000	.38120000	N/A	N/A
Mustang Isl Blk 828 #B-2	.47650000	.38120000	N/A	N/A
Mustang Isl Blk 828 #B-3	.47650000	.38120000	N/A	N/A
Mustang Isl Blk 828 #B-5	.47650000	.38120000	N/A	N/A
Mustang Isl Blk 828 #B-7	.50050000	.40040010	N/A	N/A

## Lease #

.....  
Prospect. 710900 MUSTANG ISLAND BLOCK 828

000001- -1 Dated .....10/01/83

Lessor: OCS-G 6004

Lessee: SEAGULL ENERGY E&P INC.

## Land Description

.....  
OCS-G - GULF OF MEXICO

ALL OF BLOCK 828, MUSTANG ISLAND AREA, OCS LEASING  
MAP, TEXAS MAP NO. 3.

EXHIBIT A

OUTER CONTINENTAL SHELF

N. PADRE ISLAND BLOCK A-72 - 716924

The leases listed on the attached lease schedule consisting of 1 page, insofar and only insofar as such leases are included within the following geographic area:

OCS-G 11213 being Block A-72, North Padre Island Area, East Addition, OCS Leasing Map, Texas Map 2A.

The leases listed on the attached lease schedule consisting of 1 page, insofar and only insofar as such leases are included within the above described geographic area, entitle Grantor to the following interest in the following wells:

<u>Well Name</u>	<u>BPO/WI</u>	<u>BPO/NRI</u>	<u>APO/WI</u>	<u>APO/NRI</u>
N. Padre Island A-72 #1	.50000000	.41666667	N/A	N/A

## Lease #

## Land Description

.....  
Prospect...716924 N. PADRE ISLAND EAST ADDITION

000001- -1 Dated .....12/01/89

Lessor: OCS-G 11213

Lessee: ASHLAND EXPLORATION, INC., ET AL

.....  
OCS-G - GULF OF MEXICO

ALL OF BLOCK A-71, NORTH PADRE ISLAND AREA, EAST  
ADDITION, OCS LEASING MAP, TEXAS MAP NO. 2A.

EXHIBIT A

JUPITER CONTINENTAL SHELF

BRAZOS 439 - 718:00

The leases listed on the attached lease schedule consisting of 1 page, insofar and only insofar as such leases are included within the following geographic area:

OCS-G 11272 only as to that portion of Block 439, Brazos Area, OCS Leasing Map, Texas Map No. 5, seaward of the Federal/State boundary as described in said lease.

The leases listed on the attached lease schedule consisting of 1 page, insofar and only insofar as such leases are included within the above described geographic area, entitle Grantor to the following interest in the following wells:

<u>Well Name</u>	<u>BPO/WI</u>	<u>BPO/NRI</u>	<u>APQ/WI</u>	<u>APQ/NRI</u>
Brazos Block 439 #1	.50000000	.41666667	.33333333	.27777777

## Lease #

.....  
Prospect...718400 BRAZOS 439

000001- -1 Dated .....10/01/89

Lessor: OCS-G 11272

Lessee: ASHLAND EXPLORATION, INC. &  
SEAGULI, ENERGY E&P INC.

## Land Description

.....  
OCS - GULF OF MEXICO  
THAT PORTION OF BLOCK 439, BRAZOS AREA, OCS LEASING  
MAP, TEXAS MAP NO. 5, SEAWARD OF THE FEDERAL/STATE  
BOUNDARY, SPECIFICALLY DESCRIBED IN LEASE,  
CONTAINING 915.20 ACRES, MORE OR LESS.



**EXHIBIT "A"**  
**OUTER CONTINENTAL SHELF**  
**BRAZOS AREA BLOCK 396-773100**

The leases on the attached schedule consisting of (1) one page, insofar and only insofar as such leases are included within the following geographic area:

OCS-G 10213 being all of Brazos Area Block 396, OCS Leasing Map, Texas Map No. 5.

The leases listed on the attached lease schedule consisting of (1) one page, insofar and only insofar as such leases are included within the above described geographic area, entitle Grantor to the following interest in the following wells:

<u>WELL NAME</u>	<u>BPO/WI</u>	<u>BPO/NRI</u>	<u>APO/WI</u>	<u>APO/NRI</u>
Brazos Block 396 #1	0.40000000	0.29333333	0.40000000	0.28333333

## Land Description

-----  
 Prospect...773100 BRAZOS BLOCK 396

000001- -1 Dated....11/01/88  
 Lessor: USA OCS-G 10213  
 Lessee: CONOCO, INC ET AL  
 Book: Page:  
 Cty/St: OFFSHORE FED COUNTY, TEXAS

Entry:

-----  
 BLK 396 BRAZOS AREA  
 ALL OF BLK 396, BRAZOS AREA, OCS LEASING MAP, TEXAS MAP NO 5  
 FROM THE SURFACE OF THE EARTH DOWN TO AND INCLUDING BUT NOT  
 BELOW THE STRATIGRAPHIC EQUIVALENT OF 100' BELOW THE DEPTH  
 OF 7580' SUBSEA TRUE VERTICAL DEPTH (SSIVD) AS IDENTIFIED ON  
 THE ELECTRIC LOG OF THE SEAGUL BRAZOS 396 OCS G 10213 NO 1  
 WELL.

**EXHIBIT "A"**  
**OUTER CONTINENTAL SHELF**  
**BRAZOS AREA BLOCK 397-719600**

The leases on the attached schedule consisting of (1) one page, insofar and only insofar as such leases are included within the following geographic area:

OCS - G 9012 being all of Brazos Area Block 397, OCS Leasing Map, Texas Map No. 5.

The leases listed on the attached lease schedule consisting of (1) one page, insofar and only insofar as such leases are included within the above described geographic area, entitle Grantor to the following interest in the following wells:

<u>WELL NAME</u>	<u>BPO/WI</u>	<u>BPO/NRI</u>	<u>APO/WI</u>	<u>APO/NRI</u>
Brazos Block 397 #1	0.4000000	0.3000000	0.4000000	0.2933333
Brazos Block 397 #2	0.4000000	0.2933333	N/A	N/A

## Land Description

Prospect: 719600 BRAZOS BLOCK 397

000001- 01 Dated: 12/01/87

Lessor: USA OCS-G 9012

Lessee: CONOCO, INC., ET AL

Book: Page:

City/St: OFFSHORE TEO COUNTY, TEXAS

Entry:

BLK 39 BRAZOS AREA  
ALL OF BLK 397 BRAZOS AREA, OCS LEASING MAP, TEXAS MAP NO 5

**EXHIBIT "A"**  
**OUTER CONTINENTAL SHELF**  
**BRAZOS AREA BLOCK 416-715920**

The leases on the attached schedule consisting of (1) one page, insofar and only insofar as such leases are included within the following geographic area:

OCS-G 9015 being all of Brazos Area Block 416, OCS Leasing Map, Texas Map No. 5.

The leases listed on the attached lease schedule consisting of (1) one page, insofar and only insofar as such leases are included within the above described geographic area, entitle Grantor to the following interest in the following wells:

<u>WELL NAME</u>	<u>BPO/WI</u>	<u>BPO/NRI</u>	<u>APO/WI</u>	<u>APO/NRI</u>
Brazos Block 416 #1	0.4000000	0.3118333	0.4000000	0.3064583

## Land Description

-----  
 Prospect...715920 BRAZOS BLOCK 416

000001- -1 Dated.....12/01/87  
 Lessor: USA OCS-G 9015  
 Lessee: UNION PACIFIC RESOURCES CO  
 Book: Page:  
 Cty/St: OFFSHORE FED COUNTY, TEXAS

Entry:

-----  
 blk 416 BRAZOS AREA  
 ALL OF BLK 415, BRAZOS AREA, OCS LEASING MAP, TEXAS MAP NO 5  
 INsofar AND ONLY INsofar AS SAID LEASE COVERS THOSE DEPTHS  
 AND FORMATIONS FROM THE SURFACE OF THE EARTH TO 100 FEET  
 BELOW THE STRATIGRAPHIC EQUIVALENT OF 7,592' TRUE VERTICAL  
 DEPTH (INCLUDING ALSO 7,993' MEASURED DEPTH) UNDER THE SEAGULL  
 OCS-G 9015 MO. 1 WELL.

**EXHIBIT "A"**  
**OUTER CONTINENTAL SHELF**  
**BRAZOS AREA BLOCK 431-719800**

The leases on the attached schedule consisting of (1) one page, insofar and only insofar as such leases are included within the following geographic area:

OCS--G 9017 being all of Brazos Area Block 431, OCS Leasing Map, Texas Map No. 5.

The leases listed on the attached lease schedule consisting of (1) one page, insofar and only insofar as such leases are included within the above described geographic area, entitle Grantor to the following interest in the following wells:

<u>WELL NAME</u>	<u>BPO/WI</u>	<u>BPO/NRI</u>	<u>APO/WI</u>	<u>APO/NRI</u>
Brazos Block 431 #2	0.40000000	0.31183334	0.40000000	0.30645833

## Land Description

Prospect...719800 BRAZOS 431

000001- -1 Dated.....12/01/87

Lessor: USA OCS-G 9017

Lessee: UNION PACIFIC RESOURCES COMPANY

Book: Page:

Entry:

City/ST: OFFSHORE FRED COUNTY, TEXAS

## BLK 431 BRAZOS AREA

ALL OF BLK 431, BRAZOS AREA, OCS LEASING MAP TEXAS MAP NO. 5  
INsofar AND ONLY INsofar AS SAID LEASE COVERS THOSE DEPTHS  
AND FORMATIONS FROM THE SURFACE OF THE EARTH TO 100 FEET  
BELOW THE STRATIGRAPHIC EQUIVALENT OF 7,600' TRUE VERTICAL  
DEPTH (BEING ALSO 7,762' MEASURED DEPTH) IN THE SEAGULL  
OCS-G 9017 WELL NO. 2-SY1



**EXHIBIT "A"**  
**OUTER CONTINENTAL SHELF**  
**BRAZOS AREA BLOCK 432-773300**

The leases on the attached schedule consisting of (1) one page, insofar and only insofar as such leases are included within the following geographic area:

OCS-G 9018 being all of Brazos Area Block 432, OCS Leasing Map, Texas Map No. 5.

The leases listed on the attached lease schedule consisting of (1) one page, insofar and only insofar as such leases are included within the above described geographic area, entitle Grantor to the following interest in the following wells:

<u>WELL NAME</u>	<u>BPO/WI</u>	<u>EPO/NRI</u>	<u>APO/WI</u>	<u>APO/NRI</u>
Brazos Block 432 #1	0.50000000	0.41666667	N/A	N/A

## Land Description

-----  
Prospect...773300 BRAZOS BLOCK 432

00J001- -1 Dated....12/01/87  
Lessor: USA OCS-G 9018  
Lessee: CNG PRODUCING COMPANY  
Book: Page:  
City/St: OFFSHORE FED COUNTY, TEXAS

Entry:

-----  
BLK 432 BRAZOS AREA  
ALL OF BLK 432 BRAZOS AREA OCS LEASING MAP TEXAS MAP NO 5

**EXHIBIT "A"**  
**OUTER CONTINENTAL SHELF**  
**GALVESTON AREA BLOCK 273-716000**

The leases on the attached schedule consisting of (1) one page, insofar and only insofar as such leases are included within the following geographic area:

OCS-G 9037 being all of Galveston Area Block 273, OCS Leasing Map, Texas Map No. 6.

The leases listed on the attached lease schedule consisting of (1) one page, insofar and only insofar as such leases are included within the above described geographic area, entitle Grantor to the following interest in the following wells:

<u>WELL NAME</u>	<u>BPO/WI</u>	<u>BPO/NRI</u>	<u>APO/WI</u>	<u>APO/NRI</u>
Galveston Block 273 #1	0.40000000	0.32733320	N/A	N/A
Galveston Block 273 #3	0.40000000	0.32733320	N/A	N/A

Land Description

-----  
Prospect...716000 GALVESTON BLOCK 273

000001- -1 Dated....10/01/87  
Lessor: USA OCS-G 9037  
Lessee: SEAGULL ENERGY E&P INC. ET AL  
Book: Page:  
City/St: OFFSHORE FED COUNTY, TEXAS

Entry:

-----  
BLK 273 GALVESTON AREA  
ALL OF BLOCK 273, GALVESTON AREA, OCS LEASING MAP, TEXAS MAP  
NO. 6.

**EXHIBIT "A"**  
**OUTER CONTINENTAL SHELF**  
**GALVESTON AREA BLOCK 283-716200**

The leases on the attached schedule consisting of (1) one page, insofar and only insofar as such leases are included within the following geographic area:

OCS--G 9039 being all of Galveston Area Block 283, OCS Leasing Map, Texas Map No. 6.

The leases listed on the attached lease schedule consisting of (1) one page, insofar and only insofar as such leases are included within the above described geographic area, entitle Grantor to the following interest in the following wells:

<u>WELL NAME</u>	<u>BPO/WI</u>	<u>BPO/NRI</u>	<u>APO/WI</u>	<u>APO/NRI</u>
Galveston Block 283 #2	0.50000000	0.40666667	N/A	N/A

## Land Description

-----  
Prospect...716200 GALVESTON BLOCK 283

000001- -1 Dated....10/01/87

Lessor: USA OCS-G 9039

Lessee: SEAGULL ENERGY E&P INC., ET AL

Book: Page:

Cty/St: OFFSHORE FED COUNTY, TEXAS

Entry:

-----  
BLK 283 GALVESTON AREA  
ALL OF BLOCK 283, GALVESTON AREA, OCS LEASING MAP, TEXAS  
MAP NO. 6.

**EXHIBIT "A"**  
**OUTER CONTINENTAL SHELF**  
**GALVESTON AREA BLOCK 330-773800**

The leases on the attached schedule consisting of (1) one page, insofar and only insofar as such leases are included within the following geographic area:

OCS-G 13314 being all of Galveston Area Block 330, OCS Lease, Map, Texas Map No. 6.

The leases listed on the attached lease schedule consisting of (1) one page, insofar and only insofar as such leases are included within the above described geographic area, entitle Grantor to the following interest in the following wells:

<u>WELL NAME</u>	<u>BPO/WI</u>	<u>BPO/NRI</u>	<u>APO/WI</u>	<u>APO/NRI</u>
Galveston Block 330 #1	0.46000000	0.33333333	N/A	N/A

Land Description

Prospect: 3800 GALVESTON BLOCK 330 OCS-G13314

000001 : Dated: 12/01/91  
Lease: USA OCS-G 13314  
Lessee: SEAGULL ENERGY E & P INC  
Book: Page:  
City/State: OFFSHORE FED COUNTY, TEXAS Entry:

BLK 330 GALVESTON AREA  
ALL OF BLK 330 GALVESTON AREA, OCS LEASING M.P. TEXAS MAP  
NO. 6



EXHIBIT A

OUTER CONTINENTAL SHELF

MUSTANG ISLAND BLOCK 831 - 710200

The leases listed on the attached lease schedule consisting of 1 page, insofar and only insofar as such leases are included within the following geographic area:

OCS-G 3043 being all of Mustang Island Area Block 831, OCS Leasing Map, Texas Map No. 3

The leases listed on the attached lease schedule consisting of 1 page, insofar and only insofar as such leases are included within the above described geographic area, entitle grantor to the following interest in the following wells:

<u>Well Name</u>	<u>BPO/WI</u>	<u>BPO/NRI</u>	<u>APO/WI</u>	<u>APO/NRI</u>
Mustang Isl Blk 831 #A1	.50800000	.36386350	.49600000	.35526830
Mustang Isl Blk 831 #A2	.50800000	.36386350	.49600000	.35526830
Mustang Isl Blk 831 #A3	.50800000	.36386350	.49600000	.35526830
Mustang Isl Blk 831 #A4	.50800000	.36386350	.49600000	.35526830
Mustang Isl Blk 831 #A5	.50800000	.36386350	.49600000	.35526830
Mustang Isl Blk 831 #A6	.50800000	.36386350	.49600000	.35526830
Mustang Isl Blk 831 #A7	.50800000	.36386350	.49600000	.35526830
Mustang Isl Blk 831 #B4	.49600000	.35526830	N/A	N/A
Mustang Isl Blk 831 #B6	.49600000	.35526830	N/A	N/A

EXHIBIT 'A'

Lease #

Land Description

Prospect No. 000001-01

Prospect 10200 MUSTANG ISLAND BLOCK 831

000001-01 Dated 04/01/75

Lessor: OCS G 3043

Lessee: PANCANADIAN PETROLEUM COMPANY

OCS - GULF OF MEXICO

ALL OF BLOCK 831 MUSTANG ISLAND

AREA AS SHOWN ON OCS OFFICIAL LEASING MAP,  
TEXAS MAP NO. 3

THIS FINANCING STATEMENT COVERS OIL, GAS AND MINERALS  
(INCLUDING ACCOUNTS ARISING FROM THE SALE THEREOF)

COUNTERPARTS OF THIS INSTRUMENT FILED IN COUNTY RECORDS  
ARE TO BE FILED IN BOTH THE REAL PROPERTY RECORDS  
AND THE UCC RECORDS OF THE COUNTY

UNIFORM COMMERCIAL CODE--FINANCING STATEMENT

This Financing Statement is presented to a Filing Officer  
for filing pursuant to the Uniform Commercial Code

RECEIVED  
JAN 19 1993

MINERALS MANAGEMENT SERVICE  
LEASING & ENVIRONMENT

1. Debtor and Address:

Seagull Energy E & P Inc.  
1001 Mannin, Suite 1700  
Houston, Texas 77002

2. Secured Party and Address.

Texas Commerce Bank National Association, for itself  
and Administrative Agent under the Credit Agreement among Seagull  
Energy Corporation, Secured Party and the banks therein  
named dated December 31, 1992  
12 Main Street  
Houston, Texas 77002

3. Collateral: This Financing Statement covers the following types (or items) of property  
(the "Mortgaged Properties"):

A. The Warranted Interest (as hereinafter defined) of Debtor and all of  
Debtor's other right, title and interest now owned or hereafter acquired, in and to the  
lands described in Exhibit A attached hereto and hereby made a part hereof (the  
"Exhibit"), which term shall include any lands the description of which is incorporated  
in the Exhibit by reference to another instrument or document, all as such may be limited  
on the Exhibit, and all lands now or hereafter unitized or pooled with any lands described  
in the Exhibit for the creation of a unit or pool for a well listed on the Exhibit;

B. The Warranted Interest of Debtor and all of Debtor's other right, title and  
interest now owned or hereafter acquired, with respect to the oil and gas leases, the oil,  
gas and mineral leases, the fee, mineral, working, overriding royalty, royalty and other  
interests described in the Exhibit or any such leases or interests 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 said properties, rights, titles, interests and  
estates are subject, or otherwise, as such may be limited by the Exhibit;

C. All of Debtor's rights, now owned or hereafter acquired, with respect to  
all operating, unitization and pooling agreements and orders now or hereafter existing  
and the properties covered and the units created hereby (including all units formed under  
orders, regulations, rules or other official acts of any federal, state, or other govern-  
mental agency having jurisdiction) which are described on the Exhibit, as such may be  
limited by the Exhibit;

D. All of Debtor's rights, now owned or hereafter acquired, with respect to all oil, gas, casinghead gas and other liquid or gaseous hydrocarbons ("Hydrocarbons") and other minerals which are in, under, upon, produced or to be produced from the lands described in the Exhibit or which are incorporated in the Exhibit by reference, as such may be limited by the Exhibit;

E. All of Debtor's rights, now or hereafter existing, under all contracts now in effect or hereafter entered into by Debtor, or any of Debtor's predecessors in interest, or by any other person to the extent that Debtor has any right or interest therein or thereunder, for the sale, purchase, transportation, exchange or processing of Hydrocarbons and other minerals produced from the lands described in the Exhibit or the leases, interests or properties described in the Exhibit, as such may be limited by the Exhibit;

F. All of Debtor's rights, now or hereafter existing or acquired, with respect to all subleases, farmout agreements, assignments of interest, assignments of operating rights, contracts, operating agreements, rights of way, franchises, privileges, permits, licenses, easements, tenements, hereditaments, appurtenances and benefits now existing or in the future obtained and incident and appurtenant to any of the foregoing;

G. All of Debtor's rights, now owned or hereafter acquired, in and to all lease records, well records and production records which relate to any of the foregoing property;

H. All of Debtor's rights, now owned or hereafter acquired, in and to all of the personal property, machinery (surface and subsurface), equipment, facilities and other property of whatsoever kind or nature (excluding drilling rigs, drill pipe, tanks, mud pumps, cranes, automotive equipment or other property taken to the premises to drill a well or for other similar temporary uses) now or hereafter located on or under any of the above described lands which are used or useful or held for use in connection with the exploration or development of the above described lands or the above described leases, interests and properties or the production, treatment, processing, storage or transportation of oil, gas or other Hydrocarbons or other minerals, including, but not by way of limitation, all oil wells, gas wells, water wells, injection wells, casing, tubing, rods, pumping units and engines, Christmas trees, derricks, separators, gun barrels, flow lines, tanks, gas systems (for treating, disposal or injection), pipe, pipelines, boilers, compressors, connections, power plants, poles, lines, transformers, starters, controllers, machine shops, tools, storage yards and equipment stored therein, buildings and camps, telegraph, telephone and other communication systems, roads, loading racks and shipping facilities, together with all improvements, betterments and additions thereto and replacements thereof and all other personal property and equipment of every kind and character upon, incident, appurtenant or used in connection with Debtor's interest in the above described land, including, without limitation, goods that are to become fixtures related to such property;

I. All other rights, titles and interests of Debtor (whether now owned or hereafter acquired by operation of law or otherwise) in, to and under or derived from the lands, leases and properties described in the Exhibit, including, without limitation, (i) any and all rights of Debtor to liens and security interests securing to Debtor payment of proceeds from the sale of production from the Mortgaged Properties, including, but not limited to, those liens and security interests provided for in TEX. BUS. & COM. CODE ANN. §9.319 and (ii), to the extent assignable by law or applicable third party agreement, all Debtor's rights under and by virtue of all covenants and warranties pertaining to the Mortgaged Properties, express or implied, that have heretofore been made by all of Debtor's predecessors in title, as such may be limited by the Exhibit, even though Debtor's interest therein may be incorrectly or insufficiently described or

referred to in said Exhibit, including, without limitation, all general intangibles and all accounts and accounts receivable resulting from the sale of Hydrocarbons therefrom, whether such sale occurs at the wellhead or minehead or otherwise;

together with any and all corrections and amendments to, and renewals, extensions and ratifications of, any of the foregoing or of any instrument relating thereto and all other things of value incident thereto which Debtor might at any time have been, may be or may hereafter become entitled to; and all proceeds and products of any of the foregoing, each as the same may now or hereafter exist. The above minerals and the like, including oil and gas or accounts will be financed at the wellhead of the well located on the lands described in the Exhibit. For purposes of this Financing Statement, the term "Warranted Interest" shall mean, subject to the exception for the Permitted Encumbrances (as defined in that certain Deed of Trust, Mortgage, Assignment of Production and Security Agreement--Mortgage--Collateral Real Estate Mortgage dated December 31, 1992 among Debtor, Secured Party and the trustee therein, named), such interest that will (i) entitle Debtor to receive not less than the "Net Revenue Interest" set forth on the Exhibit of oil, gas and associated liquid and gaseous hydrocarbons produced, saved and marketed from the wells described on the Exhibit, except as provided in the Exhibit and (ii) obligate Debtor to bear the percentage of the costs and expenses related to the maintenance, development and operation of the wells described on the Exhibit in an amount not greater than the "Working Interest" set forth on the Exhibit, without increase throughout the productive life of such properties, except increases that also result in a proportionate increase in Debtor's Net Revenue Interest, increases that result from co-owner elections not to participate in an operation and increases that result from contribution requirements with respect to defaulting co-owners and except as set forth in the Exhibit. The term "well", as used in the definition of Warranted Interest, in each case shall mean a well limited as to the formations in which such well is or at the time of the Reserve Report (below defined), was producing or capable of producing oil or gas and associated liquid and gaseous hydrocarbons (and/or carbon dioxide and helium), or if temporarily shut in, as to the formations in which the same is presently capable of producing, together with the presently existing spacing or production unit applicable to such well for production purposes. "Reserve Report" shall mean that certain Reserve Report dated January 1, 1992, prepared by Ryder Scott Company of Houston, Texas, covering the Mortgaged Properties and certain other properties owned by Debtor. The Warranted Interest shall not limit the grant of the Mortgaged Property contained in this Financing Statement in any manner whatsoever.

4. This Financing Statement may be filed with the Secretaries of State of the States of Mississippi and Texas and the County Recorders in the following Counties:

MISSISSIPPI: Harrison

TEXAS: Aransas, Brazoria, Calhoun, Galveston, Jefferson, Kenedy, Kleberg, Matagorda and Nueces

5. The record owner of the collateral covered by this Financing Statement is the Debtor.
6. Proceeds and products of the collateral are also covered.
7. This Financing Statement is being executed in several counterparts, each of which is an original and all of which are identical, containing all property descriptions included in the Exhibit annexed hereto. One of such counterparts has been delivered to each of Debtor and Secured Party. Numerous additional counterparts have been executed, all of which are identical except that to facilitate filing and recordation there are omitted from certain counterparts those property descriptions in the Exhibit which contain specific

descriptions of properties located in jurisdictions other than the filing or recording jurisdiction in which the particular counterpart is to be filed or recorded. Each of such counterparts shall be deemed to be an original and all of such counterparts shall together constitute but one and the same instrument.

8. Federal Tax I.D. No. of Debtor: 74-2125865.

WITNESSES TO ALL SIGNATURES:

T. Renée Conroy  
T. Renée Conroy  
(Printed Name of Witness)

Karen Clark  
Karen Clark  
(Printed Name of Witness)

ATTEST:

[Signature]  
(Ass. ) Secretary  
(SEAL)

DEBTOR:

SEAGULL ENERGY E & P INC.

By: Robert M. King  
Robert M. King,  
Treasurer

SECURED PARTY:

TEXAS COMMERCE BANK NATIONAL  
ASSOCIATION, for Itself  
and as Administrative Agent

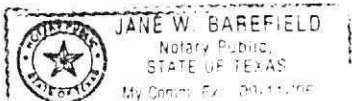
By: Robert C. Mertensoitto  
Robert C. Mertensoitto,  
Senior Vice President

THE STATE OF TEXAS §  
§  
COUNTY OF HARRIS §

This instrument was acknowledged before me on the 24<sup>th</sup> day of December, 1992 by Robert M. King, Treasurer of Seagull Energy E & P Inc., a Texas corporation, on behalf of said corporation.

GIVEN under my hand and seal of office, this 24<sup>th</sup> day of December, 1992.

Jane W. Barefield  
Notary Public in and for the  
State of T E X A S



Printed Name of Notary Public \_\_\_\_\_

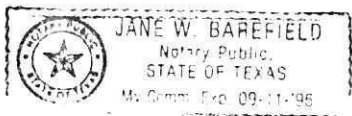
My Commission Expires: \_\_\_\_\_

THE STATE OF TEXAS §  
§  
COUNTY OF HARRIS §

BEFORE ME, the undersigned, a Notary Public in and for the State of Texas, on this day personally appeared Robert C. Mertensotto, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that the same was the act of the said Texas Commerce Bank National Association, a national banking association, acting for itself and as Administrative Agent, and that he executed the same as the act and deed of such association, acting for itself and as Administrative Agent, for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN under my hand and seal of office, this 24<sup>th</sup> day of December, 1992.

Jane W. Barefield  
Notary Public in and for the  
State of T E X A S



Printed Name of Notary Public \_\_\_\_\_

My Commission Expires: \_\_\_\_\_

EXHIBIT A  
TO  
FINANCING STATEMENT

Preamble

1. This Preamble constitutes part of Exhibit A. Unless otherwise defined herein, all of the terms defined in the Financing Statement to which this Exhibit A is attached are used in this Exhibit A with the same meanings given therein.
2. Exhibit A sets forth the description of the property interests covered by the Financing Statement, limited to the geographic areas specified. The descriptions are organized on a Well or Unit basis. For each Well or Unit, the associated property interests are described. In addition, the Working Interest and Net Revenue Interest of Debtor in the Well or Unit is stated and these interests are the Warranted Interests.
3. As used in this Exhibit A, the following terms shall have the meanings ascribed to them below:
  - (a) The term "Net Revenue Interest" (NRI) shall mean the interest ownership of Debtor in oil and/or gas production from each referenced Well or Unit after the deduction of lessor royalties, overriding royalties, net profits interests, production payments and other interests that burden the interest of Debtor.
  - (b) The term "Working Interest" (WI) shall mean the interest ownership of Debtor in and to the leasehold estate of the identified lease representing Debtor's cost-bearing share of same.
  - (c) The term "Unit" shall mean a unit, pool or communitization area created by a voluntary or statutory declaration, designation or order.
  - (d) The term "Well" shall mean any well that is listed in this Exhibit A.
  - (e) The terms "BPO" and "APQ" shall mean "Before Payout" and "After Payout", respectively, the term "Payout" being defined to mean payout as applicable to each Mortgaged Property under a lease, one or more of the agreements to which such Mortgaged Property is subject, certain assignment instruments in the chain of title to such Mortgaged Property, or applicable regulatory order.
4. Each Well or Unit with respect to which the Working Interest and Net Revenue Interest of Debtor are stated is described as follows: (i) each Well is described by reference to the well name given to the Well in Debtor's records, which may or may not be the name stated in the records of the applicable state or federal regulatory authority, and (ii) each Unit is described by the name by which such Unit is referred to in Debtor's records, which may or may not be the name stated in the records of the applicable state or federal regulatory authority.
5. The represented Working Interests of Debtor are stated in the columns captioned "BPO WI" and "APO WI". The represented Net Revenue Interests of Debtor are stated in the columns captioned "BPO/NRI" and "APO/NRI". If no interests are stated in the columns captioned "APO/WI" and "APO/NRI" on a line for any property or if the notation "N/A" appears, this indicates that there is no payout event applicable to Debtor's interests in such property and that Debtor's interests in such property are as stated in the columns "BPO/WI" and "BPO/NRI" throughout the productive life of such property.



6. The references to book or volume and page herein refer to the recording location of each respective Mortgaged Property described herein in the county where the land covered by the Mortgaged Property is located.
7. Any reference herein to Wells or Units is for warranty of interest, administrative convenience and identification and is not intended to limit or restrict the right, title, interest or properties covered by this Financing Statement and all of Debtor's right, title and interest in the lands and Subject Leases described herein are and shall be subject to this Financing Statement, regardless of the presence of any Units or Wells not herein referenced; provided, the grants of the Mortgaged Properties and Collateral herein contained shall be particularly limited to each geographic area described with respect to each Well or Unit shown in this Exhibit A only if and to the extent such a limiting description is adequately set forth in this Exhibit A under applicable law and the referenced wellbore is located within the boundaries of any such limiting legal description.
8. The Subject Leases covered by this Financing Statement shall include all leases and forced pooled interests now or hereafter owned by Debtor included within the geographic areas set forth in this Exhibit A whether or not the schedules of leases included in this Exhibit A list all such leases.
9. No depth limitation exception contained in any description of leases and other real property interests set forth in this Exhibit A shall exclude from the grants of the Mortgaged Properties and Collateral contained in the Financing Statement any depth owned by Debtor within the geographic area described in Exhibit A for such leases and other real property interests, and, without limitation of the warranties contained in the Financing Statement concerning the Warranted Interests, this Exhibit A shall be deemed to include all right, title, claim and interest of Debtor in and to the depths included in each such depth limitation exception within the applicable geographic areas; provided, such grants and descriptions shall nevertheless be limited to gas, gas rights and gas privileges in such leases and other real property interests to the extent expressly so stated in Exhibit A.

EXHIBIT A

OUTER CONTINENTAL SHELF

BRAZOS 399 P & G - 716945

The leases listed on the attached lease schedule consisting of 2 pages, insofar and only insofar as such leases are included within the following geographic area:

OCS-G 7218 being that portion of Block 399, OCS Leasing Map, Texas Map No. 5, landward of the line established pursuant to Section 8(G) of the OCS Lands Act as amended as described in said lease.

OCS-G 7217 only as to the E/2 of that portion of Block 399, OCS Leasing Map, Texas Map No. 5, seaward of the line established pursuant to Section 8(G) of the OCS Lands Act as amended as described in said lease, said E/2 particularly described in the following lease schedule.

The leases listed on the attached lease schedule consisting of 2 pages, insofar and only insofar as such leases are included within the above described geographic area, entitle Grantor to the following interest in the following wells:

<u>Well Name</u>	<u>BPO/WI</u>	<u>BPO/NRI</u>	<u>APO/WI</u>	<u>APO/NRI</u>
Brazos Block 399P #2	.37500000	.27500000	.22500000	.18750000
Brazos Block 399G #A2	.37500000	.27500000	N/A	N/A
Brazos Block 399G #A4	.37500000	.27500000	N/A	N/A
Brazos Block 399G #1	.37500000	.27500000	N/A	N/A
Brazos Block 399G #3	.37500000	.27500000	N/A	N/A

Lease #	Land Description
Prospect...716945 BRAZOS 399	OCS - GULF OF MEXICO THAT PORTION OF BLOCK 399, BRAZOS AREA, OCS LEASING MAP, TEXAS MAP NO. 5, LANDWARD OF THE LINE ESTABLISHED PURSUANT TO SECTION 8(G) OF THE OCS LANDS ACT AS AMENDED, AND MORE FULLY DESCRIBED IN LEASE.
000001- -1 Dated .....11/01/84	
Lessor: OCS-G 7218	
Lessee: TEXACO INC. AND GETTY OIL COMPANY	

Lease #	Land Description
Prospect...716945 BRAZOS 399	OCS-G GULF OF MEXICO
000001- -1 Dated .....11/01/84	E/2 OF THAT PORTION OF BLOCK 399, BRAZOS AREA, OCS LEASING MAP, TX MAP #5, SEAWARD OF THE LINE ESTABLISHED PURSUANT TO SECTION 8(G) OF THE OCS LANDS ACT AS AMENDED.
Lessor: OCS-G 7217	
Lessee: CONOCO INC. AND CHAMPLIN PETROLEUM CO.	

EXHIBIT A

OUTER CONTINENTAL SHELF

GALVESTON BLOCK 333 - 716400

The leases listed on the attached lease schedule consisting of 1 page, insofar and only insofar as such leases are included within the following geographic area:

OCS-G 6104 being a portion of Galveston Area Block 333, OCS Leasing Map, Texas Map No. 6 as described in said lease.

The leases listed on the attached lease schedule consisting of 1 page, insofar and only insofar as such leases are included within the above described geographic area, entitle Grantor to the following interest in the following wells:

<u>Well Name</u>	<u>BPO/WI</u>	<u>BPO/NRI</u>	<u>APQ/WI</u>	<u>APQ/NRI</u>
Galveston Block 333 #1	.15000000	.12000000	N/A	N/A
Galveston Block 333 #2	.15000000	.12000000	N/A	N/A

Lease #

Land Description

.....  
Prospect...716400 GALVESTON BLOCK 333

.....  
OCS - GULF OF MEXICO

000001- -1 Dated .....10/01/83

5,500.42 ACRES BEING A PORTION OF BLOCK 333, GALVESTON  
AREA, OCS LEASING MAP, TEXAS MAP NO. 6 AND BEING MORE  
FULLY DESCRIBED IN LEASE.

Lessor: MINERALS MANAGEMENT SERVICE OCS-G 6104

Lessee: ANADARKO PRODUCTION CO., ET AL.

EXHIBIT A

OUTER CONTINENTAL SHELF

GALVESTON BLOCK 349 - 716700

The leases listed on the attached lease schedule consisting of 1 page, insofar and only insofar as such leases are included within the following geographic area:

OCS-G 7251 being all of Galveston Area Block 349, OCS Leasing Map, Texas Map No. 6

The leases listed on the attached lease schedule consisting of 1 page, insofar and only insofar as such leases are included within the above described geographic area, entitle Grantor to the following interest in the following wells:

<u>Well Name</u>	<u>BPO/WI</u>	<u>BPO/NRI</u>	<u>APO/WI</u>	<u>APO/NRI</u>
Galveston Blk 349 #1	.50000000	.41666670	N/A	N/A
Galveston Blk 349 #2	.50000000	.41666670	N/A	N/A
Galveston Blk 349 #3	.50000000	.41666670	N/A	N/A
Galveston Blk 349 #4	.70000000	.58333330	.50000000	.41666670
Galveston Blk 349 #5	.50000000	.41666670	N/A	N/A
Galveston Blk 349 #6	.50000000	.41666670	N/A	N/A

## Lease #

## Land Description

.....  
Prospect...716700 GALVESTON BLOCK 349

000001- -1 Dated .....10/01/84

Lessor: MINERALS MANAGEMENT SERVICE OCS-G 7251

Lessee: SHELL OFFSHORE INC.

.....  
OCS - GULF OF MEXICO

ALL OF BLOCK 349, GALVESTON AREA, OCS LEASING MAP,  
TEXAS MAP NO. 6.



EXHIBIT A

OUTER CONTINENTAL SHELF

GALVESTON BLOCK 383 - 715000

The leases listed on the attached lease schedule consisting of 1 page, insofar and only insofar as such leases are included within the following geographic area:

OCS-G 8131 being all of Galveston Area Block 383, OCS Leasing Map, Texas Map No. 6

The leases listed on the attached lease schedule consisting of 1 page, insofar and only insofar as such leases are included within the above described geographic area, entitle Grantor to the following interest in the following wells:

<u>Well Name</u>	<u>EPO/WI</u>	<u>BPO/NRI</u>	<u>APQ/WI</u>	<u>APQ/NRI</u>
Galveston Block 383 #1	.50000000	.40000000	N/A	N/A
Galveston Block 383 #A2	.50000000	.40000000	N/A	N/A
Galveston Block 383 #A4	.50000000	.40000000	N/A	N/A

Lease #

Land Description

Prospect...715000 GALVESTON BLOCK 383

000001- -1 Dated .....10/01/85

Lessor: MMS OCS-C 8131

Lessee: SEAGULL AND MITCHELL ENERGY CORPORATION

OCS - GULF OF MEXICO

ALL OF BLOCK 383, GALVESTON AREA, OCS LEASING MAP,  
TEXAS MAP NO. 6.

EXHIBIT A

OUTER CONTINENTAL SHELF

GALVESTON BLOCK 384 - 713000

The leases listed on the attached lease schedule consisting of 1 page, insofar and only insofar as such leases are included within the following geographic area:

OCS-G 4069 being all of Galvesto                      Block 384, OCS Leasing  
Map, Texas Map No. 6

The leases listed on the attached lease schedule consisting of 1 page, insofar and only insofar as such leases are included within the above described geographic area, entitle Grantor to the following interest in the following wells:

<u>Well Name</u>	<u>BPO/WI</u>	<u>BPO/NRI</u>	<u>APQ/WI</u>	<u>APQ/NRI</u>
Galveston Block 384 #A-1	.50000000	.36000000	N/A	N/A
Galveston Block 384 #A-3	.50000000	.36000000	N/A	N/A

Lease #

.....  
Prospect...713000 GALVESTON BLOCK 384

000001- -1 Dated .....10/01/79

Lessor: OCS-G 4069

Lessee: ALLIED CHEMICAL CORP., MITCHELL ENERGY,  
EL PASO NATURAL GAS

Land Description

.....  
OCS - GULF OF MEXICO

ALL OF BLOCK 384, GALVESTON AREA, OCS LEASING MAP,  
TEXAS MAP NO. 6.

EXHIBIT A

OUTER CONTINENTAL SHELF

MUSTANG ISLAND BLOCK 828 - 710900

The leases listed on the attached lease schedule consisting of 1 page, insofar and only insofar as such leases are included within the following geographic area:

OCS-G 6004 being all of Mustang Island Area Block 828, OCS Leasing Map, Texas Map No. 3

The leases listed on the attached lease schedule consisting of 1 page, insofar and only insofar as such leases are included within the above described geographic area, entitle Grantor to the following interest in the following wells:

<u>Well Name</u>	<u>BPO/WI</u>	<u>BPO/NRI</u>	<u>APO/WI</u>	<u>APO/NRI</u>
Mustang Isl Blk 828 #B-1	.47650000	.38120000	N/A	N/A
Mustang Isl Blk 828 #B-2	.47650000	.38120000	N/A	N/A
Mustang Isl Blk 828 #B-3	.47650000	.38120000	N/A	N/A
Mustang Isl Blk 828 #B-5	.47650000	.38120000	N/A	N/A
Mustang Isl Blk 828 #B-7	.50050000	.40040010	N/A	N/A

Lease #  
.....  
Prospect...710900 MUSTANG ISLAND BLOCK 828  
000301- -1 Dated .....10/01/83  
Lessor: OCS-G 6004  
Lessee: SEAGULL ENERGY E&P INC.

Land Description  
.....  
OCS-G - GU. TEXICO  
ALL OF BLOCK 828, MUSTANG ISLAND AREA, OCS LEASING  
MAP, TEXAS MAP NO. 3.

EXHIBIT A

OUTER CONTINENTAL SHELF

N. PADRE ISLAND BLOCK A 72 - 716924

The leases listed on the attached lease schedule consisting of 1 page, insofar and only insofar as such leases are included within the following geographic area:

OCS-G 11213 being Block A-72, North Padre Island Area, East Addition, OCS Leasing Map, Texas Map 2A.

The leases listed on the attached lease schedule consisting of 1 page, insofar and only insofar as such leases are included within the above described geographic area, entitle Grantor to the following interest in the following wells:

<u>Well Name</u>	<u>BPO/WI</u>	<u>BPO/NRI</u>	<u>APO/WI</u>	<u>APO/NRI</u>
N. Padre Island A-72 #1	.50000000	.41566667	N/A	N/A

## Lease #

## Land Description

Prospect...716924 N. PADRE ISLAND EAST ADDITION

OCS-G - GULF OF MEXICO

000001- -1 Dated .....11/01/89

Lessor: OCS-G 11213

ALL OF BLOCK A-72, NORTH PADRE ISLAND AREA, EAST  
ADDITION, OCS LEASING MAP, TEXAS MAP NO. 2A.

Lessee: ASHLAND EXPLORATION, INC., ET AL



EXHIBIT A

OUTER CONTINENTAL SHELF

BRAZOS 439 - 718400

The leases listed on the attached lease schedule consisting of 1 page, insofar and only insofar as such leases are included within the following geographic area:

OCS-G 11272 only as to that portion of Block 439, Brazos Area, OCS Leasing Map, Texas Map No. 5, seaward of the Federal/State boundary as described in said lease.

The leases listed on the attached lease schedule consisting of 1 page, insofar and only insofar as such leases are included within the above described geographic area, entitle Grantor to the following interest in the following wells:

<u>Well Name</u>	<u>BPO/WI</u>	<u>BPO/NRI</u>	<u>APO/WI</u>	<u>APO/NRI</u>
Brazos Block 439 #1	.50000000	.41666667	.33333333	.27777777

Lease #  
.....  
Prospect 718400 BRAZOS 439  
000001 | Dated .....10/01/89  
Lessor: OCS-G 11272  
Lessee: ASHLAND EXPLORATION, INC. &  
SEAGULL ENERGY E&P INC.

Land Description  
.....  
OCS - GULF OF MEXICO  
THAT PORTION OF BLOCK 439, BRAZOS AREA, OCS LEASING  
MAP, TEXAS MAP NO. 5, SEAWARD OF THE FEDERAL/STATE  
BOUNDARY, SPECIFICALLY DESCRIBED IN LEASE,  
CONTAINING 915.20 ACRES, MORE OR LESS.

**EXHIBIT "A"**  
**OUTER CONTINENTAL SHELF**  
**BRAZOS AREA BLOCK 396-773100**

The leases on the attached schedule consisting of (1) one page, insofar and only insofar as such leases are included within the following geographic area:

OCS-G 10213 being all of Brazos Area Block 396, OCS Leasing Map, Texas Map No. 5.

The leases listed on the attached lease schedule consisting of (1) one page, insofar and only insofar as such leases are included within the above described geographic area, entitle Grantor to the following interest in the following wells:

<u>WELL NAME</u>	<u>BPO/WI</u>	<u>BPO/NRI</u>	<u>APO/WI</u>	<u>APO/NRI</u>
Brazos Block 396 #1	0.40000000	0.29333333	0.40000000	0.28333333

## Land Description

-----  
 Prospect...773100 BRAZOS BLOCK 396

000001- -1 Dated.....11/01/88  
 Lessor: USA OCS-G 10213  
 Lessee: COMOCO, INC ET AL  
 Book: Page:  
 Cty/St: OFFSHORE FED COUNTY, TEXAS

Entry:

-----  
 BLK 396 BRAZOS AREA  
 ALL OF BLK 396, BRAZOS AREA, OCS LEASING MAP, TEXAS  
 FROM THE SURFACE OF THE EARTH DOWN TO AND INCLUDING  
 BELOW THE STRATIGRAPHIC EQUIVALENT OF 100' BELOW THE  
 OF 7580' SUBSEA TRUE VERTICAL DEPTH (SSIMP) AS TO BE  
 THE ELECTRIC LOG OF THE SEACUL BRAZOS 35  
 WELL.

**EXHIBIT "A"**  
**OUTER CONTINENTAL SHELF**  
**BRAZOS AREA BLOCK 397-719600**

The leases on the attached schedule consisting of (1) one page, insofar and only insofar as such leases are included within the following geographic area:

OCS-G 9012 being all of Brazos Area Block 397, OCS Leasing Map, Texas Map No. 5.

The leases listed on the attached lease schedule consisting of (1) one page, insofar and only insofar as such leases are included within the above described geographic area, entitle Grantor to the following interest in the following wells:

<u>WELL NAME</u>	<u>BPO/WI</u>	<u>BPO/NRI</u>	<u>APO/WI</u>	<u>APO/NRI</u>
Brazos Block 397 #1	0.4000000	0.3000000	0.4000000	0.2933333
Brazos Block 397 #2	0.4000000	0.2933333	N/A	N/A

## Land Description

-----  
Prospect... 719600 BRAZOS BLOCK 397

000001- -1 Dated.....12/01/87  
Lessor: USA OCS-G 9012  
Lessee: CONOCO, INC., FT AL  
Book: Page:  
Cty/St: OFFSHORE FED COUNTY, TEXAS

Entry:

-----  
BLK 397 BRAZOS AREA  
ALL OF BLK 397 BRAZOS AREA, OCS LEASING MAP, TEXAS MAP NO 5

**EXHIBIT "A"**  
**OUTER CONTINENTAL SHELF**  
**BRAZOS AREA BLOCK 416-715920**

The leases on the attached schedule consisting of (1) one page, insofar and only insofar as such leases are included within the following geographic area:

OCS-G 9015 being all of Brazos Area Block 416, OCS Leasing Map, Texas Map No. 5.

The leases listed on the attached lease schedule consisting of (1) one page, insofar and only insofar as such leases are included within the above described geographic area, entitle Grantor to the following interest in the following wells:

<u>WELL NAME</u>	<u>BFO/WI</u>	<u>BPO/NRI</u>	<u>APO/WI</u>	<u>APO/NRI</u>
Brazos Block 416 #1	0.4000000	0.3118333	0.4000000	0.3064583

## Land Description

-----  
 Prospect...715920 BRAZOS BLOCK 416

000001- -1 Dated.....12/01/87  
 Lessor: USA OCS-G 9015  
 Lessee: UNION PACIFIC RESOURCES CO  
 Book: Page:  
 City/St: OFFSHORE FED COUNTY, TEXAS

Entry:

-----  
 BLK 416 BRAZOS AREA  
 ALL OF BLK 416, BRAZOS AREA, OCS LEASING MAP, TEXAS MAP NO 5  
 INsofar AND ONLY INsofar AS SAID LEASE COVERS THOSE DEPTHS  
 AND FORMATIONS FROM THE SURFACE OF THE EARTH TO 100 FEET  
 BELOW THE STRATIGRAPHIC EQUIVALENT OF 7,592' TRUE VERTICAL  
 DEPTH (BEING ALSO 7,993' MEASURED DEPTH) UNDER THE SEAGULL  
 OCS-G 9015 NO. 1 WELL.



**EXHIBIT "A"**  
**OUTER CONTINENTAL SHELF**  
**BRAZOS AREA BLOCK 431-719800**

The leases on the attached schedule consisting of (1) one page, insofar and only insofar as such leases are included within the following geographic area:

OCS-G 9017 being all of Brazos Area Block 431, OCS Leasing Map, Texas Map No. 5.

The leases listed on the attached lease schedule consisting of (1) one page, insofar and only insofar as such leases are included within the above described geographic area, entitle Grantor to the following interest in the following wells:

<u>WELL NAME</u>	<u>BPO/WI</u>	<u>BPO/NRI</u>	<u>APO/WI</u>	<u>APO/NRI</u>
Brazos Block 431 #2	0.40000000	0.31183334	0.40000000	0.30645833

## Land Description

-----  
Prospect...719800 BRAZOS 431

000001- -1 Dated....12/01/87

Lessor: USA OCS-G 9017

Lessee: UNION PACIFIC RESOURCES COMPANY

Book: Page:

Cty/St: OFFSHORE FED COUNTY, TEXAS

Entry:

## BLK 431 BRAZOS AREA

ALL OF BLK 431, BRAZOS AREA, OCS LEASING MAP TEXAS MAP NO. 5  
INsofar AND ONLY INsofar AS SAID LEASE COVERS THOSE DEPTHS  
AND FORMATIONS FROM THE SURFACE OF THE EARTH TO 100 FEET  
BELOW THE STRATIGRAPHIC EQUIVALENT OF 7,600' TRUE VERTICAL  
DEPTH (BEING ALSO 7,762' MEASURED DEPTH) IN THE SEAGULL  
OCS-G 9017 WELL NO. 2-ST1

**EXHIBIT "A"**  
**OUTER CONTINENTAL SHELF**  
**BRAZOS AREA BLOCK 432-773300**

The leases on the attached schedule consisting of (1) one page, insofar and only insofar as such leases are included within the following geographic area:

OCS-G 9018 being all of Brazos Area Block 432, OCS Leasing Map, Texas Map No. 5.

The leases listed on the attached lease schedule consisting of (1) one page, insofar and only insofar as such leases are included within the above described geographic area, entitled Grantor to the following interest in the following wells:

<u>WELL NAME</u>	<u>BPO/WI</u>	<u>BPO/NRI</u>	<u>APO/WI</u>	<u>APC/NRI</u>
Brazos Block 432 #1	0.50000000	0.41666667	N/A	N/A

## Land Description

Prospect...773300 BRAZOS BLGCK 432

000001- -1 Dated....12/01/87  
Lessor: USA OCS G 9018  
Lessee: CMG PRODUCING COMPANY  
Book: Page:  
Cty/St: OFFSHORE FED COUNTY, TEXAS

Entry:

BLK 432 BRAZOS AREA  
ALL OF BLK 432 BRAZOS AREA OCS LEASING MAP TEXAS MAP NO 5

**EXHIBIT "A"**  
**OUTER CONTINENTAL SHELF**  
**GALVESTON AREA BLOCK 273-716000**

The leases on the attached schedule consisting of (1) one page, insofar and only insofar as such leases are included within the following geographic area:

OCS-G 9037 being all of Galveston Area Block 273, OCS Leasing Map, Texas Map No. 6.

The leases listed on the attached lease schedule consisting of (1) one page, insofar and only insofar as such leases are included within the above described geographic area, entitle Grantor to the following interest in the following wells:

<u>WELL NAME</u>	<u>BPO/WI</u>	<u>BPO/NRI</u>	<u>APO/WI</u>	<u>APO/NRI</u>
Galveston Block 273 #1	0.40000000	0.32733320	N/A	N/A
Galveston Block 273 #3	0.40000000	0.32733320	N/A	N/A

## Land Description

-----  
Prospect...716000 GALVESTON BLOCK 273

000001- -1 Dated.....10/01/87

Lessor: USA OCS-G 9037

Lessee: SEAGULL ENERGY E&P INC. ET AL

Book: Page:

City/St: OFFSHORE FED COUNTY, TEXAS

Entry:

-----  
BLK 273 GALVESTON AREA  
ALL OF BLOCK 273, GALVESTON AREA, OCS LEASING MAP, TEXAS MAP  
NO. 6.

**EXHIBIT "A"**  
**OUTER CONTINENTAL SHELF**  
**GALVESTON AREA BLOCK 283-716200**

The leases on the attached schedule consisting of (1) one page, insofar and only insofar as such leases are included within the following geographic area:

OCS--G 9039 being all of Galveston Area Block 283, OCS Leasing Map, Texas Map No. 6.

The leases listed on the attached lease schedule consisting of (1) one page, insofar and only insofar as such leases are included within the above described geographic area, entitle Grantor to the following interest in the following wells:

<u>WELL NAME</u>	<u>BPO/WI</u>	<u>BPC/NRI</u>	<u>APO/WI</u>	<u>APO/NRI</u>
Galveston Block 283 #2	0.50000000	0.40666667	N/A	N/A

Land Description

-----  
Prospect...716200 GALVESTON BLOCK 283

000001- -1 Dated.....10/01/87  
Lessor: USA OCS-G 9039  
Lessee: SEAGULL ENERGY E&P INC., ET AL  
Book: Page: Entry:  
City/St: OFFSHORE FED COUNTY, TEXAS

-----  
BLK 283 GALVESTON AREA  
ALL OF BLOCK 283, GALVESTON AREA, OCS LEASING MAP, TEXAS  
MAP NO. 6.



**EXHIBIT "A"**  
**OUTER CONTINENTAL SHELF**  
**GALVESTON AREA BLOCK 330-773800**

The leases on the attached schedule consisting of (1) one page, insofar and only insofar as such leases are included within the following geographic area:

OCS-G 13314 being all of Galveston Area Block 330, OCS Leasing Map, Texas Map No. 6.

The leases listed on the attached lease schedule consisting of (1) one page, insofar and only insofar as such leases are included within the above described geographic area, entitle Grantor to the following interest in the following wells.

<u>WELL NAME</u>	<u>BPO/WI</u>	<u>BPO/NRI</u>	<u>APO/WI</u>	<u>APC/NRI</u>
Galveston Block 330 #1	0.40000000	0.33333333	N/A	N/A

## Land Description

-----  
Prospect...773800 GALVESTON BLOCK 330 OCS-G13314

000001- -1 Dated....12/01/91

Lessor: USA OCS-G 13314

Lessee: SEAGULL ENERGY E & P INC

Book: Page:

Cty/St: OFFSHORE FED COUNTY, TEXAS

Entry:

-----  
BLK 330 GALVESTON AREA  
ALL OF BLK 330 GALVESTON AREA, OCS LEASING MAP TEXAS MAP  
NO. 6

EXHIBIT A

OUTER CONTINENTAL SHELF

MUSTANG ISLAND BLOCK 831 - 710200

The leases listed on the attached lease schedule consisting of 1 page, insofar and only insofar as such leases are included within the following geographic area:

OCS-G 3043 being all of Mustang Island Area Block 831, OCS Leasing Map, Texas Map No. 3

The leases listed on the attached lease schedule consisting of 1 page, insofar and only insofar as such leases are included within the above described geographic area, entitle Grantor to the following interest in the following wells:

Well Name	BPO/WI	BPO/NRI	APD/WI	APD/NRI
Mustang Isl Blk 831 #A1	.50800000	.36386350	.49600000	.35526830
Mustang Isl Blk 831 #A2	.50800000	.36386350	.49600000	.35526830
Mustang Isl Blk 831 #A3	.50800000	.36386350	.49600000	.35526830
Mustang Isl Blk 831 #A4	.50800000	.36386350	.49600000	.35526830
Mustang Isl Blk 831 #A5	.50800000	.36386350	.49600000	.35526830
Mustang Isl Blk 831 #A6	.50800000	.36386350	.49600000	.35526830
Mustang Isl Blk 831 #A7	.50800000	.36386350	.49600000	.35526830
Mustang Isl Blk 831 #A8	.49600000	.35526830	N/A	N/A
Mustang Isl Blk 831 #A9	.49600000	.35526830	N/A	N/A

EXHIBIT 'A'

Lease #

Land Description

Prospect...7'0200 MUSTANG ISLAND BLOCK 831

OCS - GULF OF MEXICO

000601- -1 Dated .....04/01/75

ALL OF BLOCK 831, MUSTANG ISLAND

Lessor: OCS-G 3043

AREA AS SHOWN ON OCS OFFICIAL LEASING MAP,

Lessee: PANCANADIAN PETROLEUM COMPANY

TEXAS MAP NO. 3