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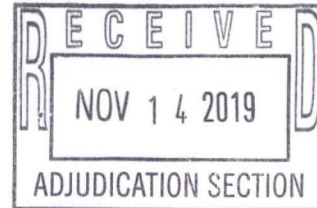
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November 13, 2019

Via Federal Express

Ms. Colette Worcester
U.S. Department of the Interior
Bureau of Ocean Energy Management
1201 Elmwood Park Boulevard
New Orleans, Louisiana 70123



012161/0009

Re: UCC-1 Financing Statement naming Otto Energy (Louisiana) LLC, as debtor, and Macquarie Bank Limited, as secured Party (the "UCC-1")

Ms. Worcester:

Enclosed for filing in **Category #3 – "UCC Filings and Financial Statements"** is one copy of the UCC-1 referenced above that affects the following leases:

OCS G-34266

In addition to the foregoing, I have also enclosed one (1) extra copy of each of this recording letter and the UCC-1 referenced above so that they may be file-stamped and returned to me in the envelope that is enclosed. A Pay.Gov summary and receipt is included evidencing payment and receipt of the filing fees. If you have any questions regarding the enclosed, please contact me at (713) 226-6599 or jthomas@porterhedges.com. Thank you for your assistance.

Regards,

Janice M. Thomas
NALA Certified Paralegal

Encs

**STATE OF LOUISIANA
UNIFORM COMMERCIAL CODE - FINANCING STATEMENT
UCC-1**

Important - Read Instructions before filing out form.

Follow instructions carefully.

1. Debtor's exact full legal name - insert only one debtor name (1a or 1b) - do not abbreviate or combine names.

1a Organization's Name Otto Energy (Louisiana) LLC				
OR	1b Individual's Last Name (and Title of Lineage (e.g. Jr., Sr., III, if applicable))		First Name	Middle Name
1c Mailing Address Two Allen Center, 1200 Smith Street, Suite 1080		City Houston	State TX	Postal Code 77002 Country USA
1d Tax ID #, SSN or EIN	Add'l info re Organization Debtor:	1e Type of Organization limited liability company	1f Jurisdiction of Organization Delaware	1g Organizational ID # if any 5902337 <input type="checkbox"/> None

2. Additional debtor's exact full legal name - insert only one debtor name (2a or 2b) - do not abbreviate or combine names.

2a Organization's Name				
OR	2b Individual's Last Name (and Title of Lineage (e.g. Jr., Sr., III), if applicable)		First Name	Middle Name
2c Mailing Address		City	State	Postal Code Country
2d Tax ID #, SSN or EIN	Add'l info re Organization Debtor:	2e Type of Organization	2f Jurisdiction of Organization	2g Organizational ID #, if any <input type="checkbox"/> None

3. Secured Party's Name (or Name of Total Assignee of Assignor S/P) - insert only one secured party name (3a or 3b)

3a Organization's Name Macquarie Bank Limited				
OR	3b Individual's Last Name (and Title of Lineage (e.g. Jr., Sr., III), if applicable)		First Name	Middle Name
3c Mailing Address 125 West 55th Street, 22nd Floor		City New York	State NY	Postal Code 10019 Country USA

4. This FINANCING STATEMENT covers the following collateral:
All of Debtor's right, title, interest in and to the "Mortgaged Property" as defined and described in the Act of Multiple Indebtedness Mortgage, Security Agreement, Fixture Filing, Financing Statement and Assignment of Production and Revenues dated effective as of November 2, 2019 attached hereto as Annex A, including all As-extracted collateral produced from, or attributable to, and all fixtures located on, or affixed to (or personal property to be affixed to), any real property described (or any real property described within the documents referenced) on Exhibit A to the Mortgage, together with all proceeds thereof, and all rights and privileges with respect thereto.

5a Check if applicable and attach legal description of real property: Fixture filing As-extracted collateral Standing timber constituting goods
 The debtor(s) do not have an interest of record in the real property (Enter name of an owner of record in 5b)

5b Owner of real property (if other than named debtor)

6a Check only if applicable and check only one box
 Debtor is a Transmitting Utility. Filing is Effective Until Terminated
 Filed in connection with a public finance transaction. Filing is effective for 30 years

6b Check only if applicable and check only one box
 Debtor is a Trust or Trustee acting with respect to property held in trust or Decedent's Estate

7. ALTERNATIVE DESIGNATION (If applicable):
 CONSIGNEE/CONSIGNOR LESSEE/LESSOR
 SELLER/BUYER AG. LIEN BAILEE/BAILOR
 NON-UCC-FILING

8. Name and Phone Number to contact filer
Janice Thomas (713) 226-6599

9. Send Acknowledgment To: (Name and Address)
**Porter Hedges LLP
 1000 Main Street, 36th Floor
 Houston, Texas 77002
 Attn: Janice Thomas
 012161-0009; Iberia Parish, Louisiana**

10. The space below is for Filing Office Use Only

11. CHECK TO REQUEST SEARCH REPORT(S) ON DEBTORS (ADDITIONAL FEE REQUIRED) ALL DEBTORS DEBTOR1 DEBTOR2

**RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:**

**Porter Hedges LLP
1000 Main Street, 36th Floor
Houston, Texas 77002
Attn: Ms. Janice Thomas**

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON,
YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING
INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN
THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR
DRIVER'S LICENSE NUMBER.**

**ACT OF MULTIPLE INDEBTEDNESS MORTGAGE, SECURITY AGREEMENT,
FIXTURE FILING, FINANCING STATEMENT AND ASSIGNMENT OF
PRODUCTION AND REVENUES**

from
OTTO ENERGY (LOUISIANA) LLC
(Organizational No. 5920337)
(Mortgagor and Debtor)

In favor of

MACQUARIE BANK LIMITED,
(Mortgagee and Secured Party)

FOR PURPOSES OF FILING THIS INSTRUMENT AS A FINANCING STATEMENT, THE ADDRESS OF MORTGAGOR/DEBTOR IS TWO ALLEN CENTER, 1200 SMITH STREET, SUITE 1080, HOUSTON, TEXAS 77002; THE MAILING ADDRESS OF MORTGAGEE/SECURED PARTY IS LEVEL 1, 50 MARTIN PLACE, SYDNEY NSW 2000, AUSTRALIA.

THIS INSTRUMENT CONTAINS AFTER-ACQUIRED PROPERTY PROVISIONS, AND COVERS FUTURE ADVANCES AND PROCEEDS. INTERESTS IN OIL, GAS, MINERALS AND OTHER AS-EXTRACTED COLLATERAL OR IN ACCOUNTS RESULTING FROM THE SALE THEREOF, WHICH ARE INCLUDED IN THE MORTGAGED PROPERTY, WILL BE FINANCED AT WELLHEADS LOCATED ON THE LANDS, LEASES OR LANDS ASSOCIATED WITH PIPELINES DESCRIBED IN EXHIBIT A-1 AND EXHIBIT A-2 HERETO.

PERSONAL/MOVABLE PROPERTY AND FIXTURES CONSTITUTING A PORTION OF THE MORTGAGED PROPERTY MAY IN THE FUTURE BECOME AFFIXED TO THE LANDS OR LANDS ASSOCIATED WITH PIPELINES DESCRIBED IN EXHIBIT A-1 AND EXHIBIT A-2 HERETO.

THIS INSTRUMENT IS, AMONG OTHER THINGS, A FINANCING STATEMENT UNDER THE UNIFORM COMMERCIAL CODE COVERING AS-EXTRACTED COLLATERAL THAT IS RELATED TO, AND GOODS WHICH ARE, OR ARE TO BECOME FIXTURES ON, THE REAL/IMMOVABLE PROPERTY HEREIN DESCRIBED. A FINANCING STATEMENT WITH THIS INSTRUMENT ATTACHED IS TO BE FILED, AMONG OTHER PLACES, IN THE UNIFORM COMMERCIAL CODE RECORDS OF THE CLERK OF COURT FOR ANY PARISH IN LOUISIANA TO BE INDEXED IN THE CENTRAL UCC REGISTRY WITH THE LOUISIANA SECRETARY OF STATE. A CARBON, PHOTOGRAPHIC, OR OTHER REPRODUCTION OF THIS INSTRUMENT IS SUFFICIENT AS AN ATTACHMENT TO A FINANCING STATEMENT. MORTGAGOR HAS AN INTEREST OF RECORD IN THE REAL/IMMOVABLE PROPERTY CONCERNED, WHICH INTEREST IS DESCRIBED IN EXHIBIT A-1 AND EXHIBIT A-2 HERETO (OR THE DOCUMENTS REFERENCED THEREIN).

This instrument was prepared by Ephraim del Pozo, PORTER HEDGES LLP, 1000 Main Street,
36th Floor, Houston, Texas 77002.

ATTENTION OF RECORDING OFFICER: This instrument is a mortgage of both real/immovable personal/movable 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, among other things, lands and oil and gas interests of Mortgagor which are described, or referred to, in the documents described in Exhibit A-1 and Exhibit A-2 hereto.

**ACT OF MULTIPLE INDEBTEDNESS
MORTGAGE, SECURITY
AGREEMENT, FIXTURE FILING,
FINANCING STATEMENT AND
ASSIGNMENT OF PRODUCTION AND
REVENUES**

UNITED STATES OF AMERICA

STATE OF TEXAS

COUNTY OF HARRIS

FROM

OTTO ENERGY (LOUISIANA) LLC

IN FAVOR OF

MACQUARIE BANK LIMITED

BE IT KNOWN, that on the 31st day of October, 2019,

BEFORE ME, the undersigned Notary Public duly commissioned and qualified in and for the State and county/parish set forth above, and in the presence of the undersigned competent witnesses, personally came and appeared:

OTTO ENERGY (LOUISIANA) LLC., a Delaware limited liability company, (Organizational No. 5920337), TIN: 37-1832981 with its principal office located at Two Allen Center, 1200 Smith Street, Suite 1080, Houston, Texas 77002, represented herein by Philip Trajanovich, its Manager duly authorized by resolutions of the Board of Directors of the sole member of said limited liability company, an original or certified copy of which resolutions are attached hereto as Annex I (hereinafter referred to as "Mortgagor"),

who declared as follows:

This Act of Multiple Indebtedness Mortgage, Security Agreement, Fixture Filing, Financing Statement and Assignment of Production and Revenues (as amended, restated, supplemented or otherwise modified from time to time, the "Mortgage") is entered into effective as of November 2, 2019 (the "Effective Date") by Mortgagor in favor **MACQUARIE BANK LIMITED** ("Mortgagee").

Reference is hereby made to that certain Facility Agreement dated the Effective Date (as the same may be amended, supplemented, restated or otherwise modified, the "Facility Agreement") by and between Mortgagee, as lender ("Lender"), and Otto Energy (USA) Inc., a Delaware corporation, as borrower (the "Borrower").

ARTICLE I

GRANT OF LIENS AND SECURITY INTERESTS IN MORTGAGED PROPERTY

Section 1.01 Certain Defined Terms. As used in this Mortgage, the terms defined above shall have the meanings set forth above and the following terms shall have the following meanings (unless otherwise indicated, such meanings to be equally applicable to both the singular and plural forms of the terms defined):

The following terms will have the meaning set forth in the Facility Agreement: "Business Day," "Default," "Environmental Law," "Event of Default," "Financial Indebtedness," "GAAP," "Governmental Agency," "Hedging Agreement," "Ipsso Facto Event," "Material Adverse Effect," "Net Revenue Interest," "Obligor," "Permitted Security," "Subsidiary," and "Working Interest."

The following terms, as used in the Mortgage have the following meanings

"Applicable Law" means any law, statute, ordinance, decree, requirement, order, judgment, rule, regulation, writ, decree or permit (or official interpretation of any of the foregoing) of any Governmental Agency that is applicable to any individual or business entity, property, asset or circumstance or situation.

"Debtor Relief Laws" means the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

"Final Payment Date" means the first date on which (i) the Mortgagee's commitments to make any loans under the Facility Agreement have expired or been terminated, (ii) the Secured Indebtedness has been paid in full (other than contingent obligations that survive the termination or assignment of this Mortgage for which no claim has been made), and (iii) all obligations owed to any Swap Counterparty have been paid in full or the Hedging Agreements related thereto have been novated, liquidated or such obligations become secured on terms and conditions satisfactory to Otto Energy (USA) Inc. and any such Swap Counterparty.

"Hazardous Substance" means the substances identified as such pursuant to CERCLA and those regulated under any other Environmental Law, including without limitation pollutants, contaminants, petroleum, petroleum products, radionuclides, radioactive materials, and medical and infectious waste.

"Lien" means any mortgage, lien, pledge, assignment, charge, deed of trust, security interest, hypothecation, preference, deposit arrangement or encumbrance (or other type of arrangement having the practical effect of the foregoing) to secure or provide for the payment of any obligation of any individual or business entity, whether arising by contract, operation of law, or otherwise (including, without limitation, the interest of a vendor or lessor under any conditional sale agreement, synthetic lease, capital lease, or other title retention agreement).

"Secured Indebtedness" shall have the meaning set forth in Section 2.01.

“Swap Counterparty” means Mortgagee or any Affiliate of Mortgagee that enters into a Hedging Agreement with any Obligor.

Each capitalized term used in this Mortgage and not defined in this Mortgage shall have the meaning assigned such term in the Facility Agreement. Each term defined in the UCC and not otherwise defined in this Mortgage or the Facility Agreement shall have the meaning assigned such term in the UCC.

Section 1.02 Grant of Liens and Security Interests. Mortgagor, for valuable consideration, the receipt of which is hereby acknowledged and to secure the full and timely payment of the Secured Indebtedness (whether at the stated maturity, by acceleration or otherwise) and the full and timely performance and discharge of the Secured Indebtedness, Mortgagor has granted, bargained, sold, conveyed, mortgaged, pledged, transferred, and assigned, and set over and by these presents does hereby GRANT, BARGAIN, SELL, CONVEY, MORTGAGE, PLEDGE, TRANSFER, ASSIGN AND SET OVER and grant a continuing security interest unto Mortgagee the now owned or hereafter acquired real, personal and mixed property, rights, titles, interests and estates described in Sections 1.03 and 1.04 below (collectively, the “Mortgaged Property”).

Section 1.03 Mortgaged Property.

(a) Oil and Gas Properties.

(i) Lands; Subject Interests; Oil and Gas Leases. All of Mortgagor’s rights, titles, interests and estates in and to all those certain oil, gas and mineral leases, mineral interests, mineral servitudes, royalty interests, overriding royalty interests, production payments, net profits interests, fee interests, carried interests and reversionary interests, including, without limitation, such of the foregoing described on Exhibit A-1 attached hereto and made a part hereof or in, on or under any lands described or referred to, or referred to in the documents described in Exhibit A-1 (collectively, the “Lands”), whether such rights, titles, interests or estates or such Lands are correctly described therein or not (collectively, “Subject Interests”). The term “oil, gas and mineral leases,” as used in this instrument and in Exhibit A-1 includes, in addition to oil, gas and mineral leases, oil and gas leases, oil, gas and sulphur leases, other mineral leases, co-lessor’s agreements and extensions, amendments, ratifications and other modifications and subleases (collectively, “Oil and Gas Leases”).

(ii) Units. All of Mortgagor’s rights, titles, interests and estates in and to drilling, spacing, proration or production units, as created by the terms of any unitization, communitization and pooling agreements or orders, and all properties, property rights and estates created thereby which include, belong or appertain to the Subject Interests, including, without limitation, all such units formed voluntarily or pursuant to any Applicable Law relating to any of the Subject Interests (collectively, “Units”). As used herein, the term.

(iii) Hydrocarbons; As-Extracted Collateral. All of Mortgagor’s rights, titles, interests in all oil, gas, coal seam gas, coalbed methane, casinghead gas, drip gasoline,

natural gasoline, condensate, distillate, and all other liquid or gaseous hydrocarbons produced or to be produced in conjunction therewith from a well bore and all products, by-products, and other substances derived therefrom or the processing thereof, and all other minerals and substances produced in conjunction with such substances, including, but not limited to, sulfur, geothermal steam, water, carbon dioxide, helium, any and all minerals, ores, or substances of value and the products and proceeds therefrom and all as-extracted collateral (as defined in the Uniform Commercial Code as enacted, amended and in effect in the State of Louisiana, the “UCC”) now or hereafter accruing to, attributable to or produced from the Subject Interests and the Units or to which Mortgagor now or hereafter may be entitled (collectively, “Hydrocarbons”).

(iv) Wells; Fixtures and Personal Property. All of Mortgagor’s rights, titles, interests and estates in and to all oil and gas wells, disposal and injection wells (collectively, “Wells”), rigs, improvements and fixtures, machinery and other equipment, inventory and articles of personal/movable property of any kind or character (excluding vehicles, equipment or other personal/movable property which may be taken to the premises for the drilling of a Well or for other similar temporary uses and are not owned by Mortgagor), in each case appurtenant to, or used or held for use for the production of Hydrocarbons from the Subject Interests and Units, and any of the foregoing, wherever located, including, without limitation, connection apparatus and flow lines from Wells to tanks, gathering lines, trunk lines, lateral lines, flow lines, compressor, dehydration and pumping equipment, pumping plants, gas plants, processing plants, pumps, dehydration units, separators, heater treaters, valves, gauges, meters, derricks, rig substructures, buildings, tanks, reservoirs, tubing, rods, liquid extractors, engines, boilers, tools, appliances, cables, wires, tubular goods, machinery, supplies and any and all other equipment, inventory and articles of personal/movable property of any kind or character appurtenant to, or used or held for use for the production of Hydrocarbons, or used on or about the Lands for operations, together with all improvements or products, accessions, attachments and other additions to, tools, parts and equipment used in connection with, and substitutes and replacements for, all or any part of the foregoing (collectively, “Personal Property” and to the extent any property described in this Section 1.03(a)(iv) or in Section 1.03(b)(iv) below is affixed to the Lands, collectively, “Fixtures”).

(v) Subject Contracts. All of Mortgagor’s rights, titles, interests and estates (including, without limitation, all rights to receive payments) in and to all easements, permits, licenses, rights-of-way, surface leases, franchises, servitudes, division orders, transfer orders and other agreements (including any of the foregoing obtained from any Governmental Agency) relating or pertaining to purchasing, exchanging, exploring for, developing, operating, treating, processing, storing, marketing or transporting Hydrocarbons under or by virtue of any contract relating in any way to all or any part of the Mortgaged Property otherwise described herein, including, without limitation, farmout contracts, farmin contracts, operating or joint operating agreements, trade letter agreements and all agreements creating rights-of-way for ingress and egress to and from the Subject Interests and Units (collectively, “Subject Contracts”), and all rights, titles and interests in and to all surface fees and fee estates described in Exhibit A-1, and all compressor sites, settling ponds, equipment or pipe yards, office sites, office buildings

and all property and Fixtures affixed thereon, whether such are fee simple estates, leasehold estates or otherwise.

(vi) Accounts. All of Mortgagor's rights, titles and interests in all accounts (including, without limitation, all open accounts receivable and accounts receivable arising under or pursuant to any Subject Contracts (including rights to proceeds under Hedging Agreements), all seismic data, geological data and interpretations of any of the forgoing (but excluding such data licensed by Mortgagor where such licenses prohibit or restrict encumbrance, pledge or assignment), general intangibles, chattel paper, documents, instruments, cash and noncash proceeds and other rights arising from the voluntary or involuntary sale or other disposition, collections, insurance proceeds payable, proceeds payable, or claims against any other person or entity related to the Mortgaged Property (collectively, "Accounts").

(vii) Other Minerals. All sulphur, lignite, coal, uranium, thorium, iron, geothermal steam, water, carbon dioxide, helium and all other minerals, ores or substances of value (whether similar to the foregoing or not), and the products and proceeds therefrom now owned or hereafter acquired by Mortgagor, including, without limitation, all gas resulting from the in-situ combustion of coal or lignite now or hereafter accruing to, attributable to or produced from the Subject Interests or to which Mortgagor now or hereafter may be entitled as a result of or by virtue of Mortgagor's ownership or leasehold interest of the Subject Interests (collectively, "Other Minerals").

(b) Pipelines.

(i) Pipelines; Gathering Systems. All of Mortgagor's rights, titles and interests in and to all pipelines and gathering systems for the gathering, transmission, or distribution of Hydrocarbons, including, without limitation, those pipelines described on Exhibit A-2 which is attached hereto and made a part hereof, or the description of which is incorporated in Exhibit A-2 by reference to any other instrument or document associated with such pipelines and gathering systems, and any interests in real/immovable property relating thereto (collectively, "Pipelines").

(ii) Lands Associated with Pipelines. All of Mortgagor's rights, titles and interests, in and to all tracts and parcels of real/immovable property described or referred to in Exhibit A-2 attached hereto, or the description of which is incorporated in Exhibit A-2 by reference to any other instrument or document associated with the Pipelines (collectively, the "Lands Associated with Pipelines").

(iii) Rights-of-Way and Franchises. All of Mortgagor's rights, titles and interests, by Mortgagor in and to all leases, leaseholds, easements, rights-of-way, licenses, franchises, privileges, permits, ordinances, grants, rights, consents, servitudes, surface leases or rights, amendatory grants and interests (including any of the foregoing obtained from any Governmental Agency) in land for the installation, maintenance and operation of the Pipelines or the assets associated with the Pipelines including, without limitation, the foregoing described in Exhibit A-2, or by the documents described in Exhibit A-2 (collectively, "Rights-of-Way and Franchises").

(iv) Other Pipeline Assets. All other assets of Mortgagor now or hereafter situated on any of the Lands Associated with Pipelines or related to the Rights-of-Way and Franchises, including without limitation, fixtures, improvements, equipment, surface or subsurface machinery, facilities, supplies, replacement parts, vehicles of every description, process control computer systems and equipment or other property of any kind or nature and, including, without limitation, buildings, structures, machinery, gas processing plants, stations, substations, pumps, pumping stations, meter houses, metering stations, regulator houses, ponds, tanks, scrapers and scraper traps, fittings, valves, connections, cathodic or electrical protection by-passes, regulators, drips, meters, pumping units, storage or tankage facilities, engines, pipes, gates, telephone and telegraph lines, electric power lines, poles, wires, casings, radio towers, mechanical equipment, electrical equipment, machine shops and other equipment, used or useful in connection therewith; together with all of Mortgagor's Hydrocarbons, and other inventory fuels, carbon, chemicals, electric energy, and other consumable materials or products manufactured, processed, generated, produced, transmitted, stored (whether above or below ground) or purchased by Mortgagor for sale, exchange, distribution, consumption or transmission by Mortgagor (collectively, "Pipeline Assets").

(c) General.

(i) Other Appurtenances, Etc. All rights, titles and interests to tenements, hereditaments, appurtenances, profits and properties in any way related, affixed or incidental to, or used or useful in connection with, all or any part of the property and interests described in this Section 1.03, including, without limitation, all reversions, remainders, carried interests, tolls, rents, revenues, issues, proceeds, earnings, income, products, profits, deposits, easements, permits, licenses, servitudes, surface leases, Rights-of-Way and Franchises related thereto.

(ii) All Other Property. All other interests of every kind and character whether real or personal/movable property, which Mortgagor now owns or hereafter acquires in and to the types and items of property and interests described in Sections 1.03(a), 1.03(b) and 1.03(c)(i) and which is used or useful in connection with the Mortgaged Property and the proceeds and products of all of the foregoing.

(iii) Additional Interests. In the event that the Mortgagor acquires additional undivided interests in some or all of the Mortgaged Property, this Mortgage will automatically encumber such additions or increases to Mortgagor's interest in the Mortgaged Property without need of further act or document. Further, in the event Mortgagor becomes the owner of an interest in any part of the Subject Interests, Lands or Lands Associated with Pipelines, including those described either in Exhibit A-1 or Exhibit A-2 or the documents described in Exhibit A-1 or Exhibit A-2 or otherwise subject to or covered by the Mortgaged Property, this Mortgage will automatically encumber such ownership interest of Mortgagor without need of further act or document.

(iv) Excluded Structures. Notwithstanding any provision in this Mortgage to the contrary, in no event is any Building (as defined in the applicable Flood Insurance Regulation) or Manufactured (Mobile) Home (as defined in the applicable Flood

Insurance Regulation) included in the definition of "Fixtures" and no Building or Manufactured (Mobile) Home (collectively, "Excluded Structures") is hereby encumbered by this Mortgage. As used herein, "Flood Insurance Regulations" shall mean (a) the National Flood Insurance Act of 1968 as now or hereafter in effect or any successor statute thereto, (b) the Flood Disaster Protection Act of 1973 as now or hereafter in effect or any successor statute thereto, (c) the National Flood Insurance Reform Act of 1994 (amending 42 USC 4001, et seq.), as the same may be amended or recodified from time to time, and (d) the Flood Insurance Reform Act of 2004 and any regulations promulgated thereunder.

Section 1.04 Additional Grant and Agreements. For the avoidance of doubt and to further secure the full and complete payment and performance of the Secured Indebtedness (defined below), Mortgagor, as debtor, hereby grants to Mortgagee and Mortgagee's successors in title and assigns, as secured party, a first and prior Lien and security interest in and to the following types and items of property and interests now owned or hereafter acquired by Mortgagor: (a) all present and future Personal Property, Subject Contracts and Accounts; (b) all present and future Subject Interests, Hydrocarbons and Other Minerals (including all as-extracted collateral), as defined in and subject to the UCC, and for which the creation and perfection of a security interest or lien therein is governed by the provisions of the UCC; (c) all present and future other Mortgaged Property described in Section 1.03 consisting of Accounts, contract rights, general intangibles, chattel paper, documents, instruments, inventory, equipment, fixtures and other goods and articles of personal property of any kind or character defined in and subject to the UCC; (d) all present and future increases, profits, combinations, reclassifications, improvements and products of, accessions, attachments and other additions to, tools, parts and equipment used in connection with, and substitutes and replacements for, all or any part of the Mortgaged Property described in this or any other clause of this Section 1.04; (e) all present and future Accounts, contract rights, general intangibles, chattel paper, documents, instruments, cash and noncash proceeds and other rights arising from or by virtue of, or from the voluntary or involuntary sale or other disposition of, or collections with respect to, or insurance proceeds payable with respect to, or proceeds payable by virtue of warranty or other claims against manufacturers of, or claims against any other person or entity with respect to, all or any part of the Hydrocarbons, the Other Minerals or the Mortgaged Property described in this Article I; and (f) all present and future security for the payment to Mortgagor of any of the Mortgaged Property described in this Article I and goods which gave or will give rise to any of such Mortgaged Property or are evidenced, identified, or represented therein or thereby.

For the same consideration, Mortgagor hereby grants to Mortgagee and Mortgagee's successors and assigns any and all rights of Mortgagor to Liens and security interests, a first and prior security interest in and to the Mortgaged Property securing payment of proceeds from the sale of production of Hydrocarbons from the Mortgaged Property, including, but not limited to, those Liens and security interests provided for in the UCC (and any successor statute thereto or any similar statute in any state where the Mortgaged Property is located).

Any additional right, title, interest or estates, whether real, personal or mixed and whether Mortgagor now owns or may hereafter acquire in law or in equity or become entitled to in all assets of the types described above shall inure to the benefit of and be covered by this Mortgage and constitute "Mortgaged Property," the same as if expressly described and conveyed herein.

The inclusion of certain specific types and items of property and interests of any Mortgaged Property is not intended in any way to limit the effect of the more general descriptions.

TO HAVE AND TO HOLD all and singular the Mortgaged Property and all other property which, by the terms hereof, has or may hereafter become subject to the Lien of this Mortgage, together with all rights, hereditaments and appurtenances in anywise belonging to the Mortgagee or its assigns forever. The inclusion of certain specific types and items of property and interests of any Mortgaged Property is not intended in any way to limit the effect of the more general descriptions. Mortgagor hereby binds itself, its successors and assigns, to warrant and forever defend all and singular the above described property, rights, and interests constituting the Mortgaged Property to the Mortgagee and to its assigns forever, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

ARTICLE II

SECURED INDEBTEDNESS

Section 2.01 Facility Agreement, Etc. This Mortgage is made to secure and enforce the payment and performance of the following indebtedness, obligations and liabilities (collectively, "Secured Indebtedness"):

(a) All Financial Indebtedness of Borrower under, as defined in, or arising pursuant to the terms of the Facility Agreement.

(b) Payment of any sums which may be advanced or paid by Mortgagee under the terms hereof on account of Mortgagor's failure to comply with the covenants of Mortgagor contained herein; and all other indebtedness of Mortgagor arising pursuant to the provisions of this Mortgage or other Finance Documents.

(c) All interest (including, without limitation, interest accruing at any post-default rate and interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, whether a claim for post-filing or post-petition interest is allowed in such proceeding) in respect of any of the Secured Indebtedness.

(d) All obligations of Mortgagor or any other Obligor owed to any Swap Counterparty under any Hedging Agreement, as the same may be amended, restated, supplemented or otherwise modified from time to time in connection with the Facility Agreement.

(e) All obligations of any Obligor owed to Mortgagee arising pursuant to the terms of any Guarantee executed from time to time by Obligor in connection with the Facility Agreement (as the same may be amended, restated, supplemented or otherwise modified from time to time, collectively, the "Guaranties").

(f) All renewals, extensions, replacements and modifications of indebtedness described, referred to or mentioned in paragraphs (a) through (e) above, and all substitutions therefor, in whole or in part.

(g) All premium, reimbursement obligations, fees, indemnities, costs and expenses including, without limitation, all costs, fees and disbursements of counsel, as provided herein and in the other Finance Documents.

provided that Secured Indebtedness shall not include any Excluded Swap Obligations.

Section 2.02 Present and Future. The word “Secured Indebtedness” wherever used in this Mortgage will refer to all present and future indebtedness, debts, obligations and liabilities described or referred to in this Mortgage and will encompass all renewals, extensions, replacements, substitutions and modifications of Secured Indebtedness. This Mortgage is and shall remain effective, even though the amount of the Secured Indebtedness may later be reduced to zero, until all of the amounts, liabilities and indebtedness, present and future, comprising the Secured Indebtedness have been incurred and are extinguished.

Section 2.03 Maximum Indebtedness. The maximum amount of the Secured Indebtedness that may be outstanding at any time and from time to time that this Mortgage secures, including, without limitation, as a mortgage is SEVENTY FIVE MILLION DOLLARS (\$75,000,000).

ARTICLE III

REPRESENTATIONS AND WARRANTIES

By execution of this Mortgage, Mortgagor hereby adopts and ratifies any and all warranties and representations regarding Mortgagor set forth in the Facility Agreement and as they relate to the Mortgaged Property. In addition, Mortgagor represents and warrants as follows:

Section 3.01 Existence. Mortgagor is (a) a limited liability company duly organized and validly existing under the Applicable Laws of Delaware and (b) in good standing under the Applicable Law of Delaware, having all powers necessary to carry on its businesses and to enter into and consummate the transactions contemplated by the Facility Agreement, the Mortgage and the other Finance Documents. Mortgagor is authorized to do business in all other jurisdictions wherein the character of the properties owned or held by it or the nature of the business transacted by it makes such qualification necessary or desirable.

Section 3.02 No Conflicts or Consents. The execution and delivery by Mortgagor of this Mortgage, the performance of its obligations under this Mortgage, and the consummation of the transaction contemplated by this Mortgage does not and will not (a) conflict with any provision of (i) any Applicable Law, (ii) the Certificate of Formation or Limited Liability Company Agreement of Mortgagor, or (iii) any agreement, judgment, license, order or permit applicable to or binding upon Mortgagor, (b) result in the acceleration of any Financial Indebtedness owed by Mortgagor, or (c) result in or require the creation of any Lien upon any assets or properties of Mortgagor, except as expressly contemplated in the Facility Agreement. Except as expressly contemplated in this Mortgage, no consent, approval, authorization or order of, and no notice to or filing with, any court or Governmental Agency or third party is required in

connection with the execution, delivery or performance by Mortgagor of this Mortgage or to consummate any transactions contemplated by this Mortgage.

Section 3.03 Enforceable Obligations. This Mortgage, when executed and delivered by Mortgagor will be the legal, valid and binding obligation of Mortgagor, enforceable against Mortgagor in accordance with its terms, except as such enforcement may be limited by Debtor Relief Laws.

Section 3.04 Litigation. Except as disclosed in writing by Mortgagor to Mortgagee, there are no actions, suits, or proceedings pending or, to the knowledge of the Mortgagor, threatened against or affecting the Mortgaged Property or involving the validity or enforceability of this Mortgage or the priority of the Lien and security interest or assignment contemplated herein.

Section 3.05 Title. Mortgagor is the lawful and beneficial owner of the Mortgaged Property and has good right and authority to grant, convey, pledge, transfer, mortgage and assign the Mortgaged Property. Mortgagor has good and defensible title to and is possessed of the Mortgaged Property. The Mortgaged Property is free of any and all Liens, except Permitted Security. There are no preferential rights, consents to assign or tag along or drag along rights that burden or affect any of the Mortgaged Property.

Section 3.06 Oil and Gas Leases in Effect, Rentals Paid. All of the Oil and Gas Leases constituting all or part of the Mortgaged Property are in full force and effect. All covenants, express or implied, in respect thereof of any Oil and Gas Leases, or of any assignment thereof, which may affect the validity of any of the Oil and Gas Leases, have been performed. All rentals and royalties due and payable in accordance with the terms of the Oil and Gas Leases comprising a part of the Subject Interests have been duly paid or provided for.

Section 3.07 Revenue and Cost Bearing Interest. Mortgagor's ownership of the Subject Interests and the undivided interests therein as specified on attached Exhibit A-1 attached hereto will, after giving full effect to all Permitted Security, afford Mortgagor not less than those Net Revenue Interests in the production from or allocated to such Subject Interests as specified on attached Exhibit A-1 and will cause Mortgagor to bear not more than that portion of the Working Interest costs of drilling, developing and operating the Subject Interests as specified on Exhibit A-1, unless there is a proportionate increase in Mortgagor's Net Revenue Interest in such Subject Interests.

Section 3.08 Power to Create Lien. Mortgagor has full power and lawful authority to bargain, grant, sell, mortgage, assign, transfer, convey, pledge and hypothecate and grant a Lien in all of the Mortgaged Property all in the manner and form herein provided and without obtaining the waiver, consent or approval of any lessor, sublessor, Governmental Agency or entity or other party except to the extent the approval or consent of the State of Louisiana or the Department of the Interior, United States of America (including the Bureau of Ocean and Energy Management (or any successor agency)) is required by Applicable Law to the grant, transfer, deed or assignment of an interest in the Mortgaged Property. Mortgagor is not party to any agreement or arrangement, or subject to any known order, judgment, writ or decree, which

restricts or purports to restrict its ability to grant Liens to Mortgagee on or in respect of the Mortgaged Property to secure the Secured Indebtedness.

Section 3.09 Taxes. All (a) Property Taxes, (b) Severance Taxes, (c) ad valorem taxes, (d) conservation taxes and (e) any other taxes of any kind, excluding only income taxes and franchise taxes, imposed on Mortgagor in connection with or as a result of its ownership of interests in the Mortgaged Property have been paid. The term "Property Taxes" means taxes imposed annually on Mortgagor which are based on or measured by the estimated value (at the time such taxes are assessed) of any Hydrocarbons situated within the Mortgaged Property as calculated by the governing authority where located. The term "Severance Taxes" means taxes imposed at the time Hydrocarbons are produced from a Well which are based on or measured by the amount or value of such production.

Section 3.10 Operation of Mortgaged Property. The Mortgaged Property has been maintained, operated and developed in a good and workmanlike manner according to practices and procedures that are standard in the oil and gas industry and in conformity with all Applicable Law of all duly constituted authorities having jurisdiction and in conformity in all material respects with the provisions of all Oil and Gas Leases or Subject Contracts. Specifically, (i) no Mortgaged Property is subject to having allowable production reduced below the full and regular allowable (including the maximum permissible tolerance) because of any overproduction (whether or not the same was permissible at the time) and (ii) none of the Wells comprising a part of the Mortgaged Property or Units are deviated from the vertical more than the maximum permitted by Applicable Law, and such Wells are, in fact, bottomed under and are producing from, and the Well bores are wholly within, the Mortgaged Property or Units.

Section 3.11 Environmental Laws. Mortgagor (a) is and has been in material compliance with all Environmental Laws and all permits, requests and notifications relating to health, safety or the environment applicable to Mortgagor or any of its properties, assets, operations and businesses; (b) where applicable, has obtained or caused to be obtained and adhered to and currently possesses all necessary permits and other approvals necessary to store, dispose of and otherwise handle Hazardous Substances and to operate its properties, assets and businesses; (c) where applicable, will report or cause to be reported, to the extent required by all Applicable Law, all sites owned and/or operated by Mortgagor where any Hazardous Substances are released, treated, stored or disposed of and (d) has not used, stored, or released any Hazardous Substances in excess of amounts allowed by Environmental Laws. There is no location on any property currently or previously owned or operated by Mortgagor where Hazardous Substances have entered or are likely to enter into the soil or groundwater or such property, other than immaterial releases of oil or natural gas in the ordinary course of business, none of which (i) either individually or in the aggregate has had or may be expected to result in a Material Adverse Effect in Mortgagor's business or (ii) has violated or reasonably may be expected to violate any Environmental Laws. There is no on-site or off-site location to which Mortgagor has released or transported Hazardous Substances or arranged for the transportation or disposal of Hazardous Substances, which is or is likely to be the subject of any federal, state, local or foreign enforcement action or any investigation which could lead to any claims against any such entity for any clean-up cost, remedial work, damage to natural resources, common law or legal liability, including, but not limited to, claims under the Comprehensive Environmental Response Compensation and Liability Act, (as amended, "CERCLA").

Section 3.12 Pipelines and Pipeline Assets. Mortgagor has constructed and operated the Pipelines and Pipeline Assets, if any, in conformity in all material respects with all Applicable Law of all Governmental Agencies and other regulatory authorities having jurisdiction.

Section 3.13 No Intent to Limit. Any fractions or percentages specified on attached Exhibit A-1 in referring to Mortgagor's interests are solely for the purposes of the warranties made by Mortgagor above and will in no manner limit the quantum of interest with respect to any Subject Interests, Unit or Well identified on Exhibit A-1. If any of the Lands or Lands Associated with Pipelines or other instrument mentioned on Exhibit A-1 and Exhibit A-2 are incorrectly described, then nevertheless this Mortgage will cover all Mortgagor's interest in such Lands, Lands Associated with Pipelines and other instrument as to all of the lands covered thereby, unless limited by express words to the contrary on Exhibit A-1 and Exhibit A-2.

Section 3.14 Suspense of Proceeds. All proceeds from the sale of Hydrocarbons from Mortgagor's Working Interest or Net Revenue Interest in the Mortgaged Property are being received by Mortgagor in a timely manner and are not being held in suspense for any reason.

Section 3.15 Insurance. Mortgagor has obtained and will maintain, insurance coverage of the types required hereunder and under the Facility Agreement. Mortgagor has not received from any insurer a notice of termination or non-renewal regarding such insurance policies.

Section 3.16 No Material Adverse Effect. No Material Adverse Effect has occurred as of the Effective Date.

Section 3.17 Priority. Subject to Permitted Security, the Lien created by this Mortgage has or will have first ranking priority, and such Lien is not subject to any prior ranking or *pari passu* ranking Lien.

Section 3.18 Excluded Structures. Mortgagor does not own any interest in any Excluded Structure for which the loss of such interest could reasonably be expected to result in a Material Adverse Effect.

ARTICLE IV

COVENANTS OF MORTGAGOR

By execution of this Mortgage, Mortgagor does hereby adopt and ratify all of Mortgagor's covenants set forth in the Facility Agreement. In addition, in consideration of the Secured Indebtedness, Mortgagor, for itself and its successors and permitted assigns, further covenants and agrees as follows:

Section 4.01 Payment of Indebtedness. Mortgagor will duly and punctually pay or cause to be paid any and all amounts due under the Secured Indebtedness and hereunder in accordance with the terms of the Finance Documents.

Section 4.02 Defend Title. Mortgagor will not create or suffer to be created or permit to exist any Lien, senior to, junior to, or on parity with, the Lien of this Mortgage upon the

Mortgaged Property or any part thereof, except Permitted Security. Except for the Permitted Security, Mortgagor will warrant and defend title to the Mortgaged Property against the claims and demands of all other persons and will maintain and preserve the Lien created hereby so long as any of the Secured Indebtedness remains unpaid. Except for the Permitted Security, if an adverse claim is made against or a cloud develops upon the title to any part of the Mortgaged Property, Mortgagor agrees, upon the occurrence and during the continuance of a Default or an Event of Default, it will immediately defend against such adverse claim or take appropriate action to remove such cloud which would cause title to the Mortgaged Property not to be good and defensible title at Mortgagor's sole cost and expense, and Mortgagor further agrees that Mortgagee may take such other action as Mortgagee reasonably deems advisable to protect and preserve its interests in the Mortgaged Property, and in such event MORTGAGOR WILL FOREVER INDEMNIFY, PROTECT, DEFEND, AND HOLD HARMLESS MORTGAGEE, ITS RESPECTIVE AFFILIATES, MEMBERS, MANAGERS, SHAREHOLDERS, OWNERS, DIRECTORS, PARTNERS, OFFICERS, EMPLOYEES, REPRESENTATIVES, ADVISORS, ATTORNEYS AND AGENTS (COLLECTIVELY, THE "INDEMNIFIED PARTIES") AGAINST ANY AND ALL ACTIONS, SUITS, LOSSES, CLAIMS, DAMAGES, LIABILITIES, COSTS, ATTORNEYS' FEES AND OTHER EXPENSES OF WHATEVER KIND OR NATURE, JOINT OR SEVERAL, WHICH IT MAY REASONABLY INCUR IN DEFENDING AGAINST ANY SUCH ADVERSE CLAIM OR TAKING ACTION TO REMOVE ANY SUCH CLOUD.

Section 4.03 Correct Defects. Upon request of Mortgagee, Mortgagor will execute; acknowledge, and deliver such division orders, transfer orders or letters and other assurances and instruments as will, in the opinion of Mortgagee, be necessary or proper to convey and assign to the Mortgagee all of the Mortgaged Property herein conveyed or assigned, or intended to be so.

Section 4.04 Pooling. Mortgagor will not, without the prior written consent of Mortgagee, which consent will not be unreasonably withheld, voluntarily pool or unitize all or any part of the Mortgaged Property where the pooling or unitization would result in the diminution of Mortgagor's Net Revenue Interest in production from the Mortgaged Property included in such Unit. Immediately after the formation of any Unit in accordance herewith, Mortgagor will furnish to Mortgagee a conformed copy of the pooling agreement, declaration of pooling, or other instrument creating any such Unit and promptly provide a brief summary of same in reasonable detail to Mortgagee. The interest of Mortgagor included in any Unit attributable to the Mortgaged Property or any part thereof will become a part of the Mortgaged Property and will be subject to the Liens hereof. If any proceedings of any Governmental Agency which could result in pooling or unitizing all or any part of the Mortgaged Property are commenced, Mortgagor will give immediate written notice thereof to Mortgagee and provide notice of all such instruments in reasonable detail to Mortgagee.

Section 4.05 Maintenance and Operation of Mortgaged Property.

(a) Mortgagor will, from time to time, pay or cause to be paid before they become delinquent and payable, all taxes, assessments and governmental charges lawfully levied or assessed upon the Mortgaged Property or any part thereof, or arising from any of the royalties, rents, issues, revenues, profits and other income from the Mortgaged Property, or related to the production of Hydrocarbons or the operation and development thereof; provided, that the

foregoing covenant will be suspended so long as the amount, applicability or validity of any such charges is being diligently contested in good faith by appropriate proceedings and if Mortgagor will have set up reserves therefor which are adequate under GAAP.

(b) Mortgagor will, at its own expense, do or cause to be done all things reasonably necessary to preserve and keep in full repair, working order and efficiency (subject to reasonable wear and tear) all of the Mortgaged Property, including, without limitation, Fixtures and Personal Property, and from time to time will make or cause to be made all the needful and proper repairs, renewals and replacements so that at all times the state and condition of the Mortgaged Property will be fully preserved and maintained in accordance with the standards of a prudent operator and in compliance with applicable Subject Contracts and Applicable Law.

(c) Mortgagor will promptly pay and discharge before delinquent, or cause to be promptly paid or discharged before delinquent, all rentals, delay rentals, royalties and indebtedness accruing under, and in all material respects perform or cause to be performed each and every act, matter or thing required by, Subject Contracts or affecting Mortgagor's interests or rights in the Mortgaged Property, and will do or cause to be done all things necessary to keep unimpaired Mortgagor's rights with respect thereto and prevent any forfeiture thereof or default thereunder. Mortgagor will operate or cause to be operated the Mortgaged Property in a careful and efficient manner in accordance with the prudent operator standard and in compliance in all material respects with all applicable contracts and agreements and in compliance with all Applicable Laws of the jurisdiction in which the Mortgaged Property is situated (including, without limitation, all Applicable Laws reflecting the development and operations of the Mortgaged Property and the production and sale of Hydrocarbons therefrom). Mortgagor will do or cause to be done such development work as may be reasonably necessary to the prudent and economical operation of the Mortgaged Property in accordance with the prudent operator standard.

(d) Mortgagor will promptly pay any tax levied or assessed against any part of the Secured Indebtedness, or against this Mortgage, or against Mortgagee with respect to said Secured Indebtedness or this Mortgage (excluding, however, any income tax payable by Mortgagee).

(e) Mortgagor will perform or cause to be performed, each and all covenants, agreements, terms, conditions and limitations imposed upon Mortgagor and expressly contained in any assignment or other form of conveyance, related to any part of the Mortgaged Property.

Section 4.06 Operation by Third Parties. To the extent that all or portions of the Mortgaged Property may be comprised of interests in the Subject Interests which are other than Working Interests or which may be operated by a party or parties other than Mortgagor, Mortgagor's covenants set forth in as expressed in Section 4.05 are modified to require that Mortgagor use its best efforts to obtain compliance with such covenants by the Working Interest owners or the operator or operators of such Subject Interests.

Section 4.07 Insurance; Taxes. If Mortgagor fails or neglects to (x) pay any taxes, general or special, (y) relieve the Mortgaged Property from any Lien which might become superior or equal to the Lien of this Mortgage, or (z) maintain workers' compensation or other

insurance as required under the Facility Agreement, and upon the occurrence and during the continuance of an Event of Default, the Mortgagee, at its option, may pay any or part of such taxes, Liens, or effect such workers' compensation insurance. Mortgagor will promptly reimburse Mortgagee, for such payments and any and all such sums so paid will be paid by Mortgagor upon demand at Mortgagee's principal offices, and will constitute a part of the Secured Indebtedness.

Section 4.08 Labor; Materials. Mortgagor will (a) promptly pay or cause to be paid before delinquent, all bills for labor and materials incurred in the operation of the Mortgaged Property, except any that is being contested in good faith and as to which satisfactory accruals have been provided; (b) promptly pay its share of all costs and expenses incurred under any joint operating agreement affecting the Mortgaged Property or any portion thereof; (c) furnish Mortgagee, as and when requested, full information as to the status of any joint account maintained with others under any such operating agreement; (d) not take any action to incur any liability or Lien thereunder; and (e) not enter into any new operating agreement or amendment of existing operating agreement affecting the Mortgaged Property that would diminish or alter Mortgagor's Net Revenue Interest therein, all without the prior written consent of Mortgagee.

Section 4.09 Books and Records; Inspections. Mortgagor will keep accurate books and records in accordance with GAAP in which full, true and correct entries will be promptly made with respect to operations on the Mortgaged Property. All such books and records will, during reasonable business hours upon two (2) Business Days prior written notice, be subject to inspection by Mortgagee and its duly accredited representatives, but not as to unreasonably interfere with the business of Mortgagor. In addition, Mortgagee and its duly accredited representatives will have the right to visit the Mortgaged Property during reasonable business hours upon two (2) Business Days prior written notice, but not as to unreasonably interfere with the business of the Mortgagor; *provided that* that Mortgagee executes a form of release and indemnity satisfactory to Mortgagor with respect to Mortgagee's visit to the Mortgaged Property. Mortgagor will, and will use commercially reasonable efforts to cause the operator of the Mortgaged Property to, permit Mortgagee and its duly accredited representatives at all times to go upon, examine, inspect and remain on the Mortgaged Property.

Section 4.10 Legal Proceedings. Mortgagor will promptly notify Mortgagee, in writing, of the commencement of any legal proceedings affecting any part of the Mortgaged Property, and will take such action as may be necessary to preserve its and Mortgagee's rights affected by any legal proceedings affecting any part of the Mortgaged Property. If Mortgagor fails or refuses to take any such action, Mortgagee may at its election take such action on behalf and in the name of Mortgagor and at Mortgagor's cost and expense.

Section 4.11 Existence. Mortgagor will maintain its limited liability company existence and will maintain and procure all necessary franchises and permits to be and continue to be a limited liability company in good standing in the state of its organization and in the state wherein the Mortgaged Property is located, with full power and authority to own and operate all of the Mortgaged Property as contemplated herein until this Mortgage will have been fully satisfied.

Section 4.12 Releases of Mortgaged Property; Waivers. Mortgagor hereby expressly waives any and all rights or privileges of marshaling of assets, sale in inverse order of alienation,

notices, appraisements, redemption and any prerequisite to the full extent permitted by Applicable Law, in the event of foreclosure of the Lien created herein. Mortgagee at all times will have the right to release any part of the Mortgaged Property now or hereafter subject to the Lien of this Mortgage, any part of the proceeds of production or other income herein or hereafter assigned or pledged, or any other security it now has or may hereafter acquire securing the Secured Indebtedness, without releasing any other part of the Mortgaged Property, proceeds or income, and without affecting the Liens hereof as to the part or parts thereof not so released, or the right to receive future proceeds and income.

Section 4.13 Legal and Other Expenses. Upon demand of Mortgagee, Mortgagor will promptly pay all reasonable and customary costs and expenses heretofore or hereafter incurred by Mortgagee for legal, accounting, engineering or geological services rendered to it in connection with Secured Indebtedness secured in whole or in part by the Liens hereof or in the enforcement of any of Mortgagee's rights hereunder. The obligations of Mortgagor hereunder will survive the non-assumption of this Mortgage in a case commenced under Title 11 of the United States Code or other Applicable Law of the United States of America, the State of Louisiana or any other jurisdiction and will be binding upon Mortgagor, or a trustee, receiver, custodian or liquidator of Mortgagor appointed in any such case.

Section 4.14 Disposition. Without the prior written consent of Mortgagee, Mortgagor will not sell, assign, lease, transfer, otherwise dispose of, or mortgage, pledge or otherwise encumber all or any portion of the Mortgaged Property except as expressly provided in the Facility Agreement, nor will Mortgagor mortgage, pledge or otherwise encumber the Mortgaged Property or any part thereof, regardless of whether the Lien is senior, coordinate, junior, inferior or subordinate to the Lien created hereby, except for Permitted Security.

Section 4.15 Letter in Lieu of Transfer Orders. Following an Event of Default, Mortgagor authorizes Mortgagee to deliver letters in lieu of transfer orders to any third parties owing or which may in the future owe to Mortgagor monies or accounts arising in connection with any of the following matters: (a) any Hydrocarbons, including as-extracted collateral, produced from the Mortgaged Property; (b) any Subject Contracts or other contracts relating to the Mortgaged Property; or (c) the operation of or production from any part of the Mortgaged Property. The letters in lieu of transfer orders will advise the third parties that all of the monies or accounts described above have been assigned to Mortgagee, and if required by Mortgagee, will also require and direct that future payments thereof, including amounts then owing and unpaid, be paid directly to an account designated by Mortgagee.

Section 4.16 Prohibitions Ineffective. Any (a) Lien, (b) unitization, pooling, or communitization (except as required by Applicable Law) or (c) other action or instrument in violation of the prohibitions contained in this Article IV will be of no force or effect against Mortgagee.

Section 4.17 Environmental Laws.

(a) Mortgagor will comply at all times and in all material respects with all Environmental Laws. Mortgagor will, in all material respects, comply with any and all Applicable Law (i) related to any natural or environmental resource or media located on, above,

within, in the vicinity of, related to or affected by the Mortgaged Property, or (ii) required for the performance or conduct of its operations. (b) Mortgagor will (i) promptly notify Mortgagee in writing of any written request from any Governmental Agency or other entity for information on any material releases of Hazardous Substances from, affecting or related to the Mortgaged Property, (ii) notify Mortgagee of any actual, proposed or threatened material testing or other investigation by any Governmental Agency or other entity concerning the environmental condition of or related to such property, and (iii) provide to Mortgagee such information as Mortgagee requests concerning the generation, storage, disposal, transportation or other management, if any, of any Hazardous Substances.

(b) Mortgagor will neither conduct nor permit the conduct (and Mortgagor represents and warrants that, to the best of its knowledge, information and belief, there has not been conducted) on the Mortgaged Properties (or on any other lands or properties in the vicinity thereof) of any activity or operation which is in violation of any Environmental Law, including but not limited to, CERCLA and the Clean Water Act (33 U.S.C.A. §1251, *et seq.*). Mortgagor agrees that it will not permit any Hazardous Substance, as defined in Section 101(14) of CERCLA to be deposited, stored, disposed of, placed or otherwise come to be located on the lands covered and affected by the Mortgaged Property (or on any other lands or properties in the vicinity thereof), except those used in daily operations in compliance with Applicable Laws.

(c) TO THE FULL EXTENT PERMITTED BY APPLICABLE LAW, MORTGAGOR AGREES TO FOREVER PROTECT, DEFEND, INDEMNIFY AND HOLD HARMLESS THE INDEMNIFIED PARTIES FROM AND AGAINST ANY AND ALL LOSS, COST, EXPENSE OR LIABILITY OF ANY KIND OR NATURE, JOINT OR SEVERAL, (INCLUDING ATTORNEYS' FEES AND COURT COSTS) INCURRED BY ANY INDEMNIFIED PARTY IN CONNECTION WITH OR OTHERWISE ARISING OUT OF ANY AND ALL CLAIMS OR PROCEEDINGS (WHETHER BROUGHT BY A PRIVATE PARTY, GOVERNMENTAL AGENCY OR OTHERWISE) FOR BODILY INJURY, PROPERTY DAMAGE, ABATEMENT, REMEDIATION, ENVIRONMENTAL DAMAGE OR IMPAIRMENT OR ANY OTHER INJURY OR DAMAGE RESULTING FROM OR RELATING TO ANY HAZARDOUS SUBSTANCES OR CONTAMINATED MATERIAL LOCATED UPON, MIGRATING INTO, FROM OR THROUGH OR OTHERWISE RELATING TO THE MORTGAGED PROPERTY (WHETHER OR NOT THE RELEASE OF SUCH MATERIALS WAS CAUSED BY MORTGAGOR, A TENANT OR SUBTENANT OF MORTGAGOR, A PRIOR OWNER, A TENANT OR SUBTENANT OF ANY PRIOR OWNER OR ANY OTHER PARTY AND WHETHER OR NOT THE ALLEGED LIABILITY IS ATTRIBUTABLE TO THE HANDLING, STORAGE, GENERATION, TRANSPORTATION OR DISPOSAL OF SUCH SUBSTANCE OR THE MERE PRESENCE OF THE SUBSTANCE ON THE MORTGAGED PROPERTY), WHICH ANY INDEMNIFIED PARTY MAY INCUR DUE TO THE EXTENSION OF THE SECURED INDEBTEDNESS, THE EXERCISE OF ANY OF ITS RIGHTS UNDER THIS MORTGAGE, OR OTHERWISE. THE FOREGOING INDEMNIFICATION WILL APPLY WHETHER SUCH LOSSES, COSTS, EXPENSES AND LIABILITIES ARE IN ANY WAY OR TO ANY EXTENT CAUSED, IN WHOLE OR IN PART, BY ANY NEGLIGENT ACT OR OMISSION OF ANY KIND BY INDEMNIFIED PARTIES PROVIDED ONLY THAT NO PERSON WILL BE ENTITLED UNDER THIS SECTION 4.17 TO RECEIVE INDEMNIFICATION FOR

THAT PORTION, IF ANY, OF ANY LOSSES, COSTS, EXPENSES AND LIABILITIES WHICH ARE CAUSED BY SUCH PERSON'S, OR SUCH PERSON'S AGENTS', EMPLOYEES', OFFICERS', DIRECTORS', PARTNERS', OR ADVISORS', GROSS NEGLIGENCE, FRAUD, OR WILLFUL MISCONDUCT. FOR THE PURPOSES OF THE INDEMNITY CONTAINED IN THIS SECTION 4.17, HAZARDOUS SUBSTANCES OR CONTAMINATED MATERIAL INCLUDE BUT ARE NOT LIMITED TO ASBESTOS AND THOSE SUBSTANCES WITHIN THE SCOPE OF ALL ENVIRONMENTAL LAWS, INCLUDING THE RESOURCE CONSERVATION AND RECOVERY ACT, CERCLA AND THE SUPERFUND AMENDMENT AND REAUTHORIZATION ACT OF 1986. THE PROVISIONS OF THIS SECTION 4.17 WILL SURVIVE ANY FORECLOSURE OF THE LIENS CREATED BY THIS MORTGAGE, CONVEYANCE IN LIEU OF FORECLOSURE AND THE REPAYMENT OF THE SECURED INDEBTEDNESS AND THE DISCHARGE AND RELEASE OF THIS MORTGAGE.

Section 4.18 Amendments to Oil and Gas Leases. Except as required by Applicable Law, Mortgagor will not enter into any amendments to the Oil and Gas Leases that have a material adverse effect on Mortgagee, or its Liens, rights or remedies hereunder or under the Facility Agreement.

Section 4.19 Access to Seismic and Geophysical Data. To the extent permitted under applicable seismic license agreements, Mortgagor will provide Mortgagee and its respective engineering consultants with access to all engineering, seismic, geological and geophysical data, studies and evaluations which Mortgagor or any of its affiliates possess or to which any of them has access. To the extent permitted under applicable seismic license agreements, Mortgagee will, upon reasonable notice to Mortgagor, have access to these records during Mortgagor's regular business hours; *provided that*, to the extent the information to be made available to Mortgagee under this Section 4.19 is subject to a confidentiality agreement, Mortgagor may require Mortgagee to execute and deliver to it a mutually acceptable confidentiality agreement prior to being allowed access to the confidential information.

ARTICLE V

DEFEASANCE, EVENTS OF DEFAULT, FORECLOSURE AND OTHER REMEDIES

Section 5.01 Defeasance. If the Final Payment Date has occurred, then, and in that case only, this Mortgage will be released by Mortgagee in due course at the cost of Mortgagor. Otherwise this Mortgage will remain and continue in full force and effect.

Section 5.02 Remedies to the extent permitted under Applicable Law.

(a) Upon the occurrence and during the continuance of an Event of Default, the whole of the principal of the Secured Indebtedness due and remaining unpaid, together with all interest and fees accrued thereon, may, at the option of Mortgagee, without notice (including, but not limited to, notice of intention to accelerate maturity and notice of acceleration of maturity) or demand, which are, to the full extent permitted by Applicable Law, waived by Mortgagor, be

declared immediately due and payable, including, in the case of an Ipso Facto Event, if acceleration of the time for payment of any or all obligations under the Facility Agreement, including the Loans, is stayed; *provided that* such acceleration may occur automatically, as provided in the Facility Agreement, without any action by Mortgagee; and thereupon, or at any time thereafter while the Secured Indebtedness or any part thereof remains unpaid, Mortgagee shall enforce this Mortgage.

(b) If the Secured Indebtedness shall become due and payable and shall not be promptly paid at maturity or earlier as a result of an Event of Default, including, in the case of an Ipso Facto Event, if acceleration of the time for payment of any or all obligations under the Facility Agreement, including the Loans, is stayed, the Mortgage may be foreclosed as to the Mortgaged Property or any portion thereof in any manner permitted by Applicable Law, and Mortgagee shall have the right and power to proceed by suit or suits for specific performance of any covenant or agreement herein contained or in aid of the execution of any power herein granted or for any foreclosure hereunder or for the sale of the Mortgaged Property under the judgment or decree of any court or courts of competent jurisdiction, or for the appointment of a receiver pending any foreclosure hereunder or the sale of the Mortgaged Property under the order of a court or courts of competent jurisdiction or under executory or other legal process, or for the enforcement of any other appropriate remedy.

(c) Upon the occurrence and during the continuance of an Event of Default, Mortgagee will be entitled to all of the rights, powers and remedies afforded a secured party by the UCC with reference to the Fixtures, Personal Property and Hydrocarbons in which Mortgagee has been granted a Lien hereby, or Mortgagee may proceed as to both the real property, Fixtures and Personal Property covered hereby. Without limiting the generality of the foregoing, Mortgagee may exercise the right to take possession of all Fixtures and Personal Property constituting a part of the Mortgaged Property, and for this purpose Mortgagee may enter upon any premises on which any or all of such Fixtures and Personal Property are situated and take possession of and operate such Fixtures and Personal Property (or any portion thereof) or remove it therefrom. Mortgagee may require Mortgagor to assemble such Fixtures and Personal Property and make it available to Mortgagee at a place to be designated by Mortgagee which is reasonably convenient to all parties. Unless such Fixtures or Personal Property are perishable or threaten to decline speedily in value or is of a type customarily sold on a recognized market, Mortgagee will give Mortgagor notice in accordance with Applicable Law of the time and place of any public sale or of the time after which any private sale or other disposition of such Fixtures and Personal Property is to be made. Mortgagee agrees to provide notice by first-class mail, postage prepaid, to Mortgagor at Mortgagor's address set forth in Section 7.20, at least ten (10) Business Days before the time of the sale or disposition.

(d) Every right, power and remedy specifically herein given to Mortgagee will be cumulative and in addition to every other right, power and remedy now or hereafter existing in equity or pursuant to Applicable Law (including specifically those granted by the UCC in effect and applicable to the Mortgaged Property or any portion thereof) each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time and so often and in such order as may be deemed expedient by Mortgagee, and the exercise, or the beginning of the exercise, of any such right, power or remedy will 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 Mortgagee in the exercise of any right, power or remedy will 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.

Section 5.03 Rights of Mortgagee With Respect to Fixtures. To the extent permitted by Applicable Law, Mortgagee may elect to treat Fixtures constituting a part of the Mortgaged Property as either real/immovable property collateral or personal/movable property collateral and proceed to exercise such rights as apply to such type of collateral.

Section 5.04 Possession of the Mortgaged Property. It will not be necessary for Mortgagee to have physically present or constructively in its possession at any sale held by Mortgagee or by any court, receiver or public officer any or all of the Mortgaged Property, and Mortgagor will deliver to the purchaser at such sale on the date of sale the Mortgaged Property purchased by such purchasers at such sale, and if it becomes impossible or impracticable for any of such purchasers to take actual delivery of the Mortgaged Property, then the title and right of possession to the Mortgaged Property will pass to the purchaser at such sale as completely as if the same had been actually present and delivered.

Section 5.05 Effect of Sale. Any sale or sales of the Mortgaged Property by virtue of judicial proceedings will operate to divest all right, title, interest, claim and demand whatsoever either at law or in equity, of Mortgagor, in and to the premises and the property sold, and will be a perpetual bar, both at law and in equity, against Mortgagor, and Mortgagor's successors or permitted assigns, and against any and all persons claiming or who will thereafter claim all or any of the property sold from, through or under Mortgagor, or Mortgagor's successors or permitted assigns. Nevertheless, Mortgagor, if reasonably requested by Mortgagee to do so, will join in the execution and delivery of all proper conveyances, assignments and transfers of the properties so sold.

Section 5.06 Application of Proceeds. The Mortgagee is authorized to receive the proceeds of said sale or sales and apply the same in accordance with the terms of the Facility Agreement.

Section 5.07 Evidence. It is agreed that in any deed or deeds given by any Mortgagee any and all statements of fact or other recitals therein made as to the identity of Mortgagee, or as to the default in the payments thereof or any part thereof, or as to the breach of any covenants herein contained, or as to the request to sell, notice of sale, time, place, terms and manner of sale, and receipt, application, and distribution of the money realized therefrom, and, without being limited by the foregoing, as to any other additional act or thing having been done by Mortgagee, will be taken by all courts of law and equity as prima facie evidence that the statements or recitals state facts and are without further question to be so accepted; and Mortgagor does hereby ratify and confirm any and all acts that the Mortgagee may lawfully do in the premises by virtue of the terms and conditions of this Mortgage.

Section 5.08 Judicial Proceedings. Mortgagee may, at its election, proceed by suit or suits, at law or in equity, to enforce the payment of the Secured Indebtedness in accordance with the terms hereof and of the Finance Documents, and to foreclose the Lien of this Mortgage as

against all or any portion of the Mortgaged Property and to have such property sold under the judgment or decree of a court of competent jurisdiction.

Section 5.09 Purchaser. The parties agree and acknowledge that Mortgagee may be a purchaser of the Mortgaged Property, or of any part thereof, at any sale thereof, or upon any other foreclosure of the Lien hereof, or otherwise; and Mortgagee so purchasing will, upon any such purchase, acquire good title to the Mortgaged Property so purchased, free of the Lien of this Mortgage and free of all rights of redemption in Mortgageor.

Section 5.10 Confession of Judgment and Executory Process. For purposes of foreclosure under Louisiana executory process procedures, the Mortgageor hereby acknowledges the Secured Indebtedness and confesses judgment in favor of Mortgagee for the full amount of the Secured Indebtedness. Mortgageor further agrees that the Mortgagee may cause all or any part of the Mortgaged Property to be seized and sold by executory process, the Mortgageor waiving the benefit of all Applicable Laws or parts of Applicable Laws relative to the appraisal of property seized and sold under executory process or other legal process, and consenting that all or any part of the Mortgaged Property may be sold without appraisal, either in its entirety or in lots and parcels, as the Mortgagee may determine, to the highest bidder for cash (except that the Mortgagee may credit bid) or on such terms as the plaintiff in such proceedings may direct. Mortgageor hereby waives (i) the benefit of appraisal provided for in articles 2332, 2336, 2723, and 2724 of the Louisiana Code of Civil Procedure and all other Applicable Laws conferring the same; (ii) the notice of seizure provided for in articles 2293 and 2721 of the Louisiana Code of Civil Procedure; (iii) the three (3) days delay provided for in articles 2331 and 2722 of the Louisiana Code of Civil Procedure; and (iv) the benefit of the other provisions of Louisiana Code of Civil Procedure Articles 2331, 2722 and 2723, not specifically mentioned above, and all other Applicable Laws providing rights of notice, demand, appraisal, or delay. Mortgageor expressly authorizes and agrees that Mortgagee shall have the right to appoint a keeper of such Mortgaged Property pursuant to the terms and provisions of La. R.S. 9:5131 et seq. or La. R.S. 9:5136 et seq., which keeper may be the Mortgagee, any agent or employee thereof, or any other person, firm, corporation, or other business entity. To the extent permitted by Applicable Law, compensation for the services of the keeper is hereby fixed at five percent (5%) of the amount due or sued for or claimed or sought to be protected, preserved, or enforced in the proceeding for the recognition or enforcement of this Mortgage and shall be secured by the Liens, privileges, and security interests of this Mortgage.

Section 5.11 Authentic Act. Any and all declarations of facts made by authentic act before a notary public in the presence of two witnesses by a person declaring that such facts lie within his or its knowledge, shall constitute authentic evidence of such facts for the purpose of executory process. Mortgageor specifically agrees that such an affidavit by a representative of Mortgagee as to the existence, amount, terms and maturity of the Secured Indebtedness and of a default thereunder shall constitute authentic evidence of such facts for the purpose of executory process.

Section 5.12 Appraisal; Deficiency. To the full extent Mortgageor may do so, Mortgageor agrees that Mortgageor will not at any time insist upon, plead, claim or take the benefit or advantage of any Applicable Law providing for any appraisal, valuation, stay, extension or redemption, and Mortgageor, for Mortgageor and Mortgageor's successors and permitted assigns,

and for any and all persons ever claiming any interest in the Mortgaged Property, to the extent permitted by Applicable Law, hereby waives and releases all rights of redemption, valuation, appraisal, stay of execution, notice of intention to mature or declare due the whole of the Secured Indebtedness, notice of election to mature or declare due the whole of the Secured Indebtedness and all rights to a marshaling of the assets of Mortgagor, including the Mortgaged Property, or to a sale in inverse order of alienation in the event of foreclosure of the Liens hereby created. Mortgagor will not have or assert any right under any Applicable Law pertaining to the marshaling of assets, sale in inverse order of alienation, or other matters whatever to defeat, reduce or affect the right of Mortgagee under the terms of this Mortgage to a sale of the Mortgaged Property for the collection of the Secured Indebtedness without any prior or different resort for collection, or the right of Mortgagee under the terms of this Mortgage to the payment of such indebtedness out of the proceeds of sale of the Mortgaged Property in preference to every other claimant whatever. If any Applicable Law referred to in this Section 5.12 and now in force, of which Mortgagor or Mortgagor's successors and permitted assigns and such other persons claiming any interest in the Mortgaged Property might take advantage despite this Section 5.12, will hereafter be repealed or cease to be in force, such Applicable Law will not thereafter be deemed to preclude the application of this Section 5.12.

(a) To the extent permitted by Applicable Law, Mortgagor agrees that Mortgagee will be entitled to seek a deficiency judgment from Mortgagor and any other party obligated on the Secured Indebtedness equal to the difference between the amount owing on the Secured Indebtedness and the amount for which the Mortgaged Property was sold pursuant to a judicial or non-judicial foreclosure sale;

(b) Mortgagor expressly recognizes that this Section 5.12 will, to the extent permitted by Applicable Law, constitute a waiver of any potential rights which would otherwise permit Mortgagor and other persons against whom recovery of deficiencies is sought or guarantors independently (even absent the initiation of deficiency proceedings against them) to present competent evidence of the fair market value of the Mortgaged Property as of the date of foreclosure and offset against any deficiency the amount by which the foreclosure sale price is determined to be less than fair market value;

(c) Mortgagor further recognizes and agrees that this waiver will, to the extent permitted by Applicable Law, create an irrebuttable presumption that the foreclosure sale price is equal to the fair market value of the Mortgaged Property for purposes of calculating deficiencies owed by Mortgagor, other mortgagors on the Secured Indebtedness, guarantors, and others against whom recovery of a deficiency is sought;

(d) Alternatively, in the event this waiver is determined by a court of competent jurisdiction to be unenforceable, the following will be the basis for the finder of fact's determination of the fair market value of the Mortgaged Property as of the date of the foreclosure sale in proceedings governed by Applicable Law:

(i) The Mortgaged Property will be valued in an "as is" condition as of the date of the foreclosure sale, without any assumption or expectation that the Mortgaged Property will be repaired or improved in any manner before a resale of the Mortgaged Property after foreclosure;

(ii) The valuation will be based upon an assumption that the foreclosure purchaser desires a prompt resale of the Mortgaged Property for cash promptly (but no later than twelve months) following the foreclosure sale;

(iii) All reasonable closing costs customarily borne by the seller in a commercial real estate transaction should be deducted from the gross fair market value of the Mortgaged Property, including, without limitation, commercially reasonable brokerage commissions, title insurance (without endorsement), a survey of the Mortgaged Property, tax prorations, reasonable attorney's fees, and reasonable marketing costs;

(iv) The gross fair market value of the Mortgaged Property will be further discounted to account for any estimated holding costs associated with maintaining the Mortgaged Property pending sale, including, without limitation, utilities expenses, reasonable property management fees (for property similar to the Mortgaged Property), taxes and assessments (to the extent not accounted for in (d)(iii) above), and other reasonable maintenance expenses; and

(v) Any expert opinion testimony given or considered in connection with a determination of the fair market value of the Mortgaged Property must be given by persons having at least five years' experience in appraising property similar to the Mortgaged Property and who have conducted and prepared a complete written appraisal of the Mortgaged Property taking into consideration the factors set forth above.

Section 5.13 Operation of the Mortgaged Property by Mortgagee. Upon the occurrence and during the continuance of an Event of Default, Mortgagee (or any person designated by Mortgagee) will have the right and power, but will not be obligated, to enter upon and take possession of any of Mortgagor's interest in the Mortgaged Property, and to exclude Mortgagor, and Mortgagor's agents or servants, wholly therefrom, and to hold, use, administer, manage and operate the same to the extent that Mortgagor will be at the time entitled and in its place and stead. Mortgagee (or any person designated by Mortgagee) may operate the same without any liability to Mortgagor in connection with such operations, except to use ordinary care in the operation of such properties. Also Mortgagee (or any person designated by Mortgagee) will have the right to; (i) collect and receive all Hydrocarbon Proceeds and Revenues, (ii) make reasonable and necessary repairs, (iii) purchase machinery and equipment, and (iv) conduct such operations that a reasonably prudent operator would make to operate and maintain the Mortgaged Property. All costs, expenses and liabilities of every character incurred by Mortgagee in administering, managing, operating, and controlling the Mortgaged Property will constitute a demand obligation (which obligation Mortgagor hereby expressly promises to pay) owing by Mortgagor to Mortgagee and will bear interest from date of expenditure until paid at a rate set forth in the Facility Agreement, all of which will constitute a portion of the Secured Indebtedness and will be secured by this Mortgage and all other Finance Documents.

Section 5.14 Power of Attorney and Agent to Mortgagee. Mortgagor does hereby designate Mortgagee as the agent and attorney in fact of Mortgagor to act in the name, place, and stead of Mortgagor in the exercise of each and every remedy set forth herein, including rights to Liens on the Mortgaged Property, and in conducting any and all operations and taking any and all action reasonably necessary to do so, recognizing such agency in favor of Mortgagee to be

coupled with the interests of Mortgagee under this Mortgage and, thus, irrevocable so long as this Mortgage is in force and effect.

Section 5.15 Mortgagee May Act. If Mortgagor fails to comply with any of the covenants or obligations of Mortgagor hereunder, and upon the occurrence and continuance of a Default or an Event of Default, then Mortgagee may perform the same for the account and at the expense of Mortgagor but will not be obligated so to do, and any and all expenses incurred or paid in so doing will be payable by Mortgagor to Mortgagee, with interest at the rate set forth in the Facility Agreement, from the date when same was so incurred or paid, and the amount thereof will be payable on demand and will be secured by and under this Mortgage; and the amount and nature of such expense and the time when paid will be presumptively established by the affidavit of Mortgagee or any officer or agent thereof, or by the affidavit of any Mortgagee acting hereunder; except that the exercise of the privileges granted in this Section 5.15 will not be considered or constitute a waiver of the right of Mortgagee upon the occurrence and during the continuance of an Event of Default hereunder to declare the Secured Indebtedness at once due and payable but will be cumulative of such right and all other rights herein given.

ARTICLE VI

ASSIGNMENT OF PRODUCTION AND REVENUES (this "Assignment")

Section 6.01 Production. In addition to the conveyance to the Mortgagee herein made, Mortgagor does hereby transfer, assign, deliver and convey unto Mortgagee all Hydrocarbons saved or sold from the Mortgaged Property and attributable to the interest of Mortgagor therein subsequent to 7:00 A.M. on the 1st day of the month in which this Mortgage is executed, together with the proceeds of any sale thereof ("Hydrocarbon Proceeds"); Mortgagor hereby directs any purchaser now or hereafter taking any production from the Mortgaged Property to pay to Mortgagee such Hydrocarbon Proceeds and to continue to make payments directly to Mortgagee until notified in writing by Mortgagee to discontinue; and the purchaser of any such production will have no duty or obligation to inquire into the right of Mortgagee to receive the same, what application is made thereof, or as to any other matter; and the payment made to Mortgagee will be binding and conclusive as between such purchaser and Mortgagor. Mortgagor further agrees to perform all such acts, and to execute all such further assignments, transfer and division orders, and other instruments as may be required or desired by Mortgagee or any other party to have such Hydrocarbon Proceeds so paid to Mortgagee.

Section 6.02 Revenues. In addition to the conveyance to the Mortgagee herein made, Mortgagor does hereby transfer, assign, deliver and convey unto Mortgagee, all the income, revenues, rents, issues, profits and proceeds arising from the Pipelines relating to the Mortgaged Property whether due, payable or accruing (collectively, the "Revenues") under any and all present and future contracts or other agreements relating to the transmission of the Hydrocarbons or the ownership of all or any portion of the Mortgaged Property. Mortgagor hereby directs any payor to pay to Mortgagee such Revenues derived from such contracts and agreements, and to continue to make payments directly to Mortgagee until notified in writing by Mortgagee to discontinue the same; and the payor will have no duty or obligation to inquire into the right of Mortgagee to receive the same, what application is made thereof, or as to any other matter; and

the payment made to Mortgagee will be binding and conclusive as between such payor and Mortgagor. Mortgagor agrees to perform all such acts, and to execute all such further assignments, transfers and other instruments as may be required or desired by the Mortgagee or any party in order to have said Revenues so paid to the Mortgagee.

Section 6.03 General. Mortgagee is fully authorized to (i) receive and receipt for said Revenues and Hydrocarbon Proceeds; (ii) to endorse and cash any and all checks and drafts payable to the order of Mortgagor or Mortgagee for the account of Mortgagor received from or in connection with said Revenues and Hydrocarbon Proceeds and apply the proceeds thereof to the payment of the Secured Indebtedness, when received, regardless of the maturity of any of the Secured Indebtedness, or any installment thereof, and (iii) execute any instrument in the name of Mortgagor to facilitate any of the foregoing. Upon receipt of written instructions from Mortgagor, Mortgagee agrees to release to Mortgagor any Revenues and Hydrocarbon Proceeds belonging to third parties; *provided that* Mortgagee will not be liable for any delay, neglect, or failure to effect collection of any Revenues and Hydrocarbon Proceeds or to take any other action in connection therewith or hereunder; but will have the right, at its election, in the name of Mortgagor or otherwise, to prosecute and defend any and all actions or legal proceedings deemed advisable by Mortgagee in order to collect such funds and to protect the interests of Mortgagee and/or Mortgagor, with all costs, expenses and attorney's fees incurred in connection therewith being paid by Mortgagor.

Section 6.04 INDEMNIFICATION. UNLESS MORTGAGEE HAS CLAIMED OR IS CLAIMING, FOR ITS BENEFIT REVENUES AND HYDROCARBON PROCEEDS BELONGING TO THIRD PARTIES AND NOT ATTRIBUTABLE TO THE MORTGAGED PROPERTY, MORTGAGOR HEREBY AGREES TO FOREVER INDEMNIFY, PROTECT, DEFEND AND HOLD HARMLESS THE INDEMNIFIED PARTIES AGAINST ALL CLAIMS, ACTIONS, LIABILITIES, JUDGMENTS, COSTS, CHARGES AND ATTORNEYS' FEES MADE AGAINST OR INCURRED BY IT, OF ANY KIND OR NATURE, JOINT OR SEVERAL, BASED ON AN ASSERTION THAT THEY RECEIVED REVENUES OR HYDROCARBON PROCEEDS CLAIMED BY THIRD PERSONS EITHER BEFORE OR AFTER THE PAYMENT IN FULL OF THE SECURED INDEBTEDNESS. THE INDEMNIFIED PARTIES WILL HAVE THE RIGHT TO DEFEND AGAINST ANY SUCH CLAIMS, ACTIONS AND JUDGMENTS, EMPLOYING THEIR ATTORNEYS THEREFOR, AND IF THEY ARE NOT FURNISHED WITH REASONABLE INDEMNITY, THEY WILL HAVE THE RIGHT TO COMPROMISE AND ADJUST ANY SUCH CLAIMS, ACTIONS AND JUDGMENTS. MORTGAGOR AGREES TO INDEMNIFY AND PAY TO INDEMNIFIED PARTIES ANY AND ALL SUCH CLAIMS, JUDGMENTS, COSTS, CHARGES AND ATTORNEYS' FEES AS MAY BE PAID IN ANY JUDGMENT, RELEASE OR DISCHARGE THEREOF OR AS MAY BE ADJUDGED AGAINST MORTGAGEE. MORTGAGOR HEREBY APPOINTS MORTGAGEE AS ITS ATTORNEY-IN-FACT TO PURSUE ANY AND ALL RIGHTS OF MORTGAGOR TO LIENS ON THE MORTGAGED PROPERTY. MORTGAGOR HEREBY FURTHER TRANSFERS AND ASSIGNS TO MORTGAGEE ANY AND ALL SUCH LIENS OR SIMILAR INTERESTS OF MORTGAGOR ATTRIBUTABLE TO ITS INTEREST IN THE MORTGAGED PROPERTY AND REVENUES AND HYDROCARBON PROCEEDS PURSUANT TO APPLICABLE LAW. THE POWER OF ATTORNEY

GRANTED TO MORTGAGEE IN THIS SECTION 6.04, BEING COUPLED WITH AN INTEREST, WILL BE IRREVOCABLE SO LONG AS ALL OR ANY PART OF THE SECURED INDEBTEDNESS REMAINS UNPAID. NOTWITHSTANDING THE FOREGOING, MORTGAGOR WILL HAVE NO OBLIGATION TO INDEMNIFY INDEMNIFIED PARTIES FOR ANY CLAIMS, ACTIONS, LIABILITIES, JUDGMENTS, COSTS, CHARGES AND ATTORNEYS' FEES ARISING OUT OF THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT SUCH INDEMNIFIED PARTIES.

Section 6.05 Failure of Payments. If any purchaser or other party taking the production from the Mortgaged Property or owing payment to Mortgagor fails to make prompt payment to Mortgagee in accordance with this Assignment, Mortgagee will, if permitted by Applicable Law, have the right at Mortgagor's expense to demand a change of connection and to designate another purchaser or other party with whom a new connection may be made, without any liability on the part of Mortgagee in making such selection, so long as ordinary care is used in the making thereof; and failure of Mortgagor to consent to and promptly effect such change of connection will constitute an Event of Default hereunder.

Section 6.06 Receiving Holding Monies. Mortgagor authorizes and empowers Mortgagee to receive, hold and collect all sums of money paid to Mortgagee in accordance with this Assignment, and to apply the same as hereinafter provided, all without any liability or responsibility on the part of Mortgagee, save and except as to good faith in so receiving and applying such sums. All payments provided for in this Assignment will be paid promptly to Mortgagee, and any provisions contained in any Finance Documents evidencing the Secured Indebtedness or any part thereof to the contrary notwithstanding, Mortgagee may apply the same or so much thereof as it elects to the payment of the Secured Indebtedness, application to be made in such manner as it may elect, regardless of whether the application so made will exceed the payments of principal and interest then due as provided in the Finance Documents evidencing the Secured Indebtedness, but in no event in excess of the total Secured Indebtedness outstanding. After such application has been so made by Mortgagee, the balance of any such payment or payments remaining will be paid to Mortgagor. Mortgagee agrees to give Mortgagor written notice simultaneously with its notice to the purchaser that such payments are to be paid to Mortgagee in accordance with the terms of this Article VI.

Section 6.07 Payments Under Assignment. Mortgagor and Mortgagee agree that if payments provided for by this Assignment are less than the sum or sums then due on the Secured Indebtedness, such sum or sums then due will nevertheless be paid by Mortgagor in accordance with the provisions of the Finance Documents other instrument or instruments evidencing the Secured Indebtedness, and neither this Assignment nor any provisions hereof will in any manner be construed to affect the terms and provisions of such Finance Documents or other instrument or instruments evidencing the Secured Indebtedness. Likewise, the parties agree that neither this Assignment nor any provisions hereof will in any manner be construed to affect the Lien, rights, title and remedies herein granted securing the Secured Indebtedness or Mortgagor's liability therefor. The rights under this Assignment are cumulative of all other rights, remedies, and powers granted under this Mortgage, and are cumulative of any other security which Mortgagee now holds or may hereafter hold to secure the payment of the Secured Indebtedness.

Section 6.08 Remittance of Monies. If Mortgagor receives any of the proceeds which under the terms hereof should have been remitted to Mortgagee, Mortgagor will immediately remit same in full to Mortgagee.

Section 6.09 Release. Upon the Final Payment Date, the remainder of such proceeds held by Mortgagee, if any, will be paid over to Mortgagor upon demand, and a release of the interest hereby assigned will be made by Mortgagee to Mortgagor at its request and its expense. Mortgagee will not be liable for any failure to collect, or for any failure to exercise diligence in collecting, any funds assigned hereunder. Mortgagee will be accountable only for funds actually received.

Section 6.10 Unconditional Effectiveness. Mortgagor hereby acknowledges that this Assignment is intended to be presently, unconditionally and immediately effective. Furthermore, Mortgagor agrees that Mortgagee is not required to assert any affirmative act, including the institution of any legal proceedings, to enforce this Assignment.

Section 6.11 License to Collect; Notice to Purchasers. So long as no Event of Default will have occurred, Mortgagor will have the license to collect Hydrocarbon Proceeds and Revenues; and no such payment will affect or impair the Lien of this Mortgage or the validity and effect of the assignment contained in this Article VI; *provided that*, from and after the occurrence of an Event of Default, such license will be automatically revoked without notice to Mortgagor and all Hydrocarbon Proceeds and Revenues assigned hereunder will be paid directly to Mortgagee; and Mortgagee may notify the pipeline companies and other purchasers of Hydrocarbons to pay all of such proceeds directly to Mortgagee at the address shown hereinabove, for which this Mortgage will be sufficient warrant. In the event payments are made directly to Mortgagee and then, at the request of Mortgagee, payments are, for periods of time, paid to Mortgagor, Mortgagee will nevertheless have the right, effective upon written notice, to require that future payments be again made to it.

ARTICLE VII

MISCELLANEOUS

Section 7.01 Renewals, Amendments and Other Security. Renewals and extensions of the Secured Indebtedness may be given at any time and amendments may be made to the Mortgage in accordance with the terms hereof and the other Finance Documents, and the Mortgagee may take or may hold other security for the Secured Indebtedness without notice to or consent of Mortgagor. The Mortgagee 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 will not be a waiver of any rights conferred by this Mortgage, which will continue as a first Lien upon the Mortgaged Property not expressly released until all Secured Indebtedness secured hereby is fully paid.

Section 7.02 Amendments and Supplements. It is contemplated by the parties hereto that from time to time additional interests and properties may or will be added to the interests and properties in Exhibit A-1 and Exhibit A-2 attached hereto by means of supplements or

amendments identifying this Mortgage and describing such interests and properties to be so added and included, and upon the execution of any such supplements or amendments, the Lien, rights, titles and interests created herein will immediately attach to and be effective as of the date of such supplemental indenture in respect to any such interests and properties so described, and the same being included in the term "Mortgaged Property," as used herein. This Mortgage, and any provisions hereof, may be modified or amended only by an agreement in writing signed by Mortgagor and Mortgagee.

Section 7.03 No Waiver. Mortgagee's failure or delay in filing or giving any notice as to this Mortgage, or exercising any right, remedy or option to declare the maturity of the principal debt, or any other sums hereby secured, or the payment by Mortgagee of any taxes, Lien, charges or assessments, will not operate as a waiver of any rights to exercise such right or option or to declare any such maturity as to any past or subsequent violations of any of such covenants or stipulations, and will not waive or prejudice any right or Lien hereunder. Mortgagee's failure to exercise any rights, remedies or options hereunder will not constitute a waiver or prejudice the exercise of other rights or remedies existing hereunder.

Section 7.04 Liability for Deficiency. Neither the acceptance of this Mortgage by Mortgagee nor any action taken pursuant hereto will be construed as relieving any party liable for the Secured Indebtedness from any liability or deficiency thereon. The execution and delivery of this Mortgage will not in any manner affect any other security for the Secured Indebtedness, nor will any security taken hereafter as security for the Secured Indebtedness impair or affect this Mortgage.

Section 7.05 Interest Rate Limitation. It is the intention of the parties hereto that Mortgagee shall conform strictly to usury laws applicable to it. Accordingly, if the transactions contemplated under any Finance Documents would be usurious under Applicable Law that applies to Mortgagee (including the laws of the United States of America and the States of Texas, Louisiana or New York or any other jurisdiction whose laws may be mandatorily applicable to Mortgagee notwithstanding the other provisions of Finance Documents), then, in that event, notwithstanding anything to the contrary in any of the Finance Documents, it is agreed as follows: the aggregate of all consideration which constitutes interest under Applicable Law that applies to Mortgagee that is contracted for, taken, reserved, charged or received by Lender under any of the Finance Documents shall under no circumstances exceed the maximum amount allowed by such Applicable Law, and any excess shall be canceled automatically and if theretofore paid shall be credited by Mortgagee on the principal amount of the Secured Indebtedness (or, to the extent that the principal amount of the Secured Indebtedness shall have been or would thereby be paid in full, refunded by Mortgagee to the Borrower); and in the event that the maturity of the principal of the Secured Indebtedness is accelerated by reason of any Event of Default under any Finance Document or otherwise, or in the event of any required or permitted prepayment, then such consideration that constitutes interest under Applicable Law that applies to Mortgagee may never include more than the maximum amount allowed by such Applicable Law, and excess interest, if any, provided for in any Finance Document shall be canceled automatically by Mortgagee as of the date of such acceleration or prepayment and, if theretofore paid, shall be credited by Mortgagee on the principal amount of the Secured Indebtedness (or, to the extent that the principal amount of the Secured Indebtedness shall have been or would thereby be paid in full, refunded by Lender to Borrower). All sums paid or agreed

to be paid to Mortgagee for the use, forbearance or detention of sums due under any Finance Documents shall, to the extent permitted under Applicable Law that applies to Mortgagee, be amortized, prorated, allocated and spread throughout the stated term of the loans until payment in full so that the rate or amount of interest on account of any loans under the Facility Agreement does not exceed the maximum amount allowed by such Applicable Law.

Section 7.06 Subrogation. The Secured Indebtedness will conclusively be presumed to have been entered into in reliance upon this Mortgage. All dealings between Mortgagor and Mortgagee, whether or not resulting in the creation of the Secured Indebtedness, will be conclusively presumed to have been had or consummated in reliance upon this Mortgage. Until the Secured Indebtedness is paid and discharged in full, Mortgagor will have no right to subrogation or to enforce any remedy or participate in any Mortgaged Property or security whatsoever now or hereafter held by Mortgagee.

Section 7.07 Assignment, Covenants Running with the Land. Without the prior written consent of Mortgagee, Mortgagor may not assign any rights, duties or obligations hereunder. In the event of an assignment or pledge of all or part of the Secured Indebtedness by Mortgagee in accordance with the Facility Agreement, the assignee will be entitled to all the rights, privileges and remedies granted in this Mortgage to Mortgagee. The covenants and agreements set forth in this Mortgage by or on behalf of Mortgagor will bind Mortgagor and Mortgagor's successors or permitted assigns and all persons who become bound as a mortgagor to this Mortgage and will inure to the benefit of Mortgagee and its successors and assigns. The covenants and agreements set forth in this Mortgage shall constitute covenants running with the land.

Section 7.08 No Termination. This Mortgage, including the grant of Liens hereunder and all of Mortgagee's rights, powers and remedies in connection with this Mortgage, will remain in full force and effect regardless of whether the liability of any other obligor may have ceased, or irrespective of the validity or enforceability of any other instrument executed in connection with the Secured Indebtedness, and notwithstanding the reorganization, incapacity or bankruptcy of any obligor, or the reorganization or bankruptcy of Mortgagor, or any other event or proceeding affecting Mortgagor or any obligor.

Section 7.09 Further Assurances. If and to the extent that Mortgagee determines that any further actions, notices or agreements are or hereafter become necessary under Applicable Law to create, vest, perfect or continue the Liens and other rights of Mortgagee described in this Mortgage, Mortgagor agrees to promptly take such actions and to execute and deliver such notices or agreements to Mortgagee.

Section 7.10 Successors and Assigns. The terms used to designate any of the parties herein will be deemed to include the successors, assigns, trustees and legal representatives of such parties, and the term "Mortgagee" will also include any lawful owner, holder or pledgee of any Secured Indebtedness. Whenever the context requires, reference herein made to the single number will include the plural and the plural will likewise include the singular. Words denoting sex will be construed to include the masculine, feminine, and neuter when such construction is appropriate, and specific enumeration will not exclude the general, but will be construed as cumulative.

Section 7.11 Articles, Etc. This Mortgage, for convenience only, has been divided into Articles, Sections and paragraphs, and the rights, powers, privileges, duties and other legal relations of Mortgagor and Mortgagee will be determined from this Mortgage as an entirety and without regard to the aforesaid division into Articles, Sections and paragraphs and without regard to headings prefixed to such Articles.

Section 7.12 Multiple Counterparts. This Mortgage may be executed in multiple counterparts. For recording purposes, various counterparts have been executed and there may be attached to each such counterpart an Exhibit A-1 and Exhibit A-2 containing only the description of the Mortgaged Property, or portions thereof, which relates to the county/parish or state in which the particular counterpart is to be recorded. A complete, original counterpart of this Mortgage with a complete Exhibit A-1 and Exhibit A-2 may be obtained from Mortgagee. Each of the counterparts hereof so executed will for all purposes be deemed to be an original, and all such counterparts will together constitute but one and the same Mortgage.

Section 7.13 Benefits of the Facility Agreement. In connection with its execution and acting hereunder, Mortgagee is entitled to all rights, privileges, protections, immunities, benefits and indemnities provided to it as Lender under the Facility Agreement. Without limiting the foregoing, Mortgagee may notwithstanding anything herein to the contrary act upon the direction of the Required Lenders in exercising any power or remedy hereunder, or in taking any other action contemplated herein, and Mortgagee will have no liability for acting as so directed.

Section 7.14 Benefits Conferred. This Mortgage is executed by Mortgagee solely for the purpose of acknowledging and accepting the benefits conferred on Mortgagee and to evidence the agreements of Mortgagee set forth herein.

Section 7.15 Unenforceable or Inapplicable Provisions. If any provision of this Mortgage or in any other Finance Document is invalid, illegal or unenforceable in any jurisdiction, the other provisions hereof or of any other Finance Document will remain in full force and effect in such jurisdiction, and the remaining provisions hereof will be liberally construed in favor of the Mortgagee in order to effectuate the provisions hereof, and the invalidity of any provision hereof in any jurisdiction will not affect the validity or enforceability of any such provision in any other jurisdiction. Any reference herein contained to statute or law of a state in which no part of the Mortgaged Property is situated (or deemed situated) will be deemed inapplicable to, and not used in, the interpretation hereof.

Section 7.16 Effectiveness as Financing Statements. This Mortgage covers goods which are to become fixtures on the real/immovable property described herein, and this Mortgage, attached as Exhibit A to a UCC-1 Financing Statement, shall be effective as a financing statement filed as a fixture filing with respect to all Fixtures included within the Mortgaged Property and is to be filed or filed for record in the appropriate UCC records of any Louisiana parish clerk of court for indexing in the central UCC registry with the Louisiana Secretary of State. This Mortgage, attached as Exhibit A to a UCC-1 Financing Statement, shall also be effective as a financing statement covering as-extracted collateral, minerals and other substances of value which may be extracted from the earth (including, without limitation, natural oil and crude gas), and Accounts related thereto, which will be financed at the wellhead or minehead of the Wells or mines located on the Lands and Oil and Gas Leases and is to be filed or

filed for record in the appropriate UCC Records of any Louisiana parish clerk of court for indexing in the central UCC registry with the Louisiana Secretary of State. This Mortgage is to be filed for record in the mortgage records of each parish where any part of the Mortgaged Property is situated or which lies shoreward of any Mortgaged Property (i.e., to the extent any of the Mortgaged Property lie offshore within the projected seaward extension of the relevant county/parish boundaries), and may also be filed in the offices of the Bureau of Land Management or the Bureau of Ocean Energy Management, Regulation and Enforcement, OCS Gulf of Mexico Region, or any relevant state agency (or any successor agencies). This Mortgage shall also be effective as a financing statement covering any other Mortgaged Property and may be filed in any other appropriate filing or recording office in other relevant jurisdictions. The mailing address of Mortgagor is Two Allen Center, 1200 Smith Street, Suite 1080, Houston, Texas 77002 of this Mortgage and the address of Mortgagee from which information concerning the security interests hereunder may be obtained is the address of Mortgagee set forth in Section 7.20 of this Mortgage.

Section 7.17 Instrument as an Assignment, Etc.; Grant to Mortgagee. This Mortgage will be deemed to be and may be enforced from time to time as an assignment, chattel mortgage, contract, deed of trust, financing statement, real estate mortgage, pledge, or security agreement, and from time to time as any one or more thereof, and to the extent that any particular jurisdiction wherein a portion of the Mortgaged Property is situated does not recognize or permit Mortgagor to grant, bargain, sell, warrant, mortgage, pledge, assign, transfer, or convey Mortgagor's rights, titles, and interests to the Mortgagee for the benefit of Mortgagee in the manner herein adopted, then, with respect to the Mortgaged Property located in such jurisdiction, Mortgagor does hereby grant, bargain, sell, warrant, mortgage, pledge, assign, transfer, and convey unto Mortgagee, with power of sale (if permitted by Applicable Law), the Mortgaged Property to secure the Secured Indebtedness and the obligations of Mortgagor contained herein and the references herein to the rights and powers of or rights and powers granted by Mortgagor to the Mortgagee will be deemed to be rights and powers of or rights and powers granted by Mortgagor to Mortgagee.

Section 7.18 Governing Law. **THE SUBSTANTIVE LAWS OF THE STATE OF LOUISIANA (AND WHERE APPLICABLE, THE UNITED STATES OF AMERICA) SHALL GOVERN THE VALIDITY, CONSTRUCTION, ENFORCEMENT AND INTERPRETATION OF THIS MORTGAGE, UNLESS OTHERWISE SPECIFIED HEREIN OR UNLESS THE LAWS OF ANOTHER STATE SHALL MANDATORILY APPLY.**

Section 7.19 VENUE; ETC. **THE PARTIES HERETO IRREVOCABLY SUBMIT TO THE JURISDICTION (A) OF AUSTRALIAN COURTS AS SET FORTH IN SECTION 42 OF THE FACILITY AGREEMENT WITH RESPECT TO ANY ACTION OR LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THE FACILITY AGREEMENT AND THE SECURED INDEBTEDNESS OR ANY OTHER OBLIGATIONS THEREUNDER AND (B) OF ANY NEW YORK STATE OR FEDERAL COURT SITTING IN NEW YORK, NEW YORK IN ANY ACTION OR LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THE COLLATERAL OR THE ENFORCEMENT OF ANY POWERS, RIGHTS, BENEFITS AND REMEDIES HEREUNDER, AND DEBTOR HEREBY IRREVOCABLY AGREES THAT ALL**

CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURTS; PROVIDED THAT NOTHING HEREIN SHALL PROHIBIT OR LIMIT THE MORTGAGEE'S RIGHTS TO FORECLOSE ON ANY MORTGAGED PROPERTY OR OTHER COLLATERAL, INCLUDING ANY NON-JUDICIAL PROCESS PURSUANT TO APPLICABLE LAW OF THE STATE OF LOUISIANA. MORTGAGOR HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO, ANY RIGHT IT MAY HAVE TO THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING. NOTHING IN THIS SECTION SHALL AFFECT THE RIGHTS, POWERS, BENEFITS OR REMEDIES OF MORTGAGEE TO BRING ANY ACTION OR PROCEEDING AGAINST ANY OBLIGOR OR ITS PROPERTY IN THE COURTS OF ANY OTHER JURISDICTION.

Section 7.20 Notices. Any record, notice, demand or document which either party is required or may desire to give hereunder will be in writing and will or may, as the case may be, be given in the same manner as notice is given under the Facility Agreement as follows:

If to Mortgagee:

Macquarie Bank Limited
Level 1, 50 Martin Place
Sydney, New South Wales
Australia 2000
Fax no: +65 6601 0666 / +61 2 8232 4540
Email: Peter.Gavan@macquarie.com / Nick.Milne@macquarie.com
[/tcgmecmiddleoffice@macquarie.com](mailto:tcgmecmiddleoffice@macquarie.com)
Attention: Peter Gavan / Nick Milne, Oil and Gas Singapore
Facsimile: +61 2 8232 3590

with a copy to:

Porter Hedges LLP
1000 Main Street, 36th Floor
Houston, Texas 77002
Attention: Ephraim del Pozo
Facsimile: (713) 226-6260

If to Mortgagor:

Otto Energy (Louisiana) LLC
Two Allen Center
1200 Smith Street, Suite 1080
Houston, Texas 77002
Attention: Matthew Allen
Facsimile: (713) 999-3172

with a copy to:

Akin Gump Strauss Hauer & Feld LLP
1111 Louisiana St., 44th Floor
Houston, Texas 77002
Attention: David Sweeney
Facsimile: (713) 236-0822

Section 7.21 Paraph. Mortgagor acknowledges that no note or other obligation has been presented to the undersigned Notary Public to be paraphed for identification herewith.

Section 7.22 Drafting of Mortgage. Mortgagor declares that it has contributed to the drafting of this Mortgage or has had the opportunity to have it reviewed by its counsel before signing it and agrees that it has been purposefully drawn and correctly reflects its understanding of the transaction that it contemplates.

Section 7.23 Prior or Oral Agreements. **THIS MORTGAGE REFLECTS THE FINAL AGREEMENT OF THE PARTIES WITH RESPECT TO THE MATTERS SET OUT HEREIN AND MAY NOT BE CONTRADICTED BY EVIDENCE OF ANY PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENT OF THE UNDERSIGNED.**

THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

Section 7.24 Finance Document. This Mortgage is a "Finance Document," as defined in the Facility Agreement, and, except as expressly provided herein to the contrary, this Mortgage is subject to all provisions of the Facility Agreement governing such Finance Documents.

Section 7.25 Conflict. If any term hereof conflicts with any provision of the Facility Agreement, the terms of the Facility Agreement will control; provided, however, that nothing contained in this Section 7.25 shall diminish or preclude the granting of the mortgages, hypothecations, collateral assignments and security interests in this Mortgage, limit the ability of the Mortgagee to enforce this Mortgage by ordinary or executory process, or otherwise.

Section 7.26 Multiple Indebtedness Mortgage; Mineral Mortgage. This Mortgage is granted in accordance with article 3298 of the Louisiana Civil Code and La. R.S. 31:203 et seq., and is a multiple indebtedness mortgage agreement for the purpose of securing the Secured Indebtedness that may now be existing and/or that may arise in the future as provided herein, with the preferences and priorities provided under applicable Louisiana law. The Secured Indebtedness includes without limitation all on-going present and future indebtedness and other indebtedness of the Borrower or any Guarantor to the Lenders or to any successor or permitted assignee thereof under and pursuant to the Loan Documents. This Mortgage is given to secure not only the existing Secured Indebtedness, but also such future advances, whether such advances are obligatory or are to be made at the option of any Lender, to the same extent as if such future advances were made on the date of the execution of this Mortgage. It is agreed that

any such future advances and any additional sum or sums advanced by any Lenders pursuant to the terms hereof shall be equally secured with and have the same priority as the original Secured Indebtedness and shall be subject to all of the terms, provisions and conditions of this Mortgage, whether or not such additional advances or sums are evidenced by other promissory notes or other guarantees of Borrower or any Guarantor and whether or not identified by a recital that it or they are secured by this Mortgage. However, nothing under this Mortgage shall be construed as limiting the duration of this Mortgage or the purpose or purposes for which the Secured Indebtedness may be requested or extended.

Section 7.27 Acceptance of Mortgage. In accordance with the provisions of the Louisiana Civil Code Article 3289, Mortgagee's acceptance of this Mortgage is not required to be evidenced by a signature on this Mortgage.

Section 7.28 Affiliates of Mortgagee. To the extent an Affiliate of Mortgagee enters into a Swap Agreement with Mortgagor or any other Obligor, Mortgagee shall be entitled to exercise all rights, remedies and privileges of Mortgagee on behalf of such Affiliate of Mortgagee.

(Signature and Acknowledgment pages follow.)

THUS DONE AND PASSED on the date set forth above, in the presence of the undersigned witnesses who hereunto sign their names with the Mortgagor and Notary, respectively, after due reading of the whole.

WITNESSES:

MORTGAGOR/DEBTOR:

OTTO ENERGY (LOUISIANA) LLC

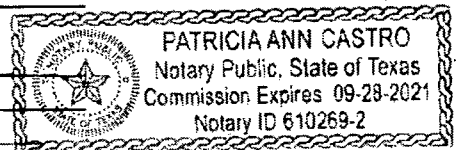
[Signature]

Matthew A. Allen.
Printed Name

By: *Philip Trajanovich*
Philip Trajanovich
Manager

Kevin A. Small
KEVIN A. SMALL
Printed Name

Patricia Ann Castro
NOTARY PUBLIC
Printed Name: *Patricia Ann Castro*
My Commission Expires: *9-28-2021*
Notary Identification # *010269-2*



NOTARY PUBLIC, STATE OF TEXAS

ANNEX I
TO
Act of Mortgage, Security Agreement, Fixture Filing,
Financing Statement and Assignment of Production and Revenues
from OTTO ENERGY (LOUISIANA) LLC
in favor of MACQUARIE BANK LIMITED, as Collateral Agent

CERTIFICATE OF COMPANY RESOLUTIONS

I, the undersigned, hereby certify that I am the Manager of Otto Energy (Louisiana) LLC, a Delaware limited liability company ("Company"), whose address for notices is Two Allen Center, 1200 Smith Street, Suite 1080, Houston, Texas 77002.

I further certify that attached hereto is a true and correct copy of a unanimous written consent of the Company duly adopted by the Board of Directors of the sole member of the Company in accordance with applicable law and the articles of formation and the limited liability company agreement of the Company and that nothing in such unanimous written consent of the Board of Directors of the sole member of the Company has been rescinded, revoked, modified, or amended in any respect, and that each provision of such unanimous written consent of the Board of Directors of the sole member of the Company is in full force and effect on the date hereof.

IN WITNESS WHEREOF, I hereunto subscribe my name on the 31st day of October, 2019.

By: Philip Trajanovich
Philip Trajanovich
Manager

OTTO ENERGY (USA) INC.

**UNANIMOUS WRITTEN CONSENT
OF THE BOARD OF DIRECTORS**

31 OCTOBER 2019

In conformity with and pursuant to the provisions of Section 141(f) and Section 108 of the General Corporation Law of the State of Delaware, the undersigned, constituting the entire Board of Directors (the "Board") of Otto Energy (USA) Inc., a Delaware corporation (the "Corporation"), acting for and on behalf of the Corporation in its own capacity and in its capacity as the sole member of (1) Otto Energy (Gulf One) LLC, a Delaware limited liability company ("Otto Gulf One"), (2) Otto Energy (Gulf Two) LLC, a Delaware limited liability company ("Otto Gulf Two"), (3) Otto Energy (Louisiana) LLC, a Delaware limited liability company ("Otto Louisiana"), and (4) Otto Operating LLC, a Delaware limited liability company ("Otto Operating" and, together with Otto Gulf One, Otto Gulf Two and Otto Louisiana, the "Operating Subsidiaries", and together with the Corporation, the "Delaware Credit Parties") hereby consent to and adopt the following resolutions and take the following actions with the same force and effect as if such resolutions had been duly adopted and such actions duly taken at a meeting of the Board duly called and convened for such purpose on the date first set forth above with a full quorum present and acting throughout:

Certification of Shares

RESOLVED, that the form of stock certificate of the Corporation submitted to and reviewed by the Board be, and hereby is, approved and adopted as the certificate evidencing ownership of all of the Corporation's common stock, par value One Dollar per share, and that a copy of such stock certificate be inserted in the minute book of the Corporation.

Approval of Credit Agreement and Security Documents

WHEREAS, the Corporation desires to, and to cause each of the other Delaware Credit Parties to, enter into that certain Secured Term Bilateral Facility Agreement, in substantially the form attached hereto as Exhibit A-1 (the "Facility Agreement"), by and among the Corporation, each of the other Delaware Credit Parties, Otto Energy Limited, a company formed under the law of Australia, Borealis Petroleum Pty Ltd, a company formed under the law of Australia ("Borealis"), and Macquarie Bank Limited, as Lender ("Lender"), which provides for term loans in an aggregate principal amount of up to \$55,000,000;

WHEREAS, the Corporation desires to, and to cause each of the other Delaware Credit Parties to, enter into (i) that certain Guaranty, in substantially the form attached hereto as Exhibit A-2 (the "Louisiana Guaranty"), by Otto Louisiana for the benefit of Lender, (ii) that certain Guaranty, in substantially the form attached hereto as Exhibit A-3 (the "Gulf One Guaranty"), by Otto Gulf One for the benefit of Lender, (iii) that certain Guaranty, in substantially the form attached hereto as Exhibit A-4 (the "Gulf Two Guaranty"), by Otto Gulf Two for the benefit of Lender, (iv) that certain Guaranty, in substantially the form attached hereto as Exhibit A-5 (the "Operating Guaranty" and, together with the Louisiana Guaranty, the Gulf One Guaranty, and the Gulf Two Guaranty, the "Guarantees"), by Otto Operating for the benefit of Lender, (v) that certain Security Agreement, in substantially the form attached hereto as Exhibit A-6 (the "Corporation

Security Agreement”), by the Corporation in favor of Lender; (vi) that certain Security Agreement, in substantially the form attached hereto as Exhibit A-7 (the “Gulf One Security Agreement”), by Otto Gulf One in favor of Lender; (vii) that certain Security Agreement, in substantially the form attached hereto as Exhibit A-8 (the “Gulf Two Security Agreement”), by Otto Gulf Two in favor of Lender; (viii) that certain Security Agreement, in substantially the form attached hereto as Exhibit A-9 (the “Louisiana Security Agreement”), by Otto Louisiana in favor of Lender; (ix) that certain Security Agreement, in substantially the form attached hereto as Exhibit A-10 (the “Operating Security Agreement” and, together with the Corporation Security Agreement, the Gulf One Security Agreement, the Gulf Two Security Agreement, and the Louisiana Security Agreement, the “Security Agreements”), by Otto Operating in favor of Lender; (x) that certain Pledge Agreement, in substantially the form attached hereto as Exhibit A-11 (the “Pledge Agreement”), by the Corporation in favor of Lender; (xi) that certain Notice of Pledge, in substantially the form attached as Exhibit A-12 (the “Corporation Notice of Pledge”), by and among the Delaware Credit Parties and Lender; (xii) that certain Notice of Pledge, in substantially the form attached as Exhibit A-13 (the “Borealis Notice of Pledge” and, together with the Corporation Notice of Pledge, the “Notices of Pledge”), by and among Borealis, the Corporation and Lender; (xiii) that certain Option Deed in substantially the form attached hereto as Exhibit A-14, by and among Otto Energy Limited, the Corporation and Lender, (the “Option Deed”); and (xiv) that certain General Security Deed in substantially the form attached hereto as Exhibit A-15, by and among Otto Energy Limited, Borealis, the Corporation and Lender, (the “General Security Deed”)

WHEREAS, in connection with the performance of its obligations under the Facility Agreement, the Corporation desires to enter into one or more account control agreements, including (i) that certain Account Control Deed in substantially the form attached hereto as Exhibit A-16, by and among the Corporation, Commonwealth Bank of Australia, and the Lender and (ii) a deposit account control agreement by and among the Corporation, Bank of America, N.A. and the Lender (the “Deposit Account Control Agreements”);

WHEREAS, the Corporation desires to enter into that certain Deed of Trust, Mortgage, Security Agreement, Fixture Filing, Financing Statement and Assignment of Production and Revenues, in substantially the form attached hereto as Exhibit A-17 (the “Deed of Trust”) from Corporation, as mortgagor and debtor, to James M. Jordan, as the trustee, for the benefit of Lender, as mortgagee and secured party, with respect to all Mortgaged Property (as defined in the Deed of Trust);

WHEREAS, the Corporation desires to (i) cause Otto Louisiana to enter into that certain Act of Multiple Indebtedness Mortgage, Security Agreement, Fixture Filing, Financing Statement and Assignment of Production and Revenues, in substantially the form attached hereto as Exhibit A-18 (the “Otto Louisiana Mortgage”) from Otto Louisiana, as mortgagor and debtor, in favor of Lender, as mortgagee and secured party, with respect to all Mortgaged Property (as defined in the Otto Louisiana Mortgage) and (ii) cause Otto Gulf Two to enter into that certain Act of Multiple Indebtedness Mortgage, Security Agreement, Fixture Filing, Financing Statement and Assignment of Production and Revenues, in substantially the form attached hereto as Exhibit A-19 (the “Gulf Two Mortgage” and, together with the Otto Louisiana Mortgage, the “Mortgages”) from Otto Gulf Two, as mortgagor and debtor, in favor of Lender, as mortgagee and secured party, with respect to all Mortgaged Property (as defined in the Gulf Two Mortgage);

WHEREAS, the Corporation desires to, and to cause each of the other Delaware Credit Parties to, enter into one or more amendments, waivers, agreements, instruments, certificates, affidavits, documents, notices, recordings or filings and other transaction documents related thereto necessary, desirable or appropriate to effect the Facility Agreement, the Security Agreements, the Pledge Agreement, the Notices of Pledge, the Option Deed, the General Security Deed, the Deposit Account Control Agreements, the Deed of Trust and the Mortgages and such additions and deletions thereto as the Authorized Officer or Authorized Officers (as defined below) executing and delivering the same shall, as evidenced by the execution and delivery thereof, deem necessary, desirable or appropriate (the Facility Agreement, the Security Agreements, the Pledge Agreement, the Notices of Pledge, the Option Deed, the General Security Deed, the Deposit Account Control Agreements, the Deed of Trust and the Mortgages, together with any and all such other agreements, instruments, certificates, other documents and exhibits thereto or contemplated thereby, collectively, the "Financing Documents");

WHEREAS, the Board has considered and reviewed the Financing Documents and has determined, after due consideration, that (i) it is necessary, advisable, and in the best interest of the Corporation and each of the other Delaware Credit Parties, and necessary and convenient to the purpose, conduct, promotion, or attainment of the business and affairs of each of them, for the Delaware Credit Parties to execute, deliver and perform their respective obligations under the Financing Documents to which each is party and (ii) that any guarantees contemplated by or contained in the Financing Documents may reasonably be expected to benefit, directly or indirectly, the Delaware Credit Parties;

NOW, THEREFORE, BE IT RESOLVED, that each of the Delaware Credit Parties is hereby authorized, empowered and directed to, and if applicable, to cause any of its subsidiaries to, execute, deliver and enter into each of the Financing Documents to which any such entity is a party;

RESOLVED FURTHER, that the form, terms and provisions of each of the Financing Documents, substantially in the forms previously presented to and reviewed by the Authorized Officer(s), including, without limitation, all exhibits, schedules, annexes, appendices and other attachments thereto, be, and each of the same hereby is, authorized, adopted, ratified, confirmed and approved in all respects;

RESOLVED FURTHER, that each of the Delaware Credit Parties be, and hereby is, authorized, empowered and directed to, and if applicable, to cause any of its subsidiaries to, incur and perform all of its obligations under the Financing Documents to which it is a party, and take all actions deemed necessary, desirable or appropriate by such entity in connection with, and to consummate all of the transactions contemplated by, such Financing Documents (the "Financing Transactions") and the same hereby are, in all respects, approved, adopted, ratified and confirmed;

RESOLVED FURTHER, that the Authorized Officers of each of the Delaware Credit Parties be, and each of them individually hereby is, directed, authorized and empowered, for and on behalf of each such Delaware Credit Party, to enter into one or more agreements, for and on behalf of, and in the name of, such Delaware Credit Party, including in connection with the Facility Agreement with Lender or an affiliate of Lender under the Facility Agreement, that provides for an interest rate, currency or commodity exchange, collar, cap, swap, floor, adjustable strike cap,

adjustable strike corridor or similar agreements (collectively, the "Hedge Contracts"), and to execute and deliver, for and on behalf of, and in the name of, such Delaware Credit Party, any master agreement and the related schedules, certificates, confirmations or other agreements or documents as Lender or its affiliate may require and a proper officer may approve relating to such Hedge Contracts, including, without limitation, any security or other collateral documentation as such Lender or its affiliate may require and an Authorized Officer may approve in connection therewith;

RESOLVED FURTHER, that the Authorized Officers in each case, be, and each of them individually hereby is, authorized, empowered and directed, in the name and on behalf of each Delaware Credit Party, to, and if applicable, to cause any of its subsidiaries to, approve, execute and deliver the Financing Documents to which such Delaware Credit Party is a party, in each case substantially in the form presented to the Board with such changes thereto as such Authorized Officer deems advisable and in the best interest of such Delaware Credit Party, and any and all other agreements, instruments, certificates, consents and other documents in connection with any of the Financing Transactions or the foregoing resolutions, in each case substantially in the form presented to the Authorized Officer with such changes thereto as such Authorized Officer deems advisable and in the best interest of such Delaware Credit Party, as any such Authorized Officer shall, as evidenced by the execution and delivery thereof, deem necessary, desirable or appropriate to carry into effect the purposes and intent of the Financing Documents and the foregoing resolutions, with the execution and delivery thereof by any such Authorized Officer, and the taking of any action in connection with the foregoing, establishing conclusively such Authorized Officer's authority therefor and establishing conclusively the approval by the Board and the Authorized Officers of the Financing Documents so executed and delivered and the actions so taken;

RESOLVED FURTHER, that the Authorized Officers be, and each of them individually hereby is, authorized, empowered and directed, in the name and on behalf of each Delaware Credit Party, to, and if applicable, to cause any of its subsidiaries to, approve, execute, and deliver any amendments, waivers, supplements, or other modifications to, and certificates, filings, consents, notices or other documents or instruments in connection with, any of the Financing Documents to which such entity is a party as the Authorized Officer executing and delivering same shall deem necessary, desirable or appropriate to effectuate the Financing Transactions and by the foregoing resolutions and as is otherwise consistent with the terms and provisions of such Financing Documents, and the foregoing resolutions; and

RESOLVED FURTHER, that the Authorized Officers be, and each of them individually hereby is, authorized, empowered and directed, in the name and on behalf of each Delaware Credit Party, to, and if applicable, to cause any of its subsidiaries to, make all such payments and incur all such expenses in connection with the Financing Transactions and any other transaction contemplated by the foregoing resolutions as the Authorized Officer making or incurring the same shall, as evidenced by the making or incurring thereof, deem necessary, desirable or appropriate to carry into effect the purposes and intent of the foregoing resolutions, with the making or incurring thereof by such Authorized Officer establishing conclusively such Authorized Officer's authority therefor and establishing conclusively the approval by the Board, and the Authorized Officer of the actions so taken.

General

NOW, THEREFORE, BE IT RESOLVED, that the "Authorized Officers" referenced in these resolutions shall be (a) in respect of the Corporation in its own capacity and in its capacity as sole member of each Operating Subsidiary, the President, any Manager, the Treasurer, and the Secretary of the Corporation and other officers as may be designated in accordance with the organizational documents of the Corporation, and (b) in respect of each Operating Subsidiary, the President, any Manager, and the Secretary of such Operating Subsidiary and other officers as may be designated in accordance with the organizational documents of such Operating Subsidiary;

RESOLVED FURTHER, that the Authorized Officers are, and each of them individually hereby is, authorized and empowered, in the name and on behalf of the Corporation, to approve, execute and deliver, from time to time, any and all such agreements, instruments, certificates and other documents in connection with any transaction or action contemplated by the foregoing resolutions as the Authorized Officer(s) executing and delivering the same shall, as evidenced by the execution and delivery thereof, deem necessary, desirable or appropriate to carry into effect the purposes and intent of the foregoing resolutions, with the execution and delivery thereof by any such Authorized Officer of any document, and the taking of any action in connection with the foregoing, establishing conclusively such Authorized Officer's authority therefor and the approval by the Board of the documents so executed and delivered and the actions so taken;

RESOLVED FURTHER, that the Authorized Officers are, and each of them individually hereby is, authorized and empowered, in the name and on behalf of the Corporation, to make all such payments and incur all such expenses in connection with any transaction contemplated by the foregoing resolutions as the Authorized Officer(s) making or incurring the same shall, as evidenced by the making or incurring thereof, deem necessary, desirable or appropriate to carry into effect the purposes and intent of the foregoing resolutions, with the making or incurring thereof by such Authorized Officer establishing conclusively such Authorized Officer's authority therefor and the approval by the Board of the actions so taken; and

RESOLVED FURTHER, that in addition to the specific authorizations conferred by the foregoing resolutions upon the Corporation's officers and directors, the Authorized Officers are, and each of them individually hereby is, authorized and empowered, in the name and on behalf of the Corporation, to do or cause to be done all such further acts and things (including the approval, execution and delivery of all such further agreements, instruments, certificates and other documents) as the Authorized Officer(s) doing the same or causing the same to be done shall, as evidenced by the doing or causing thereof, deem necessary, desirable or appropriate in order to carry into effect the purposes and intent of the foregoing resolutions, with the doing of the same or causing the same to be done by any such Authorized Officer establishing conclusively such Authorized Officer's authority therefor and the approval by the Board of the actions so taken; and, if specific forms of resolutions are necessary, desirable or appropriate to accomplish the transactions contemplated by the foregoing resolutions, then the same shall be deemed to have been and hereby are adopted, and the Secretary is authorized to certify the adoption of all such resolutions as though such resolutions are part of this written consent;

FURTHER RESOLVED, that each of the lawful acts of the Authorized Officers taken prior to the date hereof in connection with the transactions or actions contemplated by the foregoing

resolutions is hereby ratified, approved, adopted and confirmed as if each such act had been presented to and approved by the Board prior to being taken;

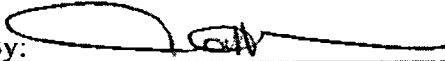
FURTHER RESOLVED, that the Secretary and any other appropriate officer of the Corporation are, and each individually hereby is, authorized and empowered to certify and furnish such copies of these resolutions and such statements as to the incumbency of the Corporation's officers, as may be requested, and any person receiving such certified copy is and shall be authorized to rely upon the contents thereof;

FURTHER RESOLVED, that this consent may be executed by facsimile, telecopy or other reproduction, and such execution shall be considered valid, binding and effective for all purposes; and

FURTHER RESOLVED, that this consent may be executed in counterparts, each of which shall constitute an original but which, together, shall constitute a single instrument.

[Remaining Page Left Intentionally Blank; Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have executed this Unanimous Written Consent of the Board of Directors as of the date first set forth above.

By: 
Name: Matthew Allen
Title: Director

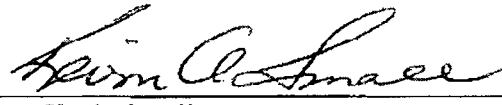
By: 
Name: Kevin Small
Title: Director

EXHIBIT A

This Exhibit A consists of Exhibit A-1 and Exhibit A-2

Exhibit A

**EXHIBIT A-1
TO MORTGAGE**

Oil and Gas Properties

This Exhibit A-1 contains this Preamble and the specific description of the “Oil and Gas Leases” comprising a portion of the “Mortgaged Property”, as those terms are defined in the Act of Mortgage, Security Agreement, Fixture Filing, Financing Statement and Assignment of Production and Revenues (the “Mortgage”) to which this Exhibit A-1 is attached.

Divisions. This Exhibit A-1 may be composed of several divisions and subdivisions--at least one for each state and county or parish in each state in which any part of the Mortgaged Property is located in more than one county or parish, the division hereof containing the description of such oil, gas and mineral lease will generally include the relevant portion of each of the counties in which any part of such oil, gas and mineral lease is located. Counties or parishes containing portions of such multi-county or multi-parish leases may therefore be covered by more than one division of this Exhibit A-1. Each subdivision is in turn composed of further subdivisions—each one covering one or more of the oil, gas and mineral leases included among the Mortgaged Property.

Definitions. For all purposes of this Exhibit A-1 unless the context otherwise requires, the hereinafter-identified terms have the following meanings:

“After Payout” or “APO” specifies the Net Revenue Interest and the Working Interest of Mortgagor after the occurrence of a particular event, such as payout of certain costs with respect to a Well or Wells, as described in an Oil and Gas Lease, assignment or assignments thereof, or one or more of the agreements to which the affected property is subject as shown in this Exhibit A-1.

“Before Payout” or “BPO” specifies the Net Revenue Interest and the Working Interest of Mortgagor before the occurrence of a particular event, such as payout of certain costs with respect to a Well or Wells, as described in an Oil and Gas Lease, assignment or assignments thereof, or one or more of the agreements to which the affected property is subject as shown in this Exhibit A-1.

OTTO ENERGY (LOUISIANA) LLC

IBERIA PARISH, LOUISIANA – SOUTH MARSH ISLAND

WELLS:

WELL NAME	API	OPERATOR	WORKING INTEREST	NET REVENUE INTEREST
F-1	17-708-40970-00	Byron Energy Inc.	50.00%	40.625%
F-2	17-708-40971-00	Byron Energy Inc.	50.00%	40.625%
F-3	17-708-40972-00	Byron Energy Inc.	50.00%	40.625%

LEASE:

LESSOR	LESSEE	DATE	SERIAL NUMBER	DESCRIPTION	INTEREST
United States of America	Byron Energy Inc.	8/1/2012	OCS-G 34266	All of Block 71, South Marsh Island Area, South Addition, as shown on OCS Leasing Map, Louisiana Map No. 3C	50% Record Title Interest

EXHIBIT A-2
TO MORTGAGE
Pipelines

All rights, titles and interests of Mortgagor in all existing and future pipelines, gathering systems and other transportation assets, and all assets, equipment, rights and interests related thereto (i) located on the Mortgaged Property described on Exhibit A-1 and (ii) located on the Lands Associated with Pipelines and Rights of Way and Franchises described on the following pages.

None other than as described above.