RECEIVED
ADJUDICATION SECTION
NOV 06 2026

William K. Grubb
wgrubb@mcginnislaw.com
(713) 615-8515 o
(713) 328-1815 f

November 6, 2026

United States Department of the Interior
Attn: Laura Robbins, Acting Regional Director
Bureau of Ocean Energy Management
Attention: Adjudication Section
Gulf of Mexico OCS Region
1201 Elmwood Park Boulevard
New Orleans, LA 70123-2394

VIA E-MAIL at BOEMAdjudication@BOEM.gov

Re: **Documents for filing in the Non-Required Files**

Dear Ms. Robbins:

Enclosed please find the following instrument submitted to you for filing purposes only in the Non-Required Files maintained by your office for each of the federal offshore leases specified below:

Type:	UCC-3 Amendment – Renewal
Debtor:	Medusa Spar LLC
Secured Party:	Murphy Exploration & Production Company-USA
Leases:	**OCS-G 16614** and **OCS-G 16623**
Category:	**Category #3 – UCC Filings and Financial Statements**.

In order that third persons will be put on notice of the enclosed amendment continuing the previously filed financing statement, please file the document, together with this letter, in the Non-Required Files maintained for leases identified above, and under the category identified above.

I have attached a copy of the Pay.gov filing fee receipt for $76.00 (Tracking ID 287H76DT). Please return a date-stamped copy of the filing to jdavis@mcginnislaw.com to complete our files.

If you have any questions, or if there is a deficiency of payment, please feel free to contact me at (713) 615-8515 and we will overnight the difference or otherwise satisfy your request.

Thank you in advance for your assistance in this matter.

Sincerely,

William Grub

Attachments

[redacted]

RECEIVED
ADJUDICATION SECTION
NOV 06 2026

UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT SUBMITTER (optional)
Jessica Davis (713) 615-8560

B. E-MAIL CONTACT AT SUBMITTER (optional)
jdavis@mcginnislaw.com

C. SEND ACKNOWLEDGMENT TO: (Name and Address)

McGinnis Lochridge LLP
609 Main Street, Suite 2800
Houston, TX 77002

SEE BELOW FOR SECURED PARTY CONTACT INFORMATION

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE NUMBER
Renewing 10/28/2021 filing (Attached hereto as Exhibit A)

1b. ☐ This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13.

2. ☐ TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Part(y)(ies) authorizing this Termination Statement

3. ☐ ASSIGNMENT: Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9
For partial assignment, complete items 7 and 9; check ASSIGN Collateral box in Item 8 and describe the affected collateral in item 8

4. ☑ CONTINUATION: Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law

5. PARTY INFORMATION CHANGE:

Check one of these two boxes:
This Change affects ☐ Debtor or ☐ Secured Party of record

AND Check one of these three boxes to:
☐ CHANGE name and/or address: Complete item 6a or 6b; and item 7a or 7b and item 7c
☐ ADD name: Complete item 7a or 7b, and item 7c
☐ DELETE name: Give record name to be deleted in item 6a or 6b

6. CURRENT RECORD INFORMATION: Complete for Party Information Change - provide only one name (6a or 6b)

6a. ORGANIZATION'S NAME

OR

6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

7. CHANGED OR ADDED INFORMATION: Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME

OR

7b. INDIVIDUAL'S SURNAME

INDIVIDUAL'S FIRST PERSONAL NAME

INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S) | SUFFIX

7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

8. COLLATERAL CHANGE: Check only one box:
☐ ADD collateral ☐ DELETE collateral ☐ RESTATE covered collateral ☐ ASSIGN* collateral

Indicate collateral:

*Check ASSIGN COLLATERAL only if the assignee's power to amend the record is limited to certain collateral and describe the collateral in Section 8

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT: Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)
If this is an Amendment authorized by a DEBTOR, check here ☐ and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME
Murphy Exploration & Petroleum Production Company - USA

OR

9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

10. OPTIONAL FILER REFERENCE DATA:

EXHIBIT A
(November 2026 UCC3 Continuation)

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ADJUDICATION SECTION
OCT 28 2021

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NOV 06 2026

William K. Grubb
wgrubb@mcginnislaw.com
(713) 615-8515 o
(713) 328-1815 f

October 28, 2021

Bureau of Ocean Energy Management
United States Department of the Interior
Attention: Adjudication Section
Gulf of Mexico OCS Region
1201 Elmwood Park Boulevard
New Orleans, LA 70123-2394
Attention: Yolanda Winslow, Chief

Via Email at BOEMAdjudication@BOEM.gov

Re: **Documents for filing in the Non-Required Files**

Dear Ms. Winslow:

Enclosed please find the following instrument submitted to you for filing purposes only in the Non-Required Files maintained by your office for each of the federal offshore leases specified below:

1. **Type**: UCC-3 Amendment – Renewal
   Debtor: Medusa Spar LLC
   Secured Party: Murphy Exploration & Production Company-USA
   Leases: **OCS-G 16614** and **OCS-G 16623**
   Category: **Category #3 – UCC Filings and Financial Statements**.

In order that third persons will be put on notice as to the execution and efficacy of the enclosed financing statement, please file the document, together with this letter, in the Non-Required Files maintained for leases identified above, and under the category identified above.

I have attached a copy of the Pay.gov filing fee receipt for $58.00 (Tracking ID 26TPNG2C). Please return a date-stamped copy of the filing to cosborn@mcginnislaw.com to complete our files.

If you have any questions, or if there is a deficiency of payment, please feel free to contact me at (713) 615-8515 and we will overnight the difference or otherwise satisfy your request.

Thank you in advance for your assistance in this matter.

Sincerely,

William K. Grubb

Attachments

[redacted]

RECEIVED
ADJUDICATION SECTION
OCT 28 2021

UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS

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ADJUDICATION SECTION
NOV 06 2026

A. NAME & PHONE OF CONTACT AT FILER (optional)
Carolyn Osborn (512) 495-6165

B. E-MAIL CONTACT AT FILER (optional)
cosborn@mcginnislaw.com

C. SEND ACKNOWLEDGMENT TO: (Name and Address)

McGinnis Lochridge LLP
1111 West 6th Street, Suite 400
Austin, TX 78703

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE NUMBER
Renewing 11/10/2016 filing (Attached hereto as Exhibit A)

1b. ☐ This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS
Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13

2. ☐ TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement

3. ☐ ASSIGNMENT (full or partial): Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9
For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8

4. ☑ CONTINUATION: Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law

5. ☐ PARTY INFORMATION CHANGE:

Check one of these two boxes:
This Change affects ☐ Debtor or ☐ Secured Party of record

AND Check one of these three boxes to:
☐ CHANGE name and/or address: Complete item 6a or 6b; and item 7a or 7b and item 7c
☐ ADD name: Complete item 7a or 7b, and item 7c
☐ DELETE name: Give record name to be deleted in item 6a or 6b

6. CURRENT RECORD INFORMATION: Complete for Party Information Change - provide only one name (6a or 6b)

6a. ORGANIZATION'S NAME

OR

6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

7. CHANGED OR ADDED INFORMATION: Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME

OR

7b. INDIVIDUAL'S SURNAME

INDIVIDUAL'S FIRST PERSONAL NAME

INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S) | SUFFIX

7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

8. ☐ COLLATERAL CHANGE: Also check one of these four boxes: ☐ ADD collateral ☐ DELETE collateral ☐ RESTATE covered collateral ☐ ASSIGN collateral

Indicate collateral:

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT: Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)
If this is an Amendment authorized by a DEBTOR, check here ☐ and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME
Murphy Exploration & Production Company - USA

OR

9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

10. OPTIONAL FILER REFERENCE DATA:

Exhibit A
(October 2021 UCC3 Continuation)

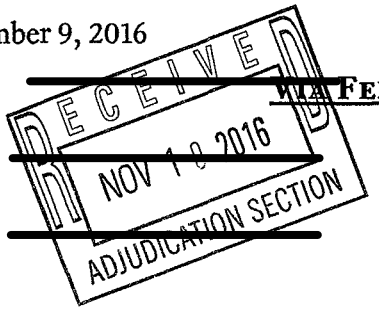
COPY

McGINNIS LOCHRIDGE

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NOV 06 2026

Austin W. Brister
abrister@mcginnislaw.com
(713) 615-8523 o
(713) 328-1823 f

November 9, 2016



VIA FEDERAL EXPRESS

Bureau of Ocean Energy Management
United States Department of the Interior
Attention: Adjudication Section
Gulf of Mexico OCS Region
1201 Elmwood Park Boulevard
New Orleans, LA 70123-2394
Attention: Bernadette Thomas, Chief

Re: Documents for filing in the Non-Required Files

Dear Ms. Thomas:

Enclosed please find the following instrument submitted to you for filing purposes only in the Non-Required Files maintained by your office for each of the federal offshore leases specified below:

1. **Type:** UCC-1 Financing Statement
   Debtor: Medusa Spar LLC
   Secured Party: Murphy Exploration & Production Company—USA
   Leases: **OCS-G 16614** and **OCS-G 16623**
   Category: **Category #3 – UCC Filings and Financial Statements.**

In order that third persons will be put on notice as to the execution and efficacy of the enclosed financing statement, please file the document, together with this letter, in the Non-Required Files maintained for leases identified above, and under the category identified above.

I have attached a copy of the Pay.gov filing fee receipt for $58.00 (Tracking ID 25UTLU63). I have also included an additional copy of these documents to be file-stamped and returned to me to complete our files.

If you have any questions, or if there is a deficiency of payment, please feel free to contact me at (713) 615-8523 and we will overnight the difference or otherwise satisfy your request.

Thank you in advance for your assistance in this matter.

Sincerely,

Austin W. Brister

Enclosures

[redacted]

RECEIVED
ADJUDICATION SECTION
NOV 06 2026

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)
Carolyn Osborn

B. E-MAIL CONTACT AT FILER (optional)
cosborn@mcginnislaw.com

C. SEND ACKNOWLEDGMENT TO: (Name and Address)

Carolyn Osborn
McGinnis Lochridge
600 Congress Ave., Suite 2100
Austin, Texas 78701

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here ☐ and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME
Medusa Spar LLC

OR

1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

1c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
9805 Katy Freeway, Suite G200	Houston	TX	77024	USA

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here ☐ and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

2c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME
Murphy Exploration & Production Company - USA

OR

3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

3c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
9805 Katy Freeway, Suite G200	Houston	TX	77024	USA

4. COLLATERAL: This financing statement covers the following collateral:

All of Debtor's right, title and interest now owned or hereafter acquired in all of the property described in Exhibit 1 hereto.

5. Check only if applicable and check only one box: Collateral is ☐ held in a Trust (see UCC1Ad, item 17 and Instructions) ☐ being administered by a Decedent's Personal Representative

6a. Check only if applicable and check only one box:
☐ Public-Finance Transaction ☐ Manufactured-Home Transaction ☐ A Debtor is a Transmitting Utility

6b. Check only if applicable and check only one box:
☐ Agricultural Lien ☐ Non-UCC Filing

7. ALTERNATIVE DESIGNATION (if applicable): ☐ Lessee/Lessor ☐ Consignee/Consignor ☐ Seller/Buyer ☐ Bailee/Bailor ☐ Licensee/Licensor

8. OPTIONAL FILER REFERENCE DATA:

Exhibit 1

T-7
(16614)
21174
18260
16623

DECLARATION OF OPERATING AGREEMENT, MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT

(SPAR LLC)

To be filed in the conveyance records and in the mortgage records and as a non-standard financing statement in accordance with Paragraph 6.0 herein.

1.0 This Declaration of Operating Agreement, Mortgage, Security Agreement and Financing Statement (Spar LLC) (this "Declaration") is effective as of the date set forth below and is executed by the undersigned, duly authorized representative of MURPHY EXPLORATION & PRODUCTION COMPANY – USA (successor in interest to Murphy Exploration & Production Company) (the "Operator"), a Delaware corporation, whose taxpayer identification number is 47-0910029, and whose organizational number is 3617922, and whose address is 101 South Robertson Street, New Orleans, Louisiana 70112, and the undersigned, duly authorized representatives of CALLON PETROLEUM OPERATING COMPANY ("Callon"), a Delaware corporation, whose taxpayer identification number is 94-0744280, and whose organizational number is 2018366, and whose address is 200 North Canal Street, Natchez, Mississippi, 39120, and ENI DEEPWATER LLC (previously British Borneo Deepwater LLC, successor in interest to British-Borneo Petroleum, Inc.) ("Eni"), a Delaware limited liability company, whose taxpayer identification number is 76-0607429, and whose organizational number is 3023248, and whose address is 1201 Louisiana, Suite 3500, Houston, Texas 77002, and MEDUSA SPAR LLC ("Spar LLC"), a Delaware limited liability company, whose taxpayer identification number is 20-0463328, whose organizational number is 3724209, and whose address is 131 South Robertson Street, New Orleans, Louisiana 70112, (Callon and Eni being referred to hereinafter collectively as the "Non-Operating Parties" and individually as a "Non-Operating Party"). The Operator, the Non-Operating Parties and Spar LLC are referred to herein collectively as the "Parties" and individually as a "Party".

2.0 The Operator, the Non-Operating Parties and Spar LLC are parties to that certain Joint Operating Agreement dated effective, February 1, 1999, as amended and supplemented by that certain First Amendment and Supplement to Joint Operating Agreement (Prospect Medusa) dated effective as of August 29, 2003, and as amended and supplemented by that certain Second Amendment and Supplement to Joint Operating Agreement (Prospect Medusa) dated effective as of the 18th day of December, 2003 (as so amended and supplemented, and as the same may hereafter be amended, supplemented, modified and/or restated from time to time, the "Operating Agreement"), which Operating Agreement provides for the exploration, development and production of crude oil, natural gas and associated substances from the OCS blocks, or portions thereof, described in the OCS federal oil and gas leases (or portions thereof) identified on Attachment "1" attached hereto ("Leases") (the Leases insofar as they cover the lands described therein as to all depths, herein the "Prospect Area"). All other capitalized terms appearing in this

Declaration, unless otherwise defined herein, shall be given the meaning as defined in the Operating Agreement.

3.0 Among other provisions, the Operating Agreement provides in Article 6 for the creation of certain liens, mortgages, pledges and security interests to secure the Parties' obligations thereunder, sets forth the terms and conditions upon which the exploration, development and production of crude oil, natural gas and associated substances from the Leases shall be undertaken by the Parties, their successors and assigns, contains an accounting procedure and other provisions providing for the payment of interest on past-due amounts and supplementing the lien, mortgage, pledge and security interest provisions, and also includes non-consent clauses which provide that Parties who elect not to participate in certain operations shall be deemed to have relinquished their interest in production until the carrying consenting Parties are able to recover their costs of such operation plus a specified amount.

4.0 The Operator hereby certifies that a true and correct copy of the Operating Agreement is on file and is available for inspection by third parties at the offices of the Operator at the address set forth in this Declaration. The purpose of this Declaration is to place third parties on notice of the Operating Agreement by the filing of record of this declaration in lieu of the Operating Agreement as permitted by La. R.S. 9:2731 and 2732, and to more fully describe and implement the liens, mortgages, pledges and security interests provided for in the Operating Agreement by placing third parties on notice thereof and restating, granting and conveying the same to the extent required to perfect the same fully in accordance with applicable law.

5.0 In addition to any other security rights and remedies provided for by law with respect to services rendered or materials and equipment furnished under the Operating Agreement, and in addition to, and not in substitution or replacement of, the liens and security interests created under that certain Declaration of Operating Agreement, Mortgage, Security Agreement and Financing Statement (Medusa Prospect) dated effective August 29, 2003, by and among Operator, Callon and Eni, recorded as set forth on Attachment 2 hereto, for and in consideration of the covenants and mutual undertakings of the Operator, the Non-Operating Parties and Spar LLC set forth in the Operating Agreement, the Operator, the Non-Operating Parties and Spar LLC hereby agree as follows:

5.1 ***Mortgage by Spar LLC.*** Spar LLC, as mortgagor and debtor, hereby grants to, and collaterally assigns in favor of, the Operator and the Non-Operating Parties, each as mortgagee and secured party, a mortgage, hypothecation, and pledge of and over all of its rights, titles, and interests, now owned or hereafter acquired, in and to (a) the Leases; (b) the oil and gas in, on, under, and that may be produced from the lands within the Leases and the Prospect Area (the "Hydrocarbon production"); (c) the Production Systems and all Facilities (as these terms are defined and described on Attachment 1 hereto), including without limitation the Medusa Spar (as defined and described on Attachment 1 hereto); and (d) all other immovable property susceptible of mortgage situated within the Prospect Area, including without limitation all facilities, pipelines, flowlines, wells, platforms and other improvements, buildings and other constructions now or hereafter located upon the

Prospect Area, and all easements, rights-of-way and other similar interests and rights located upon the Prospect Area (inclusive of but without limitation to those, if any, described on Attachment 1 hereto), together with all tenements, hereditaments, appurtenances and other property, of any nature or kind, in anywise appertaining, belonging, affixed or incidental to any of the foregoing property, and all rents, issues, profits and products of any of the foregoing. This mortgage is given to secure the complete and timely performance of and payment by Spar LLC of all obligations and indebtedness of every kind and nature, of Spar LLC to the Operator and/or the Non-Operating Parties pursuant to the Operating Agreement, whether now owed or hereafter arising together with (a) interest on any such indebtedness, costs, and other expenses at the rate set forth in the Operating Agreement or the maximum rate allowed by law, whichever is the lesser, (b) reasonable attorneys' fees, (c) court costs, and (d) other directly related collection costs. If Spar LLC does not pay such costs and other expenses or perform its obligations under the Operating Agreement when due, the Operator and the Non-Operating Parties shall have the additional right, to the extent applicable, to notify the purchaser or purchasers of Spar LLC's Hydrocarbon production and collect such costs and other expenses out of the proceeds from the sale of Spar LLC's share of Hydrocarbon production until the amount owed has been paid. The Operator and the Non-Operating Parties shall have the right to offset the amount owed against the proceeds from the sale of Spar LLC's share of Hydrocarbon production. Any purchaser of such Hydrocarbon production shall be entitled to rely on the statement of the Operator or the Non-Operating Parties, as the case may be, concerning the amount of costs and other expenses owed by Spar LLC, and payment made to the Operator or the Non-Operating Parties, as the case may be, by any purchaser shall be binding and conclusive as between such purchaser and Spar LLC. In addition, the Operator and the Non-Operating Parties shall have the right to offset the amount owed against any and all revenues attributable to Spar LLC's interest in any portion of the Prospect Area, inclusive of all Leases, wells, equipment, Production Systems, Facilities and other property within the Prospect Area and/or any and all sums otherwise due and owing by Operator and/ or any Non-Operating Party to Spar LLC.

The maximum amount for which the mortgage and collateral assignment herein granted by Spar LLC shall be deemed to secure the obligations and indebtedness of Spar LLC to the Operator and/or the Non-Operating Parties, as the case may be, as stipulated herein is hereby fixed in an amount equal to $50,000,000.00 (the "Limit of the Mortgage of Spar LLC"). Except as provided in the previous sentence (and then only to the extent such limitations are required by law), the entire amount of obligations and indebtedness of Spar LLC to the Operator and/or Non-Operating Parties is secured hereby without limitation. Notwithstanding the foregoing Limit of the Mortgage of Spar LLC, the liability of Spar LLC under the Operating Agreement and the mortgage and security interest granted hereby shall be limited to (and the Operator and/or Non-Operating Parties shall not be entitled to enforce the same against Spar LLC for, an amount exceeding) the actual obligations and indebtedness, including all interest charges, costs, attorneys' fees, and other charges provided for in the Operating Agreement or in this Declaration, outstanding and unpaid and that are attributable to or charged against the interest of Spar LLC pursuant to the Operating Agreement.

Notwithstanding the foregoing, there is expressly excluded from the above grant and collateral assignment by Spar LLC of a mortgage, hypothecation and pledge, and the same shall not cover or include, attach to or encumber, all of Spar LLC's right, title and interest in and to the tariffs paid and to be paid to Spar LLC by Operator and Callon pursuant to that certain Medusa Spar Operating and Production Handling Agreement dated effective December 18, 2003 by and among Operator, Callon, Oceaneering International, Inc. and Spar LLC (the "Operating & Production Handling Agreement").

5.2 ***Security Interest Grant by Spar LLC.*** To secure the complete and timely performance of and payment by Spar LLC of all obligations and indebtedness of every kind and nature, whether now owed by Spar LLC or hereafter arising, pursuant to the Operating Agreement, Spar LLC, as debtor, hereby grants to the Operator and to the Non-Operating Parties, each as secured party, a continuing security interest in and to all of its rights, titles, interests, claims, general intangibles, proceeds, and products thereof, whether now existing or hereafter acquired, in and to (a) all oil and gas produced from the lands or offshore blocks covered by the Leases or attributable to the Leases when produced, (b) all accounts receivable accruing or arising as a result of the sale of such oil and gas (including, without limitation, accounts arising from gas imbalances or from the sale of oil and gas at the wellhead), (c) all cash or other proceeds from the sale of such oil and gas once produced, and (d) all Production Systems (including without limitation the Medusa Spar), Facilities, wells, fixtures, other corporeal property, whether movable or immovable, whether now or hereafter placed on the lands or offshore blocks covered by the Leases or maintained or used in connection with the ownership, use or exploitation of the Leases, and other surface and sub-surface equipment of any kind or character located on or attributable to the Leases and all accounts receivable accruing or arising as a result of, and all cash or other proceeds realized from, the sale, transfer, disposition or conversion thereof. The interest, if any, of Spar LLC in and to the oil and gas produced from or attributable to the Leases when extracted and the accounts receivable accruing or arising as the result of the sale thereof shall be financed at the wellhead of the well or wells located on the Leases. To the extent susceptible under applicable law, the security interest granted by Spar LLC hereunder covers: (A) all substitutions, replacements, and accessions to the property of Spar LLC described herein and is intended to cover all of the rights, titles and interests of Spar LLC in all movable property now or hereafter located upon or used in connection with the Leases, whether corporeal or incorporeal, whether now owned or existing or hereafter acquired or arising; (B) all rights under any gas balancing agreement, farmout rights, option farmout rights, acreage and cash contributions, and conversion rights of Spar LLC in connection with the Leases, or the oil and gas produced from or attributable to the Leases, whether now owned and existing or hereafter acquired or arising, including, without limitation, all interests of Spar LLC in any partnership, tax partnership, limited partnership, association, joint venture, or other entity or enterprise that holds, owns, or controls any interest in the Leases; and (C) all rights, claims, general intangibles, and proceeds, whether now existing or hereafter acquired, of Spar LLC in and to the contracts, agreements, permits, licenses, rights-of-way, and similar rights and privileges that relate to or are appurtenant to the Leases and/or the Prospect Area, including the following:

(i) all of its rights, titles, and interests, whether now owned and existing or hereafter acquired or arising, in, to, and under or derived from any present or future operating, farmout, bidding, pooling, unitization, and communitization agreements, assignments, and subleases, whether or not described in any exhibit or attachment to this Declaration, to the extent, and only to the extent that such agreements, assignments, and subleases cover or include any of its rights, titles, and interests, whether now owned and existing or hereafter acquired or arising, in and to all or any portion of the Leases, and all units created by any such pooling, unitization, and communitization agreements and all units formed under orders, regulations, rules, or other official acts of any governmental authority having jurisdiction, to the extent and only to the extent that such units cover or include all or any portion of the Leases;

(ii) all of its rights, titles, and interests, whether now owned and existing or hereafter acquired or arising, in, to, and under or derived from all presently existing and future advance payment agreements, and oil, casinghead gas, and gas sales, exchange, and processing contracts and agreements, including, without limitation, those contracts and agreements that are herein described, if any, to the extent, and only to the extent, those contracts and agreements cover or include all or any portion of the Leases and/or the Prospect Area; and

(iii) all of its rights, titles, and interests, whether now owned and existing or hereafter acquired or arising, in, to, and under or derived from all existing and future permits, licenses, rights-of-way, and similar rights and privileges that relate to or are appurtenant to the Leases and/or the Prospect Area.

Notwithstanding the foregoing, there is expressly excluded from the above grant of a continuing security interest by Spar LLC, and such security interest shall not attach to or encumber, all of Spar LLC's right, title and interest in and to the tariffs paid and to be paid to Spar LLC by Operator and Callon pursuant to the Operating & Production Handling Agreement.

5.3 ***Mortgage to Spar LLC.*** The Operator and each Non-Operating Party, each as mortgagor and secured party, hereby grant to, and collaterally assigns in favor of Spar LLC as mortgagee and secured party, a mortgage, hypothecation, and pledge of and over all of its rights, titles, and interests, now owned or hereafter acquired, in and to (a) the Leases; (b) the oil and gas in, on, under, and that may be produced from the lands within the Leases and the Prospect Area; (c) the Production Systems and Facilities, including, without limitation, the Medusa Spar; and (d) all other immovable property or other property susceptible of mortgage situated within the Prospect Area, including without limitation all facilities, pipelines, flowlines, wells, platforms and other improvements, buildings and

other constructions now or hereafter located upon the Prospect Area, and all easements, rights-of-way and other similar interests and rights located upon the Prospect Area (inclusive of but without limitation to those, if any, described on Attachment 1 hereto), together with all tenements, hereditaments, appurtenances and other property, of any nature or kind, in anywise appertaining, belonging, affixed or incidental to any of the foregoing property, and all rents, issues, profits and products of any of the foregoing.

This mortgage is given to secure the complete and timely performance of and payment by each of the Operator and each Non-Operating Party of all obligations and indebtedness of every kind and nature of each such Party to Spar LLC pursuant to the Operating Agreement, whether now owed or hereafter arising. To the extent susceptible under applicable law, this mortgage and the security interests granted in favor of Spar LLC herein shall secure the payment of all costs and other expenses properly charged to or being the obligation of the Operator or such Non-Operating Party, as the case may be, together with (a) interest on such indebtedness, costs, and other expenses at the rate set forth in the Operating Agreement or the maximum rate allowed by law, whichever is the lesser, (b) reasonable attorneys' fees, (c) court costs, and (d) other directly related collection costs, due and owing to Spar LLC and/or otherwise enforceable by Spar LLC. If the Operator or such Non-Operating Party, as the case may be, does not pay such costs and other expenses or perform such obligations under the Operating Agreement when due, Spar LLC shall have the additional right to notify the purchaser or purchasers of the Hydrocarbon production of Operator and/or each Non-Operating Party, as the case may be, and collect such costs and other expenses out of the proceeds from the sale of such Party's share of Hydrocarbon production until the amount owed has been paid. Spar LLC shall have the right to offset the amount owed against the proceeds from the sale of such Party's share of Hydrocarbon production. Any purchaser of such Hydrocarbon production shall be entitled to rely on the statement of Spar LLC concerning the amount of costs and other expenses owed by the Operator and/or each Non-Operating Party, as the case may be, and payment made to Spar LLC by any purchaser shall be binding and conclusive as between such purchaser and the Operator and/or each Non-Operating Party, as the case may be. In addition, Spar LLC shall have the right to offset the amount owed against any and all revenues attributable to such defaulting Parties interest in any portion of the Prospect Area, inclusive of all Leases, wells, equipment, Production Systems, Facilities and other property within the Prospect Area and/or any and all sums otherwise due and owing by Spar LLC to such defaulting Party.

The maximum amount for which the mortgage and collateral assignment herein granted by the Operator and each Non-Operator to Spar LLC shall be deemed to secure the obligations and indebtedness of the Operator and each Non-Operating Party to Spar LLC as stipulated herein is hereby fixed in an amount equal to $50,000,000.00 (the "Limit of the Mortgage of the Operator and Non-Operating Parties"). Except as provided in the previous sentence (and then only to the extent such limitations are required by law), the entire amount of obligations and indebtedness of the Operator and the Non-Operating Parties to Spar LLC is secured hereby without limitation. Notwithstanding the foregoing Limit of the Mortgage of the Operator and Non-Operating Parties, the liability of the Operator and each Non-Operating Party under the Operating Agreement and the

mortgage and security interest granted hereby shall be limited to (and Spar LLC shall not be entitled to enforce the same against the Operator and/or each Non-Operating Party, as the case may be, for, an amount exceeding) the actual obligations and indebtedness owed to Spar LLC, including all interest charges, costs, attorneys' fees, and other charges provided for in the Operating Agreement or in this Declaration, outstanding and unpaid and that are attributable to or charged against the interest of the Operator and/or each Non-Operating Party, as the case may be, pursuant to the Operating Agreement.

Notwithstanding the foregoing, it is expressly understood and agreed that the above grants and collateral assignments of a mortgage, hypothecation and pledge by each of Operator and Callon to Spar LLC do not cover and include, or attach to or encumber, and there is expressly excluded therefrom, all right, title and interest of each of Operator and Callon in and to (i) any and all distributions made or to be made to Operator and/or Callon pursuant to that certain Limited Liability Company Agreement of Medusa Spar LLC dated effective as of December 18, 2003 by and among Operator, Callon and Oceaneering International, Inc., (the "LLC Agreement") and (ii) the membership interests of each of Operator and Callon in and to Spar LLC.

5.4 ***Security Interest Grant to Spar LLC.*** To secure the complete and timely performance of and payment by the Operator and each Non-Operating Party of all obligations and indebtedness of every kind and nature to Spar LLC, whether now owed or hereafter arising, pursuant to the Operating Agreement, the Operator and each Non-Operating Party, as debtor, hereby grants to Spar LLC, as secured party, a continuing security interest in and to all of its rights, titles, interests, claims, general intangibles, proceeds, and products thereof, whether now existing or hereafter acquired, in and to (a) all oil and gas produced from the lands or offshore blocks covered by the Leases or attributable to the Leases when produced, (b) all accounts receivable accruing or arising as a result of the sale of such oil and gas (including, without limitation, accounts arising from gas imbalances or from the sale of oil and gas at the wellhead), (c) all cash or other proceeds from the sale of such oil and gas once produced, and (d) all Production Systems (including, without limitation, the Medusa Spar), Facilities, wells, fixtures, other corporeal property whether movable or immovable, whether now or hereafter placed on the lands or offshore blocks covered by the Leases or maintained or used in connection with the ownership, use or exploitation of the Leases, and other surface and sub-surface equipment of any kind or character located on or attributable to the Leases and all accounts receivable accruing or arising as a result of, and all cash or other proceeds realized from, the sale, transfer, disposition or conversion thereof. The interest of the Operator and each Non-Operating Party in and to the oil and gas produced from or attributable to the Leases when extracted and the accounts receivable accruing or arising as the result of the sale thereof shall be financed at the wellhead of the well or wells located on the Leases. To the extent susceptible under applicable law, the security interest granted by the Operator and of each Non-Operating Party to Spar LLC covers: (A) all substitutions, replacements, and accessions to the property of the Operator and of each Non-Operating Party, as the case may be, described herein and is intended to cover all of the rights, titles and interests of the Operator in all movable property now or hereafter located upon or used in connection with the Leases, whether corporeal or incorporeal,

whether now owned or existing or hereafter acquired or arising; (B) all rights under any gas balancing agreement, farmout rights, option farmout rights, acreage and cash contributions, and conversion rights of the Operator and of each Non-Operating Party, as the case may be, in connection with the Leases, or the oil and gas produced from or attributable to the Leases, whether now owned and existing or hereafter acquired or arising, including, without limitation, all interests of the Operator and of each Non-Operating Party, as the case may be, in any partnership, tax partnership, limited partnership, association, joint venture, or other entity or enterprise that holds, owns, or controls any interest in the Leases; and (C) all rights, claims, general intangibles, and proceeds, whether now existing or hereafter acquired, of the Operator and of each Non-Operating Party, as the case may be, in and to the contracts, agreements, permits, licenses, rights-of-way, and similar rights and privileges that relate to or are appurtenant to the Leases and/or the Prospect Area, including the following:

(i) all of its rights, titles, and interests, whether now owned and existing or hereafter acquired or arising, in, to, and under or derived from any present or future operating, farmout, bidding, pooling, unitization, and communitization agreements, assignments, and subleases, whether or not described in any exhibit or attachment to this Declaration, to the extent, and only to the extent, that such agreements, assignments, and subleases cover or include any of its rights, titles, and interests, whether now owned and existing or hereafter acquired or arising, in and to all or any portion of the Leases, and all units created by any such pooling, unitization, and communitization agreements and all units formed under orders, regulations, rules, or other official acts of any governmental authority having jurisdiction, to the extent and only to the extent that such units cover or include all or any portion of the Leases;

(ii) all of its rights, titles, and interests, whether now owned and existing or hereafter acquired or arising, in, to, and under or derived from all presently existing and future advance payment agreements, and oil, casinghead gas, and gas sales, exchange, and processing contracts and agreements, including, without limitation, those contracts and agreements that are described herein, if any, to the extent, and only to the extent, those contracts and agreements cover or include all or any portion of the Leases and/or the Prospect Area; and

(iii) all of its rights, titles, and interests, whether now owned and existing or hereafter acquired or arising, in, to, and under or derived from all existing and future permits, licenses, rights-of-way, and similar rights and privileges that relate to or are appurtenant to any of the Leases and/or the Prospect Area.

Notwithstanding the foregoing, it is expressly understood and agreed that the above grants of a continuing security interest by each of Operator and Callon to Spar LLC do not attach to or encumber, and there is expressly excluded therefrom, all right, title and interest of each of Operator and Callon in and to (i) any and all distributions made or to be made to Operator and/or Callon pursuant to the LLC Agreement and (ii) the membership interests of each of Operator and Callon in and to Spar LLC.

5.5 ***Exclusion and Partial Release.*** Reference is made for all purposes to that certain Declaration of Operating Agreement, Mortgage, Security Agreement and Financing Statement (Medusa Prospect) dated effective August 29, 2003, and recorded as set forth on Attachment 2 hereto (the "Prior Declaration"). Operator and each Non-Operating Party acknowledges and agrees that the grant and collateral assignment of a mortgage, hypothecation and pledge, and the grant of continuing security interest, made by each of Operator and Callon in such Prior Declaration were not intended to cover and include or to attach to or encumber, and do not cover and include or attach to or encumber, and there is expressly excluded therefrom, and, in furtherance thereof and out of an abundance of caution, Operator and each Non-Operator do hereby release therefrom, all right, title and interest of each of Operator and Callon in and to (i) any and all distributions made or to be made to Operator and/or Callon pursuant to the LLC Agreement and (ii) the membership interests of each of Operator and Callon in and to Spar LLC.

6.0 The Parties authorize the Operator, or any Non-Operating Party or Spar LLC if Operator fails to act, to file this Declaration in the public records set forth below to serve as notice of the existence of the Operating Agreement as a burden on the title of the Operator and the Non-Operating Parties and Spar LLC to their interests in the Prospect Area, including without limitation their interests in the Leases, wells, equipment, Production Systems (including, without limitation, the Medusa Spar), Facilities, Hydrocarbon production and other property within the Prospect Area, and any and all other property covered hereby and for purposes of satisfying otherwise relevant recording and filing requirements of applicable law, and to attach an original or copy of this Declaration to a standard UCC-1 form for filing in the UCC records set forth below to perfect the security interests created by the Parties in this Declaration. This Declaration may be amended from time to time upon acquisition of additional interests in the Prospect Area, and the Parties shall, within five business days following request by one of the Parties hereto, execute and furnish to the requesting Party for recordation any such amendment. This Declaration may be filed or recorded, as the case may be, in (a) the conveyance records of the parish or parishes adjacent to the lands or offshore blocks covered by the Leases pursuant to La. R.S. 9:2731, et seq., (b) the mortgage records of such parish or parishes, (c) the applicable files of the Minerals Management Service, Gulf of Mexico Region, and (d) the appropriate Uniform Commercial Code records of any applicable jurisdiction.

7.0 Upon default of any covenant or condition of the Operating Agreement, in addition to any other remedy afforded by law or otherwise, each party to the Operating Agreement and any successor to such party by assignment, operation of law, or otherwise, shall have, and is hereby given and vested with, (i) the power and authority to foreclose the

mortgage, pledge, and security interest established in its favor herein and in the Operating Agreement in the manner provided by law and to exercise all rights of a secured party under the Uniform Commercial Code and (ii) the additional right to notify the purchaser or purchasers of defaulting Party's production and collect such indebtedness out of the proceeds from the sale of such defaulting Party's share of production until the amount owed has been paid. The Operator shall have the right to offset the amount owed against the proceeds from the sale of such defaulting Party's share of production. Any purchaser of such production shall be entitled to rely on the Operator's statement concerning the amount of indebtedness owed by such Non-Operating Party and/or Spar LLC (if applicable) and payment made to the Operator by any purchaser shall be binding and conclusive as between such purchaser and such Non-Operating Party and/or Spar LLC.

8.0 Upon expiration of the Operating Agreement and the satisfaction of all obligations and indebtedness arising thereunder, the Operator, on behalf of all parties to the Operating Agreement, shall file of record an appropriate release and termination of all security and other rights created under the Operating Agreement and this Declaration executed by all parties to the Operating Agreement. Upon the filing of such release and termination instrument, all benefits and obligations under this Declaration shall terminate as to all parties who have executed or ratified this Declaration. In addition, at any time prior to the filing of such release and termination instrument, each of the Operator, the Non-Operating Parties and Spar LLC shall have the right to (i) file a continuation statement pursuant to the Uniform Commercial Code with respect to any financing statement filed in their favor under the terms of this Declaration and (ii) reinscribe this act in the appropriate mortgage records.

9.0 It is understood and agreed by the Parties hereto that if any part, term, or provision of this Declaration is held by the courts to be illegal or in conflict with any law of the state where made, the validity of the remaining portions or provisions shall not be affected, and the rights and obligations of the Parties shall be construed and enforced as if the Declaration did not contain the particular part, term, or provision held to be invalid.

10.0 This Declaration shall be binding upon and shall inure to the benefit of the Parties hereto and their respective legal representatives, successors and permitted assigns. The failure of one or more persons owning an interest in the Prospect Area to execute this Declaration shall not in any manner affect the validity of the Declaration as to those persons who execute this Declaration.

11.0 A party having an interest in the Prospect Area may ratify this Declaration by execution and delivery of an instrument of ratification, adopting and entering into this Declaration, and such ratification shall have the same effect as if the ratifying party had executed this Declaration or a counterpart thereof. By execution or ratification of this Declaration, such party hereby consents to its ratification and adoption by any party who acquires or may acquire any interest in the Prospect Area.

12.0 This Declaration may be executed or ratified in one or more counterparts and all of the executed or ratified counterparts shall together constitute one instrument. For purposes

of recording in each of the records described in Paragraph 6 above, duplicate copies of this Declaration with individual signature pages attached thereto may be filed of record, one copy of each to be indexed in the name of the Operator, as grantor and mortgagor, one copy of each to be indexed in the name of Spar LLC, as grantor or mortgagor, and one copy of each to be indexed in the name of each Non-Operating Party, as grantor and mortgagor, duplicate copies of this Declaration with individual signature pages attached thereto may be filed in the appropriate Uniform Commercial Code records, one filing for Spar LLC, as secured party, and another filing for the Operator and Non-Operating Parties, as secured parties. The respective addresses of the Operator, the Non-Operating Parties and Spar LLC, as both debtors and secured parties, at which information with respect to the security interests created in the Operating Agreement may be obtained, as well as the organizational numbers of each Party, are set forth in Paragraph 1.0 of this Declaration.

13.0 The Operator the Non-Operating Parties and Spar LLC hereby agree to execute, acknowledge and deliver or cause to be executed, acknowledged and delivered, any instrument or take any action necessary or appropriate to effectuate the terms of this Declaration, including without limitation the perfection of any of the mortgages, liens, pledges and security interests granted hereunder.

14.0 Whenever the context requires, reference herein made to the single number shall be understood to include the plural, and the plural shall likewise be understood to include the singular, and specific enumeration shall not exclude the general, but shall be construed as cumulative.

15.0 The provisions of this Declaration shall govern in the event of any conflict with the provisions of the Operating Agreement.

Executed on the dates set forth below each signature but effective as of the 18th of December, 2003.

[SIGNATURE PAGES FOLLOW]

OPERATOR:

WITNESSES:

Dianne F. Cote
DIANNE F. COTE
(Printed Name of Witness)

Karen R. Fernandez
Karen R. Fernandez
(Printed Name of Witness)

MURPHY EXPLORATION & PRODUCTION COMPANY – USA

By: J. Higgins
Name: John C. Higgins
Title: President
Date: 12/16/03

ACKNOWLEDGMENT

OPERATOR:

STATE OF LOUISIANA

PARISH OF ORLEANS

On this 16th day of Dec., 2003, before me, appeared John C. Higgins, to me personally known, who, being by me duly sworn, did say that he is the President of Murphy Exploration & Production Company - USA, a Delaware corporation, and that the foregoing instrument was signed on behalf of the corporation by authority of its Board of Directors and that he acknowledged the instrument to be the free act and deed of the corporation.

NOTARY PUBLIC in and for
the State of Louisiana
My Commission is issued for life

NON-OPERATING PARTY:

WITNESSES:

Mike Harden
(Printed Name of Witness)

J. Elizabeth Cagan
(Printed Name of Witness)

CALLON PETROLEUM OPERATING COMPANY

By:
Name: Dennis W. Christian
Title: Chief Operating Officer
Date: December 18, 2003

ACKNOWLEDGMENT

NON-OPERATING PARTY:

STATE OF Mississippi

COUNTY OF Adams

On this 18th day of December, 2003, before me, appeared Dennis W. Christian, to me personally known, who, being by me duly sworn, did say that he is the Chief Operating Officer of Callon Petroleum Operating Company, a Delaware corporation, and that the foregoing instrument was signed on behalf of the corporation by authority of its Board of Directors and that he acknowledged the instrument to be the free act and deed of the corporation.

KATHY G. TILLEY, ADAMS COUNTY, MS NOTARY PUBLIC

Kathy G. Tilley
NOTARY PUBLIC in and for the State of Mississippi

My Commission Expires:

KATHY G. TILLEY, ADAMS COUNTY, MS NOTARY PUBLIC My Commission Expires Sept. 15, 2007

WITNESSES:

Ralph Watson
Ralph Watson
(Printed Name of Witness)

Deana Farris
Deana Farris
(Printed Name of Witness)

NON-OPERATING PARTY:

ENI DEEPWATER LLC

By: Gary F. Clifford RW
Name: Gary F. Clifford
Title: Attorney-in-Fact
Date:

ACKNOWLEDGMENT

NON-OPERATING PARTY:

STATE OF Texas

COUNTY OF Harris

On this 17th day of December, 2003, before me, appeared Gary F. Clifford, to me personally known, who, being by me duly sworn, did say that he is the Attorney-in-Fact of Eni Deepwater, LLC, a Delaware limited liability company, and that the foregoing instrument was signed on behalf of the limited liability company by authority of its Board of Directors and that he acknowledged the instrument to be the free act and deed of the limited liability company.

LORI ANN PRICE
Notary Public, State of Texas
Commission Expires 02-06-2007

Lori Ann Price
NOTARY PUBLIC in and for
the State of Texas

SPAR LLC:

WITNESSES:

Mike Darde
Mike Darde
(Printed Name of Witness)

J. Elizabeth Cobar
J. ELIZABETH COBAR
(Printed Name of Witness)

MEDUSA SPAR LLC

By: Fred E. Shumaker
Name: Fred E. Shumaker
Title: Manager
Date: December 17, 2003

ACKNOWLEDGMENT

SPAR LLC:

STATE OF Texas

COUNTY OF Harris

On this 17th day of December, 2003, before me, appeared Fred E. Shumaker, to me personally known, who, being by me duly sworn, did say that he is a Manager of Medusa Spar LLC, a Delaware limited liability company, and that the foregoing instrument was signed on behalf of the limited liability company by authority of its Members and that he acknowledged the instrument to be the free act and deed of the limited liability company.

GAIL WEST
NOTARY PUBLIC, STATE OF TEXAS
MY COMMISSION EXPIRES
FEB. 3, 2004

Gail West
NOTARY PUBLIC in and for the State of Texas

My Commission expires: 2/3/04

ATTACHMENT "1"

Attached to and made a part of the
Declaration of Operating Agreement,
Mortgage and Security Agreement and
Financing Statement (Spar LLC)

I. DESCRIPTION OF LEASES

Federal OCS Lease bearing Serial no. 16614, dated effective June 1, 1996, from the United States of America, as lessor, in favor of Murphy Exploration & Production Company and Callon Petroleum Operating Company, as lessees, covering all of the Block 538, Mississippi Canyon Area, approximately 5,760 acres.

Federal OCS Lease bearing Serial no. 21174, dated effective July 1, 1999, from the United States of America, as lessor, in favor of Murphy Exploration & Production Company and Callon Petroleum Operating Company, as lessees, covering all of the Block 539, Mississippi Canyon Area, approximately 5,760 acres.

Federal OCS Lease bearing Serial no. 18260, dated effective July 1, 1997, from the United States of America, as lessor, in favor of Murphy Exploration & Production Company and Callon Petroleum Operating Company, as lessees, covering all of the Block 581, Mississippi Canyon Area, approximately 5,760 acres.

Federal OCS Lease bearing Serial no. 16623, dated effective June 1, 1996, from the United States of America, as lessor, in favor of Murphy Exploration & Production Company and Callon Petroleum Operating Company, as lessees, covering all of the Block 582, Mississippi Canyon Area, approximately 5,760 acres.

II. DEFINITION AND DESCRIPTION OF PRODUCTION SYSTEMS AND FACILITIES, INCLUDING THE MEDUSA SPAR, PIPELINE RIGHTS-OF-WAY, PLATFORMS, ETC.

As used in this Declaration, the following terms shall have the following meanings:

Facilities shall mean all production equipment beyond the wellhead connections (excluding Production Systems, but including injection and disposal wells) installed for the benefit of the Prospect Area to handle or service hydrocarbon production from the Prospect Area. Facilities also include (but are not limited to) the flowlines that transport hydrocarbons from the wellhead to the Production System, but exclude pipelines used to move hydrocarbons to shore.

Production System shall mean an offshore structure (whether fixed, compliant, subsea or floating), and all associated components thereof including the associated

Facilities, flowlines, gathering line and risers which are used for the production of hydrocarbons from the Prospect Area. This term shall also include the following defined terms:

Subsea Production System shall mean an offshore subsea structure (i.e., where multiple wells or a single well could be utilized) or template and the components thereof (including flowlines and control systems) which are attached to the seafloor for use in obtaining hydrocarbon production from a well not drilled from a Production System but is routed to the Production System;

Initial Production System shall mean the Production System for the Prospect Area included in the first approved development plan;

Subsequent Production System shall mean any new or expanded Production System proposed after the installation of the Initial Production System for the Prospect Area.

Medusa Spar shall mean that portion of the Initial Production System comprised of that certain truss spar, hull, buoyancy cans, deck, facilities, equipment and moorings located on Mississippi Canyon Block 582, Outer Continental Shelf Gulf of Mexico, U.S.A., as constructed under that certain EPCI contract between J. Ray McDermott, Inc. and Murphy dated February 23, 2001, as amended, including any and all modifications, upgrades or expansions thereof, and whenever the term "Production System" is used in this Declaration, it shall be understood to include the Medusa Spar, and whenever the term "Facilities" is used in this Declaration, it shall be understood to include those components of the Medusa Spar falling within the definition of Facilities.

ATTACHMENT "2"

Attached to and made a part of the
Declaration of Operating Agreement,
Mortgage and Security Agreement and
Financing Statement (Spar LLC)

RECORDATION SCHEDULE

	Document	Recordation Information
1.	Declaration of Operating Agreement, Mortgage, Security Agreement and Financing Statement (Medusa Prospect), effective August 29, 2003, by and between Murphy Exploration & Production Company – USA, Callon Petroleum Operating Company, and Eni Deepwater LLC	Plaquemines Parish, Louisiana November 24, 2003 MOB 384, folio 438, Entry No. 03008305 COB 1059, folio 255, Entry No. 03008304
2.	UCC-1 Financing Statement by MURPHY EXPLORATION & PRODUCTION COMPANY – USA, as Debtor, Callon Petroleum Operating Company and Eni Deepwater LLC, as Secured Parties	Delaware Secretary of State November 24, 2003 File No. 3315563 0 Louisiana Central Filing December 15, 2003 File No. 36-744151
3.	UCC-1 Financing Statement by CALLON PETROLEUM OPERATING COMPANY, as Debtor, Murphy Exploration & Production Company – USA and Eni Deepwater LLC, as Secured Parties	Delaware Secretary of State November 24, 2003 File No. 3315584 6 Louisiana Central Filing December 15, 2003 File No. 36-744152
4.	UCC-1 Financing Statement by ENI DEEPWATER LLC, as Debtor, Callon Petroleum Operating Company and Murphy Exploration & Production Company – USA, as Secured Parties	Delaware Secretary of State November 24, 2003 File No. 3315565 5 Louisiana Central Filing December 15, 2003 File No. 36-744153

Medusa Spar LLC

The Leases and Prospect Area are located on the Outer Continental Shelf ("OCS"), Gulf of Mexico, USA