

MORTGAGE, DEED OF TRUST, ASSIGNMENT OF PROCEEDS  
SECURITY AGREEMENT AND FINANCING STATEMENT  
(Oil and Gas)

FROM

PAGE PETROLEUM INC.

TO

BRIAN T. DOLAN, TRUSTEE

AND

THE ROYAL BANK AND TRUST COMPANY

DATED AS OF SEPTEMBER 15, 1982

"THIS INSTRUMENT CONTAINS AFTER-ACQUIRED PROPERTY PROVISIONS."

"THIS INSTRUMENT SECURES FUTURE ADVANCES."

"THE OIL AND GAS INTERESTS INCLUDED IN THE MORTGAGED PROPERTY  
WILL BE FINANCED AT THE WELLHEADS OF THE WELLS LOCATED ON THE  
PROPERTIES DESCRIBED IN EXHIBIT A HERETO, AND THIS FINANCING  
STATEMENT IS TO BE FILED FOR RECORD, AMONG OTHER PLACES, IN THE  
REAL ESTATE RECORDS."

THIS DOCUMENT WAS PREPARED BY  
AND WHEN RECORDED AND/OR FILED  
SHOULD BE RETURNED TO:

Brian T. Dolan, Esq.  
Davis, Graham & Stubbs  
P. O. Box 185  
Denver, Colorado 80201

No. 77606  
FILED AND RECORDED AT REQUEST OF  
Davis, Graham & Stubbs  
April 20, 1983  
AT 1 MINUTES PAST 1 O'CLOCK  
P. M. IN BOOK 54 OF OFFICIAL  
RECORDS, PAGE 360 LINCOLN  
COUNTY, NEVADA.

YURIKO SETZER

COUNTY RECORDER

By Gilman B. Kelley, Deputy

MORTGAGE, DEED OF TRUST, ASSIGNMENT OF PROCEEDS,  
SECURITY AGREEMENT AND FINANCING STATEMENT

This Mortgage, Deed of Trust, Assignment of Proceeds, Security Agreement and Financing Statement is entered into by and among the undersigned PAGE PETROLEUM INC. (herein called "Mortgagor"), a Delaware corporation, whose address is 1801 Broadway, Suite 1700, Denver, Colorado 80202, Brian T. Dolan (herein called "Trustee," ) whose address is P. O. Box 185, Denver, Colorado 80201 and THE ROYAL BANK AND TRUST COMPANY (herein called "Mortgagee"), a New York bank having its principal place of business at 68 William Street, New York, New York 10005, for itself and as agent and nominee for The Royal Bank of Canada, a Canadian bank, with an office at 707 Southwest Washington Street, Suite 1150, Portland, Oregon 97205.

The parties hereto agree as follows:

ARTICLE 1 - Definitions

Section 1.01 Defined Terms. For the purposes of this instrument:

- (a) "Collateral" includes Fixture Collateral, Personalty Collateral and Realty Collateral as hereinafter defined.
- (b) "Dollars" and "US\$" mean lawful money of the United States of America.
- (c) "Effective Date" means September 15, 1982.
- (d) "Fixture Collateral" means all of Mortgagor's interest in and to all Operating Equipment which is or becomes so related to the Oil and Gas Property or any part thereof that an interest in the Operating Equipment arises under the real property law of the State in which it is situated.
- (e) "Hydrocarbons" means oil, gas and other liquid or gaseous hydrocarbons.
- (f) "Mortgagee" shall mean The Royal Bank and Trust Company for itself and as agent and nominee for The Royal Bank of Canada.
- (g) "Obligations" means the aggregate of:
  - (1) A promissory note dated January 26, 1982 executed by Mortgagor, payable to the order of the Mortgagee in the principal face amount of Fifty Million

Dollars (US\$50,000,000), executed and delivered pursuant to that certain Credit Agreement of September 15, 1981 and to that certain Modification and Addendum to Credit Agreement dated January 26, 1982, between Mortgagor and Mortgagee; which promissory note has been amended by an Amended Promissory Note dated June 14, 1982 in the face principal amount of Forty-Nine Million Five Hundred Thousand Dollars (US\$49,500,000) to evidence the actual principal amount outstanding thereunder as of such date, executed and delivered pursuant to that certain Second Modification and Addendum to Credit Agreement dated June 14, 1982 between Mortgagor and Mortgagee, (the Credit Agreement of September 15, 1981, the Modification and Addendum to Credit Agreement dated January 26, 1982, the Second Modification and Addendum to Credit Agreement dated June 14, 1982, and any further modifications or amendments to such agreements are referred to herein-after collectively as the "Credit Agreement");

(ii) A promissory note dated June 14, 1982 executed by Mortgagor, payable to the order of Mortgagee in the principal face amount of Five Million Five Hundred Thousand Dollars (US\$5,500,000), bearing interest and payable as provided therein (such promissory note, together with the Amended Promissory Note referred to in (i) above, are referred to herein as the "Notes"), executed and delivered pursuant to the Second Modification and Addendum to Credit Agreement dated June 14, 1982;

(iii) A promissory note dated June 30, 1982 executed by Mortgagor, payable to the order of The Royal Bank of Canada in the principal face amount of Fourteen Million Two Hundred Thousand Dollars (\$14,200,000), bearing interest and payable as provided therein (such promissory note is herein referred to as the "Promissory Note");

(iv) Any and all other or additional indebtedness or liabilities for which Mortgagor is now or may become liable to Mortgagee or to The Royal Bank of Canada in any manner, whether under this instrument or otherwise, either primarily or secondarily, absolutely or contingently, directly or indirectly, jointly, severally, or jointly and severally, and whether matured or unmatured, regardless of how the indebtedness or liability may have been or may be acquired by Mortgagee or by The Royal Bank of Canada and whether or not created after payment in full of the Obligations if this

instrument shall not have been released of record by Mortgagee:

(v) All sums advanced and costs and expenses incurred by the Trustee, the Mortgagee or The Royal Bank of Canada, including without limitation all legal, accounting, engineering, management, consulting or like fees, made and incurred in connection with the Obligations described in paragraphs (i), (ii) and (iii) above or any part thereof, any renewal, extension or modification of, or substitution for, the foregoing Obligations or any part thereof, or the acquisition, perfection or maintenance and preservation of the security therefor, whether such advances, costs or expenses shall have been made and incurred at the request of Mortgagor, Mortgagee, Trustee or The Royal Bank of Canada; and

(vi) Any and all extensions and renewals of, substitutions for, or modifications or amendments of any of the foregoing Obligations or any part thereof.

(h) "Oil and Gas Property" means the oil and gas leasehold interests and estates and other interests of Mortgagor in the lands described in Exhibit "A" attached hereto and made a part hereof, whether now owned or hereafter acquired, by operation of law or otherwise, together with all of Mortgagor's interests of any nature whatsoever now or hereafter incident or appurtenant thereto, including, but not limited to, fee mineral and surface interests in said lands, royalty interests therein, all unsevered and unextracted Hydrocarbons in, under or attributable to Mortgagor's interests in said lands, oil and gas (or oil, gas and mineral) leases, subleases, farmout agreements, other participation agreements of any kind, royalties, overriding royalties, net profits interests, production payments and similar interests, and all rights of way, surface leases, and easements affecting the foregoing interests of Mortgagor or useful or appropriate in drilling for, producing, processing, treating, handling, storing, transporting or marketing Hydrocarbons therefrom.

(i) "Operating Equipment" means all surface or subsurface machinery, equipment, facilities, supplies or other property of whatsoever kind or nature and any replacements thereof, substitutions therefor or accessions thereto, now or hereafter located in, on or under, affixed or attributable to or obtained or used in connection with any of the Oil and Gas Property or any portion thereof or interest therein, including, without limiting the generality of the foregoing, goods which are or are to become fixtures on the Oil and Gas Property, oil wells,

gas wells, water wells, injection wells, casing, tubing, rods, pumps, pumping units and engines, Christmas trees, derricks, separators, gun barrels, flow lines, tanks, gas systems (for gathering, treatment, compression and transmission), chemicals, solutions, water systems (for treating, disposal and injection), power plants, poles, lines, transformers, starters and controllers, valves, meters, measuring devices, machine shops, tools, storage yards and equipment stored therein, buildings and camps, plans, drawings, specifications, surveys, engineering studies and reports, warranties and guarantees of manufacturers and others, telegraph, telephone and other communication systems, roads, loading docks, shipping facilities and building and construction materials.

(j) "Personalty Collateral" means all of Mortgagor's interest now owned or hereafter acquired in and to: (i) all Operating Equipment, all Hydrocarbons extracted from or attributable to the Oil and Gas Property, all Production Sales Contracts and all accounts, contract rights and general intangibles now existing or hereafter arising in connection with the exploration or drilling for, production, processing, treatment, storage, transportation, manufacture or sale of Hydrocarbons from the Oil and Gas Property, and (ii) personal property, moveable and immovable, tangible or intangible, of whatsoever nature and kind, wherever located, including, without limitation, all accounts, contract rights, general intangibles, Hydrocarbons, equipment, inventory, goods, chattel paper, permits, authorizations, seismic or other data, title information, title abstracts and maps, now owned or existing or hereafter acquired or arising in connection with the conduct by Mortgagor or any activity other than the exploration for, production, processing, treatment, storage, transportation, manufacture, or sale of Hydrocarbons from the Oil and Gas Property.

(k) "Proceeds" includes whatever is received upon the sale, exchange, collection or other disposition of the Collateral and insurance payable or damages or other payments by reason of loss or damage to the Collateral.

(l) "Production Sales Contract" means all contracts now in effect or hereafter entered into by Mortgagor or Mortgagor's predecessors in title for the sale, purchase, exchange or processing of Hydrocarbons extracted from or attributable to the Oil and Gas Property.

(m) "Realty Collateral" means all of Mortgagor's interest in and to the Oil and Gas Property, including, but not limited to, the interests of Mortgagor described or specified in Exhibit A hereto.

ARTICLE 2 - CREATION OF SECURITY

Section 2.01 Grant. In consideration of the Mortgagee and The Royal Bank of Canada, respectively, advancing or extending the funds or credit constituting the Obligations, and in consideration of the mutual covenants contained herein, and for the purpose of securing payment of the Obligations, Mortgagor hereby grants, bargains, sells, warrants, mortgages, assigns, transfers and conveys the Collateral to the Trustee, with power of sale, for the benefit of Mortgagee; to have and to hold the Collateral, together with all and singular the rights, privileges, contracts, and appurtenances now or hereafter at any time before the foreclosure or release hereof, in any way appertaining or belonging thereto, unto the Trustee and to his substitutes or successors, forever, in trust, upon the terms and conditions herein set forth; and Mortgagor hereby binds and obligates Mortgagor and Mortgagor's successors and assigns, to warrant and to defend, all and singular, title to the Collateral unto the Trustee, his substitutes or successors, forever, against the claims of any and all persons whomsoever lawfully claiming, or to claim the same, or any part thereof.

Section 2.02 Creation of Security Interest. In addition to the grant contained in Section 2.01, and for the same consideration and purpose, Mortgagor hereby grants to Trustee, for the use and benefit of the Mortgagee, a first and prior security interest in all Personalty Collateral and Fixture Collateral, now owned or hereafter acquired by the Mortgagor, and in all Proceeds. Without limiting the foregoing provisions of this Section 2.02, Mortgagor stipulates that the grant made by this Section 2.02 includes a grant of a security interest in Hydrocarbons extracted from or attributable to the Realty Collateral and in the Proceeds resulting from sale of such Hydrocarbons (including, but not limited to, sales at the wellhead), such security interest to attach to such Hydrocarbons as extracted and to the accounts resulting from such sales.

Section 2.03 Proceeds. The security interest of Mortgagee hereunder in the Proceeds shall not be construed to mean that Mortgagee consents to the sale or other disposition of any part of the Collateral other than Hydrocarbons extracted from or attributable to the Oil and Gas Property and sold in the ordinary course of business.

Section 2.04 Substitution of Mortgagee for Trustee. This instrument shall be effective, at the Mortgagee's option and as allowed by applicable law, as a mortgage as well as a deed of trust, and every grant herein to the Trustee of interests, powers, rights and remedies shall likewise be a grant of the same

interests, powers, rights and remedies to the Mortgagee, as mortgagee.

ARTICLE 3 - COLLECTION OF PRODUCTION PROCEEDS

Section 3.01 Mortgagee's Receipt of Production Proceeds. Mortgagee will be entitled to receive all Hydrocarbons (and the Proceeds therefrom) which are extracted from or attributable to the Oil and Gas Property beginning at 7:00 a.m., local time, on the Effective Date. All parties producing, purchasing and receiving such Hydrocarbons or the Proceeds therefrom are authorized and directed to treat Mortgagee as the person entitled in Mortgagor's place and stead to receive the same; and further, those parties will be fully protected in so treating Mortgagee and will be under no obligation to see to the application by Mortgagee of any Proceeds received by it. In this connection, Mortgagor agrees to furnish to Mortgagee promptly the names and addresses of all parties presently purchasing such Hydrocarbons and the name and address of each new or additional party who hereafter becomes a purchaser of such Hydrocarbons; and Mortgagor further agrees that, if any Proceeds from such Hydrocarbons are hereafter paid to Mortgagor, they shall constitute trust funds in the hands of Mortgagor and shall be forthwith paid over by Mortgagor to Mortgagee. Mortgagor shall, if and when requested by Mortgagee, execute and file with any production purchaser a transfer order, division order or other instrument declaring Mortgagee to be entitled to the Proceeds of severed Hydrocarbons and instructing such purchaser to pay such Proceeds to Mortgagee.

Section 3.02 Application of Proceeds. (a) All payments received by Mortgagee pursuant to Section 3.01 above shall be placed in a collateral collection account at the New York, New York office of Mortgagee and on the last day of each month shall be applied as follows:

- (i) First, toward satisfaction of all costs and expenses incurred in connection with the collection of Proceeds and the payment of any part of the Obligations not represented by a written instrument.
- (ii) Second, to the payment of all accrued interest on the Obligations, of the Standby Fee provided for in Section 4.1 of the Credit Agreement, and of all other fees or payments required in the Credit Agreement.
- (iii) Third, to the payment of any then due and owing principal constituting part of the Obligations.
- (iv) The balance, if any, shall be released to Mortgagor.

(b) If any date of application specified above (herein called a "regular application date") shall be a Saturday, Sunday or legal banking holiday under the laws of the jurisdiction in which such proceeds shall be applied, the proceeds to be applied by Mortgagee pursuant to this Section 3.02 shall be applied on the last business day next preceding such regular application date that is not a Saturday, Sunday or legal banking holiday, but the amount to be applied pursuant to paragraph (a)(ii) of this Section 3.02 shall nevertheless be the amount accrued up to, but not including, such regular application date.

(c) Subject to the satisfaction of certain conditions precedent, and notwithstanding the provisions of subparagraph (a) above, the Mortgagee may apply certain proceeds received by Mortgagee pursuant to this Article 3 as more particularly provided in Section 2.1 of the Credit Agreement.

**Section 3.03 Mortgageor's Payment Duties.** Nothing contained herein will limit Mortgageor's duty to make payment on the Obligations when the Proceeds received by Mortgagee pursuant to this Article 3 are insufficient to pay the costs, interest and principal thereof then owing, and the receipt of Proceeds by Mortgagee will be in addition to all other security now or hereafter existing to secure payment of the Obligations.

**Section 3.04 Inconsistencies with Related Documents.** To the extent, if any, the foregoing provisions of this Mortgage, Deed of Trust, Assignment of Proceeds, Security Agreement and Financing Statement are inconsistent with the provisions of the aforementioned Credit Agreement, such inconsistencies shall be resolved by giving controlling effect to such Credit Agreement.

**Section 3.05 Liability of Mortgagee.** Mortgagee has no obligation to enforce collection of any Proceeds and is hereby released from all responsibility in connection therewith except the responsibility to account to Mortgageor for Proceeds actually received.

**Section 3.06 Indemnification.** Mortgageor agrees to indemnify Mortgagee against and hold Mortgagee harmless from all claims, actions, liabilities, losses, judgments, attorneys' fees, costs and expenses and other charges of any description whatsoever (all of which are hereafter referred to in this Section 3.06 as "Claims") made against or sustained or incurred by Mortgagee as a consequence of the assertion, either before or after the payment in full of the Obligations, that Mortgagee received Hydrocarbons or Proceeds pursuant to this instrument. Mortgagee will have the right to employ attorneys and to defend against any Claims and unless furnished with satisfactory indemnity, after



notice to Mortgagor, Mortgagee will have the right to pay or compromise and adjust all Claims in its sole reasonable discretion. Mortgagor shall indemnify and pay to Mortgagee all amounts as may be paid by Mortgagee in compromise or adjustment of any of the Claims or as may be adjudged against Mortgagee in respect of any of the Claims. The Liabilities of Mortgagor as set forth in this Section 3.06 will constitute Obligations and will survive the termination of this instrument.

**ARTICLE 4 - MORTGAGOR'S WARRANTIES AND COVENANTS**

**Section 4.01 Payment of Obligations.** Mortgagor covenants that Mortgagor shall pay all Obligations when due and otherwise faithfully and strictly perform all obligations of Mortgagor under the Notes, the Credit Agreement and any other instrument or document executed and delivered in connection with the Obligations. If any part of the Obligations is not evidenced by a writing specifying a due date, Mortgagor agrees to pay the same upon demand. All Obligations are payable to Mortgagee at the address shown above.

**Section 4.02 Warranties and Covenants.**

**(a) Mortgagor warrants and covenants that:**

(i) Mortgagor, has used, and will continue to use, reasonable diligence in managing its properties described in Exhibit A, and in confirming its titles thereto, and Mortgagor has not created or suffered any adverse claim, burden, mortgage, lien, security interest, pledge, charge, encumbrance or interest of or in favor of any third party to attach to the properties described in Exhibit A other than as stated in Exhibit A, except as previously disclosed to Mortgagee in writing or as permitted by the Credit Agreement; except for any financing statement in favor of Mortgagee, or as previously disclosed to Mortgagee, the Mortgagor has no knowledge of any financing statement covering any of the Collateral in favor of any third party on file in any public office; and Mortgagor has a good and legal right and full authority to grant and convey same to Mortgagee pursuant to this instrument;

(ii) The Mortgagor has used, and will continue to use reasonable diligence to assure that the oil and gas (or oil, gas and mineral) leases included in the Oil and Gas Property are valid and subsisting and all rentals and royalties due under each of them have been properly and timely paid and all conditions and obligations necessary to keep them in force have been fully

satisfied and performed subject to the terms and conditions of the Agreement Regarding Additional Collateral Security of even date herewith, between Mortgagor and Mortgagee (the "Additional Collateral Agreement");

(iii) No approval or consent of any regulatory or administrative commission or authority or of any other governmental body or any other party is necessary to authorize the execution and delivery of this instrument or of any other written instrument constituting or evidencing the Obligations, or to authorize the observance or performance by Mortgagor of the covenants contained in the instruments constituting or evidencing the Obligations, or to authorize the observance or performance by Mortgagor of the covenants contained in this instrument or in the other written instruments constituting or evidencing the Obligations or to enable the Mortgagee to exercise its rights hereunder;

(iv) All information contained in statements furnished or to be furnished to Mortgagee by or on behalf of Mortgagor in connection with any of the Obligations or any requests made pursuant to this instrument is or will be complete and accurate;

(v) Mortgagor is not obligated, by virtue of a prepayment arrangement under any Production Sales Contract containing a "take or pay" clause or any other prepayment arrangement, to deliver Hydrocarbons produced from the Oil and Gas Property at some future time without then or thereafter receiving full payment therefor; and Mortgagor, without Mortgagee's prior written consent, shall not hereafter make any such prepayment arrangements, other than by a customary "take or pay" clause contained in a Production Sales Contract;

(vi) Mortgagor is a corporation organized under the laws of the State of Delaware, is qualified to do business in each state where such is required by the conduct of its business and is in good standing in all of said states, and will maintain its corporate existence and form and maintain its status as qualified to do business in each of said states until the Obligations are paid in full;

(vii) Mortgagor has taken all proper corporate action to authorize the execution and delivery of the Notes secured hereby and of this instrument and to make said Notes and this instrument the legal, valid and binding obligations of Mortgagor; and

(viii) Mortgagor will not, without Mortgagee's consent, and so long as any portion of the Obligations remains unpaid, merge into or consolidate with any corporation, partnership, joint venture or other business enterprise, or sell, liquidate, lease or otherwise dispose of all or substantially all of its property.

(b) All of the warranties and representations of Mortgagor contained in this instrument are and will be in all respects true and correct both as of the date of execution of this instrument and the Effective Date and as of the date of each extension of credit by Mortgagee to Mortgagor, and the warranties contained in Section 4.02(a)(iv) also shall be in all respects true and correct when any item such as referred to therein is furnished to Mortgagee.

(c) Mortgagor warrants and shall forever defend the Collateral against every person whomsoever lawfully claiming the same or any part thereof, and Mortgagor shall maintain and preserve the lien and security interest herein created until this instrument has been terminated as provided herein.

**Section 4.03 Operation of Mortgaged Property.** As long as this instrument has not been terminated, and whether or not Mortgagor is the operator of all or any part of the Oil and Gas Property, Mortgagor shall, at Mortgagor's own expense:

(a) Pay the Obligations when due, and otherwise faithfully and strictly perform all obligations of Mortgagor under the Notes, the Promissory Note, the Credit Agreement and any other instrument or document executed and delivered in connection with the Obligations;

(b) Comply fully with all of the terms and conditions of all leases and other instruments of title described in Exhibit A and all rights-of-way, easements and privileges necessary for the proper operation of such leases and instruments, and otherwise do all things necessary to keep Mortgagor's rights and Mortgagee's interest in the Collateral unimpaired;

(c) Not abandon any well which is producing or capable of production or forfeit, surrender or release any lease, sublease or farmout or any operating agreement or other agreement or instrument comprising or affecting the Oil and Gas Property without Mortgagee's prior written consent, which consent shall not be withheld unreasonably, provided, however, that Mortgagor shall not be required to maintain any nonproductive oil and gas lease and may surrender or relinquish any such lease without the

consent of the Mortgagee as permitted in the Additional Collateral Agreement;

(d) Cause the Oil and Gas Property to be maintained, developed and protected against drainage and continuously operated for the production of Hydrocarbons in a good and workmanlike manner as a prudent operator would in accordance with generally accepted practices, applicable operating agreements and all applicable federal, state and local laws, rules, regulations and orders;

(e) Promptly pay or cause to be paid when due and owing all rentals and royalties payable in respect of the Oil and Gas Property; all expenses incurred in or arising from the operation or development of the Collateral; and all taxes, assessments and governmental charges imposed upon the Collateral or Mortgagor;

(f) Cause the Operating Equipment to be kept in good and effective operating condition and cause to be made all repairs, renewals, replacements, additions and improvements thereof or thereto necessary or appropriate for the production of Hydrocarbons from the Oil and Gas Property and permit the Trustee or Mortgagee (through their respective agents and employees) to enter upon the Oil and Gas Property for the purpose of investigating and inspecting the condition and operation of the Collateral;

(g) Cause the Collateral to be kept free and clear of liens, charges, security interests, encumbrances, adverse claims and title defects of every character other than (i) the lien and security interest created by this instrument, (ii) taxes constituting a lien but not due and payable, (iii) defects or irregularities in title which are not such as to interfere materially with the development, operation or value of the Collateral and not such as to materially affect title thereto, (iv) those set forth or referred to in Exhibit A hereto, (v) those being contested in good faith by Mortgagor and which do not, in the judgment of Mortgagee, jeopardize the Trustee's or Mortgagee's rights in and to the Collateral, and (vi) those consented to in writing by Mortgagee; provided, however, that Mortgagee may take such independent action in connection with any such matters affecting the Collateral as it deems advisable, and all costs and expenses thereof, including, without limitation, attorneys' fees incurred by Mortgagee in taking such action shall be part of the Obligations hereunder;

(h) Carry with standard insurance companies, and in amounts satisfactory to Mortgagee, workmen's compensation insurance and public liability and property damage insurance in

respect of all activities in which Mortgagor might incur liability for death or injury or damage to or destruction of property and, to the extent insurance is carried by others engaged in similar undertakings in the same general areas in which the Collateral is located, insurance in respect of the Operating Equipment against loss or damage by fire, lightning, hail, tornado, explosion and other similar risks; all policies of such insurance shall provide for not less than ten days' prior written notice to Mortgagee of cancellation, and Mortgagee shall be named as a loss payee of all insurance insuring any of the Operating Equipment against loss or damage; Mortgagee may apply any insurance payments which it receives toward part or full satisfaction of any or all of the Obligations whether or not they are then due; and

(i) Execute, acknowledge and deliver to Mortgagee such other and further instruments and do such other acts as in the opinion of Mortgagee are necessary or desirable to effect the intent of this instrument or otherwise protect and preserve the interests of Mortgagee hereunder, promptly upon request of Mortgagee.

**Section 4.04 Recording and Filing.** Mortgagor shall pay all costs of filing, registering and recording this and every other instrument in addition or supplemental hereto and all financing statements Mortgagee may require, in such offices and places and at such times and as often as may be, in the judgment of Mortgagee, necessary to preserve, protect and renew the lien and security interest herein created as a first lien and prior security interest on and in the Collateral and otherwise do and perform all matters or things necessary or expedient to be done or observed by reason of any law or regulation of any State or of the United States or of any other competent authority for the purpose of effectively creating, maintaining and preserving the lien and security interest created herein and on the Collateral and the priority thereof. Mortgagor shall also pay the costs of obtaining reports from appropriate filing officers concerning financing statement filings in respect of any of the Collateral in which a security interest is granted herein.

**Section 4.05 Records, Statements and Reports.**

(a) Mortgagor shall at all times keep complete and accurate business records in conformity with generally accepted accounting principles, practices and standards consistently applied, and Mortgagee may from time to time as it elects, have access to and examine and copy such records; and

(b) When and to the extent required by Mortgagee, Mortgagor shall furnish to Mortgagee the financial, production,

engineering and other reports described in Sections 5.3 and 5.6 of the Credit Agreement and reports concerning any other matters related to the operation of the Oil and Gas Property and the estimated income therefrom.

Section 4.06 Trustee's or Mortgagee's Right to Perform Mortgagor's Obligations. Mortgagor agrees that, if Mortgagor fails to perform any act which Mortgagee is required to perform under this instrument, Mortgagee or the Trustee or any receiver appointed hereunder may, but shall not be obligated to, perform or cause to be performed such act, and any expense incurred by Mortgagee or the Trustee in so doing shall be a demand obligation owing by Mortgagor to Mortgagee, shall bear interest at an annual rate equal to the maximum interest rate provided in the Notes until paid and shall be a part of the Obligations, and Mortgagee, the Trustee or any receiver shall be subrogated to all of the rights of the party receiving the benefit of such performance. The undertaking of such performance by Mortgagee, the Trustee or any receiver as aforesaid shall not obligate such person to continue such performance or to engage in such performance or performance of any other act in the future, shall not relieve Mortgagor from the observance or performance of any covenant, warranty or agreement contained in this instrument or constitute a waiver of default hereunder and shall not affect the right of Mortgagee to accelerate the payment of all indebtedness and other sums secured hereby or to resort to any other of its rights or remedies hereunder or under applicable law. In the event the Mortgagee, the Trustee or any receiver appointed hereunder undertakes any such action, no such party shall have any liability to the Mortgagor in the absence of a showing of gross negligence or willful misconduct of such party, and in all events no party other than the acting party shall be liable to Mortgagor.

**ARTICLE 5 - DEFAULT**

Section 5.01 Events of Default. The term "Event of Default" means the occurrence of any of the following events or the existence of any of the following conditions:

- (a) Failure to make any payment when due under the terms of the Notes or the Promissory Note;
- (b) Failure by Mortgagor to make any payment when due of any of the Obligations or other failure to keep, punctually perform or observe any of the covenants, obligations or prohibitions contained herein, in any other written instrument evidencing any of the Obligations or in any other agreement with Mortgagee (whether now existing or entered into hereafter) or the occurrence of any other event which is, or is deemed to be, an Event of Default under and as that term is defined in any such

other written instrument or agreement, including, without limitation, the Credit Agreement;

(c) Any warranty, information, representation or statement by Mortgagor or made or furnished to Mortgagee by or on behalf of Mortgagor in connection with the Obligations is determined by Mortgagee to be untrue or misleading in any material respect;

(d) The assertion (except by the owner of an encumbrance expressly excepted from Mortgagor's warranty of title herein) of any claim of priority over this instrument, by title, lien or otherwise, unless Mortgagor within 30 days after such assertion either causes the assertion to be withdrawn or provides Mortgagee with such security as Mortgagee may require to protect Mortgagee against all loss, damage, or expense, including attorneys' fees, which Mortgagee may incur in the event such assertion is upheld;

(e) The dissolution, termination, or liquidation of Mortgagor or of any other person or entity directly or indirectly liable for the Obligations, or the making by any such person of any assignment for the benefit of creditors, or the appointment of a receiver, liquidator, or trustee of the property of any such person, or the filing of any petition for the bankruptcy, reorganization, or arrangement of any such person pursuant to the Federal Bankruptcy Code or any similar state or federal statute, or the adjudication of any such person as bankrupt or insolvent; or

(f) If the Mortgagee, in the reasonable exercise of its judgment, determines that Mortgagor will be unable to repay the Obligations in the manner and at the times contemplated by the Credit Agreement or by this instrument, or determines that the adequacy of the Collateral is insufficient to assure the repayment of the Obligations in any material respect, and based thereon makes demand upon Mortgagor for any additional security, which security Mortgagor fails to deliver to Mortgagee in a form satisfactory to Mortgagee within 30 days following such demand.

**Section 5.02 Acceleration Upon Default.** Upon the occurrence of any Event of Default, or at any time thereafter, Mortgagee may, at its option, by notice to Mortgagor, declare the entire unpaid principal of and the interest accrued on the Obligations to be due and payable forthwith without any further notice, presentment or demand of any kind, all of which are hereby expressly waived.

**Section 5.03 Possession and Operation of Property.** Upon the occurrence of any Event of Default, or at any time

thereafter, and in addition to all other rights therein conferred on the Trustee or the Mortgagee, the Trustee, the Mortgagee or any person, firm or corporation designated by Mortgagee, will have the right and power, but will not be obligated, to have an audit performed, at Mortgagor's expense, of the books and records of Mortgagor, and to enter upon and take possession of all or any part of the Collateral, to exclude Mortgagor therefrom, and to hold, use, administer, manage and operate the same to the extent that Mortgagor could do so. The Trustee, the Mortgagee or any person, firm or corporation designated by the Mortgagee, may operate and develop the Collateral, or any portion thereof, without any liability to Mortgagor in connection with the operations except with respect to willful misconduct; and the Trustee, the Mortgagee or any person, firm or corporation designated by Mortgagee will have the right to collect, receive and receipt for all Hydrocarbons produced and sold from the Oil and Gas Property, to make repairs, to purchase machinery and equipment, to conduct workover operations, to drill additional wells, and to exercise every power, right and privilege of Mortgagor with respect to the Collateral. Providing there has been no foreclosure sale, when and if the expenses of the operation and development (including costs of unsuccessful workover operations or additional wells) have been paid and the Obligations paid in full, the remaining Collateral shall be returned to the Mortgagor.

**Section 5.04 Ancillary Rights.** Upon the occurrence of an Event of Default, or at any time thereafter, and in addition to all other rights of Mortgagee hereunder, Mortgagee may, without notice, demand or declaration of default, all of which are hereby expressly waived by Mortgagor, proceed by a suit or suits in equity or at law (i) for the seizure and sale of the Collateral or any part thereof, (ii) for the specific performance of any covenant or agreement herein contained or in aid of the execution of any power herein granted, (iii) for the foreclosure or sale of the Collateral or any part thereof under the judgment or decree of any court of competent jurisdiction, (iv) without regard to the solvency or insolvency of any person, and without regard to the value of the Collateral, and without notice to Mortgagor (notice being hereby expressly waived), for the ex parte appointment of a receiver to serve without bond pending any foreclosure or sale hereunder, or (v) for the enforcement of any other appropriate legal or equitable remedy.

**ARTICLE 6 - MORTGAGEE'S RIGHTS AS TO REALTY COLLATERAL UPON DEFAULT**

**Section 6.01 Judicial Foreclosure.** This instrument shall be effective as a mortgage as well as a deed of trust and upon the occurrence of an Event of Default, or at any time thereafter, in lieu of the exercise of the non-judicial power of sale



hereafter given, Mortgagee may, subject to any mandatory requirement of applicable law, proceed by suit to foreclose its lien hereunder and to sell or have sold the Realty Collateral or any part thereof at one or more sales, as an entirety or in parcels, at such place or places and otherwise, in such manner and upon such notice as may be required by law, or, in the absence of any such requirement, as Mortgagee may deem appropriate, and Mortgagee shall thereafter make or cause to be made a conveyance to the purchaser or purchasers thereof. Mortgagee may postpone the sale of the real property included in the Collateral or any part thereof by public announcement at the time and place of such sale, and from time to time thereafter may further postpone such sale by public announcement made at the time of sale fixed by the preceding postponement. Sale of a part of the real property included in the Collateral will not exhaust the power of sale, and sales may be made from time to time until all such property is sold or the Obligations are paid in full.

**Section 6.02 Non-Judicial Foreclosure.** Upon the occurrence of an Event of Default, or at any time thereafter, the Trustee shall, in response to Mortgagee's request (which Mortgagee agrees will be presumed to have been given), the Trustee shall have the right and power to sell, to the extent permitted by law, at one or more sales, as an entirety or in parcels, as the Trustee may elect, the Realty Collateral, at such place or places and otherwise in such manner and upon such notice as may be required by law, or, in the absence of any such requirement, as the Trustee may deem appropriate, and to make conveyance to the purchaser or purchasers; and the Mortgagee shall generally warrant title to such real property to such purchaser or purchasers. The Trustee may postpone the sale of all or any portion of such Realty Collateral by public announcement at the time and place of such sale, and from time to time thereafter may further postpone such sale by public announcement made at time of sale fixed by the preceding postponement. The right of sale hereunder shall not be exhausted by one or any sale, and the Trustee may make other and successive sales until all of the trust estate be legally sold. The Trustee will have the authority to appoint an attorney in fact to act as trustee in conducting the foreclosure sale and executing a deed to the purchasers.

**ARTICLE 7 - MORTGAGEE'S RIGHTS AS TO PERSONALTY AND FIXTURE COLLATERAL UPON DEFAULT**

**Section 7.01 Personalty Collateral.** Upon the occurrence of an Event of Default, or at any time thereafter, Mortgagee may, without notice to Mortgagee, exercise its rights to declare all of the Obligations to be immediately due and payable, in which case Mortgagee will have all rights and remedies granted by law, and particularly by the Uniform Commercial Code, includ-

ing, but not limited to, the right to take possession of the Personalty Collateral, and for this purpose Mortgagee may enter upon any premises on which any or all of the Personalty Collateral is situated and take possession of and operate the Personalty Collateral or remove it therefrom. Mortgagee may require Mortgagor to assemble the Personalty Collateral and make it available to Mortgagee or the Trustee at a place to be designated by Mortgagee which is reasonably convenient to all parties. Unless the Personalty Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Mortgagee will give Mortgagor reasonable notice of the time and place of any public sale or of the time after which any private sale or other disposition of the Personalty Collateral is to be made. This requirement of sending reasonable notice will be met if the notice is mailed, postage prepaid, to Mortgagor at the address designated above at least five days before the time of the sale or disposition.

**Section 7.02 Sale with Realty Collateral.** In the event of foreclosure, whether judicial or non-judicial, at Mortgagee's option it may proceed under the Uniform Commercial Code as to the Personalty Collateral or it may proceed as to both Realty Collateral and Personalty Collateral in accordance with its rights and remedies in respect of the Realty Collateral.

**Section 7.03 Fixture Collateral.** Upon the occurrence of an Event of Default, or at any time thereafter, Mortgagee may elect to treat the Fixture Collateral as either Realty Collateral or as Personalty Collateral and proceed to exercise such rights as apply to the type of Collateral selected.

**Section 7.04 Private Sale.** If Mortgagee in good faith believes that the Securities Act of 1933 or any other State or Federal law prohibits or restricts the customary manner of sale or distribution of any of the Personalty Collateral, or if Mortgagee determines that there is any other restraint or restriction limiting the timely sale or distribution of any such property in accordance with the customary manner of sale or distribution, Mortgagee may sell or may cause the Trustee to sell such property privately or in any other manner it deems advisable at such price or prices as it determines in its sole discretion and without any liability whatsoever to Mortgagor in connection therewith. Mortgagor recognizes and agrees that such prohibition or restriction may cause such property to have less value than it otherwise would have and that, consequently, such sale or disposition by Mortgagee may result in a lower sales price than if the sale were otherwise held.

ARTICLE 8 - OTHER PROVISIONS CONCERNING FORECLOSURE

Section 8.01 Possession and Delivery of Collateral.

It shall not be necessary for Mortgagee or the Trustee to have physically present or constructively in its possession any of the Collateral at any foreclosure sale, and Mortgagor shall deliver to the purchasers at such sale on the date of sale the Collateral purchased by such purchasers at such sale, and if it should be impossible or impracticable for any of such purchasers to take actual delivery of the Collateral, then the title and right of possession to the Collateral shall pass to the purchaser at such sale as completely as if the same had been actually present and delivered.

Section 8.02 Mortgagee as Purchaser. Mortgagee will

have the right to become the purchaser at any foreclosure sale, and it will have the right to credit upon the amount of the bid the amount payable to it out of the net proceeds of sale.

Section 8.03 Recitals Conclusive; Warranty Deed; Ratification. Recitals contained in any conveyance to any purchaser at any sale made hereunder will conclusively establish the truth and accuracy of the matters therein stated, including, without limiting the generality of the foregoing, nonpayment of the unpaid principal sum of, and the interest accrued on, the written instruments constituting part or all of the Obligations after the same have become due and payable, nonpayment of any other of the Obligations or advertisement and conduct of the sale in the manner provided herein, and appointment of any successor Trustee hereunder. Mortgagor ratifies and confirms all legal acts that Mortgagee and/or Trustee may do in carrying out the provisions of this instrument.

Section 8.04 Effect of sale. Any sale or sales of the Collateral or any part thereof 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, Mortgagor's successors or assigns and against any and all persons claiming or who shall thereafter claim all or any of the property sold from, through or under Mortgagor, or Mortgagor's successors or assigns. The purchaser or purchasers at the foreclosure sale will receive immediate possession of the property purchased, and if Mortgagor retains possession of the Realty Collateral, or any part thereof, subsequent to sale, Mortgagor will be considered a tenant at sufferance of the purchaser or purchasers, and if Mortgagor remains in such possession after demand of the purchaser or purchasers to remove, Mortgagor will be guilty of forcible detainer and will be subject to eviction and removal, forcible or otherwise, with or without process of

law, and without any right to damages arising out of such removal.

Section 8.05 Application of Proceeds. The proceeds of any sale of the Collateral or any part thereof will be applied as follows:

(a) First, to the payment of all expenses incurred by the Trustee and Mortgagee in connection therewith, including, without limiting the generality of the foregoing, court costs, legal fees and expenses, fees of accountants, engineers, consultants, agents or managers and expenses of any entry or taking or possession, holding, valuing, preparing for sale, advertising, selling and conveying;

(b) Second, to the payment of the Obligations; and

(c) Third, any surplus thereafter remaining to Mortgagor or Mortgagor's successors or assigns, as their interests may be established to Mortgagee's reasonable satisfaction.

Section 8.07 Deficiency. Mortgagor will remain liable for any deficiency owing to Mortgagee after application of the net proceeds of any foreclosure sale.

Section 8.08 Mortgagor's Waiver of Appraisal, Marshalling, etc. Mortgagor agrees that Mortgagor will not at any time insist upon or plead or in any manner whatsoever claim the benefit of any appraisal, valuation, stay, extension or redemption law now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure of this instrument, the absolute sale of the Collateral or the possession thereof by any purchaser at any sale made pursuant to this instrument or pursuant to the decree of any court of competent jurisdiction. Mortgagor, for Mortgagor and all who may claim through or under Mortgagor, hereby waives the benefit of all such laws and to the extent that Mortgagor may lawfully do so under applicable state law, waives any and all right to have the Realty Collateral marshalled upon any foreclosure of the lien hereof or sold in inverse order of alienation, and Mortgagor agrees that the Trustee may sell the Realty Collateral as an entirety.

ARTICLE 9 - MISCELLANEOUS

Section 9.01 Pooling and Unitization. Mortgagor will promptly notify the Mortgagee if the Mortgagor enters into or otherwise becomes subject to pooling or unitization agreements affecting all or any part of the Oil and Gas Property after the Effective Date. The interest in any unit attributable to the Oil and Gas Property (or any part thereof) included therein will

become a part of the Realty Collateral and the Personalty Collateral, as the case may be, and will be subject to the lien and security interest hereof in the same manner and with the same effect as though the unit and the interest of Mortgagor therein were specifically described in Exhibit A.

**Section 9.02 Discharge of Purchaser.** Upon any sale made under the powers of sale herein granted and conferred, the receipt of Mortgagee will be sufficient discharge to the purchaser or purchasers at any sale for the purchase money, and such purchaser or purchasers and the heirs, devisees, personal representatives, successors and assigns thereof will not, after paying such purchase money and receiving such receipt of Mortgagee, be obliged to see to the application thereof or be in anywise answerable for any loss, misapplication or nonapplication thereof.

**Section 9.03 Indebtedness of Obligations Absolute.** Nothing herein contained shall be construed as limiting Mortgagee to the collection of any indebtedness of Mortgagor to Mortgagee only out of the income, revenue, rents, issues and profits from the Collateral or as obligating Mortgagee to delay or withhold action upon any default which may be occasioned by failure of such income or revenue to be sufficient to retire the principal or interest when due on the indebtedness secured hereby. It is expressly understood between Mortgagee and Mortgagor that any indebtedness of Mortgagor to Mortgagee secured hereby shall constitute an absolute, unconditional obligation of Mortgagor to pay as provided herein or therein in accordance with the terms of the instrument evidencing such indebtedness in the amount therein specified at the maturity date or at the respective maturity dates of the installments thereof, whether by acceleration or otherwise.

**Section 9.04 Defense of Claims.** Mortgagor shall promptly notify the Trustee and Mortgagee in writing of the commencement of any legal proceedings affecting Mortgagee's interest in the Collateral, or any part thereof, and shall take such action, employing attorneys acceptable to Mortgagee, as may be necessary to preserve Mortgagor's, the Trustee's and Mortgagee's rights affected thereby; and should Mortgagor fail or refuse to take any such action, the Trustee or Mortgagee may take the action on behalf of and in the name of Mortgagor and at Mortgagor's expense. Moreover, Mortgagee or the Trustee on behalf of Mortgagee may take independent action in connection therewith as they may in their discretion deem proper, and Mortgagor hereby agrees to make reimbursement for all sums advanced and all expenses incurred in such actions plus interest at a rate equal to the maximum interest rate provided in the Notes.

Section 9.05 Termination. If all the Obligations are paid in full and the covenants herein contained are well and truly performed, and if Mortgagor, the Trustee and Mortgagee intend at such time that this instrument not secure any obligation of Mortgagor thereafter arising, then the Trustee and Mortgagee shall, upon the request of Mortgagor and at Mortgagor's cost and expense, deliver to Mortgagor proper instruments executed by the Trustee and Mortgagee evidencing the release of this instrument. Until such delivery, this instrument shall remain and continue in full force and effect.

Section 9.06 Renewals, Amendments and Other Security. Renewals and extensions of the Obligations may be given at any time, amendments may be made to the agreements relating to any part of the Obligations or the Collateral, and Mortgagee may take or hold other security for the Obligations without notice to or consent of Mortgagor. The Trustee or Mortgagee may resort first to 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 instrument.

Section 9.07 Successor Trustees. The Trustee may resign in writing addressed to Mortgagee or be removed at any time with or without cause by an instrument in writing duly executed by Mortgagee. In case of the death, resignation or removal of the Trustee, a successor Trustee may be appointed by Mortgagee by instrument of substitution complying with any applicable requirements of law, and in the absence of any such requirement, without other formality than an appointment and designation in writing. Any appointment and designation will be full evidence of the right and authority to make the same and of all facts therein recited. Upon the making of any appointment and designation, all the estate and title of the trustee in all of the Realty Collateral will vest in the named successor Trustee, and the successor will thereupon succeed to all the rights, powers, privileges, immunities and duties hereby conferred upon the Trustee. All references herein to the Trustee will be deemed to refer to the Trustee from time to time acting hereunder.

Section 9.08 Limitations on Interest. No provision of any Notes or other instrument constituting or evidencing any of the Obligations or any other agreement between the parties shall require the payment or permit the collection of interest in excess of the maximum non-usurious rate which Mortgagor may agree to pay under applicable laws. The intention of the parties being to conform strictly to applicable usury laws now in force, the interest on the principal amount of the aforementioned promissory

Notes and the interest on other amounts due under and/or secured by this instrument shall be held to be subject to reduction to the amount allowed under said applicable usury laws as now or hereafter construed by the courts having jurisdiction, and any excess interest paid shall be credited to Mortgagor.

**Section 9.09 Effect of Instrument.** This instrument shall be deemed and construed to be, and may be enforced as, an assignment, chattel mortgage or security agreement, contract, deed of trust, financing statement, financing statement filed as a fixture filing, and real estate mortgage, and as any one or more of them if appropriate under applicable state law. This instrument shall be effective as a financing statement filed as a fixture filing with respect to all Fixture Collateral and is to be filed for record in the Office of the County Clerk or other appropriate office of each county where any part of the Collateral, including Fixture Collateral is situated. This instrument shall also be effective as a financing statement covering minerals or the like (including oil and gas) and accounts subject to Section 9-103(5) (or corresponding provision) of the Uniform Commercial Code as enacted in the appropriate jurisdiction and is to be filed for record in the Office of the County Clerk or other appropriate office of each county where any part of the collateral is situated. A carbon, photographic, or other reproduction of this Mortgage or of any financing statement relating to this Mortgage shall be sufficient as a financing statement.

**Section 9.10 Unenforceable or Inapplicable Provisions.** If any provision hereof or of any of the written instruments constituting part or all of the Obligations is invalid or unenforceable in any jurisdiction, whether with respect to all parties hereto or with respect to less than all of such parties, the other provisions hereof and of the written instruments will remain in full force and effect in that jurisdiction with respect to the parties as to which such provision is valid and enforceable, and the remaining provisions hereof will be liberally construed in favor of Mortgagor in order to carry out the provisions hereof. The invalidity of any provision of this instrument in any jurisdiction will not affect the validity or enforceability of any provision in any other jurisdiction.

**Section 9.11 Rights Cumulative.** Each and every right, power and remedy given to Mortgagor herein or in any other written instrument relating to the Obligations will be cumulative and not exclusive; and each and every right, power and remedy whether specifically given herein or otherwise existing may be exercised from time to time and as often and in such order as may be deemed expedient by Mortgagor, 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. A waiver by Mortgagee of any right or remedy hereunder or under applicable law on any occasion will not be a bar to the exercise of any right or remedy on any subsequent occasion.

Section 9.12 Non-Waiver. No act, delay, omission or course of dealing between Mortgagee and Mortgagor will be a waiver of any of Mortgagee's rights or remedies hereunder or under applicable law. No waiver, change or modification in whole or in part of this instrument or any other written instrument will be effective unless in a writing signed by Mortgagee.

Section 9.13 Mortgagee's Expenses. Mortgagor agrees to pay in full all expenses and reasonable attorneys' fees of Mortgagee which may have been or may be incurred by Mortgagee in connection with the collection of the Obligations and the enforcement of any of Mortgagor's obligations hereunder and under any documents executed in connection with the Obligations.

Section 9.14 Indemnification. Mortgagor shall indemnify Mortgagee and hold it harmless against, and Mortgagee shall not be liable for, any loss, cost or damage, including without limitation attorneys', consultants' or management fees, resulting from exercise by Mortgagee of any right, power or remedy conferred upon it by this instrument or any other instrument pertaining hereto, or from the attempt or failure of Mortgagee to exercise any such right, power or remedy; and notwithstanding any provision hereof to the contrary, the foregoing indemnity shall in all respects continue and remain in full force and effect even though all indebtedness and other sums secured hereby may be fully paid and the lien of this instrument released.

Section 9.15 Partial Releases. In the event Mortgagor sells for monetary consideration or otherwise any portion of the Oil and Gas Property, Mortgagee and Trustee shall release the lien of this instrument with respect to the portion sold, at the request of Mortgagor, as more particularly specified in the Additional Collateral Agreement. No release from the lien of this instrument of any part of the Collateral by Mortgagee shall in anywise alter, vary or diminish the force, effect or lien of this instrument on the balance or remainder of the Collateral.

Section 9.16 Subrogation. This instrument is made with full substitution and subrogation of Mortgagee and Trustee in and to all covenants and warranties by others heretofore given or made in respect of the Collateral or any part thereof.

Section 9.17 Notice. All deliveries hereunder shall be deemed to have been duly given if actually delivered or mailed



by registered or certified mail, postage prepaid, addressed as set forth above; if by mail, then as of the date of such mailing. Each party may, by written notice so delivered to the others, change the address to which delivery shall thereafter be made.

Section 9.18 Successors. This instrument shall bind and inure to the benefit of the respective successors and assigns of the parties.

Section 9.19 Interpretation.

(a) Article and section headings used in this instrument are intended for convenience only and shall be given no significance whatever in interpreting and construing the provisions of this instrument.

(b) As used in this instrument, "Mortgagee" and "Mortgagor" include their respective successors and assigns. Unless context otherwise requires, words in the singular number include the plural and in the plural number include the singular. Words of the masculine gender include the feminine and neuter gender and words of the neuter gender may refer to any gender.

Section 9.20 Counterparts. This instrument may be executed in any number of counterparts, each of which will for all purposes be deemed to be an original, and all of which are identical except that, to facilitate recordation, in any particular counterpart portions of Exhibit A hereto which describe properties situated in counties other than the county in which the counterpart is to be recorded may have been omitted.

Executed as of the Effective Date.

MORTGAGOR:

PAGE PETROLEUM INC.

ATTEST:

[Signature]  
Assistant Secretary

By: [Signature]  
Pres.  
(Name and Title)

Signed and Acknowledged in the presence of:

Sharon K. Hester  
Kathleen Cate

[Corporate Seal]

SECURED PARTIES:

Brian F. Dolan  
Brian F. Dolan, Trustee

THE ROYAL BANK AND TRUST COMPANY

Sharon Rini BY: Kenneth G. Swath  
Asst. Sec. VICE PRESIDENT  
(name and title)

STATE OF COLORADO )  
CITY AND COUNTY OF DENVER ) ss.

BE IT REMEMBERED that I Sharon K. Murphy, a Notary Public duly qualified, commissioned, sworn and acting in and for the County and State aforesaid, hereby certify that on this 22nd day of February, 1982, there appeared before me severally James F. Clark, President and Judith S. Shelton, Assistant Secretary of Page Petroleum Inc., whose address is 1801 Broadway, Suite 1700, Denver, Colorado 80217, such corporation being a party to the foregoing instrument:

ALASKA  
and  
COLORADO The foregoing instrument was acknowledged before me this day by James F. Clark, President, and Judith S. Shelton, Assistant Secretary of Page Petroleum Inc.

KANSAS The foregoing instrument was acknowledged before me on this day by Lawton J. Clark, President and Judith J. Shelton, Assistant Secretary of Page Petroleum Inc. on behalf of the Corporation.

MISSISSIPPI Before me on this day personally appeared Lawton J. Clark, President and Judith J. Shelton, Assistant Secretary of Page Petroleum Inc., and acknowledged to me that for and on behalf of such corporation, they signed and delivered the foregoing instrument on the day and year therein mentioned, being first duly authorized to do so.

MONTANA

and  
NORTH DAKOTA Before me on this day, personally appeared Lawton J. Clark and Judith J. Shelton, known to me to be, respectively, the President and Assistant Secretary of Page Petroleum Inc., which Corporation is described in and which executed the within instrument, and acknowledged to me that such corporation executed the same.

NEBRASKA

and  
NEW MEXICO The foregoing instrument was acknowledged before me on this date by Lawton J. Clark, President and Judith J. Shelton, Assistant Secretary of Page Petroleum Inc., a Delaware corporation, on behalf of the Corporation.

NEW YORK On this day, before me personally came Lawton J. Clark and Judith J. Shelton, to me known, who, being by me duly sworn, did depose and say that they reside at 1801 Broadway, Suite 1700, Denver, Colorado 80217; that they are, respectively, the president and assistant secretary of Page Petroleum Inc., the Corporation described in and which executed the above instrument; that they know the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Corporation, and they they signed their names thereto by like order.

NEVADA On this day personally appeared before me Lawton J. Clark, President and Judith J. Shelton, Assistant Secretary of Page Petroleum Inc., who acknowledged that they executed the above instrument.

OHIO Before me, personally appeared Lawton J. Clark and Judith G. Shelton, known to me to be the persons who, as president and assistant secretary, respectively, of Page Petroleum Inc., the Corporation which executed the foregoing instrument, signed the same, and acknowledged to me that they did so sign said instrument in the name and upon behalf of said corporation as such officers, respectively, that the same is their free act and deed as such officers, respectively, and the free and corporate act and deed of trust of said corporation; that they were duly authorized thereunto by its board of directors; and that the seal affixed to said instrument is the corporate seal of said corporation.

OKLAHOMA Before me, on this day personally appeared Lawton J. Clark and Judith G. Shelton each of whom is known to be the identical person who subscribed the name of Page Petroleum Inc. to the foregoing instrument as, respectively, its President and Assistant Secretary, and acknowledged to me that he executed the same as his free and voluntary act and deed of such corporation for the uses and purposes therein set forth.

PENNSYLVANIA Before me, personally appeared Lawton J. Clark and Judith G. Shelton who acknowledged themselves to be, respectively, the President and Assistant Secretary of Page Petroleum Inc., a corporation, and that they as such President and Assistant Secretary, being authorized to do so, executed the foregoing instrument for the purposes therein contained, by signing the name of the Corporation by themselves as President and Assistant Secretary.

TEXAS Before me on this day personally appeared Lawton J. Clark, President and Judith G. Shelton, Assistant Secretary, known to me to be the individuals whose names are subscribed to the foregoing instrument, and known to me to be the President and Assistant Secretary of Page Petroleum Inc., a corporation, and acknowledged to me that they executed said instrument for the purposes and consideration therein expressed, and as the act of said corporation.

Lincoln County

UTAH

On this day, personally appeared before me Jay M. Clark and Judith A. Shelton, who, being by me duly sworn, did say, that they are, respectively, the president and assistant secretary of Page Petroleum Inc., and that said instrument was signed in behalf of said corporation by resolution of its board of directors, and said Jay M. Clark and Judith A. Shelton acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and official notarial seal in the City and County of Denver, State of Colorado, this 2nd day of February, 1983.

Sharon K. Murphy  
Notary Public

Address: 6800 E Tennessee  
Denver CO 80229

My commission expires: 8/27/86

[SEAL]

Lincoln County

Page 1 of 8  
State of Nevada, County of Lincoln

EXHIBIT "A"  
LEASE SCHEDULE

Prospect: Plocche

Lease No.	Lessor	Lessee	Expiration Date	Description	Recorded Book Page	Gross Acres	Net Acres
NP01101	USA N-31132	Page Petroleum Inc.	03/31/91	Township 1 North, Range 66 East Sec. 1: Lots 1,2,3, 8/2N/2, 8/2 Sec. 2: Lots 2,3,4, 8/2N/2, 8/2 Sec. 12: N/2, SW/4, N/2SE/4, SW/4SE/4	1801.65	1801.65	
NP01110	USA N-31133	Page Petroleum Inc.	05/31/92	Township 1 North, Range 67 East Sec. 1: Lots 1,2,3,4, 8/2N/2, 8/2 Sec. 2: Lots 1,2,3,4, 8/2N/2, 8/2 Sec. 3: Lots 1,2,3,4, 8/2N/2, 8/2 Sec. 4: Lots 1,2,3,4, 8/2N/2, 8/2 Sec. 5: Lots 1,2,3,4, 8/2N/2, 8/2 Sec. 6: Lots 1-7, 8/2NE/4, SE/4NW/4, E/2SW/4, SE/4 (ALL) Sec. 7: Lots 1,2,3,4, 8/2N/2, 8/2 Sec. 8: All, excluding all NE Patents Sec. 9: All Patents Sec. 10: N/2, W/2SW/4 Sec. 12: W/2N/2, SE/4NE/4SW/4, S/2SW/4NE/4SW/4, SE/4SW/4, SE/4 Sec. 13: All Sec. 16: N/2NE/4, SE/4NE/4, 8/2 Sec. 24: All Excluding all NE Patents	8011.16	8011.16	

State of Nevada, County of Lincoln

EXHIBIT "A"  
LEASE SCHEDULE

Prospect: Ploche

Recorded Gross Net  
Book Page Acres

Lease No.	Lessor	Lessee	Expiration Date	Description	Gross Acres	Net Acres
NW01102	USA N-31134	Petroleum Inc.	03/31/91	Township 1 North, Range 68 East Sec. 31 All Sec. 41 All Sec. 51 All Sec. 61 Lots 1-7, S/2NE/4, SE/4NW/4 E/2SW/4, SE/4 (All) E/2SW/4, E/2 Sec. 71 Lot 4, E/2 Sec. 8: All Sec. 9: All Sec. 10: All Sec. 15: All Sec. 16: All Sec. 17: All Sec. 18: Lots 1,2,3,4, E/2, SE/4NW/4, E/2SW/4 Sec. 191 Lots 1,2,3,4, E/2W/2, E/2 (All) Sec. 20: All Sec. 21: All	9237.73	9237.73
NW01103	USA N-31136	Petroleum Inc.	03/31/91	Township 1 North, Range 70 East Sec. 5: Lots 1,2,3,4, S/2W/2, S/2 Sec. 6: Lots 1-7, S/2NE/4, SE/4NW/4 E/2SW/4, SE/4 Sec. 7: Lots 1,2,3,4, E/2, E/2W/2	1901.03	1901.03

Lincoln County

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State of Nevada, County of Lincoln

EXHIBIT "A"  
LEASE SCHEDULE

Lease No.	Lessor	Lessee	Expiration Date	Description	Prospect Pitches	Recorded Book Page	Gross Acres	Net Acres
NV01111	USA N-31135	Rege Petroleum Inc.	09/30/92	Township 1 North, Range 68 East Sec. 27: All Sec. 28: All Sec. 34: All Sec. 35: All Sec. 36: N/2, SW/4, N/2SE/4			6233.84	6233.84
NV01109	USA N-31150	Rege Petroleum Inc.	03/31/91	Township 1 North, Range 69 East Sec. 18: Lots 1, 2, 3, 4, E/2, E/2W/2 (All) Sec. 19: Lots 1, 2, 3, 4, E/2, E/2W/2 (All) Sec. 29: N/2, SW/4 Sec. 31: Lots 1, 2, NW/4NE/4, SE/4NE/4, NE/4NW/4, S/2SE/4 Sec. 32: S/2N/2, S/2 Sec. 33: N/2NE/4, NE/4NW/4, S/2N/2, S/2			2179.63	2179.63
NV01108	USA N-31149	Rege Petroleum Inc.	05/31/91	Township 1 South, Range 68 East Sec. 1: Lots 5-20 Township 1 South, Range 69 East Sec. 6: Lots 1-7, SE/4NW/4, E/2SW/4, NW/4SE/4 Sec. 7: Lots 1, 2, NE/4NW/4, SE/4NE/4, S/2SE/4			1130.54	1130.54



Lincoln County

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State of Nevada, County of Lincoln

EXHIBIT "A"  
LEASE SCHEDULE

Prospect Ploche

Lease No.	Lessor	Lessee	Expiration Date	Description	Recorded Book Page	Gross Acres	Net Acres
NV01104	USA N-31137	Range Petroleum Inc.	03/31/91	Township 2 North, Range 66 East Sec. 1: All Sec. 2: All Sec. 11: All Sec. 12: All Sec. 13: All Sec. 14: All Sec. 23: All Sec. 24: All Sec. 25: All Sec. 26: All Sec. 35: All Sec. 36: All		7744.00	7744.00
NV01106	USA N-31138	Page Petroleum Inc.	05/31/91	Township 2 North, Range 67 East Sec. 5: Lots 1-4, S/2N/2, S/2 (All) Sec. 6: Lots 1-7, S/2NE/4, SE/4NW/4, E/2SW/4, SE/4 (All) Sec. 7: Lots 1-4, NE/4, E/2W/2, N/2SE/4, SE/4SE/4 Sec. 8: All Sec. 17: All Sec. 18: Lots 1-4, E/2, E/2W/2 (All) Sec. 19: Lots 1-4, E/2, E/2W/2 (All) Sec. 20: All Sec. 29: All Sec. 30: Lots 3-8, E/2, E/2W/2 (All) Sec. 31: Lots 1-4, E/2, E/2W/2 (All) Sec. 32: All		7596.78	7596.78

Lease No.	Lessor	Lessee	Expiration Date	Description	Recorded Book Page	Gross Acres	Net Acres
NW01105	USA N-31140	Page Petroleum Inc.	03/31/91	Township 3 North, Range 66 East Sec. 31: All Sec. 41: All Sec. 51: All Sec. 81: All Sec. 91: All Sec. 101: All Sec. 151: All Sec. 161: All Sec. 171: All Sec. 211: All Sec. 221: All Sec. 271: All Sec. 341: All		8390.00	8390.00
NW01107	USA N-31143	Page Petroleum Inc.	05/31/91	Township 4 North, Range 66 East Sec. 4: Lots 1-4, 5/2N/2, 5/2 (All) Sec. 91: All Sec. 161: All Sec. 211: All Sec. 281: All Sec. 291: All Sec. 321: All Sec. 331: All		5122.40	5122.40

Lease No.	Lessor	Lessee	Expiration Date	Description	Recorded Book Page	Gross Acres	Net Acres
MW02101	USA N-31145	Papa Petroleum Inc.	05/31/91	Township 5 North, Range 71 East Sec. 5: All Sec. 6: All Sec. 7: All Sec. 8: All		268.00	2168.00
MW02102	USA N-31146	Papa Petroleum Inc.	05/31/91	Township 6 North, Range 70 East Sec. 4: Lots 1-4, S/2N/2, S/2 (All) Sec. 6: Lots 1-7, S/2NE/4, SE/4NW/4, E/2SW/4, SE/4 (All) Sec. 7: Lots 1-4, E/2, E/2W/2 (All) Sec. 8: All Sec. 9: All Sec. 10: All Sec. 15: All Sec. 16: All Sec. 17: All Sec. 18: Lots 1-4, E/2, E/2W/2 (All)		6390.68	6390.68
MW02103	USA N-31147	Papa Petroleum Inc.	05/31/91	Township 6 North, Range 70 East Sec. 20: All Sec. 21: All Sec. 22: All Sec. 23: All Sec. 24: All Sec. 25: All Sec. 26: All Sec. 27: All Sec. 28: All Sec. 36: All		6400.00	6400.00

State of Nevada, County of Lincoln

EXHIBIT "A"  
LEASE SCHEDULE

Prospect: Hamlin-Nevada

Lease No.	Lessor	Lessee	Expiration Date	Description	Recorded Book Page	Gross Acres	Net Acres
NV02104	USA N-31148	Page Petroleum Inc.	05/31/91	Township 7 North, Range 69 East Sec. 24: All Sec. 25: All		5589.00	5589.00
				Township 7 North, Range 70 East Sec. 4: All Sec. 5: All Sec. 9: All Sec. 16: All Sec. 17: All Sec. 19: All Sec. 21: All Sec. 28: All Sec. 29: All Sec. 30: All Sec. 31: All Sec. 32: All Sec. 33: All			

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State of Nevada, County of Lincoln

EXHIBIT "A"  
LEASE SCHEDULE

Lease No.	Lessor	Lessee	Expiration Date	Description	Prospect	Page	Creek	Recorded Book Page	Gross Acres	Net Acres
NW03101	USA N-31139	Page Petroleum Inc.	03/31/91	Township 2 North, Range 68 East Sec. 51 SW/4 Sec. 61 All					784.65	784.65
NW03102	USA N-31141	Page Petroleum Inc.	03/31/91	Township 3 North, Range 67 East Sec. 11 All Sec. 21 All Sec. 111 All Sec. 121 All Sec. 131 All Sec. 141 All Sec. 241 All Sec. 251 All Sec. 361 All					5759.04	5759.04
NW03103	USA N-31142	Page Petroleum Inc.	03/31/91	Township 3 North, Range 68 East Sec. 71 Lots 1-4, E/2, E/2W/2 (All) Sec. 181 Lots 1-4, E/2, E/2W/2 (All) Sec. 191 Lots 1-4, E/2, E/2W/2 (All) Sec. 201 All Sec. 291 All Sec. 301 Lots 1-4, E/2, E/2W/2 (All) Sec. 311 Lots 1-4, E/2, E/2W/2 (All) Sec. 311 All					5046.80	5046.80
NW03104	USA N-31144	Page Petroleum Inc.	05/31/91	Township 4 North, Range 67 East Sec. 261 All Sec. 351 Lots 1-4, N/2, N/2S/2 (All) Sec. 361 Lots 1-4, N/2, N/2S/2 (All)					1901.93	1901.93