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MORTGAGE - DEED OF TRUST - ASSIGNMENT OF  
PRODUCTION - SECURITY AGREEMENT AND FINANCING STATEMENT

This Mortgage, Deed of Trust, Assignment of Production, Security Agreement and Financing Statement (hereinafter referred to as the "Mortgage") made and entered into this 9th day of February, 1987, by and between Scott A. Harris and wife, Janet H. Harris, and Abby Corporation, a New Mexico Corporation (hereinafter collectively referred to as "Mortgagors"), whose address is P. O. Box 1629, Grand Junction, Colorado 81502, and United New Mexico Bank at Roswell, N.A., a national banking association, whose address is P. O. Box 1977, 400 North Pennsylvania, Roswell, New Mexico 88201 (hereinafter referred to as the "Bank").

W I T N E S S E T H :

I.

To secure payment of the Indebtedness as hereinafter defined and to secure the performance of the covenants and obligations contained herein and in the Letter of Commitment and for good valuable consideration in hand paid by the Bank to the Mortgagors and in consideration of the debts and trusts hereinafter mentioned, the receipt and sufficiency of all of which are hereby acknowledged, Mortgagors do hereby GRANT, BARGAIN, SELL, ASSIGN, MORTGAGE, TRANSFER, CONVEY AND WARRANT unto Jesse F. Eckel of Roswell, Chaves County, New Mexico, as Trustee, whose address for notice hereunder is C/O United New Mexico Bank at Roswell, P. O. Box 1977, 400 North Pennsylvania, Roswell, New Mexico 88201, and for the Mortgaged Property located in the State of Colorado unto the Public Trustee for Dolores County, Colorado and the Public Trustee for each other county in Colorado where the Mortgaged Property is located (collectively the "Trustee"), and their successors and substitutes in trust with power of sale hereunder, and upon the statutory mortgage condition, for the use and benefit of the Bank, the following described real and personal property, rights, titles, interests and estates, with mortgage covenants (all of which are hereinafter collectively called the "Mortgaged Property"), to wit:

A. All rights, titles, interests and estates now owned or hereafter acquired by Mortgagors, or any of them, in and to the oil and gas and/or the oil, gas and other mineral leases and the lands which are more particularly described on attached Exhibit A and specifically, but without limitation, Mortgagors' undivided full or partial interests in said leases and lands described on attached Exhibit A, which comprise leasehold interests, overriding royalty interests, mineral or royalty interests, and operating rights which undivided full or partial interests as specified on Exhibit A, whether leasehold, overriding royalty, mineral, royalty or operating rights are hereinafter referred to as the "Specified Property."

B. All rights, titles, interests and estates now owned or hereafter acquired by Mortgagors, or any of them, in and to (i) the properties now or hereafter pooled or unitized with the leases and lands described on Exhibit A; (ii) all presently existing or future unitization, communitization, pooling agreements and declarations of pooled units and the units created thereby (including, without limitation, all units created under orders, regulations, rules or other official acts of any Federal, State or other governmental body or agency having jurisdiction) which may affect all or any portion of the leases and lands described on Exhibit A, including, without limitation, those units which may be described or referred to on attached Exhibit A; (iii) all operating agreements, nominee agreements, contracts and other agreements whether or not described or referred to in this Mortgage which relate to any of the leases and lands described on Exhibit A, or to the production, sale, purchase, exchange or processing of the Hydrocarbons (as hereinafter defined) from or attributable to such leases and lands described

on Exhibit A; and (iv) the leases and lands described on Exhibit A and covered by this Mortgage even though Mortgagors' interests therein be incorrectly described or a description of a part or all of such leases and lands or Mortgagors' interests therein be omitted it being intended by Mortgagors and the Bank herein to cover and affect hereby all interests which Mortgagors, or any of them, may now own or may hereafter acquire in and to the leases and lands described on Exhibit A notwithstanding that such Specified Property descriptions may be limited to particular lands or specified depths.

C. All rights, titles, interests and estates now owned or hereafter acquired by Mortgagors, or any of them, in and to all oil, gas, casinghead gas, condensate, distillate, liquid hydrocarbons, gaseous hydrocarbons and all products refined therefrom and all other minerals (collectively called the "Hydrocarbons") in and under and which may be produced and saved from or attributable to the leases and lands described on Exhibit A, the lands covered thereby and Mortgagors' interests therein, including all oil in tanks and all rents, issues, profits, proceeds, products, revenues and other income from or attributable to the leases and lands described on Exhibit A, the lands covered thereby and Mortgagors' interests therein which are subjected or required to be subjected to the liens and security interests of this Mortgage.

D. All tenements, hereditaments, appurtenances, liens and properties in anywise appertaining, belonging, affixed or incidental to the leases and lands described on Exhibit A, or the properties, rights, titles, interests and estates described or referred to in Paragraphs A and B above, which are now owned or which may hereafter be acquired by Mortgagors, or any of them, including, without limitation, any and all property, real or personal, now owned or hereafter acquired and situated upon, used, held for use, or useful in connection with the operating, working or development of any of such leases and lands described on Exhibit A (excluding drilling rigs, trucks, automotive equipment or other personal property which may be taken to the premises for the purpose of drilling a well or for other similar temporary uses) and including any and all oil wells, gas wells, injection wells or other wells, buildings, structures, field separators, liquid extraction plants, plant compressors, pumps, pumping units, field gathering systems, tanks and tank batteries, fixtures, valves, fittings, machinery and parts, engines, boilers, meters, apparatus, equipment, appliances, tools, implements, cables, wires, towers, casing, tubing and rods, surface leases, rights-of-way, easements and servitudes together with all additions, substitutions, replacements, accessions and attachments to any and all of the foregoing properties.

E. Any property that may from time to time hereafter, by delivery or by writing of any kind, be subjected to the lien and security interest hereof by Mortgagors or by anyone on Mortgagors' behalf; and the Trustee is hereby authorized to receive the same at any time as additional security hereunder.

F. All of the rights, titles and interests of every nature whatsoever now owned or hereafter acquired by Mortgagors in and to the leases and lands described on Exhibit A and the properties, rights, titles, interests and estates and every part and parcel thereof, including, without limitation, the Specified Property and the properties, rights, titles, interests and estates as the same may be enlarged by the discharge of any payments out of production or by the removal of any charges or Encumbrances (as hereinafter defined) to which any of the leases and lands described on Exhibit A or the properties, rights, titles, interests or estates are subject, or otherwise; together with any and all renewals and extensions of any of the properties, rights, titles, interests or estates; all contracts and agreements supplemental to or amendatory of or in substitution for the contracts and agreements described or mentioned above; and any and all additional interests of any kind

hereafter acquired by Mortgagor in and to the leases described on Exhibit A, and properties, rights, titles, interests or estates.

TO HAVE AND TO HOLD the Mortgaged Property unto the Trustee and to his successors and assigns forever to secure the payment of the Indebtedness (as hereinafter defined) and to secure the performance of the covenants, agreements, and obligations of the Mortgagors herein contained.

## II.

This Mortgage is executed and delivered by Mortgagors to secure and enforce the Indebtedness described below:

A. Loan A: That certain Promissory Note dated February 9, 1987, from Mortgagors in the principal amount of Eight Hundred Thousand Dollars (\$800,000.00) bearing interest at a floating rate equal to the Chase Manhattan Bank of New York prime rate plus 2%, with accrued interest payable quarterly and the principal being due and payable, in full, with accrued interest, one year from date. At maturity, the principal balance at the option of the Bank, will be amortized over a term not to exceed five years. This Promissory Note contains such other terms and provisions as are set forth specifically therein; reference is hereby made to said note for all purposes and is hereinafter referred to as Note A.

B. Loan B: That certain Promissory Note dated February 9, 1987, from Abby Corporation in the principal amount of Four Hundred Fifty Thousand Dollars (\$450,000.00), bearing interest at a floating rate equal to the Chase Manhattan Bank of New York prime rate plus 2%, accrued interest payable on a quarterly basis, with principal being due and payable, in full, with accrued interest, one year from date. The Promissory Note contains such other terms and provisions as are set forth specifically therein; reference is hereby made to said note for all purposes and is hereinafter referred to as Note B.

C. Loan C: That certain Promissory Note dated February 9, 1987, in the principal amount of Four Hundred Fifty Thousand Dollars (\$450,000.00) from Scott Harris, bearing interest at a floating rate equal to the Chase Manhattan Bank of New York prime rate plus 2%, with accrued interest payable on a quarterly basis, and principal being due and payable, in full, with accrued interest, one year from date. The Promissory Note contains such other terms and provisions as are set forth specifically therein; reference is hereby made to said note for all purposes and is hereinafter referred to as Note C.

The combined total of the principal outstanding under the terms of Loans B and C shall not exceed at any one time Four Hundred Fifty Thousand Dollars (\$450,000.00). The Bank at its option and discretion may advance such other sums from time to time as it desires under Loans B and C which will exceed the above stated combined total, but the Bank is not obligated to do so.

D. The indebtedness evidenced by Note A, Note B, and Note C (collectively the "Notes") in their principal amounts and with interest, collection and attorney's fees, all as provided therein or in the Letter of Commitment; all renewals, rearrangements or extensions of the Notes, in whole or in part; any sums which may be advanced or paid by the Bank or Trustee under the terms hereof on account of the failure of Mortgagors to comply with the covenants of Mortgagors contained herein; and all other indebtedness of Mortgagors arising pursuant to the provisions of this Mortgage.

E. Any additional loans or advances made by the Bank to Mortgagors. It is contemplated that the Bank may lend additional sums to Mortgagors, or any of them, from time to time, but shall



not be obligated to do so, and Mortgagors agree that any such additional loans shall be secured by this Mortgage.

F. Any and all other indebtedness, obligations and liabilities of any kind of Mortgagors to the Bank, now or hereafter existing, arising directly between Mortgagors and the Bank or acquired outright, as a participation, conditionally or as collateral security from another by the Bank, absolute or contingent, joint and/or several, secured or unsecured, due or not due, arising by operation of law or otherwise, or direct or indirect, including indebtedness, obligations and liabilities to the Bank of Mortgagors as a member of any partnership, syndicate, association or other group, and whether incurred by Mortgagors as principal, surety, endorser, guarantor, accommodation party or otherwise.

The term "Indebtedness" as used herein shall mean and include the Notes, the Letter of Commitment and all other indebtedness described, referred to or mentioned in Paragraphs A through F, inclusive, of this Section II. NOTWITHSTANDING ANYTHING ELSE CONTAINED IN THIS MORTGAGE TO THE CONTRARY THE TOTAL AMOUNT OF INDEBTEDNESS INCLUDING ALL FUTURE ADVANCES TO BE SECURED BY THIS MORTGAGE PLUS THE COST OF ENFORCING THIS MORTGAGE SHALL NOT EXCEED AT ANY ONE TIME THE SUM OF TWO MILLION DOLLARS (\$2,000,000.00) WHICH SHALL CONSTITUTE THE MAXIMUM AOUNT AT ANY TIME SECURED HEREBY.

### III.

Mortgagors hereby represent, warrant and covenant as follows:

A. To the extent of the undivided interests specified on attached Exhibit A Mortgagors have good and marketable title to and are possessed of all of the Specified Property; the Specified Property is free and clear of any and all liens, encumbrances, security interests, contracts, agreements, preferential rights of purchase, or other restrictions or limitations of any nature or kind (all of which such restrictions and limitations being herein collectively called the "Encumbrances"), except for the Encumbrances set forth on Exhibit A, which would in any manner restrict or limit Mortgagors' legal capacity, rights or authority to execute, deliver and perform under this Mortgage or would render the provisions hereof unenforceable in accordance with the terms hereof; that Mortgagors' ownership of the Specified Property after giving full effect to any and all Encumbrances will afford Mortgagors not less than those net interests in the production from those wells and/or units and properties which are identified with and next following the descriptions of the various leases comprising each separate well and/or unit or property as identified on attached Exhibit A; that Mortgagors have the full power and lawful authority to grant, sell, mortgage, assign, transfer, convey and grant a security interest in all of the Mortgaged Property in the manner and form herein provided and without obtaining the waiver or approval of any lessor, sublessor, governmental agency or other entity or party whatsoever or whatsoever; that all of the leases described on Exhibit A are currently in full force and effect and there are not gas imbalances, take or pay or other prepayments with respect to the leases and lands described on Exhibit A which would require that Mortgagors deliver Hydrocarbons to be produced at some future time without then or thereafter receiving full payment therefor and which in the aggregate would exceed \$10,000.00.

B. Mortgagors, and each of them, will warrant and defend the title to the Mortgaged Property against the claims and demands of all other persons whomsoever and will maintain and preserve the lien created hereby so long as any of the Indebtedness secured hereby remains unpaid. Should an adverse claim be made against or a defect develop upon the title to all or part of the Mortgaged Property, Mortgagors agree that they

will immediately defend against such adverse claim or take appropriate action to remove such defect at Mortgagors' cost and expense, and Mortgagors further agree that the Trustee and/or the Bank may take such other action as they deem advisable to protect and preserve their interests in the Mortgaged Property, and in such event Mortgagors will indemnify the Trustee and the Bank against any and all costs, attorney's fees and other expenses which they may incur in defending against any such adverse claim or taking action to remove any such defect and all such costs and expenses as may be so incurred by the Bank herein shall comprise a part of the Indebtedness secured and to be secured hereby.

C. This Mortgage is, and always will be kept, a direct first lien and security interest upon the Mortgaged Property and Mortgagors will not create or suffer to be created or permit to exist any lien, security interest or charge prior or junior to or on a parity with the lien and security interest of this Mortgage upon the Mortgaged Property or any part thereof or upon the rents, issues, revenues, profits and other income therefrom, and Mortgagor will, from time to time, pay or cause to be paid as they become due and payable all taxes, assessments and governmental charges lawfully levied or assessed upon the Mortgaged Property or any part thereof, or upon or arising from any of the rents, issues, revenues, profits and other income from the Mortgaged Property, or incident to or in connection with the production of Hydrocarbons or other minerals therefrom, or the operation and development thereof; provided, that Mortgagors shall not be required to pay any such tax, assessment, charge, levy or claim if the amount, applicability or validity thereof shall currently be contested in good faith by appropriate proceedings diligently conducted by or on behalf of Mortgagors and if Mortgagors shall have set up reserves therefor adequate under generally accepted accounting principles, and if Mortgagors' title to or right of use of the Mortgaged Property is not materially adversely affected thereby.

D. Mortgagors will at their own expense do or cause to be done all things necessary to preserve and keep in full repair, working order and efficiency all of the Mortgaged Property, including, without limitation, all equipment, machinery and facilities, and from time to time will make all the needful and proper repairs, renewals and replacements so that at all times the state and condition of the Mortgaged Property will be fully preserved and maintained.

E. Mortgagors will promptly pay and discharge all delay rentals, royalties, expenses and indebtedness accruing under, and perform or cause to be performed each and every act, matter or thing required by, each and all of the assignments, deeds, leases, sub-leases, contracts and agreements affecting Mortgagors' interests in the Mortgaged Property, and will do all other things necessary to keep unimpaired Mortgagors' rights with respect thereto and prevent any forfeiture thereof or default thereunder. Mortgagors will operate the Mortgaged Property or cause the Mortgaged Property to be operated in a careful and efficient manner in accordance with the practices of the industry and in compliance with all applicable contracts and agreements and in compliance with all applicable proration and conservation laws of the jurisdiction in which the Mortgage Property is situated, and all applicable laws, rules and regulations of every other agency and authority from time to time constituted to regulate the development and operation of the Mortgaged Property and the production and sale of Hydrocarbons and other minerals therefrom. Mortgagors will do or cause to be done such development work as may be reasonably necessary to the prudent and economical operation of the Mortgaged Property in accordance with the most approved practices of operators in the industry, including all to be done that may be appropriate to protect from diminution the productive capacity of the Mortgaged Property and each producing well thereon. Should the Bank at any time so require (by written notice mailed to Mortgagors at the address hereinafter set forth), then from and after the receipt of such

notice, no drilling or reworking operations nor construction of buildings shall be undertaken upon any portion of the Mortgaged Property without the prior written consent of the Bank, which consent may be withheld at its option until adequate and satisfactory arrangements are made to protect the lien of this Mortgage from any claims to liens or privileges which might be asserted by the furnishers of labor and material.

F. Mortgagors must acquire and maintain a key man life insurance policy for the life of Scott A. Harris in an amount equal to \$300,000.00 and the Bank is to be designated as primary beneficiary of the policy. As beneficiary, the Bank shall be entitled to life insurance proceeds no greater than the amount of all sums due and owing the Bank by Mortgagors. The difference, if any, between said sums due and owing and the total life insurance proceeds paid to the beneficiary Bank shall be paid by the Bank to the insured's Trustee or successor Trustee under a trust created under the instrument probated as the Last Will and Testament of the insured or, if the insured shall die intestate or shall leave a will creating no trust, the insured's Personal Representative, Executor or Administrator. In addition, Mortgagors now maintain and will continue to maintain with financially sound and reputable insurers, insurance with respect to the Mortgaged Property against such liabilities, casualties, risks and contingencies and in such types and amounts as is customary in the case of persons engaged in the same or similar businesses and similarly situated. Upon request of the Bank, Mortgagors will furnish or cause to be furnished to the Bank from time to time a summary of the insurance coverage of the Mortgagors in form and substance satisfactory to the Bank and if requested will furnish to the Bank copies of the applicable policies. In the case of any fire, accident or other casualty causing loss or damage to any of the Mortgaged Property the proceeds of such policies shall be used (i) to repair or replace the damaged Mortgaged Property, or (ii) to repay the indebtedness. At the request of the Bank, the Mortgagors will obtain endorsements to the policies pertaining to all of the Mortgaged Property naming the Bank as loss payees and containing provisions that such policies will not be cancelled without thirty (30) days prior written notice having been given by the insurance company to the Bank.

G. Mortgagors will permit the Trustee and/or the Bank and the agents of any of them to visit and inspect any of the Mortgaged Property, to examine the books of account of Mortgagors and to discuss the affairs, finances or accounts of Mortgagors, and to be advised as to the same by any officer or employee of Mortgagors, all at such reasonable times or intervals as the Trustee or the Bank may desire. Current financial information on each of the Mortgagors must be submitted to the Bank semiannually. Corporate financial statements are required for the corporate year end and mid-year. Personal financial statements are required as of December 31 of each year and as of the corporate year end.

H. Mortgagors will, upon request by the Bank, furnish or cause to be furnished to the Bank reports prepared by or for Mortgagors concerning the productivity and the productive life of all or any wells included in the Mortgaged Property; the quantity of the Hydrocarbons and other minerals recoverable therefrom; the projected income and expense attributable to the Mortgaged Property; and the expediency of any change in methods of treatment or operation of all or any well included in the Mortgaged Property; any new drilling or development; any abandonment or proposed abandonment of any well; any plugging of any well or reopening of same at a different level; any method of repressuring in the field or any other action with respect to the Mortgaged Property. Further upon request of the Bank, Mortgagors will furnish a report of an independent engineer mutually agreeable to the Bank and the Mortgagors covering such of the foregoing matters as shall be so requested, but Mortgagors shall not be obligated to provide more than one report per year on any



such matter. Mortgagors will, also upon request by the Bank, furnish the Bank within sixty (60) days after the end of each calendar month a report showing for such calendar month the gross proceeds of the sale of Hydrocarbons and other minerals from the Mortgaged Property, the quantities so sold, the taxes deducted from or paid out of such proceeds, the number of wells operated, drilled and abandoned and such other information as the Bank may reasonably request. Specifically, Mortgagors shall furnish reserve estimates and valuation of reserves on a semiannual basis for the Mortgaged Property which shall be provided in conjunction with the corporate financial information.

I. Mortgagors will promptly upon demand by the Bank pay all reasonable costs and expenses heretofore or hereafter incurred by the Bank for legal, engineering, geological or accounting services rendered to them in connection with the making and documenting of the initial or any future loans to Mortgagors secured in whole or in part by the lien and security interests hereof and/or in connection with the enforcement of any of the rights of the Bank hereunder.

J. Mortgagors will execute and deliver such further instruments and do such further acts as may be necessary or desirable or as may be reasonably requested by the Trustee or the Bank to carry out more effectively the purposes of this Mortgage and to subject to the lien created hereby any properties, rights and interests covered or intended to be covered hereby.

K. Mortgagors will duly and punctually pay the principal of and interest on all of the Indebtedness as the same shall become due and payable.

L. If any tax is levied or assessed against the Indebtedness described herein or any part thereof, or against this Mortgage, or against the Bank or any of them with respect to the Indebtedness or any part thereof, or the Hydrocarbons, products, revenues or proceeds thereof or this Mortgage except for income or franchise taxes of the Bank, Mortgagors shall promptly pay the same.

M. All or portions of the Mortgaged Property may be comprised of interests in the leases or lands which are other than leasehold or working interests or which may be operated by a party or parties other than the Mortgagors and with respect to all or any such leases or lands as may be comprised of interests other than leasehold or working interests or which may be operated by parties other than Mortgagors, Mortgagors' covenant as expressed in Paragraphs D through G inclusive of this Section III are modified to require that Mortgagors use their best efforts to obtain compliance with such covenants by the working interest owners or the operator or operators of such leases or lands.

#### IV.

A. If any Event of Default shall occur under the Letter of Commitment or this Mortgage ("Event(s) of Default"), then, upon the occurrence of any such Event of Default, Bank may, by written notice mailed to Mortgagors, postage prepaid, addressed to the Mortgagors at their address set forth in the recitals hereof or at such other address as the Mortgagors may furnish to the Trustee in writing, declare the Notes and all other Indebtedness to be due and payable whereupon the Notes and all other Indebtedness shall become immediately due and payable without notice of any kind; and shall result in the automatic acceleration of maturity of the Notes and all other Indebtedness mentioned or referred to herein. All costs and expenses (including attorneys' fees) incurred by the Trustee and the Bank in protecting and enforcing their rights hereunder shall constitute demand obligations owing by Mortgagors and shall draw interest at the rate of interest as specified in the Notes and shall constitute a portion of the indebtedness secured hereby and

shall have the benefit of the liens and security interests hereby created.

B. If the Notes or any of the Indebtedness shall become due and payable, and Mortgagors shall not promptly pay the same, the Trustee or his successors or substitutes shall have the right and power to sell, as he may elect and to the extent permitted by law, all or any portion of the Mortgaged Property 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 the Trustee may deem appropriate, and to make conveyance to the purchaser or purchasers.

(i) With regard to any part of the Mortgaged Property located in the State of Colorado, the Bank may elect to advertise the same or any part thereof, for sale and to demand such sale, in which event the Bank shall file a notice of such election and demand for sale with the Public Trustees or a Public Trustee who, upon receipt of such notice of election and demand for sale, shall cause a copy of the same to be recorded in the Recorder's office of the County or Counties wherein are located the Mortgaged Property as appropriate, whereupon it shall be lawful for the Public Trustees (or either of them) to sell and dispose of the same (en masse or in separate parcels, as the said Public Trustee (or either of them) may think best), and all of the right, title and interest of Mortgagor, its successors or assigns therein, at public auction at the front door of the Courthouse in the Counties wherein are located the Mortgaged Property specified in the notice of said sale for the highest and the best price the same will bring in cash, four (4) weeks public notice having been previously given of the time and place of such sale, by advertisement, weekly, in some newspaper of general circulation at that time published in the Counties wherein are located the Mortgaged Property, as appropriate, a copy of which notice shall be mailed within ten (10) days from the date of the first publication thereof to Mortgagors at their address hereinabove shown and to such person or persons appearing to have acquired a subsequent record interest in the Mortgaged Property, at the address given in the recorded instrument of acquisition and to make and give to the purchaser or purchasers of the Mortgaged Property at such sale, a certificate or certificates in writing describing the Mortgaged Property purchased, and the same or sums paid therefor, and the time when the purchaser or purchasers (or other person entitled thereto) shall be entitled to a deed or deeds therefor, unless the same shall be redeemed as provided by law.

(ii) With regard to any part of the Mortgaged Property located in the State of New Mexico, Mortgagors agree pursuant to Section 39-5-19 N.M.S.A. (1978), as amended, that the redemption period as to such Mortgaged Property situated in the State of New Mexico shall be one (1) month.

(iii) With regard to any part of the Mortgaged Property located in the State of Wyoming, and in the case of maturity of the Notes by virtue of the occurrence of any Event of Default, the Trustee and/or the Bank or other holder or holders of the Indebtedness may proceed pursuant to applicable law to sell all or any part of the Mortgaged Property at public or private sale, with or without notice, the power of sale being hereby expressly granted to the Trustee and the Bank or other holder of the Indebtedness. Mortgagors agree that in the event of such sale of the Mortgaged Property or any part thereof, the same may be sold with or without appraisal as the Trustee and/or the Bank or other such holder may elect and that the Mortgaged Property may be sold together or in separate parcels; that



the Bank or other holder of the Indebtedness may be the purchaser of the Mortgaged Property or any part thereof.

Upon receipt of the sale price in cash, the Trustee is hereby authorized, empowered and directed to make due conveyance to the purchaser or purchasers, with general warranty binding upon Mortgagors and the heirs, successors and assigns of Mortgagors. The right of sale hereunder shall not be exhausted by one or more such sales, and the Trustee may make other and successive sales until all of the Mortgaged Property be legally sold or the Notes and all of the Indebtedness shall have been paid. Mortgagors hereby irrevocably appoint the Trustee to be the attorney of Mortgagors, and each of them, and in the name and on behalf of Mortgagors to execute and deliver any deeds, transfers, conveyances, assignments, assurances and notices which Mortgagor ought to execute and deliver and do and perform any and all such acts and things which Mortgagors ought to do and perform under the covenants herein contained and generally, to use the name of Mortgagors, and each of them, in the exercise of all or any of the powers hereby conferred on the Trustee. Upon any sale, whether under the power of sale hereby given or by virtue of judicial proceedings, it shall not be necessary for the Trustee or any public officer acting under execution or order of court to have physically present or constructively in his possession any of the Mortgaged Property, and Mortgagors hereby agree to deliver all of such personal property to the purchaser at such sale on the date of sale, and if it should be impossible or impracticable to make actual delivery of such property, then the title and right of possession to such property shall pass to the purchaser at such sale as completely as if the same had been actually present and delivered. The Bank shall have the right to become the purchaser at any sale held by the Trustee or by any receiver, or public officer or special master and shall have the right to have the amount of Indebtedness then owing to the Bank credited against the amount of the bid made by the Bank at such sale. Recitals contained in any conveyance made by the Trustee to any purchaser at any sale made pursuant hereto shall conclusively establish the trust and accuracy of the matters therein treated, including, without limiting the generality of the foregoing, nonpayment of the unpaid principal sum of, or the interest accrued on, the Notes or any of the Indebtedness after the same have become due and payable, advertisement and conduct of such sale in the manner provided herein and appointment of any successor trustee hereunder. Upon any sale, whether made under the power of sale hereby given or by virtue of judicial proceedings, the receipt of the Trustee, or of the officer making a sale under judicial proceedings, shall be a sufficient discharge to the purchaser or purchasers at any sale for his or their purchase money, and such purchaser or purchasers, his or their assigns or personal representatives, shall not, after paying such purchase money and receiving such receipt of the Trustee or of such officer therefor, be obliged to see to the application of such purchase money, or be in anywise answerable for any loss, misapplication or nonapplication thereof.

C. If any of the Notes or any of the Indebtedness shall become due and payable and shall not be promptly paid, the Trustee or the Bank shall have the right and power to proceed by a suit or suits in equity or at law, whether for the specific performance of any covenant or agreement herein contained or in aid of the execution of any power herein granted, or for any foreclosure hereunder or for the sale of the Mortgaged Property under the judgment or decree of any court or courts of competent jurisdiction, or for the appointment of a receiver pending any foreclosure hereunder or the sale of the Mortgaged Property under the order of a court or courts of competent jurisdiction or under executory or other legal process, or for the enforcement of any other appropriate legal or equitable remedy. Mortgagors agree to the full extent that they lawfully may, that, in case one or more of the Events of Default shall have occurred and shall not have been remedied, then, and in every such case, the Trustee or the Bank shall have the right and power to enter into and upon and

take possession of all or any part of the Mortgaged Property in the possession of Mortgagors, their heirs, successors or assigns, or their agents or servants, and may exclude Mortgagors, their heirs, successors or assigns, and all persons claiming under Mortgagors, and their agents or servants wholly or partly therefrom; and, holding the same, the Trustee may use, administer, manage, operate and control the Mortgaged Property and conduct the business thereof to the same extent as Mortgagors their heirs, successors or assigns, might at the time do and may exercise all rights and powers of Mortgagors, in the name, place and stead of Mortgagors, and each of them, or otherwise as the Trustee shall deem best.

D. Every right, power and remedy herein given to the Trustee or the Bank shall be cumulative and in addition to every other right, power and remedy herein specifically given or now or hereafter existing in equity, at law or by statute; and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time and so often and in such order as may be deemed expedient by the Trustee or the Bank, and the exercise, or the beginning of the exercise, of any such right, power or remedy shall not be deemed a waiver of the right to exercise, at the same time or thereafter any other right, power or remedy. No delay or omission by the Trustee or the Bank in the exercise of any right, power or remedy shall impair any such right, power or remedy or operate as a waiver thereof or of any other right, power or remedy then or thereafter existing.

E. Any sale or sales of the Mortgaged Property or any part thereof, whether under the power of sale herein granted and conferred or under and by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of Mortgagors of, in and to the premises and property sold, and shall be a perpetual bar, both at law and in equity, against Mortgagors, their heirs, successors and assigns, and against any and all persons claiming or who shall thereafter claim all or any of the property sold from, through or under Mortgagors, their heirs, successors and assigns; and Mortgagors, if requested by the Trustee or the Bank so to do, shall join in the execution and delivery of all proper conveyances, assignments and transfers of the properties so sold. The proceeds of any sale of the Mortgaged Property or any part thereof and all other moneys received by the Trustee in any proceedings for the enforcement hereof, whose application has not elsewhere herein been specifically provided for, shall be applied first, to the payment of all expenses incurred by the Trustee or the Bank incident to the enforcement of this Mortgage, the Notes or any of the Indebtedness (including, without limiting the generality of the foregoing, expenses of any entry or taking of possession, of any sale, of advertisement thereof, and of conveyances, and court costs, compensation of agents and employees, legal fees and a reasonable commission to the Trustee), and to the payment of all other charges, expenses, liabilities and advances incurred or made by the Trustee or the Bank under this Mortgage or in executing any trust or power hereunder; and then to payment of the Notes and the Indebtedness in such order and manner as the Bank may elect. The Bank may resort to any security given by this Mortgage or to any other security now existing or hereafter given to secure the payment of any of the Indebtedness secured hereby, in whole or in part, and in such portions and in such order as may seem best to the Bank in its sole and uncontrolled discretion, and any such action shall not in anywise be considered as a waiver of any of the rights, benefits or liens created by this Mortgage. Mortgagors agree, to the full extent that they may lawfully so agree, that they will not at any time insist upon or plead or in any manner whatever claim or take the benefit or advantage of any appraisement, valuation, stay, extension or redemption law now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure of this Mortgage or the absolute sale of the Mortgaged Property or the possession thereof by any purchaser at

any sale made pursuant to any provision hereof, or pursuant to the decree of any court of competent jurisdiction; but Mortgagors, for themselves and all who may claim through or under Mortgagors, so far as they now or hereafter lawfully may, hereby waive the benefit of all such laws. Mortgagors, for themselves and all who may claim through or under Mortgagors, waive to the extent that they may lawfully do so, any and all rights to have the property included in the Mortgaged Property marshaled upon any foreclosure of the lien hereof, and agree that any court having jurisdiction to foreclose such lien may sell the Mortgaged Property as an entirety. If any law referred to herein and now in force, of which Mortgagors or their heirs, successors, or assigns might take advantage despite the provisions hereof, shall hereafter be repealed or cease to be in force, such law shall not thereafter be deemed to constitute any part of the contract herein contained or to preclude the operation or application of the provisions hereof.

V.

A. Mortgagors, to additionally secure the Indebtedness, effective as of the Effective Date at 7:00 o'clock A.M., of the time zone in which the particular Mortgaged Property is located, have assigned, transferred, and conveyed, and do hereby assign, transfer and convey unto the Bank, its successors and assigns, all of the Hydrocarbons and all products obtained or processed therefrom, and the revenues and proceeds now and hereafter attributable to the Hydrocarbons and said products. Upon demand by the Bank, the Hydrocarbons and products are to be delivered into pipe lines connected with the Mortgaged Property, or to the purchaser thereof, to the credit of the Bank, free and clear of all taxes, charges, costs, and expenses; and all such revenues and proceeds shall be paid directly to the Bank, at the address of the Bank in Roswell, New Mexico, with no duty or obligation of any party paying the same to inquire into the rights of the Bank to receive the same, what application is made thereof, or as to any other matter. Mortgagors agree to perform all such acts, and to execute all such further assignments as may be required or desired by the Bank or any party in order to have said proceeds and revenues so paid to the Bank. The Bank is fully authorized to receive and receipt for said revenues and proceeds; to endorse and cash any and all checks and drafts payable to the order of Mortgagors, of any of them, or the Bank for the account of Mortgagors received from or in connection with said revenues or proceeds and apply the proceeds thereof to the payment of the Indebtedness, when received as provided herein or in the Notes, the Commitment Letter or other agreement, regardless of the maturity of any of the Indebtedness, or any installment thereof; and to execute transfer and division orders in the name of Mortgagors, or otherwise, with warranties binding upon Mortgagors. For any revenue checks or drafts received directly by the Bank as provided hereinabove, the Bank shall provide Mortgagors with the original check vouchers or details of payments received within five working days of receipt by Bank. The Bank shall have the right, at its election, in the name of Mortgagors or otherwise, to prosecute and defend any and all actions or legal proceedings deemed advisable by the Bank in order to collect such funds and to protect the interests of the Bank and/or Mortgagors, with all costs, expenses and attorneys' fees incurred in connection therewith being paid by Mortgagors. Mortgagors hereby agree to indemnify the Trustee and the Bank against all claims, actions, liabilities, judgments, costs, charges and attorneys' fees made against or incurred by them or either of them, based on the assertion that they have had and received funds from the production of Hydrocarbons claimed by third persons either before or after the payment in full of the Indebtedness. The Trustee and the Bank shall have the right to defend against any such claims, actions and judgments, employing their attorneys therefor, and if they are not furnished with reasonable indemnity, they shall have the right to compromise and adjust any such claims, actions and judgments. Mortgagors agree to indemnify and pay to the Trustee and the Bank any and all such



claims, judgments, costs, charges and attorneys' fees as may be paid in any judgment, release or discharge thereof or as may be adjudged against them or either of them.

B. Nothing herein contained shall modify or otherwise alter the obligation of Mortgagors to make prompt payment of all principal and interest owing on the Notes and all other Indebtedness when and as the same become due regardless of whether the proceeds of the Hydrocarbons are sufficient to pay the same and the rights provided in accordance with the foregoing assignment provision shall be cumulative of all other security of any and every character now or hereafter existing to secure payment of the Indebtedness.

C. To further secure the Indebtedness, Mortgagors hereby grant to the Bank a security interest in all of Mortgagors' rights, titles and interests in and to the Mortgaged Property insofar as the Mortgaged Property consists of equipment, accounts, contract rights, general intangibles, inventory, Hydrocarbons, fixtures and any and all other personal property of any kind or character defined in and subject to the provisions of the applicable Uniform Commercial Code, including the proceeds and products from any and all of such personal property. Upon the happening of any of the Events of Default, the Bank is and shall be entitled to all of the rights, powers and remedies afforded a secured party by the applicable Uniform Commercial Code with reference to the personal property and fixtures in which the Bank has been granted a security interest herein, or the Trustee or the Bank may proceed as to both the real and personal property covered hereby in accordance with the rights and remedies granted under this Mortgage in respect of the real property covered hereby. Such rights, powers and remedies shall be cumulative and in addition to those granted to the Trustee or the Bank under any other provision of this instrument or under any other instrument executed in connection with or as security for the Notes or any of the Indebtedness.

D. Without in any manner limiting the generality of any of the other provisions of the Mortgage: (i) some portions of the goods described or to which reference is made herein are or are to become fixtures on the land described or to which reference is made herein or on attached Exhibit A; (ii) the security interests created hereby under applicable provisions of the Uniform Commercial Code of one or more of the jurisdictions in which the Mortgaged Property is situated will attach to Hydrocarbons (minerals including oil and gas) or the accounts resulting from the sale thereof will be financed at the wellhead or minehead located on the land described or to which reference is made herein; and (iv) Mortgagors or one of them are the record owner(s) of the real estate or interests in the real estate comprised of the leases and lands described on Exhibit A.

## VI.

A. It shall be no part of the duty of the Trustee to see to any recording, filing or registration of this Mortgage or any other instrument in addition or supplemental thereto, or to give any notice thereof, or to see to the payment of or be under any duty in respect of any tax or assessment or other governmental charge which may be levied or assessed on the Mortgaged Property, or any part thereof, or against Mortgagors, or to see to the performance or observance by Mortgagors of any of the covenants and agreements contained herein. The Trustee shall not be responsible for the execution, acknowledgment or validity of this Mortgage or of any instrument in addition or supplemental hereto or for the sufficiency of the security purported to be created hereby, and makes no representation in respect thereof or in respect of the rights of the Bank. The Trustee shall have the right to advise with counsel upon any matters arising hereunder and shall be fully protected in relying as to legal matters on the advice of counsel. The Trustee shall not incur any personal liability hereunder except for his own willful misconduct; and

the Trustee shall have the right to rely on any instrument, document or signature authorizing or supporting any action taken or proposed to be taken by him hereunder, believed by him in good faith to be genuine.

B. The Trustee may resign by written notice addressed to or be removed at any time with or without cause by an instrument in writing duly executed on behalf of the Bank. In case of the death, resignation or removal of the Trustee, a successor trustee may be appointed by the Bank by instrument of substitution complying with any applicable requirements of law, or, in the absence of any such requirement, without other formality than appointment and designation in writing. Written notice of such appointment and designation shall be given by the Bank to Mortgagors, but the validity of any such appointment shall not be impaired or affected by failure to give such notice or by any defect therein. Such appointment and designation shall be full evidence of the right and authority to make the same and of all the facts therein recited, and, upon the making of any such appointment and designation, this Mortgage shall vest in the successor trustee named all the estate and title in and to all of the Mortgaged Property, and he shall thereupon succeed to all of the rights, powers, privileges, immunities and duties hereby conferred upon the Trustee named herein, and one such appointment and designation shall not exhaust the right to appoint and designate a successor Trustee hereunder but such right may be exercised repeatedly as long as any Indebtedness remains unpaid hereunder. If no successor Trustee shall have been appointed as contemplated by the foregoing provisions, or if appointed shall not have accepted the appointment, within 30 days after the resignation of, or the occurrence of a vacancy in the office of, the Trustee, then upon application of the Bank or the retiring Trustee, a successor Trustee may be appointed by any court of competent jurisdiction. In case the Notes or any or all of the Indebtedness shall become due and payable and shall not promptly be paid, then upon request of the Bank, the Trustee shall give security, satisfactory to the Bank, for the faithful performance and discharge of his duties hereunder. The cost of, or premium paid for, any bond which may be given as all or part of such security shall be an expense of the Trustee for which he is entitled to reimbursement as provided herein. To facilitate the administration of the duties hereunder the Bank may appoint multiple trustees to serve in such capacity or in such jurisdictions as the Bank may designate.

#### VII.

A. With respect to any portions of the Mortgaged Property located in any State or other jurisdiction the laws of which do not provide for the use of enforcement of a deed of trust or the office, rights and authority of the Trustee as herein provided, the general language of conveyance hereof to the Trustee is intended and the same shall be construed as words of Mortgage unto and in favor of the Bank and the rights and authority granted to the Trustee herein may be enforced and asserted by the Bank in accordance with the laws of the jurisdiction in which such portion of the Mortgaged Property is located and the same may be foreclosed at the option of the Bank as to any or all such portions of the Mortgaged Property in any manner permitted by the law of the jurisdiction in which such portions of the Mortgaged Property is so situated.

B. If all Indebtedness secured hereby shall be paid and all commitments of the Bank to Mortgagors terminated, this Mortgage shall become null and void and the Mortgaged Property shall revert to Mortgagors, and the Bank shall forthwith cause satisfaction and discharge of this Mortgage to be entered upon the record at the expense of the Mortgagors and shall execute and deliver or cause to be executed and delivered such instruments of satisfaction and reassignment as may be appropriate. Otherwise, this Mortgage shall remain and continue in full force and effect.

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

D. This instrument may be construed as a mortgage, deed of trust, chattel mortgage, conveyance, assignment, security agreement, pledge, financing statement, hypothecation or contract, or any one or more of them, in order fully to effectuate the lien hereof and the purposes and agreements herein set forth.

E. The term "Mortgagors" as used herein shall mean and include all and each of the individuals, corporations or other legal entities or persons executing this Mortgage as Mortgagors. The Mortgaged Property shall include any property described in Article I whether owned individually by any Mortgagor or jointly by all or some of the Mortgagors. All obligations, representations, covenants and other agreements hereunder shall apply to each of the Mortgagors separately and jointly and shall be the joint and several Obligations of the Mortgagors. The number and gender of pronouns used in referring to Mortgagors shall be construed to mean and correspond with the number and gender of the individuals, partnerships, corporations or other legal entities or persons executing this Mortgage as Mortgagors. The term "Bank" as used herein shall mean and include any legal owner, holder, assignee or pledgee of any of the Indebtedness secured hereby. The terms used to designate Trustee, the Bank and the Mortgagors shall be deemed to include the respective heirs, legal representatives, successors and assigns of such parties.

F. This instrument is made with full substitution and subrogation of the Trustee and his successors in this trust and his and their assigns in and to all covenants and warranties by others heretofore given or made in respect of the Mortgaged Property or any part thereof.

G. The covenants and agreements herein contained shall constitute covenants running with the land and interests covered or affected hereby and shall be binding upon the heirs, legal representatives, successors and assigns of the parties hereto.

H. If any of the terms or provisions hereof or of any note or other evidence of the Indebtedness secured hereby is susceptible of being construed as binding or obligating Mortgagors or any other person or concern obligated, either primarily or conditionally, for the payment of any Indebtedness secured hereby, under any circumstances or contingencies whatsoever, to pay interest in excess of that authorized by law, it is agreed that such terms or provisions are a mistake in calculation or wording and, notwithstanding the same, it is expressly agreed that neither Mortgagors nor any other person or concern obligated in any manner on any such Indebtedness shall ever be required or obligated under the terms hereof or under the terms of any such note, or other evidence of any of the Indebtedness or otherwise, to pay interest in excess of that authorized by law. It is the intention of the parties hereto to conform strictly to the usury laws now in force in the State of New Mexico, applicable Federal law and the law of any other jurisdiction which may be applicable and any of the aforesaid contracts for interest shall be held to be subject to reduction to the amount allowed under any and all such applicable usury laws.

I. This instrument is being executed in multiple counterpart originals, all of which are identical except to the



extent mentioned in the Introduction to Exhibit A. Each of such counterparts shall for all purposes be deemed to be an original and all such counterparts shall together constitute but one and the same instrument.

WITNESS THE EXECUTION HEREOF, this 9th day of February, 1987 (the "Effective Date").

MORTGAGORS AND DEBTORS:

\* Scott A. Harris  
Scott A. Harris

\* Janet H. Harris  
Janet H. Harris

ABBY CORPORATION

By \* Scott A. Harris  
Scott A. Harris, President

BANK AND SECURED PARTY:

UNITED NEW MEXICO BANK AT  
ROSWELL, N.A.

By Jesse F. Eckel  
Jesse F. Eckel  
Vice President

TRUSTEE:

Jesse F. Eckel  
Jesse F. Eckel

The names, address and taxpayer I.D. numbers of the three Debtors are:

SCOTT A. HARRIS,  
JANET H. HARRIS and  
ABBY CORPORATION  
P. O. Box 1629  
Grand Junction, Colorado 81502

I.D. Number



The name and address of the Secured Party is:

UNITED NEW MEXICO BANK AT ROSWELL, N.A.  
P. O. Box 1977  
400 North Pennsylvania  
Roswell, New Mexico 88201

ACKNOWLEDGMENTS

STATE OF Colorado )  
~~NEW MEXICO~~ )  
          Mesa ) ss.  
COUNTY OF ~~CHAVES~~ )

COLORADO

The foregoing instrument was acknowledged before me this 9th day of February, 1987, by Scott A. Harris and wife, Janet H. Harris.

Witness my hand and official seal.

The foregoing instrument was acknowledged before me this 9th day of February, 1987, by Scott A. Harris, as President of Abby Corporation.

Witness my hand and official seal.

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of February, 1987, by Jesse F. Eckel, as Vice President of United New Mexico Bank at Roswell, N.A.

Witness my hand and official seal.

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of February, 1987, by Jesse F. Eckel, Trustee.

Witness my hand and official seal.

MONTANA AND NORTH DAKOTA

On this 9th day of February, in the year 1987, before me, Doris Ann Morrison, a Notary Public, personally appeared Scott A. Harris and Janet H. Harris, known to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.

On this 9th day of February, in the year 1987, before me, Doris Ann Morrison, a Notary Public, personally appeared Scott A. Harris, known to me to be the President of Abby Corporation that executed the within instrument, and acknowledged to me that such corporation executed the same.

On this \_\_\_\_\_ day of February, in the year 1987, before me, \_\_\_\_\_, a Notary Public, personally appeared Jesse F. Eckel, known to me to be the Vice President of United New Mexico Bank at Roswell, N.A., that executed the within instrument, and acknowledged to me that such national banking association executed the same.

On this \_\_\_\_\_ day of February, in the year 1987, before me, \_\_\_\_\_, a Notary Public, personally appeared Jesse F. Eckel, Trustee, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same.

NEW MEXICO

The foregoing instrument was acknowledged before me this 9th day of February, 1987, by Scott A. Harris and wife, Janet H. Harris.

The foregoing instrument was acknowledged before me this 9th day of February, 1987, by Scott A. Harris, President of Abby Corporation, a New Mexico corporation, on behalf of said corporation.

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of February, 1987, by Jesse F. Eckel, Vice President of United New Mexico Bank at Roswell, N.A., a national banking association, on behalf of said association.

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of February, 1987, by Jesse F. Eckel, Trustee.

WYOMING

The foregoing instrument was acknowledged before me by Scott A. Harris and Janet H. Harris, husband and wife, this 9<sup>th</sup> day of February, 1987.

Witness my hand and official seal.

The foregoing instrument was acknowledged before me by Scott A. Harris, President of Abby Corporation, this 9<sup>th</sup> day of February, 1987.

Witness my hand and official seal.

The foregoing instrument was acknowledged before me by Jesse F. Eckel, Vice President of United New Mexico Bank at Roswell, N.A., this \_\_\_\_\_ day of February, 1987.

Witness my hand and official seal.

The foregoing instrument was acknowledged before me by Jesse F. Eckel, Trustee, this \_\_\_\_\_ day of February, 1987.

Witness my hand and official seal.



Donna Ann Morrison  
Notary Public

My Commission Expires: 7-25-87



STATE OF NEW MEXICO )  
 ) ss.  
COUNTY OF CHAVES )

COLORADO

The foregoing instrument was acknowledged before me this 23rd day of February, 1987, by Jesse F. Eckel, as Vice President of United New Mexico Bank at Roswell, N.A.  
Witness my hand and official seal.

The foregoing instrument was acknowledged before me this 23rd day of February, 1987, by Jesse F. Eckel, Trustee.  
Witness my hand and official seal.

MONTANA AND NORTH DAKOTA

On this 23rd day of February, in the year 1987, before me, Micha Snaitz, a Notary Public, personally appeared Jesse F. Eckel, known to me to be the Vice President of United New Mexico Bank at Roswell, N.A., that executed the within instrument, and acknowledged to me that such national banking association executed the same.

On this 23rd day of February, in the year 1987, before me, Micha Snaitz, a Notary Public, personally appeared Jesse F. Eckel, Trustee, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same.

NEW MEXICO

The foregoing instrument was acknowledged before me this 23rd day of February, 1987, by Jesse F. Eckel, Vice President of United New Mexico Bank at Roswell, N.A., a national banking association, on behalf of said association.

The foregoing instrument was acknowledged before me this 23rd day of February, 1987, by Jesse F. Eckel, Trustee.

WYOMING

The foregoing instrument was acknowledged before me by Jesse F. Eckel, Vice President of United New Mexico Bank at Roswell, N.A., this 23rd day of February, 1987.  
Witness my hand and official seal.

The foregoing instrument was acknowledged before me by Jesse F. Eckel, Trustee, this 23rd day of February, 1987.  
Witness my hand and official seal.



Micha Snaitz  
Notary Public

My Commission Expires: 2-6-88

EXHIBIT A

INTRODUCTION AND INDEX

This is an introduction to the Exhibit "A" which is referred to in the Mortgage, Deed of Trust, Assignment of Production, Security Agreement, and Financing Statement (herein called the "Mortgage") dated February 9th, 1987, by and between SCOTT A. HARRIS and wife, JANET H. HARRIS, and ABBY CORPORATION as Mortgagors, and UNITED NEW MEXICO BANK AT ROSWELL, N.A. and JESSE F. ECKEL, Trustee.

1. Capitalized terms which are used but not defined in this introduction are used as defined in the Mortgage.

2. To facilitate recordation of the Mortgage, a complete description of all of the Specified Property which comprises a portion of the Mortgaged Property (herein called a "Complete Exhibit A") is attached only to that counterpart of the Mortgage which will be filed in the office of the County Clerk for the County of Chaves, State of New Mexico, and all other counterparts of the Mortgage will have attached thereto only such portions of the Complete Exhibit A (herein called a "Partial Exhibit A") as will describe those portions of the Specified Property located in the particular jurisdiction in which such counterpart of the Mortgage is to be filed and/or recorded.

The Complete Exhibit A consists of this Introduction and Index, followed by the detailed descriptions of the Specified Property consisting of properties located in Dolores County, Colorado; Toole County, Montana; Chaves and Lea Counties, New Mexico; and Carbon and Washakie Counties, Wyoming.

Partial Exhibit A consists of this Introduction and Index followed by the detailed descriptions of the Specified Property which comprises a portion of the Mortgaged Property consisting of a relevant portion only of such descriptions and including pages bearing page numbers which correspond to the page numbers of the Complete Exhibit A.

3. Depth limitations, unit designations, unit tract descriptions and descriptions of undivided leasehold interests, well names, "Operating Interests", "Working Interests" and "Net Revenue Interests" contained in this Exhibit "A" shall not be deemed to limit or otherwise diminish the interests being subjected to the lien, security interest and encumbrance of this Mortgage, it being the express intent of the parties hereto that all right, title and interest of the Mortgagor is to be pledged, mortgaged, hypothecated and conveyed hereunder and that numerical designations of any kind whatsoever contained in this Exhibit are solely for the parties hereto and as stated shall not be deemed as a limitation in any form or fashion.

4. Some of the land descriptions in this Exhibit "A" may refer only to a portion of the land covered by a particular lease or operating agreement. This Mortgage is not limited to the land described in Exhibit "A" but is intended to cover the entire interest of Mortgagor in any lease or operating agreement described in Exhibit "A" even if such interest relates to land not described in Exhibit "A". Reference is made to the land descriptions contained in the documents of title recorded as described in this Exhibit "A". To the extent that the land descriptions in this Exhibit "A" are incomplete, incorrect or not legally sufficient, the land descriptions contained in the documents so recorded are incorporated herein by this reference.

5. References in Exhibit "A" to instruments on file in the public records are made for all purposes. Unless provided otherwise, all recording references in Exhibit "A" are to the official real property records of the county or counties (or parish or parishes) in which the mortgaged property is located

and in which records such documents are or in the past have been customarily recorded, whether Deed Records, Oil and Gas Records, Oil and Gas Lease Records or other records.

INDEX OF COMPLETE EXHIBIT A

<u>County</u>	<u>State</u>	<u>Exhibit Pages</u>
Dolores	Colorado	1
Toole	Montana	1
Chaves	New Mexico	1 through 5
Lea	New Mexico	1 through 2
Carbon	Wyoming	1 through 2
Washakie	Wyoming	1

\* Filings in each state will only incorporate the exhibit pages of properties within the state. Filings and recording in each county will only incorporate the exhibit pages of properties within each county, except Chaves County, New Mexico shall have a complete exhibit attached.



EXHIBIT A

FIRST SUPPLEMENT TO MORTGAGE - DEED OF TRUST -  
ASSIGNMENT OF PRODUCTION - SECURITY AGREEMENT  
AND FINANCING STATEMENT

This Mortgage, Deed of Trust, Assignment of Production,  
Security Agreement and Financing Statement does not presently  
include lands in this County; however, supplements to this  
instrument will include lands in this County and reference will  
be made to this original Mortgage.

OFFICIAL RECORDS  
RECORDED AT THE REQUEST OF  
BOOK 209 PAGE 259  
*Hinkle, Cox, Eaton,*  
90 MAR 19 4:08  
*Coffield & Hensley*  
EUREKA COUNTY, NEVADA  
M.N. REBALEATI, RECORDER  
FILE NO. FEE \$ 25.00  
132030

BOOK 209 PAGE 279