

FINANCING STATEMENT AND
MEMORANDUM OF OPERATING AGREEMENT

THE STATE OF NEVADA §
 § KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF WHITE PINE §

1. This Financing Statement and Memorandum of Operating Agreement ("Memorandum") shall be effective concurrently with that certain Operating Agreement (the "Operating Agreement") dated October 18, 1991, by and between EP Operating Company, as Operator ("Operator"), and the party named on Exhibit "A," attached hereto and incorporated herein by reference, as Non-Operator ("Non-Operator"). The Operating Agreement is incorporated herein for all purposes by this reference to the same extent as if it had been set forth in full in the Memorandum. A complete copy of the Operating Agreement is on file in the offices of the Operator at the address shown on Exhibit "A."

2. EACH OF THE PARTIES WHO EXECUTES THIS INSTRUMENT IS DEEMED TO BE A DEBTOR AND A SECURED PARTY FOR THE PURPOSES OF THIS MEMORANDUM AND THE SECURITY INTERESTS PERFECTED HEREBY. THE ADDRESSES OF THE SECURED PARTIES AND THE DEBTORS ARE FULLY SET OUT IN EXHIBIT "A."

3. The Operating Agreement contains, among other provisions, the following provision as part of Article XV:

Notwithstanding anything to the contrary contained in this Operating Agreement, it is understood and agreed that:

- (1) Each Non-Operator, to secure payment of its share of expenses incurred under this Operating Agreement, together with interest thereon at the rate provided in the Accounting Procedure (attached hereto as Exhibit "C"), grants to Operator a lien on all of its right, title, and interest now owned or hereafter acquired in the Contract Area, including, but not limited to, the oil and gas leases, mineral estates, and other mineral interests described in Exhibit "A-1," as hereafter amended, modified, ratified, renewed, or extended; any properties now or hereafter pooled or unitized with any of the properties affected by such mineral interests; and all unsevered and unextracted oil, gas, and other hydrocarbons that may be produced, obtained, or secured from the lands covered and affected by such mineral interests.
- (2) To further secure its share of expenses incurred under this Operating Agreement, together with interest thereon at the rate provided in the Accounting Procedure, each Non-Operator grants to Operator a security interest in all of its interest now owned or hereafter acquired in and to all other properties associated with or attributable to the Contract Area, including: (i) all equipment; (ii) all hydrocarbons severed and extracted from or attributable to the properties described in the Contract Area; (iii) all accounts (including, but not limited to, accounts resulting from the sale of such hydrocarbons), contract rights, and general intangibles arising in connection with the sale or other disposition of such hydrocarbons; (iv) fixtures; and (v) all proceeds and products of all such properties.
- (3) Operator grants a like lien and security interest to the Non-Operator to secure payment of Operator's proportionate share of expenses. Each party paying its share of unpaid expenses pursuant to Article VII.B. hereof shall, to obtain reimbursement thereof, be subrogated to the security rights described in this Agreement.

4. This instrument is intended to be used as a financing statement. The minerals and the accounts which are subject to the security interests herein granted will be financed at the wellheads of the wells located in the Contract Area. This financing statement is to be filed for record in, among other places, the real estate records of the county where such properties are located. This instrument secures future advances and constitutes, among other things, a fixture filing.

5. This Memorandum may be executed in multiple counterparts, each of which shall constitute an original and all of which, when construed together, shall constitute but one and the same instrument. The executed signature and acknowledgement pages of each counterpart may be joined together with a single copy of the body hereof for recording purposes.

DATED this 18th day of October, 1991, but effective as of the effective date of the Operating Agreement.

DEBTORS:

EP OPERATING COMPANY,
a Texas limited partnership
By Enserch Exploration, Inc.,
Managing General Partner

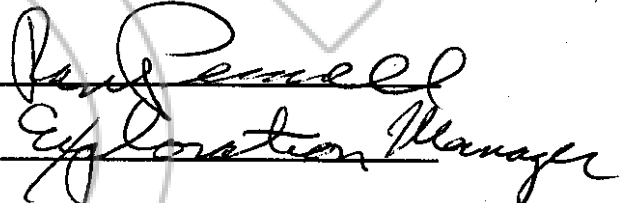
By:


JEFFREY B. CAMP
Senior Vice President

BERRY PETROLEUM COMPANY

By:

Title:


Exploration Manager

STATE OF TEXAS

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COUNTY OF DALLAS

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On this 23rd day of October, 1991, personally appeared before me, a notary public in and for Dallas County, Texas, JEFFREY B. CAMP, known to me to be the person whose name is subscribed to the within instrument as the Senior Vice President of ENSERCH EXPLORATION, INC., a Delaware corporation, as Managing General Partner of EP OPERATING COMPANY, a Texas limited partnership, and acknowledged to me that he executed the above instrument on behalf of ENSERCH EXPLORATION, INC., a Delaware corporation, as Managing General Partner of EP OPERATING COMPANY, a Texas limited partnership, freely and voluntarily and for the uses and purposes therein mentioned.

My commission expires:



Carolyn S. Carroll
Notary Public

STATE OF California

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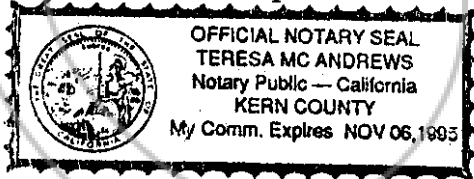
§

COUNTY OF Kern

§

On this 21st day of January, 1992, personally appeared before me, a notary public in and for County of Kern, State of California, known to me to be the person whose name is subscribed to the within instrument as the Exploration Manager of Berry Petroleum Company, Delaware corporation, and acknowledged to me that he executed the above instrument on behalf of Berry Petroleum Company, a Delaware corporation, freely and voluntarily and for the uses and purposes therein mentioned.

My commission expires:



Teresa Mc Andrews
Notary Public

EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THAT CERTAIN FINANCING STATEMENT AND MEMORANDUM OF OPERATING AGREEMENT DATED OCTOBER 18th, 1991, EXECUTED BY AND BETWEEN EP OPERATING COMPANY, AS OPERATOR, AND BERRY PETROLEUM COMPANY, AS NON-OPERATOR.

I. PARTIES TO THE OPERATING AGREEMENT:

A. OPERATOR:

EP OPERATING COMPANY
4849 Greenville Avenue
Suite 1200
Dallas, Texas 75206
Attn: Mr. Byron W. James
Telephone: 214/987-6406
Facsimile: 214/987-7770

B. NON-OPERATOR:

BERRY PETROLEUM COMPANY
Post Office Bin X
Taft, California 93268
Telephone: (805) 769-8811

II. INTERESTS OF THE PARTIES

EP OPERATING COMPANY	66.6667%
BERRY PETROLEUM COMPANY	33.3333%

III. DEPTH LIMITATION

None

IV. OIL AND GAS LEASES COVERED BY THE OPERATING AGREEMENT:

SEE ATTACHED EXHIBIT "A-1"

LITTLE SMOKY VALLEY PROSPECT

LESSOR	EPOC ML #	LAND DESCRIPTION	LEASE EXPIRATION DATE
USA NV N-49122	NV-1	<u>Township 15 North, Range 54 East, M.D.M.</u> Sec. 2: All (Pro. Dia. No. 122) Sec. 3: Lots 3, 4, SW/4, S/2 NW/4 Sec. 3: E/2 (Pro Dia. No. 122) Sec. 4: Lots 1, 2, 3, 4, S/2 W/2, S/2 Sec. 8: All	9-1-93
USA NV N-49123	NV-2	<u>Township 15 North, Range 54 East, M.D.M.</u> Sec. 9: All Sec. 10: E/2, SW/4 (Pro. Dia. No. 122) Sec. 10: NW/4 Sec. 16: All Sec. 17: All	9-1-93
USA NV N-49124	NV-3	<u>Township 15 North, Range 54 East, M.D.M.</u> Sec. 19: Lots 1, 2, 3, 4, E/2 W/2, E/2 Sec. 20: All Sec. 21: E/2, SW/4 (Pro. Dia. No. 122) Sec. 21: NW/4 Sec. 28: All	9-1-93
USA NV N-49110	NV-4	<u>Township 15 North, Range 53 East, M.D.M.</u> Sec. 21: All Sec. 22: All Sec. 23: W/2, SE/4, E/2 NE/4, NW/4 NE/4 Sec. 24: All	9-1-93
USA NV N-49130	NV-5	<u>Township 16 North, Range 54 East, M.D.M.</u> Sec. 28: All Sec. 33: All	9-1-93
USA NV N-49131	NV-6	<u>Township 16 North, Range 54 East, M.D.M.</u> Sec. 34: All Sec. 35: W/2 Sec. 35: E/2 (Pro. Dia No. 126) Sec. 36: All (Pro. Dia No. 126)	9-1-93

LITTLE SHOKY VALLEY LEASEHOLD ACREAGE

LESSOR	EPOC ML #	LAND DESCRIPTION	GROSS ACRES*	NET ACRES*	LEASE EXPIRATION DATE	ROYALTY	EXISTING ORRI**
JSA NV N-49132	NV-7	Township 17 North, Range 54 East, M.D.M. Sec. 22: W/2, SW/4 Sec. 23: SE/4 (Pro. Dia. No. 126) Sec. 27: E/2 (Pro. Dia. No. 126) Sec. 27: W/2 Sec. 34: W/2 Sec. 34: E/2 (Pro. Dia. No. 126)	1920	1920	9-1-93	12.5%	6.5%
JSA NV N-47926	NV-19	Township 17 North, Range 54 East, M.D.M. Sec. 16: S/2 Sec. 21: All Sec. 28: W/2	1280.00	1290.00	5-1-98	12.5%	5.0%

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OFFICIAL RECORDS
RECORDED AT THE REQUEST OF
EP operating Co
'92 Feb 3 P3:25
EUREKA COUNTY, NEVADA
M.N. REBALEATI, RECORDER
FILE NO. FEE \$ 10.00

139755