

166277

Eureka County, Nevada

**MORTGAGE, OPEN-END MORTGAGE, COLLATERAL REAL ESTATE MORTGAGE,
DEED OF TRUST, INDENTURE, SECURITY AGREEMENT,
FINANCING STATEMENT AND ASSIGNMENT OF PRODUCTION**

(THIS INSTRUMENT CONTAINS AFTER-ACQUIRED PROPERTY PROVISIONS)

FROM

PROVIDENCE ENERGY CORP.
(Mortgagor and Debtor)
Taxpayer Identification Number: 75-2493397

TO

N. David Porter, Trustee
for the benefit of

COMPASS BANK
(Mortgagee and Secured Party)
Taxpayer Identification Number: 75-2301051

February 13, 1997

For purposes of filing this Deed of Trust as a financing statement, the mailing address of Mortgagor is 3838 Oaklawn Avenue, Suite 1222, Dallas, Texas 75219; the mailing address of Mortgagee is Suite 250, 8080 N. Central Expressway, Dallas, Texas 75206.

This instrument, prepared by Frank P. McEachern, JACKSON & WALKER, L.L.P., 901 Main Street, Suite 6000, Dallas, Texas 75202-3797, (214) 953-6000, contains after-acquired property provisions and covers future advances and proceeds to the fullest extent allowed by applicable law.

ATTENTION OF RECORDING OFFICER: This instrument is a mortgage of both real and personal property and is, among other things, a Security Agreement and Financing Statement under the Uniform Commercial Code. This instrument creates a lien on rights in or relating to lands and minerals of Mortgagor which are described in Exhibit A hereto or in documents described in Exhibit A and is to be recorded in the real estate records and other appropriate records maintained in the county wherein this instrument is filed for recordation.

RECORDED DOCUMENT SHOULD BE RETURNED TO:

JACKSON & WALKER, L.L.P.
901 Main Street, Suite 6000
Dallas, Texas 75202-3797
Attn.: Frank P. McEachern

**MORTGAGE, OPEN-END MORTGAGE, COLLATERAL REAL ESTATE MORTGAGE,
DEED OF TRUST, INDENTURE, SECURITY AGREEMENT,
FINANCING STATEMENT AND ASSIGNMENT OF PRODUCTION**

(THIS INSTRUMENT CONTAINS AFTER-ACQUIRED PROPERTY PROVISIONS)

**A POWER OF SALE HAS BEEN GRANTED IN THIS
DEED OF TRUST. A POWER OF SALE MAY ALLOW THE MORTGAGEE
TO TAKE THE MORTGAGED PROPERTY AND SELL IT WITHOUT
GOING TO COURT IN A FORECLOSURE ACTION UPON DEFAULT
BY THE MORTGAGOR UNDER THIS DEED OF TRUST.**

This Mortgage, Open-End Mortgage, Collateral Real Estate Mortgage, Deed of Trust, Indenture, Security Agreement, Financing Statement, and Assignment of Production (this "Deed of Trust") is executed pursuant to the Credit Agreement dated as of June 5, 1996, by and between Providence Energy Corp., a Texas corporation, whose Taxpayer Identification Number is 75-2493397 ("Mortgagor"), and Compass Bank, a Texas banking association, whose Taxpayer Identification Number is 75-2301051 (as amended, restated, or supplemented from time to time, the "Credit Agreement"). Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

Mortgagor, acting herein by and through its proper officers who have heretofore been duly authorized, and with its principal office in Dallas, Texas, and whose mailing address is 3838 Oaklawn Avenue, Suite 1222, Dallas, Texas 75219, hereby agrees as follows:

ARTICLE I

GRANT

1.1 Lien. Mortgagor, for valuable consideration, the receipt of which is hereby acknowledged, and in consideration of the debt and trust hereinafter mentioned, has granted, bargained, sold, conveyed, transferred and assigned, and by these presents does grant, bargain, sell, convey, transfer and assign to N. David Porter, Trustee, whose address is Suite 250, 8080 N. Central Expressway, Dallas, Texas 75206, and his successors and substitutes in trust, as hereinafter provided (the "Trustee"), for the benefit of Compass Bank, a Texas banking association, the banking quarters for which are in Dallas, Dallas County, Texas, the mailing address for which is Suite 250, 8080 N. Central Expressway, Dallas, Texas 75206 ("Mortgagee"), the following described Property:

(a) all right, title, and interest, whether now owned and existing or hereafter acquired or arising, of Mortgagor in and to the leases, rights-of-way, easements, or other documents described in Exhibit A attached hereto and incorporated herein for all purposes (herein called "Exhibit A") or described or referred to in the documents described in Exhibit A, without regard to any surface acreage and/or depth limitations set forth in Exhibit A, and all renewals and extensions thereof and all new leases, rights-of-way, easements, or other documents (i) in which an interest is acquired by Mortgagor after the termination or expiration of any lease, right-of-way, easement, or other document described or referred to in Exhibit A, and (ii) that covers all or any part of the Property described in and covered by such terminated or expired lease, right-of-way, easement, or other document, to the extent, and only to the extent, such new leases, rights-of-way, easements, or other documents may cover such Property (all of the foregoing in this subsection (a) being the "Leases");

(b) all right, title, and interest, whether now owned and existing or hereafter acquired or arising, of Mortgagor in and to the lands subject to the Leases or otherwise described or referred to in Exhibit A, without regard to any surface acreage and/or depth limitations set forth in Exhibit A (the "Lands"), including, without limitation, the oil, gas, mineral, and leasehold estates in and to the Lands;

(c) all right, title, and interest, whether now owned and existing or hereafter acquired or arising, of Mortgagor in and to any of the oil, gas, and minerals in, on, or under the Lands, including, without limitation, all contractual rights, fee interests, leasehold interests, overriding royalty interests, non-participating royalty interests, mineral interests, production payments, net profits interests, or any other interest measured by or payable out of production of oil, gas, or other minerals from the Leases and/or Lands;

(d) all of the foregoing interests of Mortgagor as such interests may be enlarged by the discharge of any payments out of production or by the removal of any charges or encumbrances;

(e) all right, title, and interest, whether now owned and existing or hereafter acquired or arising, of Mortgagor in, to, and under or derived from any present or future operating, farmout, bidding, pooling, unitization, and communitization agreements, assignments, and subleases, whether or not described in Exhibit A, to the extent, and only to the extent, that such agreements, assignments, and subleases cover or include any right, title, and interest, whether now owned and existing or hereafter acquired or arising, of Mortgagor in and to all or any portion of the Leases and/or the Lands, and all units created by any such pooling, unitization, and communitization agreements and all units formed under orders, regulations, rules, or other official acts of any Governmental Authority having jurisdiction, to the extent and only to the extent that such units cover or include all or any portion of the Leases and/or the Lands;

(f) all right, title, and interest, whether now owned and existing or hereafter acquired or arising, of Mortgagor in, to, and under or derived from all presently existing and future advance payment agreements, oil, casinghead gas, and gas sales, exchange, and processing contracts and agreements, including, without limitation, those contracts and agreements that are described or referred to in Exhibit A, to the extent, and only to the extent, those contracts and agreements cover or include all or any portion of the Leases and/or the Lands; and

(g) all right, title, and interest, whether now owned and existing or hereafter acquired or arising, of Mortgagor in, to, and under or derived from all existing and future permits, licenses, easements, and similar rights and privileges that relate to or are appurtenant to any of the Leases and/or the Lands.

1.2 **Security Interest.** Mortgagor, for the same consideration, hereby grants to Mortgagee a continuing security interest in all improvements and all personal Property of any kind or character defined in and subject to the provisions of the UCC, including the proceeds and products from any and all of such improvements and personal Property, whether now owned and existing or hereafter acquired or arising, and situated on any of the Lands, including, but not limited to, pipe, casing, tubing, rods, storage tanks, boilers, loading racks, pumps, foundations, warehouses, and all other personal Property and equipment of every kind and character upon, incident, appurtenant, or belonging to and used in connection with the interest of Mortgagor, whether now owned and existing or hereafter acquired or arising, in the Lands and/or the Leases, including all oil, gas, and other minerals produced or to be produced to the account of Mortgagor from the Lands and all accounts receivable, general intangibles, and contract rights of Mortgagor in connection with the Lands and/or the Leases and all proceeds, products, substitutions, and exchanges thereof (the Lands, the Leases, and the real and personal Property interests described in this Section and in Section 1.1 being the "Mortgaged Property").

1.3 **Assignment of Security.** Mortgagor, for the same consideration, hereby grants to Mortgagee any and all rights of Mortgagor to Liens securing payment of proceeds from the sale of production from the Mortgaged Property.

1.4 **After-Acquired Property.** Mortgagor, for the same consideration, hereby grants, bargains, sells, conveys, transfers, and assigns to the Trustee or grants to Mortgagee a continuing security interest in, as the case may be, all additional right, title, or interest which Mortgagor may hereafter acquire or become entitled to in the interests, Properties, Lands, Leases, and premises aforesaid, and in the oil, gas, or other minerals in and under or produced from or attributable to any of the Lands or Leases, which additional right, title, and interest, when acquired, shall constitute "Mortgaged Property," the same as if expressly described and conveyed herein.

1.5 **Habendum.** TO HAVE AND TO HOLD all and singular the Mortgaged Property and all other Property which, by the terms hereof, has or may hereafter become subject to the Liens of this Deed of Trust, together with all rights, hereditaments, and appurtenances in anywise belonging thereto, to the Trustee or Mortgagee, as the case may be, or the substitutes, successors or assigns of either of them forever.

ARTICLE II

INDEBTEDNESS SECURED

This conveyance is made, IN TRUST, HOWEVER, to secure and enforce the payment of the following indebtedness, obligations, and liabilities:

2.1 Specific Obligations. The Obligations, including, without limitation, the indebtedness evidenced by the promissory note dated June 5, 1996, executed by Mortgagor to the order of Mortgagee in the principal sum of FIVE MILLION DOLLARS (\$5,000,000), bearing interest and payable as therein provided, and as provided in the Credit Agreement, with the final payment thereof due on or before October 1, 1999.

2.2 Other and Further Indebtedness. This Deed of Trust is intended to secure a revolving credit line as set forth in the Credit Agreement. If intermediate paydowns by Mortgagor reduce the outstanding Indebtedness to zero, it is intended that the Liens created under this Deed of Trust shall remain in full force and effect as long as any Commitment exists. In addition, it is contemplated that Mortgagor may from time to time borrow additional sums of money from or otherwise be or become obligated to Mortgagee. This Deed of Trust is given to secure any and all indebtedness of Mortgagor, present or future, either direct or indirect, primary or secondary, fixed or contingent, which Mortgagor may now or hereafter owe, or as to which Mortgagor may in any manner become obligated to Mortgagee for payment, including, without limitation, indebtedness arising by way of guaranty as to obligations of another to Mortgagee and indebtedness originally owed to a party other than Mortgagee but which becomes owing to Mortgagee as the result of Mortgagee having acquired the right to payment thereof. This Deed of Trust shall likewise secure not only the above-described indebtedness, but any and all renewals for any period, extensions, and rearrangements of all or any portion thereof; and the Liens under this Deed of Trust shall be cumulative of all other Liens and security of any and every other kind or character whatsoever securing the above-described indebtedness. Notwithstanding the foregoing, it is not the intention of the parties hereto to extend the Liens of this Deed of Trust so as to violate, or give rise to an allegation of violation of, any provision of any statute, regulation, rule, ordinance or order of any applicable jurisdiction, or any agency or subdivision of any of such jurisdictions. In this connection, this Deed of Trust shall not, solely as to the relevant indebtedness, serve as security for any indebtedness when for it to do so would violate any provision of any statute, regulation, rule, ordinance or order of any applicable jurisdiction, or any agency or subdivision of any of such jurisdictions.

2.3 Indebtedness. The word "Indebtedness" wherever used in this Deed of Trust shall refer to all present and future debts, obligations, and liabilities described or referred to in this Article II, subject, however, to the limitations provided hereinabove in this Article II.

ARTICLE III

WARRANTIES

3.1 Warranty of Title. Mortgagor hereby binds itself, its legal representatives, successors, and assigns, to warrant and forever defend all and singular the Mortgaged Property to the Trustee and the successors and assigns of the Trustee forever against every Person whomsoever lawfully claiming or to claim the same or any part thereof, subject, however, to Permitted Liens. Notwithstanding that this Deed of Trust covers all of the right, title, and interest, whether now owned and existing or hereafter acquired or arising, of Mortgagor in and to the Mortgaged Property, Mortgagor, for itself, its legal representatives, successors, and assigns, further covenants, represents, and warrants that Mortgagor has good and indefeasible title to the Mortgaged Property and that the interests of Mortgagor in and to the Leases and/or Lands described in Exhibit A are not greater than the working interest nor less than the net revenue interest, overriding royalty interest, net profit interest, production payment interest, royalty interest, or other interest payable out of or measured by production set forth in connection with each oil and gas well described in Exhibit A. In the event Mortgagor owns any other or greater interest, such additional interest is nonetheless included in, covered by, and subject to the liens and security interests created by this Deed of Trust.

3.2 Additional Warranties. In consideration of the Indebtedness, Mortgagor, for itself, its legal representatives, successors, and assigns, covenants, represents, and warrants that:

(a) Leases in Effect. All of the Leases specifically described or referred to in Exhibit A are in full force and effect. All covenants, express or implied, in respect of the Leases specifically described or referred to in Exhibit A, or of any assignment of any of such Leases, which may affect the validity of any of such Leases, have been performed.

(b) Interests Free of Liens. The interests of Mortgagor in the Mortgaged Property are free and clear of all Liens, except for Permitted Liens. All gross production taxes and all taxes as to which non-payment could result in a Lien against any of the Mortgaged Property have been paid.

ARTICLE IV

COVENANTS OF MORTGAGOR

In consideration of the Indebtedness, Mortgagor, for itself, its legal representatives, successors, and assigns, covenants and agrees as follows:

4.1 Maintenance of Leases. Mortgagor will keep and continue all Leases, estates, and interests herein described and all contracts and agreements relating thereto in full force and effect in accordance with the terms thereof and will not permit the same to lapse or

otherwise become impaired for failure to comply with the obligations thereof, whether express or implied. In this connection, Mortgagor shall not release any of the Leases without the prior written consent of Mortgagee.

4.2 Maintenance of Property. Mortgagor will keep and maintain all improvements, personal Property, and equipment now or hereafter situated on the Lands and constituting a portion of the Mortgaged Property and used or obtained in connection therewith in good repair and condition, ordinary wear and tear excepted, and will not tear down or remove the same or permit the same to be torn down or removed without the prior consent of Mortgagee, except in the usual course of operations as may be required for replacement when otherwise in compliance with the provisions of this Deed of Trust and the Credit Agreement.

4.3 Pooling or Unitization. Mortgagor will not, without the prior written consent of Mortgagee, pool or unitize all or any part of the Mortgaged Property where the pooling or unitization would result in the diminution of the net revenue interest of Mortgagor in production from the pooled or unitized lands attributable to the Mortgaged Property constituting a portion of such pooled or unitized lands. Immediately after the formation of any pool or unit in accordance herewith, Mortgagor will furnish to Mortgagee a conformed copy of the pooling agreement, declaration of pooling, or other instrument creating the pool or unit. The interest of Mortgagor included in any pool or unit attributable to the Mortgaged Property or any part thereof shall become a part of the Mortgaged Property and shall be subject to the Liens hereof in the same manner and with the same effect as though the pool or unit and the interest of Mortgagor therein were specifically described in Exhibit A. In the event any proceedings of any Governmental Authority which could result in pooling or unitizing all or any part of the Mortgaged Property are commenced, Mortgagor shall give immediate written notice thereof to Mortgagee. Any pooling or unitization of all or any part of the Mortgaged Property in violation of this Section shall be of no force or effect against the Trustee or Mortgagee.

4.4 Operation of Mortgaged Property. Mortgagor will operate or, to the extent that the right of operation is vested in others, will exercise its best efforts to require the operator to operate the Mortgaged Property and all wells now or hereafter located thereon continuously and in a prudent and workmanlike manner in accordance with the best usage of the field and in accordance with all applicable Requirements of Law. Mortgagor will comply with all terms and conditions of the Leases and each assignment or contract obligating Mortgagor in any way with respect to the Mortgaged Property; but nothing herein shall be construed to empower Mortgagor to bind the Trustee or Mortgagee to any contract or obligation or render the Trustee or Mortgagee in any way responsible or liable for bills or obligations incurred by Mortgagor.

4.5 Compliance with Operating Agreements. Mortgagor agrees to promptly pay all bills for labor and materials incurred in the operation of the Mortgaged Property and will promptly pay its share of all costs and expenses incurred under any joint operating agreement affecting the Mortgaged Property or any portion thereof; will furnish Mortgagee, as and when requested, full information as to the status of any joint account maintained with others under any such operating agreement; will not take any action to incur any liability or Lien thereunder; and will not enter into any new operating agreement or any amendment of any existing operating agreement affecting the Mortgaged Property without the prior written consent of Mortgagee.

Furthermore, Mortgagor will not consent or agree to participate in any proposed operation under any presently existing operating agreement affecting the Mortgaged Property unless Mortgagee obtains the prior written consent of Mortgagee and, if requested by Mortgagee, deposits with the operator or Mortgagee, where Mortgagor is a non-operator, or with Mortgagee, where Mortgagor is an operator, Mortgagor's share of the estimated cost of the proposed operation prior to electing to participate in the operation. To the extent that Mortgagor is unable to consent to any proposed operation with respect to any of the Mortgaged Property, prior to electing not to participate in the proposed operation, Mortgagor will use its best efforts, to the extent practicable and to the extent allowed to do so under the relevant operating agreement or other applicable contract, to farmout to others acceptable to Mortgagee, on the best terms obtainable and acceptable to Mortgagee, the interest or relevant portion of the interest of Mortgagor in the proposed operation.

4.6 Access to Mortgaged Property. Mortgagor will permit Mortgagee and its accredited agents, representatives, attorneys and employees, at the expense of Mortgagor, at all times to go upon, examine, inspect, conduct environmental audits and other testing of, and remain on, the Mortgaged Property, and to go upon the derrick floor of any well at any time drilled or being drilled thereon, and will furnish Mortgagee, upon request, all pertinent information regarding the development and operation of the Mortgaged Property.

4.7 Waivers. Mortgagor hereby expressly waives, to the full extent permitted by applicable law, any and all rights or privileges of marshalling of assets, sale in inverse order of alienation, notices, appraisements, redemption, and any prerequisite in the event of foreclosure of the Liens created herein. Mortgagee at all times shall have the right to release any part of the Mortgaged Property now or hereafter subject to the Liens of this Deed of Trust, any part of the proceeds of production or other income herein or hereafter assigned or pledged, or any other security it now has or may hereafter have securing the Indebtedness, without releasing any other part of the Mortgaged Property, proceeds, or income, and without affecting the Liens hereof as to the part or parts of the Mortgaged Property, proceeds, or income not so released or the right to receive future proceeds and income.

4.8 Compliance with Laws. Mortgagor will comply with all Requirements of Law applicable to the Mortgaged Property and the operations conducted thereon, including, without limitation, the Natural Gas Policy Act of 1978, as amended, and Environmental Laws; and cause all employees, crew members, agents, contractors, sub-contractors, and future lessees (pursuant to appropriate lease provisions) of Mortgagor, while such Persons are acting within the scope of their relationship with Mortgagor, to comply with all such Requirements of Law as may be necessary or appropriate to enable Mortgagor to so comply.]

4.9 Hazardous Substances Indemnification. **MORTGAGOR HEREBY INDEMNIFIES AND HOLDS MORTGAGEE, ITS SHAREHOLDERS, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, ATTORNEYS-IN-FACT, AND AFFILIATES AND THE TRUSTEE HARMLESS FROM AND AGAINST ANY AND ALL CLAIMS, LOSSES, DAMAGES, LIABILITIES, FINES, PENALTIES, CHARGES, ADMINISTRATIVE AND JUDICIAL PROCEEDINGS AND ORDERS, JUDGMENTS, REMEDIAL ACTIONS, REQUIREMENTS AND ENFORCEMENT ACTIONS OF ANY KIND, AND ALL COSTS AND EXPENSES INCURRED IN CONNECTION THEREWITH (INCLUDING,**

WITHOUT LIMITATION, ATTORNEYS' FEES AND EXPENSES), ARISING DIRECTLY OR INDIRECTLY, IN WHOLE OR IN PART, FROM (A) THE PRESENCE OF ANY HAZARDOUS SUBSTANCES ON, UNDER, OR FROM ANY MORTGAGED PROPERTY, WHETHER PRIOR TO OR DURING THE TERM HEREOF, (B) ANY ACTIVITY CARRIED ON OR UNDERTAKEN ON OR OFF ANY MORTGAGED PROPERTY, WHETHER PRIOR TO OR DURING THE TERM HEREOF, AND WHETHER BY MORTGAGOR OR ANY PREDECESSOR IN TITLE, EMPLOYEE, AGENT, CONTRACTOR, OR SUBCONTRACTOR OF MORTGAGOR OR ANY OTHER PERSON AT ANY TIME OCCUPYING OR PRESENT ON ANY MORTGAGED PROPERTY, IN CONNECTION WITH THE HANDLING, TREATMENT, REMOVAL, STORAGE, DECONTAMINATION, CLEANUP, TRANSPORTATION, OR DISPOSAL OF ANY HAZARDOUS SUBSTANCES AT ANY TIME LOCATED OR PRESENT ON OR UNDER SUCH PROPERTY, (C) ANY RESIDUAL CONTAMINATION ON OR UNDER ANY MORTGAGED PROPERTY, (D) ANY CONTAMINATION OF ANY MORTGAGED PROPERTY OR NATURAL RESOURCES ARISING IN CONNECTION WITH THE GENERATION, USE, HANDLING, STORAGE, TRANSPORTATION, OR DISPOSAL OF ANY HAZARDOUS SUBSTANCE BY MORTGAGOR OR ANY EMPLOYEE, AGENT, CONTRACTOR, OR SUBCONTRACTOR OF MORTGAGOR WHILE SUCH PERSONS ARE ACTING WITHIN THE SCOPE OF THEIR RELATIONSHIP WITH MORTGAGOR, IRRESPECTIVE OF WHETHER ANY OF SUCH ACTIVITIES WERE OR WILL BE UNDERTAKEN IN ACCORDANCE WITH APPLICABLE REQUIREMENTS OF LAW, OR (E) THE PERFORMANCE AND ENFORCEMENT OF THIS DEED OF TRUST OR ANY OTHER ACT OR OMISSION IN CONNECTION WITH OR RELATED TO THIS DEED OF TRUST OR THE TRANSACTIONS CONTEMPLATED HEREBY, INCLUDING, WITHOUT LIMITATION, ANY OF THE FOREGOING IN THIS SECTION ARISING FROM NEGLIGENCE, WHETHER SOLE OR CONCURRENT, ON THE PART OF MORTGAGEE OR ANY OF ITS SHAREHOLDERS, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, ATTORNEYS-IN-FACT, OR AFFILIATES OR THE TRUSTEE; WITH THE FOREGOING INDEMNITY SURVIVING SATISFACTION OF THE INDEBTEDNESS, THE TERMINATION OF THE CREDIT AGREEMENT, AND THE RELEASE OF THE LIENS CREATED HEREBY.

4.10 Site Assessments. Mortgagee (by its officers, employees and agents) at any time and from time to time, either prior to or after the occurrence of an Event of Default, may contract, at the expense of Mortgagor, for the services of Persons (the "Site Reviewers") to perform environmental site assessments and other tests ("Site Assessments") on all or any portion of the Mortgaged Property for the purpose of determining whether any environmental condition exists on any Mortgaged Property which could reasonably be expected to result in any liability, cost, or expense to Mortgagee or any owner, occupier, or operator of such Mortgaged Property. The Site Assessments may be performed at any time or times, upon reasonable notice, and under reasonable conditions established by Mortgagor which do not impede the performance of the Site Assessments. The Site Reviewers are hereby authorized to enter upon all or any portion of the Mortgaged Property for such purposes. The Site Reviewers are further authorized to perform both above and below the ground testing for environmental damage or the presence of Hazardous Substances on the Mortgaged Property and such other tests on the Mortgaged Property as may be necessary to conduct the Site Assessments in the reasonable opinion of the Site Reviewers. Mortgagor will supply to the Site Reviewers such historical and operational information regarding the Mortgaged Property as may be reasonably requested by the Site Reviewers to facilitate the Site Assessments and will make available for meetings with the Site Reviewers appropriate personnel having knowledge of such matters. On request, Mortgagee

shall make the results of such Site Assessments available to Mortgagor, which, prior to an Event of Default, may at its election participate under reasonable procedures in the direction of such Site Assessments and the description of tasks of the Site Reviewers. The cost of performing all Site Assessments shall be paid by Mortgagor upon demand of Mortgagee and any such obligations shall be Indebtedness secured by this Deed of Trust.

4.11 Uneconomic Wells. Should proceeds from the sale of production from any oil and/or gas well constituting part of the Mortgaged Property (net of production, severance and windfall profit taxes and royalties, overriding royalties and other payments out of or measured by production) not exceed the expense of operation of such well (including, but not limited to, operator's overhead, payments to contractors and suppliers, and annual taxes assessed on the basis of the value of the Property prorated on a monthly basis, but expressly excluding any portion of the cost of drilling or completing the relevant well or the cost of non-routine workover or remedial operations) for a period in excess of three consecutive calendar months, then, upon receipt by Mortgagor of written notification from Mortgagee, Mortgagor will (a) take all necessary steps to abandon the relevant well, or (b) provide from sources other than proceeds from the sale of production attributable to the Mortgaged Property (i.e., through borrowings or contractual commitments obtained from third parties not in violation of any provision of this Deed of Trust or any other Loan Document) the funds required to pay the share of Mortgagor of the expenses associated with the continuing operation of such well.

4.12 Performance of Gas Contracts. Mortgagor will perform and observe in all material respects all of its obligations under each contract relating to the sale of gas produced from or attributable to the Mortgaged Property and will not, except in good faith and as the result of arm's length negotiations and with prior written notice to Mortgagee, change, modify, amend or waive any of the terms or provisions of any such contract or take any other action which would release any other party from its obligations or liabilities under any such contract.

4.13 Covenants Running with the Land. All covenants and agreements herein contained shall constitute covenants running with the Land.

ARTICLE V

DEFEASANCE, FORECLOSURE AND OTHER REMEDIES

5.1 Defeasance. Should the Commitment terminate and the Indebtedness be paid, then the conveyance of the Mortgaged Property shall become of no further force and effect, and, at the request and expense of Mortgagor, the Lien granted hereunder shall be released, without recourse or warranty; otherwise, it shall remain in full force and effect.

5.2 Events of Default. The occurrence of any Event of Default under the Credit Agreement shall constitute an Event of Default under this Deed of Trust.

5.3 Acceleration and Exercise of Power of Sale. (a) Upon the occurrence of an Event of Default specified in Sections 7.1(f) or 7.1(g) of the Credit Agreement, the aggregate principal amount of all Indebtedness then outstanding and all interest accrued thereon shall automatically become immediately due and payable, without presentment, demand, protest, notice of protest, default or dishonor, notice of intent to accelerate maturity, notice of acceleration of maturity, or other notice of any kind, all of which are hereby expressly waived by Mortgagor to the full extent permitted by applicable law. Upon the occurrence of any other Event of Default, Mortgagee may declare the aggregate principal amount of all Indebtedness then outstanding and all interest accrued thereon immediately due and payable, whereupon the same shall become immediately due and payable without presentment, demand, protest, notice of protest, default or dishonor, notice of intent to accelerate maturity, notice of acceleration of maturity, or other notice of any kind, all of which are hereby expressly waived by Mortgagor to the full extent permitted by applicable law.

(b) The Mortgagee may, where permitted by law, request the Trustee to proceed with foreclosure, and in such event the Trustee is hereby authorized and empowered, and it shall be his special duty, upon such request of the Mortgagee, to sell the Mortgaged Property, or any part thereof, at public auction to the highest bidder or bidders for cash, at the courthouse door of the county (or judicial district thereof) in the State wherein the Lands then subject to the lien and security interest hereof are situated; provided that if the Lands are situated in more than one county (or judicial district thereof), and if permitted by applicable law, such sale of the Mortgaged Property, or part thereof, may be made in any county in the State wherein any part of the Lands then subject to the lien and security interest hereof are situated. Any such sale shall be made at public outcry, on the day of any month, during the hours of such day, and after written notices thereof have been publicly posted in such places and for such time periods and all persons and entities entitled to notice thereof have been sent such notice, all as required by applicable law. If the applicable law in force as of the date hereof should hereafter be amended to require a different notice of sale applicable to sales of property of the nature of the Mortgaged Property under power of sales conferred by mortgages or deeds of trust, the Trustee may, in his sole discretion, and to the extent permitted by applicable law, either give the notice of sale required by applicable law in effect on the date hereof or the notice of sale required by the amended law; and nothing herein shall be deemed to require the Mortgagee or Trustee to perform, and the Mortgagee and Trustee shall not be required to do, any act other than as required by applicable law in effect at the time of any such sale. After such sale, the Trustee shall make to the purchaser or purchasers thereunder good and sufficient deeds and assignments, in the name of the Mortgagor, conveying the Mortgaged Property, or any part thereof, so sold to the purchaser or purchasers with appropriate warranties of title on behalf of the Mortgagor. Sale of a part of the Mortgaged Property shall not exhaust the power of sale, and the sales may be made from time to time until the Indebtedness is paid and performed in full. It shall not be necessary to have present or to exhibit at any such sale any of the personal property. In addition to the rights and powers of sale granted under the preceding provisions of this Section 5.3(b), if default is made in the payment of any installment of, or performance of, the Indebtedness, the Mortgagee, at its option, at once, or at any time thereafter while any matured installment remains unpaid, without declaring the entire Indebtedness to be due and payable, may orally or in writing direct the Trustee to enforce this trust and to sell the Mortgaged Property subject to such unmatured Indebtedness and the liens and security interests securing its payment, in the

same manner, on the same terms, at the same place and time, and after having given notice in the same manner, all as provided in the preceding provisions of this Section 5.3(b). After such sale, the Trustee shall make due conveyance to the purchaser or purchasers. Sales made without maturing the Indebtedness may be made hereunder whenever there is a default in the payment of any installment of the Indebtedness without exhausting the power of sale granted hereby, and without affecting in any way the power of sale granted under this Section 5.3(b) or the unmatured balance of the Indebtedness (except as to any proceeds of any sale which the Mortgagee may apply as a prepayment on the Indebtedness) or the liens and security interests securing payment of the Indebtedness. It is intended by each of the foregoing provisions of this Section 5.3(b) that the Trustee may, where permitted by law, after any requests or direction by the Mortgagee, sell not only the Leases but also all items constituting a part of the Mortgaged Property, or any part thereof, together with the Lands, or any part thereof, all as a unit and as a part of the single sale, or may sell any part of the Mortgaged Property separately from the remainder of the Mortgaged Property. The purchaser at any such sale shall not assume, nor shall the heirs, legal representatives, successors or assigns of such purchaser, be deemed to have assumed, by reason of the acquisition of Property or rights mortgaged hereunder, any liability or obligation of any lessee or operator of the Mortgaged Property, or any part thereof, arising by reason of any occurrence taking place prior to such sale. It shall not be necessary to have present, or to exhibit at any such sale, any of the personal Property subject to the Lien hereof.

5.4 Rights as Secured Party. Upon the occurrence of any Event of Default, Mortgagee shall be entitled to all of the rights, powers, and remedies afforded a secured party by the UCC with respect to the personal Property and fixtures in which Mortgagee has been granted a security interest hereby, or Mortgagee may proceed in accordance with the provisions hereof as to both the real and personal Property covered hereby.

5.5 Application of Proceeds of Sale. The Trustee is authorized to receive the proceeds of each sale of Mortgaged Property and apply the same as follows:

FIRST: to the payment of all necessary costs and expenses incident to the execution of this Deed of Trust, including, but not limited to, a fee to the Trustee of 5% of the amount realized at the sale, if required by the Trustee;

SECOND: to any and all Indebtedness then hereby secured, application to be made in such order and in such manner as Mortgagee may, in its discretion, elect;

THIRD: the balance, if any, to Mortgagor or its successors or assigns, or other Person legally entitled thereto.

5.6 Trustee. It is agreed that in any deed or deeds given by the Trustee, any and all statements of fact or other recitals therein made as to the identity of the Mortgagee or the Mortgagor, or as to the occurrence or existence of any Event of Default, or as to the acceleration of the maturity of the Indebtedness, or as to the request to sell, notice of sale, time, place, terms, and manner of sale and receipt, distribution, and application of the money realized

therefrom, or as to the due and proper appointment of a substitute Trustee, and, without being limited by the foregoing, as to any other act or thing having been duly done by the Mortgagee or by the Trustee, shall be taken by all courts of law and equity as prima facie evidence that such statements or recitals are for all purposes correct statements of the facts and are without further question to be so accepted, and the Mortgagor does hereby ratify and confirm any and all acts that the Trustee may lawfully perform by virtue hereof. In the event of the resignation or death of the Trustee, or his failure, refusal, or inability, for any reason, to make any such sale or to perform any of the trusts herein declared, or, at the option of the Mortgagee, without cause, Mortgagee may appoint, in writing, a substitute Trustee, who shall thereupon succeed to all the estates, titles, rights, powers, and trusts herein granted to and vested in the Trustee. Such appointment may be made on behalf of the Mortgagee by any Person who is then the president, or a vice president, or the cashier or secretary, or any other duly authorized officer or agent, of the Mortgagee. In the event of the resignation or death of any such substitute Trustee, or his failure, refusal, or inability to make any such sale or perform such trusts, or, at the option of the Mortgagee, without cause, successive substitute Trustees may thereafter, from time to time, be appointed in the same manner. The Trustee, or his successor or substitute, is hereby authorized and empowered to appoint any one or more Persons as his attorneys-in-fact or agents to act as Trustee under him and in his name, place and stead, such appointment to be evidenced by a written instrument executed by the Trustee, or his successor or substitute, to perform any one or more act or acts necessary or incident to any sale under the power of sale hereunder, including, without limitation, the posting and filing of any notices, the conduct of the sale and the execution and delivery of any instruments conveying the Mortgaged Property as a result of the sale, but in the name and on behalf of the Trustee, or his successor or substitute; and all acts done or performed by such attorneys-in-fact or agents shall be valid, lawful and binding as if done or performed by the Trustee, or his successor or substitute.

5.7 Abandonment of Sale. In the event a foreclosure hereunder should be commenced by Trustee in accordance with Section 5.3(b) hereof, Mortgagee may at any time before the sale direct Trustee to abandon the sale, and may then institute suit for the collection of the Indebtedness, and/or for the foreclosure of the Liens hereof. If Mortgagee should institute a suit for the collection of the Indebtedness, and/or for a foreclosure of the Liens hereof, it may at any time before the entry of a final judgment in said suit dismiss the same, and require Trustee to sell the Mortgaged Property, or any part thereof, in accordance with the provisions of this Deed of Trust.

5.8 Suit to Collect and Foreclose. This Mortgage shall be effective as a mortgage as well as a deed of trust and may be foreclosed as to any of the property covered hereby in any manner permitted by the laws of any state in which any part of the Mortgaged Property is situated, and any foreclosure suit may be brought by the Trustee or by the Mortgagee. Upon occurrence of any Event of Default, the Trustee or the Mortgagee, in lieu of or in addition to exercising the power of sale hereinabove given, may proceed, where permitted by law, by a suit or suits in equity or at law, whether for a foreclosure hereunder, or for the sale of the Mortgaged Property, or for the specific performance of any covenant or agreement herein contained or in aid of the execution of any power herein granted, or for the appointment of a receiver pending any foreclosure hereunder or the sale of the Mortgaged Property, or for the enforcement of any other appropriate legal or equitable remedy. The

appointment of a receiver shall in no manner affect the rights of the Mortgagee under Article VI hereof.

5.9 Mortgagee or Trustee as Purchaser. Mortgagee or the Trustee may be a purchaser of all or any portion of the Mortgaged Property at any sale thereof, whether such sale be under the power of sale hereinabove vested in the Trustee, upon any other foreclosure of the Lien hereof, or otherwise. Mortgagee or the Trustee so purchasing shall, upon any such purchase, acquire title to the Mortgaged Property so purchased, free of the Lien of this Deed of Trust and free of all rights of redemption in Mortgagor.

5.10 Entry and Operation. Upon the occurrence of any Event of Default, then in each and every such case and in addition to the other rights and remedies hereunder, the Trustee or Mortgagee, whether or not the Indebtedness shall have become due and payable, may, but shall not be obligated to, enter into and upon and take possession of all or any portion of the Mortgaged Property and may exclude Mortgagor, its agents and servants wholly therefrom and have, hold, use, operate, manage, and control all or any portion of the Mortgaged Property and produce the oil, gas, and other minerals therefrom and market the same, all at the sole risk and expense of Mortgagor and at the expense of the Mortgaged Property, applying the net proceeds so derived, first, to the cost of maintenance and operation of such Mortgaged Property; second, to the payment of the Indebtedness, application to be made first to interest and then to principal; and the balance thereof, if any, shall be paid to Mortgagor. Upon such payment of all such costs and Indebtedness, the Mortgaged Property shall be returned to Mortgagor in its then condition, and neither the Trustee nor Mortgagee shall be liable to Mortgagor for any damage or injury to the Mortgaged Property except such as may be caused through the fraud or willful misconduct of the Trustee or Mortgagee, as the case may be.

5.11 Power of Attorney to Mortgagee. Mortgagor does hereby designate Mortgagee as the agent of Mortgagor to act in the name, place, and stead of Mortgagor in the exercise of each and every remedy set forth herein and in conducting any and all operations and taking any and all action reasonably necessary to do so, recognizing such agency in favor of Mortgagee to be coupled with the interests of Mortgagee under this Deed of Trust and, thus, irrevocable so long as this Deed of Trust is in force and effect.

5.12 Remedies Cumulative and Non-Exclusive. The rights of entry, sale, or suit, as hereinabove or hereinafter conferred, are cumulative of all other rights and remedies herein or by law or in equity provided, and shall not be deemed to deprive Mortgagee or the Trustee of any such other legal or equitable rights or remedies, by judicial proceedings or otherwise, appropriate to enforce the conditions, covenants, and terms of this Deed of Trust and the other Loan Documents. The employment of any remedy hereunder or otherwise shall not prevent the concurrent or subsequent employment of any other appropriate remedy or remedies.

5.13 Waiver of Appraisal, Redemption and Marshaling. To the fullest extent Mortgagor may lawfully do so, Mortgagor agrees that Mortgagor will not at any time insist upon, plead, claim or take the benefit or advantage of any appraisal, valuation, stay, extension or redemption laws, now or hereafter in force, in order to prevent or hinder the enforcement of this Deed of Trust or the absolute sale of the Mortgaged Property, or any part

thereof, or the possession thereof by any purchaser at any such sale, but Mortgagor insofar as Mortgagor now or hereafter may lawfully do so, hereby waives the benefit of all such laws; provided, however, that the appraisalment of any of the Mortgaged Property is hereby expressly waived or not waived at the option of Trustee and/or Mortgagee, such option to be exercised prior to the time judgment is rendered in any foreclosure of this Deed of Trust. Mortgagor also expressly waives, to the extent Mortgagor may lawfully do so, all rights to have the Mortgaged Property marshaled upon any foreclosure of this Deed of Trust.

ARTICLE VI

ASSIGNMENT OF PRODUCTION

6.1 Assignment. In addition to the conveyance to the Trustee herein made, Mortgagor does hereby transfer, assign, deliver and convey unto Mortgagee, its successors and assigns, all of the oil, gas, and other minerals produced, saved, or sold from the Mortgaged Property and attributable to the interests of Mortgagor therein subsequent to 7:00 a.m. on the first day of the month in which this Deed of Trust is executed, together with the proceeds of any sale thereof. Mortgagor hereby directs any purchaser now or hereafter taking any production from the Mortgaged Property to pay to Mortgagee such proceeds derived from the sale thereof and to continue to make payments directly to Mortgagee until notified in writing by Mortgagee to discontinue the same. The purchaser of any such production shall not be required to see to the application of the proceeds thereof by Mortgagee, and payment made to Mortgagee shall be binding and conclusive as between such purchaser and Mortgagor. Mortgagor further agrees to perform all such acts and to execute all such further assignments, transfer and division orders, and other instruments as may be required or desired by Mortgagee or any other party to have such proceeds and revenues so paid to Mortgagee.

6.2 Change of Purchaser. Should any purchaser taking the production from the Mortgaged Property fail to make prompt payment to Mortgagee in accordance with the provisions of Section 6.1, Mortgagee shall have the right, at the expense of Mortgagor, to demand a change of connection and to designate another purchaser with whom a new connection may be made, without any liability on the part of Mortgagee in making such selection, so long as ordinary care is used in the making thereof. Promptly upon such demand, Mortgagor shall take all necessary and appropriate action to effect such change of connection.

6.3 Application of Proceeds. Mortgagor authorizes and empowers Mortgagee to receive, hold, and collect all sums of money paid to Mortgagee in accordance with the provisions of Section 6.1, and to apply the same as hereinafter provided, all without any liability or responsibility on the part of Mortgagee, save and except as to good faith in so receiving and applying such sums. Mortgagee may apply all sums received by Mortgagee pursuant to Section 6.1 to the payment of the Indebtedness, application to be made in such manner as Mortgagee may elect, regardless of whether the application so made shall exceed the payments of principal and interest then due as provided in the Loan Documents. After such application has been so made by Mortgagee, the balance of any such sums shall be paid to Mortgagor.

6.4 No Postponement of Installments on Indebtedness. It is understood and agreed that should such payments provided for by Section 6.1 be less than the sum or sums then due on the Indebtedness, such sum or sums then due shall nevertheless be paid by Mortgagor in accordance with the provisions of the Loan Documents, and neither the assignment made pursuant to Section 6.1 nor any other provisions hereof shall in any manner be construed to affect the terms and provisions of the Loan Documents. Likewise, neither the assignment made pursuant to Section 6.1 nor any other provisions hereof shall in any manner be construed to affect the Liens, rights, title, and remedies herein granted securing the Indebtedness or the liability of Mortgagor therefor. The rights under this Article VI are cumulative of all other rights, remedies, and powers granted under this Deed of Trust and are cumulative of any other security which Mortgagee now holds or may hereafter hold to secure the payment of the Indebtedness.

6.5 Turnover to Mortgagee. Should Mortgagor receive any of the proceeds of any sale of oil, gas, or other minerals produced, saved, or sold from the Mortgaged Property, which under the terms hereof should have been remitted to Mortgagee, Mortgagor will immediately remit same in full to Mortgagee.

6.6 Release of Proceeds Upon Payment of Indebtedness. Upon payment in full of all Indebtedness and the termination of the Commitment, the remainder of such proceeds held by Mortgagee, if any, shall be paid over to Mortgagor upon demand, and a release of the interest hereby assigned will be made, without recourse or warranty, by Mortgagee to Mortgagor at its request and its expense.

6.7 Duty of Mortgagee. Mortgagee shall not be liable for any failure to collect, or for any failure to exercise diligence in collecting, any funds assigned hereunder. Mortgagee shall be accountable only for funds actually received.

6.8 Power of Attorney to Mortgagee. Mortgagor does hereby designate Mortgagee as the agent of Mortgagor to act in the name, place, and stead of Mortgagor for the purpose of taking any and all actions deemed by Mortgagee necessary for the realization by Mortgagee of the benefits of the assignment of production provided herein, recognizing such agency in favor of Mortgagee to be coupled with the interests of Mortgagee under this Deed of Trust and, thus, irrevocable so long as this Deed of Trust is in force and effect.

ARTICLE VII

MISCELLANEOUS

7.1 Further Assurances. Upon request of Mortgagee, Mortgagor will promptly correct any defects, errors, or omissions in the execution or acknowledgment of this Deed of Trust or any other Loan Document, and execute, acknowledge, and deliver such other assurances and instruments as shall, in the opinion of Mortgagee, be necessary to fulfill the terms of this Deed of Trust.

7.2 Interest. Any provision in any document that may be executed in connection herewith to the contrary notwithstanding, Mortgagee shall in no event be entitled to receive or collect, nor shall any amounts received hereunder be credited so that Mortgagee shall be paid, as interest a sum greater than that authorized by law. If any possible construction of this Deed of Trust or any Loan Document seems to indicate any possibility of a different power given to Mortgagee or any authority to ask for, demand, or receive any larger rate of interest, this clause shall override and control, and proper adjustments shall be made accordingly.

7.3 Agreement as Entirety. This Deed of Trust, for convenience only, has been divided into Articles, Sections, and subsections. The rights, powers, privileges, duties, and other legal relations of Mortgagor, the Trustee, and Mortgagee shall be determined from this Deed of Trust as an entirety and without regard to the aforesaid division into Articles, Sections, and subsections and without regard to headings affixed to such Articles, Sections, or subsections.

7.4 Number and Gender. Whenever the context requires, reference herein made to the single number shall be understood to include the plural, and the plural shall likewise be understood to include the singular. Words denoting sex shall be construed to include the masculine, feminine, and neuter when such construction is appropriate; and specific enumeration shall not exclude the general, but shall be construed as cumulative.

7.5 Rights and Remedies Cumulative. All rights, powers, immunities, remedies, and Liens of Mortgagee existing and to exist hereunder or under any other instruments or at law or in equity and all other or additional security shall be cumulative and not exclusive, each of the other. Mortgagee shall, in addition to the rights and remedies herein expressly provided, be entitled to such other remedies as may now or hereafter exist at law or in equity for securing and collecting the Indebtedness, for enforcing the covenants herein, and for foreclosing the Liens hereof. Resort by Mortgagee to any right or remedy provided for hereunder or at law or in equity shall not prevent concurrent or subsequent resort to the same or any other right or remedy. No security heretofore, herewith, or subsequently taken by Mortgagee shall in any manner impair or affect the security given by this Deed of Trust or any security by endorsement or otherwise presently or previously given; and all security shall be taken, considered, and held as cumulative.

7.6 Parties in Interest. This Deed of Trust shall be binding upon the parties and their respective heirs, administrators, legal representatives, successors, and assigns and shall inure to the benefit of the Mortgagee and its legal representatives, successors, and assigns. The terms used to designate any of the parties herein shall be deemed to include the heirs, administrators, legal representatives, successors, and assigns of such parties. The term "Mortgagee" shall also include any lawful owner, holder, or pledgee of any Indebtedness.

7.7 Supplements. Without in any manner limiting the effect of Section 1.4 or any other provisions of this Deed of Trust as to the binding effect of this Deed of Trust on after-acquired rights of Mortgagor, it is contemplated by the parties hereto that from time to time additional interests and properties may or will be added to the interests and properties subject to the Liens, rights, titles, and interests created by this Deed of Trust by means of supplemental

indentures identifying this Deed of Trust and describing such interests and properties to be so added and included. Upon the execution of any such supplemental indenture, the Liens, rights, titles, and interests created herein shall immediately attach to and be effective with respect to any such interests and properties so described, the same as if such interests and properties had been specifically described herein, and such interests and properties being included in the term "Mortgaged Property," as used herein.

7.8 Invalidity. In the event that any one or more of the provisions contained in this Deed of Trust shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Deed of Trust or any other Loan Document.

7.9 Construction. All titles or headings to Articles, Sections, subsections, or other divisions of this Deed of Trust or the exhibits hereto are only for the convenience of the parties and shall not be construed to have any effect or meaning with respect to the other content of such Articles, Sections, subsections, or other divisions, such other content being controlling as to the agreement among the parties hereto. Article, Section, subsection, and Exhibit references herein are to such Articles, Sections, subsections, and Exhibits of this Deed of Trust unless otherwise specified. The words "hereby," "herein," "hereinabove," "hereinafter," "hereinbelow," "hereof," and "hereunder" when used in this Deed of Trust shall refer to this Deed of Trust as a whole and not to any particular Article, Section, subsection, or provision of this Deed of Trust.

7.10 Fixtures, Minerals and Accounts. Without in any manner limiting the generality of any of the foregoing hereof, some portions of the personal Property described hereinabove are or are to become fixtures on the Lands. In addition, the security interest created hereby under applicable provisions of the UCC attaches to minerals, including oil and gas, and accounts resulting from the sale thereof, at the wellhead or minehead located on the Lands.

7.11 Financing Statement Filings. This Deed of Trust may be filed as provided in Article 9 of the UCC to assure that the security interests granted by this Deed of Trust are perfected. In this connection, this Deed of Trust will be presented to a filing officer under the UCC to be filed in the real estate records as a Financing Statement covering minerals and fixtures.

7.12 Addresses. For purposes of filing this Deed of Trust as a financing statement, the addresses for Mortgagor, as the debtor, and Mortgagee, as the secured party, are as set forth hereinabove.

7.13 Counterparts. For the convenience of the parties, this Deed of Trust may be executed in multiple counterparts, each of which for all purposes shall be deemed, and may be enforced from time to time as, a chattel mortgage, real estate mortgage, deed of trust, security agreement, assignment or contract, or as one or more thereof. For recording purposes, various counterparts have been executed, and there may be attached to each such counterpart an Exhibit A containing only the description of the Mortgaged Property, or portions thereof, which relates to the county or state in which the particular counterpart is to be recorded. A complete,

original counterpart of this Deed of Trust with a complete Exhibit A may be obtained from Mortgagee. Each of the counterparts hereof so executed shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

7.14 No Waiver by Mortgagee. No course of dealing on the part of Mortgagee, its officers or employees, nor any failure or delay by Mortgagee with respect to exercising any of its rights or remedies hereunder shall operate as a waiver thereof nor shall the exercise or partial exercise of any such right or remedy shall preclude the exercise of any other right or remedy.

7.15 Governing Agreement. This Deed of Trust is made pursuant and subject to the terms and provisions of the Credit Agreement. In the event of a conflict between the terms and provisions of this Deed of Trust and those of the Credit Agreement, the terms and provisions of the Credit Agreement shall govern and control. The inclusion in this Deed of Trust of provisions not addressed in the Credit Agreement shall not be deemed a conflict, and all such additional provisions contained herein shall be given full force and effect.

7.16 Special Provisions Applicable to Mortgaged Property in Utah. The following special provisions shall apply to that portion of the Mortgaged Property located in the State of Utah:

(a) Mortgagee shall have the right to proceed pursuant to law to foreclose and sell the Mortgaged Property either by advertisement and sale as provided in the laws of the State of Utah or by court action, and out of the proceeds of such sale, Mortgagee shall pay all sums due hereunder, together with all costs of sale and foreclosure, including reasonable attorney's fees. Notwithstanding any other provisions of this instrument, the manner and timing of notices of such foreclosure by advertisement and sale shall be as provided for by Utah law.

(b) Upon the occurrence of an Event of Default and during the period of redemption, Mortgagee shall be entitled to immediate possession of the Mortgaged Property and rents and profits therefrom.

(c) Notwithstanding any other provisions of this instrument and the fact that the Trustee is not fully qualified to serve under Utah law, all provisions not inconsistent with foreclosure as a mortgage shall apply until a qualified Trustee is named.

(d) In the event any of the provisions of this instrument are contrary to the provisions of the laws of Utah, the provisions of this instrument are subject to the laws of Utah with respect to the Mortgaged Property in Utah.

7.17 Special Provisions Applicable to Mortgaged Property in Nevada. The following special provision shall apply to that portion of the Mortgaged Property located in the State of Nevada:

(a) Mortgagee shall have the right to proceed pursuant to law to foreclose and sell the Mortgaged Property either by advertisement and sale as provided in the laws of the State of Nevada or by court action, and out of the proceeds of such sale, Mortgagee shall pay all sums due hereunder, together with all costs of sale and foreclosure, including reasonable attorney's fees. Notwithstanding any other provisions of this Deed of Trust, the manner and timing of such foreclosure by advertisement and sale shall be as provided for by Nevada law.

(b) In the event any of the provisions of this Deed of Trust are contrary to the provisions of the laws of Nevada, the provisions for this Deed of Trust are subject to the laws of Nevada with respect to the Mortgaged Property in Nevada.

7.18 A POWER OF SALE HAS BEEN GRANTED IN THIS DEED OF TRUST. A POWER OF SALE MAY ALLOW THE MORTGAGEE TO TAKE THE MORTGAGED PROPERTY AND SELL IT WITHOUT GOING TO COURT IN A FORECLOSURE ACTION UPON DEFAULT BY THE MORTGAGOR UNDER THIS DEED OF TRUST.

7.19 Execution by Mortgagee and Trustee: Corrections. The Mortgagee and/or the Trustee may at any time without obtaining the consent of the Mortgagor execute this Deed of Trust or certain counterparts hereof (and have such execution witnessed or acknowledged) for any purposes which either of them deems necessary or appropriate and, if deemed appropriate, subsequently file this Deed of Trust or such counterparts of record. Additionally, in the event it is determined that Exhibit A contains any errors or inaccurate or incomplete descriptions of the Leases and Lands intended to be covered hereby, the Mortgagee and/or Trustee may without obtaining the consent of the Mortgagor, attempt to correct any such errors and make accurate and complete any such inaccuracies or misdescriptions on applicable counterparts hereof and, if deemed appropriate, subsequently file this Deed of Trust or such counterparts hereof of record. This Deed of Trust may be recorded at any time in any county/parish of any state whether or not such county/parish or state is specifically identified on Exhibit A.

IN WITNESS WHEREOF, this Deed of Trust is executed on this 13th day of February, 1997.

MORTGAGOR (DEBTOR):

PROVIDENCE ENERGY CORP.

ATTEST:

By: Menlee Bard
Printed Name: Menlee Bard
Title: Asst. Secretary

By: J. Michael Allen
Printed Name: J. Michael Allen
Title: President

[CORPORATE SEAL]

COPY

MORTGAGOR ACKNOWLEDGMENTS

THE STATE OF TEXAS

§

COUNTY OF DALLAS

§

§

ALABAMA AND OTHER STATES

I, a Notary Public in and for said state, hereby certify that J. Michael Allen, whose name as President of Providence Energy Corp., a Texas corporation, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

KENTUCKY, MISSISSIPPI, MONTANA, TEXAS AND OTHER STATES

BEFORE ME, the undersigned authority, on this day personally appeared J. Michael Allen, President of Providence Energy Corp., a Texas corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, as the act and deed of such corporation, and in the capacity therein stated.

UTAH

The foregoing instrument was acknowledged before me this February 13, 1997, by J. Michael Allen the President of Providence Energy Corp.

NEVADA

This instrument was acknowledged before me on February 13, 1997, by J. Michael Allen as the President of Providence Energy Corp.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the City of Dallas, State of Texas, this 13th day of February, 1997.


NOTARY PUBLIC in and for
the State of Texas

[Personalized Seal]



Residing at:
901 Main Street, Suite 6000, Dallas, Texas 75202
(Address of Notary Public)

MORTGAGEE (SECURED PARTY):

COMPASS BANK

By: *N. David Porter*

Printed Name: N. David Porter

Title: Vice President

[MORTGAGEE ACKNOWLEDGMENTS]

THE STATE OF TEXAS

§
§
§

COUNTY OF DALLAS

ALABAMA AND OTHER STATES

I, a Notary Public in and for said state, hereby certify that N. David Porter, whose name as Vice President of Compass Bank, a Texas banking association, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said banking association.

KENTUCKY, MISSISSIPPI, MONTANA, TEXAS AND OTHER STATES

BEFORE ME, the undersigned authority, on this day personally appeared N. David Porter, Vice President of Compass Bank, a Texas banking association, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, as the act and deed of such banking association, and in the capacity therein stated.


UTAH

The foregoing instrument was acknowledged before me this February 13, 1997, by N. David Porter the Vice President of Compass Bank.

NEVADA

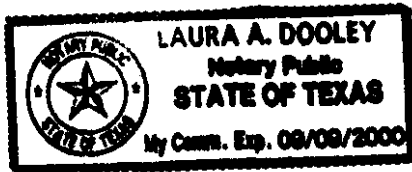
This instrument was acknowledged before me on February 13, 1997, by N. David Porter as the Vice President of Compass Bank.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the City of Dallas, State of Texas, this 13th day of February, 1997.


NOTARY PUBLIC in and for
the State of Texas

[Personalized Seal]

Residing at:
901 Main Street, Suite 6000, Dallas, Texas 75202
(Address of Notary Public)



**EXHIBIT A
TO
MORTGAGE, OPEN-END MORTGAGE, COLLATERAL REAL ESTATE MORTGAGE,
DEED OF TRUST, INDENTURE, SECURITY AGREEMENT,
FINANCING STATEMENT AND ASSIGNMENT OF PRODUCTION**

The designation "Working Interest" or "W.I." when used in this Exhibit means an interest owned in an oil, gas, and mineral lease that determines the cost-bearing percentage of the owner of such interest. The designation "Net Revenue Interest" or "N.R.I." means that portion of the production attributable to the owner of a working interest after deduction for all royalty burdens, overriding royalty burdens or other burdens on production, except severance, production, and other similar taxes. The designation "Overriding Royalty Interest" or "ORRI" means an interest in production which is free of any obligation for the expense of exploration, development, and production, bearing only its pro rata share of severance, production, and other similar taxes and, in instances where the document creating the overriding royalty interest so provides, costs associated with compression, dehydration, other treating or processing, or transportation of production of oil, gas, or other minerals relating to the marketing of such production. The designation "Royalty Interest" or "RI" means an interest in production which results from an ownership in the mineral fee estate or royalty estate in the relevant land and which is free of any obligation for the expense of exploration, development, and production, bearing only its pro rata share of severance, production, and other similar taxes and, in instances where the document creating the royalty interest so provides, costs associated with compression, dehydration, other treating or processing or transportation of production of oil, gas, or other minerals relating to the marketing of such production.

Any reference in this Exhibit to wells or units or to working interests, net revenue interests or overriding royalty interests are for warranty of interest, administrative convenience, and identification purposes and shall not limit or restrict the right, title, interest, or properties covered by this Deed of Trust. All right, title, and interest of Mortgagor in the properties described herein or which are described in any document described herein are and shall be subject to this Deed of Trust, regardless of the presence of any units or wells not described herein and regardless if the interests of Mortgagor exceed those interests delineated or warranted herein.

The references to book or volume and page herein refer to the recording location of each respective Mortgaged Property described herein in the county/parish where the land covered by the Mortgaged Property is located.

This Deed of Trust shall cover all lands, leases and properties of Mortgagor, whether now owned or hereafter acquired, located in any county/parish identified elsewhere in this Exhibit A or located in any county/parish wherein this Deed of Trust is recorded.

Exhibit 'A'

State of NEVADA, County of EUREKA

Lease No	Date	Lessor/Lessee	Book / Page / Entry	Gross Acres	Legal Description
211	143000	5/1/73 ✓ Lessor: USA N 7363 Lessee: S DEAN EVANS SR	11	320.0000	TOWNSHIP 27 NORTH, RANGE 52 EAST, SECTION 21: W/2 CONTAINING 320.00 ACRES IN EUREKA COUNTY, NEVADA
112	143100	5/1/75 ✓ Lessor: USA N 11333 Lessee: SUZANNE D BUCY	11	1,926.6000	TOWNSHIP 26 NORTH, RANGE 51 EAST SECTION 1: ALL SECTION 2: ALL SECTION 12: ALL CONTAINING 1926.60 ACRES IN EUREKA COUNTY, NEVADA
113	143200	5/1/75 ✓ Lessor: USA N 11334 Lessee: SUZANNE D BUCY	11	640.0000	TOWNSHIP 26 NORTH, RANGE 51 EAST SECTION 11: ALL CONTAINING 640.00 ACRES IN EUREKA COUNTY, NEVADA
118	143300	5/1/75 ✓ Lessor: USA N 11337 Lessee: SUZANNE D BUCY	11	2,560.0000	TOWNSHIP 26 NORTH, RANGE 51 EAST SECTION 13: ALL SECTION 14: ALL SECTION 23: ALL SECTION 24: ALL CONTAINING 2560.00 ACRES IN EUREKA COUNTY, NEVADA
119	143400	5/1/75 ✓ Lessor: USA N 11343 Lessee: SUZANNE D BUCY	11	800.0000	TOWNSHIP 27 NORTH, RANGE 51 EAST SECTION 12: ALL SECTION 13: NW/4 CONTAINING 800.00 ACRES IN EUREKA COUNTY, NEVADA
110	143500	5/1/75 ✓ Lessor: USA N 11344 Lessee: SUZANNE D BUCY	11	2,560.0000	TOWNSHIP 27 NORTH, RANGE 51 EAST SECTION 23: ALL SECTION 24: ALL SECTION 25: ALL SECTION 26: ALL CONTAINING 2560.00 ACRES IN EUREKA COUNTY, NEVADA
115	143600	5/1/75 ✓ Lessor: USA N 11345 Lessee: SUZANNE D BUCY	11	1,280.0000	TOWNSHIP 27 NORTH, RANGE 51 EAST SECTION 35: ALL SECTION 36: ALL CONTAINING 1280.00 ACRES IN EUREKA COUNTY, NEVADA

Exhibit 'A'

Lease No	Date	Lessor / Lessee	Book / Page / Entry	Gross Acres	Legal Description
143700	5/1/75	Lessor: USA N 11348 Lessee: SUZANNE D BUCY	11	720.0000	TOWNSHIP 27 NORTH, RANGE 52 EAST SECTION 7: NE/4 SECTION 8: S/2NE/4, W/2, SE/4 CONTAINING 720 ACRES IN EUREKA COUNTY, NEVADA
143800	5/1/75	Lessor: USA N 11349 Lessee: SUZANNE D BUCY	11	2,240.0000	TOWNSHIP 27 NORTH, RANGE 52 EAST SECTION 18: ALL SECTION 20: ALL SECTION 28: W/2 SECTION 29: ALL CONTAINING 2,240 ACRES IN EUREKA COUNTY, NEVADA
143900	5/1/75	Lessor: USA N 11350 Lessee: SUZANNE D BUCY	11	2,542.3600	TOWNSHIP 27 NORTH, RANGE 52 EAST SECTION 19: ALL CONTAINING 833.18 ACRES SECTION 30: ALL CONTAINING 835.20 ACRES SECTION 31: ALL CONTAINING 833.98 ACRES SECTION 32: ALL CONTAINING 640.00 ACRES ALL IN EUREKA COUNTY, NEVADA
144000	5/1/75	Lessor: USA N 11351 Lessee: SUZANNE D BUCY	11	2,538.7500	TOWNSHIP 27 NORTH, RANGE 52 EAST SECTION 33: W/2 TOWNSHIP 28 NORTH, RANGE 52 EAST SECTION 4: LOTS 3 & 4, S/2NW/4, SW/4 SECTION 5: LOTS 1-4, S/2W/2, S/2 SECTION 8: ALL SECTION 9: W/2 SECTION 16: W/2 CONTAINING 2,538.75 ACRES IN EUREKA COUNTY, NEVADA
144100	5/1/75	Lessor: USA N 11393 Lessee: SUZANNE D BUCY	11	2,009.3400	TOWNSHIP 28 NORTH, RANGE 52 EAST SECTION 6: LOTS 1-11, S/2NE/4, SE/4NW/4, E/2SW/4, SE/4 SECTION 7: LOTS 1-8, E/2W/2, E/2 SECTION 18: LOTS 1-8, NE/4, E/2W/2, N/2SE/4, SE/4SE/4 CONTAINING 2,009.34 ACRES IN EUREKA COUNTY, NEVADA

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Exhibit 'A'

Lease No	Date	Lessor / Lessee	Book / Page / Entry	Gross Acres	Legal Description
14	5/1/75	✓ Lessor: USA N 11394 Lessee: SUZANNE D BUCY	11	1,977.7200	TOWNSHIP 26 NORTH, RANGE 52 EAST SECTION 17: ALL SECTION 19: LOTS 1-8, E/2W/2, E/2 SECTION 20: ALL CONTAINING 1977.72 ACRES IN EUREKA COUNTY, NEVADA
15	9/1/75	✓ Lessor: USA N 11757 Lessee: SUZANNE D BUCY	11	40.0000	TOWNSHIP 26 NORTH, RANGE 52 EAST SECTION 18: SW/4SE/4 CONTAINING 40.00 ACRES IN EUREKA COUNTY, NEVADA
13	1/1/76	✓ Lessor: USA N 12092 Lessee: C WARD CHASE	11	262.4800	TOWNSHIP 26 NORTH, RANGE 52 EAST SECTION 4: LOTS 1, 2, 5-7, SW/4NE/4, W/2SE/4 CONTAINING 262.48 ACRES IN EUREKA COUNTY, NEVADA
19	1/1/76	✓ Lessor: USA N 12346 Lessee: GETTY OIL COMPANY	11	640.0000	TOWNSHIP 27 NORTH, RANGE 52 EAST SECTION 28: E/2 SECTION 33: E/2 CONTAINING 640.00 ACRES IN EUREKA COUNTY, NEVADA
18	2/1/75	✓ Lessor: USA N 10985 Lessee: GEORGE W WATSON	11	960.0000	TOWNSHIP 27 NORTH, RANGE 52 EAST SECTION 17: ALL SECTION 18: E/2 CONTAINING 960.00 ACRES IN EUREKA COUNTY, NEVADA
19	10/1/61	✓ Lessor: USA N 34013 Lessee: CAROL A SHELDON	11	75.6400	TOWNSHIP 27 NORTH, RANGE 52 EAST SECTION 18: LOTS 3 & 4 CONTAINING 75.64 ACRES IN EUREKA COUNTY, NEVADA
20	11/1/74	✓ Lessor: USA N 10613 Lessee: MERLE C CHAMBERS	11	280.0000	TOWNSHIP 27 NORTH, RANGE 52 EAST SECTION 18: E/2SW/4 SECTION 21: NW/2NE/4, SW/4NE/4, S/2SE/4 CONTAINING 280.00 ACRES IN EUREKA COUNTY, NEVADA
21	4/1/87	✓ Lessor: USA N 46116 Lessee: AMOCO PRODUCTION COMPANY	11	646.2400	TOWNSHIP 26 NORTH, RANGE 52 EAST SECTION 8: LOTS 1-4, W/2E/2 SECTION 16: LOTS 1-4, W/2E/2 SECTION 21: LOTS 1-5, W/2NE/4, NW/4SE/4 CONTAINING 646.24 ACRES IN EUREKA COUNTY, NEVADA

Exhibit 'A'

Lease No	Date	Lessor / Lessee	Book / Page / Entry	Gross Acres	Legal Description
149000	11/11/74	Lessor: USA N 52035 Lessee: MERLE C CHAMBERS	11	440.0000	TOWNSHIP 27 NORTH, RANGE 52 EAST SECTION 7: SE/4 SECTION 8: N/2NW/4, SE/4NW/4, W/2SW/4 SECTION 22: W/2SW/4 CONTAINING 440.0 ACRES IN EUREKA COUNTY, NEVADA
22 149100	5/1/75	V Lessor: USA N 46988 Lessee: SUZANNE D BUCY	11	1,591.8200	TOWNSHIP 27 NORTH, RANGE 51 EAST SECTION 11: ALL SECTION 13: LOTS 1 THRU 4; SW/4 SECTION 14: ALL CONTAINING 1,591.82 ACRES IN EUREKA COUNTY, NEVADA

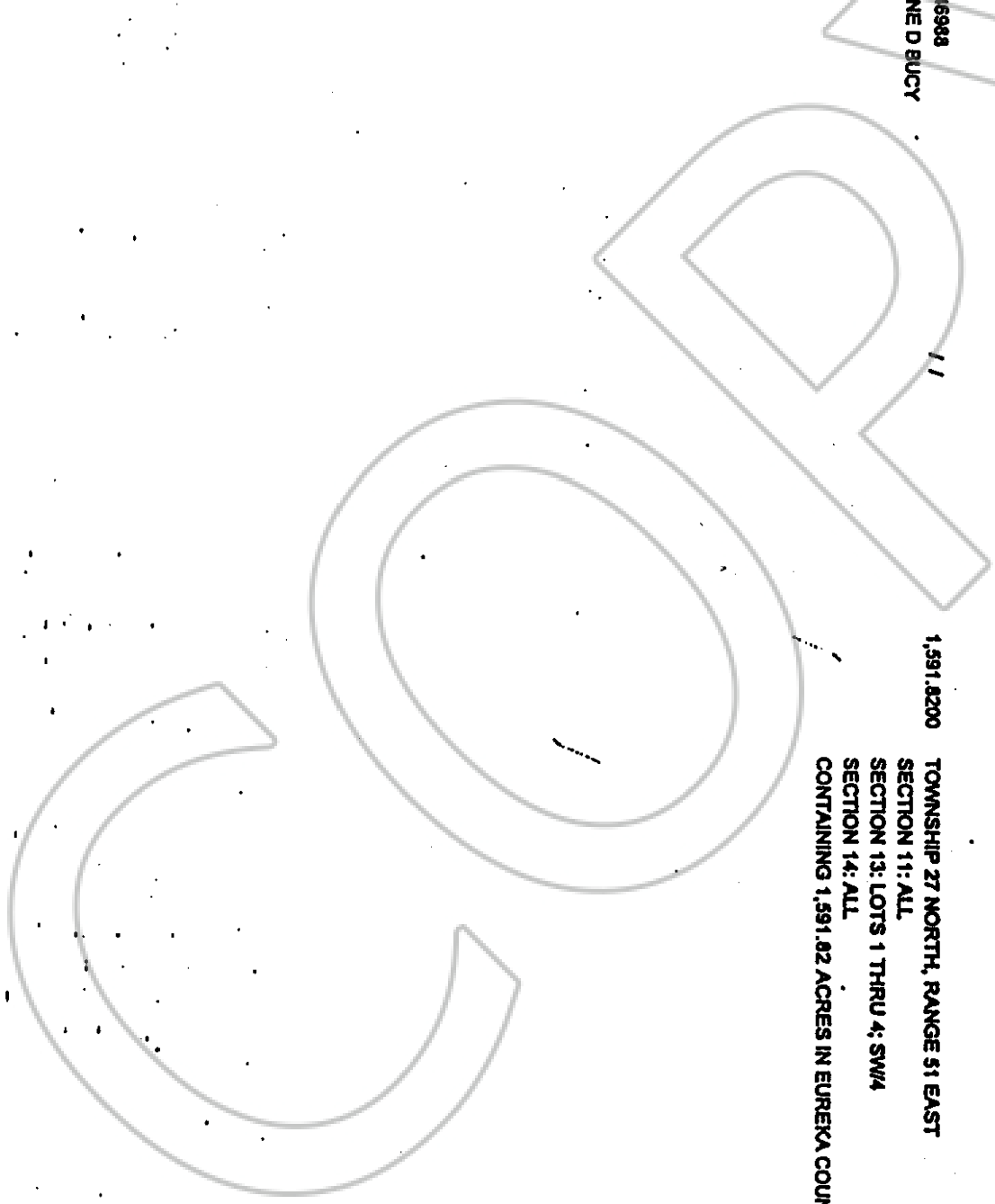


EXHIBIT "A"

WELL LISTING

PINE VALLEY AREA - BLACKBURN FIELD Eureka County, Nevada

Lease/Well	Well #	Before Payout		After Payout	
		W.I.	N.R.I.	W.I.	N.R.I.
Blackburn	10-8	N/A	N/A	31.093610%	26.132520%
Blackburn	14-7	33.314580%	28.053660%	31.093610%	26.132520%
Blackburn	16-7	N/A	N/A	31.093610%	26.132520%
Blackburn	19-8	N/A	N/A	31.093610%	26.132520%
Blackburn	18-7	N/A	N/A	31.093610%	26.132520%
Blackburn	3	NON-CONSENT	NON-CONSENT	31.093610%	26.132520%
Blackburn (SWD)	12	N/A	N/A	31.093610%	0.000000%
Central Battery		N/A	N/A	25.000000%	0.000000%