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Eureka County - NV

Mike Rebaleati - Recorder

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Book- 0471 Page- 0387

APN# N/A



0211770

Recording Requested by:

Name Porter & Hedges LLP

Address 1000 Main St. 36th Floor

City/State/Zip Houston, TX 77002

~~DEED OF TRUST, MORTGAGE, SECURITY AGREEMENT, FINANCING STATEMENT & ASSIGNMENT~~  
(Title of Document) OF PRODUCTION

This page added to provide additional information required by NRS 111.312 Sections 1-2.  
(Additional recording fee applies)

This cover page must be typed or printed.

**DEED OF TRUST, MORTGAGE, SECURITY AGREEMENT,  
FINANCING STATEMENT AND ASSIGNMENT OF PRODUCTION**

FROM

**BLUEROCK ENERGY CAPITAL, LTD.**  
(Mortgagor and Debtor)

TO

**Rex M. McSwain, Trustee**  
for the benefit of

**BANK OF SCOTLAND plc, NEW YORK BRANCH,**  
(Mortgagee and Secured Party)

For purposes of filing this instrument as a financing statement, the mailing address of Mortgagor/Debtor is 20445 State Highway 249, Suite 160, Houston, Texas 77070; the mailing address of Mortgagee/Secured Party is 1021 Main Street, Suite 1370, Houston, Texas 77002.

THIS INSTRUMENT CONTAINS AFTER-ACQUIRED PROPERTY PROVISIONS, AND COVERS FUTURE ADVANCES AND PROCEEDS.

INTERESTS IN OIL, GAS AND OTHER MINERALS OR IN ACCOUNTS RESULTING FROM THE SALE THEREOF WHICH ARE INCLUDED IN THE MORTGAGED PROPERTY WILL BE FINANCED AT WELLHEADS LOCATED ON THE LANDS DESCRIBED IN EXHIBIT A HERETO.

THIS FINANCING STATEMENT IS TO BE FILED, AMONG OTHER PLACES, IN THE REAL ESTATE RECORDS.

\*\*\*\*\*

This instrument was prepared by Ephraim del Pozo, PORTER & HEDGES, L.L.P., 1000 Main Street, 36<sup>th</sup> Floor, Houston, Texas 77002.

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 of Mortgagor which are described in Exhibit "A" hereto.

RECORDED DOCUMENT SHOULD BE RETURNED TO:

PORTER & HEDGES, L.L.P.  
1000 Main Street, 36th Floor  
Houston, Texas 77002  
Attn: Rhonda Muschalik

**RECEIVED**

APR 7 2008

EUREKA COUNTY CLERK  
AND TREASURER



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**DEED OF TRUST, MORTGAGE, SECURITY AGREEMENT,  
FINANCING STATEMENT AND ASSIGNMENT OF PRODUCTION**

(THIS INSTRUMENT CONTAINS AFTER-ACQUIRED PROPERTY PROVISIONS)

KNOW ALL MEN BY THESE PRESENTS: That, effective as of April 2, 2008, the undersigned **BLUEROCK ENERGY CAPITAL, LTD.**, a Texas limited partnership ("Mortgagor"), acting herein by and through its undersigned officer, duly authorized, with its principal office at 20445 State Highway 249, Suite 160, Houston, Texas 77070, 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 Rex M. McSwain, Trustee, whose address is 1021 Main Street, Suite 1370, Houston, Texas 77002, and his successors and substitutes in trust, as hereinafter provided (the "Trustee"), for the benefit of **BANK OF SCOTLAND plc, NEW YORK BRANCH**, a bank established under the laws of Scotland, the banking quarters for which are in Houston, Harris County, Texas, and the mailing address for which is 1021 Main Street, Suite 1370, Houston, Texas 77002, as a Lender under the Loan Agreement defined in Article I(b) hereof ("Mortgagee"), the following described property:

Those certain permanent overriding royalty interests (as amended from time to time, the "Permanent ORRIs") and those certain Production Payments (as amended from time to time, the "Production Payments") burdening the lands ("Lands") and oil, gas and/or mineral leases ("Leases") and overriding royalties, royalty interests, net profits interests, fee mineral interests and other interests (collectively, the "Other Interests"), all as more particularly described on Exhibit "A" attached hereto and incorporated herein, as such Permanent ORRIs and Production Payments have been granted to Mortgagor pursuant to those certain Conveyances of Production Payments by the parties referred to on such Exhibit "A" (the "Production Payment Grantors").

For the same consideration, Mortgagor hereby grants to Mortgagee a continuing security interest in all oil, gas and other minerals produced or to be produced to the account of Mortgagor and all accounts receivable, general intangibles and contract rights of Mortgagor in connection with the Permanent ORRIs and Production Payments, hereinabove defined, and all proceeds, products, substitutions and exchanges thereof (the Permanent ORRIs and Production Payments and real and personal property interests hereinabove described being the "Mortgaged Property").

For the same consideration, Mortgagor hereby grants to Mortgagee any and all rights, if any, of Mortgagor to liens and security interests in the Mortgaged Property securing payment of proceeds from the sale of production from the Mortgaged Property, including, but not limited to, those liens and security interests provided for in the Uniform Commercial Code adopted in the State of Nevada.

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 lien and/or security interest of this Deed of Trust, Mortgage, Security Agreement, Financing Statement and Assignment of Production (the "Deed of Trust"), together with all rights and hereditaments in anywise associated therewith, to the Trustee and its successors and assigns forever. Any additional right, title or interest which Mortgagor may hereafter acquire or become entitled to in the interests, properties, Lands, Leases, Other Interests, Permanent ORRIs, Production Payments, and premises aforesaid, or in the oil, gas or other minerals in and under or produced from the Land, Other Interests and Leases shall inure to the benefit of and be covered by this Deed of Trust and constitute "Mortgaged Property", the same as if expressly described and conveyed herein.

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 or 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 Mortgagee, and the rights and authority granted to the Trustee may be enforced and asserted by Mortgagee in accordance with the laws of the jurisdiction in which such portions of the Mortgaged Property are located and the same may be foreclosed at the option of the Mortgagee 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 are situated.

## ARTICLE I.

### INDEBTEDNESS SECURED

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

- (a) That promissory note in the original aggregate amount of \$5,000,000.00 dated effective April 2, 2008, made payable to Mortgagee and executed by Mortgagor, and all renewals, rearrangements, amendments, modifications and extensions thereof (whether one or more, the "Note").
- (b) All Obligations of Mortgagor as defined in and arising pursuant to the terms of that certain Term Loan Agreement dated effective April 2, 2008 among Mortgagee, as lender, and Mortgagor, as borrower (as amended, extended, restated, rearranged or otherwise modified from time to time, the "Loan Agreement").
- (c) All other present and future Indebtedness of Mortgagor to Mortgagee, whether or not arising under the Loan Agreement.
- (d) All indebtedness and liabilities of BlueRock Production, LLC owed under that certain Guaranty dated April 2, 2008 to Mortgagee, for its benefit.



- (e) 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 I or otherwise in this Deed of Trust.

## ARTICLE II.

### WARRANTIES

Mortgagor hereby binds itself, its successors and assigns, to warrant and forever defend all and singular the above described property, rights, and interests constituting the Mortgaged Property to the Trustee and to his assigns forever, against every person whomsoever lawfully claiming or to claim the same or any part thereof. For the same consideration Mortgagor, for itself, its successors and assigns, covenants, represents and warrants that:

- (a) The incurring by Mortgagor of the indebtedness secured by this Deed of Trust and the execution and delivery by Mortgagor of the evidences of such indebtedness and this Deed of Trust and the performance and observance by Mortgagor of the terms and provisions of such evidences of indebtedness and this Deed of Trust have been duly authorized by any necessary corporate proceedings and will not contravene any requirement of law or any provision of the Governing Documentation, as defined in the Loan Agreement, of Mortgagor, or result in the breach or termination of, or constitute a default under, any indenture or other agreement or instrument to which Mortgagor is a party or by which it or any of its property may be bound or affected;
- (b) The Production Payment Agreements (as defined in the Loan Agreement) are in full force and effect;
- (c) As of the time of : (1) the execution and delivery of this Deed of Trust by Mortgagor and Mortgagee with respect to all Permanent ORRIs and Production Payments listed on Exhibit "A" or (2) the time that any additional Permanent ORRIs or Production Payment are added to Exhibit "A," no default or event that solely with the passage of time or giving of notice or both would become a default has occurred and is continuing under the Production Payment Agreements applicable thereto, and with respect to all subsequent time periods, no default of which Mortgagor was required to give Mortgagee written notice under the terms of the Loan Agreement has occurred without Mortgagor having given Mortgagee such required written notice thereof;
- (d) Each Production Payment Grantor has good and indefeasible title to the Leases and Other Interests that are burdened by each such Permanent ORRI or Production Payment and Borrower has Marketable Title to the Permanent ORRIs and the Production Payments;



- (e) To Mortgagor's knowledge, the Leases that are burdened by the Production Payments are in full force and effect, are valid, subsisting Leases covering the entire estates to which they pertain and all rentals, royalties and other amounts due and payable in accordance with the terms of the Leases, overriding royalties, net profits or other production burdens have been duly paid or provided for; the obligations to be performed under the Leases have been duly performed; and Mortgagor is not aware of any default by any third party under any of the Leases with respect to such third party's obligations;
- (f) To Mortgagor's knowledge, each Production Payment Grantor has Marketable Title to an undivided net revenue interest in the production from each Lease and Other Interest that is burdened by a Permanent ORRI or Production Payment that is not less than the net revenue interest therein attributed to such Production Payment Grantor in the applicable Production Payment Agreements, as well as an undivided working interest in each such Lease that is not greater than the working interest therein attributed to such Production Payment Grantor in the applicable Production Payment Agreements (unless there is a corresponding increase in the net revenue interest attributed to such party therein);
- (g) To Mortgagor's knowledge:
- (i) no Lease or Other Interest that is burdened by any Permanent ORRI or Production Payment is currently on, or has ever been on, any federal or state list of superfund sites as listed on the Environmental Protection Agency National Priority List or any comparable state registries or list in any state of the United States (collectively "Superfund Sites");
  - (ii) no Hazardous Substances have in the past been generated, transported, and or disposed of, by any Production Payment Grantor at any Superfund Site;
  - (iii) except in accordance with a valid permit, license, certificate or approval of the relevant regulatory authority or governmental body, there has been no emission, spill, release, disposal or discharge of any Hazardous Substance into or upon (A) the air, (B) soils or any improvements located thereon, (C) surface water or groundwater, or (D) the sewer, septic system or waste treatment, storage or disposal system servicing any property of any Production Payment Grantor;
  - (iv) no written complaint, order, directive, claim, citation, notice of environmental report, notice of investigation or other notice by any regulatory authority or governmental body or any other Person with respect to (A) air emissions, (B) spills, releases or discharges

to soils or any improvements located thereon, surface water, groundwater or the sewer, septic system or waste treatment, storage or disposal systems servicing any Lease or Other Interest that is burdened by a Permanent ORRI or a Production Payment, (C) solid or liquid waste disposal, (D) the use, generation, storage, transportation or disposal of any Hazardous Substance, or (E) other environmental, health or safety matters affecting any Lease Other Interest that is burdened by a Permanent ORRI or a Production Payment, any improvements located thereon, or the business thereon conducted, has been received by any Production Payment Grantor, nor has any Production Payment Grantor been given written notice thereof;

provided, however, that the representations and warranties set forth in subparagraphs (iii) and (iv) above shall apply only to events and conditions which either resulted in (i) a continuing lien or encumbrance on any Collateral Property or (ii) otherwise materially affect any Production Payment Grantor's use or operation of its Lease or Other Interest that is burdened by a Permanent ORRI or a Production Payment that constitutes Collateral Properties or any Production Payment Grantor's ability to perform its obligations under the applicable Production Payment Agreements.

- (h) No events have occurred and no circumstances exist that would give any Production Payment Grantor a valid defense to its obligation to fully perform all of its obligations under the applicable Production Payment Agreements;
- (i) Mortgagor is the lawful owner of the Mortgaged Property and has good right and authority to pledge, mortgage, assign, sell and convey the same;
- (j) Mortgagor's interest in the Mortgaged Property is free and clear of all liens, mortgages, oil payments, or other burdens or encumbrances except as specifically set forth in Exhibit "A" hereto or for Permitted Encumbrances (as defined in the Loan Agreement); and
- (k) all gross production and severance taxes have been likewise paid.

All capitalized terms used in this Deed of Trust, but not defined herein, shall have the respective meanings given to such terms under the Loan Agreement (defined below).

### ARTICLE III.

#### COVENANTS OF MORTGAGOR

In consideration of the Indebtedness described in Article I above, Mortgagor for itself and its successors and assigns, in the execution of this Mortgage, adopts and ratifies the



covenants set forth in Articles V and VI of the Loan Agreement as if set forth in this Mortgage. Mortgagor hereby further covenants as follows:

A. Subject to the terms of the Loan Agreement, Mortgagor will proceed with reasonable diligence to correct any defect in the title to any portion of the Mortgaged Property material in value in the reasonable opinion of the Mortgagee, should any such defect be found to exist after the execution and delivery of this Deed of Trust; and in this connection, should it be found, after the execution and delivery of this Deed of Trust, that there exists upon the Mortgaged Property any lien or encumbrance (except for Permitted Encumbrances) equal or superior in rank to the lien or liens created by this Mortgage, or should any such lien or encumbrance hereafter arise, Mortgagor will promptly discharge and remove same from said Mortgaged Property.

B. Upon request of Mortgagee, Mortgagor will promptly correct any defect which may be discovered after the execution and delivery of this Deed of Trust, in the Note or other documents executed in connection herewith, in the execution or acknowledgment hereof or thereof or in the description of the Mortgaged Property, and will execute, acknowledge, and deliver such division orders, transfer orders and other assurances and instruments as shall, in the opinion of Mortgagee, be necessary or proper to convey and assign to the Trustee all of the Mortgaged Property herein conveyed or assigned, or intended to be so.

C. Mortgagor will notify Mortgagee of the destruction, loss, termination or acquisition of any Mortgaged Property (except as occurs in the ordinary course of business) within ten (10) business days thereof.

D. Mortgagor will pay all taxes now or hereafter to accrue against any of the Mortgaged Property and all other taxes or assessments, general or special, lawfully levied against it on such Mortgaged Property which might become a lien thereon before such taxes become delinquent except for any tax, assessment, levy, or other governmental charge, the amount or validity thereof is being contested by Mortgagor in good faith by appropriate proceedings diligently pursued and adequate reserves therefor have been established in conformity with generally accepted accounting principles; and it will during the life of this Deed of Trust keep the Mortgaged Property, and each and every part thereof, free, clear and discharged from all liens, charges, encumbrances, or assessments that might become superior, coordinate or subordinate to the liens or security interests of this Deed of Trust.

E. In the event Mortgagor shall fail to comply with the requirements set forth in D above, the Trustee, at his option, or Mortgagee, at its option, may pay such taxes and Mortgagor will promptly reimburse Trustee or Mortgagee, as the case may be, therefor; and any and all such sums so paid hereunder shall be paid by Mortgagor upon demand at Mortgagee's principal offices, and shall constitute a part of the Indebtedness.

F. To the extent Mortgagor is entitled to, Mortgagor will permit Mortgagee and its accredited agents, representatives, attorneys and employees at all times to go upon, examine, inspect and remain on the Lands, 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.





G. Mortgagor shall maintain its limited partnership existence and good standing in the jurisdiction of its formation, and in all jurisdictions wherein the property now owned or hereafter acquired or business now or hereafter conducted necessitates same, other than those jurisdictions wherein the failure to so qualify will not have a material adverse effect on Mortgagor.

H. Mortgagor hereby expressly waives any and all rights or privileges of marshalling of assets, sale in inverse order of alienation, notices, appraisements, redemption and any prerequisite to the full extent permitted by applicable law, in the event of foreclosure of the lien or liens and/or security interests created herein. Mortgagee at all times shall have the right to release any part of the Mortgaged Property now or hereafter subject to the lien or security interest 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 or security interests hereof as to the part or parts thereof not so released, or the right to receive future proceeds and income.

I. Without prior approval and written consent of Mortgagee, Mortgagor will not sell, assign, lease, transfer or otherwise dispose of all or any portion of the Mortgaged Property (except in the ordinary course of business or as is otherwise permitted in the Loan Agreement), nor shall Mortgagor mortgage, pledge or otherwise encumber the Mortgaged Property or any part thereof (except for Permitted Encumbrances), regardless of whether the lien or encumbrance is senior, coordinate, junior, inferior or subordinate to the lien and security interest created hereby.

J. Mortgagor will promptly notify Mortgagee or other holder or holders of the Indebtedness, in writing, of the commencement of any legal proceedings affecting the Mortgaged Property or any part thereof, and will take such action as may be necessary to preserve its and Mortgagee's rights affected thereby, and should Mortgagor fail or refuse to take any such action, Mortgagee may at its election take such action on behalf and in the name of Mortgagor and at Mortgagor's cost and expense.

K. Upon request of Mortgagee and subject to the terms of the Loan Agreement, Mortgagor will execute and deliver written notices of assignments to any persons, corporations or other entities owing or which may in the future owe to Mortgagor monies or accounts arising in connection with any of the following matters: (a) any oil, gas or mineral production from the Mortgaged Property; (b) any gas contracts, processing contracts or other contracts relating to the Mortgaged Property; or (c) the operation of or production from any part of the Mortgaged Property. The notices of assignments shall advise the third parties that all of the monies or accounts described above have been assigned to Mortgagee, and if required by Mortgagee, shall also require and direct that future payments thereof, including amounts then owing and unpaid, be paid directly to Mortgagee.

L. Any mortgage, pledge, encumbrance, unitization, pooling, communitization or other action or instrument in violation of the prohibitions contained in D. or K. above shall be of no force or effect against Mortgagee.

M. Upon written request therefor from Mortgagee, deliver to Mortgagee true and complete copies of all reports and/or information received from any Production Payment Grantors pursuant to the terms of any of the Production Payment Agreements that relate to the Permanent ORRIs or the Production Payments.

N. Mortgagor shall diligently monitor the compliance by each Production Payment Grantor with all of its obligations under the Production Payment Agreements relating to any Permanent ORRI or any Production Payment. Upon the occurrence of any Material Default (as defined in the Loan Agreement), Mortgagor shall promptly give written notice thereof to Mortgagee specifying, in detail, the nature of such default and the actions being taken by Mortgagor to cause the applicable Production Payment Grantor to cure such default. Mortgagor shall diligently and prudently enforce its rights and remedies under the applicable Production Payment Agreements resulting from such Material Default, keeping Mortgagee fully informed, in writing, with regard to all significant developments with respect thereto.

O. To the extent not inconsistent with the above-noted provisions of this Deed of Trust, Mortgagor, and Mortgagee adopt Covenants Nos. 1 through 9 set forth in NEV. REV. STAT. § 107.30, with Covenant No. 2 being in an amount necessary to satisfy the requirements under the Loan Agreement and Covenant No. 4 being at an interest rate of ten percent (10%).

#### ARTICLE IV.

#### **DEFEASANCE, RESPECTING FORECLOSURE AND OTHER REMEDIES**

A. Should Mortgagor make due and punctual payment of the Indebtedness, as the same becomes due and payable, and duly observe and perform all of the covenants, conditions and agreements herein and in all other agreements with Mortgagee provided to be observed and performed by it, then the conveyance of the Mortgaged Property shall become of no further force and effect, and the lien and security interest hereof shall be released at the cost and expense of Mortgagor; otherwise, it shall remain in full force and effect. In case any one or more of the Events of Default, as defined in the Loan Agreement (an "Event of Default"), shall happen, then, and in any such event, the whole of the principal of the Indebtedness due and remaining unpaid, together with all interest accrued thereon, may, at the option of the holder thereof, without notice (including, but not limited to, notice of intention to accelerate maturity and notice of acceleration of maturity) or demand, which are, to the full extent permitted by applicable law, waived by Mortgagor, be declared immediately due and payable; and thereupon, or at any time thereafter while the Indebtedness or any part thereof remains unpaid, it shall be the duty of the Trustee, on request of the holder of the Indebtedness (which request is hereby presumed), to enforce this Deed of Trust; and the Trustee and Mortgagee shall have all powers conferred under NEV. REV. STAT. § 107.080 and § 107.100 and any other applicable law. The Trustee, or his successor or substitute, is hereby authorized and empowered to appoint any one or more persons as his attorney(s)-in-fact 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 attorney(s)-in- fact shall be valid, lawful and binding as if done or performed by the Trustee, or his successor or substitute. No single sale or series of sales by the Trustee shall extinguish the lien or exhaust the power of sale hereunder except with respect to the items of property sold, but such lien and power shall exist for so long as and may be exercised in any manner by law or as herein provided as often as the circumstances require to give Mortgagee full relief hereunder. The purchaser at any such sale shall not assume, nor shall his or its heirs, legal representatives, successors or assigns, 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 or security interest hereof.

B. Upon the happening of any Event of Default, Mortgagee shall be entitled to all of the rights, powers and remedies afforded a secured party by the Uniform Commercial Code with reference to the personal property in which Mortgagee has been granted a security interest hereby, or Mortgagee may proceed as to both the real and personal property covered hereby.

C. The Trustee is authorized to receive the proceeds of said sale or sales and apply the same as follows (unless applicable law requires otherwise).

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 reasonable fee to the Trustee;

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

THIRD: the balance, if any, to Mortgagor or its successors or assigns.

D. In the event of the 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 any time, whether with or without cause, then the holder of the Indebtedness may appoint, in writing, a substitute trustee who shall thereupon succeed to all the estates, rights, powers, and trusts herein granted to and vested in the Trustee. In the same events as first above stated, and in the same manner, successive substitute Trustees may thereafter be appointed.

E. It is agreed that in any deed or deeds given by any Trustee any and all statements of fact or other recitals therein made as to the identity of the holder or holders of the Indebtedness, or as to the default in the payments thereof or any part thereof, or as to the breach of any covenants herein contained, or as to the request to sell, notice of sale, time, place, terms and manner of sale, and receipt, application, and distribution 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 additional act or thing having been done by Mortgagee or by any other holder of the Indebtedness or by the Trustee, shall be taken by all courts of law and equity as prima facie evidence that the statements or recitals state facts and are without further question to be so accepted; and Mortgagor does hereby ratify and confirm any and all acts that the Trustee may lawfully do in the premises by virtue of the terms and conditions of this Deed of Trust.

F. The holder of the Indebtedness may, at its election, or the Trustee may, upon written request of the holder of the Indebtedness, proceed by suit or suits, at law or in equity, to enforce the payment of the Indebtedness in accordance with the terms hereof and of the note, notes or guaranties evidencing it, and to foreclose the lien and/or security interest of this Deed of Trust as against all or any portion of the Mortgaged Property and to have such property sold under the judgment or decree of a court of competent jurisdiction.

G. It is expressly understood that the holder of the Indebtedness, or the Trustee, may be a purchaser of the Mortgaged Property, or of any part thereof, at any sale thereof, whether such sale be under the power of sale hereinabove vested in the Trustee or upon any other foreclosure of the lien and/or security interest hereof, or otherwise; and the holder of the Indebtedness or the Trustee so purchasing shall, upon any such purchase, acquire good title to the Mortgaged Property so purchased, free of the lien and/or security interest of this Deed of Trust and free of all rights of redemption in Mortgagor.

H. 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 the holder of the Indebtedness or 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 of any note or guaranty reflecting the Indebtedness, and the employment of any remedy hereunder, or otherwise, shall not prevent the concurrent or subsequent employment of any other appropriate remedy or remedies.

I. Mortgagor agrees that Mortgagor will not at any time insist upon, plead, claim or take the benefit or advantage of any law now or hereafter in force providing for any appraisalment, valuation, stay, extension or redemption, and Mortgagor, for Mortgagor and Mortgagor's successors and assigns, and for any and all persons ever claiming any interest in the Mortgaged Property, to the extent permitted by law, hereby waives and releases all rights of redemption, valuation, appraisalment, stay of execution, notice of intention to mature or declare due the whole of the Indebtedness, notice of election to mature or declare due the whole of the Indebtedness and all rights to a marshaling of the assets of Mortgagor, including the Mortgaged Property, or to a sale in inverse order of alienation in the event of foreclosure of the liens and security interests hereby created. Mortgagor shall not have or assert any right under any statute or rule of law pertaining to the exemption of homestead, the administration of estates of decedents or other matters whatever to defeat, reduce or affect the right of the Mortgagee under the terms of this Deed of Trust to a sale of the Mortgaged Property for the collection of the Indebtedness without any prior or different resort for collection, or the right of the Mortgagee under the terms of this Deed of Trust to the payment of such indebtedness out of the proceeds of sale of the Mortgaged Property in preference to every other claimant whatever. If any law referred to in this paragraph and now in force, of which Mortgagor or Mortgagor's successors



and assigns and such other persons claiming any interest in the Mortgaged Property might take advantage despite this paragraph, shall hereafter be repealed or cease to be in force, such law shall not thereafter be deemed to preclude the application of this paragraph.

- (a) Notwithstanding the provisions of Chapter 40, "Actions and Proceedings in Particular Cases Concerning Property," of Nevada Revised Statutes (as the same may be amended from time to time), and to the extent permitted by law, Mortgagor agrees that Mortgagee shall be entitled to seek a deficiency judgment from Mortgagor and any other party obligated on the Note or guaranty of the Note equal to the difference between the amount owing on the Note and the amount for which the Mortgaged Property was sold pursuant to a judicial or nonjudicial foreclosure sale;
- (b) Mortgagor expressly recognizes that this section will constitute a waiver of the above-cited provisions which may otherwise permit Mortgagor and other persons against whom recovery of deficiencies is sought or guarantors independently (even absent the initiation of deficiency proceedings against them) to present competent evidence of the fair market value of the Mortgaged Property as of the date of foreclosure and offset against any deficiency the amount by which the foreclosure sale price is determined to be less than fair market value;
- (c) Mortgagor further recognizes and agrees that this waiver will create an irrebuttable presumption that the foreclosure sale price is equal to the fair market value of the Mortgaged Property for purposes of calculating deficiencies owed by Mortgagor, other borrowers on the Note, guarantors, and others against whom recovery of a deficiency is sought;
- (d) Alternatively, in the event this waiver is determined by a court of competent jurisdiction to be unenforceable, the following shall be the basis for the finder of fact's determination of the fair market value of the Mortgaged Property as of the date of the foreclosure sale in proceedings governed by Chapter 40, "Actions and Proceedings in Particular Cases Concerning Property," of Nevada Revised Statutes (as the same may be amended from time to time);
  - (i) The Mortgaged Property shall be valued in an "as is" condition as of the date of the foreclosure sale, without any assumption or expectation that the Mortgaged Property will be repaired or improved in any manner before a resale of the Mortgaged Property after foreclosure;
  - (ii) The valuation shall be based upon an assumption that the foreclosure purchaser desires a prompt resale of the Mortgaged Property for cash promptly (but no later than twelve months) following the foreclosure sale;

- (iii) All reasonable closing costs customarily borne by the seller in a commercial real estate transaction should be deducted from the gross fair market value of the Mortgaged Property, including, without limitation, brokerage commissions, title insurance, a survey of the Mortgaged Property, tax prorations, attorney's fees, and marketing costs;
- (iv) The gross fair market value of the Mortgaged Property shall be further discounted to account for any estimated holding costs associated with maintaining the Mortgaged Property pending sale, including, without limitation, utilities expenses, property management fees, taxes and assessments (to the extent not accounted for in (d)(iii) above), and other maintenance expenses;
- (v) Any expert opinion testimony given or considered in connection with a determination of the fair market value of the Mortgaged Property must be given by persons having at least five years experience in appraising property similar to the Mortgaged Property and who have conducted and prepared a complete written appraisal of the Mortgaged Property taking into consideration the factors set forth above.

## ARTICLE V.

### ASSIGNMENT OF PRODUCTION ("ASSIGNMENT")

A. 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 interest of Mortgagor therein subsequent to 7:00 A.M. on the 1st 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; and 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. Unless and until revoked by Mortgagee, which Mortgagee may revoke in its sole discretion, Mortgagee grants to Mortgagor a license to receive and collect the revenues and proceeds attributable to such production, but Mortgagee, acting in its sole discretion, shall have the right to terminate Mortgagor's license to collect such revenues and proceeds by sending to the purchasers of such production the letters in lieu of transfer orders executed by Mortgagor contemporaneously herewith.

B. Should any purchaser taking the production from the Mortgaged Property fail to make prompt payment to Mortgagee in accordance with this Assignment, Mortgagee shall have, to the extent Mortgagor is entitled, the right at Mortgagor's expense 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; and failure of Mortgagor to consent to and promptly effect such change of connection within thirty (30) days following written notice by Mortgagee shall constitute an Event of Default hereunder, and the whole Indebtedness may be immediately declared due and payable, at the option of Mortgagee, and the Mortgaged Property shall become subject to the foreclosure proceedings hereunder.

C. Mortgagor authorizes and empowers Mortgagee to receive, hold and collect all sums of money paid to Mortgagee in accordance with this Assignment, 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. All payments provided for in this Assignment shall be paid promptly to Mortgagee, and Mortgagee may apply the same or so much thereof as it elects to the payment of the Indebtedness or satisfaction of the other Obligations (as defined in the Loan Agreement), application to be made in such manner as it may elect, regardless of whether the application so made shall exceed the payments of principal and interest then due as provided in the note or notes evidencing the Indebtedness. After such application has been so made by Mortgagee, the balance of any such payment or payments remaining shall be paid to Mortgagor.

D. It is understood and agreed that should such payments provided for by this Assignment 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 note, notes, guaranty agreements or other instrument or instruments evidencing the Indebtedness, and neither this Assignment nor any provisions hereof shall in any manner be construed to affect the terms and provisions of such note, notes, guaranty agreements or other instrument or instruments evidencing the Indebtedness. Likewise, neither this Assignment nor any provisions hereof shall in any manner be construed to affect the liens, rights, title and remedies herein granted securing the Indebtedness or Mortgagor's liability therefor. The rights under this Assignment 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.

E. 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.

F. Upon payment in full of all Indebtedness, 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 by Mortgagee to Mortgagor at its request and its expense.

G. 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.

## ARTICLE VI.

### ADDITIONAL REMEDIES

A. If Mortgagor should fail to comply with any of the covenants or obligations of Mortgagor hereunder, then Mortgagee or the Trustee may perform the same for the account and at the expense of Mortgagor but shall not be obligated so to do, and any and all expenses incurred or paid in so doing shall be payable by Mortgagor to Mortgagee, with interest at the rate agreed upon in the Loan Agreement, from the date when same was so incurred or paid, and the amount thereof shall be payable on demand and shall be secured by and under this Deed of Trust, and the amount and nature of such expense and the time when paid shall be presumptively established by the affidavit of Mortgagee or any officer or agent thereof, or by the affidavit of any Trustee acting hereunder; provided, however, that the exercise of the privileges granted in this paragraph shall in nowise be considered or constitute a waiver of the right of Mortgagee upon the happening of an Event of Default hereunder to declare the Indebtedness at once due and payable but shall be cumulative of such right and all other rights herein given.

B. In case any one or more of the Events of Default shall happen, then in each and every such case the Trustee or Mortgagee or any holder of the Indebtedness or any part thereof, whether or not the Indebtedness shall have been declared due and payable, in addition to the other rights and remedies hereunder, may exercise the following additional remedy, but shall not be obligated so to do: the Trustee, Mortgagee or holder of the Indebtedness may, to the extent Mortgagor would be entitled to, enter into and upon and take possession of all or any part of the Mortgaged Property and each and every part thereof and may exclude Mortgagor, its agents and servants wholly therefrom and have, hold, use, operate, manage and control the Mortgaged Property and each and every part thereof 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 all Indebtedness secured hereby, principal and interest, 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 such Trustee, Mortgagee or holder of the Indebtedness shall not be liable to Mortgagor for any damage or injury to the Mortgaged Property except such as may be caused through his, its or their fraud, gross negligence or willful misconduct.

C. Mortgagor does hereby designate Mortgagee as Mortgagor's agent to exercise each and every remedy set forth herein and to conduct any and all operations and take any and all action reasonably necessary to do so.





## ARTICLE VII.

### MISCELLANEOUS

A. Any provision in any document that may be executed in connection herewith to the contrary notwithstanding, the holder of the Indebtedness shall in no event be entitled to receive or collect, nor shall any amounts received hereunder be credited so that the holder of the Indebtedness shall be paid as interest, a sum greater than that authorized by law. If any possible construction of this Deed of Trust or any instrument evidencing the Indebtedness, or any or all other notes, guaranties or papers relating to the Indebtedness, seems to indicate any possibility of a different power given to the holder of the Indebtedness, or any authority to ask for, demand, or receive any larger rate of interest, such as a mistake in calculation or wording, this clause shall override and control, and proper adjustments shall be made accordingly.

B. This Deed of Trust, for convenience only, has been divided into Articles and paragraphs, and it is understood that the rights, powers, privileges, duties and other legal relations of the Mortgagor, the Trustee, and the Mortgagee or any holder of the Indebtedness, shall be determined from this Deed of Trust as an entirety and without regard to the aforesaid division into Articles and paragraphs and without regard to headings prefixed to such Articles.

C. The terms used to designate any of the parties herein shall be deemed to include the heirs, successors and assigns of such parties; the term "successors" shall include the heirs, trustees and legal representatives; and the term "Mortgagee" shall also include any lawful owner, holder or pledgee of any Indebtedness. 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.

D. Every right and remedy provided for herein shall be cumulative of each and every other right or remedy of Mortgagee, whether herein or otherwise conferred, and may be enforced concurrently therewith, and the unenforceability or invalidity of any one or more provisions, clauses, sentences or paragraphs of this Deed of Trust shall not render any other provision, clause, sentence or paragraph unenforceable or invalid. 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.

E. This Deed of Trust shall be binding upon the parties, their respective successors and assigns, and shall inure to the benefit of the holder of the Indebtedness, and the covenants and agreements herein contained shall constitute covenants running with the Land.

F. 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 in Exhibit "A" attached hereto by means of supplemental indentures identifying this Deed of Trust and describing such interests and properties to be so added and included, and upon the execution of

any such supplemental indenture, the lien, rights, titles and interests created herein shall immediately attach to and be effective in respect to any such interests and properties so described, the same as if same had been included originally in Exhibit "A" attached hereto, and the same being included in the term "Mortgaged Property", as used herein.

G. This Deed of Trust 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.

H. The security interest created hereby under applicable provisions of the Uniform Commercial Code attaches to minerals, including oil and gas, or accounts resulting from the sale thereof, at the wellhead or minehead located on the Land described or to which reference is made herein.

I. This Deed of Trust may be filed as provided in NEV. REV. STAT. § 104.9101 et seq. (1999) relating to the granting of security interests. In this connection, this instrument will be presented to a filing officer under the Uniform Commercial Code to be filed in the real estate records as a Financing Statement covering minerals and fixtures, pursuant to NEV. REV. STAT. § 104.9501 et seq. (1999).

J. 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.

K. Reference is made to that certain Intercreditor Agreement dated as of April 2, 2008 (as amended, restated, supplemented or otherwise modified from time to time, the "Intercreditor Agreement"), among Mortgagor, Compass Bank, an Alabama state-chartered bank, as First Lien Administrative Agent (as defined therein) and Mortgagee, as Second Lien Lender (as defined therein). Notwithstanding anything herein to the contrary, the lien and security interest granted to the Second Lien Lender pursuant to this Deed of Trust and the exercise of any right or remedy by the Second Lien lender hereunder are subject to the provisions of the Intercreditor Agreement. In the event of any conflict or inconsistency between the provisions of the Intercreditor Agreement and this Deed of Trust, the provisions of the Intercreditor Agreement shall control.

L. For the convenience of the parties, this Deed of Trust may be executed in multiple counterparts. 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 the 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 Deed of Trust.

M. The failure or delay of Mortgagee to file or give any notice as to this Deed of Trust, or to exercise any right, remedy or option to declare the maturity of the principal debt, or any other sums hereby secured, or the payment by Mortgagee of any taxes, liens, charges or



assessments, shall not be taken or deemed a waiver of any rights to exercise such right or option or to declare any such maturity as to any past or subsequent violations of any of such covenants or stipulations, and shall not waive or prejudice any right or lien hereunder. Any election or failure by Mortgagee to exercise any rights, remedies or options hereunder shall not constitute a waiver or prejudice the exercise of other rights or remedies existing hereunder. All rights, powers, immunities, remedies and liens of Mortgagee existing and to exist hereunder or under any other instruments, and all other or additional security, and Mortgagee's rights at law and in equity, shall be cumulative and not exclusive, each of the other; and Mortgagee shall, in addition to the remedies herein expressly provided, be entitled to such other remedies as may now or here after 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 remedy provided for hereunder or at law or in equity shall not prevent concurrent or subsequent resort to the same or any other remedy or remedies.

N. In the event of a conflict between the terms and provisions of this Deed of Trust and those of the Loan Agreement, the terms and provisions of the Loan Agreement shall govern and control.

[Signature page follows]

EXECUTED on this 2 day of April, 2008.

BLUEROCK ENERGY CAPITAL LTD.,  
a Texas limited partnership

By : BlueRock Energy Capital Management,  
LLC,  
its general partner

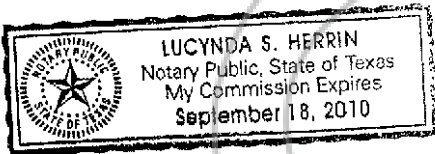
By: Catherine L. Sliva  
Catherine L. Sliva  
President

THE STATE OF TEXAS

§  
§  
§

COUNTY OF HARRIS

This instrument was acknowledged before me on this 2 day of April, 2008, by Catherine L. Sliva, President of BlueRock Energy Capital Management, LLC, the general partner of BlueRock Energy Capital, Ltd., a Texas limited partnership, on behalf of said limited partnership.



Lucinda S. Herrin  
Notary Public, State of Texas

## EXHIBIT "A" TO DEED OF TRUST

This Exhibit "A" sets forth the description of the property interests covered by the Deed of Trust to which this Exhibit "A" is attached. All of the terms defined in the Deed of Trust are used in this Exhibit "A" with the same meanings given therein. This Exhibit "A" and the Deed of Trust cover and include the following:

(a) All of Mortgagor's right, title and interest in and to the Production Payments burdening the Leases and Other Interests described herein and/or Lands described in and subject to such Leases and Other Interests (regardless, as to such Leases, Other Interests and/or Lands, of any surface acreage and/or depth limitations set forth in any description of any of such Leases and Other Interests), and all of Mortgagor's right, title and interest in and to any of the oil, gas and minerals in, on or under the Lands, if any, described on this Exhibit "A" burdened by the Permanent ORRIs and Production Payments, 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, Other Interests and/or Lands described herein; and

(b) All of the foregoing interests of the 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 together with the Mortgagor's interests in, to and under or derived from all renewals and extensions of any Leases or Other Interests described herein, it being specifically intended hereby that any new Lease or Other Interest (i) in which an interest is acquired by the Mortgagor after the termination or expiration of any Lease or Other Interest, the interests of the Mortgagor in, to and under or derived from which are subject to the lien and security interest hereof, and (ii) that covers all or any part of the property described in and covered by such terminated or expired Leases or Other Interests, shall, to the extent, and only to the extent such new Lease or Other Interest may cover such property, be considered a renewal or extension of such terminated or expired Lease and Other Interest; and

(c) All right, title and interest of Mortgagor in, to and under or derived from any operating, farmout, and bidding agreements, assignments and subleases relating to the Permanent ORRIs and Production Payments, whether or not described in this Exhibit "A", to the extent, and only to the extent, that such agreements, assignments and subleases (i) cover or include any of the Mortgagor's present right, title and interest in and to the Permanent ORRIs and Production Payments burdening the Leases, Other Interests and/or Lands described in this Exhibit "A", or (ii) cover or include any other undivided interests now or hereafter held by the Mortgagor in relating to the Permanent ORRIs and Production Payments, to and under the described Leases, Other Interests and/or Lands, including, without limitation, any future operating, farmout and bidding agreements, assignments, subleases and pooling, unitization and communitization agreements and the units created thereby (including, without limitation all units formed under orders, regulations, rules or other official acts of any governmental body or agency having jurisdiction) to the extent and only to the extent that such agreements, assignments, subleases, or units cover or include the described Leases, Other Interests and/or Lands; and



(d) All right, title, and interest of the 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 on this Exhibit "A" to the extent, and only to the extent, those contracts and agreements cover or include the described Leases, Other Interests and/or Lands herein burdened by the Permanent ORRIs and Production Payments; and

(e) All right, title and interest of the 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 described Leases, Other Interests and/or Lands.

Notwithstanding the intention of this Deed of Trust to cover all of the right, title and interest of Mortgagor in and to the Permanent ORRIs and Production Payments burdening the described Leases, Other Interests and/or Lands, Mortgagor hereby specifically warrants and represents that the interests covered by this 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 or other interest payable out of or measured by production set forth in connection with each oil and gas well described in this Exhibit "A". In the event the Mortgagor owns any other or greater interest, such additional interest shall also be covered by and included in this Deed of Trust. The designation "Working Interest" or "W.I." 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 "NRI" means net revenue interest, or 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, windfall profits 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, windfall profits and other similar taxes.

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**EXHIBIT "A"**

**PROPERTY DESCRIPTION**

**I. Production Payment as described in that certain Conveyance of Production Payment from Blackburn Oil & Gas, LLC to BlueRock Energy Capital, Ltd. recorded as follows:**

Book 455, Page 375 of the Official Public Records of Eureka County, Nevada

as such Production Payment relates, without limitation, to the lands, leases and interests described below:

**EUREKA COUNTY, NEVADA**

**Leases:**

Lessor: United States of America N-52055 (segregated from USA N-10613)  
Lessee: Merle C. Chambers  
Date: November 1, 1974  
Description: T27N-R52E, MDM  
Section 7: SE/4  
Section 9: N/2 NW/4, SE/4 NW/4, W/2 SW/4  
Section 22: W/2 SW/4

Lessor: United States of America N-11348  
Lessee: Suzanne D. Bucy  
Date: May 1, 1975  
Recorded: Book 57, Page 256, Records of Eureka County, Nevada  
Description: T27N-R52E, MDM  
Section 7: NE/4  
Section 8: W/2, SE/4, S/2NE/4

**Wells:**

Blackburn Unit #3	100.00000% WI BPO	84.00000% NRI BPO
	68.88889% WI APO	57.85279% NRI APO
Blackburn Unit #10, #16, #18, #19	68.88889% WI	57.85279% NRI
Blackburn Unit #14	66.66667% WI BPO	55.93577% NRI BPO
	68.88889% WI APO	57.85279% NRI APO
Blackburn Unit #21	89.85507% WI	75.47827% NRI
	68.88889% WI APO	57.85279% NRI APO
Blackburn Unit #12 SWD	100.00000% WI	

