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Fee: \$77.00 Page 1 of 36
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Book- 499 Page- 0217



APN _____

Recording Requested By:

Name: Thompson & Knight LLP

Address: Attn: Jerry Sanders
1722 Routh Street, Suite 1500
Dallas, TX 75201

**DEED OF TRUST, ASSIGNMENT,
SECURITY AGREEMENT, FIXTURE FILING
AND FINANCING STATEMENT**

from
BERRY PETROLEUM COMPANY
to
OLEG KOGAN, TRUSTEE

for the benefit of
WELLS FARGO BANK, NATIONAL ASSOCIATION, as AGENT

Dated April 1, 2010

I, the undersigned, hereby affirm that this document submitted for recording does not contain a social security number.

Jerry Sanders

Signature

Paralegal
Title

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO

Thompson & Knight LLP
One Arts Plaza
1722 Routh Street, Suite 1500
Dallas, Texas 75201-2533
Attention: Jerry Sanders

DEED OF TRUST,
ASSIGNMENT, SECURITY AGREEMENT, FIXTURE FILING
AND FINANCING STATEMENT

FROM

BERRY PETROLEUM COMPANY

TO

OLEG KOGAN, TRUSTEE

FOR THE BENEFIT OF

WELLS FARGO BANK, NATIONAL ASSOCIATION, AGENT

Dated April 1, 2010

THIS INSTRUMENT CONTAINS AFTER-ACQUIRED PROPERTY PROVISIONS, SECURES PAYMENT OF FUTURE ADVANCES, AND COVERS PROCEEDS OF COLLATERAL.

THIS INSTRUMENT COVERS, AMONG OTHER THINGS, (A) GOODS WHICH ARE OR ARE TO BECOME FIXTURES RELATED TO THE REAL PROPERTY DESCRIBED HEREIN, AND (B) AS-EXTRACTED COLLATERAL RELATED TO THE REAL PROPERTY DESCRIBED HEREIN (INCLUDING WITHOUT LIMITATION OIL, GAS AND OTHER MINERALS AND ACCOUNTS ARISING OUT OF THE SALE AT THE WELLHEAD OR MINEHEAD THEREOF).

THIS INSTRUMENT IS TO BE FILED FOR RECORD, AMONG OTHER PLACES, IN THE REAL ESTATE OR COMPARABLE RECORDS OF THE COUNTIES REFERENCED IN EXHIBIT A HERETO AND SUCH FILING SHALL SERVE, AMONG OTHER PURPOSES, AS A FIXTURE FILING AND AS A FINANCING STATEMENT COVERING AS-EXTRACTED COLLATERAL. THE MORTGAGOR HAS AN INTEREST OF RECORD IN THE REAL ESTATE CONCERNED, WHICH INTEREST IS DESCRIBED IN SECTION 1.1 OF THIS INSTRUMENT.



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A POWER OF SALE HAS BEEN GRANTED IN THIS DEED OF TRUST. A POWER OF SALE MAY ALLOW THE TRUSTEE (AS HEREINAFTER DEFINED) TO TAKE THE MORTGAGED PROPERTIES AND SELL THEM WITHOUT GOING TO COURT IN A FORECLOSURE ACTION UPON DEFAULT BY THE MORTGAGOR (AS HEREINAFTER DEFINED) UNDER THIS DEED OF TRUST.

THIS DOCUMENT PREPARED BY:

Dorothy H. Bjorck, Esq.
Thompson & Knight, LLP
1722 Routh Street, Suite 1500
Dallas, Texas 75201-2533

COPY

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DEED OF TRUST,
ASSIGNMENT, SECURITY AGREEMENT, FIXTURE FILING
AND FINANCING STATEMENT
(this "Deed of Trust")

ARTICLE I.

Granting Clauses: Secured Indebtedness

Section 1.1. Grant and Mortgage. Berry Petroleum Company, a Delaware corporation (herein called "**Mortgagor**"), for and in consideration of the sum of One Thousand Dollars (\$1000.00) to Mortgagor in hand paid, and in order to secure the payment of the secured indebtedness hereinafter referred to and the performance of the obligations, covenants, agreements, warranties and undertakings of Mortgagor hereinafter described, does hereby GRANT, BARGAIN, SELL, CONVEY, TRANSFER, ASSIGN AND SET OVER to Oleg Kogan, Trustee ("**Trustee**"), and GRANT to Trustee a POWER OF SALE (pursuant to this Deed of Trust and applicable law) with respect to, the following described properties, rights, and interests (the "**Mortgaged Properties**"):

A. The oil, gas or other mineral properties, mineral servitudes, and mineral rights that are described in Exhibit A attached hereto and made a part hereof;

B. Without limitation of the foregoing, all other right, title and interest of Mortgagor of whatever kind or character (whether now owned or hereafter acquired by operation of law or otherwise) in and to (i) the oil, gas or mineral leases or other agreements described in Exhibit A hereto and (ii) the lands described or referred to in Exhibit A hereto (or described or referred to in any of the instruments described or referred to in such Exhibit A), without regard to any limitations as to specific lands or depths that may be set forth in Exhibit A hereto or in any of the leases or other agreements described in Exhibit A hereto;

C. All of Mortgagor's interest (whether now owned or hereafter acquired by operation of law or otherwise) in and to all presently existing and hereafter created oil, gas or mineral unitization, pooling or communitization agreements, declarations or orders, and in and to the properties, rights and interests covered and the units created thereby (including units formed under orders, rules, regulations or other official acts of any federal, state or other authority having jurisdiction), which cover, affect or otherwise relate to the properties, rights and interests described in clause A or B above;

D. All of Mortgagor's interest in and rights under (whether now owned or hereafter acquired by operation of law or otherwise) all presently existing and hereafter created operating agreements, equipment leases, production sales contracts, processing agreements, transportation agreements, gas balancing agreements, farmout or farm-in



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agreements, salt water disposal agreements, area of mutual interest agreements, and other contracts or agreements which cover, affect, or otherwise relate to the properties, rights and interests described in clause A, B or C above or to the operation of such properties, rights and interests or to the treating, handling, storing, processing, transporting or marketing of oil, gas, other hydrocarbons, or other minerals produced from (or allocated to) such properties, rights and interests (including those contracts listed in Exhibit A hereto), as same may be amended or supplemented from time to time;

E. All of Mortgagor's interest (whether now owned or hereafter acquired by operation of law or otherwise) in and to all improvements, fixtures, and other real, and personal property (including all co-generation facilities, platforms, wells, pumping units, wellhead equipment, tanks, pipelines, flow lines, gathering lines, compressors, dehydration units, separators, meters, buildings, injection facilities, salt water disposal facilities, and power, telephone and telegraph lines), and all easements, servitudes, rights-of-way, surface leases, licenses, permits and other surface rights, which are now or hereafter used, or held for use, in connection with the properties, rights and interests described in clause A, B or C above, or in connection with the operation of such properties, rights and interests, or in connection with the treating, handling, storing, processing, transporting or marketing of oil, gas, other hydrocarbons, or other minerals produced from (or allocated to) such properties, rights and interests;

F. All rights, estates, powers and privileges appurtenant to the foregoing rights, interests and properties; and

G. All proceeds, including all claims to and demands for them, of the voluntary or involuntary conversion of any of the lands described or referred to in Exhibit A hereto (or described or referred to in any of the instruments described or referred to in such Exhibit A) or the other property described above into cash or liquidated claims, including all proceeds of any insurance policies, present and future, payable because of loss sustained to all or part of any of the Mortgaged Properties, whether or not such insurance policies are required by Beneficiary, and all condemnation awards or payments now or later to be made by any public body or decree by any court of competent jurisdiction for any taking or in connection with any condemnation or eminent domain proceeding, and all causes of action and their proceeds for any damage or injury to the lands described or referred to in Exhibit A hereto (or described or referred to in any of the instruments described or referred to in such Exhibit A) or the other property described above or any part of them, or breach of warranty in connection with the construction of the improvements, including causes of action arising in tort, contract, fraud or concealment of a material fact.

Notwithstanding anything herein to the contrary, the Mortgaged Properties and the Collateral shall not include the following (collectively, the "**Excluded Property**"):

(a) the rights of Mortgagor in any accounts, contracts, contract rights, choses in action (i.e., rights to enforce contracts or to bring claims thereunder) and general intangibles of any kind (regardless of whether the same arose, or the events which gave rise to the same occurred, on or

before or after the date hereof), to the extent such property by its terms or by the terms of any related agreement with a Person other than a Subsidiary of Mortgagor or by the terms of any applicable law under which it arises (i) validly prohibits the creation of a security interest therein by Mortgagor of the type otherwise created hereby, (ii) validly requires the consent of any third party to the creation of a security interest of the type otherwise created hereby and said third party refuses to provide such consent, or (iii) validly gives rise to any right of termination or default remedy by reason of the creation of a security interest therein of the type otherwise created hereby; or

- (b) the drilling rigs described on Annex I attached hereto; or
- (c) the interests held by Mortgagor in Lake Canyon Transportation and Gathering LLC and in NJR Joint Venture; or
- (d) any motor vehicles owned by Mortgagor.

Notwithstanding the foregoing, oil and gas leases as to which Proved Reserves (as defined in the Credit Agreement referred to below, and herein so called) are attributable are not under any circumstances Excluded Properties.

TO HAVE AND TO HOLD the Mortgaged Properties unto Trustee, and its successors or substitutes in this trust, and to its or their successors and assigns, in trust, however, upon the terms, provisions and conditions herein set forth. Mortgagor will warrant and defend title to the Property (as hereinafter defined), free and clear of all liens, security interests, and encumbrances except for "Permitted Liens" (as defined in the Credit Agreement) against the claims and demands of all Persons claiming or to claim the same or any part thereof.

Section 1.2. Scope of Deed of Trust. This Deed of Trust is a deed of trust and mortgage, a security agreement, a financing statement and an assignment. This Deed of Trust covers real property and personal property (including goods that are or are to become fixtures, as-extracted collateral), and all proceeds thereof.

Section 1.3. Grant of Security Interest. In order to further secure the payment of the secured indebtedness hereinafter referred to and the performance of the obligations, covenants, agreements, warranties, and undertakings of Mortgagor hereinafter described, Mortgagor hereby grants to Agent (as hereinafter defined) a security interest in the entire interest of Mortgagor (whether now owned or hereafter acquired by operation of law or otherwise) in and to:

- (a) all oil, gas, other hydrocarbons, and other minerals produced from or allocated to the Mortgaged Properties and all products processed or obtained therefrom (herein collectively called the "Production"), together with all accounts arising out of the sale of Production and all other proceeds of Production (regardless of whether the Production to which such proceeds relate occurred on, before or after the date hereof), and together with all liens and security interests securing payment of the proceeds of Production, including those liens and security interests provided for under (i) statutes enacted in the jurisdictions in which the Mortgaged Properties are located, or (ii) statutes made applicable to the Mortgaged Properties under federal law (or some combination of federal and state law);

(b) without limitation of any other provisions of this Section 1.3, all payments received in lieu of Production (regardless of whether such payments accrued, or the events which gave rise to such payments occurred on, before or after the date hereof), including "take or pay" payments and similar payments, payments received in settlement of or pursuant to a judgment rendered with respect to take or pay or similar obligations or other obligations under a production sales contract, payments received in buyout or buydown or other settlement of a production sales contract, and payments received under a gas balancing or similar agreement as a result of (or received otherwise in settlement of or pursuant to judgment rendered with respect to) rights held by Mortgagor as a result of Mortgagor (or its predecessors in title) taking or having taken less gas from lands covered by a Mortgaged Property (or lands pooled or unitized therewith) than their ownership of such Mortgaged Property would entitle them to receive (the payments described in this subsection (b) being herein called "**Payments in Lieu of Production**");


(c) all equipment, inventory, improvements, fixtures, accessions, goods, and other personal property or movable property of whatever nature now or hereafter located on or used or held for use in connection with the Mortgaged Properties (or in connection with the operation thereof or the treating, handling, storing, processing, transporting, or marketing of Production), and all licenses and permits of whatever nature now or hereafter used or held for use in connection with the Mortgaged Properties (or in connection with the operation thereof or the treating, handling, storing, processing, transporting, or marketing of Production), and all renewals or replacements of the foregoing or substitutions for the foregoing;

(d) all accounts, contracts, contract rights, choses in action (i.e., rights to enforce contracts or to bring claims thereunder) and general intangibles of any kind (regardless of whether the same arose, or the events which gave rise to the same occurred, on or before or after the date hereof) in any way related to the Mortgaged Properties, the operation thereof (whether Mortgagor is operator or non-operator or otherwise), or the treating, handling, separation, stabilization, storing, processing, transporting, gathering, sale or marketing of Production (including any of the same relating to payment of proceeds of Production or to payment of amounts which could constitute Payments in Lieu of Production);

(e) without limitation of the generality of the foregoing, any rights and interests of Mortgagor under any Hedging Contract now or hereafter existing;

(f) all geological, geophysical, engineering, accounting, title, legal (excluding information subject to attorney client privilege), and other technical or business data concerning the Mortgaged Properties, the Production or any other item of Property (as hereinafter defined) which are now or hereafter in the possession of Mortgagor or in which Mortgagor can otherwise grant a security interest, and all books, files, records, magnetic media, and other forms of recording or obtaining access to such data;

(g) without limitation of or by any of the foregoing, all rights, titles and interests now owned or hereafter acquired by Mortgagor in any and all goods, inventory, equipment, as-extracted collateral, documents, money, instruments, intellectual property, certificated securities, uncertificated securities, investment property, letters of credit, rights to proceeds of written letters of credit and other letter-of-credit rights, commercial tort claims, deposit accounts, payment intangibles,

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general intangibles, contract rights, chattel paper (including electronic chattel paper and tangible chattel paper), rights to payment evidenced by chattel paper, software, supporting obligations and accounts, wherever located, and all rights and privileges with respect thereto (all of the properties, rights and interests described in subsections (a), (b), (c), (d), (e), and (f) above, subsection (h) below, and this subsection (g) being herein sometimes collectively called the “**Collateral**”); and

(h) all proceeds of the Collateral (the Mortgaged Properties, the Collateral and the proceeds of the Mortgaged Properties and of the Collateral being herein sometimes collectively called the “**Property**”).

Except as otherwise expressly provided in this Deed of Trust, all terms in this Deed of Trust relating to the Collateral and the grant of the foregoing security interest which are defined in the UCC, as defined below, shall have the meanings assigned to them in Article 9 (or, absent definition in Article 9, in any other Article) of the UCC, as those meanings may be amended, revised or replaced from time to time. Notwithstanding the foregoing, the parties intend that the terms used herein which are defined in the UCC have, at all times, the broadest and most inclusive meanings possible. Accordingly, if the UCC shall in the future be amended or held by a court to define any term used herein more broadly or inclusively than the UCC in effect on the date of this Deed of Trust, then such term, as used herein, shall be given such broadened meaning. If the UCC shall in the future be amended or held by a court to define any term used herein more narrowly, or less inclusively, than the UCC in effect on the date of this Deed of Trust, such amendment or holding shall be disregarded in defining terms used in this Deed of Trust.

Section 1.4. Loan Documents, Hedging Obligations, and Other Obligations. This Deed of Trust is made to secure and enforce the payment and performance of the following obligations, indebtedness, loans, and liabilities:

(a) All indebtedness and other obligations of Mortgagor now or hereafter incurred or arising pursuant to the provisions of that certain Amended and Restated Credit Agreement dated as of July 15, 2008 among Mortgagor, Wells Fargo Bank, National Association, individually and in its capacity as Administrative Agent and collateral agent for the benefit of the Lenders (in such capacity and in its capacity as collateral agent for Société Générale herein called “**Agent**”), and the lenders from time to time parties thereto (herein called “**Lenders**”) and all supplements thereto and amendments or modifications thereof, and all agreements given in substitution therefor or in restatement, renewal or extension thereof, in whole or in part (such Credit Agreement as the same may from time to time be supplemented, amended or modified, and all other agreements given in substitution therefor or in restatement, renewal or extension thereof, in whole or in part, being herein called the “**Credit Agreement**”);

(b) The “**Loans**” (as defined in the Credit Agreement and used with the same meaning herein) in the aggregate amount of \$1,500,000,000 that may be made from time to time by Lenders to Mortgagor pursuant to the Credit Agreement, and all promissory notes evidencing such Loans, bearing interest as provided in the Credit Agreement and having a final maturity date on or before July 15, 2012, unless otherwise extended pursuant to the Credit Agreement or by amendment thereto;

(c) Payment and performance of all Hedging Obligations;

(d) All other "Obligations", as defined in the Credit Agreement, and all other indebtedness and other obligations now or hereafter incurred or arising pursuant to the provisions of the Credit Agreement, this Deed of Trust or any other instrument now or hereafter evidencing, governing, securing the "secured indebtedness" (as hereinafter defined) or any part thereof or otherwise executed in connection with any advance or loan evidenced or governed by the Credit Agreement (the Credit Agreement, any and all promissory notes issued thereunder, this Deed of Trust and such other instruments being herein sometimes collectively called the "**Loan Documents**");

(e) The SG Obligations (as defined in the Credit Agreement); and

(f) All costs and expenses of Trustee and Agent in enforcing their rights and remedies hereunder.

Without limiting the generality of the foregoing, this Deed of Trust secures the payment of all amounts that constitute part of the secured indebtedness and would be owed by Mortgagor to any Lenders under the Loan Documents but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving Mortgagor.

Notwithstanding anything to the contrary contained herein, the maximum principal amount of obligations, indebtedness, loans and liabilities at any time secured by this Deed of Trust shall be \$2,000,000,000.

Section 1.5. Certain Defined Terms.

(a) The indebtedness referred to in Section 1.4, and all renewals, extensions and modifications thereof, and all substitutions therefor, in whole or in part, are herein sometimes referred to as the "**secured indebtedness**" or the "**indebtedness secured hereby**".

(b) "**Applicable Rate**" means the rate in effect at any time in question with respect to Base Rate Loans (as defined in the Credit Agreement), including any increased rate that is in effect due to an Event of Default.

(c) "**Credit Party**" means Mortgagor and each Subsidiary (as such term is defined in the Credit Agreement) of Mortgagor.

(d) "**Hedging Contract**" means any written or unwritten agreement now existing or hereafter entered into that provides for (i) any rate swap transaction, swap option, basis swap, forward rate transaction, commodity swap or collar, commodity floor, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, credit protection transaction, credit swap, credit default swap, credit default option, total return swap, credit spread transaction, repurchase transaction, reverse repurchase transaction, buy/sell-back transaction, securities lending transaction, weather index transaction or forward purchase or sale of a security, commodity or other financial

instrument or interest (including any option with respect to any of these transactions), (ii) any type of transaction that is similar to any transaction referred to in clause (i) above that is currently, or in the future becomes, recurrently entered into in the financial markets (including terms and conditions incorporated by reference in such agreement) and that is a forward, swap, future, option or other derivative on one or more rates, currencies, commodities, equity securities or other equity instruments, debt securities or other debt instruments, economic indices or measures of economic risk or value, or other benchmarks against which payments or deliveries are to be made, or (iii) any combination of the foregoing transactions

(e) “**Hedging Obligation**” means any obligation of any Credit Party arising from time to time under any Hedging Contract heretofore, presently or hereafter entered into with a Secured Counterparty; provided that if any Person that was a Secured Counterparty ceases to be a Secured Counterparty, the Hedging Obligations shall only include such obligations to the extent arising from transactions entered into during or prior to the time such Person was a Secured Counterparty and shall not include any obligations arising from any transaction entered into after such Person ceases to be a Secured Counterparty.

(f) “**Indemnified Persons**” means Trustee, Agent, Lenders, Société Générale, their respective affiliates, and the directors, officers, partners, employees and agents of each of the foregoing.

(g) “**Person**” means an individual, corporation, general partnership, limited partnership, limited liability company, association, joint stock company, trust or trustee thereof, estate or executor thereof, governmental agency or authority, or any other legally recognizable entity.

(h) “**Secured Counterparty**” means any Agent, any Lender, and any affiliate of Agent or any Lender.

(i) “**UCC**” means the Uniform Commercial Code as enacted from time to time as part of the laws applicable to this Deed of Trust pursuant to Section 5.21.

ARTICLE II.

Representations, Warranties and Covenants

Section 2.1. Mortgagor represents, warrants, and covenants as follows:

(a) Title and Liens. Except as otherwise permitted by Section 5.17 of the Credit Agreement, Mortgagor has, and Mortgagor covenants to maintain, good and defensible title to the fee interests in real property and the oil and gas leasehold interests comprising the Property, in each case free and clear of all liens, security interests, and encumbrances except for Permitted Liens. Except for those Mineral Interests disposed of in accordance with the Credit Agreement and the oil and gas leases that have expired in accordance with their terms, the ownership by Mortgagor of the Mortgaged Properties does and will, with respect to each well or unit identified on Schedule I attached hereto and made a part hereof, entitle Mortgagor to receive (subject to the terms and provisions of this Deed of Trust) a decimal or percentage share of the oil, gas and other hydrocarbons



produced from, or allocated to, such well or unit equal to not less than the decimal or percentage share set forth, for such well or unit, in the column headed "Net Revenue Interest," "NRI" or words of similar import on Schedule I, and cause Mortgagor to be obligated to bear a decimal or percentage share of the cost of operation of such well or unit equal to not more than the decimal or percentage share set forth for such well or unit in the column headed "Working Interest," "WI" or words of similar import on Schedule I. The above-described shares of production which Mortgagor is entitled to receive and shares of expenses which Mortgagor is obligated to bear are not and will not be subject to change (other than changes which arise pursuant to non-consent provisions of operating agreements, farmout or farmin agreements, unit agreements, unit operating agreements, pooling or communitization agreements and other applicable oil and gas contracts and agreements in connection with operations hereafter proposed thereunder), except, and only to the extent that, (i) such changes are provided to Agent under and pursuant to the Credit Agreement, (ii) such assets have hereafter been disposed of in compliance with the Credit Agreement, or (iii) leases for such Property have expired or terminated in compliance with the Credit Agreement. There is not and will not be any unexpired financing statement covering any part of the Property on file in any public office naming any party other than Agent as secured party and other than Permitted Liens.

(b) No Sale or Disposal Without Consent. Except to the extent expressly permitted under the Credit Agreement, Mortgagor will not sell, exchange, lease, transfer, release or otherwise dispose of any part of, or interest in, the Property.

(c) Defense of Deed of Trust. Except for Permitted Liens, if the validity or priority of this Deed of Trust or of any rights, titles, liens or security interests created or evidenced hereby with respect to the Property or any part thereof or the title of Mortgagor to the Property shall be endangered or questioned or shall be attacked directly or indirectly or if any legal proceedings are instituted against Mortgagor with respect thereto, Mortgagor will give prompt written notice thereof to Agent and at Mortgagor's own cost and expense will diligently endeavor to cure any defect that may be developed or claimed, and will take all necessary and proper steps for the defense of such legal proceedings, including the employment of counsel, the prosecution or defense of litigation and the release or discharge of all adverse claims, and Trustee and Agent, or either of them (whether or not named as parties to legal proceedings with respect thereto), are hereby authorized and empowered to take such additional steps as in their judgment and discretion may be necessary or proper for the defense of any such legal proceedings or the protection of the validity or priority of this Deed of Trust and the rights, titles, liens and security interests created or evidenced hereby, including the employment of independent counsel, the prosecution or defense of litigation, the compromise or discharge of any adverse claims made with respect to the Property, the purchase of any tax title and the removal of prior liens or security interests, and all expenditures so made of every kind and character shall be a demand obligation (which obligation Mortgagor hereby expressly promises to pay) owing by Mortgagor to Agent or Trustee (as the case may be) and shall bear interest from the date expended until paid at the rate described in Section 2.3 hereof, and the party incurring such expenses shall be subrogated to all rights of the Person receiving such payment.

(d) Insurance and Condemnation.

(i) Mortgagor will carry insurance as required under the Credit Agreement. In the event of foreclosure of this Deed of Trust, or other transfer of title to the



Property in extinguishment in whole or in part of the secured indebtedness, all right, title and interest of Mortgagor in and to such policies then in force concerning the Property and all proceeds payable thereunder shall, to the maximum extent permitted under applicable law, thereupon vest in the purchaser at such foreclosure or other transferee in the event of such other transfer of title.

(ii) All proceeds of all judgments, decrees or awards now or hereafter arising or resulting from or in connection with any taking of the Property by any Governmental Authority (as defined in the Credit Agreement and used with the same meaning herein), or awards, settlements or other compensation relating thereto now or hereafter made by any Governmental Authority shall be deemed dispositions for the purpose of Section 7.5 of the Credit Agreement.

(e) Further Assurances. Mortgagor will, on request of Agent, (i) promptly correct any defect, error or omission which may be discovered in the contents of this Deed of Trust, or in any other Loan Document, or in the execution or acknowledgment of this Deed of Trust or any other Loan Document; and (ii) execute, acknowledge, deliver and record or file such further instruments (including further deeds of trust, mortgages, security agreements, financing statements, continuation statements, and assignments of production, accounts, funds, contract rights, general intangibles, and proceeds) and do such further acts as may be necessary, desirable or proper to carry out more effectively the purposes of this Deed of Trust and the other Loan Documents and to more fully identify and subject to the liens and security interests hereof any property intended to be covered hereby, including any renewals, additions, substitutions, replacements, or appurtenances to the Property. Mortgagor shall pay all reasonable costs connected with any of the foregoing.

(f) Not a Foreign Person. Mortgagor is not a "foreign person" within the meaning of the Internal Revenue Code of 1986, as amended, (hereinafter called the "Code"), Sections 1445 and 7701 (i.e. Mortgagor is not a non-resident alien, foreign corporation, foreign partnership, foreign trust or foreign estate as those terms are defined in the Code and any regulations promulgated thereunder).

(g) Payment and Performance. Mortgagor will make due and punctual payment of all secured indebtedness as the same become due and payable, whether at a date for payment of a fixed installment, or contingent or other payment, or as a result of acceleration or otherwise. Mortgagor will timely and properly perform all of its covenants and agreements under this Deed of Trust or the Loan Documents and will not permit a default to occur hereunder or thereunder.

Section 2.2. Compliance by Operator. As to any Mortgaged Property that is not a working interest, Mortgagor agrees to take all commercially reasonable action and to exercise all rights and remedies as are reasonably available to Mortgagor to cause the owner or owners of the working interest in or related to such Mortgaged Property to comply with Mortgagor's covenants and agreements contained herein with respect to such Mortgaged Property; and as to any part of the Mortgaged Properties that is a working interest but is operated by a Person other than Mortgagor, Mortgagor agrees to take all commercially reasonable action and to exercise all rights and remedies as are reasonably available to Mortgagor (including all rights under any operating agreement) to cause

such Person to comply with Mortgagor's covenants and agreements contained herein with respect to such Mortgaged Property.

Section 2.3. Performance on Mortgagor's Behalf. Mortgagor agrees that, if Mortgagor fails to perform any act or to take any action which hereunder Mortgagor is required to perform or take, or to pay any money which hereunder Mortgagor is required to pay, Agent, in Mortgagor's name or its own name, may, but shall not be obligated to, perform or cause to be performed such act or take such action or pay such money, and any expenses so incurred by Agent and any money so paid by Agent shall be a demand obligation owing by Mortgagor to Agent (which obligation Mortgagor hereby expressly promises to pay) and Agent, upon making such payment, shall be subrogated to all of the rights of the Person receiving such payment. Each amount due and owing by Mortgagor to Trustee or Agent or any Lender pursuant to this Section 2.3 or other sections of this Deed of Trust that specifically refer to this Section 2.3 shall bear interest each day, from the date of such expenditure or payment until paid, at the Applicable Rate; all such amounts, together with such interest thereon, shall be a part of the secured indebtedness and shall be secured by this Deed of Trust.

Section 2.4. Recording. Mortgagor will cause this Deed of Trust and all amendments and supplements thereto and substitutions therefor and all financing statements and continuation statements relating thereto to be recorded, filed, re-recorded and refiled in such manner and in such places as Trustee or Agent shall reasonably request and will pay all such recording, filing, re-recording and refiling taxes, fees and other charges.

Section 2.5. Reporting Compliance. Mortgagor agrees to comply with any and all reporting requirements applicable to the transactions relating to the secured indebtedness that are set forth in any law, statute, ordinance, rule, regulation, order or determination of any governmental authority, and further agrees upon request of Agent to furnish Agent with evidence of such compliance.

Section 2.6. Release of Deed of Trust; Survival of Indemnities; Reinstatement. If all of the secured indebtedness shall be paid in full and no further obligation of Lenders or Société Générale shall exist to provide credit or advance funds to Mortgagor or the maker of any promissory note secured hereby or any other obligor that owes secured indebtedness, and if all other requirements in the Credit Agreement for the release of this Deed of Trust have been satisfied, then, at Mortgagor's request and expense, Agent shall execute a release of this Deed of Trust as provided in the Credit Agreement. Notwithstanding any release of this Deed of Trust (and whether or not expressly reserved in any instrument of release), the indemnifications and other rights that this Deed of Trust or the Credit Agreement contemplate will continue in effect following the release hereof shall continue in effect unaffected by such release. If any payment of any secured indebtedness is held to constitute a preference or a voidable transfer under applicable state or federal laws, or if for any other reason any Lender or Agent is required to refund such payment to the payor thereof or to pay the amount thereof to any third party, this Deed of Trust shall be reinstated to the extent of such payment or payments.

ARTICLE III.

Assignment of Production, Accounts, and Proceeds



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Section 3.1. Assignment of Production and Production Proceeds. Mortgagor does hereby absolutely and unconditionally assign, transfer and set over to Agent (a) all Production and all other as-extracted collateral that relates or accrues to Mortgagor's interests in the Mortgaged Properties and (b) all proceeds of the foregoing (including all as-extracted collateral constituting proceeds) and all Payments in Lieu of Production (which proceeds and Payments in Lieu of Production are herein collectively called "**Production Proceeds**"), together with the immediate and continuing right to collect and receive such Production Proceeds. Mortgagor directs and instructs any and all purchasers of any Production to pay to Agent all of the Production Proceeds accruing to Mortgagor's interest until such time as such purchasers have been furnished with evidence that all secured indebtedness has been paid and that this Deed of Trust has been released. Mortgagor agrees that no purchaser of Production shall have any responsibility for the application of any funds paid to Agent.

Section 3.2. Effectuating Payment of Production Proceeds to Agent. Mortgagor agrees to execute and deliver any and all transfer orders, division orders and other instruments that may be reasonably requested by Agent or that may be required by any purchaser of any Production for the purpose of effectuating payment of the Production Proceeds to Agent. If under any existing sales agreements, other than division orders or transfer orders, any Production Proceeds are required to be paid by the purchaser to Mortgagor so that under such existing agreements payment cannot be made of such Production Proceeds to Agent, Mortgagor's interest in all Production Proceeds under such sales agreements and in all other Production Proceeds which for any reason may be paid to Mortgagor shall, when received by Mortgagor, constitute trust funds in Mortgagor's hands and shall be immediately paid over to Agent. Without limitation upon any of the foregoing, Mortgagor hereby constitutes and appoints Agent as Mortgagor's special attorney-in-fact (with full power of substitution, either generally or for such periods or purposes as Agent may from time to time prescribe), effective only upon the occurrence and continuation of an Event of Default, in the name, place and stead of Mortgagor to do any and every act and exercise any and every power that Mortgagor might or could do or exercise personally with respect to all Production and Production Proceeds (the same having been assigned by Mortgagor to Agent pursuant to Section 3.1 hereof), expressly including, but not limited to, the right, power and authority to:

(a) Execute and deliver in the name of Mortgagor any and all transfer orders, division orders, letters in lieu of transfer orders, indemnifications, certificates and other instruments of every nature that may be requested or required by any purchaser of Production from any of the Mortgaged Properties for the purposes of effectuating payment of the Production Proceeds to Agent or that Agent may otherwise deem necessary or appropriate to effect the intent and purposes of the assignment contained in Section 3.1; and

(b) If under any product sales agreements other than division orders or transfer orders, any Production Proceeds are required to be paid by the purchaser to Mortgagor so that under such existing agreements payment cannot be made of such Production Proceeds to Agent, to make, execute and enter into such sales agreements or other agreements as are necessary to direct Production Proceeds to be payable to Agent;

giving and granting unto said attorney-in-fact full power and authority to do and perform any and every act and thing whatsoever necessary and requisite to be done as fully and to all intents and purposes, as Mortgagor might or could do if personally present; and Mortgagor shall be bound

thereby as fully and effectively as if Mortgagor had personally executed, acknowledged and delivered any of the foregoing certificates or documents. The power of attorney herein conferred is granted for valuable consideration and hence is coupled with an interest and is irrevocable so long as the secured indebtedness, or any part thereof, shall remain unpaid. All Persons dealing with Agent or any substitute shall be fully protected in treating the powers and authorities conferred by this paragraph as continuing in full force and effect until advised by Agent that all the secured indebtedness is fully and finally paid. Agent may, but shall not be obligated to, take such action as it deems appropriate in an effort to collect the Production Proceeds and any reasonable expenses (including reasonable attorney's fees) so incurred by Agent shall be a demand obligation of Mortgagor and shall be part of the secured indebtedness, and shall bear interest each day, from the date of such expenditure or payment until paid, at the Applicable Rate.

Section 3.3. Change of Purchaser. To the extent an Event of Default has occurred and is continuing, should any Person now or hereafter purchasing or taking Production fail to make payment promptly to Agent of the Production Proceeds upon written demand therefor from the Agent, Agent shall, subject to then existing contractual prohibitions, have the right to make, or to require Mortgagor to make, a change of purchaser, and the right to designate or approve the new purchaser, and Agent shall have no liability or responsibility in connection therewith so long as ordinary care is used in making such designation.

Section 3.4. Application of Production Proceeds. All Production Proceeds received by Agent shall be applied or held by Agent in accordance with the provisions of the Credit Agreement.

Section 3.5. Release From Liability; Indemnification. Agent and its successors and assigns are hereby released and absolved from all liability for failure to enforce collection of the Production Proceeds and from all other responsibility in connection therewith, except the responsibility of each to account to Mortgagor for funds actually received by each. Mortgagor agrees to indemnify and hold harmless each Indemnified Person from and against all claims, demands, liabilities, losses, damages (including consequential damages), causes of action, judgments, penalties, costs and expenses (including reasonable attorneys' fees and expenses) imposed upon, asserted against or incurred or paid by any Indemnified Person by reason of the assertion that any Indemnified Person received, either before or after payment in full of the secured indebtedness, Production Proceeds or other funds claimed by third Persons (or funds attributable to sales of Production which (i) were made at prices in excess of the maximum price permitted by applicable law or (ii) were otherwise made in violation of laws, rules, regulations or orders governing such sales), and Agent shall have the right to defend against any such claims or actions, for the benefit of itself and the other Indemnified Persons, employing attorneys of its own selection, and if not furnished with indemnity satisfactory to Agent, each Indemnified Person shall have the right to compromise and adjust any such claims, actions and judgments, and in addition to the rights to be indemnified as herein provided, all amounts paid by any Indemnified Person in compromise, satisfaction or discharge of any such claim, action or judgment, and all court costs, attorneys' fees and other expenses of every character expended by any Indemnified Person pursuant to the provisions of this section shall be a demand obligation (which obligation Mortgagor hereby expressly promises to pay) owing by Mortgagor and payable to Agent for the benefit of the Indemnified Persons and shall bear interest, from the date expended until paid, at the Applicable Rate. The foregoing indemnities shall not terminate upon the release, foreclosure or other

termination of this Deed of Trust but will survive such release, foreclosure of this Deed of Trust or conveyance in lieu of foreclosure, or other termination, and the repayment of the secured indebtedness and the discharge and release of this Deed of Trust and the other documents evidencing or securing the secured indebtedness. **WITHOUT LIMITATION OF THE FOREGOING, IT IS THE INTENTION OF MORTGAGOR, AND MORTGAGOR AGREES, THAT THE FOREGOING RELEASES AND INDEMNITIES SHALL APPLY FOR THE BENEFIT OF EACH INDEMNIFIED PERSON WITH RESPECT TO ALL CLAIMS, DEMANDS, LIABILITIES, LOSSES, DAMAGES (INCLUDING CONSEQUENTIAL DAMAGES), CAUSES OF ACTION, JUDGMENTS, PENALTIES, COSTS AND EXPENSES (INCLUDING REASONABLE ATTORNEYS' FEES AND EXPENSES) WHICH IN WHOLE OR IN PART ARE CAUSED BY OR ARISE OUT OF THE ACTIVE OR PASSIVE NEGLIGENCE OF ANY INDEMNIFIED PERSON, PROVIDED THAT SUCH INDEMNITIES SHALL NOT APPLY TO ANY PARTICULAR INDEMNIFIED PERSON (BUT SHALL APPLY TO THE OTHER INDEMNIFIED PERSONS) TO THE EXTENT SUCH CLAIMS, DEMANDS, LIABILITIES, LOSSES, DAMAGES (INCLUDING CONSEQUENTIAL DAMAGES), CAUSES OF ACTION, JUDGMENTS, PENALTIES, COSTS AND EXPENSES ARE CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH PARTICULAR INDEMNIFIED PERSON.**

Section 3.6. Mortgagor's Absolute Obligation to Pay Loans. Nothing herein contained shall detract from or limit the obligations of Mortgagor to pay the secured indebtedness in accordance with the terms thereof, regardless of whether the Production and Production Proceeds herein assigned are sufficient to pay the same, and the rights under this Article III shall be cumulative of all other rights under the Loan Documents.

ARTICLE IV.

Remedies Upon Default

Section 4.1. Event of Default. The term "Event of Default" as used in this Deed of Trust means an "Event of Default" as defined in the Credit Agreement.

Section 4.2. Acceleration of Secured Indebtedness. The maturity of the secured indebtedness may be (and in certain circumstances shall automatically be) accelerated as provided in the Credit Agreement.

Section 4.3. Pre-Foreclosure Remedies. Upon the occurrence and during the continuance of an Event of Default, Agent is authorized, prior or subsequent to the institution of any foreclosure proceedings, to enter upon the Property, or any part thereof, and to take possession of the Property and all books and records relating thereto, and to exercise without interference from Mortgagor any and all rights which Mortgagor has with respect to the management, possession, operation, protection or preservation of the Property. If necessary to obtain the possession provided for above, Agent may



invoke any and all remedies to dispossess Mortgagor. Mortgagor agrees to peacefully surrender possession of the Property if requested by Agent. All costs, expenses and liabilities of every character incurred by Agent in managing, operating, maintaining, protecting or preserving the Property shall constitute a demand obligation (which obligation Mortgagor hereby expressly promises to pay) owing by Mortgagor to Agent and shall bear interest from date of expenditure until paid at the Applicable Rate, all of which shall constitute a portion of the secured indebtedness and shall be secured by this Deed of Trust and by any other instrument securing the secured indebtedness. In connection with any action taken by Agent pursuant to this Section 4.3, **AGENT SHALL NOT BE LIABLE FOR ANY LOSS SUSTAINED BY MORTGAGOR OR ANY AFFILIATE OF MORTGAGOR RESULTING FROM ANY ACT OR OMISSION BY AGENT (INCLUDING AGENT'S OWN NEGLIGENCE) IN MANAGING THE PROPERTY, EXCEPT TO THE EXTENT SUCH LOSS IS CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF AGENT**, nor shall Agent be obligated to perform or discharge any obligation, duty or liability of Mortgagor arising under any agreement forming a part of the Property or arising under any Permitted Lien or otherwise arising. Mortgagor hereby assents to, ratifies and confirms any and all actions of Agent with respect to the Property taken under this Section 4.3, other than gross negligence, willful misconduct, or bad faith of Agent.

Section 4.4. Foreclosure.

(a) Upon the occurrence and during the continuance of an Event of Default, Trustee is authorized and empowered and it shall be Trustee's special duty at the request of Agent to sell the Mortgaged Properties, or any part thereof, as an entirety or in parcels as Agent may elect, at such place or places and otherwise in the manner and upon such notice as may be required by law or, in the absence of any such requirement, as Trustee may deem appropriate. If Trustee shall have given notice of sale hereunder, any successor or substitute Trustee thereafter appointed may complete the sale and the conveyance of the property pursuant thereto as if such notice had been given by the successor or substitute Trustee conducting the sale.

(b) Upon the occurrence and during the continuance of an Event of Default, this Deed of Trust may be foreclosed as to the Mortgaged Properties, or any part thereof, in any manner permitted by applicable law.

(c) Upon the occurrence and during the continuance of an Event of Default, Agent may exercise its rights of enforcement with respect to the Collateral under the UCC. Cumulative of the foregoing and the other provisions of this Section 4.4:

(i) Agent may enter upon the Mortgaged Properties or otherwise upon Mortgagor's premises to take possession of, assemble and collect the Collateral or to render it unusable; and

(ii) Agent may require Mortgagor to assemble the Collateral and make it available at one or more places reasonably designated by Agent to allow Agent to take possession or dispose of the Collateral; and



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(iii) written notice mailed to Mortgagor as provided herein at least ten (10) days prior to the date of public sale of the Collateral or prior to the date after which private sale of the Collateral will be made shall constitute reasonable notice; and

(iv) in the event of a foreclosure of the liens or security interests created or evidenced hereby, the Collateral, or any part thereof, and the Mortgaged Properties, or any part thereof, may, at the option of Agent, be sold, as a whole or in parts, together or separately (including where a portion of the Mortgaged Properties is sold, the Collateral related thereto may be sold in connection therewith); and

(v) the expenses of sale provided for in clause FIRST of Section 4.7 shall include the reasonable expenses of retaking the Collateral, or any part thereof, holding the same and preparing the same for sale or other disposition; and

(vi) should, under this subsection, the Collateral be disposed of other than by sale, any proceeds of such disposition shall be treated under Section 4.7 as if the same were sales proceeds.

(d) To the extent permitted by applicable law, the sale hereunder of less than the whole of the Property shall not exhaust the powers of sale herein granted or the right to judicial foreclosure, and successive sale or sales may be made until the whole of the Property shall be sold, and, if the proceeds of such sale of less than the whole of the Property shall be less than the aggregate of the indebtedness secured hereby, this Deed of Trust and the liens and security interests hereof shall remain in full force and effect as to the unsold portion of the Property just as though no sale had been made; provided, however, that Mortgagor shall never have any right to require the sale of less than the whole of the Property. In the event any sale hereunder is not completed or is defective in the opinion of Agent, such sale shall not exhaust the powers of sale hereunder or the right to judicial foreclosure, and Agent shall have the right to cause a subsequent sale or sales to be made. Any sale may be adjourned by announcement at the time and place appointed for such sale without further notice except as may be required by law. Trustee or his or her successor or substitute, or Agent acting under power of sale, respectively, may appoint or delegate any one or more Persons as agent to perform any act or acts necessary or incident to any sale (including the posting of notices and the conduct of sale), and such appointment need not be in writing or recorded. Any and all statements of fact or other recitals made in any deed or deeds, or other instruments of transfer, given in connection with a sale as to nonpayment of the secured indebtedness or as to the occurrence of any Event of Default, or as to all of the secured indebtedness having been declared to be due and payable, or as to the request to sell, or as to notice of time, place and terms of sale and the properties to be sold having been duly given by Trustee or Agent, or, with respect to any sale by Trustee, or any successor or substitute trustee, as to the refusal, failure or inability to act of Trustee or any substitute or successor trustee or the appointment of any substitute or successor trustee, or as to any other act or thing having been duly done by any Person, shall be taken as prima facie evidence of the truth of the facts so stated and recited. Notwithstanding any reference herein to the Credit Agreement or any other Loan Document, all Persons dealing with the Mortgaged Properties shall be entitled to rely on any document, or certificate, of Agent as to the occurrence of any event or the satisfaction of any condition, such as the existence of an Event of Default, and shall not be charged with or forced to review any provision of this Deed of Trust or any other document to determine the



accuracy thereof. With respect to any sale held in foreclosure of the liens or security interests covered hereby, it shall not be necessary for Trustee, Agent, any public officer acting under execution or order of the court or any other party to have physically present or constructively in his/her or its possession, either at the time of or prior to such sale, the Property or any part thereof.

Section 4.5. Effective as Mortgage. This instrument shall be effective as a mortgage as well as a deed of trust and upon the occurrence of an Event of Default may be foreclosed as to the Mortgaged Properties, or any portion thereof, in any manner permitted by applicable law, and any foreclosure suit may be brought by Trustee or by Agent. *To the extent, if any, required to cause this instrument to be so effective as a mortgage as well as a deed of trust, Mortgagor hereby mortgages the Mortgaged Properties to Agent to secure the payment and performance of the secured indebtedness.* In the event a foreclosure hereunder as to the Mortgaged Properties, or any part thereof, shall be commenced by Trustee, or his substitute or successor, Agent may at any time before the sale of such properties direct Trustee to abandon the sale, and may then institute suit for the foreclosure of this Deed of Trust as to such properties. It is agreed that if Agent should institute a suit for the foreclosure of this Deed of Trust, Agent may at any time before the entry of a final judgment in said suit dismiss the same, and require Trustee, or Trustee's substitute or successor, to sell the Mortgaged Properties, or any part thereof, in accordance with the provisions of this Deed of Trust.

Section 4.6. Receiver. In addition to all other remedies herein provided for, Mortgagor agrees that, upon the occurrence and during the continuance of an Event of Default, Agent shall as a matter of right be entitled to the appointment of a receiver or receivers for all or any part of the Property, whether such receivership be incident to a proposed sale (or sales) of such property or otherwise, and without regard to the value of the Property or the solvency of any Person or Persons liable for the payment of the indebtedness secured hereby, and Mortgagor does hereby consent to the appointment of such receiver or receivers, waives any and all defenses to such appointment, and agrees not to oppose any application therefor by Agent, and agrees that such appointment shall in no manner impair, prejudice or otherwise affect the rights of Agent under Article III hereof. Mortgagor expressly waives notice of a hearing for appointment of a receiver and the necessity for bond or an accounting by the receiver. Nothing herein is to be construed to deprive Agent or any Lender of any other right, remedy or privilege it may now or hereafter have under the law to have a receiver appointed. Any money advanced by Agent in connection with any such receivership shall be a demand obligation (which obligation Mortgagor hereby expressly promises to pay) owing by Mortgagor to Agent and shall bear interest, from the date of making such advancement by Agent until paid, at the Applicable Rate.

Section 4.7. Proceeds of Foreclosure. The proceeds of any sale held in foreclosure of the liens or security interests created or evidenced hereby shall be applied:

FIRST, to the payment of all costs and expenses incident to such foreclosure sale, including all court costs and charges of every character in the event foreclosed by suit or any judicial proceeding and including a reasonable fee to Trustee if such sale was made by Trustee acting under the provisions of Section 4.4.(a);

SECOND, to the payment of the secured indebtedness in accordance with the Credit Agreement (or to be held as cash collateral in accordance therewith); and



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THIRD, the remainder, if any there shall be, shall be paid to Mortgagor, or to Mortgagor's heirs, devisees, representatives, successors or assigns, or such other Persons as may be entitled thereto by law.

Section 4.8. Lender as Purchaser. Any Lender (or any Lenders acting together) shall have the right to become the purchaser at any sale held in foreclosure of the liens or security interests created or evidenced hereby, and any Lender purchasing at any such sale shall have the right to credit upon the amount of the bid made therefor, to the extent necessary to satisfy such bid, the secured indebtedness owing to such Lender, or if such Lender holds less than all of such indebtedness, the pro rata part thereof owing to such Lender, accounting to all other Lenders not joining in such bid in cash for the portion of such bid or bids apportionable to such non-bidding Lender or Lenders.

Section 4.9. Foreclosure as to Matured Debt. Upon the occurrence and during the continuance of an Event of Default, Agent shall have the right to proceed with foreclosure of the liens or security interests created or evidenced hereby without declaring the entire secured indebtedness due, and in such event, any such foreclosure sale may be made subject to the unmatured part of the secured indebtedness and shall not in any manner affect the unmatured part of the secured indebtedness, but as to such unmatured part, this Deed of Trust shall remain in full force and effect just as though no sale had been made. The proceeds of such sale shall be applied as provided in Section 4.7 except that the amount paid under clause SECOND thereof shall be only the matured portion of the secured indebtedness and any proceeds of such sale in excess of those provided for in clauses FIRST and SECOND (modified as provided above) shall be applied or held as provided in Section 3.4. Several sales may be made hereunder without exhausting the right of sale for any unmatured part of the secured indebtedness.

Section 4.10. Remedies Cumulative. All remedies herein provided for are cumulative of each other and of all other remedies existing at law or in equity and are cumulative of any and all other remedies provided for in any other Loan Document, and, in addition to the remedies herein provided, there shall continue to be available all such other remedies as may now or hereafter exist at law or in equity for the collection of the secured indebtedness and the enforcement of the covenants herein and the foreclosure of the liens or security interests created or evidenced hereby, and the resort to any remedy provided for hereunder or under any such other Loan Document or provided for by law shall not prevent the concurrent or subsequent employment of any other appropriate remedy or remedies.

Section 4.11. Discretion as to Security. Agent and Trustee may resort to any security given by this Deed of Trust or to any other security now existing or hereafter given to secure the payment of the secured indebtedness, in whole or in part, and in such portions and in such order as may seem best to Agent in its sole and absolute discretion, and any such action shall not in any way be considered as a waiver of any of the rights, benefits, liens or security interests created or evidenced by this Deed of Trust.

Section 4.12. Mortgagor's Waiver of Certain Rights. To the full extent Mortgagor may do so, 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 appraisal, valuation, stay, extension or redemption, and Mortgagor, for Mortgagor, Mortgagor's heirs, devisees, representatives,



successors and assigns, and for any and all Persons ever claiming any interest in the Property, to the extent permitted by applicable law, hereby waives and releases all rights of appraisal, valuation, stay of execution, redemption, notice of intention to mature or declare due the whole of the secured indebtedness, notice of election to mature or declare due the whole of the secured indebtedness and all rights to a marshaling of assets of Mortgagor, including the Property, or to a sale in inverse order of alienation in the event of foreclosure of the liens or security interests hereby created. Mortgagor shall not have or assert any right under any statute or rule of law pertaining to the marshaling of assets, sale in inverse order of alienation, the exemption of homestead, the administration of estates of decedents, or other matters whatever to defeat, reduce or affect the right under the terms of this Deed of Trust to a sale of the Property for the collection of the secured indebtedness without any prior or different resort for collection, or the right under the terms of this Deed of Trust to the payment of the secured indebtedness out of the proceeds of sale of the Property in preference to every other claimant whatever. If any law referred to in this section and now in force, of which Mortgagor or Mortgagor's heirs, devisees, representatives, successors or assigns or any other Persons claiming any interest in the Mortgaged Properties or the Collateral might take advantage despite this section, shall hereafter be repealed or cease to be in force, such law shall not thereafter be deemed to preclude the application of this section.

Section 4.13. Mortgagor as Tenant Post-Foreclosure. In the event there is a foreclosure sale hereunder and at the time of such sale Mortgagor or Mortgagor's representatives, successors or assigns or any other Persons claiming any interest in the Property by, through or under Mortgagor are occupying or using the Property, or any part thereof, each and all shall immediately become the tenant of the purchaser at such sale, which tenancy shall be a tenancy from day to day, terminable at the will of either landlord or tenant, at a reasonable rental per day based upon the value of the property occupied, such rental to be due daily to the purchaser. To the extent permitted by applicable law, the purchaser at such sale shall, notwithstanding any language herein apparently to the contrary, have the sole option to demand immediate possession following the sale or to permit the occupants to remain as tenants at will. In the event the tenant fails to surrender possession of said property upon demand, the purchaser shall be entitled to institute and maintain a summary action for possession of the property (such as an action for forcible entry and detainer) in any court having jurisdiction.

ARTICLE V.

Miscellaneous

Section 5.1. Effective as a Financing Statement. The Property includes as-extracted collateral and includes goods which are or are to become fixtures on the real property described herein. This Deed of Trust shall be effective as a financing statement covering fixtures and as-extracted collateral (including oil and gas, other minerals and other substances of value which may be extracted from the earth and accounts related thereto), and this Deed of Trust is to be filed for record in the real property records or other appropriate records of each county where any part of the Mortgaged Properties is situated and may also be filed in the offices of the Bureau of Land Management or the Minerals Management Service or any other relevant federal, state or local agency or office (or any successor agencies or offices). This Deed of Trust shall also be effective as a financing statement covering any other Property and may be filed in any other appropriate filing or recording office. The mailing address of Mortgagor is the address of Mortgagor set forth at the end of



this Deed of Trust and the address of Agent from which information concerning the security interests hereunder may be obtained is the address of Agent set forth at the end of this Deed of Trust. A carbon, photographic, facsimile or other reproduction of this Deed of Trust shall be sufficient as a financing statement for all purposes.

Section 5.2. Authority to File Financing Statements. Without limiting any other provision herein, Mortgagor hereby authorizes Agent to file one or more financing statements, or renewal or continuation statements thereof, describing the Collateral as Agent deems appropriate (including any such financing statement, renewal or continuation statement that describes the Collateral as "all assets" or "all personal property" of Mortgagor).

Section 5.3. Notice to Account Debtors. In addition to, but without limitation of, the rights granted in Article III hereof, Agent may, at any time after an Event of Default has occurred that is continuing, notify the account debtors or obligors of any accounts, chattel paper, negotiable instruments or other evidences of indebtedness included in the Collateral to pay Agent directly.

Section 5.4. Waivers. As provided in the Credit Agreement, Agent or Lenders may at any time and from time to time in writing waive compliance by Mortgagor with any covenant herein made by Mortgagor to the extent and in the manner specified in such writing, or consent to Mortgagor's doing any act which hereunder Mortgagor is prohibited from doing, or to Mortgagor's failing to do any act which hereunder Mortgagor is required to do, to the extent and in the manner specified in such writing, or release any part of the Property or any interest therein or any Production Proceeds from the lien and security interest of this Deed of Trust, without the joinder of Trustee. Any party liable, either directly or indirectly, for the secured indebtedness or for any covenant herein or in any other Loan Document may be released from all or any part of such obligations without impairing or releasing the liability of any other party. No such act shall in any way impair any rights or powers hereunder except to the extent specifically agreed to in such writing.

Section 5.5. No Impairment of Security. The lien, security interest and other security rights hereunder shall not be impaired by any indulgence, moratorium or release, or any renewal, extension or modification, which may be granted with respect to any secured indebtedness, or any surrender, compromise, release, renewal, extension, exchange or substitution which may be granted in respect of the Property (including Production Proceeds), or any part thereof or any interest therein, or any release or indulgence granted to any endorser, guarantor or surety of any secured indebtedness.

Section 5.6. Acts Not Constituting Waiver. Any Event of Default may be waived without waiving any other prior or subsequent Event of Default. Any Event of Default may be remedied by Agent or a Lender without constituting a waiver of the Event of Default remedied. Neither failure to exercise, nor delay in exercising, any right, power or remedy upon any Event of Default shall be construed as a waiver of such Event of Default or as a waiver of the right to exercise any such right, power or remedy at a later date. No single or partial exercise of any right, power or remedy hereunder shall exhaust the same or shall preclude any other or further exercise thereof, and every such right, power or remedy hereunder may be exercised at any time and from time to time. No modification or waiver of any provision hereof nor consent to any departure by Mortgagor therefrom shall in any event be effective unless the same shall be in writing and signed by Agent and then such waiver or consent shall be effective only in the specific instances, for the purpose for which given and to the



extent therein specified. No notice to nor demand on Mortgagor in any case shall of itself entitle Mortgagor to any other or further notice or demand in similar or other circumstances. Acceptance of any payment in an amount less than the amount then due on any secured indebtedness shall be deemed an acceptance on account only and shall not in any way excuse the existence of an Event of Default.

Section 5.7. Mortgagor's Successors. In the event the ownership of the Property or any part thereof becomes vested in a Person other than Mortgagor, then, without notice to Mortgagor, such successor or successors in interest may be dealt with, with reference to this Deed of Trust and to the indebtedness secured hereby, in the same manner as with Mortgagor, without in any way vitiating or discharging Mortgagor's liability hereunder or for the payment of the indebtedness or performance of the obligations secured hereby. No transfer of the Property, no forbearance, and no extension of the time for the payment of the indebtedness secured hereby shall operate to release, discharge, modify, change or affect, in whole or in part, the liability of Mortgagor hereunder or for the payment of the indebtedness or performance of the obligations secured hereby or the liability of any other Person hereunder or for the payment of the indebtedness secured hereby.

Section 5.8. Subrogation to Existing Liens. To the extent that the proceeds of the Loans have been used to pay existing indebtedness secured by any outstanding liens, security interests, charges or prior encumbrances against the Property, such proceeds have been advanced at Mortgagor's request and the Lenders (and Trustee and Agent on behalf of the Lenders) shall be subrogated to any and all rights, security interests and liens owned by any owner or holder of such outstanding liens, security interests, charges or encumbrances, irrespective of whether said liens, security interests, charges or encumbrances are released, and it is expressly understood that, in consideration of the payment of such indebtedness, Mortgagor hereby waives and releases all demands and causes of action for offsets and payments to, upon or in connection with such existing indebtedness.

Section 5.9. Application of Payments to Certain Indebtedness. If any part of the secured indebtedness cannot be lawfully secured by this Deed of Trust or if any part of the Property cannot be lawfully subject to the lien and security interest hereof to the full extent of such indebtedness, then all payments made shall be applied on said indebtedness first in discharge of that portion thereof which is not secured by this Deed of Trust.

Section 5.10. Compliance With Usury Laws. It is the intent of Mortgagor, Agent, Lenders and all other parties to the Loan Documents to contract in strict compliance with applicable usury law from time to time in effect. In furtherance thereof, it is stipulated and agreed that, as more fully provided in the Credit Agreement, none of the terms and provisions contained herein shall ever be construed to create a contract to pay, for the use, forbearance or detention of money, interest in excess of the maximum amount of interest permitted to be collected, charged, taken, reserved, or received by applicable law from time to time in effect.

Section 5.11. Substitute Trustee. Trustee may resign by an instrument in writing addressed to Agent, or Trustee may be removed at any time with or without cause by an instrument in writing executed by Agent. In case of the death, resignation, removal, or disqualification of Trustee, or if for any reason Agent shall deem it desirable to appoint a substitute or successor trustee to act instead of the herein named trustee or any substitute or successor trustee, then Agent shall have the right and is



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hereby authorized and empowered to appoint a successor trustee, or a substitute trustee, without other formality than appointment and designation in writing executed by Agent and the authority hereby conferred shall extend to the appointment of other successor and substitute trustees successively until the indebtedness secured hereby has been paid in full, or until the Property is sold hereunder. Such appointment and designation by Agent shall be full evidence of the right and authority to make the same and of all facts therein recited. If Agent is a corporation or association and such appointment is executed in its behalf by an officer of such corporation or association, such appointment shall be conclusively presumed to be executed with authority and shall be valid and sufficient without proof of any action by the board of directors or any superior officer of the corporation or association. Agent may act through an agent or attorney-in-fact in substituting trustees. Upon the making of any such appointment and designation, all of the estate and title of Trustee in the Mortgaged Properties shall vest in the named successor or substitute Trustee and such successor or substitute shall thereupon succeed to, and shall hold, possess and execute, all the rights, powers, privileges, immunities and duties herein conferred upon Trustee (other than the benefits of the indemnities, immunities and releases provided herein and in the other Loan Documents, which will inure both to the former Trustee and to the successor or substitute Trustee); but nevertheless, upon the written request of Agent or of the successor or substitute Trustee, the Trustee ceasing to act shall execute and deliver an instrument transferring to such successor or substitute Trustee all of the estate and title in the Mortgaged Properties of the Trustee so ceasing to act, together with all the rights, powers, privileges, immunities and duties herein conferred upon such Trustee, and shall duly assign, transfer and deliver any of the properties and moneys held by such Trustee hereunder to such successor or substitute Trustee. All references herein to Trustee shall be deemed to refer to the Trustee (including any successor or substitute appointed and designated as herein provided) from time to time acting hereunder.

Section 5.12. No Liability for Trustee. **TRUSTEE SHALL NOT BE LIABLE FOR ANY ERROR OF JUDGMENT OR ACT DONE BY TRUSTEE IN GOOD FAITH, OR BE OTHERWISE RESPONSIBLE OR ACCOUNTABLE UNDER ANY CIRCUMSTANCES WHATSOEVER (INCLUDING TRUSTEE'S NEGLIGENCE), EXCEPT FOR TRUSTEE'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.** Trustee shall have the right to rely on any instrument, document or signature authorizing or supporting any action taken or proposed to be taken by Trustee hereunder, believed by Trustee in good faith to be genuine. All moneys received by Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys (except to the extent required by law), and Trustee shall be under no liability for interest on any moneys received by Trustee hereunder. Mortgagor hereby ratifies and confirms any and all acts which the herein named Trustee or his or her successor or successors, substitute or substitutes, shall do lawfully by virtue hereof. Mortgagor will reimburse Trustee for, and indemnify and save Trustee harmless against, any and all liability and expenses (including attorneys fees) which may be incurred by Trustee in the performance of his or her duties. The foregoing exculpation and indemnities shall not terminate upon the release, foreclosure or other termination of this Deed of Trust but will survive such release, termination or foreclosure of this Deed of Trust, or conveyance in lieu of foreclosure, and the repayment of the secured indebtedness and the discharge and release of this Deed of Trust and the other documents evidencing or securing the secured indebtedness. Any amount to be paid hereunder



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by Mortgagor to Trustee shall be a demand obligation owing by Mortgagor to Trustee and shall be subject to and covered by the provisions of Section 2.3 hereof.

Section 5.13. Notices. All notices, requests, consents, demands and other communications required or permitted hereunder shall be in writing and shall be deemed sufficiently given or furnished if delivered in compliance with the Credit Agreement. Notwithstanding the foregoing, or anything else in the Loan Documents which may appear to the contrary, any notice given in connection with a foreclosure of the liens or security interests created hereunder, or otherwise in connection with the exercise by Agent, any Lender or Trustee of their respective rights hereunder or under any other Loan Document, which is given in a manner permitted by applicable law shall constitute proper notice, and, without limitation of the foregoing, notice given in a form required or permitted by statute shall (as to the portion of the Property to which such statute is applicable) constitute proper notice. Mortgagor requests that a copy of notice of default and notice of sale be mailed to it at the address set forth below its signature on this Deed of Trust.

Section 5.14. Invalidity of Certain Provisions. A determination that any provision of this Deed of Trust is unenforceable or invalid shall not affect the enforceability or validity of any other provision and the determination that the application of any provision of this Deed of Trust to any Person or circumstance is illegal or unenforceable shall not affect the enforceability or validity of such provision as it may apply to other Persons or circumstances.

Section 5.15. Interpretation, etc. All references in this Deed of Trust to Exhibits, Schedules, articles, sections, subsections, definitions and other subdivisions refer to the Exhibits, Schedules, articles, sections, subsections, definitions and other subdivisions of this Deed of Trust unless expressly provided otherwise. References to any document, instrument, or agreement (a) shall include all exhibits, schedules, and other attachments thereto, and (b) shall include all amendments, supplements or restatements thereof. Titles appearing at the beginning of any subdivisions hereof are for convenience only and do not constitute any part of such subdivisions and shall be disregarded in construing the language contained in such subdivisions. The words "this Deed of Trust", "this instrument", "herein", "hereof", "hereby", "hereunder" and words of similar import refer to this Deed of Trust as a whole and not to any particular subdivision unless expressly so limited. The phrases "this section" and "this subsection" and similar phrases refer only to the sections or subsections hereof in which such phrases occur. The word "or" is not exclusive, and the word "including" (in its various forms) means "including without limitation". References to a Person's "discretion" means its sole and absolute discretion. Pronouns in masculine, feminine and neuter genders shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires. Unless otherwise specified, references herein to any particular Person also refer to its successors and permitted assigns. This Deed of Trust has been reviewed and negotiated by sophisticated parties with access to legal counsel and no rule of construction shall apply hereto or thereto which would require or allow this Deed of Trust to be construed against any party because of its role in drafting this Deed of Trust.

Section 5.16. Certain Consents. Except where otherwise expressly provided herein, in any instance hereunder where the approval, consent or the exercise of judgment of Agent or any Lender is required, the granting or denial of such approval or consent and the exercise of such judgment shall be within the sole discretion of such party, and such party shall not, for any reason or to any extent, be



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required to grant such approval or consent or exercise such judgment in any particular manner, regardless of the reasonableness of either the request or the judgment of such party.

Section 5.17. Authority of Agent. Agent and Lenders may, by agreement among themselves, provide for and regulate the exercise of rights and remedies hereunder, but, unless and until modified to the contrary in writing signed by all such Persons and recorded in the same counties as this Deed of Trust is recorded, (i) all Persons other than Mortgagor and its affiliates shall be entitled to rely on the releases, waivers, consents, approvals, notifications and other acts of Agent (including the appointment of substitute or successor trustee, or trustees, hereunder and the bidding in of all or any part of the secured indebtedness held by any one or more Lenders, whether the same be conducted under the provisions hereof or otherwise), without inquiry into any such agreements or the existence of required consent or approval of any Persons constituting Lenders and without the joinder of any party other than Agent in such releases, waivers, consents, approvals, notifications or other acts and (ii) all notices, requests, consents, demands and other communications required or permitted to be given hereunder may be given to Agent.

Section 5.18. Counterparts. This Deed of Trust may be executed in several counterparts, all of which are identical, except that, to facilitate recordation, certain counterparts hereof may include only that portion of Exhibit A and Schedule I which contains descriptions of the properties located in (or otherwise subject to the recording or filing requirements or protections of the recording or filing acts or regulations of) the recording jurisdiction in which the particular counterpart is to be recorded, and other portions of Exhibit A and Schedule I shall be included in such counterparts by reference only. All of such counterparts together shall constitute one and the same instrument. Complete copies of this Deed of Trust containing the entire Exhibit A and Schedule I have been retained by Mortgagor and Agent.

Section 5.19. Successors and Assigns. The terms, provisions, covenants, representations, indemnifications and conditions hereof shall be binding upon Mortgagor, and the successors and assigns of Mortgagor, and shall inure to the benefit of Agent, Trustee and Lenders and their respective successors and assigns, and shall constitute covenants running with the Mortgaged Properties. Should the agency under which Agent serves be terminated, or otherwise cease to exist, Lenders (including the respective successors and assigns of each Person constituting a Lender) shall be deemed to be the successors to Agent. All references in this Deed of Trust to Mortgagor, Agent, Trustee or Lenders shall be deemed to include all such successors and assigns.


Section 5.20. Place of Payment. All secured indebtedness which may be owing hereunder at any time by Mortgagor shall be payable at the place designated in the Credit Agreement or other governing instrument or, if no such designation is made, at the address of Agent indicated at the end of this Deed of Trust or at such other place as Agent may designate in writing.

Section 5.21. **CHOICE OF LAW.** **WITHOUT REGARD TO PRINCIPLE OF CONFLICTS OF LAW, THIS DEED OF TRUST SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE AND THE LAWS OF THE UNITED STATES OF AMERICA, EXCEPT THAT TO THE EXTENT THAT THE LAW OF A STATE IN WHICH**

A PORTION OF THE PROPERTY IS LOCATED (OR WHICH IS OTHERWISE APPLICABLE TO A PORTION OF THE PROPERTY) NECESSARILY OR, IN THE SOLE DISCRETION OF AGENT, APPROPRIATELY GOVERNS WITH RESPECT TO PROCEDURAL AND SUBSTANTIVE MATTERS RELATING TO THE CREATION, PERFECTION AND ENFORCEMENT OF THE LIENS, SECURITY INTERESTS AND OTHER RIGHTS AND REMEDIES OF THE TRUSTEE OR THE AGENT GRANTED HEREIN, THE LAW OF SUCH STATE SHALL APPLY AS TO THAT PORTION OF THE PROPERTY LOCATED IN (OR WHICH IS OTHERWISE SUBJECT TO THE LAWS OF) SUCH STATE.

Section 5.22. **FINAL AGREEMENT OF THE PARTIES.** THE WRITTEN LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

[The remainder of this page is intentionally left blank.]

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IN WITNESS WHEREOF, this instrument is executed by Mortgagor on the date set forth in the acknowledgment below, to be effective for all purposes as of the date first set forth above.


BERRY PETROLEUM COMPANY

By: *Shawn M. Canaday*
Shawn M. Canaday
Vice President of Finance

The address of Agent is:
1700 Lincoln St., 6th Floor
Denver, Colorado 80203
Attention: Oleg Kogan

The address of Mortgagor is:
1999 Broadway, Suite 3700
Denver, Colorado 80202
Attention: Shawn Canaday

The address of Trustee is:
1700 Lincoln St., 6th Floor
Denver, Colorado 80203

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ACKNOWLEDGEMENT

THE STATE OF COLORADO §
 §
COUNTY OF DENVER §

The foregoing instrument was acknowledged before me on this 20 day of April, 2010, by Shawn M. Canaday, the Vice President of Finance of Berry Petroleum Company, a Delaware corporation, on behalf of said corporation.

WITNESS my hand and official seal.

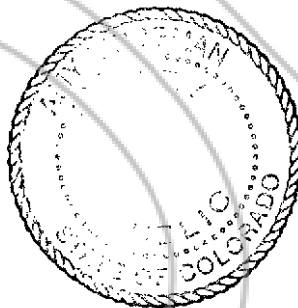
Amy Lindeman
NOTARY PUBLIC in and for the State of Colorado

Amy Lindeman
Printed Name

[Notarial Seal]

My Commission Expires:

September 22, 2010



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ANNEX I
DESCRIPTION OF EXCLUDED DRILLING RIGS

RIG 1

MAST: Lee C. Moore 127'H x 13'6"W Cantilever Mast 236,000# Hook Load Capacity
SUBSTRUCTURE: Gee Bee Welding 12' 6"H x 38'L Box Type Sub 250,000# Setback
DRAWWORKS: Superior 400 HP Drawworks, Lebus 1 1/8" Line, TSM 22S Water Brake, Crown-O-Matic Hydraulic Catheads.
ENGINE: (New) Detroit Series 60 450 HP Diesel Engine.
MUD PUMPS: (2) Gardner Denver PZ8 Triplex Pumps p/b (New) Detroit Series 2000 Engines
GENERATORS: (2) Caterpillar SR-4 210 KW p/b (1) Caterpillar 3306 and (1) Caterpillar 3406 Diesel Engines
BLOCK / HOOK: Sowa Model 0636-4 150-Ton w/ (4) 36" Sheaves
ROTARY TABLE: National C-175, 17 1/2"
SWIVEL: Ideco TL200
BOP RAMS: (New) Townsend 11" Double 3,000 PSI
BOP ANNULAR: (New) Townsend 11" 3,000 Type 90 Annular
CHOKE MANIFOLD: (New) 3,000#
CLOSING UNIT: Mayco Electric 5-Station
MUD PIT: (New) 6' 6"H x 11'W x 45'L 570 BBL (5) Compartments, Swaco Linear Motion Shaker (2) Mission Magnum Mixing Pumps, 7.5 HP Mud Agitator, Degasser, Mud Hopper Mud Guns, Walkways and Rails.
FUEL TANK: 5,000 Gallons
WATER TANK: 400 BBL
DOGHOUSE: 9'W x 16'L
DRILL PIPE: 8,000 FT (New) 4.5" E 16.60#
DRILL COLLARS: (26) (New) 6 1/2" (12) (New) 8"
SPINNERS: (New) Graychain Hyd Drill Pipe Spinner, Foster Kelly Spinner

RIG 5

DRAWWORKS: One (1) Cooper LTO-550 Single Drum
CARRIER: Cooper LTO-550 Self Propelled
ENGINE: One (1) Detroit Series 60
MAST: One (1) Premco 112', 300,000# Static Hook Load Mast w/(6) Sheave Crown and Racking Board,
SUBSTRUCTURE: One (1) 10'H Box Type Substructure w/ Mud Boat Ramp 5'H x 30'L V-Door, Stairs & Safety Rails
MUD PUMPS: Two (2) Gardner-Denver PZ-8 Triplex
ENGINES: Two (2) (New) Detroit Series 60
GENERATORS: One (2) Detroit Series 60 Diesel Engines w/Marathon 350KW
BLOCK / HOOK: One (1) McKissick 150-Ton
ROTARY TABLE: One (1) Cooper 27-1/2" Rotary Table w/Master Bushing,
SWIVEL: One (1) Gardner-Denver SW-200 200-Ton
BOP RAMS: One (1) Townsend 11' 3000 PSI Double
BOP ANNULAR: One (1) Townsend 11" 3,000 PSI
CHOKE MANIFOLD: 3,000 PSI
MUD PITS: (New) 800 BBL
SHALE SHAKER: (New) Derrick Linear Motion Shaker
DESANDER: One (1) Mud Cleaner c/w 8 each Desilter Cones
FUEL TANK: One (1) 6000 gallon

WATER TANK: One (1) 280 bbl
DOGHOUSE: One (1) Dog House 8' x 8' x 16'
DRILL PIPE: 6000 FT 4" E 14.40#
DRILL COLLARS: (16) 6 1/2"
MISCELLANEOUS: Pipe Spinner, Kelly Spinner, and Miscellaneous Handling Tools

RIG 9

DRAWWORKS: Gardner Denver 1000 HP Electric Drawworks w/ (2) 600 HP Electric Motors.
MAST: Partec 136' Boot Strap, Rated 480,000# Static Hook Load Capacity.
SUBSTRUCTURE: Partec 21' Box Substructure w/ 4' Skid Structure, 80' Long.
GENERATORS: (3) (New) Detroit Series 2000 Diesel Engines w/600 Volt Generators for SCR.
SCR: (1) (New) Omron 3x3
TOP DRIVE: (New) Tesco 250T A/C Drive
MUD PUMPS: (2) (New) 1300 HP China F1300 Triplex, Belt Driven w/ (2) GE 752 Hi torque motors.
ROTARY TABLE: Rebuilt National 23"
SWIVEL: Rebuilt Gardner Denver 300 Ton
BLOCK/HOOK: Rebuilt Gardner Denver 300 Ton unitized
BOP RAMS: (New) China 11' 5000# Double Ram BOP
BOP ANNULAR: (New) China 11' 5000# Annular
CHOKE MANIFOLD: 5000# Choke Manifold
CLOSING UNIT: (New) 5 Station 110 Gallon Closing Unit
MUD SYSTEM: (New) 800 BBL Mud System w/ 6 x 8 centrifugal mixing pumps, low pressure mixing guns, shaker, agitators.
SHALE SHAKER: (2) (New) Derrick Linear Motion Shale Shaker
FUEL TANK: (New) 12,000 gallon
WATER TANK: (New) 500 BBL
DOGHOUSE: (New) 10' x 8' x 30'
DRILL PIPE: 13,000' (New) 4.5" G105 16.60#
DRILL COLLARS: (21) New 6.5"
MISCELLANEOUS: Toolpusher's quarters, Catwalk, Six (6) Pipe Racks, Pipe Spinner, Kelly Spinner, and Miscellaneous Handling Tools.



SCHEDULE I
NET REVENUE INTERESTS
WORKING INTERESTS

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SCHEDULE I
NET REVENUE INTERESTS
WORKING INTEREST

<u>Lease</u>	<u>Well ID</u>	<u>Field</u>	<u>County</u>	<u>State</u>	<u>WI(%)</u>	<u>NRI(%)</u>
Foreland-Southern Pacific	6-27	Willow Creek North	Eureka	NV	100.0000%	85.2100%
Foreland-Southern Pacific	1-27 (SI)	Willow Creek North	Eureka	NV	100.0000%	85.2100%
Eagle Springs	1-34 (SWD)	Eagle Springs	Nye	NV	100.0000%	80.5700%
Eagle Springs	1-35 (TA'D)	Eagle Springs	Nye	NV	100.0000%	77.6000%
Eagle Springs	1-36 (SI)	Eagle Springs	Nye	NV	100.0000%	80.5700%
Eagle Springs	15-35	Eagle Springs	Nye	NV	100.0000%	77.6000%
Eagle Springs	23-36	Eagle Springs	Nye	NV	100.0000%	80.5700%
Eagle Springs	24-36	Eagle Springs	Nye	NV	100.0000%	80.5700%
Eagle Springs	35-35	Eagle Springs	Nye	NV	100.0000%	77.6000%
Eagle Springs	43-36	Eagle Springs	Nye	NV	100.0000%	80.5700%
Eagle Springs	54-35	Eagle Springs	Nye	NV	100.0000%	77.6000%
Eagle Springs	62-35	Eagle Springs	Nye	NV	100.0000%	77.6000%
Eagle Springs	73-35	Eagle Springs	Nye	NV	100.0000%	80.5700%
Eagle Springs	74-35	Eagle Springs	Nye	NV	100.0000%	80.5700%
Eagle Springs	81-35 (SWD)	Eagle Springs	Nye	NV		
Eagle Springs	82-35	Eagle Springs	Nye	NV	100.0000%	80.5700%
Eagle Springs	83-35	Eagle Springs	Nye	NV	100.0000%	80.5700%
Eagle Springs	84-35 (SWD)	Eagle Springs	Nye	NV		
Eagle Springs Federal	2-36	Eagle Springs	Nye	NV	100.0000%	80.5700%
Eagle Springs Federal	5-36	Eagle Springs	Nye	NV	100.0000%	80.5700%
Eagle Springs Federal	13-36	Eagle Springs	Nye	NV	100.0000%	80.5700%
Eagle Springs Federal	4-36 (TA'D)	Eagle Springs	Nye	NV	100.0000%	80.5700%
Eagle Springs Federal	44-35 (SI)	Eagle Springs	Nye	NV	100.0000%	77.6000%

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Eagle Springs Federal	55-35 (TA'D)	Eagle Springs	Nye	NV	100.0000%	80.5700%
Eagle Springs Federal	64-35	Eagle Springs	Nye	NV	100.0000%	77.6000%
Ghost Ranch	47-35	Ghost Ranch	Nye	NV	100.0000%	82.0000%
Ghost Ranch	48-35	Ghost Ranch	Nye	NV	100.0000%	82.0000%
Ghost Ranch Federal	38-35	Ghost Ranch	Nye	NV	100.0000%	82.0000%
Sand Dune	88-35	Sand Dune	Nye	NV	100.0000%	80.5700%
Ghost Ranch	2-21X (ORRI)	Ghost Ranch	Nye	NV		3.4000%
Kate Spring	12-2	Kate Spring	Nye	NV	21.8000%	18.8200%
East Ghost Ranch (PRUD)	1	Ghost Ranch	Nye	NV	100.0000%	82.3330%



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EXHIBIT A
DESCRIPTION OF MORTGAGED PROPERTIES

CORP

Lease No.	Lessor	Lessee	Lease Date	Book	Page	County	Legal Description
NVN 075447	BUREAU OF LAND MANAGEMENT	DEERFIELD PRODUCTION CORP.	1/17/2002			EUREKA	TOWNSHIP 29 NORTH, RANGE 52 EAST, MID P.M., SECTION 26: ALL
NVN 0843743	BUREAU OF LAND MANAGEMENT	MERTAGE ENERGY COMPANY, LLC	10/17/2007			EUREKA	TOWNSHIP 28 NORTH, RANGE 52 EAST, MID P.M., SECTION 26: ALL
NVN 47567	BUREAU OF LAND MANAGEMENT	DIXIE OPERATING COMPANY	3/29/1988			EUREKA	TOWNSHIP 27 NORTH, RANGE 52 EAST, MID P.M., SECTION 27: SE/4NW/4, N/2SW/4, NW/4NE/4 SECTION 28: SE/4NE/4SE/4, N/2S/2SE/4 RIGHT-OF-WAY: 4726.26 FT. X 40 FT., CONTAINING 13.70 ACRES MORE OR LESS.

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