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Eureka County - NV

Lisa Hoehne - Recorder

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RPTT: Recorded By: CH

Book- 600 Page- 0318



0232876

[NV]

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

FROM

RESOURCE LEGACY INVESTMENTS, LLC

TO

BENJAMIN H. ADLER, Trustee

FOR THE BENEFIT OF

BOKF, NA dba BOK FINANCIAL, as Administrative Agent

Dated as of March 31, 2017

A CARBON, PHOTOGRAPHIC, FACSIMILE, OR OTHER REPRODUCTION OF THIS INSTRUMENT IS SUFFICIENT AS A FINANCING STATEMENT.

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 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, MORTGAGE, 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.

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

Mortgage

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EUREKA, NV

WHEN RECORDED OR FILED RETURN
TO:

Thompson & Knight LLP
1722 Routh Street, Suite 1500
Dallas, Texas 75201
Attention: Jerry Sanders

THIS DOCUMENT PREPARED BY:

Debra J. Villarreal
Thompson & Knight LLP
1722 Routh Street, Suite 1500
Dallas, Texas 75201

COPY



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DEED OF TRUST, MORTGAGE, ASSIGNMENT, SECURITY AGREEMENT,
FIXTURE FILING AND FINANCING STATEMENT
(this "Mortgage")

ARTICLE I.

Granting Clauses; Secured Indebtedness

Section 1.1. Grant and Mortgage. Resource Legacy Investments, LLC, a Colorado limited liability company (herein called "Mortgagor") a/k/a Resource Legacy Investments, L.L.C., for and in consideration of the sum of One Thousand Dollars (\$1,000.00) to Mortgagor in hand paid and for other good and valuable consideration received, and in order to secure the payment of the secured indebtedness herein referred to and the performance of the obligations, covenants, agreements, warranties and undertakings of Mortgagor herein described, does hereby GRANT, BARGAIN, SELL, CONVEY, TRANSFER, ASSIGN AND SET OVER to Benjamin H. Adler, Trustee ("Trustee"), for the benefit of Agent, the Lenders and the other Secured Parties (as herein defined) and grant to Trustee a POWER OF SALE (pursuant to this Mortgage and applicable law) with respect to, those of the following described properties, rights and interests (the "Mortgaged Properties")

A. The rights, titles and interests in and to the oil, gas or other mineral leases, properties, mineral servitudes and mineral rights that are described in Exhibit A 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 agreement or operation of law or otherwise) in and to (i) the leases or other agreements described in Exhibit A hereto, together with all renewals, extensions, substitutions, ratifications, supplements and replacements thereto, (ii) any other leases or agreements which cover or pertain to the lands described or referred to in Exhibit A, even if such leases or other agreements are not described or are incorrectly or insufficiently described on Exhibit A, together with all renewals, extensions, substitutions, ratifications, supplements and replacements thereto, and (iii) the lands described or referred to in Exhibit A (or described or referred to in any of the instruments described or referred to in Exhibit A), in each case 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 rights, titles and interests (whether now owned or hereafter acquired by agreement or operation of law or otherwise) in, to or under 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 clauses A or B above;

D. All of Mortgagor's rights, titles and interests (whether now owned or hereafter acquired by agreement or operation of law or otherwise) in, to or under all presently existing and hereafter created operating agreements, production sales contracts, purchase, exchange and processing contracts and agreements, transportation agreements, utility agreements, gathering agreements, gas balancing agreements, farmout or farm-in agreements, salt water disposal agreements, area of mutual interest agreements, licenses, permits, and other contracts, agreements or regulatory approvals which cover, affect, or otherwise relate to the properties, rights and interests described in clauses A, B or C above or to the operation of such properties, rights and interests or to the production, exchange, treating, handling, storage, processing, transporting sale, purchase, 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 rights, titles and interests (whether now owned or hereafter acquired by agreement or operation of law or otherwise) in, to and under all



improvements, facilities, infrastructure, equipment, fixtures, and other real, immovable, personal or immovable property (including all 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 fee interests, 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 clauses A, B, C or D 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; and

F. All of Mortgagor's rights, estates, powers and privileges appurtenant to any of the foregoing.

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 herein defined) against the claims and demands of all Persons claiming or to claim the same or any part thereof, free and clear of all liens, security interests, and encumbrances except for Permitted Liens (as defined in the Credit Agreement referred to below, and herein so called).

Section 1.2. Scope of Mortgage. This Mortgage is a deed of trust, and mortgage, a security agreement, a financing statement and an assignment. This Mortgage covers real property, and personal property (including goods that are or are to become fixtures and 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 herein referred to and the performance of the obligations, covenants, agreements, warranties, and undertakings of Mortgagor, Mortgagor hereby grants to Agent for the benefit of itself, the Lenders and the other Secured Parties 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) the Mortgaged Properties, to the extent the Mortgaged Properties consist of fixtures and personal property;

(b) all oil, gas, casinghead gas, drip gasoline, natural gasoline, condensate, distillate, liquid hydrocarbons, gaseous hydrocarbons, other hydrocarbons, and other minerals that may be produced and saved from or attributable to the Mortgaged Properties, (herein collectively referred to as "**Hydrocarbons**") and including all of the foregoing in tanks, and all rents, issues, profits, proceeds, products, revenues and other incomes from or attributable to the properties constituting Mortgaged Properties (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 or not the Production, such accounts and such proceeds constitute "as-extracted collateral" under the UCC), and 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);

(c) without limitation of or by 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 (c) being herein called "**Payments in Lieu of Production**");

(d) 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;

(e) 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);

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

(g) all geological, geophysical, engineering, accounting, title, legal, and other technical or business data concerning the Mortgaged Properties, the Production or any other item of Property (as herein defined), which data is 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, software, and other forms of recording or obtaining access to such data;

(h) 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, 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 to the Mortgaged Properties (all of the properties, rights and interests described in subsections (a), (b), (c), (d), (e), (f) and (g) above, subsection (i) below, and this subsection (h) being herein sometimes collectively called the "**Collateral**");

(i) 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**");

(j) any other property that may from time to time hereafter, by delivery in writing by the Mortgagor, be subjected to the liens hereof; and

(k) all rights, estates, powers and privileges appurtenant to the foregoing rights, interests and properties;

provided, however, that if the grant of a security interest or Lien under Section 1.1 or this Section 1.3 with respect to any contract, easement, right of way, surface lease, personal property lease or other agreement is prohibited thereunder and the violation of such prohibition would cause Mortgagor to lose its interest in or rights with respect to such contract, easement, right of way, surface lease, personal property lease or other agreement, Mortgagor shall be deemed not to have granted such security interest or Lien therein or thereon to the extent that such prohibition is enforceable and applicable.

Except as otherwise expressly provided in this Mortgage, all terms in this Mortgage relating to the Collateral and the grant of the foregoing security interest which are defined in the UCC, 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 Mortgage, 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 Mortgage, such amendment or holding shall be disregarded in defining terms used in this Mortgage.

Section 1.4. Loan Documents, Hedging Obligations and Other Obligations. This Mortgage 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 Borrowers now or hereafter incurred or arising pursuant to the provisions of that certain Credit Agreement of even date herewith among Borrowers, BOKF, NA dba BOK FINANCIAL, individually and in its capacity as Administrative Agent (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 in the aggregate principal amount of up to \$100,000,000.00 that may be made from time to time by Lenders to Borrowers pursuant to the Credit Agreement, and all promissory notes evidencing such Loans, bearing interest as now or hereafter provided in the Credit Agreement and having a final maturity date on or before March 31, 2022, unless otherwise extended pursuant to the Credit Agreement or by amendment thereto;

(c) All Lender Hedging Obligations;

(d) All Letter of Credit Liabilities;

(e) All Cash Management Obligations;

(f) All other Obligations and all other indebtedness and other obligations owing to any Secured Party that are now or hereafter owing, incurred or arising pursuant to the provisions of the Credit Agreement, this Mortgage, any Hedging Contract, any Letter of Credit or any other Loan Document, except Excluded Swap Obligations; and

(g) All interest on any of the foregoing, whether presently or hereafter agreed to, and all costs and expenses of Trustee and Agent in enforcing their rights and remedies hereunder.

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

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 collectively referred to as the "**secured indebtedness**" or the "**indebtedness secured hereby**". Capitalized terms used and not otherwise defined herein have the meanings given them in the Credit Agreement.

(b) "**Agent**" means BOKF, NA dba BOK FINANCIAL, in its capacity as Administrative Agent for the Lenders under the Credit Agreement.

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



(d) “**Borrowers**” means Mortgagor, Resource Strategies L.L.C., Mountain Oil and Gas Company of Montana, and Erie Partners I, LLC.

(e) “**Indemnified Persons**” means Trustee, each Secured Party, their respective affiliates, and the directors, officers, partners, employees and agents of each of the foregoing.

(f) “**Secured Parties**” means Agent, Lenders, LC Issuer, Lender Counterparties, and Cash Management Lenders.

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

Section 1.6. Nevada Maximum Amount. This Mortgage shall be governed by the provisions of Section NRS 106.300 through NRS 106.400 inclusive (“**NRS**” means Nevada Revised Statutes, as amended from time to time). The maximum principal amount of the secured indebtedness outstanding at any time or from time to time that is intended to be secured by this Mortgage, including as a mortgage or as a pledge or assignment of Hydrocarbons, shall be \$100,000,000. To the extent the secured indebtedness include the obligation of Mortgagor to repay “future advances” of “principal” (as defined in NRS 106.320 and 106.345), such future advances of principal shall not exceed the maximum principal amount of \$100,000,000 outstanding at any time or from time to time, and that the lien of this Mortgage secures the obligation of Mortgagor to repay all such future advances of principal with the priority set forth in NRS 106.370.

ARTICLE II.

Representations, Warranties and Covenants

Section 2.1. With knowledge that Secured Parties are relying on the representations and warranties made herein without independent investigation, Mortgagor hereby covenants, agrees, represents, and warrants to Agent and the other Secured Parties that:

(a) Valid and Subsisting Leases. To Mortgagor’s knowledge, the oil, gas or mineral leases, contracts, servitudes and other agreements forming part of the Mortgaged Properties are valid and subsisting and are in full force and effect, and all rentals and royalties due under each of them have been duly, properly and timely paid.

(b) Authority. Mortgagor has all corporate power and authority to execute this Mortgage, to grant, bargain, sell, mortgage, assign, transfer and convey the Mortgaged Properties to Agent, Trustee and the Secured Parties pursuant to this Mortgage, and to make the covenants, representations, warranties, and assignments contained in this Mortgage.

(c) Title. Mortgagor (i) has good and defensible title to, (ii) is lawful owner and holder of, (iii) is possessed of the Mortgaged Properties (including all of the rights, titles and interests as more particularly specified herein, including on Exhibit A hereto), and (iv) has all good and legal right to grant and convey same to Agent, Trustee and the Secured Parties as contemplated hereby; in each case free and clear of any and all liens, security interests and encumbrances except for Permitted Liens.

(d) Interests. Mortgagor is or will be receiving payment, on a monthly basis, for its share of the Production, revenue interest and/or royalty interest produced from, or allocated to, all wells located on the Mortgaged Properties (or on lands or leases pooled or unitized therewith), and, where a revenue interest is shown for any such well, Mortgagor is or will be receiving payment for not less than the share of Production, revenue interest and/or royalty interest as is reflected in Exhibit A hereto in connection therewith. Subject to Permitted Liens, with respect to each Mortgaged Property, the ownership of Mortgagor in such Mortgaged Property does and will: (i) with respect to each well described or referred to in Exhibit A hereto in connection with such Mortgaged Property, (A) entitle Mortgagor to receive (subject to the terms and provisions of this Mortgage) a decimal share of the Production, revenue interest and/or royalty interest produced from, or allocated to, such Mortgaged Property equal to not less than the decimal share set forth in Exhibit A hereto in connection with such Mortgaged Property opposite the words “Net Revenue Interest” (or words of similar import), and (B) cause Mortgagor to be obligated to bear a decimal share of the costs of exploration, development and



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operation of such Mortgaged Property equal to not greater than the decimal share set forth in Exhibit A hereto in connection with such Mortgaged Property opposite the words "Working Interest" (or words of similar import) and (ii) if such Mortgaged Property is shown in Exhibit A to be subject to a unit or units, with respect to each such unit, (A) entitle Mortgagor to receive (subject to the terms and provisions of this Mortgage) a decimal share of Production, revenue interest and/or royalty interest produced from, or allocated to, such unit equal to not less than the decimal share set forth in Exhibit A hereto in connection with such Mortgaged Property opposite the words "Net Revenue Interest" or words of similar import respecting each such unit (and if such Mortgaged Property is subject to more than one unit, words identifying such interest with such unit), and (B) obligate Mortgagor to bear a decimal share of the costs of exploration, development and operation of such unit equal to not greater than the decimal share set forth in either Exhibit A hereto in connection with such Mortgaged Property opposite the words "Working Interest" or words of similar import respecting each such unit (and if such Mortgaged Property is subject to more than one unit, words identifying such interest with such unit); such shares of Production, revenue interest and/or royalty interest which Mortgagor is entitled to receive are not and will not be subject to decrease, and such shares of expenses which Mortgagor is obligated to bear, are not and will not be subject to increase, unless accompanied by a proportionate increase in the corresponding shares of Production, revenue interest and/or royalty interest (in each case, other than changes due to the formation of new units or revision of existing units, or changes which arise pursuant to non-consent provisions of operating agreements, pursuant to pooling orders entered by any applicable Governmental Authority, or other instrument described or referred to in Exhibit A or Schedule I in connection with such Mortgaged Property, respectively, in connection with operations hereafter proposed) except, and only to the extent that, such changes are reflected in Exhibit A or Schedule I hereto and except for increases in Mortgagor's "Working Interest" for which there is a proportionate increase in Mortgagor's "Net Revenue Interest". There is not and will not be any unexpired financing statement covering any part of the Mortgaged Property on file in any public office naming any Person other than Agent as secured party, except to the extent relating to Permitted Liens. The execution, delivery and performance of this Mortgage and the creation of the liens and security interests hereunder do not violate any provision or constitute a default under any operating agreement or other instrument which affects any Mortgaged Property or to which Mortgagor is a party or by which any of Mortgagor's property (including but not limited to any Mortgaged Property) is bound. There are no "back in" or "reversionary" interests held by any third party which would reduce the interest of Mortgagor in any Mortgaged Property or other Collateral, except to the extent (if any) otherwise expressly as set forth in Exhibit A or Schedule I hereto. There are no prior consent rights or preferential purchase rights held by any third party affecting any Mortgaged Property or other Collateral, except preferential right provisions in standard form AAPL joint operating agreements and to the extent (if any) otherwise expressly as set forth in Exhibit A hereto.

(e) No Advance Payment Contracts; No Gas Imbalances. Mortgagor has no obligation to delivery commodities, goods or services, including any Hydrocarbons, in consideration of any advance payments, other than gas balancing arrangements in the ordinary course of business. Neither Mortgagor nor or any Mortgaged Property is subject to any other contract or agreement containing any "take or pay" clause or similar arrangement to deliver Hydrocarbons at some future time without then or thereafter receiving full payment therefor. No portion of any Mortgaged Property or any other Collateral is subject to (i) any contractual or other obligation to deliver Hydrocarbons produced therefrom to any third party for a price less than the market value thereof (or in the case of an existing gas sales contract, less than the full regular contract price therefor) or (ii) any contractual or other arrangement whereby payment for Hydrocarbon production therefrom will not be received contemporaneously with delivery (i.e., not to exceed either (1) thirty (30) days after the end of the month of delivery for oil, or (2) sixty (60) days after the end of the month of delivery for gas). No part of any Mortgaged Property or any other Collateral is subject to any gas balancing arrangement under which a material imbalance exists with respect to which Mortgagor is in an "overproduced" status and will be required to either (x) permit one or more third parties to take any portion of the Hydrocarbon production attributable to such Mortgaged Property or other Collateral without payment of the full market price thereof (or in the case of any existing contract, full regular contract price thereunder), or (ii) make any payment in cash, in order to correct any such imbalance.

(f) Environmental.

(i) Current Status. Neither Mortgagor, nor (to the knowledge of Mortgagor)



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any portion of any Mortgaged Property, is presently in violation of or subject to any existing, pending or (to the knowledge of Mortgagor) threatened in writing, investigation or inquiry by any Governmental Authority or to any remedial obligations under any Environmental Laws that could reasonably be expected to have a Material Adverse Change.

(ii) Future Performance. To the extent Mortgagor is the applicable operator thereof, Mortgagor will (and, to the extent Mortgagor is not the operator, then Mortgagor shall use commercially reasonable efforts to cause the applicable operator to) cause the Mortgaged Properties and Mortgagor to not be in material violation of, or do anything or knowingly permit anything to be done which will subject any Mortgaged Property to any remedial obligations under any Environmental Laws, assuming disclosure to the applicable Governmental Authorities of all relevant facts, conditions and circumstances, if any, pertaining to the Mortgaged Properties, and upon obtaining actual knowledge thereof, Mortgagor shall promptly notify Agent in writing of (1) the presence of any Hazardous Material on any Mortgaged Property for which remediation is required, and (2) any existing, pending, or (to the knowledge of Mortgagor) threatened in writing, investigation or inquiry by any Governmental Authority in connection with any Environmental Law. Upon Agent's reasonable request, at any time and from time to time during the existence of this Mortgage (but no more than once per year unless any Event of Default has occurred and is continuing), Mortgagor will provide at Mortgagor's sole expense an inspection or audit of any Mortgaged Property from an engineering or consulting firm reasonably approved by Agent, indicating the presence or existence of any Hazardous Materials in, and/or the existence of any other violation of Environmental Laws on any portion of the Mortgaged Properties. If Mortgagor fails to order same after ten (10) days' notice, then Agent may order same at Mortgagor's sole cost, and, subject to the rights of any applicable operator and/or landowner(s), and Mortgagor hereby grants to Agent and its employees, agents, contractors and consultants access to the Mortgaged Properties and a license (which is coupled with an interest and irrevocable while this Mortgage is in effect), pursuant to which Agent shall have the right, but not any obligation, to perform such inspections and tests. The reasonable cost of such inspections and tests shall be a demand obligation owing by Mortgagor to Agent pursuant to this Mortgage and secured hereby. Agent's rights under this paragraph are for the sole purpose of protecting Agent's security for the repayment of the secured indebtedness and shall not under any circumstance be construed as granting the right to participate or constitute participation in the management of the Mortgaged Properties or the business conducted thereon. For the avoidance of doubt, nothing in this paragraph shall be deemed to impose any obligation on Agent respecting the matters more particularly described herein.

(g) Compliance with Applicable Laws. Mortgagor further represents that (i) Mortgagor is currently in compliance with all applicable laws governing Mortgagor's ownership, use and operation of the Mortgaged Properties, and (ii) all wells on any Mortgaged Property have been drilled and have been and are being operated in material compliance with all applicable laws of all Governmental Authorities exercising jurisdiction over such wells and the other Mortgaged Properties, in each case except to the extent that the failure to comply therewith could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Change.

(h) Rents, Royalties and Taxes. Mortgagor further represents that (i) all rents, royalties and other amounts due and payable under the oil, gas and mineral leases have been paid or otherwise accounted for and all Hydrocarbon severance and production taxes, windfall profit taxes, and all property taxes payable by Mortgagor to any Governmental Authority with respect to any Mortgaged Property have been timely paid in full (other than any for which the amount or validity of which are currently being contested in good faith by appropriate proceedings), and (ii) Mortgagor is not obligated by virtue of any prepayment under any contract for the sale by Mortgagor of Hydrocarbons which contains a "take or pay" clause or under any similar arrangement to deliver Hydrocarbons at some future time without then or thereafter receiving full payment therefor.

(i) Depth Limitations. To the extent any wells are listed on Schedule I, such wells are all situated on Mortgaged Properties (including any wells situated on real property covered by any oil, gas or mineral lease, or on lands or leases pooled therewith); and to the extent that Mortgagor's ownership interests in any Mortgaged Property (including any units) is subject to



any depth limitations, all wells situated on any Mortgaged Property (including any units) are currently producing from those depths to which Mortgagor's ownership interests are limited.

(j) First Priority Lien; No Other Liens. Except for Permitted Liens, this Mortgage creates a first priority lien and security interest on the Mortgaged Properties and the other Collateral. The Mortgaged Properties and the other Collateral are free from all liens, security interests and other encumbrances, except for Permitted Liens.

(k) No Sale or Disposal Without Consent. Mortgagor will not, without the prior written consent of Agent, sell, exchange, lease, transfer, or otherwise dispose of any part of, or interest in, the Property other than (i) sales, transfers and other dispositions of machinery, equipment and other personal/ movable property and fixtures made in connection with a release, surrender or abandonment (to which Agent has given its prior written consent) of a lease, (ii) sales, transfers and other dispositions of machinery, equipment and other personal/movable property and fixtures in connection with the abandonment (to which Agent has given its prior written consent) of a well, (iii) sales, transfers and other dispositions of machinery, equipment and other personal/movable property and fixtures which are (A) obsolete for their intended purpose and disposed of in the ordinary course of business or (B) replaced by articles of at least equal suitability and value owned by Mortgagor free and clear of all liens except this Mortgage and the Permitted Liens, and (iv) sales of Production which are made in the ordinary course of business; provided that nothing in clause (iv) shall be construed as limiting Agent's rights under Article III of this Mortgage. Mortgagor shall account fully and faithfully for and, if Agent so elects, shall promptly pay or turn over to Agent the proceeds in whatever form received from disposition in any manner of any of the Property. Mortgagor shall at all times keep the Property and its proceeds separate and distinct from other property of Mortgagor and shall keep accurate and complete records of the Property and its proceeds.

(l) Defense of Mortgage. If the validity or priority of this Mortgage 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 Agent (whether or not named as a party to legal proceedings with respect thereto) is hereby authorized and empowered to take such additional steps as in its 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 Mortgage 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 and shall bear interest from the date expended until paid at the Applicable Rate, and the party incurring such expenses shall be subrogated to all rights of the Person receiving such payment.

(m) Insurance. Mortgagor will maintain insurance as required in the Credit Agreement.

(n) 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 Mortgage, or in the execution or acknowledgment of this Mortgage, (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 Mortgage, and (iii) execute, acknowledge, deliver, and file or record any financing statement, notice, document or instrument reasonably requested by Agent to protect the liens or the security interests hereunder against the rights or interests of third persons. Mortgagor shall pay all reasonable costs connected with any of the foregoing.

(o) Not a Foreign Person. Mortgagor is not a "foreign person" within the meaning of Sections 1445 and 7701 of the Internal Revenue Code of 1986, as amended, (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).

(p) 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 Mortgage, the Credit Agreement or the other 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 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 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 Mortgagor is required to perform or take hereunder or under any of the other Loan Documents, Agent, in Mortgagor's name or its own name, may 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 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 Agent pursuant to this Section 2.3 or any other section of this Mortgage that refers to the Applicable Rate shall bear interest each day, from the date of such expenditure or payment until paid, at the Applicable Rate; and all such amounts, together with such interest thereon, shall be a part of the secured indebtedness and shall be secured by this Mortgage.

Section 2.4. Recording. Mortgagor will cause this Mortgage 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 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 Mortgage; Survival of Indemnities; Reinstatement. If all of the secured indebtedness shall be paid in full and no further obligation 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 Mortgage have been satisfied, then, at Mortgagor's request and expense, Agent shall execute a release of this Mortgage as provided in the Credit Agreement. Notwithstanding any release of this Mortgage (and whether or not expressly reserved in any instrument of release), the indemnifications and other rights that this Mortgage 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, Agent or any other Secured Party is required to refund such payment to the payor thereof or to pay the amount thereof to any third party, this Mortgage shall be reinstated to the extent of such payment or payments.

ARTICLE III.

Assignment of Production, Accounts, and Proceeds

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, in each case until the release or cancellation of the Mortgage. 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 Mortgage 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. If an Event of Default has occurred, Mortgagor agrees to execute and deliver any and all transfer orders, division orders and other instruments that may be 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) 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 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 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 secured hereby and 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, 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 be secured hereby and 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 Mortgage but will survive such release, foreclosure of this Mortgage or conveyance in lieu of foreclosure, or other termination, and the repayment of the secured indebtedness and the discharge and release of this Mortgage 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 NEGLIGENCE OF ANY INDEMNIFIED PERSON, PROVIDED THAT SUCH RELEASES AND 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 Secured Indebtedness. 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 Mortgage 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 or certain Hedging Contracts.

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 pursuant to this Section 4.3. 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 Mortgage 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 OR STRICT LIABILITY) 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) In addition to any and all other rights and remedies available to Agent herein and under applicable law, and in furtherance of the power of sale granted herein, should default be made by Mortgagor in payment or performance of any secured indebtedness or other obligation or agreement secured hereby and/or in performance of any agreement herein, or should an Event of Default otherwise exist hereunder, Agent may, subject to NRS 107.080, declare all sums secured hereby immediately due by delivery to Trustee of a written notice of breach and election to sell (which notice Trustee shall cause to be recorded and mailed as required by law) and, to the extent required by applicable law, shall surrender to Trustee this Mortgage.

(b) After three (3) months shall have elapsed following recordation of any such notice of breach, and subject to applicable law, Trustee shall sell the property subject hereto at such time and at such place in the State of Nevada as Trustee, in its sole discretion, shall deem best to accomplish the objects of these trusts, having first given notice of such sale as then required by law. In the conduct of any such sale Trustee may act itself or through any auctioneer, agent or attorney. The place of sale may be either in the county in which the property to be sold, or any part thereof, is situated, or at an office of the Trustee located in the State of Nevada.

(c) Upon the request of Secured Agent or, if required by law, Trustee shall postpone sale of all or any portion of said property or interest therein by public announcement at the time



fixed by said notice of sale, and shall thereafter postpone said sale from time to time by public announcement at the time previously appointed.

(d) At the time of sale so fixed, Trustee shall sell the property so advertised or any part thereof or interest therein either as a whole or in separate parcels, as Agent may determine in its sole and absolute discretion, to the highest bidder for cash in lawful money of the United States, payable at the time of sale, and shall deliver to such purchaser a deed or deeds or other appropriate instruments conveying the property so sold, but without covenant or warranty, express or implied. To the extent allowed by applicable law, any Secured Party and Trustee may bid and purchase at such sale. To the extent of the secured indebtedness secured hereby, no Secured Party need bid for cash at any sale of all or any portion of the Property pursuant hereto, but the amount of any successful bid by a Secured Party shall be applied in reduction of said secured indebtedness. Mortgagor hereby agrees, if it is then still in possession, to surrender, immediately and without demand, possession of said property to any purchaser.

(e) Trustee shall apply the proceeds of any such sale to payment of expenses of sale and all charges and expenses of Trustee and of these trusts, including costs of evidence of title and Trustee's fees in connection with sale; all sums expended under the terms hereof, not then repaid, with accrued interest at the Applicable Rate; all other sums then secured hereby, and the remainder, if any, to the person or persons legally entitled thereto.

(f) Agent, from time to time before the Trustee's sale, may rescind any notice of breach and election to sell by executing, delivering and causing Trustee to record a written notice of such rescission. The exercise by Agent of such right of rescission shall not constitute a waiver of any breach or default then existing or subsequently occurring, or impair the right of Agent to execute and deliver to Trustee, as above provided, other notices of breach and election to sell, nor otherwise affect any term, covenant or condition hereof or under any obligation secured hereby, or any of the rights, obligations or remedies of the parties thereunder.

(g) At any foreclosure sale, any person, including Mortgagor, Trustee or any Secured Party, may bid for and acquire the Property or any part thereof to the extent permitted by then applicable law. Instead of paying cash for such property, a Secured Party may settle for the purchase price by crediting the sales price of the property against the secured indebtedness in the order provided by NRS 40.462.

(h) Mortgagor specifically, unconditionally and irrevocably waives all rights of a property owner granted under applicable law, including NRS 37.115, which provide for an allocation of condemnation proceeds between a property owner and a lienholder, and any other law or successor statute of similar import.

(i) 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 or under any other statute in force in any state to the extent the same is applicable law and:

(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;

(ii) Mortgagor shall upon Agent's request 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;

(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;

(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 (for example, when a portion of the Mortgaged Properties is sold, the Collateral related thereto may be sold in connection therewith);

(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;

(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; and

(vii) Agent shall have full power and authority to act as Mortgagor's attorney-in-fact, and Mortgagor hereby grants to Agent appropriate powers of attorney to act for and on behalf of Mortgagor, in all dealings with the Department of Interior and all other agencies, departments and subdivisions of the United States of America and of all states in all transactions relating to the Property or any part thereof. Mortgagor hereby authorizes and directs all such agencies, departments and subdivisions to rely upon any writing from Agent asserting that a default has occurred and is continuing, without inquiry into whether or not such default actually occurred and is continuing, and Mortgagor agrees that the exercising by Agent of such powers of attorney may be relied upon in all respects and, as between Mortgagor and such agency, department or subdivision, shall be binding upon Mortgagor.

(j) 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 one or more 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 Mortgage 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. 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, 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 any Loan Document or Hedging Contract, 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 Mortgage 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, or 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 or thereafter institute suit for the foreclosure of this Mortgage as to such properties. If Agent should institute a suit for the foreclosure of this Mortgage, Agent may at any time before the entry of a final judgment in said suit dismiss the same and then or thereafter require Trustee, or Trustee's substitute or successor, to sell the Mortgaged Properties, or any part thereof, in accordance with the provisions of this Mortgage.

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 or not such receivership is 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 hereby consents to the appointment of such receiver or receivers, waives any and all defenses to such appointment, 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 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 be secured hereby and 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 or other enforcement of the liens or security interests created or evidenced hereby shall be applied as follows:

FIRST, such proceeds shall be applied to the payment of all costs and expenses incident to such foreclosure sale or other enforcement, including all court costs and charges of every character in the event foreclosed by suit or any judicial proceeding under the provisions of Section 4.4, but excluding attorneys' fees;

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

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

Section 4.8. Secured Party as Purchaser. Any Secured Party (or any Secured Parties 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 Secured Party 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 due and owing to such Secured Party, or if such Secured Party holds less than all of such indebtedness, the pro rata part thereof owing to such Secured Party, accounting to all other Secured Parties not joining in such bid in cash for the portion of such bid or bids apportionable to such non-bidding Secured Party or Secured Parties.

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 Mortgage 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 Mortgage 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 discretion, and any such action (or any delay in taking or decision not to take 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 Mortgage.

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 (including rights provided by NRS 100.040 and 100.050) 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 Mortgage 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 Mortgage 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 Property 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, and this Mortgage covers, goods which are or are to become fixtures on the real property described herein and as-extracted collateral related to the real property described herein. This Mortgage shall be effective as a financing statement (i) filed as a fixture filing with respect to all fixtures included within the Property, (ii) covering as-extracted collateral with respect to all as-extracted collateral included within the Property, and (iii) covering all other Property. This Mortgage 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 any federal, state or local agency (or any successor agencies). The mailing address of Mortgagor is the address of Mortgagor set forth at the end of this Mortgage 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 Mortgage. This Mortgage (and any carbon, photographic, facsimile or other reproduction of this Mortgage) shall be sufficient as a financing statement for all purposes.



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Section 5.2. Authority to File Financing Statements. Mortgagor hereby authorizes Agent to file, in any filing or recording offices, one or more financing statements (including a copy of this Mortgage) and any 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 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 Mortgage, 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. No lien, security interest or other security right hereunder shall be impaired by any indulgence, moratorium or release, or any renewal, extension or modification, 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 such remedy constituting a waiver of the Event of Default remedied. No failure to exercise, and no 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 or 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, Trustee, Agent and the other holders of secured indebtedness may deal with such successor or successors in interest, with respect to this Mortgage 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 (or any other Person) for the payment of the secured indebtedness or the performance of the obligations 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 Mortgage or if any part of the Property cannot be lawfully subject to the liens and security interests hereunder to the full extent of such indebtedness, then all payments made shall be applied on such indebtedness first in discharge of that portion thereof which is not secured by this Mortgage.

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 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); and 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 the rights, powers, privileges, immunities and duties herein conferred upon Trustee, and shall duly assign, transfer and deliver any of the properties and moneys held by the Trustee ceasing to act 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 OTHERWISE BE 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 Mortgage but will survive such release, termination or foreclosure of this Mortgage, or conveyance in lieu of foreclosure, and the repayment of the secured indebtedness and the discharge and release of this Mortgage and the other documents evidencing or securing the secured indebtedness. Any amount to be paid hereunder by Mortgagor to Trustee shall be a demand obligation owing by Mortgagor to Trustee and shall be secured hereby and bear interest at the Applicable Rate.

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 Secured Party 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.

Section 5.14. Invalidity of Certain Provisions. A determination that any provision of this Mortgage 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 Mortgage 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 Mortgage to Exhibits, Schedules, articles, sections, subsections, definitions and other subdivisions refer to the Exhibits, Schedules, articles, sections, subsections, definitions and other subdivisions of this Mortgage 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 Mortgage**”, “**this instrument**”, “**herein**”, “**hereof**”, “**hereby**”, “**hereunder**” and words of similar import refer to this Mortgage 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**” refer to such Person’s 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 Mortgage 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 Mortgage to be construed against any party because of its role in drafting this Mortgage.

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 is required, the granting or denial of such approval or consent and the exercise of such judgment shall be within the discretion of Agent, and Agent shall not, for any reason or to any extent, be 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 Agent.

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 or parishes as this Mortgage 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 Secured Parties, 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 Secured Parties 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 Mortgage 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 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 shall be included in such counterparts by reference only. All of the counterparts hereof shall constitute one and the same instrument. Executed counterparts of this Mortgage 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 Trustee, Agent and the other Secured Parties 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 Mortgage to Mortgagor, Borrowers, Agent, Trustee, Lenders, Lender Counterparties, LC Issuer or Secured Parties 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 Borrowers 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 Mortgage or at such other place as Agent may designate in writing.

Section 5.21. **CHOICE OF LAW.** THIS MORTGAGE SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEVADA AND THE LAWS OF THE UNITED STATES OF AMERICA, EXCEPT TO THE EXTENT THE LAWS 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 DISCRETION OF AGENT APPROPRIATELY, GOVERN WITH RESPECT TO PROCEDURAL AND SUBSTANTIVE MATTERS RELATING TO THE CREATION, RECORD NOTICE, ATTACHMENT, PERFECTION OR ENFORCEMENT OF THE LIENS AND SECURITY INTERESTS AND OTHER RIGHTS AND REMEDIES OF TRUSTEE OR AGENT GRANTED OR PROVIDED HEREIN.

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.

Section 5.23. NRS 107.030. Where not inconsistent with the above and the Credit Agreement, the following covenants, Nos. 1; 3; 4 (the rate or rates at which interest is computed



upon default of the secured indebtedness); 8; and 9 of NRS 107.030 are hereby adopted and made a part of this Mortgage.

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

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 written above.

MORTGAGOR:

RESOURCE LEGACY INVESTMENTS, LLC
a/k/a RESOURCE LEGACY INVESTMENTS,
L.L.C.

By: Resource Strategies L.L.C., its Manager

By: The Erie County Investment Co.,
its Manager

By: *Robert T. Williams, Jr.*
Robert T. Williams, Jr.
Vice President, Chief Financial Officer
and Treasurer

The address of Agent is:
1600 Broadway, Suite 1500
Denver, Colorado 80202
Attention: Benjamin H. Adler

The address of Mortgagor is:
601 Corporate Circle
Golden, Colorado 80401
Attention: Robert T Williams, Jr.

The address of Trustee is:
1600 Broadway, Suite 1500
Denver, Colorado 80202
Attention: Benjamin H. Adler



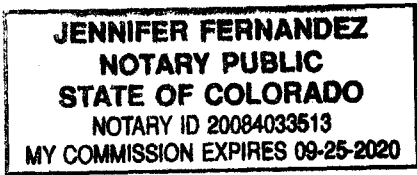
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ACKNOWLEDGEMENT

THE STATE OF COLORADO §
 §
CITY AND COUNTY OF DENVER §

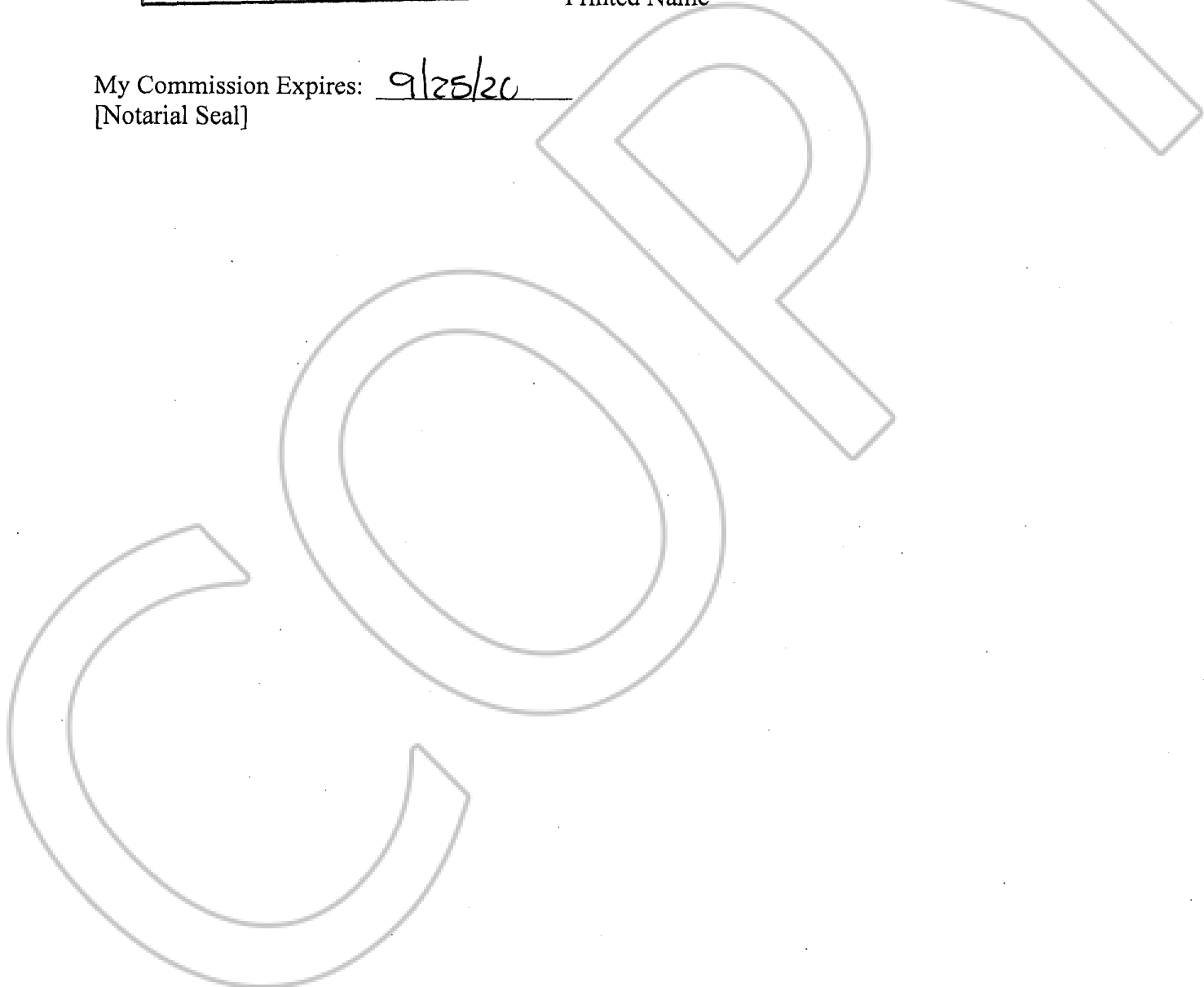
The foregoing instrument was acknowledged before me this March 31, 2017, by Robert T. Williams, Jr., as Vice President, Chief Financial Officer and Treasurer of The Erie County Investment Co., an Ohio corporation, as the Manager of Resource Strategies L.L.C., a Utah limited liability company, as the Manager of Resources Legacy Investments, LLC, a Colorado limited liability company, a/k/a Resource Legacy Investments, L.L.C., on behalf of said limited liability company.



Jennifer Fernandez
Notary Public, State of Colorado

Jennifer Fernandez
Printed Name

My Commission Expires: 9/25/20
[Notarial Seal]



SCHEDULE I
NET REVENUE INTERESTS
WORKING INTERESTS

COPY

EXHIBIT "A"

EUREKA COUNTY, NEVADA

Blackburn Unit.

An undivided 40.000% interest in and to the leasehold estate created by the following:

Lessor: United States of America NVN-52055 (segregated from USA N-10613)
Lessee: Merle C. Chambers
Date: November 1, 1974
Description: T27N-R52E, MDM
Section 7: SE/4;
Section 9: N/2 NW/4, SE/4 NW/4, W/2 SW/4;
Section 22: W/2 SW/4.
WI = 40.000%; NRI = 32.600%

An undivided 33.333% interest in and to the leasehold estate created by the following:

Lessor: United States of America NVN-11348
Lessee: Suzanne D. Bucy
Date: May 1, 1975
Recorded: Book 57, Page 256, Records of Eureka County, Nevada
Description: T27N-R52E, MDM
Section 7: NE/4;
Section 8: W/2, SE/4, S/2NE/4.
WI = 33.333%; NRI = 26.166%

Devonian Formation Production: Blackburn #3, #10, #12, #14, #16, #18, #19, #21:
Unit WI = 35.000; Unit NRI = 27.650%

Chainman and Indian Wells Formation Production:
Blackburn #3: WI = 50.000% BPO/39.500% APO; NRI = 39.500% BPO/27.204% APO
Blackburn #14: WI = 33.333% BPO/34.444% APO; NRI = 26.333% BPO/27.204% APO
Blackburn #10: WI = 34.444%; NRI = 27.204%

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EXHIBIT A

DESCRIPTION OF MORTGAGED PROPERTIES

COPY



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